

JH



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

14 March 1980

Tim Lankester Esq
Private Secretary
to the Prime Minister
10 Downing Street
London SW1

Peter Stredder

Dear Tim,

at the Prime Minister's

MS.

TL

19/3

... I attach a copy of the 21st Report of the Interdepartmental Contingency Group on the Steel Strike.

I am copying this to the private secretaries to members of E Committee, the Secretaries of State for Scotland and Wales, the Paymaster General, the Minister of Transport and Sir Robert Armstrong.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary

CONFIDENTIAL

STEEL STRIKE: 21ST REPORT OF INTERDEPARTMENTAL CONTINGENCY GROUP

This report summarises the position on 14 March.

BSC

2 Negotiations between the BSC and the joint industry committee of the 13 unions involved in the dispute were adjourned on Wednesday, 12 March, without agreement. Some progress was made on the central part of a new agreement and on the cut-off date for local productivity schemes. On the figures for pay increases, the Corporation reaffirmed their earlier offer, but the unions' bid is for at least 5% more. The union representatives will be reporting back to their respective Executives early next week. It is expected that their joint industry committee will meet mid-week and then resume negotiations with the Corporation.

Private Sector Producers

3 All but one of the private sector companies are producing and delivering steel; Alpha Steel, Newport has not yet resumed production. There was a very heavy picket and some violence at Hadfield's (Sheffield), on Wednesday, 12 March, coinciding with the BSC pay talks, but production was not affected. In the Midlands the reported renewal of instructions by the Regional ISTC organiser, urging members to refuse to load and unload steel, has been ignored and, for the time being at least, there are no problems on this account.

Steel Supplies and Transport

4 The private sector is maintaining good deliveries of steel to users. Picketing of steel stockholders, with isolated exceptions in Wales, remains light and their deliveries to users are being maintained over most of the product range. Encouraging reports from the Regions indicate continuing ingenuity in making the best use of steel supplies, including agreements with customers to use alternative types of steel. Although picketing of lorry transport of steel has intensified, there is little overall change in the transport of steel by road. At the ports, the embargo on handling steel at the London private wharves and East Coast ports is continuing and there is now also a restriction at Newhaven. In both cases TGWU pickets are mainly responsible.

5 There have been instances in the past few days of heavy picketing at engineering companies in the Sheffield area, but we have no evidence to suggest serious effects on their production. Union officials have stated their intention to step up picketing of the Corporation's major customers.

Effects on Industry

6 This week's survey by the Business Statistics Office shows that overall manufacturing production in week ending 8 March remained at 95% of what it would have been in the absence of the steel strike (just over 97% if the BSC's production loss is deducted). This is

CONFIDENTIAL

a similar level to the previous week. Metal using sector production overall remained at 3% below what it would otherwise have been, but there were greater production losses in drop forgings (ie. components), hand tool manufacture, tinsplate cans and the food canning sectors. Estimates for this week are that an overall production of 95% is expected by the 436 companies in the survey, 17% of whom are affected by the strike.

7 There is little evidence to suggest any general deterioration in stocks of steel held by steel users or in their potential endurance. Exceptions to this continue to apply to sectors largely dependent on BSC, e.g. tinsplate users, limited parts of the automotive sector and component sectors, process plant (special steel plates, boiler tubes), shipbuilding and certain heavy sections used for construction purposes.

8 In the automotive sector British Leyland now expect to be able to continue planned production of most cars, trucks and buses until the end of March. However, assembly of Allegros and Minis at Seneffe, Belgium using UK kits is likely to cease shortly, and UK production of Allegros and Marinas could be affected during the last week of March. Some heavy trucks are being produced short of certain components.

9 The other automotive companies now expect to continue planned production for another two weeks, with the exception of one of Vauxhall's commercial vehicles for which there is a shortage of components.

10 In British Shipbuilders, Austin and Pickersgill will be increasing the number of employees on short time working during the next 2 weeks. Seven other shipyards in the Group are planning a total of 1200 layoffs between now and the end of March.

Department of Industry
14 March 1980

to similar level to the previous year. Metal using sector production overall remained at 95 below what it would otherwise have been, but there were significant production losses in the electrical, i.e. components and tool manufacturing, textile and the food, animal sectors. Estimated for the year that overall production of 95 is expanded by the 100 million in the survey, 75% of which are affected by the...

14 MAR 1960

There is little evidence to suggest any general deterioration in stocks of steel held by steel users or in their potential requirements for this metal. However, to some extent, the automotive sector, e.g. tinplate users, limited parts of the automotive sector and component sectors, process plant (especially steel plates, boiler tubes, shipbuilding and certain heavy sections used for construction purposes...

In the automotive sector British demand now appears to be able to continue planned production of most cars, trucks and buses until the end of March. However, assembly of lighters and parts of general, domestic wiring etc. is likely to cease shortly, and the production of lighters and wiring could be affected during the last week of March. Some heavy trucks are being produced short of certain components.

The other automotive components now expected to continue planned production for another two weeks, with the exception of one of Vauxhall's commercial vehicles for which there is a shortage of components.

In British shipbuilding, Austin and Johnson will be increasing the number of employees on short time working during the next 2 weeks. Seven other shipyards in the group are planning a total of 1500 layoffs between now and the end of March.

Department of Industry
14 March 1960