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PS/ Secretary of State for Industry

12 February 1980

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

*Prime Minister*  
*The supply position*  
*remains surprisingly*  
*good.*

Dear Tim,

... I attach a copy of the 12th Report of the Interdepartmental Contingency Group on the Steel Strike.

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

*Yours sincerely,*  
*KR*

PP PETER STREDDER  
 Private Secretary

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STEEL STRIKE : 12th REPORT OF THE INTERDEPARTMENTAL CONTINGENCY GROUP

This report summarises the position on 12 February.

BSC

2 ACAS have been in touch with the Corporation, following the breakdown of negotiations with ISTC and NUB, and are seeking contact with the two steel unions, so far without success. Negotiations between the Corporation and NCCC, TGWU, GMWU (ie the National Joint Steel Committee) on 10 February resulted in an agreement being recommended for acceptance by the respective unions during this week. A TGWU delegate conference rejected this yesterday (Monday), but a joint delegate conference of all the 9 unions in the NCCC, TGWU and GMWU group is being held on Thursday to decide whether to endorse the agreement. It is uncertain how the TGWU will then vote. The ISTC and NUB seem likely to wait at least until this meeting before deciding whether to respond to ACAS.

Private Sector Producers

3 Despite heavy picketing, a large proportion of the ISTC members at Hadfields (Sheffield) have now returned to work and production is getting under way. There is, however, no agreement for resumption of deliveries of steel from the plant. The Bidston plant of Manchester Steel has resumed production and deliveries. Sheerness is continuing to work normally and make deliveries in face of very heavy picketing. Several other private sector companies, in Sheffield and elsewhere, are in discussion with their unions with a view to a resumption of work in their plants. Processing and finishing and deliveries to customers by some companies are continuing, but it is expected that at best a low level of deliveries in a limited product range will be achieved this week.

Steel Supplies

4 Low private sector deliveries are having the effect of increasing the imbalance in stocks at stockholders and steel-users. Nevertheless, 90% of the steel stockholders are continuing to maintain good deliveries to customers in a range of products and at a level close to normal. Limited imports continue to be received direct by steel-users.

Movement of Steel

5 The situation of the ports and docks remain unchanged, with the exception of London docks where there is a strike

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by dockers over pay. Limited quantities of steel continue to leave the ports both in open loads and containers. There is a downturn in the level of steel movements by road; this change probably reflects renewed TGWU instructions not to cross picket lines in the North East and West Midlands, and dwindling steel supplies.

#### Effects on Steel Users

6 On the whole, steel-users are still expressing surprisingly little concern about any early threat to production, although companies are becoming increasingly reluctant to divulge their stock position or potential endurance.

7 The CBI have indicated privately that an increased proportion of companies have been affected during the past week, and that, whilst the average level of stocks at companies represent about 4 weeks' consumption, there will be many companies affected within the next 2 to 3 weeks. They confirm, however, that morale remains good.

8 There is accordingly little new to report on the situation in most user sectors or in the regions. Further layoffs are taking place this week in the tinplate food can sector of Metal Box. These total 1100 people at Worcester, Rochester and Sutton. Short-time working is also in operation at two other sites. Metal Box expect to deliver 50% of customers' demand this week, but with some imbalance in can sizes. MAFF remains satisfied about the tinned food supply position.

9 In the motor vehicle sector, earlier estimates were that BL and Talbot would have difficulties in maintaining full car production beyond mid-February and that BL commercial vehicle production would be affected by late February. Vauxhall and Ford were better placed, with possible effects only appearing at Vauxhall towards the 3rd or 4th week of February. The present position at BL is that, on the basis of steel supplies, full car production could continue until the end of February. The latest announcements of projected layoffs are related to the markedly reduced demand for cars and are not a result of the steel strike. BL's commercial vehicle production is being marginally affected this week and will be substantially affected next week if efforts being made to remedy shortages of components are unsuccessful.

10 Our knowledge of the position at Vauxhall and Talbot is less clear because of the reluctance of the companies to discuss it, but our private contacts with the British Iron and Steel Consumers' Council indicate that both companies





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envisage continuation of car production at least until the end of February. Vauxhall have now reduced production of one model in their commercial vehicle range because of a shortage of springs normally supplied by BSC. The position at Ford is that production of cars and commercial vehicles will be maintained until at least the end of February.

11 British Rail have reported that if the strike continues, their track renewal operations will probably cease on 8 March; their stocks of brake shoes are now sufficient for 4 weeks.

Department of Industry  
12 February 1980