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PS / *Secretary of State for Industry*

22 January 1980

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

Peter Stredder

Dear Tim,

A 22/1

... I attach a copy of the Sixth 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 ever,
Pete .*

PETER STREDDER
Private Secretary



CONFIDENTIAL

STEEL STRIKE : 6th REPORT OF INTERDEPARTMENTAL CONTINGENCY GROUP

This Report summarises the position on 22 January.

General

The prospects for ending the strike fairly soon depend initially on further meetings between ACAS and each side in the dispute, following the recent separate meetings between Ministers and unions and BSC management. As Ministers have recognised in their public comments, even if further talks can be arranged, the process seems likely to take several days at least. BSC are still some way apart from the union leaders, who in turn may be readier to settle than some members of their executives.

2' As earlier reported, steel supplies remain adequate to prevent major disruption to user industries until early to mid-February even if the private steelmakers are brought into the strike. Some topping-up of user stocks goes on. But there could now be some disruption to some users even if the strike were settled within the next two weeks.

Industrial Relations

3 The meetings with Ministers have probably improved the atmosphere at senior Trade Union levels. On the ground variations in mood seem common, with attitudes perhaps harder in South Yorkshire (reinforced by Monday's Sheffield rally) and South Wales than elsewhere.

4 It is unlikely that the ISTC will withdraw their threat to extend the strike to private sector steel manufacturers as from next weekend and BISPA expect most members reluctantly to respond. So far this week most private steelworkers are operating almost normally despite heavy picketing. Four companies have laid off a total of 2700 men.

Steel Supplies

5 Picketing remains generally peaceful and its effects seem to have changed little in the last few days. It is notable that despite picketing of stockholders, steel does seem to be getting through from stockholders to users.

6 There is little change in picketing of ports. Imported steel continues to be discharged. Generally it is not being transported from ports to stockholders or users, but in a few ports, eg Kings Lynn, some steel is being taken away, even in open lorry loads. It is likely that the number of shipments being sent is dwindling. The relatively small amounts of steel which are transported in containers are generally unaffected.

*
and tinsplate can producers

7 At this stage it is difficult to estimate the full effects of a private sector strike on user industries, mainly because a number of important producers are major suppliers to user companies within their own Groups, eg Tube Investments, GKN, Duport.

8 Disruption to production still seems likely first in British Leyland. BL are expected to have to adjust production progressively from about now (though because of generally large stocks of finished vehicles the main financial effects will be limited this month but increasingly felt in February). We are covering the financial implications of the strike for users in more detail in a separate note later this week. One major vehicle component manufacturer, Rubery Owen, an important supplier to BL, expects difficulties by mid-February.

9 In tinsplate can production, Metal Box expect to produce about 50% of normal this week; this figure may well be further reduced next week. It still seems unlikely that this will have any immediate effect on stocks of canned provisions in the shops, given that food canners carry can stocks for a few days, and have a minimum of 2-3 weeks of canned products being processed.

Publicity

10 Ministers' statements during the weekend - for example the Secretary of State's interview on "Weekend World" - seem to have helped to get across effectively the Government's position in the dispute. There continues to be little sign of pressure from industrialists for Government intervention to end the dispute.

Further Action

11 As already indicated, we aim to report in the next few days about the longer term (including financial) effects of the strike on user industries.

MS

Department of Industry
22 January 1980



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