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

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

PS/ Secretary of State for Industry

11 January 1980

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

John Major

Dear Tim

MS

J 11/1

STEEL STRIKE

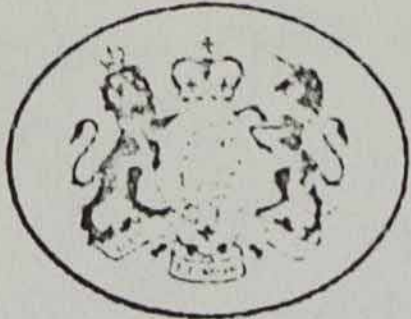
... I enclose the third report of the Interdepartmental Contingency Group on the Steel Strike.

I am copying this letter and its enclosures to the private secretaries to all members of Cabinet, the Minister of Transport and to Sir Robert Armstrong.

Yours sincerely

Ian Ellison

I K C ELLISON
Private Secretary



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STEEL STRIKE : 3rd REPORT OF INTERDEPARTMENTAL
CONTINGENCY GROUP

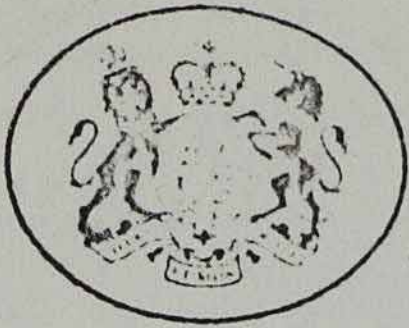
This report summarises the present strike position, covering industrial relations, effects of the strike on steel users so far, and the movement of steel at the docks and internally in the UK.

Industrial Relations

2 An early resumption of negotiations between the BSC and the unions following the breakdown earlier in the week looks unlikely. Both sides talk of sitting out a prolonged strike, and the unions seem now to be thinking in terms of a settlement at 16-17%. ACAS has started a series of fact-finding discussions with each of the five main unions involved, but no joint meetings are currently proposed.

3 It still seems unlikely that the strike will extend to the private sector steelmakers. All the signs are that ISTC members in the private sector wish to continue working. Pay negotiations are still in progress for works in the Midlands covered by the Midlands Joint Wages Board on a new pay deal due to take effect on 1 January. Pay agreements for other areas still have some time to run. And some companies have agreements which pay bonuses for strike-free periods. The experiences of the last year and the prospects for steel generally over the next year or so are sufficiently bleak for the threat of bankruptcy to be a genuine discipline.

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BISPA's interpretation of Mr Sirs's meeting next week with representatives of the ISTC in the private sector is that he is anxious to assess their views, but that this meeting seems unlikely to lead to precipitate action.

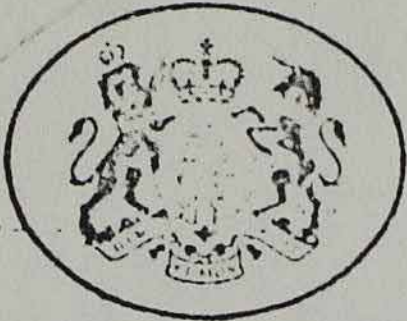
4 Threats from the Welsh TUC of a wider strike on 21 January against the BSC's closure proposals could be defused by the reported intention of the TUC (national) Steel Committee to demand fuller consultation with the Corporation on the plans and if necessary to seek an injunction to prevent the BSC acting on its closure plans on the grounds that it had not so far fulfilled its obligations under the Iron and Steel Act 1975 to consult its employees. The Corporation has anyway to consult over matters like redundancy compensation, and it would be a considerable relief if this could be built up to placate Welsh concern. The danger is of seriously retarding the closures and further damaging BSC's financial prospects. These are primarily matters for the BSC, but in view of their importance the BSC will be keeping us fully informed of their intended response and tactics.

Steel Supplies

5 It remains difficult to build up a reliable picture of the endurance of steel users. The earlier assessment of not less than 4 weeks' stock with users at the start of the strike (ie about 3 weeks now) still seems generally valid, with quite a lot of steel continuing to be delivered from private steelmakers and stockholders. Media reports are still exaggerating the dislocation. Imports seem to be holding up less well. On this basis we could expect no serious general trouble before early February, but some difficult spots sooner and progressive deterioration thereafter especially if picketing and blacking got worse.

6 The private sector steelmakers will deliver over 90% of their normal supplies to UK customers (users and stockholders) this week, and next week as well if picketing etc do not intensify.

The steel stockholders, with a few exceptions affected by heavy picketing, and some of those in BSC ownership, are believed to have maintained good levels of deliveries, with the effects of local picketing being offset by higher offtake generally. Shortages are likely to appear relatively more quickly in areas such as tinsplate and sheet steel eg for motor body pressings where the BSC is the dominant supplier to end users. One specific trouble spot is tht BL's own employees at Llanelli are refusing to handle steel for body pressings for their Marina, Maxi and Rover. This will halt production by early next week. Dealers have ample supplies of these models.



Transport

7 Dock workers are continuing to unload steel (thereby maintaining their earnings) but cargoes thereafter are increasingly being held at the ports by picketing or allowed out only on condition that they are held at stockholders. There are some signs that the flow of bulk shipments to the UK is drying up, probably because consignors are reluctant to ship cargoes which may not get through. Roll-on roll-off traffic is patchily affected.

8 Drivers in the road haulage industry are still reported as having little enthusiasm for supporting steelworkers. 5,000 drivers have been laid off as a result of the strike. Many continue to cross picket lines, albeit with police protection. But intimidation continues and there is apparently increasing reluctance, born in part of the memories of threats and damage last winter, by hauliers and their drivers to brave the pickets. The haulage industry is adept at dealing with this sort of problem, but firms are not surprisingly reluctant to disclose where, when and how steel is being moved. The Department of Transport will be reminding trade associations discreetly of their legal rights to police protection against intimidation and obstruction, and of the usefulness of giving the police notice of deliveries at potential trouble spots.

9 Picketing has generally been peaceful, and media reports of violence are exaggerated. The ISTC is anxious to be seen to be adhering to the TUC guidelines on picketing, given the TUC's general posture towards the Employment Bill. This gives employers some leverage with the unions if they are in difficulties as a result of picketing. The Department of Employment are considering whether there are ways in which, without involving Government, employers could be encouraged to take advantage of this possibility and of the TUC Picketing Guidelines.

Other

10 The Treasury are preparing an assessment of the possible financial consequences for industry of a prolonged dispute, and of ways in which these could if necessary be mitigated.

11 In accordance with the remit from the Cabinet on 10 January the Department of Transport and the Treasury are preparing contingency plans for the use of volunteer transport drivers, as well as for using the Government's regional organisations in a more modest way to support self-help in industry against transport dislocation.

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