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PS/ *Secretary of State for Industry*

6 February 1980

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

Peter Stredder

Dear Tim,

... I attach a copy of the 10th 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

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STEEL STRIKE : 10th REPORT OF THE INTERDEPARTMENTAL
CONTINGENCY GROUP

This report summarises the position on 5 February.

BSC

now
agreed
for
Friday

12.

2 No arrangements have yet been agreed for the resumption of full negotiations between the Corporation and the Trade Unions. Informal contact is continuing between the Corporation and the General Secretaries of ISTC and NUB. Meantime the negotiations with NCCC, TGWU and GMWU remain in abeyance.

3 BSC management are not unduly concerned about new threats to withdraw safety cover at plants in Yorkshire and Humberside; management would if necessary provide the cover to prevent serious long-term damage.

Private Sector Producers

4 The renewal of strike action by ISTC in the private sector has meant that the majority of companies have stopped steelmaking, hot rolling and some cold rolling. The only exceptions are Sheerness, which was unaffected last week, and Round Oak Steelworks, which resumed normal work late last week after 10 days of being laid off. Private sector operations carried out by workers in unions other than the ISTC are continuing. Thus some processing, finishing and deliveries to customers are being made. The potential for this to continue will diminish as their supplies of steel for further processing are reduced by the ISTC action.

Steel Supplies

Private Sector & Stockholders

5 The prospect in the current week is that supplies to consumers and stockholders from private sector companies will be substantially reduced. The continuation of work at Sheerness will assist mainly in supplies of reinforcing bars for construction and some engineering uses. But supplies of steel generally for engineering will be diminished, particularly special steels. The stockholders are maintaining good deliveries of steel from 90% of the companies, but there is an increasing imbalance in the types and sizes of material remaining in stock.

Movement of Steel

6 There are no reports of any significant changes in the movement of steel. In the ports, the union checking of container cargoes is intensifying, but there appears to be no further diminution in the reduced level of imports which has applied since the strike began. Nor is there any evidence that the increased picketing, which remains relatively peaceful, has further impeded movements of steel.

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Effects on Steel Users

7 The CBI have indicated privately that production during week ending 2 February in their sample of companies in manufacturing and construction was a little short of normal. Their evidence of stocks and potential endurance of firms is that levels of consumer stocks generally were topped up during the past week, but an increasing imbalance is emerging. Companies are applying ingenuity, but at increased cost, to maintain normal production. A large number of companies expect to be significantly affected by late February. Particular concern is being expressed over the supply of special steels and this is bound to be exacerbated as private sector supplies dwindle. Our earlier estimate of no serious general interruptions to production before the third or fourth week in February still holds.

8 The first lay-offs in an important user sector will take effect this week - 2500 workers employed by Metal Box tinsplate can factories at Neath (which has been troubled since the strike began), Scotland, Carlisle, Portadown (Northern Ireland), West Houghton, Lancs and Wisbech. This represents about one third of the Metal Box workforce whose activities depend on tinsplate. Production of tinsplate cans will be about 50% of customers' demand this week. MAFF have again confirmed that there is no immediate cause for concern about tinned food.

9 There is nothing new to report in respect of any other user sector.

Attitudes to the Strike

10 There are reports that the morale of workers on the picket lines has been boosted by the Law Lords' decision. Financial pressures on strikers may also be contributing to a desire for an intensification in the strike in the hope of achieving a quick settlement. The CBI and BISPA have expressed concern about the involvement of the private sector for the second time and BISPA says that many of its workers have only joined in with reluctance. This is based on contacts between local managements and their plant shop stewards, but it does not mean that many ISTC members in the private sector are likely to defy their union executive by returning to work.

Department of Industry
5 February 1980

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