

Prime MinisterMR TURNBULL

30 March 1984

COAL*attached - These will be updated weekly.*

Peter Walker's figures show that:

1. CEGB power station stocks are down to about 20.5 million tonnes, ie lower than a year ago but significantly more than the average of previous years; *(plus circa 3 million in Scotland)*
2. with no coal movement, these stocks provide about 6 months' endurance;
3. if 0.5 million tonnes per week of coal continue to be moved from the central coalfields, endurance would be about 11 months;
4. the effect of maximum oil burn is to increase endurance by about a half.

These figures emphasise the importance of the police operation in Nottingham and surrounding areas, and the need to ensure continued deliveries of coal from these pits to the power stations.

Industrial stocks are much lower than those at power stations. Some large customers hold up to 2 months stocks. The cement industry is estimated to hold perhaps 4 months of supplies. Merchants have about 6 weeks of domestic coal stocks.

The decision by transport and steel union leaders to recommend a complete blockade on all movement of coal is a significant development. It is likely to impede the distribution of coal to power stations and other key users but will place the unions concerned under threat of legal proceedings for secondary industrial action. It will also further emphasise the deep divisions in the union movement.

The immediate problem is likely to be BSC's integrated steel plants at Teeside (Redcar) and Scunthorpe. These will close temporarily in the next two weeks if supplies of coke and coal are not delivered and unloaded. The other plants at Port Talbot, Ravenscraig and Llanwern have stocks of between 3-5 weeks.

We would not expect the temporary closure of some or indeed all of these plants to have serious consequences. Steel stocks (relative to demand) are as high now as in 1981 when industry proved surprisingly resilient to a strike of 14 weeks.

Nevertheless, if secondary action is threatening steel production and steel workers' jobs, we would expect legal action by Bob Haslam to be a helpful move. It would confirm the Government's resolution, and also sustain the credibility of our employment legislation, and be popular with moderate union members.

It has yet to be established that ASLEP action is secondary action under the terms of the 1980 Employment Act. AT

In contrast, any return by Ian MacGregor to the courts at this stage is likely to undermine the moderate backlash which is developing within the NUM.

Although there is a good chance that the Executive will decide on a national ballot at their next meeting on 12 April, this is not certain. It is also not a foregone conclusion that such a ballot would reject strike action.

In these circumstances, we must ensure that:

- a. moderate miners have the correct perception of endurance in the run-up to 12 April and any subsequent ballot;
- b. the police operation ensures continued working and movement of coal from those areas which wish to work;
- c. we are confident about the endurance of power stations in the event of a strike;
- d. we back Ian MacGregor's and Bob Haslam's commercial judgement on legal action.

The situation also provides an excellent opportunity to accelerate pit closures and to maximise open-cast operations and imports.

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Arthur Scargill wrote in the Morning Star on 28 March "that the NUM is engaged in a social and industrial Battle of Britain ... and that what is urgently needed is the rapid and total mobilisation of the trade union and labour movement".

The Government now has a unique opportunity to break the power of the militants in the NUM. Success now would go a long way to ensuring that industrial relations reflect economic realities and the wishes of the moderate majority, rather than the ideology of the Left.

D.P.

DAVID PASCALL

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cc Mr Gregson CO.



CEGB POWER STATION ENDURANCE

1. Coal stocks at CEGB power stations this coming weekend are expected to be about 20½ mt.
2. NCB coal production is currently running at about 0.5 mt a week. Deliveries to power stations, including a little non-NCB coal, are also about 0.5 mt a week. Coal burn at power stations this week is expected to be about 1.65 mt.
3. The CEGB has started oil burn this week at the level of 25 per cent of maximum. A further 25 per cent step is planned next week. Full oil burn is expected to be achieved over four weeks in all.
4. The six months endurance objective should be achievable with no further coal deliveries provided maximum oil burn can be sustained once reached. The effect of continued coal supplies and of half maximum oil burn is as follows:

Coal Deliveries (tonnes per week)	Oil burn (% of max)	Endurance (months)
0	100	6
0	50	5
0.5	100	11
0.5	50	8

Department of Energy
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