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P.01338

PRIME MINISTER

Coal: MISC 101(84)26th Meeting

After the normal reports on the situation on the ground you will probably want to concentrate the discussion particularly on:

- i. the NCB/NUM talks
  - precisely what are the positions of the two parties now on closures?
  - is there any prospect of negotiating a satisfactory outcome at the meeting on Wednesday 18 July?
  - how should publicity be handled up to and after that meeting?
- ii. NUM delegate conference: 11/12 July
  - latest developments relating to today's High Court action by the Nottinghamshire miners to secure proper mandating for their delegates to the NUM conference at Sheffield;
- iii. public order
  - what can be done to deal more effectively with the outbreaks of rioting in South Yorkshire, notably at the Rossington and Kinsley pits, over the past two days?
- iv. getting the miners back to work
  - any progress in countering intimidation?
  - where do we now stand on proceeding with the redundancy programme?

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v. national dock strike

- degree of support?

- progress by the employers in trying to defuse the situation?

(a meeting of the employers and unions in the National Joint Council for the Ports Industry was being held this afternoon).

2. The remainder of this brief consists of background material on a national dock strike and on dual firing, since you said that you might wish to have a word about that at the next MISC 101 meeting.

National dock strike

3. The Official Group on the Docks (MISC 78) did an extensive study of the implications of a national dock strike in 1982 with two reports to Ministers, MISC 78(82)10 and 14. Last July a short and up-dated report on the economic effects was produced for use in briefing Ministers, MISC 78(83)5, and I attach a copy for ease of reference.

4. The main points to note are:

i. It has always been assumed that a national dock strike would not affect oil supplies; oil terminals are generally well separated from other port activities and rarely employ registered dock workers.

ii. In the light of i. and since we are not using imported coal for power stations, a national dock strike should have no effect on power station endurance.

iii. The general effects on trade will depend crucially on how well the strike is supported; about a third of non-bulk cargo is carried by roll-on roll-off (RO-RO) much of which is driver-accompanied and passes through "non-scheme" ports such as Dover and Felixstowe.

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iv. There should be little effect on food supplies; we are now much more self-sufficient, notably in cereals, than at the time of the last national dock strikes in 1970 and 1972.

v. The sectors of industry who may suffer the most are those whose operations are critically dependent on a steady and prompt supply of imported components or on maintaining a steady flow of exports.

vi. We shall need an up to date assessment of the implications for BSC's imports of coal and iron ore; it looks as if a major motive for the strike has been to tighten the grip on the major steel plants in retaliation for BSC's success in organising road deliveries.

5. The most appropriate machinery for handling the national dock strike would be the Civil Contingencies Unit, meeting at Ministerial level under the Home Secretary's chairmanship and at official level under my chairmanship. You will be able to keep track of it, and its inter-action with the coal dispute, in MISC 101.

#### Dual firing

6. Dual firing, ie converting coal-fired power stations so that they can be fuelled by oil as an alternative to coal, was one of the options examined in a report by the Official Group on Coal (MISC 57(83)12) on extending power station endurance in the medium term. The report was sent to you and other Ministers under cover of a minute from Sir Robert Armstrong of 21 July 1983 but I attach a spare copy for ease of reference. The options were discussed at a meeting of Ministers recorded in a letter from Mr Turnbull of 2 November 1983. The view was that "dual firing was too expensive and actually reduced capacity while it was being installed". It was decided instead to pursue certain other options - notably an increase in power station coal stocking capacity by a further 10 million tonnes by acquisition of additional land.

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7. The discussion of dual firing is in paragraphs 3.13 to 3.16 of MISC 57(83)12, based on information provided by the CEGB. It was estimated that each conversion would take three years and that during that period the power station would have to be withdrawn from operation, thus limiting the number of conversions which could be undertaken simultaneously. It was thought that conversion of 8 large stations (15000 MW) would take about five years and would cost £800 million in direct capital costs and possibly as much as £1½-2½ billion in increased operating costs during the conversion programme (as a result of having to substitute oil-fired for coal-fired capacity during that period).

8. It is clear that dual firing (apart from the 900 MW capacity which we have already) is of no help to us in the present dispute. Quite apart from the cost and timescale, there is some doubt as to whether it could help us much in the future. Everything would turn, when the crunch came, on the cooperation of the power station workers in switching from coal burn to oil burn and on our ability to get the oil into inland power stations sited mainly in and near to the coal fields. We do not have this kind of problem with our existing programme of maximum oilburn concentrated on 6 large oil-fired stations, three of which are on the Thames estuary and are supplied direct by sea, with the other three supplied by pipeline from nearby refineries.

9. It may be of course that the CEGB are too pessimistic about time and cost and would, under pressure, produce different figures. I doubt however whether it would be a good idea to embark on such an exercise with them, which could become known, while the present dispute is in progress.

Next meeting

10. There will be a discussion both of the coal dispute and the dock strike under the industrial affairs item at Cabinet on Thursday 12 July. The next meeting of MISC 101 has been arranged for 4.00pm on Monday 16 July.

10 July 1984

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P L GREGSON

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