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Prime Minister

WITHSTANDING A COAL STRIKE

We are to discuss the MISC 57 report on 17 December. The Home Secretary's covering minute of 6 December suggested that I might like to let colleagues have my comments before we meet.

Visibility

I was especially struck by the discussion in paragraphs 21 to 35 of the note by the Chairman of MISC 57 under the general heading of visibility and in paragraph 5 of the Home Secretary's minute. Assuming, for the moment, no strike this winter, a key judgment will be how far we can go and how high a profile we can adopt in building up stocks if we are not to provoke the NUM into early pre-emptive industrial action designed to thwart the strategy. The issues are fully discussed in paragraphs 21-35. I believe we shall have to consider very seriously whether the extra risks involved in the 27 million tonne option are worth running as compared with the somewhat lower profile of the 23-24 million tonne alternative.

Imports

The limited possibilities for increasing imports are discussed in the report. Although the literal interpretation of our existing commitment to the NUM to reduce imports is that it is strictly limited to this year, both the NCB and the NUM believe that we have agreed that imports would continue to be limited thereafter. Again on the assumption that there will not be a strike in February, I believe it would be highly provocative to the NUM if we decided not to limit imports again next year. I intend to propose, therefore, that the CEGB should limit their imports in 1982/83 to about the same level as this year,



three-quarters of a million tonnes, and that they should make arrangements to dispose of coal over and above that figure for which they at present have contractual commitments. The CEGB will need to be compensated for this as they were this year and I shall discuss this with the Chief Secretary in due course.

Financing Coal Deliveries

The Official Group discusses the financial arrangements that would need to be made with the Boards in connection with the various options. The difficulties should not be underestimated. We have imposed very strict financial limits on the NCB and the CEGB. The NCB have already made clear their reluctance to accept deferred payment terms for any extra coal delivered. Nor have we powers to require the CEGB to bear any additional costs. But, of course, as soon as decisions have been taken on the strategy we wish to follow, I will seek to persuade them to co-operate fully.

I am copying this minute to the Chancellor of the Exchequer, the Home Secretary, the Lord President, the Secretaries of State for Defence, Scotland, Industry, Transport and Employment and to Sir Robert Armstrong and Mr Ibbs.

Y.L.

Secretary of State for Energy

15 December 1981