SECRET AND PERSONAL

Daily Coal Report - Wednesday 30 January 1985

17

		Number
(i)	Working normally	49
(ii)	Turning some coal	27
(iii)	Some men present	76
(iv)	On strike/picketed out	22

The prospect of negotiations, even if dim, continued to affect the return to work. By 5.00 pm 106 new faces had reported. The total for the week so far is 1,232.

Area attendances were as follows:-

			Change on last Wednesday
Scotland	(24 hr attendance)	4,132	+ 267
North East	(24 hr attendance)	5,842	+ 513
Yorkshire	(24 hr attendance)	5,469	+ 546
North Derbyshire	(24 hr attendance)	6,600	+ 169
Western	(24 hr attendance)	11,709	+ 196
South Wales	(morning shift)	335	same
Kent	(morning shift)	140	+ 3

Coal Movements

Another good day: 186,000 tonnes were moved.

50 coal trains ran.

Law and Order

Although picketing has been generally light tension at the pitheads has increased. Skirmishing and acts of minor violence have increased, as have reports of intimidation away from the pithead. Doubtless a reaction to the troubled state of negotiations.

NUM/NCB Negotiations

Little progress was made today. At the time of writing the Board were still looking to the NUM for proposals that might provide a basis for negotiations to recommence. The NUM, although reiterating that it wished to resume formal negotiations without pre-conditions, had rejected the request that it should give a written assurance to discuss uneconomic pits. The TUC, although active, have produced nothing from the hat. The NUM national executive is staying on in London tonight in case there are further developments.

Earlier in the day there were signs of concern from the NACODS leadership that the Board were making demands that went beyond the agreement with that union. The Board have denied the allegation, and seem confident that the NACODS membership will accept this.

High Court

The Court was told today that the Receiver has recovered almost £5 million of NUM assets. The £200,000 fine imposed on the union for contempt of court was this afternoon paid from these funds.

Fire at Scottish pit

A fire at the Frances colliery in Fife is now causing serious concern and there are fears that the only production face could be lost.

Line to take

The Government hopes that, with the National Coal Board having offered a substantial investment programme, good pay for miners, a closure procedure better from the miners' point of view than any previous closure procedures, generous retirement provisions and substantial resources to bring new enterprises and business to mining communities, the damaging industrial action which has taken place without a ballot will swiftly be ended by a negotiated settlement.

There is no truth in the suggestion that the NCB or the Government intend to go beyond the agreement negotiated with NACODS. NACODS can be assured that there is no change in the agreement they made with the Board. If the NUM wants to settle with the sensible agreement which NACODS negotiated with the NCB, they could do so immediately.

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UK's ENERGY RESOURCES STRONG ACROSS ALL FUELS NOT JUST OIL

In 1982, the latest year for which figures are available, the UK was more than self sufficient in coal and we produced three quarters of our own gas consumption. By contrast Japan, France, Italy and Germany needed to import most of their gas requirements. Japan and Italy also needed to import the bulk of their coal requirements.

Percentage Self Sufficiency in Coal, Gas and Total Energy*

	Japan	Italy	France	Germany	USA	UK
Coal	19	8	52	99	107	106
Gas	8	48	26	34	92	78
Total Energy	18	20	40	48	88	119

* See annex for details.

2. Even if North Sea oil production stopped completely our coal and gas supplies and our nuclear and hydro generating capacity would be enough to meet more than 60% of our total energy requirements. Germany and France can produce less than half their requirements. Japan and Italy produce less than a fifth of their energy needs.

AJM/EcS
29/1/85

UK's Relative Fuel Self Sufficiency in 1983

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		Coal	Oil	Gas	Nuclear	Hydro	Total
UK	Production	71	118	34	13	2	239
	Consumption	67	74	44	13	2	200
	Net imports etc	-4	-44	10	-	-	-39
	Self Sufficiency %	106	159	78	100	100	119
USA	Production	480	485	389	80	87	1521
	Consumption	448	695	420	80	87	1734
	Net Imports	-32	210	31	-	-	213
	Self Sufficiency %	107	70	92	100	100	88
Japan	Production	12	-	2	27	23	63
	Consumption	62	214	25	27	23	351
	Net Imports etc	50	214	23	-	-	288
	Self Sufficiency %	19	0	8	100	100	18
West Germany -	Production	84	4	14	16	5	123
	Consumption	85	109	41	16	5	256
	Net Imports	1	105	27	-	-	133
	Self Sufficiency %	99	4	34	100	100	48
France -	Production	14	2	6	36	18	77
	Consumption	27	88	23	36	18	192
	Net Imports	13	86	17	-	-	115
	Self Sufficiency %	52	3	26	100	100	40
Italy	Production	1	2	11	1	10	26
	Consumption	12	82	23	1	10	130
	Net Imports	11	80	12	-	-	104
	Self Sufficiency %	8	2	48	100	100	20

Source: IEA provisional energy balances for 1983 (April 1984)

Sterling and Oil Market Weakness

1. The prospect of collapsing oil prices is thought to affect sterling's relative parity in two ways. First, the currencies of the major net oil importers are boosted - this is a question of the Yen, Lira, Mark, Dollar rising rather than sterling falling. Second, the market believes that a falling oil price is likely to make it harder for the Government to keep to responsible money and fiscal policies. The apparent but misleading tendency for a falling £ to boost North Sea tax revenue in Sterling is part of this. It is misleading because the real effect of the falling £ is to boost inflation, boost public expenditure, while raising exports and reducing imports. It therefore reduces the scope and the need for a fiscal injection.

2. In any defence of sterling it would be counter productive to stress the UK's degree of energy self sufficiency; that would only reinforce the degree of gain that oil importers stand to gain from falling oil prices, boosting their currencies and as a counterpart weakening sterling. It would equally be counter productive to stress the extra oil tax revenue the Chancellor would receive from the falling £. That in a sense is what the market most fears

3. A better combination of arguments would be

a) Oil prices still stand at record levels in terms of the basket of manufactured goods that can be bought - this is largely because of the sharp rise in the Dollar.

b) UK non-oil exports (more than 85% of our total exports of goods and services) are rising sharply, up /11%/ in volume over latest year, and would be boosted by a fall in oil prices.

c) UK non energy industry and services (90% of the economy) would have its costs lowered by falling oil prices.

d) Oil countries might not benefit so much
from oil price falls because the result coul
well be for a period of energy supply an
price turbulence. In such turbulenc
insecurity, countries like the UK
relatively secure in their en
would be better placed to wea

e) Determination to continue to red
to increase the scope for initiat
the reward for enterprise.

f) Adjustment to exchange rates since 198
removed the "petrocurrency" gains made b
1980 and 1982. In real terms sterling is
now highly competitive. Any further fall w
not only be an unnecessary incentive, but wou
needlessly damage our economic trading partner