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10 DOWNING STREET

From the Private Secretary

23 November 1981

OIL TANKER DRIVERS

The Prime Minister has seen and noted your Secretary of State's minute of 17 November, giving the latest state of play on the tanker drivers' pay negotiations.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, the Secretaries of State for Defence, Employment and Transport, and to Sir Robert Armstrong.

M. C. SCHOLAR

Julian West, Esq.,
Department of Energy.

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PRIME MINISTER

Prime Minister
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OIL TANKER DRIVERS

This is to let you know, following BP drivers acceptance of 8.1%, how the negotiations on tanker drivers' pay may now develop.

The next move will be the Shell vote tomorrow, Wednesday, 18 November. The oil companies believe that, if Shell were to join BP in accepting the managements' offer, then Esso, Texaco and the others will follow suit. In this case we would not need to keep the Services on standby for LEADBURN and the worst we could expect would be some unofficial action probably leading to local difficulties but not requiring Government intervention.

Unfortunately, Shell are not optimistic that their drivers will vote to accept 8.1%. It appears that three-quarters of them voted before the BP result was known. If Shell drivers reject the offer management expect a call from shop stewards for resumed negotiations. Shell estimate that these could take several days and, allowing for the possibility of ACAS involvement, may last until the middle of the following week (25 November).

Esso and Texaco management believe that their drivers, whose senior shop stewards meet on Thursday and Friday of this week, will seek further negotiations whilst awaiting the outcome of Shell. All this may lead to a general settlement but we cannot rule out the possibility of a breakdown and a call for industrial action which, in the present view of the companies, would not take effect until the end of the month, say Monday 30 November.

If we were then faced with an all out strike by Shell, Esso, Texaco and, as would be probable, by a number of the smaller companies, we would almost certainly need



to implement LEADBURN. The industry's remaining delivery capacity, represented primarily by BP and Mobil, could not alone sustain essential services, because it would be both too small and unevenly distributed across the country.

As matters stand there seems no need to seek decisions from Cabinet this week. After discussion with Cabinet Office and the Ministry of Defence my officials have agreed that the Services' state of readiness should now be aimed at 30 November rather than, as now, the 23rd.

I will keep you informed of developments.

I am copying this to the Home Secretary, the Secretaries of State for Defence, Employment and Transport and to Sir Robert Armstrong.

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Secretary of State for Energy

17 November 1981

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