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of Duguid



see the letter

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29 February 1980

PS/ Secretary of State for Industry

Tim Lankester Esq  
Private Secretary to the  
Prime Minister  
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ms

Prime Minister

BSC held a press  
conference this afternoon.  
The correspondents  
there gave the impression  
that they thought the  
union would  
soon cave  
in.

Dear Tim,

I attach a copy of the 17th Report of the  
Interdepartmental Contingency Group on the  
Steel Strike.

I am copying this to the private secretaries to  
members of E Committee, the Secretaries of State  
for Scotland and Wales, the Paymaster General,  
the Minister of Transport and Sir Robert Armstrong.

PL  
29/2

Yours ever,  
Pete

PETER STREDDER  
Private Secretary



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STEEL STRIKE : 17th REPORT OF THE INTERDEPARTMENTAL  
CONTINGENCY GROUP

This report summarises the position on 29 February.

BSC

2 The Corporation's ballot of its employees, asking whether they think there should be a ballot about the pay offer, is being carried out by the Electoral Reform Society, and should be completed by the end of next week. The ISTC has recommended its members to boycott the ballot. So far the Corporation have received only a few hundred replies to their broadsheet about the pay offer, and perhaps not surprisingly the majority continue to express positive support to the offer.

3 No further meetings have been arranged between the Corporation and the unions, but the Corporation have made it clear that they are ready to resume discussions with the ISTC and NUB during the ballot period.

4 It remains to be seen if any significant developments result from the recently resumed proposal for mediation. Attitudes may possibly change as a result of informal contacts between the TUC General Secretary and the main unions concerned as well as from the ISTC Executive meeting today.

Private Sector Producers

5 Many of the major private sector companies have restarted steel production following the return to work of about half the ISTC members in this sector of the industry. The major companies which have resumed steelmaking, rolling and deliveries during this week include Hadfield's (Sheffield), Firth Brown (Sheffield), Manchester Steel (Bidston and Manchester), GKN (Brymbo), Round Oak (Brierley Hill), Templeborough Rolling Mills Ltd (Sheffield). In addition a small number of steel re-rolling companies in the Midlands have resumed production. There has been light picketing at most works, with isolated incidents, but no interference with workers reporting for work. It remains to be seen whether picketing will be intensified against the resumption of work at specific plants. At the three remaining major steel-producing plants (Duport, GKN and Alpha Steel, all in South Wales) discussions are continuing between management and workers, aimed at resumption of work over this weekend. To what extent this will be influenced by the reception given at today's meeting of the ISTC Executive to delegates from these plants remains to be seen.

6 Sheerness Steel continues to operate normally and make deliveries despite the threatened expulsion from the ISTC of 600 employees. Several other steel companies, which carry out cold processing and finishing of steel bars and strip, and whose employees are in unions other than ISTC, have continued producing and making deliveries, and remain almost unaffected by the strike.

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### Steel Supplies and Transport

7 It is estimated that the potential steel production of the private sector is now back to just over half the normal level. This will substantially improve the supply of special steels and will particularly assist the drop forging (eg components) sector. The improvement will be over a restricted range of types of steel and products, leaving continuing shortfalls in products in which BSC predominates, eg tinsplate, sheet steel and heavy structural steel.

8 Picketing of steel stockholders, with isolated exceptions in Wales, the West Country and in Scotland, remains light and good deliveries to users are being maintained. Imports continue to arrive at many ports and move freely to stockholders and other users. Movements of steel by road transport have continued with no change reported.

### Effect on Steel Users

9 This week's survey by the Business Statistics Office shows that overall manufacturing production in week ending 23 February was 95% of normal (just over 97% if BSC production loss is deducted). This is slightly lower than in the previous week, continuing a gradual downward trend. The metal-using sector production was also slightly down on the previous week, but still only just over 2% below normal. 15% of the 440 companies in the survey, which covers both suppliers and customers of the steel industry are now being affected by the strike. Estimates for this week are that overall manufacturing production will have continued to fall slightly (but by less than 1%).

10 Prospects for March, particularly in the metal-using sector, are of increasing lay-offs from next week and in the case of some users a sharper fall in production from the middle of the month. Indications received direct from main steel-using sectors are of slightly less anxiety than previously about a sudden fall-off in production because of steel supplies; this is probably due in part to the more general downturn in demand now being experienced by manufacturing industry. The CBI, however, remains noticeably more cautious about the effects of the strike and on prospects over the next month.

11 The Group has reported earlier (15th Report - 22 February) on increasing problems related to steel supplies at engineering companies in the drop forging sector (eg components), hand tools, and tinsplate can producing sectors. The resumption of work in the private sector could help to lengthen the endurance of companies in the drop forging and hand tool sectors. In the case of tinsplate can producers however, output will continue to shrink and by mid-March it will be very small indeed. MAFF remain satisfied that, although there are limited effects of tinsplate can shortages in the food canning sector, there are plentiful supplies of tinned food in the supply and distribution chain and in the shops - besides, of course, many alternatives to tinned food.



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12 Other industrial sectors, where problems will be increasing from mid-March onwards, include some domestic electrical appliances, process plant, parts of British Shipbuilders, and the automotive sector.

13 In the automotive sector, British Leyland expect to be able to maintain their planned reduced level of car production until the middle of March, but with significant further reductions thereafter if the strike continues beyond the next week. They believe that supplies of components will also be sufficient until mid-March. On the commercial vehicle side, production of almost the full range of vehicle types seems assured throughout next week, but some heavy trucks are being produced short of certain components. The new truck model now being launched could also be affected.

14 The other automotive companies expect to continue planned car production at least until mid-March, with perhaps some restriction in the range thereafter. On the commercial vehicle side, Vauxhall have stopped production of one model in its truck range.

Attitudes to the Strike

U 15 The vast majority of industrialists continue to express support of non-intervention by Government.

Department of Industry  
29 February 1980

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