

Nat. Ind.



DEPARTMENT OF INDUSTRY

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*Secretary of State for Industry*

7 March 1980

Tim Lankester Esq  
 Private Secretary  
 to the Prime Minister  
 10 Downing Street  
 London SW1

*Pm - Smith*

*Dear Tim,*

*R 7/3*

... I attach a copy of the 19th 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.

*Yours ever,  
 Pete*

PETER STREDDER  
 Private Secretary



CONFIDENTIAL

STEEL STRIKE : 19th REPORT OF THE INTERDEPARTMENTAL  
CONTINGENCY GROUP

This report summarises the position on 7 March.

BSC

2 All the unions concerned in the steel strike met on Wednesday, 5 March and formed a joint industry committee to draw up a new proposal for a settlement and to pursue negotiations with the BSC during the present dispute. The Corporation have long hoped for joint negotiations with all the unions and have welcomed this as a significant move. Further negotiations between the Corporation and the unions are now expected to start next Monday, but it is not clear whether the new proposals represent any narrowing of the gap on productivity. The result of the management's ballot should be known on Monday.

3 In the meantime the unions have called for an intensification of the strike; in particular the TGWU have repeated their instruction to lorry drivers not to cross picket lines, and dock workers not to move imported steel from the docks. There is still no evidence that this has produced any significant changes affecting steel movements; one would have expected signs by now if the instructions were meant to be more than presentational - the price, it is thought, to the ISTC for forming the joint committee.

Private Sector Producers

4 Over 90% of the private sector companies are now back in production and making deliveries, including a large proportion of the re-rolling plants covered by the Midland Wages Board, whose pay negotiations are currently in abeyance. Resumption of the negotiations is conditional on a full return to work at all the plants concerned. The remaining steelmaking plant on strike in the Midlands, Patent Shaft, which is due to close permanently in June, is now expected to resume production next Monday. There is no news yet of a return to work at the Alpha Steel plant in Newport. There has been light picketing at some works but no interference with workers reporting for work, or with steel movements.

Steel Supplies and Transport

5 Supplies of steel from the private sector are continuing to increase and, despite the imbalance in some steel products, this will assist in particular the endurance of the drop forging (eg components) and engineering sectors. Picketing of steel stockholders has eased in many parts of the country, and good deliveries are being made to users from most stockholders, with the exception of Wales and some parts of



Scotland. Stocks are running low at some stockholders but the National Association of Steel Stockholders believe that the resumption of private sector deliveries and continuing imports will substantially replenish these. There is no change to report on the movement of steel. Identification in the press today of specific ports of entry for imported supplies could lead to more determined and effective picketing.

#### Effects on Steel Users

6 This week's survey by the Business Statistics Office shows that overall manufacturing production in week ending 21 March was 95% of normal (just over 97% if BSC production loss is deducted), similar to the previous week. The metal-using sector production continued its gradual fall to a level 3% below normal (1% lower than the previous week), reflecting the drop in production in shipbuilding, tinsplate cans, drop forgings and the automotive sectors. Estimates for this week are that, with the resumed production and deliveries from the private sector steel companies and the continuing flow of steel from stockholders and direct imports, overall manufacturing production will again be about 95% of normal. A press report suggesting that companies in Scotland have been particularly adversely affected is not borne out by our regional information.

7 Additional layoffs continue on a limited scale, mainly in the food canning sector. It is difficult to make a reliable estimate of the total number of people laid off as a direct result of the strike, because some sectors are also affected by reduced demand for their products. Lower demand has also produced some short-time working, particularly in companies supplying the automotive sector. However, reports from the Regions and the Business Statistics Office survey indicate total layoffs of up to 30,000, most of them in road haulage, tinsplate can production and food canning.

8 In the automotive sector, British Leyland still expect to be able to continue their planned reduced level of car production until 14 March, but thereafter production of some Allegros and Minis is likely to be stopped. Marina and Sherpa production could be affected from 21 March, whilst other models are secure for steel supplies until the end of the month. In the case of commercial vehicles, some heavy trucks are continuing to be produced short of certain components but the range of vehicles produced will be maintained at least until 14 March, except for one type of van produced at Bathgate.



9 The other automotive companies now expect to continue planned car production for at least the next two weeks, though component shortages are beginning to affect the production rate at Vauxhall.

10 In the tinsplate can and food canning sectors, the production of cans at Metal Box will remain low throughout March, and the food-canning sector is expressing anxiety about their inability to maintain full production of peas, beans and pet foods. Inevitably there is some speculation about imminent shortages of these products, but MAFF remains satisfied about the overall tinned food supply situation.

#### Financial Effects of the Strike

11 There is evidence that, as a result of the general economic situation, pressure on companies' short-term liquidity is increasing, but the Bank of England have no reports that companies generally are seeking additional finance from the Banks as a result of the steel strike.

#### Attitudes

12 The threat of a general stoppage in Wales, at one time announced for 10 March, seems to have petered out for the moment, but the continuation of tough picketing in some places is indicative of a persistent militancy and impatience.

Department of Industry  
7 March 1980