



DEPARTMENT OF INDUSTRY ²

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Secretary of State for Industry

*✓ Mr Lankester
Mr Downing*

11 March 1980

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

Mr Downing

Dear Tim,

12/13

... I attach a copy of the 20th 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

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STEEL STRIKE: 20TH REPORT OF INTERDEPARTMENTAL CONTINGENCY GROUP

This report summarises the position on 11 March.

BSC

2 The result of BSC's ballot was announced over the weekend, and of the 65% of ballot papers returned, 69% voted in favour of a second ballot about the present pay offer and 31% voted against. The Corporation see the result as an indication that a majority of the workforce want to settle the strike quickly and return to work; the ISTC General Secretary has argued that since less than half (44%) of the eligible workforce voted in favour, the result was a victory for the unions.

3 Yesterday, the joint industry committee of the 13 unions involved in the dispute met with the Corporation and presented a new draft agreement, which was discussed in detail. It was made clear that the unions are looking for a 12 month agreement with effect from 1 January. Discussions have been resumed today, and the Corporation hopes they will make worthwhile progress on the productivity aspects of an agreement. So far, there has been no indication by the unions, or discussion, of the precise terms for a settlement.

Private Sector Producers

4 Almost all the private companies are now back in production and making deliveries, a number of companies in the Midlands having resumed yesterday. At the remaining steelmaking plant, Alpha Steel in Newport, whilst production has not resumed, deliveries of sheet steel were made to customers over the weekend. There are signs that the private sector companies in the Midlands are not yet completely clear of difficulties, the ISTC Midlands organiser having re-issued instructions to members not to load or unload steel. Workers in two small re-rolling companies have already responded, but it is too early to say whether this will spread to other works and lead once again to disruption and stoppages of production on a wider scale. Generally, picketing at private sector plants has been quiet, with the exception of Dupont (Llanelli) where heavy and violent picketing took place yesterday. But there was no serious effect on employees, movement of supplies or deliveries.

Steel Supplies and Transport

5 Steel supplies from the private sector have increased further with more companies back in production, but this does not cover the full product range. Similarly, stockholders are continuing to make good deliveries of the majority of products but shortages continue in sheet products (e.g. domestic appliance users), shapes for constructional use, and other products in which BSC predominate. Over the weekend there have been increased efforts by pickets to stop imports, in response to renewed TGWU instructions. In particular, there is now heavy 24-hour picketing at some East Coast ports (e.g. King's Lynn and Boston) and at the London wharves, completely blocking steel movement. There is no change to report generally in the movement of steel by road.

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Effects on Steel Users

6 There is little new to report on the stock position and potential endurance of steel users. Further limited layoffs are expected this week at Metal Box and at one of the drop forging companies which supply components to the automotive sector. British Rail have reported a rapid slowing down in their track renewal programme, because of shortage of rails from BSC.

7 The CBI have indicated privately that of the 58 companies in their sample survey, 21% are now significantly affected. Whilst this is a slight increase on the previous week, their members have also reported that overall production, which was falling gradually, has stayed between 95 and 96% of normal. Average stock levels at companies in the CBI survey have remained steady, reflecting receipts of new supplies from private sector sources and imports.

8 There is increasing evidence that some users are placing big orders for steel from overseas, and this is frequently linked to agreements for long term contracts. This will make the Corporation's task more difficult after the strike as they seek to regain UK market share, e.g. for tinsplate, sheet steel and plates. The CBI drew public attention to this in their recent rebuttal of the ISTC allegations of a "conspiracy of silence" about the effects of the steel strike on user industry.

Department of Industry
11 March 1980