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NOTE FOR THE RECORD

Mr. Walker today met the Prime Minister for a brief discussion.

Mr. Walker explained that pay negotiations with the electricity supply industry had been suspended for a few days in order to take them past the EETPU Conference. The negotiator for the Electricity Council believed that it should be possible to achieve a settlement with an offer of 6½ per cent. There was, however, a difficult dispute brewing between the EETPU and the EPEA, about the EETPU's efforts to secure the creation of a new grade which would absorb managers who would otherwise have been members of the EPEA. If this dispute became entrenched, there would be little the employers could do about it.

The Secretary of State said that discussions between British Coal and the CEGB had resulted in proposals for a price and coal supply agreement to cover 12 months (rather than 7 months as the Government had hoped) and also principles on which discussions for the next few years might be based. The agreement reached for this year would allow a reduction in electricity prices of some 3 per cent at a cost to British Coal of £270 million. If British Coal was expected to achieve its financial objective, this would require a further 35,000 redundancies. The Government would need to consider the position with great care, particularly in view of the way in which the fall in oil prices would affect oil-related industries in Scotland and the North-East.

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(DAVID NORGROVE)
13 May 1986

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