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PS *Secretary of State for Industry*

19 February 1980

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

no *Prime Minister*

Dear Tim,

I attach a copy of the 14th Report of the
Interdepartmental Contingency Group on the
Steel Strike.

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... I am copying this letter to the Private Secretaries
to the members of E Committee, the Secretaries
of State for Scotland, 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 : 14th REPORT OF THE INTERDEPARTMENTAL CONTINGENCY GROUP

This report summarises the position on 19 February.

BSC

2 The BSC, ISTC and NUB had informal talks on 17 February. BSC explained in detail the draft agreement which had been reached with the TGWU, NCCC and GMWU unions but which their delegate conferences subsequently rejected. ISTC and NUB said they also found that draft unacceptable, as was any suggestion of their agreeing to embark on joint negotiations with the other unions. They made it clear that they wished to negotiate direct with the Corporation without third party intervention, and specifically rejected arbitration or any kind of enquiry. This would make any rôle for ACAS much more difficult.

3 Talks with ISTC and NUB will be resumed on 22 February when the unions will table their own draft agreement and suggested terms for a settlement. It seems likely that they will argue for much more general assurances on productivity and for slowing down closures to divert money from redundancy compensation to higher pay. The prospect is that the gap which already exists between the Corporation and the unions would be further widened, thus making eventual agreement even more difficult.

4 The TGWU, NCCC and GMWU unions have no plans to resume talks with the Corporation, their officials having clearly understood that the terms of the draft agreement represented the Corporation's final offer.

5 Publicity was given over the weekend to the criticisms of BSC top management by the Steel Industry Management Association (SIMA) which represents management grades from foremen to senior middle management. SIMA have for some time criticised the scale of contraction proposed by the Corporation Board, but taking little account of the reduced demand which has led to the slimming down proposals. This section of management is particularly vulnerable to job losses in the overall demanning programme. No precipitate action is expected from SIMA.

6 The general situation in South Wales is becoming more volatile. Discussions and meetings are taking place between members of the NUB South Wales District Committee, ISTC members of the Port Talbot and Llanwern strike committees and members of the South Wales NUB Executive aimed at uniting the pay dispute with the steel rundown issue so that a return to work would not automatically follow a pay

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settlement. Strike action by miners in support of the steelmen will be discussed at a South Wales NUM coal-field conference on Wednesday when it is expected that the Executive will be recommending strike action, perhaps from next Monday, 25 February.

Private Steel Producers

7 Private sector plant delegates of the ISTC met the ISTC Executive yesterday to discuss the possibility of a dispensation from strike action in the private sector companies. Whilst no such dispensation was agreed, the exchange of views was helpful in getting across to the Executive the wish of many ISTC workers in private sector companies to resume work. BISPA are now considering with their members the possibility of all the companies trying to start up again later this week.

8 Sheerness Steel is the only major private sector steel producer continuing to work normally and deliver its products to customers. There is a threat of mass picketing tomorrow (20 February) and of risk of clashes with townspeople who support the Sheerness men in continuing to work. The Manchester plant of Manchester Steel worked through the weekend and had planned days off yesterday and today to avoid the problems inherent in intensive picketing. A decision about future working of the plant had been held in abeyance awaiting the outcome of the ISTC Executive/private sector plant delegate discussions. Their other works at Bidston is continuing steel production but no deliveries are being made. A small steel re-rolling company in the West Midlands resumed production yesterday of narrow strip steel. Several other steel companies who carry out cold processing and finishing of steel in bar and strip form for engineering uses are continuing to produce and deliver to customers.

Steel Supplies and Transport

9 There is no indication of any change in the level of supplies of steel to users from the private sector producers, the steel stockholders, or from imports as compared with last week. The stockholders have confirmed publicly the growing imbalance in their steel stocks. They have indicated privately that the shortages are primarily in the sheet products (eg domestic appliance uses) and shapes for constructional use in which BSC predominate, but that they can continue deliveries of these at the present rate for 2 - 4 weeks. There is nothing new to report on movements of steel.



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Effects on Steel Users

10 There is little new to report on the stock position and potential endurance of steel users. The CBI have indicated privately that on average the 60 companies in their sample have 4 weeks' endurance before becoming significantly affected. 13% of these companies are already affected and a further 17% expect to be within the next 2 weeks. On production losses, their assessment is that in week ending 15 February, overall production will have been 2% lower than in the absence of the dispute. This is consistent with the results of the Business Statistics Office survey for the metal-using sector.

11 A further 1500 layoffs are planned during the next two weeks by Metal Box, bringing the total lay-offs in the company to two-thirds of the workforce whose activities depend upon tinsplate. The company expect to deliver about 25% of customers' requirements for food cans this week, principally in the less common sizes of containers. MAFF have indicated that food canners are not generally affected, but small numbers of people have been laid off. There is no immediate cause for concern in respect of tinned food supplies, but if the strike is prolonged, limited shortages of UK canned products may begin to emerge in April.

Department of Industry
19 February 1980

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