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*Secretary of State for Industry*

23 March 1980

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

*MS* *Prime Minister*

Dear Tim,

*TJ*  
*28/3*

... I attach a copy of the 25th 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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Department of Industry



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STEEL STRIKE : 25th REPORT OF INTERDEPARTMENTAL  
CONTINGENCY GROUP

This report summarises the position on 28 March.

BSC

2 The Committee of Enquiry under Lord Lever expects to reach a preliminary view on Sunday (30 March) and to report formally early next week. The Corporation have said they will abide by the findings of the Committee. Most of the craft unions, GMWU and TGWU say that they will do likewise. The ISTC, NUB and the Staff Side of AUEW consider that such decisions on acceptance should be taken by delegate conferences.

3 The joint industry committee which recently agreed the central and productivity parts of a new agreement with the Corporation, has broken up because of strong differences of view between the unions about BSC's "return to work offer" and about acceptance of the findings of the Committee of Enquiry.

4 Whilst there are indications amongst all the unions of a desire to return to work, there are reports today that the craft unions at the Port Talbot plant have joined with their ISTC and NUB colleagues in resolving not to return to work until the issue of jobs is settled in addition to the pay dispute.

Ports

5 The complete stoppage at the port of Liverpool continues, having been declared official by the TGWU, but talks aimed at securing a return to work are still going on. The militant call for wider action has been followed, reluctantly, by Ipswich dockers refusing to handle steel. But a mass meeting at Southampton on Wednesday voted against such action there. At a meeting today of the TGWU Docks National Trade Committee, no decision was made to call a national dock strike, despite a renewed call from militants. A delegate conference has been arranged for next Tuesday, at which TGWU officials will spell out the long-term dangers of a strike. It is believed that they themselves hope that results of the Committee of Enquiry will defuse the issue before then.

6 Existing restrictions on steel continue at the London wharves and at some East Coast ports but there has been no significant change in the handling of steel at ports elsewhere.

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### Private Sector Steel Producers

7 All the private sector steelmaking and re-rolling companies are achieving good production levels and good deliveries to customers. Restriction of deliveries continues at GKN Brymbo (Wrexham). Normally 60% of this production goes to the Group's Midlands re-rolling and drop forging companies by rail. Because of reluctance on the part of some TGWU drivers to cross picket lines, the company is unable to despatch as much as it produces so stocks are building up at the steelworks. As yet, this has not proved a constraint on production but could be a problem if deliveries are not increased soon.

8 There is no resumption as yet of negotiations between the ISTC and private sector re-rolling companies covered by the Midland Wages Board. Although operations are almost normal at the companies, there are still isolated instances of ISTC members refusing to do certain jobs. There is now a possibility that negotiations may proceed individually rather than collectively for a settlement backdated to 1 January.

### Steel Supplies and Transport

9 With the continuation of good deliveries from the private sector, stockholders, and some imports, there is no new evidence of imminent shortages of steel nor of any significant change in the endurance of most user sectors. Notwithstanding the situation at the ports, reported at para 5 above, there remains little overall change in the movement of steel by road from the ports or between producers, stockholders and users.

### Effects on Industry

10 The latest survey by the Business Statistics Office, covering week ending 22 March, shows that for the sixth week running overall manufacturing production has been at a level of over 95% of what it would have been in the absence of the strike (just over 97% if BSC's production loss is deducted). Home and export deliveries have again been maintained at 96% of what they would otherwise have been. Estimates for this week are that similar levels of production, home and export deliveries will be achieved this week, with little change even in the metal-using sectors.

11 Reports from the Regions and from the survey of companies suggest a limited increase in short-time working, but total layoffs as a result of the strike remain within the range 30-40,000.

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12 Although user sectors generally report little change in their operations, British Rail face increasing difficulties due to shortages of rails, wheels and axles. The shortage of rails has already stopped the track replacement programme and it has now become necessary to impose speed restrictions to ensure safety of operation and avoid undue deterioration of existing tracks.

#### Longer Term Effects

13 There is growing concern in some sectors about the immediate post-strike situation and longer-term effects. This applies particularly in the case of tinplate can producers (who at this time of the year would normally be building up stocks in advance of the main canning season), at British Leyland, where stocks of materials in the pipeline are very low and will take some time to replenish, and in the process plant sector, where there is a marked reduction in new orders being received (particularly for export).

14 The increasing number of companies who are turning to imports, often linked with longer-term supply contracts, also presents a potential longer-term problem for BSC in re-establishing their home market share after the strike.

Department of Industry  
28 March 1980