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CABINET

OIL TANKER DRIVERS: CONTINGENCY MEASURES

Memorandum by the Secretary of State for Energy

1. This paper reports on the current pay negotiations between the four major oil companies (British Petroleum (BP), Shell, Esso and Texaco) and their tanker drivers. The Transport and General Workers Union (TGWU) has called for an all-out strike from 16 November if the union pay claim of 11 per cent is not met. The paper also examines the options open to the Government in preparing to protect the essential needs of the community should a strike take place.
2. The four companies have been conducting separate negotiations with the union. While their offer of 8.1 per cent has been notified to all the drivers, only in the case of BP has there been a vote. It is the view of the management of BP that the outcome would have been a majority in favour of acceptance. However, at a meeting of shop stewards on Monday, this vote was declared invalid, apparently on the grounds that the union had not been able fully to put their arguments to their members. The shop stewards are returning to consult the workforce on the basis of a vote to "accept 8.1 per cent or strike" and they will not report back until Friday afternoon.
3. This is a setback to hopes of a general move towards a settlement since the attitude of the Shell drivers is uncertain and in Esso there is a considerable degree of militancy. Management in these companies do not know what soundings the union has been taking but they guess that it is more probably on a choice between the 11 per cent claim or a strike, rather than on the 8.1 per cent offer. There is considerable pressure from the top union officials, led by Mr Alex Kitson (TGWU), for strike action, even though management believes that the majority of drivers are against this.
4. By the time Cabinet meets I will have a clearer picture of the general position in the industry and in particular in Shell, whose shop stewards meet on Wednesday. Esso shop stewards do not report until Thursday. Given the BP shop stewards' decision, we cannot be optimistic of an early settlement and we cannot dismiss the possibility of a strike next Monday. The best hope is that, when BP shop stewards return on Friday, they will produce a clear

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acceptance of the 8.1 per cent offer. This at least would break ranks in the union position. In that event we may see a partial strike or a variety of lesser forms of industrial action. These would probably not require an immediate response from the Government but would need to be monitored by the Civil Contingencies Unit (CCU).

5. At a meeting of CCU on 4 November, Ministers decided to take preliminary steps to bring forward plans to protect essential services from fuel shortages. If an all-out strike occurred, it would cut off two-thirds of normal supplies of oil products (the remaining one-third comprising pipeline, sea and rail deliveries) and would bring almost all road deliveries to a halt. The Services' plan, LEADBURN, would restore about one-third of road supplies, thus protecting essential services, with some limited capacity to spare. But at best, there would remain a shortfall of about 40 per cent in overall supplies and large parts of industry and commerce, and the general public, would get no new supplies at all.

6. Shortages on this scale would have early and serious consequences for the community and the economy. Road transport for the general run of industry would become largely immobilised within about two weeks, preventing the movement of raw materials and products. Parts of industry would begin to come to a halt after two or three weeks when reserve stocks were exhausted. Although public transport would be kept going by Services action, there would be increasing difficulties in getting people to work as motorists ran dry. We have no previous experience of this kind of situation and, although people generally would no doubt do their best to get round the difficulties, the pressures arising from fuel deprivation are bound to make themselves felt quite early on.

7. Against this background 160 Service instructors were placed on notice on 5 November to move to training locations on 12 November, and on 10 November, the main body of 12,500 men were placed on six days' notice to move. This is the latest timetable on which we could be ready for the possibility of an all-out strike on 16 November.

8. The CCU plans to hold a further meeting this Friday. The options available to it are as follows:

- a. to stand down the Services (if the situation has improved significantly); or
- b. to confirm the implementation of LEADBURN on 16 November and seek a Privy Council to secure the Proclamation of a State of Emergency on that day (if the situation has sharply deteriorated); or
- c. to place the main body of Servicemen on 24 hours' standby from Sunday 15 November (if an all-out strike on 16 November looks uncertain). In this case it may be convenient to authorise the Home

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Secretary, in consultation with the Prime Minister and other Ministers immediately involved, to take any appropriate decision that may be needed over the weekend or in the early part of next week.

9. If, in the light of developments between now and Thursday, we are unable to decide at Cabinet to relax existing measures, I invite my colleagues to agree that CCU should choose as appropriate from the options in paragraph 8 above.

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Department of Energy

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