

CONFIDENTIAL

Prime Minister

(1)

MR SCHOLAR

Prime Minister.

ccMr. Hoskyns  
Mr. Ingham

I understand that the CCU

are less than happy about

The Department of Energy's

preparedness. If you agree I will

reply to Mr Lawson's minute on the

basis that you note and hope that

all options

will be

considered

carefully.

MLs 2/11

happy but Mr Lawson has sent a minute dealing with a sensitive CCU matter to the whole of Cabinet and proposes to report orally to Cabinet. Since the threat of a strike is not due to Industrial Action by Oil Tanker Drivers take place until

16 November, The Contingencies Unit this afternoon had a first look at the need to put into effect the contingency plan in the event of industrial action by the oil tanker drivers. It is by no means certain that it will come to a strike, but if it does the effect could be sudden and dramatic and the Prime Minister may wish to be aware of the situation.

There is no need for a report to Cabinet this week. Agree?

ML

2xi

Last week the TGWU recommended that there should be a strike as from 16 November of the tanker drivers presently negotiating with the four major supplies - BP, Shell, Esso and Texaco. This strike call will be considered by senior shop stewards in the four companies in the week beginning 9 November. The employers are pessimistic about the prospects, not least because Mobil has already settled at 11 per cent, whereas the other four are offering only 6.7 per cent.

The big four between them have some 65-70 per cent of the delivery capacity. But the small and independent distributors tend to use the same depots, so it is entirely possible that industrial action could interrupt as much as 90 per cent of the distribution of oil. But at this stage it is not possible to say the extent to which the strike action will be upheld, or observed, and less alarming scenarios are entirely possible.

The contingency plan for the use of Servicemen would be brought into operation if more than 70 per cent of the oil supply was interrupted. It involves the use of Servicemen to requisition tankers, in order to provide a limited number of identified priority users with the essential minimum amount of oil. In all, the Servicemen could provide only about 30 per cent of normal delivery capacity. Because distribution would be so patchy, rationing is not proposed. It is likely that the Contingencies Unit will meet at Ministerial level on 4 November in order to decide whether to activate the contingency plan.

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29 October 1981