

PRIME MINISTER

STEEL IMPORTS

Robin told me that you were very concerned about the imminent arrival at Immingham docks of two ships bringing cheap foreign steel to stockholders in this country.

I have pursued this with the Department of Industry and the Department of Trade. I am told that the two ships are the "Artemis" bringing steel from Japan and the "Good Warrior" bringing steel from South Africa. They are due to arrive at Immingham docks on Thursday or Friday. I have asked why we should allow these two ships to deliver their steel, what action we could take to stop them; and what we could do to stop such things happening in the future.

I am told that it is for Ian MacGregor to decide whether the steel when it is sold is being dumped. Only the BSC have the knowledge of the price structure of steel products which would allow an anti-dumping case to be brought. If they brought such a case we would vigorously support their action. They are, however, most unlikely to pursue the matter since they will be unwilling to disturb the very satisfactory arrangements that they have with Japan and South Africa. With Japan there exists a Voluntary Restraint Agreement (VRA), with a ceiling of currently 150,000 tonnes. So far this year (January to September) only 32,000 tonnes has been imported from Japan. With South Africa the BSC have a very good inter-industry understanding. This has so far resulted in 83,000 tonnes being sent from South Africa.

So it looks as though the Iron and Steel Trades Federation have picked the wrong target. They would have better picked a shipment of low price steel from Spain. On the other hand, the attached note from the Department of Employment argues that the steel workers' action is unlawful under the 1980 Employment Act. The Department of Trade further assure me that there is no action

/ which the Government



which the Government could take before an anti-dumping case is put to them, since the delivery of this steel will be represented by the suppliers and stockholders as a piece of legitimate trading. Its delivery here is contrary to no agreement - either EEC or national.

Line to take. For the House tomorrow you could say that if this is low price steel which is being dumped on our market we shall take vigorous action against those who send it; but we must look to the British Steel Corporation and the British steel industry at large to tell us whether this is in fact a case of dumping.

In the light of the above do you want a meeting (Industry, Trade, Treasury

MLs No FCO Employment) on steel?

We already have one - for

✓ Ravenscraig etc - arranged for

Monday 6 December.

24 November 1982



## INDUSTRIAL ACTION TO PREVENT STEEL IMPORTS

### Background

1. Newspapers on Wednesday carried reports that the Iron and Steel Trades Federation (ITF) intends to organise industrial action to prevent foreign steel from being delivered to stockholders in this country. The initial target of the action appears to be two ships due to arrive at Immingham docks this Thursday or Friday. They are the "Artemis" bringing steel from Japan and the "Good Warrior" bringing steel from South Africa.

2. The proposed industrial action appears to take two forms. A picket of Immingham docks by steel workers from Yorkshire and Lincolnshire, and an appeal to dockers and railwaymen not to move the steel from the docks once it has been unloaded from the ships.

### The legal position

3. Where steel workers are picketing away from their own place of work they are clearly taking action made unlawful by section 16 of the Employment Act 1980. Anyone who suffers loss because such secondary picketing interferes with the performance of a contract to which they are a party (whether a contract of employment or a commercial contract) can therefore sue the individual pickets or the officials organising the action. The court could issue an interim injunction to have the action lifted and, if the case was taken to a full hearing, could also award damages.

4. The lawfulness of any 'blacking' by dockers or railwaymen would depend on two considerations. First, the workers would have to show that their action was in contemplation or furtherance of a lawful trade dispute. It is just possible that a dispute between the steel workers and the stockholder importing the steel could be regarded as 'connected with' job security and therefore qualify as a lawful trade dispute under the present definition, although on the information we have this is unlikely. But once the main provisions of the Employment Act 1982 take effect on 1 December lawful trade disputes will be restricted to disputes between workers and their own employer. This means that there would almost certainly be no trade dispute in this case and so any action to 'black' the imported steel would become unlawful.



5. Even if the workers could show that there was a lawful trade dispute under the present definition, any 'blacking' by dockers or railwaymen would still have to fall within the restrictions on secondary action in section 17 of the Employment Act 1980. Basically, this means that the action would be lawful only if carried out by workers whose employers had a current commercial contract with the stockholder importing the steel and was specifically 'targetted' on that contract.

6. At present a union organising unlawful action (as the ISTC seems to be proposing to do by organising secondary picketing) cannot be sued. As from 1 December this will no longer be the case because of the repeal of special immunities for trade unions.

#### Line to take

7. Some of the action which the ISTC is reported to be organising is clearly unlawful under the provisions of the 1980 Employment Act. Those damaged by such action can therefore apply for a court order to have the action lifted and for damages to compensate them for their loss.

└ Once the main provisions of the 1982 Employment Act come into force on 1 December it will be possible to take such actions not only against the individual organisers, but also against the union if it organises unlawful action. 7



With the steel industries throughout the industrialised world facing a crisis, the problems of the UK industry cannot be solved in isolation from what is going on in the rest of the European Community. The price and quota rules constituted concerted action at Community level to combat the collapse in demand, and are intended to restore price stability and bring supply into line with demand in the short term. Although the measures have so far not solved the crisis, the position of the UK industry (and that of other Member States) would have been considerably worse in their absence.

#### STATE AID RULES

The State Aid's Decision of August 1981 is the Community tool for bringing about reductions in excess steel-making capacity - aid cannot be granted unless accompanied by cuts in capacity. The disciplines in the Decision are beginning to bite; the Commission have blocked aid notifications from a large number of Member States pending agreement on adequate capacity cuts, and have opened infraction proceedings in certain cases (notably against Italy) where aid has been paid without capacity cuts. So far, Member States have notified the Commission of capacity reductions of 15 million tonnes by 1985; the Commission intend trying to get this figure doubled. Detailed statistics on cuts offered by individual Member States have been obtained only in confidence. These show the following:

#### Net changes in capacity 1985/1980

France	minus 16.9 per cent
UK	minus 16.9 per cent
Belgium	minus 11.8 per cent
Luxembourg	minus 7.3 per cent
FRG	minus 6.4 per cent
Netherlands	plus 4.1 per cent
Italy	plus 4.5 per cent