

GWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switsfwrdd)  
01-233 8545 (Llinell Union)

*Oddi wrth Ysgrifennydd Gwladol Cymru*



*Nab Inds. overtaken 2  
PRIME MINISTER*

*To see Ms*  
WELSH OFFICE

GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switchboard)  
01-233 8545 (Direct Line)

*From The Secretary of State for Wales*

CONFIDENTIAL

12 November 1979

*Ja Pet*

CLOSURE OF STEEL MAKING AT SHOTTON

My Secretary of State will be making a statement tomorrow about the Government's remedial measures following the announcement last Friday of BSC's decision to end iron and steel making at Shotton.

- ... I attach the final form of this statement which takes account of comments received in response to my Secretary of State's letter of 5 November to Sir Keith Joseph; and also takes account of the conversation my Secretary of State had with yours over the weekend and subsequent contacts at official level.

Mr Edwards is grateful for the suggestions given in the additional briefing which you provided and for your Secretary of State's intention to be present on the bench during the statement.

- / I am sending copies of this letter to the Private Secretaries of the other members of E(EA) and to the Private Secretaries of the Chancellor of the Duchy of Lancaster, the Chief Whip, Prime Minister, Sir Robert Armstrong and the Lord Privy Seal.

*Jan en*

*G C G CRAIG*

G C G CRAIG  
Private Secretary

Peter Stredder Esq  
Private Secretary to the  
Secretary of State for Industry  
Department of Industry  
Ashdown House  
123 Victoria Street  
LONDON  
SW1

STATEMENT ON SHOTTON TO BE MADE BY THE SECRETARY OF  
STATE FOR WALES

Mr Speaker. With permission I should like to make a statement on Shotton.

The British Steel Corporation announced its decision last Friday to end iron and steel-making at Shotton. All concerned will want to do everything possible to provide alternative employment opportunities throughout the area affected by the closure.

The Government has decided that, subject to the necessary approval by the European Commission, the Shotton Travel-to-Work area will be upgraded to Special Development Area status as soon as possible. My right honourable Friend the Secretary of State for Industry will be making the necessary arrangements. This will be of substantial benefit to the area and firms in the area or to be located there will now be eligible for the highest rates of regional incentive, as are firms in the Wrexham Travel-to-Work area where about 9% of the Shotton workforce reside and which was upgraded to Special Development Area status last July.

As a Special Development Area Shotton would continue to be eligible for assistance from the European Regional Development Fund towards infrastructure and industrial projects and also, as a steel closure area, from the Non-Quota section of the Fund and from the European Coal and Steel Community.

The Manpower Services Commission have made contingency arrangements drawing on experience gained at earlier major steel closures in Wales. These will be put into immediate effect and include the

provision of a special Jobcentre in the Works with augmented advisory and counselling services. For workers seeking retraining, over 4,500 training places in a wide variety of TOPS courses are available at Skillcentres, colleges and on employers' premises in Clwyd, Cheshire and Merseyside.

The area has already benefitted from substantial investment for the provision of infrastructure and industrial estates by the Welsh Development Agency, Local Authorities and BSC (Industry) Ltd. In particular, the Welsh Development Agency and BSC (Industry) Ltd have spent or committed over £6m on the development of 300 acres at the Deeside Industrial Park. A start on factory building has already been made; 17 factories are under construction or completed (15 of these have been formally allocated), while work is going ahead on further site preparation. On present information nearly 1,000 jobs are expected to arise over the next 3/4 years in the Shotton Travel-to-Work area from projects under way or planned and over 2,000 in the Wrexham Travel-to-Work area. In addition the area has been chosen, as my hon Friend the Parliamentary Under-Secretary of State for Energy said last Thursday, for a major oil from coal pilot project at Point of Ayr colliery. This is a welcome development for the area which in the medium-term will add to the range and number of job opportunities in Deeside.

Communications in the Shotton and Deeside area will be substantially improved by schemes in the Department of Transport and Welsh Office trunk road programmes. In particular, work is underway on the extension of the M56 motorway westwards which will bring the motorway very close to the Deeside Industrial Park. Opportunities will be taken for upgrading communications between the Shotton area and Wrexham and the Midlands.

Every effort will be made to attract and establish new industrial developments in the area. I see it as a main task of the Welsh Development Agency to complete the site infrastructure and services on land in its ownership at the Deeside Industrial Park and to make an early start on the building of advance factories in the area affected by closure. I am therefore making additional resources available to the Agency. But I also see it as essential to engage private sector support and the course and scale of public expenditure will depend on how quickly this can be obtained. Meanwhile I am asking the Agency to plan their provision of sites and factory space on the basis of further expenditure of up to £15m over the next three or four years. Work is already underway in the job of obtaining private sector finance which will enable new development to take place on the scale required, while reducing the cost to the taxpayer.

A substantial and sustained effort will be required to attract new business into the area and encourage existing businesses to expand. But the strategic locational advantages of Deeside, the enhanced regional incentives available from Special Development Area status, the provision of serviced industrial sites and factories and the availability of a willing, adaptable and responsible labour force provide the basis for the successful regeneration of the wider Deeside area.

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