

Prime Minister. ①

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From The Secretary of State for Wales

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*Can we pursue this
question further?
not*

15 December 1980

Dear Tim

This is in response to your request this morning for a short paper setting out the options for an enterprise zone on Deeside and the pros and cons of designating a zone there. My Secretary of State very much favours the proposal.

In the time available we have not been able to consult all other interested departments. He cannot therefore comment on the more general implications of an additional designation at this time.

I am sending copies of this letter and the attached background paper to Ian Ellison, David Edmonds, Richard Dykes, Godfrey Robson, Robert Ramsey and John Wiggins.

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Yours ever
[Handwritten signature]
J F CRAIG
Private Secretary

Tim Lankester Esq
10 Downing Street
LONDON SW1

BACKGROUND NOTE

ENTERPRISE ZONE FOR NORTH EAST WALES

The Shotton TTWA has at present an unemployment rate of about 15 per cent. The area is facing particular difficulties because of its dependence on the steel and textile industries. Developments in those industries are likely to increase the unemployment rate still further and to confirm the area as one of the unemployment black spots in Wales. (The rate for the County of Clwyd as a whole is also about 15 per cent and will increase still further, because of expected developments not only on Deeside but in the Wrexham area).

The Shotton area was considered as a possible candidate for EZ designation but at the time it was felt that preference should be given to the Lower Swansea Valley area in South Wales, mainly to take some of the edge off the decisions to downgrade the area. This was at a time when the Deeside area was being uprated to SDA status. Events in the Swansea area since then have proved the wisdom of this choice but there is no doubt that the Shotton area will require further support now if it is to cope with the severe and continuing problems it will now have to face. An EZ associated with the substantial new infrastructure and industrial developments in progress in the area would provide the boost the area needs and be seen as a substantial response to the increasing employment problems in textiles and steelmaking.

Of possible sites by far the best candidate is the Deeside Industrial Park which is next door to the Shotton plant. The site covers some 635 acres of which the WDA own 155 acres and BSC (Industry) the remainder. The first phases of development are 150 acres by the WDA for bespoke and advance factories and 150 acres by BSC (Industry) for serviced sites. A substantial factory programme amounting to $\frac{1}{4}$ m sq ft is under construction and about 150,000 sq ft has already been completed and allocated.

The costs of an EZ would be relatively small; a good deal of the infrastructure is already under way and the rate relief would develop to any size only over a longish period as the factories are occupied. We cannot at this stage, unfortunately, give more precision to these estimates.

/A decision

A decision to site a second EZ in North East Wales would be widely welcomed, although as with other zones, there would be complaint from neighbouring areas, notably Wrexham, about the magnet effect of the new EZ. On the other hand a new zone in North East Wales together with the two zones now proposed for Speke and Trafford Park would establish a substantial and much needed power of attraction to this part of the country.

Based on our experience with Swansea the arrangements leading to the issue of an invitation could be completed fairly quickly. We already have the interest expressed by the County Council. To this would have to be added the co-operation of the district council involved (Alyn and Deeside) and though this might slow down the process a little it would not present a major hurdle.