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13 December 1982

Den Willie

As agreed I enclose briefing material for the Prime Minister's meeting with Mr Tom Clarke MP, tomorrow afternoon, to discuss the closure of the Speedwell Wire Company Ltd, Coatbridge.

Mr Alex Fletcher will attend, and will come to the Prime Minister's room at the House just before 3.45pm.

A MUIR RUSSELL Private Secretary

Line to Take

4. The closure of Speedwell is the result of a commercial judgement reached by the private sector where the industry is approaching rationalisation on a co-ordinated basis and where a substantial element of the scheme involves investment to make the remaining businesses more efficient. It is very much regretted that jobs will inevitably be lost, but radical action of this kind is essential to safeguard the long term future of the industry. It is, of course, for each company to make up its own mind whether or not to participate in such a scheme and it is not for the Government to intervene where the industry itself identifies which plants will continue operation and which will close.

projects which may involve more than one company (whether in a merger, takeover, a joint venture or voluntary rationalisation scheme). It is complementary to other measures being taken at both national and EEC level to promote restructuring of the steel industry and to create a more economic and competitive environment

in which steel-producing undertakings can survive and prosper.

5. The effect on the area of further redundancies is regrettable (present unemployment rate 19.5%, Scottish average 15.1%) but of course the full range of incentives to new industrial investment is available and the SDA is very active in the area.



Coatbridge

The SDA Board has approved an integrated project in Coatbridge costing £14.265 million of which £10.715 million will be provided by the SDA. The Scheme is, however, subject to satisfactory agreements being reached with the local authorities. The probable launch date is early 1983, and the project will run for 3 calendar years thereafter. It is expected to generate 800 jobs and encourage private investment of £6m - £8m of which £4 - £6 million will be in respect of private sector housing.

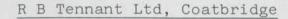
Motherwell

On 15 April 1982, Mr Fletcher announced a £57 million investment scheme to revitalise the Motherwell area and create 3,500 jobs over the next 5 years. The project, sponsored by the SDA, Strathclyde Regional Council and Motherwell District Council is the largest business project of its kind in Scotland.

Large sums of money will be spent on a new factory building project, roads and sewage systems will be laid, a food distribution estate will be set up and a £2 million workshop development will be established.

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- 1. It is possible that at the meeting Mr Clarke may refer to the future of R B Tennant Ltd, Coatbridge.
- 2. This company, a member of the Johnson & Firth Brown Group, manufactures iron and steel rolls and provides employment for 350 people. Earlier this year Johnson & Firth Brown and BSC announced the merger of their steel making, hot forging and ancillary processes in and around Sheffield. As a result, the closure of Parkhead Forge, with the loss of 375 jobs, was announced.
- 3. The future of R B Tennant Ltd is uncertain, since there was some measure of interlinking with the Parkhead Forge. The Chairman of Johnson & Firth's Steels Division has stated, however, that the Group was still negotiating a satisfactory financial package on the BSC/JFB merger and until that is completed, they were unable to turn their attention to the structure of the cast roll companies including R B Tennant. It is likely to be early February before their thinking on Tennant's future can be clarified.

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PRIME MINISTER

c. Mr. Gow Miss Stephens

As I mentioned, Tom Clarke, MP, rang this afternoon about the closure of Martin Black's, a firm making wire ropes at Speedwell in his constituency. The closure will involve the loss of about 150-175 jobs.

I have arranged for him to see you at 1545 next Tuesday in your room at the House. Alex Fletcher will be present and will let you have a brief on Monday.

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9 December 1982