

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(81) 2nd Meeting

COPY NO 56

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

MINUTES of a Meeting held at
10 Downing Street on
TUESDAY 20 JANUARY 1981 at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the
Home Department

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Peter Walker MP
Minister of Agriculture,
Fisheries and Food

The Rt Hon Michael Heseltine MP
Secretary of State for the
Environment

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Leon Brittan QC MP
Chief Secretary
Treasury

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon George Younger
Secretary of State for Scotland

The Rt Hon Humphrey Atkins
Secretary of State for
Northern Ireland

Mr J R Ibbs
Central Policy Review Staff

SECRETARIAT

Sir Robert Armstrong
Mr P Le Cheminant
Mr D J L Moore

SUBJECT
ADDITIONAL ENTERPRISE ZONE

CONFIDENTIAL

CONFIDENTIAL

ADDITIONAL ENTERPRISE ZONES

Previous Reference: E(80) 26th Meeting, Item 2.

CONFIDENTIAL

THE COMMITTEE considered memoranda by the Secretary of State for Wales (E(81) 7) and the Chancellor of the Exchequer (E(81) 8) on the case for designating an additional Enterprise Zone (EZ) in North East Wales.

THE SECRETARY OF STATE FOR WALES said that, following the success of the negotiations for an EZ in the Lower Swansea Valley, he would like to discuss with the local authorities concerned the possibility of designating the Deeside Industrial Park, in North East Wales, as an EZ. This was not simply in response to steel closures at Shotton. The Deeside and Wrexham areas suffered from widespread industrial dereliction and from industrial decline over a long period, in the coal and steel industries, and more recently in the textile industry and (following closures at Ellesmere Port) in the paper and car industries. To designate Deeside as an EZ should not raise any difficulties of principle. The range of problems facing the area was similar to that in areas already designated; the initial cost would be lower than in other areas and the longer-term costs no different; and other EZs were also in Special Development Areas and eligible for regional benefits. Deeside's potential for recovery and success was, however, probably better than that for most areas already designated. It had good communications with the industrial Midlands and a more responsible and adaptable workforce than areas like Merseyside. To make Deeside an EZ would be helpful in restoring the balance of industrial aids between North and South Wales.

THE CHANCELLOR OF THE EXCHEQUER said that, although he recognised the problems of Deeside, EZs had been introduced as an experiment and he was opposed to designating any further Zones for the time being. To add to the list at this stage would make it very difficult to hold the line. There was already a substantial package of fiscal and other incentives to investment in Deeside.

In discussion the following points were made -

- a. The Secretaries of State for Scotland and for Northern Ireland were already under strong pressure to designate further EZs and, if there were to be two EZs in Wales, it would be very difficult to resist pressure for a second EZ in each of Scotland and Northern Ireland.

CONFIDENTIAL

There would also be similar pressures for further Zones to be designated now in North East England. The designation of Deeside would inevitably be seen as in response to steel closures at Shotton and would lead to demands for all areas effected by steel or other major closures to be similarly treated. Such an extension of EZs would be costly and uncertainty over which areas might be designated could inhibit and delay investment in response to existing regional incentives.

b. There might be a case for designating more but smaller EZs. This would be discussed further in the memorandum which the Secretary of State for the Environment would be putting to the Committee on the EZs in England.

THE PRIME MINISTER, summing up the discussion, said that, while the Committee recognised the problems and potentialities of Deeside, they agreed on balance that an Enterprise Zone should not be designated there for fear of generating irresistible pressure for further Zones in Scotland, Northern Ireland and the North of England.

THE COMMITTEE -

Agreed that there should not be a second Enterprise Zone in Wales.

Cabinet Office
21 January 1981