

STATEMENT BY MR GERALD KAUFMAN, MINISTER OF STATE, DEPARTMENT OF
INDUSTRY ON SHIPBUILDING

"This House is aware of the serious crisis facing the world shipbuilding industry.

"Without swift action by the Government much of the merchant shipbuilding industry in the United Kingdom could close within 2 years. There would be heavy unemployment on the Clyde, the Tyne, the Wear and Tees and the Mersey, and in Belfast.

"This is unacceptable to the Government. Shipbuilding industries, all over the world, from Japan to Sweden, are accepting the inevitability of contraction, and Britain cannot be insulated from this world trend. What we must do is ensure that it takes place within a positive forward looking policy framework.

"The Government is determined to emerge from this crisis with a substantial and viable shipbuilding industry with secure long-term employment prospects.

"The Government has therefore decided to use its powers under part 2 of the Industry Act 1972 to assist the yards in Britain to obtain orders. A sum of £65 million has been set aside for this purpose, of which half will be available during the next 6 months. This figure will be the control ceiling and will operate in place of the cash limit covering all forms of assistance for building ships, which will be terminated. The Industrial Development Advisory Board will be consulted about the fund.

"Harland and Wolff, which is already in public ownership, will not be part of British Shipbuilders and will continue to be dealt with by My Rt Hon Friend, the Secretary of State for Northern Ireland.

"In accordance with our obligations under the Treaty of Rome we have informed the Commission for the European Economic Community of our intention to introduce this Intervention Fund as a matter of urgency. In our view these proposals conform with our Treaty obligations. We continue to be firm advocates of a community policy for shipbuilding.

"The Intervention Fund will be operated selectively to secure the maximum benefit at least cost. In its administration my Department will work in consultation with the Organising Committee for British Shipbuilders, which will have an important advisory role. In considering the use of the Fund my Department will wish to discuss with the companies concerned the scope for reducing costs and improving performance.

"National Shipbuilders and Repairers Limited will have an important role in seeking new orders for the industry, and its activities will be assisted by the creation of the Intervention Fund. I shall be placing in the library of both Houses a copy of the company's memorandum and articles of association as soon as the company is registered.

"To complement this action a major advance factory programme costing over £12 million has been put in hand in shipbuilding areas.

"To assist British shipbuilders, when it is created, to alleviate the human problems caused by the contraction of the industry, I shall be bringing forward proposals to Parliament for a redundancy scheme similar to that for the British Steel Corporation. Similar arrangements will be made for Harland and Wolff.

"My immediate concern is to secure orders in order to promote the increased competitiveness needed to secure a future for the industry. These measures to alleviate the industrial and social effects of the world shipbuilding crisis are important and must form part of a longer term strategy of modernisation and rationalisation following upon public ownership."

Ms 12, 11/10/71: A copy of the statement of the Secretary of State for Industry is attached.