

# Labour government agrees deal to keep Govan shipyard open

## Final job cuts to be reviewed in September

**Mike Ingram**  
20 July 1999

Following 24-hour talks in London, agreement was reached between GEC, Kvaerner and the British government to transfer ownership of Kvaerner's threatened Govan shipyard in Glasgow to GEC's naval wing, Marconi Electronics.

GEC agreed to pay £2.25 million for the yard, but Kvaerner will retain responsibility for redundancy payments for the next three and a half years. GEC increased its offer of £1 million presented last week, and Kvaerner agreed to pay any redundancy costs that arise for up to 42 months after the deal is completed at the end of September.

No official information has been forthcoming as to how much has been promised to GEC from the treasury, but Scottish Secretary John Reid said: "Over the past 10 years Kvaerner has received substantial support from public funds totalling around £100 million. The full scope for financial assistance to GEC, should they decide to purchase the Govan shipyard, has been made plain to them."

Initial reports indicate that the British government has agreed to pay either the costs of cleaning the Govan site, should the yard close, or "training and development" costs of up to £7.5 million should it stay open.

For the 1,200 workers at the yard, the deal offers little in terms of long-term job security. The 241 redundancy notices that were to have taken effect last Friday have been withdrawn, but GEC has made no guarantees to employ the entire existing work force.

The yard presently has two orders on its books that are near completion. The first additional work from Marconi's VSEL yard at Barrow-in-Furness will be moved to Govan towards the end of the summer

shutdown. The new owner will then review the situation with regard to redundancies. The more long-term future of the yard will depend upon its ability to attract orders in an increasingly competitive market.

The efforts gone to by the Blair government to save the yard are bound up with broader political interests. In the aftermath of devolution, the Labour government is keen to be seen as a defender of Scottish interests in order to make the case for the continued benefits of the union of Scotland with the UK, against those arguing for separation.

Reid has cited his efforts to save the yard as an issue where he brought to bear a UK perspective upon Scottish concerns. "We said before the election it was not a divorce, so it's not a divorce from the UK and the people I am meeting want to be assured of that," he told the BBC.

Reid was speaking in response to reports of a rift between himself and First Minister of Scotland Donald Dewar. Some commentators have suggested that Reid is seeking to upstage Dewar.

With the newly elected Scottish Parliament on its summer recess, representatives from Westminster conducted the negotiations without the involvement of the new governing body in Scotland. Aware of the implications of this, the Scottish Nationalist Party made a call for an emergency recall of the Scottish Parliament to debate the yard's future. Presiding officer David Steel turned down the request, saying, "A key criteria would be to what extent the situation was genuinely national. I do not consider that the current situation regarding the Kvaerner Govan shipyard, though urgent, merits an emergency meeting of the parliament."

With Westminster maintaining control of the budget and all decisions regarding foreign investment, there was, in fact, nothing for the Scottish parliament to discuss.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**