

Kvaerner almost certain to close its Govan shipyard in Scotland

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Three months ago, industrial engineering transnational Kvaerner announced that it would dispose of all its loss-making wings. The Anglo-Norwegian conglomerate said this included its entire £1 billion shipbuilding operation, which lost £110 million last year. The company had lost heavily due to the Asian financial crisis, and the over-capacity in world shipbuilding meant this was its most vulnerable wing. Twenty-five thousand workers' jobs, including 10,600 in shipbuilding, would be in jeopardy if the company were unable to find buyers for its 13 shipyards in the UK, Norway, Finland, Russia, Germany and the United States.

To date, the sale of the Masa yards in Finland and the Warnow yard in Germany are under negotiation, while the Norwegian Kleven yard has already been sold off. However, the company's Govan yard in Glasgow was always thought to be the most vulnerable. Industry analysts were sceptical of any buyer coming forward for the large but highly specialised shipyard with a work force of 1,200.

The initial sell-off announcement, however, came in the opening days of the election campaign for the new Scottish parliament. The closure threatened the only large non-military shipyard left on the Clyde. As the only surviving part of the former Upper Clyde Shipbuilders, where workers occupied four yards in 1971 to prevent their closing, the loss of Kvaerner threatened to introduce the questions of poverty and unemployment directly into the election campaign. To avoid this, all the major parties agreed a political truce regarding the impending shut-down; no-one would talk about it, and all would piously support the good works of a "task force" set up by the Labour government to find a new buyer.

Appointed to this were Gavin Laird, former leader of

the AEEU engineering union, and Lord Gus MacDonald, Labour's Scottish Industry Minister. The task force received the full support of the trade unions at the yard. Both task force and unions saw their role as one of brokering a deal between Kvaerner and another company that would defend the bank accounts of all the companies concerned while transferring the yard as a going concern to the new owner.

To this end, negotiations were opened with British-based General Electric Company (GEC), which last year made over £1 billion pre-tax profit on £11 billion turnover. GEC, which also has extensive defence interests, was interested in the Govan yard to complete two British naval orders that were behind schedule. However, beyond that, GEC had little interest in the yards and expected they would close in another three years. GEC therefore offered a token £1 million and insisted that Kvaerner retained the responsibility for some £9 million in redundancy costs that would be accrued through sacking the entire work force.

Last week, Kvaerner rejected this offer and issued redundancy notices to 250 workers, due to take effect on July 16, believing it can get more for the yard by selling off the assets independently.

Faced with the collapse of their strategy, the unions and Scottish parties have achieved a remarkable degree of unanimity in calling on the government to pay the disputed £9 million redundancy costs to allow the GEC deal to go through. Jamie Webster, the leading shop steward at the yard, said, "The £9 million is not a large amount compared with the £192 million the Government gave to BMW to keep the Rover plant going at Longbridge."

This would keep the yard open, while allowing its local management to bid against other GEC-owned yards for a series of lucrative naval contracts due to be

tendered in the next few years. Govan is one of the few large yards left in the UK that is capable of building the aircraft carriers and large roll-on-roll-off transporters required under the Labour government's military re-organisation. According to the *Sunday Herald*, however, the government has ruled this out, as part of Labour's defence review is the introduction of so-called "smart procurement," intended to rationalise military ordering and to prevent the immense cost overruns that are a regular feature of defence spending, including contracts placed with GEC.

This leaves Swan Hunter, the Newcastle-based yard, as the only other prospective buyer. As they are only interested in the Govan yard's assets, and would only employ a fraction of the present work force, the first major closure under the new Scottish parliament looks almost certain.



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