

FROM MINISTER OF STATE:

267179

- ① Mr Bell 3/12
- ② Miss Davis

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- cc Ps/ MR Fletcher
- Ps/ MR Edwards
- Ps/ The Lord Callington
- Ps/ Leon Brittan
- Ps/ SOS (B+L)
- Ps/ MR Butler (B+L)
- Ps/ Pus (B+L)
- Ps/ MR Bell
- Miss Kelly
- MR Marshall
- MR Little
- MR Chalmers
- MR McCann
- MC

DEPARTMENT OF COMMERCE
64 CHICHESTER STREET
BELFAST BT1 4JX

My name
Mr Atwood

COMMERCIAL IN CONFIDENCE

Norman Tebbitt Esq MP
Department of Industry
Ashdown House
123 Victoria Street
LONDON
SW1E 6RB

10 February 1981

Dear Norman,

TOSHIBA - SEMICONDUCTOR PROJECT

I refer to Alex Fletcher's letter to you of 22 January.

As you know, Northern Ireland shares with Scotland a need for a sustained inflow of new investment as the existing manufacturing base is shrinking with alarming rapidity and is quite incapable, of itself, of generating sufficient growth to produce sufficient new jobs in the short time-scale necessary. I believe that we have to look to overseas investment in high growth, high technology, sectors to produce the jobs we need, bearing in mind that less sophisticated operations, which have been an important element of new investment in the past, are now more likely to locate in low labour cost areas. I am conscious that we are at a disadvantage in attracting investment from GB itself because perceptions there remain heavily influenced by media reporting on Northern Ireland, which produces such a discouraging atmosphere for potential investors.

I therefore have a special interest in the general principle which Alex's letter illustrates. I support his contention that before a decision is taken to withhold selective assistance from an incoming project solely on grounds of potential damage to domestic manufacturers there should be an exhaustive examination of the implications. Substantiation that damage may result should not, in my view, of itself justify refusal: we should also need to weigh the potential benefit of the newcomer to the regional and national economy (does he, for example, bring efficiency and technology gains and enhanced potential for future growth?) and the likelihood that from an alternative base elsewhere in the EEC he would be in a position to do equal harm to domestic producers. It might also be proper to look for assurances in regard to his export policy.

On the Toshiba case I would make the general point that a decision to exclude such a project must be taken in the light of any possible adverse effects on Japanese willingness to consider the UK for future investments.

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Northern Ireland has so far been unsuccessful in its attempts to attract investment from Japan but we are working hard to change this, and I am anxious that we lose no opportunity to establish a foothold in what is likely to be a major source of inward investment in the years to come.

I am copying to Alex Fletcher and the other recipients of your letter.

Yours m
Adam.

ADAM BUTLER

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