



10 DOWNING STREET

THE PRIME MINISTER

13 March 1981

*Sup*  
C. Maff  
D/ew.  
DI  
D/emp.  
+ Robert Parry MP  
Malcolm Thornton  
MP

Dear Sir Trevor

Thank you for your letter of 23 February.

I have looked very carefully into the whole question of the Tate & Lyle refinery closure, and I have had to conclude that there is nothing the Government can do to ensure that the refinery is kept open. I understand that the reasons for this were fully explained by Peter Walker when you brought a delegation to see him on 17 February.

Assuming the closure goes ahead, this will indeed be a severe blow to Merseyside, and we must do everything possible to accelerate the initiatives we are already taking to provide some alleviation for the area.

You mentioned in your letter the need to speed up the establishment of the Urban Development Corporation and of the Enterprise Zone at Speke.

The Development Corporation will be formally established very shortly: the relevant Order is to be debated in the House of Commons next Thursday. Discussions have been held between the Corporation and the Mersey Docks and Harbour Company on land acquisition, and also with other public bodies within the proposed MDC area. The Corporation's budget has been announced, it is already undertaking engineering studies on several projects, and it is in preliminary discussion with potential developers.

/As regards

*DS*

As regards the Enterprise Zone, I understand that Tom King wrote to you on 2 March and that your Council is meeting to consider the outstanding issues very shortly. I hope you will agree that an Enterprise Zone at Speke will make a vital contribution to a much needed revival of business activity, and that you will be able to agree with the points made by Tom King. As soon as agreement is reached, a formal invitation to prepare an Enterprise Zone scheme will be sent to your Council and a start made on the formal procedures.

You also mentioned the Albert Dock redevelopment and the fact that the developer is anxious to make an early start. I understand that the public inquiry was in fact postponed at the developer's request; but Michael Heseltine has told me that he fully recognises the need for a speedy decision.

Finally, you raised the question of the location of the proposed Datsun factory. This is really a matter for the Nissan Motor Company, assuming the outcome of their current feasibility study is satisfactory. They have expressed a preference for a location in a Special Development Area or Development Area, and they are being advised on this and other matters by independent consultants. The Department of Industry have provided advice to local authorities and regional promotional bodies on the best way in which potential sites for the factory can be presented to the consultants; I understand that the Merseyside authorities are already in touch with the Department on this.

I hope that what I have said above will give you some reassurance that we are very concerned about the Merseyside situation, and that we are doing what we can to help. I have been kept fully informed of the Tate & Lyle situation by Peter Walker, by Keith Joseph on other industrial closure issues and by Michael Heseltine on the Development Corporation and Enterprise Zone proposals. I have also seen several MPs from the area.

/I am afraid

I am afraid I cannot agree to the meeting you propose. It is, I believe, much better if particular issues affecting Merseyside are pursued with the Ministers primarily concerned. But in any case, there are very many people asking to see me to discuss the problems of their areas; and if I see one group, it will be very hard for me to refuse to see others.

Yours sincerely

(sgd) MT

Sir Trevor Jones, J.P.



copies to

DOE ✓

MAFF ✓

NICK - over to you

10 DOWNING STREET

PRIME MINISTER

TL

Nick said you wanted to write to the Tory MP's before writing to Trevor Jones.

Could you not perhaps sign the letters to Jones and the two Bishops (letters attached), and then send copies of your replies to the MP's under a short covering letter?

(only one letter)

Or do you want to write substantive letters to the MP's?

S. J. Pitre  
for TPL

12 March, 1981



Overseas  
aid

copy

10 DOWNING STREET

Don Amis

Retyped for PM.

Mich said you wanted to  
write to the <sup>Tony</sup> MP's before writing  
to Ivor Jones.

Could you not perhaps sign  
the letters to Jones and the two  
bishops (drafts attached), and then  
send copies of ~~them~~ your replies  
to the MP's under a short  
covering letter?

Or do you want to  
write substantive letters to  
the MP's?

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10 DOWNING STREET

THE PRIME MINISTER

*The relevant Order is to  
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Commons next Thursday.*

Thank you for your letter of 23 February.

I have looked very carefully into the whole question of the Tate & Lyle refinery closure, and I have had to conclude that there is nothing the Government can do to ensure that the refinery is kept open. I understand that the reasons for this were fully explained by Peter Walker when you brought a delegation to see him on 17 February.

Assuming the closure goes ahead, this will indeed be a severe blow to Merseyside, and we must do everything possible to accelerate the initiatives we are already taking to provide some alleviation for the area.

You mentioned in your letter the need to speed up the establishment of the Urban Development Corporation and of the Enterprise Zone at Speke. // The Development Corporation will be formally established very shortly: [Discussions have been held between the Corporation and the Mersey Docks and Harbour Company on land acquisition, and also with other public bodies within the proposed MDC area. ~~These are nearly complete and the necessary Parliamentary Orders are being prepared.~~ The Corporation's ~~development strategy and proposed projects have been prepared and will be quickly assessed.~~ Its budget has been announced, it is already undertaking engineering studies <sup>on several projects,</sup> ~~in several areas,~~ and it is in preliminary discussion with potential developers.

/As regards

As regards the Enterprise Zone, I understand that Tom King wrote to you on 2 March and that your Council is meeting to consider the outstanding issues very shortly. I hope you will agree that an Enterprise Zone at Speke will make a vital contribution to a much needed revival of business activity, and that you will be able to agree with the points made by Tom King. As soon as agreement is reached, ~~this week I hope~~, a formal invitation to prepare an Enterprise Zone scheme will be sent to your Council and a start made on the formal procedures.

*(redvelopment  
redvelopment)*

You also mentioned the Albert Dock and the fact that the developer is anxious to make an early start. I understand that the public inquiry was in fact postponed at the developer's request; but Michael Heseltine has told me that he fully recognises the need for a speedy decision.

Finally, you raised the question of the location of the proposed Datsun factory. This is really a matter for the Nissan Motor Company, assuming the outcome of their current feasibility study is satisfactory. They have expressed a preference for a location in a Special Development Area or Development Area, and they are being advised on this and other matters by independent consultants. The Department of Industry have provided advice to local authorities and regional promotional bodies on the best way in which potential sites for the factory can be presented to the consultants; I understand that the Merseyside authorities are already in touch with the Department on this.

I hope that what I have said above will give you some reassurance that we are very concerned about the Merseyside situation, and that we are doing what we can to help. I have been kept fully informed of the Tate and Lyle situation by Peter Walker, by Keith Joseph on other industrial closure issues and by Michael Heseltine on the Development Corporation and Enterprise Zone proposals. I have also seen several MPs from the area. ~~In the circumstances, I do not think that a meeting on the lines you propose would be appropriate. As you know, there are very many people asking to see me to discuss the problems of their areas; and if I see one group, it will be very hard for me to refuse to see others.~~

*I am afraid I cannot agree to the meeting you propose. It is, I believe, more better if particular issues affecting Merseyside are pursued with the Minister primarily concerned. But in any case,*

Sir Trevor Jones, J.P.



Ministry of Agriculture, Fisheries and Food  
Whitehall Place London SW1A 2HH

From the Minister's Private Office

Tim Lankester Esq  
Private Secretary  
10 Downing Street  
London SW1

10 March 1981

*Dear Tim*

CLOSURE OF LIVERPOOL REFINERY

--- I attach a draft reply for the Prime Minister to send to the Bishop and Archbishop of Liverpool in response to their joint letter of 1<sup>st</sup> March.

You will see that the final paragraph of the draft, in square brackets, suggests that the letter might close by listing how much Government aid already goes to Liverpool, and indicating willingness to consider further help as appropriate. These details would, of course, need to come from the Departments of Industry and the Environment. You may also wish to know that Tate & Lyle are not likely to announce their "dowry" to the city of Liverpool until they have reached agreement with their employees on redundancy terms. Hence we are not in a position in the draft letter to make reference to any financial arrangements which Tate & Lyle may make.

I am copying this letter and enclosure to David Edmonds (Department of the Environment), Richard Dykes (Department of Employment) and Ian Ellison (Department of Industry).

*Yours sincerely*

*David Jones*

*for* KATE TIMMS  
Principal Private Secretary



DRAFT LETTER FOR SIGNATURE BY THE PRIME MINISTER

The Rt Rev David Shepherd  
Bishop of Liverpool

The Most Rev <sup>Derek</sup> ~~David~~ Warlock  
Roman Catholic Archbishop of Liverpool

Thank you for your letter of 1 March about the closure of  
Tate and Lyle sugar refinery.

I fully understand your wish to ensure, by making an approach  
to me, that every possible means open to the Government to  
avert this closure is properly considered. I am very well  
aware of the seriousness of the unemployment situation in  
Liverpool, and of the fact that the closure of this long  
established plant may have a psychological impact which is  
greater even than the number of job losses ~~it entails~~ <sup>involved</sup> would  
suggest.

As you know, I have asked all the delegations who sought meetings  
with me to see Peter Walker, who has been closely in touch with  
Tate and Lyle management and employees from the outset and who  
is best able to respond to detailed questions about the effects  
on the problems of the refinery of European Community regulations  
and the possibility of changing them. But I have been aware  
throughout of the importance of the issue and have received full  
reports of his meetings as well as holding meetings myself with  
Bob Parry and other local MPs.

I am afraid, however, that none of these discussions have revealed any action which I could take which would prevent or delay the closure. The refinery suffers from the inherent disadvantage that, unlike those at London and Greenock, it is not on the dock side and its plant is in urgent need of modernisation. Tate and Lyle are unwilling to put any of their money into a modernisation scheme because they do not envisage that the capacity at Liverpool will be needed.

Tate and Lyle's current over-capacity has arisen from the decline in the demand for their products on the United Kingdom market and from a change in the relative prices for raw and refined sugar on world markets which has made it no longer profitable for them to import raw sugar for re-export after refining. There is no way in which the Government could affect the world market situation. To create extra demand on the United Kingdom market, it would be necessary either to negotiate an even bigger cut in the quota set under the Community sugar régime for UK beet producers than has already been accepted or to adopt the suggestion referred to in your letter of exporting some UK production.

The first possibility would add to the redundancies which are already taking place in the beet sugar industry. The Trade Unions and both sides of the House, when the question was debated in Parliament, were agreed that this would not be the right way to seek to solve the problem.

The main objection to the second possibility, that of exporting more sugar from the United Kingdom, is not the attitude of the ACP countries - although it is true that they have insisted in their contracts with Tate and Lyle that the cane sugar they supply under the Protocol to the Lome Convention should not be exported - but the fact that both Tate and Lyle and the British Sugar Corporation obtain a higher price by selling on the home market. // I cannot direct the British Sugar Corporation to incur a loss in order to ease the problems of Tate and Lyle. <sup>but it</sup> ~~It~~ has been suggested that the problem could be overcome by persuading the European Community to pay a higher rate of export subsidy on sugar exported from the United Kingdom than is paid in surplus areas, where market prices are lower, or that the Government should introduce a nationally-financed subsidy to top up the Community subsidy.

As you will recall, a suggestion on these lines was made at the meeting you attended with Peter Walker on 17 February and we have examined the possibility in more detail since then. This examination has, however, only confirmed that his initial reaction was right. The sugar régime is designed to manage the Community market as a whole and it is a fundamental principle of it that aid given to exports should be the same over the whole of the Community so that exports take place at minimum cost from surplus areas. It would run directly contrary to this to ~~introduce~~ <sup>introduce</sup> ~~institute~~, at national or Community level, export aids which were designed to distinguish between one region of the Community and another and encourage exports to take place from deficit areas where market prices are relatively high. And even if we were allowed to bring in a national subsidy, the cost would be ~~extremely~~ extremely high.



10 DOWNING STREET

From the Private Secretary

~~actions  
initiatives but in many be~~

~~ask to take, with priority some~~

~~hope for the area~~

SAME PARA

It is crucial for Antwerp side that  
these two initiatives are a  
success: we for our part will  
do everything we can to make them  
so.



10 MAR 1981

