

Confidential Filing

Prime Ministers meetings on
doome of Wiggins Teape, Thames
Board, Trinity and Dartford
Paper mills.

PRIME MINISTER

JANUARY
~~FEBRUARY~~ 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
11.2.83							
15.2.83							
1.3.83							
PREM 19/1110							



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
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LONDON SW1E 6RB

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6401

FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

KENNETH BAKER'S OFFICE

W Rickett Esq
10 Downing Street
LONDON SW1

Prime Minister

*Mr Baker concludes there is no
future for the Warrington Board mill,
and no prospect of a management
buy out.*

7 March 1983

RESTRICTED

Dear Willie,

Thank you for your letter of 22 February recording the meeting which the Prime Minister and Mr Baker had with Mr Doug Hoyle MP and Mr John Evans MP about the proposed closure by Thames Board of the mill at Warrington.

On 28 February Mr Baker met the Chairman of Thames Board and another Director to explore the reasons underlying the mill's closure and to seek their views on the possibility of a management buy-out. The company's representatives explained the background to the mill's long-standing losses. Selling prices had increased by only 20% over the last 5 years whereas costs had risen by 56% despite a one-third reduction in the workforce and a 20% reduction in energy usage. The UK market for the board grades made at Warrington had fallen by 22% since 1978. Imports, strongly competitive in terms of price and quality, had taken a higher share of the market. The 3 machines at Warrington were old and slow. There was no realistic prospect of their being able to compete in terms of quality or output. The mill was making a £6.7m loss this year. Even if its machinery were to be run at full capacity, which was unrealistic, the mill would still make losses. This was true whether it operated as a one, two or three machine mill. With overcapacity throughout Europe, prices would never be high enough to cover the mill's costs.

The company representatives also said that volume and price problems were so great as to make a management buy-out untenable. Local managers at the mill had confirmed that, without guaranteed markets and price levels, they would not invest in the mill on a personal basis. Neither Thames Board nor its parent company, Unilever, could give such guarantees. Unilever's total board requirement, not just of the type made at Warrington, was less than 15% of Warrington's capacity and was not expected to increase. The company must also have regard to the implications of board-making continuing at Warrington at a time when overcapacity was injuring its other operations at Workington and

M82/M82AAD



RESTRICTED

Purfleet. The Workington plant represented a major new investment in UK board-making but was struggling to overcome losses.

The following day Mr Baker reported the outcome of these discussions to Mr Doug Hoyle. Mr John Evans had also been invited but could not attend. Mr Baker, in summarising the position, said that the prospects were bleak. Mr Hoyle suggested that costs might be saved by converting from gas to coal firing. He would be asking the company to look again at the possibilities of reducing to a one or two machine operation at Warrington in conjunction with a possible management buy-out. He acknowledged however that there was little the Government could do directly. Nor had he any real evidence to show that the local management dissented from the company's analysis.

The Chairman of Thames Board has since reported to the Department the outcome of the company's meeting on 2 March with Mr Hoyle, Mr Evans and local Warrington Councillors. The Councillors asked that the mill should be kept open in the hope of better times but offered no practical help to ease its problems. The company stressed that no cost savings from converting to coal firing or operating a smaller number of machines could make the mill profitable. Thames Board said that careful consideration would be given to any approaches from other companies to buy the mill, but none were foreseen. The company had also confirmed that no decision had been made about what would happen to the site. At the close of the meeting the MPs had not indicated what further steps, if any, they had in mind.

Having looked into the position in some detail, my Minister has concluded that there are no grounds to question the company's commercial judgement. The mill has lost money for many years. Its continued operation would require markets which do not exist. The mill would need major investment if it is ever to be competitive. Anyone buying the mill would need to find £6m of working capital just to operate it in its present state. Without a market the mill's continuing operation would jeopardise the prospects of other UK board mills, themselves operating on the brink of viability.

Yours ever,

N M

N M McMILLAN
PRIVATE SECRETARY

M12/M12AES

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cc PS/Prime Minister
PS/SOS
PS/Mr Lamont
PS/Mr MacGregor
Mr Manzie
Mr Bryant
Mr Pearcey
Mr Johnson
D/NWRO
Mr Avery (on file)



FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

KENNETH BAKER MP

John Evans Esq MP
House of Commons
LONDON SW1A 0AA

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3/3
/ March 1983

Dear John,

Thank you for your letter of 7 February to Patrick Jenkin about the Thames Board Mills closure at Warrington.

We discussed this when you and Doug Hoyle met the Prime Minister in her room at the House on Tuesday. As was agreed, I am exploring the position with the company to see if there is an interest in the management taking on the mill.

I hope to be able to see you and Doug Hoyle shortly to report back.

A copy of this letter goes to Doug Hoyle.

however

Kent

KENNETH BAKER

M80/M80AAD

PM, Feb '83.
PM's Mtg with
Hoyle/Evans

5 - MAR 1983

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enclosed as requested

With the Compliments of
The Private Secretary to
the Parliamentary Under
Secretary of State

*- in reply to WR's letter
of 10.2.83*

Prime Minister



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
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From the
Parliamentary Under Secretary of State

Bob Dunn Esq MP
House of Commons
LONDON SW1A 0AA

25 February 1983

cc Mr GERRY
Mr HILTON
Mr BRADSHAW SEND
PS/PM

Dear Bob,

in the House!
WR

Following our meeting at 10 Downing Street on 10 February, I asked my officials to contact Mr Reynolds of BAT Industries and offer what assistance they were able in meeting the needs of redundant workers at Wiggins Teape.

I am impressed by the report I have received of what BAT already have in mind, and if they choose to call upon the Department for advisory help it will be supplied very readily. We have offered - as I promised - to put the resources of the Small Firms Service at their disposal, although since they are pressing ahead with their own arrangements this does not appear to be necessary at the moment.

I have also asked my officials to make contact with Blue Circle.

Yours ever,
JH

JOHN MACGREGOR

SUBJECT

cc MAJER

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10 DOWNING STREET

From the Private Secretary

22 February 1983

BT

Thank you for your letter of 18 February to Caroline Stephens and for the briefing for the Prime Minister's meeting with Mr. Doug Hoyle, M.P., and Mr. John Evans, M.P., about the closure of the Thames Board Mill at Warrington. This meeting took place at 1545 this afternoon in the Prime Minister's room at the House of Commons. Your Minister was present.

Mr. Hoyle explained that the unemployment rate in Warrington was currently over 14 per cent; the closure of the Thames Board Mill would create almost 800 redundancies and might cause a further 200 redundancies indirectly; that would take the unemployment rate to over 15 per cent, more than three times the rate when the Government took office. The problem facing the Thames Board Mill was not bad labour relations, it was the very high import penetration in the paper and board market. Import penetration had now reached almost 60 per cent by volume. An over-valued currency, high interest rates, and high energy costs had all caused problems for Thames Board Limited. A thousand redundancies would add £5m. to public expenditure on unemployment and supplementary benefit, and Mr. Hoyle argued that there was a strong case for the Government to provide subsidies to Thames Board Limited, in the same way that its foreign competitors were subsidised. Bowaters had been offered grants for new investment and subsidies on energy prices when the closure of their mill was threatened; although Bowaters had turned down these offers, they had been taken up by Consolidated Bathurst of Canada. There was therefore a precedent for subsidising Thames Board Limited. The Warrington plant was the only source of supply for certain UK companies; as much as 40,000 tonnes of paper board might have to be imported to meet their needs if the Warrington mill was closed. The new plant at

/Workington

Workington was losing more money than the one at Warrington, and this would make it hard for his constituents to understand why they were being made redundant. He agreed that Thames Board could not run a three machine mill at Warrington, but he felt that a two machine mill would be economic. A Government grant of about £5m. this year would probably avoid any redundancy in a town which looked to Unilever as its main employer.

Mr. Evans said that his constituents were now becoming suspicious that their work was being exported to the Workington plant although they had received assurances that it was not. He felt that the Government's industrial policy put too much emphasis on attracting new jobs with Government assistance. More should be done to maintain jobs in existence during economic recession. It would be very difficult to resuscitate the Warrington plant when the economy picked up.

In discussion, the Prime Minister said that the Warrington plant had made a loss every year since 1974 despite efforts to achieve profitability, including the closure of one machine in 1978 and 220 redundancies at the end of 1980. Thames Board would still remain a major producer even if the plant were closed. The capacity of the plant at Workington had been trebled to 150,000 tonnes per year, creating over 500 jobs. Given this investment in Workington, it was unlikely that Thames Board would wish to maintain the plant in Warrington, even with Government assistance. Energy prices were not really a problem since successive price freezes for gas supplied to the industry had kept Warrington's energy costs competitive, and because Thames Board generated their own electricity. The Prime Minister suggested that it might be worth exploring whether the management of the Warrington plant would be interested in a management buy-out. Thames Board would after all be unlikely to have much use for the site and machinery, and might have to pay rates on an empty property. She could not hold out any hopes that the company would accept a proposal for a management buy-out. She suggested that Mr. Hoyle and Mr. Evans should pursue this possibility with Mr. Baker.

At the end of the meeting, your Minister invited Mr. Hoyle and Mr. Evans to get in touch with him, as the Prime Minister had suggested. I should be grateful if you could let us know the outcome of these investigations, and could let us have copies of any correspondence between your Minister and Mr. Hoyle and Mr. Evans.

W. P. S. RICKETT

Neil McMillan Esq
Department of Industry.



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FROM THE
MINISTER OF STATE
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KENNETH BAKER'S OFFICE

TELEPHONE DIRECT LINE 01-212 6401
SWITCHBOARD 01-212 7676

Miss C M Stephens
10 Downing Street
LONDON SW1

18 February 1983

Dear Caroline,

Thank you for your letter of 11 February requesting briefing for the Prime Minister's meeting with Mr Doug Hoyle MP and Mr John Evans MP on Tuesday 22 February 1983 at 3.45 pm in the House.

The briefing is enclosed and I confirm that Mr Baker will be attending.

Yours sincerely
Neil McMillan

N M McMILLAN
PS/MR BAKER

M78/M78ABL



PRIME MINISTER'S MEETING WITH
MR DOUG HOYLE MP AND MR JOHN EVANS MP
ON TUESDAY 22 FEBRUARY

CLOSURE OF THAMES BOARD MILL AT WARRINGTON

Line To Take

(a) Paper

1. Appreciate concern over the proposed mill closure at the end of April and the loss of nearly 800 jobs.
2. This is a commercial decision by Thames Board in the light of market conditions for packaging boards. The mill has made losses for many years. Appreciate the wish to seek the continuation of the mill but, despite having considered a number of options in the course of a careful review, the company has confirmed it does not foresee a commercial future for the mill.
3. Although closing the Warrington mill Thames Board will remain a major UK board maker (the largest). The company's £100 million expansion at Workington opened last autumn. That modern competitive mill produces a different type of board from Warrington, one with better market prospects. Its capacity has been tripled creating over 500 jobs, directly and indirectly.
4. The All Party Paper Group has asked to bring a delegation including industry representatives to discuss wider paper industry issues. I have replied to Frank White to say that a meeting can best be with the Secretary of State for Industry, who will keep me in touch. The unwillingness of past Administrations to face up to basic economic



problems has added to the industry's difficulties. The present Administration's consistent policies provide the hope for the future.

(b) Regional Aspects

5. The Government's regional industrial policy is to concentrate assistance on those areas with the most intractable problems of high unemployment and structural weakness. Unemployment in Warrington is below the average for all intermediate areas, as they are now constituted. There are many parts of the country experiencing similar problems with higher unemployment - eg the West Midlands which has never been assisted. Assisted Area status needs to take account of all the criteria in the Industrial Development Act 1982. Particular announcements of redundancies do not necessarily justify revision of an Area's status.

6. With the Warrington and Runcorn New Town, the industrial structure is diversifying. This is helping to reduce dependence on the traditional industries. In 1982 alone 113 companies were accommodated with 1,639 jobs. A comparable development programme is continuing for this year.



ENERGY PRICES

Background

The company have dual fired boilers (gas or oil) to provide both heat and power at this plant, running almost entirely on gas. The recent CBI survey on comparative energy prices shows that UK prices for gas bought on "interruptible" contract remain broadly in line with Continental prices for similar contracts. Successive freezes on the price paid by industry for gas over the past 2 years have kept Thames Board Mill's energy costs at Warrington to a minimum.

Because they generate their own electricity, the company have escaped the burden of high UK electricity prices which has fallen on other mills and other industries.

The company estimate that even if the energy bill at Warrington had been reduced by 30 % last year, the plant would still have made a loss. Other factors such as falling demand for the type of board made there, and overcapacity in the industry have been the critical factors.

Line to Take

Warrington runs almost entirely on gas. A series of price freezes for gas supplied to industry has kept Warrington's energy costs competitive with the Continent.

Energy is an important element in paper and board production costs, but falling demand and overcapacity are responsible for the closure.

[If pressed on other companies' problems with electricity prices :]

Patrick Jenkin and Nigel Lawson met the CBI on 17 February and agreed that the Government would continue to study the special problems of intensive electricity users, taking into account the more detailed information made available by the CBI and industry.



BACKGROUND BRIEFING

Thames Board Limited, a Unilever subsidiary, is the largest UK paperboard producer having a turnover of £70 million and around 3000 employees. The company has three mills. The 3 machine mill at Warrington and the single machine mill at Purfleet Essex produce waste based packaging board while the newer mill at Workington Cumbria produces virgin fibre boards mainly from their integrated pulp mill which uses UK pulp wood.

2 On 20 January 1983 Thames Board announced that the Warrington mill would close at the end of April with the loss of 796 jobs. This mill has a capacity of 145,000 tonnes per year but could only produce 102,000 tonnes in 1982 due to the recession. It is understood from the company that this mill has made losses every year since 1974 despite efforts to achieve profitability including the closure of one machine in 1978 and 220 redundancies at the end of 1980. The lack of demand for board during the recession and inability to reflect increased costs in higher prices, due to the intense competition among European producers, has resulted in continuing losses and the company sees the position worsening this year and next. Warrington has also suffered from a trend in the market away from waste based board towards higher quality virgin pulp boards of the kind made at the Workington mill.

3 Warrington is not the only waste based board mill to be closed in the current recession. Thames Board themselves closed one of their mills at Purfleet in 1980 with 800 redundancies. On the other hand, the company have invested about £100million to treble the capacity of their Workington mill from 50,000 to 150,000 tonnes per year. (This project received £10.5 million Selective Assistance plus Regional Development Grants and is providing about 200 new jobs at the mill plus over 300 in forestry for the supply of pulp wood.) Workington has slightly greater capacity than Warrington using only 2 machines instead of 3, later technology and produces the higher quality product to which the market has been moving. Having brought 100,000 tonnes of new capacity on stream, and with no sign of a significant upturn in demand, the decision to close Warrington, which was already working far below capacity, can be understood. While of no comfort to Warrington, this closure will improve the chances of the other UK waste based board mills surviving the recession.

Assisted Area Status

4 Before the 1979 Assisted Area review, the Warrington Travel-to-Work Area had Intermediate Area Status. The decisions following the review were aimed at concentrating regional aid on the areas of greatest need in terms of persistent high unemployment and severe structural decline. It was concluded that Warrington should become non assisted from 1 August 1982. As promised, Ministers carried out in 1982 a review of areas due to become non assisted and other areas where there had been a major relative change in circumstances but this did not change the 1979 decision for Warrington and the area became non assisted from 1 August 1982. Relevant unemployment details are as follows:-



	1979 Average %	1981 Average %	January 1983 Number	January 1983 %
Warrington	5.6	13.1	11,502	14.2
All Intermediate areas*	6.9	13.3	-	16.6
All Development areas*	7.7	14.2	-	17
Great Britain	5.6	11.3	-	13.7

* On current boundaries

It is estimated that the Thames Board mill closure at the end of April will increase unemployment in Warrington to about 15%. This would still be less than the present average for all intermediate areas.

All Party Parliamentary Paper Group (APPG)

5 The APPG Chairman, Frank White MP, wrote to the Prime Minister at the end of January asking to bring a Parliamentary/industry delegation to discuss recent paper and board mill closures (see Annex A attached) and their fears for the industry. The Prime Minister replied on 7 February explaining that while she was ready to meet individual members about closures in their constituencies the delegation should be received by the Secretary of State for Industry who would keep her fully in touch with the industry's position. So far, the APPG secretary, Harvey Proctor MP, has not contacted the Private Office to arrange this.

CTP3
February 1983

Closures and redundancies announced so far in 1983 are :-

- (a) Trinity Paper Mills announced on 10 January the intended closure of its Springfield Mill, Bolton with 100 redundancies.
- (b) Thames Board announced on 20 January the intended closure of its waste-based Warrington board mill with 796 redundancies.
- (c) Wiggins Teape announced on 26 January rationalisation plans involving the closure of its New Bury Mill with 200 redundancies; 740 redundancies at its Dartford Mill in 1983 and 1984, and 70 redundancies at its Lincoln works. Packaging and fine papers are the grades involved.
- (d) The Jefferson-Smurfit Group announced on 2 February 1983 the closure of 2 fine paper machines at the Alders Paper Mill at Tadworth with the loss of 180 jobs.



BRIEF ON THE UK PAPER AND BOARD INDUSTRY

INTRODUCTION

The industry comprises over 120 mills operated by some 70 companies. It is capital and energy intensive. Total sales in 1981 were about £1,421m. There are several sectors to the industry whose contributions to 1981 production were in value terms:

printing and writing papers and boards	27%
corrugated case materials	25%
packaging boards	17%
household toilet papers and tissues	13%
newsprint	3%
industrial and special purpose papers and boards	9%
packaging papers	6%

The performance and problems of the sectors vary but, overall, the industry suffers from increasing import penetration which reached a record 59% by volume in the first 8 months of 1982.

2 Even before the second World War, imports took nearly 30% of the UK market. Further import penetration, especially from Scandinavia, was made easier when EFTA industrial tariffs were dismantled in 1967. Since the UK joined the European Community, imports from some other Member States have also increased. Their (gradually reducing) tariff protection against EFTA, continues until 1984 whereas the bulk of EFTA exports to the UK has continued to be free of duty.

UK COMPETITIVENESS

3 The main reason for the increase in imports from the UK industry's main competitors in Scandinavia, USA and Canada has been our inability to compete in the bulk, lower value grades of paper. These grades - newsprint, kraft liner and some types of printing, writing and wrapping papers - can be produced more economically in integrated mills in which pulp mill production is fed directly on to a paper machine. Since the 1960s the Scandinavians in particular have sought to exploit their natural advantages by adding value to their wood products and moving increasingly from pulp production to paper and board production. Unlike North America and Scandinavia, the UK has only limited and fairly scattered timber resources. We therefore depend for 40% of our raw material fibre on imported pulp supplied mainly by countries who are also our main competitors in finished paper and board. This places the UK industry in a vulnerable position. Part of the UK cost disadvantage is that, by contrast with integrated mills, our pulp has to be dried before export to the UK, then we mix water with it to make paper and dry it again. Thus the UK industry bears the high energy costs of drying twice.

4 Our chief competitors benefit from cheaper energy derived partly from natural advantages and, in the case of North America, Government policies which have helped to keep energy costs down. The industries in these countries have also been able to build expensive new, larger, faster mills which are more efficient.



5 The import pressure from better placed competition has led to:-

(i) Contraction of the UK industry, especially severe in the recent recession.

(ii) The use, where possible, of waste paper fibre instead of imported pulp. In some sectors, notably corrugated case materials, the UK industry has been successful in developing waste based alternatives and import penetration has been held back. But the industry has to sell such products at a discount to those made from virgin fibre and is vulnerable to a weak market and a strong pound. Some products cannot be made wholly from waste and, in these cases, part of the pulp handicap remains.

(iii) Greater concentration on

(a) products which, though they use virgin pulp, are unsuited to large scale integrated production,

(b) products which have been developed for special markets and have high added value. In some specialist grades UK companies are world leaders; Wiggins Teape's success in recent years has been built on its development of carbonless copy papers,

(c) products which are better produced near to the consumer eg tissues.

6 Those companies with strong marketing, productivity, investment and product development records in sectors of the industry where the advantages of overseas suppliers carry less weight can and do, compete successfully against international competition.

7 For the UK industry, price levels are heavily influenced by factors outside its own control eg the dominance of overseas suppliers, the exchange rate and the state of demand. UK mills have therefore become increasingly concerned about containing production costs which they may be unable to pass on. They also recognise the attractions of developing products which have non-price advantages over competitors.

CURRENT STATE OF THE INDUSTRY

Employment and Capacity

8 The industry has seen a contraction in employment from 97,000 people in 1965 to under 48,000 now. The recent recession has hit the industry hard. Since January 1980 34 mills have closed, 91 machines have been shut and over 15,000 redundancies have been announced. The industry's capacity has been reduced by about 20%.

Productivity

9 The paper industry is highly capital intensive but during the recent recession mills have reduced manning levels. Productivity gains have been reduced by lack of demand and below capacity working. Senior management in the industry would accept, privately that there is further progress to be made in reducing labour and other costs, but the industry sees the potential improvement from such action heavily outweighed by the adverse economic conditions which it faces.



Orders, Exports and Profitability

10 The demand for paper and board closely reflects the state of domestic economic activity. During 1980 demand fell sharply. In the first half of 1981 there were some signs of demand picking up with increased order levels for UK mills, but they drifted down in the second half. Slight improvement in the early months of 1982 was not sustained. The strength of sterling against the US dollar was an important factor in the closure of about two-thirds of UK newsprint capacity in 1980/81 since newsprint is effectively sold in dollars. Now that the dollar has strengthened, those parts of the UK industry which use imported pulp have added costs because pulp too is sold in dollars. But higher pulp costs improve conditions for mills making competing products from waste paper. Exports, mainly in speciality grades, did rather better than expected while the pound was still strong.

11 Partly due to the reduction in UK capacity, mills are running fuller than in the latter half of 1980 but due to weak demand, both here and abroad, and the relative strength of sterling against some European currencies, prices continue to be depressed and profitability is low or non-existent. Even the tissue market has not sustained the steady growth of past years.

Investment

12 There are a few projects in progress which were started before the current recession and when market forecasts were more optimistic. The largest project is Thames Board's 100,000 tonne per year board mill at Workington costing around £100 million, which was opened in September 1982. There are projects to increase tissue capacity and one of these started production last year. In newsprint, Consolidated Bathurst of Canada bought the largest UK mill, which was closed by Bowaters in 1980, and are undertaking new investment there before re-opening it in July 1983. The mill will continue to use waste paper but pulp from UK wood will be replaced by imported pulp from Canada where wood and energy are cheaper. Wiggins Teape announced plans in July 1982 to invest £9m at its carbonless paper manufacturing mill at Cardiff. The company is also investing £1.25m at its Devon Valley paper mill to improve quality and allow the company to develop new grades. United Paper Mills Ltd, a major paper producing company in Finland is considering a project to build an integrated pulp and paper mill at Shotton. The project will cost £130m and will produce 180,000 tonnes pa of newsprint. Other projects in recent years have included those supported by nearly £19m of Government grants under the Paper and Board Industry Scheme.

13 The present position is that industry claims that due to poor profitability, the high cost of borrowing, low prices and lack of confidence about future growth, it is generally unable to consider investment apart from projects which look certain to give a quick pay back. Companies are even said to be postponing, for lack of funds, energy saving projects which they would wish to undertake.

14 Some of the mills which have closed were acknowledged in the industry to be among the less well run or less well placed, but the industry is concerned that the longer unfavourable trading conditions persist, the more middle ranking companies will be at risk and even the best companies will be weakened.

PRESS RELEASE - TEXT ONLYWARRINGTON BOARD MILL TO CLOSE

Thames Board Limited have announced with great regret that their Warrington Mill will close at the end of April with the loss of 796 jobs. The closure is due to increasing losses. At present the Mill has three board machines with 145,000 tonnes annual production capacity for waste paper based packaging board. Last year output fell to 102,000 tonnes due to the recession.

Due to intense competition in the past five years, it has not been possible to increase prices in line with costs. This is despite considerable cost savings achieved in all areas, including a substantial reduction in manning. In 1983 the position will worsen.

Consequently Thames Board have no alternative but to close their Warrington Mill. Thames Board's remaining mills at Purfleet and Workington will continue to produce a wide range of boards with a total production capacity of 250,000 tonnes per annum.

C.E.P.M.



HOUSE OF COMMONS
LONDON SW1A 0AA

selb

D. 15th February 1983

Dear Mrs ^{16/2} Archer,
Thames Board Mills

Many thanks for your letter
of the 11th February and we
look forward to meeting you
about the closure of Thames
Board Mills, on Tuesday,
February 22nd at 3.45 pm.

Yours sincerely,

Dery Hoyle,

John Evans

P. M. Mtgs on done of
Wiggins Teape etc 2/83



10 DOWNING STREET

From the Private Secretary

11 February 1983

I am writing to confirm that the Prime Minister is seeing Mr. Doug Hoyle, M.P. and Mr. John Evans, M.P. on Tuesday 22 February at 1545 hours in her room at the House of Commons. Mr. Baker has agreed to be present at the meeting.

I am enclosing a self-explanatory letter signed by Mr. Hoyle and Mr. Evans and I would be grateful if your brief could reach us by close of play on Friday 18 February. You will no doubt cover their plea for assisted area status for Warrington in your brief.

CAROLINE STEPHENS

Neil McMillan, Esq.,
Department of Industry

file
Bee
18/2
Prime Minister

Bee



10 DOWNING STREET

From the Private Secretary

11 February 1983

The Prime Minister has asked me to thank you for your letter of 8 February.

Mrs. Thatcher would be pleased to see you and John Evans to discuss the closure of Thames Board Mills and I am writing to offer you Tuesday 22 February at 1545 hours in the Prime Minister's room at the House of Commons. Mr. Kenneth Baker will be present at the meeting. I would be grateful if you could confirm whether this is convenient.

I am sorry it is a little time ahead but the Prime Minister's diary for next week is extremely overcrowded. I am writing in similar terms to John Evans, M.P.

CAROLINE STEPHENS

Doug Hoyle, Esq., M.P.



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From the Private Secretary

11 February 1983

The Prime Minister has asked me to thank you for your letter of 8 February.

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CAROLINE STEPHENS

John Evans, Esq., M.P.



10 DOWNING STREET

From the Private Secretary

10 February 1983

Thank you for your letter to Caroline Stephens of 9 February and for the brief for the Prime Minister's meeting with Mr. Bob Dunn, M.P. about the Wiggins Teape closures in Dartford. This meeting took place at 1545 this afternoon. Your Minister was present.

Mr. Dunn said that he accepted the Company's decision to close some of its paper machines at Dartford. There was no future in greaseproof paper making. The future lay in specialised papers such as the carbonless copy base paper that would continue to be made at Dartford. The unions would be making proposals to the management in an attempt to avert the 380 redundancies due in the next three months, and it would help if he could say he had seen the Prime Minister. In his view, the management were to blame for not innovating and diversifying the work of the mill. They seemed to be proud of the fact that some of their machinery was installed in the 1920s, and was still working. As it was, the company had too many mills chasing too small a market. The factory should be knocked down and sold off in bits as sites for small workshops. The area had only 9% unemployment and could absorb the redundancies. The need was to generate new jobs, not to save old ones. The local authority had just voted to reduce rates by 4% in the coming year, the roads and other transport links between Dartford and the rest of the country were extremely good, and it was an attractive area for new business. He was helping to set up a local committee called 'operation revival', with representatives from local firms, the chamber of commerce, local government and others. His aim was to attract new industry. He was encouraged by the initiative taken by Blue Circle Industries to develop a roll-on/roll-off facility at Stone Marshes near the Dartford Tunnel. The site could provide up to 3,000 jobs in the next ten years.

In discussion, your Minister said that Mr. Dunn's 'operation revival' committee sounded very similar to the 'enterprise agency' concept. There were now almost 100 enterprise agencies throughout the country, involving local firms, local government, and chambers of commerce. One of their prime tasks was to second managers from large firms and banks into particular areas to help small firms. His Department would be able to give Mr. Dunn useful advice, drawing on their knowledge of enterprise agencies. It might be helpful to involve Blue Circle and BAT in 'operation revival'.

/It might also

It might also be useful to detail some advisers from the department's Small Firms Advisory Service to give advice to those being made redundant by Wiggins Teape. Some of those made redundant would be receiving redundancy payments of £20,000-£25,000, and the Small Firms Service would be able to give them useful advice on whether to invest this money or to start up a small business.

Mr. Dunn said he would welcome any help that your Minister could give him. He also said that he understood that the Secretary of State for Industry would be visiting Rochester on 18 February and he suggested that it would help him considerably if Mr. Jenkin could visit Dartford the same day.

B/F ✓ I do not think there is any need for the Prime Minister to write to Mr. Dunn to follow up this meeting, but I should be grateful if you could let us have copies of any correspondence between your Minister and Mr. Dunn. Your Minister may wish to write to him following up the meeting and setting out in more detail the sort of help that might be made available to him.

WR

T.J. Cassidy, Esq.,
Department of Industry.



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 0002
SWITCHBOARD 01-212 7676

*From the
Parliamentary Under Secretary of State*

Miss C M Stephens
10 Downing Street
LONDON SW1

9 February 1983

T J Cassidy

As requested I enclose some briefing for the Prime Minister's meeting with Mr R Dunn MP on Thursday 10 February 1983 at 3.45pm about the Wiggins Teape paper machine closures at Dartford.

Mr John MacGregor will be the Minister attending from this Department.

T J CASSIDY
Private Secretary

Encs.



PRIME MINISTER'S MEETING WITH MR BOB DUNN MP
ON THURSDAY 10 FEBRUARY

BRIEF ON WIGGINS TEAPE AND THE PAPER INDUSTRY

Line To Take

- 1 Appreciate the concern over the proposed paper machine closures at Dartford.
- 2 This is a commercial decision by Wiggins Teape in the light of market conditions it faces. The company will be discussing it with the Dartford unions at a meeting next week.
- 3 The company continues to invest in paper sectors having good prospects for growth. This includes carbonless copy paper made on the remaining paper machine at Dartford. The company has told the Department of Industry of its intention to continue with this and the distribution centre at Dartford.
- 4 Appreciate there are some apprehensions in the paper industry after several recent mill closures. The All Party Paper Group has suggested a Government meeting with an industry delegation. The Secretary of State for Industry will be pleased to hold this.

Background

- 1 Wiggins Teape (UK), a BAT subsidiary, is one of the leading UK paper companies with a turnover of £180m and around 5,000 employees. It mainly makes printing and writing and other high value papers. It has 9 paper mills in the UK including one at Dartford, Kent where there is also a distribution centre.



2 On 26 January 1983 the company announced a rationalisation programme involving 1,010 redundancies over the next two years at three of its sites. This involved

- a) the closure of its Bury mill with 200 redundancies
- b) 70 redundancies at its Lincoln works
- c) -the closure of two greaseproof^{paper} machines at Dartford within 3 months with 250 redundancies
-the closure of one fine paper machine at Dartford within 3 months with 130 redundancies and another next year with another 360 redundancies.

At the same time the company also announced a further investment programme of £9m but this will be at the company's paper mills in Aberdeen, Dover and Devon. This follows investment of over £80m over the past 5 years, including £36m to increase the company's carbonless copy paper making capacity. But only a little of this major investment programme has been at Dartford.

3 The closure of the two greaseproof paper machines follows losses largely due to the declining market for packaging papers with the growth of plastics packaging. The fine paper machine closures stem from the country-wide Wiggins Teape rationalisation programme. The company has confirmed it will continue to operate the remaining paper machine at Dartford which makes carbonless copy base paper. Over £8m investment has been spent on this machine in recent years. The distribution centre at Dartford is also secure and so the remaining jobs (understood to be around 200/250) should be safe. The company's Board, including its Chairman, Mr Bill Hoath, are to meet with the Dartford unions about the closures on Monday 14 February.

4 Mr Robert Dunn MP is a member of the All Party Parliamentary Paper Group (APPG). As well as the Wiggins Teape mill there are other paper mills in his constituency. In connection with the Wiggins Teape and other recent paper mill closures, see Annex A attached, the APPG has written to the Prime Minister asking to bring an industry delegation to see her to discuss them. This Department's advice to No 10 has been that a meeting with the Secretary of State for Industry would be appropriate.

CTP3
Department of Industry
8 February 1983

Closures and redundancies announced so far in 1983 are :-

- (a) Trinity Paper Mills announced on 10 January the intended closure of its Springfield Mill, Bolton with 100 redundancies.
- (b) Thames Board announced on 20 January the intended closure of its waste-based Warrington board mill with 789 redundancies.
- (c) Wiggins Teape announced on 26 January rationalisation plans involving the closure of its New Bury Mill with 200 redundancies; 740 redundancies at its Dartford Mill in 1983 and 1984, and 70 redundancies at its Lincoln works. Packaging and fine papers are the grades involved.
- (d) The Jefferson-Smurfit Group announced on 2 February 1983 the closure of 2 fine paper machines at the Alders Paper Mill at Tamworth with the loss of 180 jobs.

NOTE ON DARTFORD
FOR THE PRIME MINISTER'S MEETING WITH MR BOB DUNN MP
CONCERNING THE CLOSURE OF WIGGINS TEAPE IN DARTFORD

INTRODUCTION

Dartford in North West Kent is situated 13 miles to the South East of London. The population of the Borough Council Area is 78,000 (1981 Census).

EMPLOYMENT

Nearly 30% of the area's 36,000 employees are in manufacturing. The most important manufacturing sectors are chemicals, mechanical engineering and paper, printing and publishing. The largest manufacturing companies are The Wellcome Foundation, manufacturing and research chemists (2,750), Wiggins Teape (900 before the forthcoming redundancies), and Roneo Vickers (700).

UNEMPLOYMENT AND VACANCIES

There were 4,152 unemployed claimants in Dartford in January 1983. Dartford is part of the Greater London travel-to-work area which had an unemployment rate of 9.6 per cent in January 1983 (UK rate 13.8 per cent).

VACANCIES

There were 147 notified vacancies in Dartford in January compared to 102 in January 1982. Vacancies are, however, under-notified.

REDUNDANCIES

Apart from those recently announced by Wiggins Teape, there have not been any major redundancies in the area in the past year.

CLOSURE OF CHATHAM DOCKYARD

There is much concern in Kent at the decision to close Chatham Royal Naval Dockyard, fifteen miles from Dartford, because of insufficient work, following the 1981 Defence Review. The recent post-Falklands White Paper has confirmed the closure decision. The rundown, which is gradual, will be completed by March 1984 and will involve about 7,200 jobs (5,000 industrial and 2,200 non-industrial). Most of the non-industrial workforce will be offered jobs elsewhere. The unemployment rate in the Medway Towns in January 1983 was 16.4 per cent compared to 10.5 per cent for the South East and 13.8 per cent for the UK.

ENTERPRISE ZONE

The Department of the Environment has announced that enterprise zones will be established in the North Kent area. Two sites in

/Gravesham

Gravesham, two in Rochester-upon-Medway and one in Gillingham borough council areas have been selected, although the boundaries have not yet been finalised. The zones are likely to take effect from the Summer of 1983 after the local authorities have held statutory public consultations.

FINANCIAL ASSISTANCE TO INDUSTRY

Since May 1979 there have been two offers of assistance amounting to £127,000 under the government's Support for Innovation Scheme and ten offers totalling £541,000 under Section 8 of the Industrial Development Act to companies in the Dartford area.

INDUSTRIAL DEVELOPMENT

Blue Circle Industries is involved in an initiative to develop a roll-on/roll-off facility on Stone Marshes near the Dartford Tunnel. The site is at present undergoing preparatory work, but could provide up to 3,000 jobs in the next ten years when completed.

Department of Industry
South East Regional Office

8 February 1983



HOUSE OF COMMONS
LONDON SW1A 0AA

Prime Minister
Are you willing to see Dory Hoyle and
John Evans about this closure
despite the indication at X that
they seem likely to want to
discuss more general
matters?

8th February, 1983.

(The attached letter gives
some background)

CM
2/2

Rt Hon Margaret Thatcher, MP,
Prime Minister,
10, Downing Street,
London SW1.

Dear Mrs Thatcher,

We are writing requesting an interview with you in order that we
may discuss the alarming situation that is facing Warrington, following
the announcement of the closure of Thames Board Mills, and the loss
directly, and indirectly, of 1000 jobs.

These follow the previous loss of jobs in steel, engineering, wire, aluminium
and clothing. Prior to 1979, Warrington had very little unemployment but since
May 1979 this has risen from 5% to 14.3% at the end of January, 1983. The
closure of Thames Board will take unemployment over 15.8%.

The loss of Thames Board is directly attributable to the economic policies
being followed by your government. These include an over valued pound, high
interest rates, free trade which has allowed subsidised imports to capture
60% of the home market plus high energy costs which are well out of line
with those of our competitors in the EEC and EFTA. In addition, to add to
Warrington's woes, your government has withdrawn intermediate status from
the area.

One of the reasons for closure given by Thames Board Management is that
they lost £2 million in 1982. If 1000 people, plus their families, are
unemployed this will cost the government in unemployment and social
benefits £5 million. Given these figures surely there is a case for
government assistance to keep open this mill especially, given the
fact, that if any improvement in the economic situation takes place
then the packaging industry will be one of the first to benefit.

We should welcome the opportunity to develop this discussion and
also to press for the restoration of assisted area status for Warrington
in order to enable the town to withstand the economic blizzard that
is facing it.

Looking forward to hearing when you can meet us?

Yours sincerely,

Dory Hoyle
John Evans

X

/X

JD

CC 001
LG

Handwritten signatures and initials



10 DOWNING STREET

THE PRIME MINISTER

7 February 1983

Dear Mr. White,

Thank you for your letter of 27 January asking me to meet a delegation of industry representatives and the All Party Parliamentary Paper Group to discuss the recent proposed closures of some Wiggins Teape and other mills, including one in your constituency.

Although the closures represent separate commercial decisions taken by the companies involved in the light of the different circumstances they are facing I fully appreciate your Group's concerns over the proposed closures.

As you will know, I am willing to meet individual members about closures in their constituencies and I have in fact agreed to see Bob Dunn about the Dartford Mill. However, I have always said that I think it is more sensible for delegations to meet the Minister directly responsible. Because of this, and since the meeting you have in mind concerns more general matters of importance to the paper industry as a whole, I believe the delegation should meet a Department of Industry Minister. Perhaps Harvey Proctor, in his capacity as the Group's Secretary, will settle a suitable time and date with Patrick Jenkin's Private Office for your delegation to hold a full discussion with him. He will, I know, keep me fully in touch with the industry's position.

Yours sincerely

Frank R. White, Esq., J.P., M.P.

Raymond Shelden

— JLL

he B

CF



10 DOWNING STREET

From the Private Secretary

4 February 1983

Further to your letter to Ian Gow, I wonder whether Thursday 10 February at 1545 would be convenient for you to see the Prime Minister. The meeting would take place in her room at the House. I have arranged for Mr. Kenneth Baker to be present.

HBF

Would you be kind enough to ring me on 930 4433 on Monday to confirm this time?

CAROLINE STEPHENS

Bob Dunn, Esq., M.P.

5



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

4 February 1983

Willie Rickett Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Willie,

You wrote on 28 January 1983 enclosing a copy of the letter which Mr Frank White MP, in his capacity as Chairman of the All Party Parliamentary Paper Group, has sent to the Prime Minister. This asked her, in the light of recently announced paper mill closures, in particular in the Wiggins Teape Group, to receive a delegation from both sides of the paper industry and of political parties in the House.

2 The closures announced by Wiggins Teape on 26 January involve (a) the shut down within three months of the New Bury Mill which makes packaging papers. This is in Mr White's constituency and will cause 200 redundancies. They also involve (b) the closure within three months of two packaging paper machines at Wiggins Teape's Dartford mill, the main cause of 380 redundancies there, (c) a further 360 redundancies at the Dartford mill within the next two years due to the closure of some fine paper machines and (d) a further 70 redundancies at Wiggins Teape's Lincoln works. However, this withdrawal of Wiggins Teape from packaging papers, a declining sector due to the growth of plastics packaging, and the relocation of some of its fine paper making activities, needs to be set in the context of a £9m investment by the company's Fine Paper Division at its mills at Aberdeen, Ivybridge and Dover announced at the same time by Wiggins Teape. The company is one with a good investment record in growth areas and has been and is investing over £45m over a five year period in its carbonless copy papers business alone, as well as £42m in the manufacture of other papers.

3 The other closures to which Mr White refers probably concern Trinity Paper Mills who, earlier last month, announced the intended closure of a mill at Bolton, which will cause 200 redundancies, and Thames Board who, due to increasing losses at the Warrington mill, have announced its intended closure in April with 796 redundancies. (Last year, of course, Thames Board opened a major new board mill at Workington.)



4 These latest closures represent separate commercial decisions by the three companies concerned but, coming so closely together, have added to the concerns of an industry already conscious of a loss of over 20% of its capacity over the last three years. In the face of them, an Early Day Motion (copy attached) signed by 100 Opposition members has recently been tabled and the points mentioned in it about energy costs, cheap and allegedly unfair imports and the case for giving the industry more protection and support are those that the delegation is likely to wish to discuss. More specifically the delegation would be likely to refer to the increasing import penetration for paper and board, 60% in 1982, the continued reports of State Aids to their industries in some other Western European countries and the disadvantages suffered by energy intensive high load factor electricity users here in comparison with the Continent.

5 These are all points which, since the onset of the recession, Ministers here have discussed on a number of occasions with various representatives from the industry. Most recently, industry representatives and members of the All Party Paper Group came in to see the Parliamentary Under Secretary of State, Mr John MacGregor, in November of last year, specifically to discuss the industry's energy costs. In respect of this latest request for a meeting it is suggested that the All Party Paper Group and the industry representatives should be invited to address their points to my Secretary of State and I attach a draft reply along these lines.

Yours ever,

Caroline Varley

CAROLINE VARLEY
Private Secretary

ccPS/Secretary of State
PS/Mr Baker
PS/Mr MacGregor
PS/Secretary
Mr Manzie
Mr Bryant CTP
Mr Woodrow Inf

240 CLOSURES IN THE PAPER INDUSTRY

Mr Frank R. White
Mr Doug Hoyle
Mr Robert Litherland
Mr Dennis Canavan
Mr Dale Campbell-Savours
Mr John Evans

★ 100

Mr Ernie Ross
Mr John Sever
Mr Giles Radice
Mr David Young
Mr John Forrester
Mr Stuart Holland
Mr Alex Eadie
Mr Raymond Powell
Mr Guy Barnett
Mr Eric S. Heffer
Mr Russell Kerr
Mr Martin Flannery

Mr George Morton
Mr Lawrence Cunliffe
Mr Bob McTaggart
Mr Jim Callaghan
Mr Arthur Davidson
Mr Gwilym Roberts
Mr George Robertson
Mr Roy Hughes
Mr Ted Graham
Mr Martin O'Neill
Mr Terry Davis
Mr Andrew Bennett

Mr John Tilley
Mr Bruce George
Mr William McKelvey
Mr Neil Carmichael
Mr Bob Cryer
Mr Robert Hughes
Mrs Helen McElhone
Mr Ioan Evans
Mr John Maxton
Mr Alec Woodall
Mr Bill Fiomewood
Mr Norman Hogg

Mr Stan Thorne
Mr John Golding
Dr David Clark
Mr Gordon Oakes
Mr John Prescott
Mr Ken Weetch
Mr William Wilson
Mr Donald Anderson
Dr Roger Thomas
Mr Joe Dean
Mr Robert Parry
Mr Stanley Newens
Mr Denzil Davies
Mr Kenneth Marks
Mr A. W. Stallard
Mr Leslie Spriggs
Mr J. D. Concannon
Mr George Park
Mr Clive Soley
Mr Christopher Price

Mr Tam Dalyell
Mr Tom Clarke
Mr Dan Jones
Mr Frederick Willey
Mr David Winnick
Mr Roger Stott
Mr Gregor MacKenzie
Miss Joan Maynard
Mr Dennis Skinner
Mr Gareth Wardell
Dr Oonagh McDonald
Mr George Foulkes
Mr Jim Marshall
Mrs Ann Taylor
Mr Alfred Dubs
Mr Frank Hooley
Mr Norman Buchan
Dr Edmund Marshall
Mr Phillip Whitehead

Mr Greville Janner
Mr James Hamilton
Mr Charles R. Morris
Mr Tom Torney
Mr Geoffrey Lofthouse
Mr Hugh McCartney
Mrs Renée Short
Mr Ronald Leighton
Dr Shirley Summerskill
Mr Tony Benn
Dr John Cunningham
Mr Ron Lewis
Mr James Lamond
Mr John Sever
Mr Hugh D. Brown
Mr Edwin Wainwright
Mr Frank Haynes
Mr David Watkins
Mr Stanley Cohen

That this House expresses serious concern over recently-announced closures in the United Kingdom paper industry, particularly the closure of mills in the Trinity, Wiggins Teape and Thames Board Mills Groups; understands that the underlying reasons behind these closures of high energy costs and heavy duty oil tax, in comparison to foreign competitors, cheap imports being the dumped surplus capacity of the industry's competitors, are well known to Government and have been emphasised by many honourable and Right honourable Members in debate and at Question Time; and therefore urges the Prime Minister to give Cabinet consideration to a programme of constructive intervention to give support and protection to the British papermaking industry before its total eclipse by unfair competition.



BRIEF FOR THE LEADER OF THE HOUSE

EARLY DAY MOTION No 240

SUBJECT CLOSURES IN THE PAPER INDUSTRY

SPEAKING NOTES

I appreciate the concern the proposed closures are causing. However they represent separate commercial decisions by the three companies concerned in the face of market conditions. A debate next week will not change the situation.

BACKGROUND NOTE

- 1 On 10 January Trinity Paper Mills announced the intended closure of its Springfield Mill Bolton with 100 redundancies.
- 2 On 20 January Thames Board announced the intended closure of its Warrington mill with 796 redundancies.
- 3 On 26 January Wiggins Teape announced rationalisation plans involving
 - a) the intended closure of its New Bury Mill with 200 redundancies
 - b) 380 redundancies at its Dartford Mill and a further 360 anticipated there next year
 - c) 70 redundancies at its Lincoln works.

Offsetting this it also announced a £9m investment programme for its mills at Aberdeen and Ivybridge, Devon.

Department of Industry
27 January 1983

Caroline

2nd February 1983

Many thanks for your letter of 1st
February.

Of course you may come to see the
Prime Minister about the prospective
closure of the Wiggins Teape Paper
Mill in your constituency.

Caroline Stephens will be in touch
with you about a date.

IAN GOW

Bob Dunn Esq MP

~~John Hoagwood~~
Kenneth
Baker.

Tuesday
1.2.83

Dear Ian.

I would be grateful if I could see the Prime Minister with respect to the closure of Wiggins Teape Paper Mill in Darford with a loss of 750 jobs

I intend only to be brief and regard any conversations with the Prime Minister, for local consumption

I look forward to hearing from you I am in Committee on Tues - Thursdays.

Yours
Bob

(DUNN)



JE B 3/2

Handwritten initials and date: *Handwritten initials* 31/1

Frank WHITE, MP

10 DOWNING STREET

From the Private Secretary

SM

28 January 1983

This should arrive today

Checked - on the way 4/2

Wm 4/2

The Prime Minister has received the attached letter from Mr. Frank White, MP. He asks the Prime Minister to receive a delegation from the All Party Paper Group to discuss the closure of Wiggins Teape Dartford and New Bury mills. As you know, the Prime Minister has said that she is willing to see individual MPs about closures in their constituencies, but feels that it is more sensible for delegations to see the responsible Minister.

I would be grateful if you could provide a draft reply for the Prime Minister to send to Mr. White, to reach me by Thursday 3 February, if at all possible.

WOL

Ms Caroline Varley,
Department of Industry.

Handwritten mark resembling a stylized 'S' or '5'



hew

10 DOWNING STREET

From the Private Secretary

28 January 1983

I am writing on behalf of the Prime Minister to thank you for your letter of 27 January with which you enclosed a copy of a letter from the Wiggins Teape Company.

I shall of course place this before the Prime Minister and a reply will be sent to you as soon as possible.

wk

Frank R. White, Esq., J.P., M.P.

h



2

10 DOWNING STREET

PRIME MINISTER

Frank White asks if you will receive a delegation from the All Party Paper Group to discuss the closure of Wiggins Teape New Bury and Dartford mills. I have asked the Department of Industry to provide a draft reply. I have told ~~him~~ that you feel it is more sensible for delegations to be received by the responsible Minister.

A handwritten signature in black ink, appearing to be 'M' or 'W'.

Handwritten initials in blue ink, appearing to be 'LM'.

28 January 1983

From: Frank R White JP MP



HOUSE OF COMMONS
LONDON SW1A 0AA

Ref PM/1/83

27 January 1983

The Rt Hon Mrs M Thatcher MP
The Prime Minister
Downing Street
LONDON

Dear Prime Minister

I enclose a copy of a letter I have received from the Wiggins Teape Company which is self explanatory.

The closure involves approximately 1000 jobs lost and coming as it does behind other recent closures, presents a very disturbing picture and bleak future for the Industry.

As Chairman of the All Party Paper Group, I request that you receive a delegation, comprising of both sides of the Industry and of political parties in the House, in order that we may bring our fears to your personal attention.

Thankyou for your consideration of this request and I would be obliged if your Office would confirm a date with our Group Secretary, Harvey Proctor MP.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'F R White'.

Frank R White JP MP

Enc

Wiggins Teape (UK) PLC

P.O. Box 88 Gateway House,
Basingstoke, Hampshire RG21 2EE

Telephone Basingstoke (0256) 20262.
Telex 858031 WT BSTK G.



WDH/AJH

25th January 1983

Mr. Frank White, MP, JP,
House of Commons,
London.
SW1

Dear Frank,

With great regret I write to tell you that we have decided to close New Bury mill and will be announcing this on 26th January 1983.

Wiggins Teape are withdrawing from the manufacture of packaging papers by closing the Greaseproof mill at Dartford and the mill in New Bury. The Company has been making very heavy losses in this sector of its business and cannot see any way to retrieve the situation.

Production for our Writing Paper division is to be concentrated into our five fine paper mills with a £9 m investment to improve the mills at Aberdeen, Plymouth and Dover. The achievement of this plan will mean three old machines at Dartford will be closed over the next 18 months.

In your position as chairman of The all party parliamentary group I know you will be as disappointed as we are that no way can be found to keep the New Bury mill open in your own constituency, and will be concerned at the further reduction in the manufacturing capacity of our industry.

On behalf of Wiggins Teape and myself I would like to thank you for your efforts on our behalf in recent years. Please treat the information in this letter as confidential until 11.30 a.m. on 26th January 1983.

With kind regards.

Yours sincerely,

W.D. Hoath
Chairman



