

PREM 19/1590

Confidential filing.

Renegotiation of the Lomé Convention.

Closure of Tate + Lyle cane sugar refinery at Liverpool.

OVERSEAS AID

PE 1 May 1979

PE 2 March 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
20-3-81		16.5.83					
25-3-81		20.5.83					
2-3-81		20.6.84					
1-4-81		1.8.84					
3-4-81		8-10-84					
6-4-81		18.10.84					
7-4-81		25.10.84					
5.5.81		1.11.84					
1-5-81		12.11.84					
2-5-81		15.11.84					
7-8-81		22.11.84					
1-9-81		6.12.84					
4-2-82		20.12.84					
25.4.83		29.1.85					

PREM 19/1590

Foreign and Commonwealth Office document

Reference: Diplomatic Report No 69/84

Description: The Negotiation of the Third Lomé Convention. UKREP to the European Communities in Brussels to the Secretary of State for Foreign and Commonwealth Affairs

Date: 20 December 1984

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed

J. Gray

Date

17/03/2014

PREM Records Team

ask

FROM : M C McCULLOCH
PS/Mr Raison

DATE : 29 JANUARY 1985

cc PS/PUS
Sir M Butler
Sir Crispin Tickell

- Mr Browning
- Mr Arbuthnott
- Mr Renwick
- Mr Powell, 10 Downing Street
- Mr Crowe, BE, Washington
- Mr Stanton
- Mr Freeman (separate copies)
- Miss Spencer, UKREP Brussels
- Mr Chard, BHC Dhaka
- Mr McCleary, BE Seoul
- Mr Bloomfield, UKREP Brussels
- Mr Harrison
- Ms Hanna
- Mr Moye, BDDSA Lilongwe

CD 29/3.

NEGOTIATION OF THE THIRD LOME CONVENTION

The circulation this week of the printed version of Sir M Butler's Dispatch of 20 December, reporting the conclusion of the negotiation of the Third Lomé Convention, offers an appropriate occasion to put on record Mr Raison's warm thanks to you for your part in supporting him during the negotiations.

2. He was much impressed by the analytical grasp, imagination, negotiating skill, energy and, at times no doubt well remembered by those involved, the sheer staying power of the British team. The very creditable outcome from our point of view is an achievement from which all who contributed can derive much satisfaction.

3. May I add my personal thanks for the cooperation and support we in Mr Raison's office received from you - as well as good wishes to those - many - of you who have moved to other responsibilities.

M C McCulloch
29 January 1985

OVERSEAS AND LONG



29 JAN 1985





BR 14/12

With the compliments of

THE PRIVATE SECRETARY

As requested

A handwritten signature in dark ink, appearing to be 'A. G. Hall', written in a cursive style.

**FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH**

443 pper Lome
JUL 7/11

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T208/84

UNCLASSIFIED

4569 - 1

RR SUVA

GRS 264
UNCLASSIFIED
FRAME DEVELOPMENT
FM FCO 061445Z DEC 84
TO ROUTINE SUVA
TELEGRAM NUMBER 232 OF 6 DECEMBER
INFO UKREP BRUSSELS

RECEIVED
07 DEC 1984
REGISTRY

YOUR TELNO 326 AND 335: LOME NEGOTIATIONS

1. PLEASE PASS FOLLOWING REPLY FROM PRIME MINISTER TO FIJI
PRIME MINISTER:
BEGINS: THANK YOU FOR YOUR LETTER OF 12 NOVEMBER ABOUT THE SIZE
OF THE NEXT EUROPEAN DEVELOPMENT FUND.
I WAS VERY GLAD THAT THE SIZE OF EDF VI HAS NOW BEEN AMICABLY
SETTLED. IT WAS NOT EASY FOR THE EUROPEAN COMMUNITY TO GO BEYOND
MAINTAINING THE SIZE OF THE EDF IN REAL TERMS. BUT AGREEMENT HAS
BEEN REACHED ON THAT, AND I THINK WE CAN ALL BE CONTENT WITH THE
RESULT. I DO REGRET THAT THE COMMUNITY DID NOT DO MORE ON THE TRADE
SIDE FOR OUR ACP FRIENDS, SINCE I THINK WE ARE ALL AGREED THAT
TRADE IS MORE IMPORTANT TO DEVELOPMENT THAN AID. BUT OVERALL THE
AGREEMENT IS A GOOD ONE WHICH BRINGS SIGNIFICANT IMPROVEMENTS
OVER ITS PREDECESSOR EVEN IF - AS IS INEVITABLE IN ANY
NEGOTIATION - NEITHER SIDE SECURED ALL THAT IT WANTED.
WITH THE THIRD LOME CONVENTION, WE ARE NOW ENTERING A THIRD
QUINQUENNium OF A UNIQUE COLLABORATION BETWEEN THE EUROPEAN
COMMUNITY AND MORE THAN HALF OF THE WORLD'S DEVELOPING COUNTRIES,
GIVING TO OUR RELATIONSHIP A STABILITY WHICH IS IN MY VIEW OF
CONSIDERABLE IMPORTANCE IN OUR INCREASINGLY UNSTABLE WORLD. IF
I MAY SAY SO, I THINK THE CONTRIBUTION YOU AND YOUR COUNTRY HAVE
MADE TO THIS OUTCOME, MARKED NOT LEAST BY YOUR HOSTING OF ONE
OF THE NEGOTIATING CONFERENCES IN SUVA, HAS BEEN OUTSTANDING.
I HOPE THAT WE CAN CONTINUE TO WORK FOR A FRUITFUL
RELATIONSHIP BETWEEN ALL THE PARTIES TO THE THIRD LOME CONVENTION.
HOWE.

DISTRIBUTION
FRAME DEVELOPMENT
ECD (E)
SPD

COPIES TO
PS/NO.10 DOWNING ST.



b

10 DOWNING STREET

From the Private Secretary

6 December, 1984.

Lome Negotiations

Thank you for your letter of 3 December enclosing a draft reply from the Prime Minister to Sir Kamisese Mara.

The Prime Minister is content with the draft which may now issue.

Charles Powell

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

cf
copy ①

Mr Powell o/v

3 December 1984

Prime Minister
Agree reply?

Dear Charles,

Yes not

CDP
4/12

Thank you for your letters of 12 and 22 November, with both of which you enclosed a letter from Sir Kamise Mara to the Prime Minister about the size of EDF VI in the next Lome Convention. As you suggested we should, we have waited for the conclusion of the negotiations before submitting a reply. I now enclose a draft in the form of a telegram to Suva.

I am copying this letter and enclosure to Mike McCulloch in ODA.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

OUT TELEGRAM

	Classification and Caveats	Precedence/Deskby
↓	UNCLASSIFIED FRAME DEVELOPMENT	ROUTINE

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	UNCLASSIFIED
CAVEATS	4	FRAME DEVELOPMENT
DESKBY	5	
FM FCO	6	FM FCO
PRE/ADD	7	TO ROUTINE SUVA
TEL NO	8	TELEGRAM NUMBER
	9	INFO UKREP BRUSSELS
	10	YOUR TELNO 326 AND 335: LOME NEGOTIATIONS
	11	1. Please pass following reply from Prime Minister to Fiji
	12	Prime Minister:
	13	BEGINS: Thank you for your letter of 12 November about the size
	14	of the next European Development Fund.
	15	I was very glad that the size of EDF VI has now been amicably
	16	settled. It was not easy for the European Community to go beyond
	17	maintaining the size of the EDF in real terms. But agreement has
	18	been reached on that, and I think we can all be content with the
	19	result. I do regret that the Community did not do more on the trade
	20	side for our ACP friends, since I think we are all agreed that
	21	trade is more important to development than aid. But overall the
///	22	agreement is a good one which brings significant improvements
//	23	over its predecessor even if - as is inevitable in any
/	24	negotiation - neither side secured all that it wanted.
	25	With the Third Lome Convention, we are now entering a third

NNNN ends telegram	BLANK	Catchword quinquennium
File number	Dept P/Office	Distribution Frame Development ECD(E) SPD Copies to: PS/No 10
Drafted by (Block capitals) P F Ricketts		
Telephone number 233 4641		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

↓	Classification and Caveats	Page
	UNCLASSIFIED	2

<<<<

1 <<<<
 2 quinquennium of a unique collaboration between the European
 3 Community and more than half of the World's developing countries,
 4 giving to our relationship a stability which is in my view of
 5 considerable importance in our increasingly unstable world. If
 6 I may say so, I think the contribution you and your country have
 7 made to this outcome, marked not least by your hosting of one
 8 of the Negotiating Conferences in Suva, has been outstanding.
 9 I hope that we can continue to work for a fruitful
 10 relationship between all the parties to the Third Lome Convention.
 11 ENDS.
 12 HOWE
 13 NNNN
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34

mt

///
 //
 /

NNNN ends telegram	BLANK	Catchword
--------------------	-------	-----------

Overseas And Ptz

LONG Convention



10 DOWNING STREET

From the Private Secretary

22 November 1984

LOME CONVENTION

I enclose a copy of a letter to the Prime Minister from the Prime Minister of Fiji about the size of EDF VI under the next Lome Convention. I should be grateful for a draft reply, once the issue is settled.

See CDP -
to FLO
12/11/84

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

SSGADK



CP BU



26/11 5

10 DOWNING STREET

From the Private Secretary

12 November 1984

BM
I enclose a copy of a letter to the Prime Minister from the Prime Minister of Fiji about the size of the EDF in the next Lome Convention. I shall be grateful for a draft reply in due course.

I am copying this letter and enclosure to Michael McCulloch (Overseas Development Administration).

Charles Powell

Peter Ricketts Esq
Foreign and Commonwealth Office.

DRG



Already
T.D.
attached.

PRIME MINISTER
SUVA, FIJI

12 November, 1984.

The Right Hon. Mrs. Margaret Thatcher, MP,
Prime Minister,
LONDON,
United Kingdom.

My dear Prime Minister,

I hope that your recent journey home from New Delhi was both comfortable and safe.

I am writing in connection with a major difficulty which we of the ACP have encountered in our negotiations for a third Lome Convention. As you would recall, our negotiations, after making considerable progress, entered a very difficult phase on 12th October when the ACP felt that it could not accept the offer by the Community of 7000 million ECUs for the Sixth EDF. The ACP does not wish to interfere with the eventual right of the EEC to determine the volume of EDF resources it will make available. However, our major concern is that the above volume of resources does not come close to meeting either the aims and objectives which the Convention seeks to satisfy, or the pressing needs of ACP States taking into account the enlargement of the ACP Group and of the deteriorating conditions, particularly in Africa.

The ACP countries, especially those of us in the Commonwealth, are not unmindful of the tremendous effort and contribution which the U.K. has made in establishing and maintaining the effective means of co-operation between our countries and the EEC, starting with Protocol 22 of its Treaty of Accession to the EEC.

Furthermore, we all appreciate the many problems which you and your country are now facing and we certainly have no desire whatsoever to place any undue additional burden on you. It is however a matter of grave concern to us, who face even more extreme difficulties, that the volume of the EDF be increased.

2./..

Prime Minister, over forty members of the ACP Group are English-speaking and we were all heartened on reading the views of your Minister for Overseas Development, in his evidence to the House of Lords Select Committee on the Successor to Lome II on 22nd February 1984, when he stated that "at the end of the day, if the Community decides to go for a certain size of Lome, short of provoking a kind of crisis, we have to go along with that."

Such an action would be in keeping with the spirit which we know to be that of your Government, your country and of yourself.

I am therefore appealing to you in the name of the ACP countries, almost all of which are facing the most severe economic and social difficulties, to do everything in your power to help to resolve this most pressing matter.

With warm regards and best wishes.

Yours sincerely,

Kamiesee Mara

K.K.T. Mara
Prime Minister

SUBJECT

u. Master
ops



PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T189/88

The Fiji High Commissioner presents his compliments to the Prime Minister of the United Kingdom and Northern Ireland and has the honour to convey herewith the contents of a letter from the Prime Minister of Fiji, The Rt. Hon. Ratu Sir K. K. T. Mara, GCMG, KBE, K.St.J.

Quote

My Dear Prime Minister,

I hope that your recent journey home from New Delhi was both comfortable and safe.

I am writing in connection with a major difficulty which we of the ACP have encountered in our negotiations for a Third Lome Convention. As you would recall, our negotiations, after making considerable progress, entered a very difficult phase on 12th October when the ACP felt that it could not accept the offer by the Community of 7,000 million ecus for the Sixth EDF. The ACP does not wish to interfere with the eventual right of the EEC to determine the volume of EDF Resources it will make available. However, our major concern is that the above volume of resources does not come close to meeting either the aims and objectives which the convention seeks to satisfy, or the pressing needs of ACP States taking into account the enlargement of the ACP Group and of the deteriorating conditions, particularly in Africa.

The ACP countries, especially those of us in the Commonwealth, are not unmindful of the tremendous effort and contribution which the U.K. has made in establishing and maintaining the effective means of cooperation between our countries and the EEC, starting with Protocol 22 of its Treaty of Accession to the EEC.

Furthermore, we all appreciate the many problems which you and your country are now facing and we certainly have no desire whatsoever to place any undue additional burden on you. It is however a matter of grave concern to us, who face even more extreme difficulties, that the volume of the EDF which represents marginal additional load, be increased.

Prime Minister, over forty members of the ACP Group are English-speaking and we were all heartened on reading the views of your Minister for Overseas Development, in his evidence to the House of Lords Select Committee on the Successor to Lome II on 22nd February 1984, when he stated that "at the end of the day, if the Community decides to go for a certain size of Lome, short of provoking a kind of crisis, we have to go along with that."

Such an action would be in keeping with the spirit which we know to be that of your Government, your Country and of yourself.

I am therefore appealing to you in the name of the ACP Countries, almost all of which are facing the most severe economic and social difficulties, to do everything in your power to help to resolve this most pressing matter.

With warm regards and best wishes.

Yours sincerely,

K. K. T. Mara,
Prime Minister.

Unquote

The Fiji High Commissioner has the further honour to advise that the original letter signed by the Prime Minister of Fiji is being delivered to the British High Commissioner in Suva, Fiji.

The Fiji High Commissioner avails himself of this opportunity to extend to the Prime Minister of the United Kingdom and Northern Ireland the assurance of his highest consideration.

Fiji High Commission

London

12th November 1984



Mr. Powell

Pl. keep on file.

(EDF Aid).



CDP
S/X.

With the compliments of

1711

THE PRIVATE SECRETARY

See additional return.

Perhaps we could have a word?

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

EDF VI OPTIONS

<u>Options</u>	Total EDF VI over 10 years		Average British share per year		
	mecu	£ million	£ million (2)		As % of estimated aid programme
(a) Maintenance in cash plus extra for Angola, Mozambique and Nigeria	5153	3250	58	* 58	4.5 (1)(2)
(b) Intermediate point between maintenance in cash and maintenance in real terms	6000	3800	67	68	5.2
(c) Maintenance in real terms	7000	4400	78	81	6.2
(d) Maintenance in real terms plus extra for Angola, Mozambique and Nigeria	7800	4900	87	91	6.9

Notes:

- (1) For the purposes of the calculation set out in column 4, it is assumed that the aid programme will be maintained in real terms following the framework period
- (2) Indicative average: disbursement would be low in the first year, rising to a peak in the early 1990s, and then falling away.

* cost had the UK contribution to EDF VI been calculated on UK inflation basis

21 JUN 1984

0 11 12 1
9 2
8 3
7 4
6 5

[Faint handwritten signature]

UNCLASSIFIED

SAVING TELEGRAM
BYBAG
FROM UKREP BRUSSELS

UNCLASSIFIED

TO FCO SAVING TEL NO 104 OF 1 AUGUST 1984

EDF V PROCUREMENT

1. EDF V statistics for procurement of contracts up to 30 June 1984, released today, show that the British share of contracts has risen to 18.12%. Procurement has thus overtaken the UK contribution level of 17.76% for the first time ever.

ELLIOTT
LIMITED

ECD (I)
ECD (E)
MR DEREK THOMAS
MR RENWICK

COPIES TO

Mr Crowe, ECD(E), FCO
Mr Stanton, ODA
Mr Chapman, PEP, DTI
Mr Benjamin, PEP, DTI
Mr Powell, No.10

mt



10 DOWNING STREET

Prime Minister

You will want to
be aware of this
problem before tomorrow's
Fontainebleau briefing. But
you may want to talk
about it before reaching
a decision.

The key question is
not really a public
expenditure one: whatever we
agree to has to be
found within the aid
programme. It is a question
rather of the proportion of

The aid programme to
be spent this way;
the political importance
of Lomé both to the
Commonwealth members of it,
and within the Community;
and the return which we
get on our money.

C. D. P.

20/6.



Prime Minister

PM/84/104Pl. JLG
CDP
29/6PRIME MINISTERSize of EDF VI

1. The negotiation of a successor to the Lome Convention between the European Community and the 66 developing countries in Africa, the Caribbean and Pacific - the so-called ACP States - is coming to a conclusion. The final stage of the negotiations will be the unilateral declaration by the Community of the amount they are prepared to provide in the next European Development Fund - EDF VI. There is a further ACP/EC Ministerial meeting in Luxembourg on 28/29 June at the end of the French Presidency; the French are anxious to conclude the negotiations then, although this does not seem very likely at the moment. Nevertheless we need to be ready then to engage in serious negotiations about the amount in case matters move faster in the next few days than we expect.

2. I think that you and OD(E) colleagues should be aware that it is possible the French will raise the question at the European Council next week. Most probably some bland words about the importance of the Lome relationship will suffice but the French may try to secure agreement on a commitment to at least the same size fund in real terms as the previous one. It should be possible to prevent that on the grounds that it has always been agreed that the financial decision would come at the end of the negotiations and that a statement before then would weaken our position vis-a-vis the ACP. But there is a risk that other Member States will argue strongly in support of the French view. This is therefore a point which we will need to cover at your briefing meeting for Fontainebleau on Thursday.



3. I believe that the considerations which should influence our approach to the negotiations about the amount are:

- (a) on public expenditure grounds, we should try to keep the total figure down as much as possible;
- (b) in our judgement, EDF aid is less effective developmentally, and yields a lesser return to us commercially and diplomatically, than our own bilateral programme;
- (c) it is nevertheless highly valued by the recipient countries, and any weakening of the programme would be bitterly resented by them;
- (d) we should also have careful regard to the views of our European partners. Some of them indicated in the Foreign Affairs Council on 18 June their willingness to accept maintenance of the Fund in real terms, while France was prepared to go further than that: others, notably Germany, were more cautious. But, in my view, all our partners will be prepared to go along in the end with maintenance in real terms, quite possibly with additional provision for new ACP accessions (Angola and Mozambique).

4. The main elements in EDF VI will be:

- (i) the amount which goes to individual ACP countries;
- (ii) the amount for certain special sectors of which the most important is STABEX - the scheme for assisting with shortfalls in individual ACP earnings on exports to the Community.

/(iii)



- (iii) funds required for new ACP members - Angola and Mozambique - and Nigeria which has hitherto waived her right to EDF funds on the grounds of her relative wealth but which now wishes to receive an appropriate share. It is important for us politically to support Nigeria's claim;
- (iv) the extent to which the figures involved are index linked to take account of inflation (the inflation factor, since EDF V was agreed in 1979 is about 50%).

The approach of the European Commission is to cumulate all these and other elements, to allow for inflation, and arrive at a total 80% higher than the previous Fund. This total of 8.5 billion écus - £5.3 billion - was put forward by Pisani at the Foreign Affairs Council on 18 June.

5. There can be no question of our accepting Pisani's proposal. The problem we face is whether we should agree to maintain the programmes in real terms. I attach a table setting out the various options and the costs involved. The salient factors are that holding EDF VI down to the equivalent of EDF V in cash terms plus a reasonable amount for Angola, Mozambique and Nigeria would cost the UK an average of £58m a year over the expected disbursement period of 10 years, although the annual expenditure would be small in the first year, rising to a peak in the early 1990s, and then fall away over the rest of the period. The same package in real terms would cost us an average of £87m a year over 10 years. Thus the difference, on which we need to focus, is an additional expenditure of approximately £29m a year on average.



6. All European Member States, including ourselves, regard the Lome relationship with the ACP countries as politically important. More than half are in the Commonwealth. Moreover, the Economic Declaration at the London Economic Summit referred specifically to the concern of the participants "about the acute problems of poverty and drought in parts of Africa". By far the greatest proportion of EDF aid goes to Africa, and anything less than maintenance in real terms would be hard to square with the Summit Declaration.

7. For most of our EC partners, maintenance in real terms is felt to be a political necessity. For the ACP it is considered part of the acquired rights established in two conventions and it does no more than keep them where they are.

Recommendation

8. Theoretically, we could try to keep EDF VI down to the same in cash terms as EDF V (plus an appropriate sum for Angola, Mozambique and Nigeria) but I am sure that it would be impossible to secure agreement to this and we would incur very considerable political odium both within Europe, and from the 35 Commonwealth countries who are members of the ACP. The intermediate point would be to argue for an amount midway between cash and real terms. I would propose to pursue that option in the negotiations, if, during further discussions, it seems that this line is likely to command any support.

9. I strongly suspect, however, that in the end we shall be under strong pressure to agree to maintenance in real terms. On that, we would have the choice between maintenance in real terms plus a reasonable amount for Angola, Mozambique and Nigeria (i.e. £87m per year on average): or maintenance of the EDF V total in real terms, with an insistence that the extra amounts for these three countries should be found within that total. This would trim our annual disbursement

/in the

*They don't
believe in
the E.C.T.
- Save the world*



in the EDF programme from an average £87m to £78m per year, i.e. a difference of £9m. Either of the options for maintenance in real terms would lead to a further drop in our bilateral aid which on present plans will decline by 50% in real terms between 1979 and 1987. When the time came, this would need to be taken into account in deciding the level of the aid programme towards the end of this decade and beyond.

10. In summary, therefore, I propose:

- (i) if the matter is raised at the European Council we should argue for only the most general wording in favour of Lome, and leave arguments about the amount of the increase to subsequent negotiation;
- (ii) if we are hard pressed at Fontainebleau we shall have to decide how far to go towards accepting a formula which implied real terms, but without of course at that stage defining what that meant in cash terms; No
- (iii) our priority, in the subsequent negotiations, should be to work hard to keep the total EDF VI programme as low as possible; we should not agree to any increase in expenditure above maintenance in real terms;
- (iv) in the negotiations, we should try to ensure that an increase in real terms is interpreted as subsuming the sums for Angola, Mozambique and Nigeria.

We can't decide before our budget problem is determined.



11. I am sending copies of this minute to members of OD(E) and to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
20 June 1984

EDF VI OPTIONS

<u>Options</u>	Total EDF VI over 10 years		Average British share per year	
	mecu	£ million	£ million (2)	As % of estimated aid programme
(a) Maintenance in cash plus extra for Angola, Mozambique and Nigeria	5153	3250	58	4.5
(b) Intermediate point between maintenance in cash and maintenance in real terms	6000	3800	67	5.2
(c) Maintenance in real terms	7000	4400	78	6.2
(d) Maintenance in real terms plus extra for Angola, Mozambique and Nigeria	7800	4900	87	6.9

- Notes:
- (1) For the purposes of the calculation set out in column 4, it is assumed that the aid programme will be maintained in real terms following the framework period
- (2) Indicative average: disbursement would be low in the first year, rising to a peak in the early 1990s, and then falling away.

✓ RS
Overseas Aid



Foreign and Commonwealth Office

London SW1A 2AH

20 May 1983

Dear Sir,

AK $\frac{22}{7}$

h.c.

Renegotiation of Lomé Convention

In your letter of 25 April, you asked for comments on the Prime Minister's suggestion that in the forthcoming negotiations on a successor to the Lomé Convention we should insist that aid should be tied to purchases from the relevant donor.

So far, the only aid under the Lomé Convention which has been tied is one particular type of contract work, ie consultancy contracts. We have been pressing hard for the untying of this kind of aid because it did not work to our benefit. British consultants felt strongly that the tying of consultancy contracts curtailed the success they would otherwise have had. We have just succeeded in securing the untying of some such contracts for a trial period of two years. Our efforts were considerably helped by a recent opinion by the EC Council Legal Advisers that the operation of quotas is in principle incompatible with the current Lomé Convention.

One option open to us during the negotiations with our EC partners would be to argue that unless contracts for consultancy work are completely and permanently untied, all aid disbursed under the EDF should also be tied. We could maintain, with conviction, that the present mixed arrangements discriminate against the UK, and that the only way to operate the EDF in a non-discriminatory way would be to apply the same provisions across the board.

We do, however, have serious reservations about asking for aid to be tied, for the following reasons:

- (i) so far as the UK is concerned, the trend of recent figures for EDF disbursement is encouraging (see enclosure). Our share of

/all

A J Coles Esq
10 Downing Street



- 2 -

all EDF contracts from 1978-1982 rose from 9 per cent to 14 per cent. Now that consultancy work is partly untied, and provided British firms tender more vigorously (and we are encouraging them to improve a disappointing performance in this) there is no reason why we should not aim at least to break even under the next Lomé Convention;

- (ii) multilateral aid is normally untied. We do well out of this commercially. In the Asian Development Fund, for example, we get in procurement £2.41 for every £1 we pay in. We benefit similarly in the UNDP (£2.32:£1) and the World Bank (£1.41:£1). It would not be in our overall interests to argue for a regime under Lomé which we would wish strongly to oppose in other fora where the benefits to the UK are substantial.

If the Prime Minister agrees, we would propose to be guided by the above in the renegotiation of the Lomé Convention.

(R B Bone)
Private Secretary

Overseas Aid

: Long Convention Pt 2.

UK BUSINESS FROM EDF IV

	<u>At 31.12.78.</u>	<u>At 31.12.82.</u>
<u>EDF IV (UK share 18.7%)</u>		
Share of contracts let to Member States only	9.07%	13.86%
Of which, share of works contracts	3.95%	7.45%
" " supply contracts	21.22%	21.62%
" " consultancy contracts	11.98%	17.37%
Share of all contracts let, including to ACP	6.44%	9.41%
Of which, share of works contracts	2.51%	4.08%
" " supply contracts	16.65%	18.35%
" " consultancy contracts	10.39%	15.22%

Overseas And Lone Convent Pt 2





From the Secretary of State

John Coles Esq
Private Secretary
10 Downing Street
London
SW1

Mr 27

16 May 1983

h-a-

Dear John

RENEGOTIATION OF THE LOME CONVENTION

You copied to me your letter of 25 April to Roger Bone about the re-negotiation of the Lome Convention and in particular the Prime Minister's suggestion that aid should be tied to purchase from the relevant donor country.

The linking of multilateral aid with industrial and commercial objectives is particularly difficult. The 1980 Aid Review declared that the Government's aim was to give greater weight to political industrial and commercial considerations in allocating aid. The Review recognised that this aim would be essentially achieved through the bilateral programme and in consequence declared the Government's intention to look critically at multilateral expenditure.

Our performance with the EDF is below par in comparison with the World Bank or the Asian Development Bank. It is clear that commercial returns are not linked to the UK's contributions. Indeed, since the allocation of business is more or less on international competitive bidding terms we should in principle do as well in terms of procurement if our contributions were the minimum to maintain our participation in the organisation. The prospect of negotiating a direct link between our contributions and our commercial return in the EDF would seem slight.

As the attached statistics show, the UK success rate in obtaining EDF business has been improving - although overall it is still not good enough. The growth of our return, particularly in earlier years, reflects the learning curve that has been a necessary part of companies' efforts to gain EDF business. Our participation in the EDF only started in 1976, three years after joining the Community, and the administration of the Fund very much reflects French procedures. There is now a much improved awareness of both the opportunities and the methods used by the Commission; and this Department is maintaining its efforts to see the EDF exploited by UK companies.

Business under the EDF essentially falls into three categories - consultancies, supply contracts and works contracts. Quotas have only been applied to consultancy contracts. As the attached statistics show, we more than hold our own on the supply contract side and for consultancy work. It has long been the belief of our consultancy industry that we could do better if quotas were not applied, and we have recently pressed hard in Brussels for their abolition or modification.

CONFIDENTIAL



From the Secretary of State

Where we do fall down is in our performance on works contracts and we have tried hard to discover why. The main problems would appear to be the reluctance of British companies to go for this business in the first place. Where we do tender, our success rate in obtaining contracts is generally better than that of other Member States. A working party of the BOTB has recently considered the underlying reasons for the relatively low tender rate. We shall be examining their findings. That said, there have been welcome signs of growing British interest in the larger works contracts. There are currently three major contracts in the pipeline for which British companies stand a good chance of success. Two of these contracts come under EDF(IV) and if won, would further improve our return.

In terms of obtaining commercial benefit from our aid, it is more important to limit the size of our EDF contributions and to prevent further growth in our payments than to seek to apply quotas. We need to prevent further funds being diverted from bilateral aid, including the Aid and Trade Provision, which can more readily reflect commercial considerations. To apply national quotas within the EDF, if such could be negotiated, would be fraught with difficulty and would only increase the bureaucracy involved in the funds administration - thus making the application of the funds less efficient. Our preference therefore is for a limited fund and within that to work for a continuing improvement in the British take, both by better informing and encouraging industry and by reforming administrative procedures where these unnecessarily deter British firms.

I am copying this letter to the Private Secretaries to all members of OD(E) and to Sir Robert Armstrong.

Yours sincerely,
John Rhodes

JOHN RHODES
Private Secretary

CONFIDENTIAL

EUROPEAN DEVELOPMENT FUND (EDF)

UK SHARE OF BUSINESS

EDF IV (Cumulative since 1976)

1 UK share of business gained by member states (excluding ACP and 3rd countries).

	31.12.78 %	31.12.79 %	31.12.80 %	31.12.81 %	31.12.82 %
Works	3.95	6.42	6.77	6.06	7.45
Supplies	21.22	15.42	17.81	21.62	21.62
Consultancy	11.98	12.32	16.25	16.28	17.37
<u>Overall</u>	<u>9.07</u>	<u>10.22</u>	<u>12.08</u>	<u>12.73</u>	<u>13.86</u>

2 UK share of overall business (including ACP and 3rd countries).

	31.12.78 %	31.12.79 %	31.12.80 %	31.12.81 %	31.12.82 %
Works	2.51	3.65	3.81	3.39	4.08
Supplies	16.65	13.30	15.10	18.49	18.55
Consultancy	10.39	10.54	14.01	14.19	15.22
<u>Overall</u>	<u>6.44</u>	<u>7.01</u>	<u>8.27</u>	<u>8.69</u>	<u>9.41</u>

ACP Overall	27.94	30.05	29.40	29.67	30.15
3rd countries					
overall	0.00	1.08	1.32	2.15	1.95

(Nearly half of the ACP contracts concern basic infrastructure activities).

Note To date, only about 70% of EDF IV has been spent.

EDF V (from 1.1.81 to 30.12.82)

Share of member states business		Share (inc. ACP & 3rd Countries)	
	%		%
Works	0.13		0.06
Supplies	20.46		19.96
Consultancy	14.67		13.63
<u>Overall</u>	<u>9.39</u>		<u>5.95</u>

ACP Overall 30.79
3rd countries 5.77

Note To date, only 305mecu spent out of approx. 3.7 billion ecu overall budget.

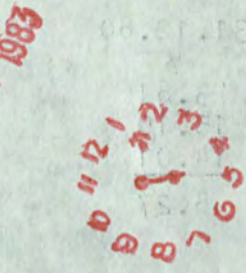
*Research
 Money Lane
 Pt. 2*

1. UK shared business... (faded text)

21.12.78	21.12.78	21.12.78	21.12.78	21.12.78
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35

2. UK share of world's business (faded text)

21.12.78	21.12.78	21.12.78	21.12.78	21.12.78
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35



3. UK share of world's business (faded text)

21.12.78	21.12.78	21.12.78	21.12.78	21.12.78
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35

4. UK share of world's business (faded text)

21.12.78	21.12.78	21.12.78	21.12.78	21.12.78
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35

5. UK share of world's business (faded text)

21.12.78	21.12.78	21.12.78	21.12.78	21.12.78
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35
11.35	11.35	11.35	11.35	11.35



Oversus Aid

From the Secretary of State

N.S.P.R.

The Rt Hon Francis Pym MC MP
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London
SW1

A.F.C. 12/5

16 May 1983

Dear Francis,

RENEGOTIATION OF THE LOME CONVENTION

You minuted the Chancellor of the Exchequer on 22 April. The Prime Minister subsequently asked for comments on the possibility of tying aid from the European Development Fund, and your office has a copy of my Private Secretary's letter of today's date on this subject.

The trade provision of the new Convention should be much easier to negotiate than the financial, since the Community has little more to give and the relationship is inescapably "non-reciprocal". However I am examining whether we might usefully put forward some minor suggestions for relaxing the rules of origin.

We must not lose sight of the question of the banana protocol. In a separate minute, of 25 April, you adduced some cogent reasons for retaining our political commitment to our traditional suppliers in the Caribbean; but I am concerned that as matters stand there is no incentive for the suppliers or shippers to minimise the disbenefits to the British consumer. I wonder whether we should not try to introduce some sort of reasonable qualifications into the present completely open-ended and one-sided commitment. As you say in your minute, officials are currently considering the whole issue; I am content to leave any further consideration of this problem until we have their report.

CONFIDENTIAL



From the Secretary of State

I am sending copies of this letter to other members of OD(E) and to Sir Robert Armstrong.

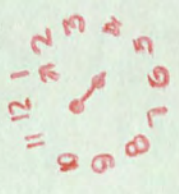
pres.
Arthur

LORD COCKFIELD

CONFIDENTIAL

Overseas Aid
Renegate Home Campaign
pt. 2

16 JUN 1983



CONFIDENTIAL

cc: AGO
TRADE
LPS
MAFF
HMT
CO

Brt



file

10 DOWNING STREET

From the Private Secretary

25 April 1983

Renegotiation of the Lomé Convention

The Prime Minister has seen the minute of 22 April by the Foreign and Commonwealth Secretary to the Chancellor of the Exchequer about this matter. With regard to the question of the size of the next European Development Fund, the Prime Minister has suggested that, in the forthcoming negotiations, we should insist that aid is tied to purchases from the relevant donor country.

BF
I should be grateful for your comments on this idea. It would also be helpful if, when you reply, you could let me have the latest figures illustrating the extent to which British firms have benefited from contracts under the European Development Fund, as opposed to firms from other Member States.

I am copying this letter to the Private Secretaries to all members of OD(E) and to Sir Robert Armstrong.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

8



FCS/83/82

CHANCELLOR OF THE EXCHEQUER

1 suggest we
limit the aid
is tied to the
country.
from me

Prime Minister

See especially the last

2 pages.

A.J.C. 22/4.

Renegotiation of the Lomé Convention

1. The present Lomé Convention between the European Community and 63 countries in Africa, the Caribbean and the Pacific expires in February 1985. The Community is now starting seriously to prepare its position for the negotiations for the successor Convention. The negotiations with the ACP will start in September, or possibly even July. Preparation in the Community will start with an orientation discussion at the Foreign Affairs Council on 25 April, followed by intensive work in a special Working Group and at COREPER between now and further discussion in the Foreign Affairs Council in June and possibly July.

2. The Commission's proposals for the Community position emerged in a 100-page document only just before Easter. My officials have been considering them with officials concerned in other Departments and the results are set out in an FCO paper, amended in the light of inter-departmental discussions, which is intended to be a quarry for instructions as appropriate during the discussions in Brussels, and which is being circulated in final draft form at official level.

3. These will be important negotiations for the UK. Although the Lomé relationship is not one which we would have wished for ourselves, it is something which we inherited on our accession to the Community and which we

/have



have improved substantially. More than half the ACP countries belong to the Commonwealth and more than half the world's developing countries are signatories to the Lomé Convention. Some of these countries are important to us (e.g. Nigeria and the Front Line States in Southern Africa). The Lomé relationship has become a key-stone in the Community's relations with the ACP countries individually as well as collectively and naturally affects also their bilateral relations with the Member States of the Community. The UK, therefore, has a strong interest in doing its best, within the limits of what it can afford, to work for a successful conclusion to the negotiations. This means broadly that we should support some very useful Commission ideas aimed at more purposeful and developmentally effective use of Community aid, while opposing any ideas or proposals which would involve additional expenditure/cost to the UK.

4. Against this background I propose to take the following line in the very general introductory discussion at the Foreign Affairs Council on 25 April:

- (a) Welcome the Commission's emphasis on the need for more appropriate aid policies and on greater ACP self-reliance, especially in food production; and urge that this last is so important that it merits a new food chapter in the next Convention, bringing about the integration of food aid and research with other aid instruments to promote agricultural production. This would be major evidence that the UK was taking a positive and imaginative approach to the new Convention.

/(b)



- (b) Welcome the Commission's proposal for a policy dialogue with each of the ACP countries to ensure the more effective use of Community aid; strongly support the Commission's recognition that aid money should not be disbursed except in ways agreed by the Community within the policy dialogue.
- (c) Express serious concern that the Commission has seen fit to raise at this stage, even in general terms, the size of the next European Development Fund (EDF) and has proposed a substantial increase; emphasise the need for realism and the need to avoid raising expectations; and oppose early discussion in the Community or with the ACP of the financial resources for the next Convention.
- (d) Oppose budgetisation of the EDF.
- (e) Oppose any suggestion of an increase in STABEX resources and press for reforms to make it developmentally more effective.

5. Our precise objective on the size of the next EDF has not been discussed inter-Departmentally. The above line reflects only the need on tactical grounds to postpone discussion until a late stage of the negotiations, i.e. well into next year. I am sure this is right: as soon as there is discussion in Brussels the UK will come under intense pressure both within the Community and from the ACP to do more than we are prepared to. An early acrimonious row on this would jeopardise the negotiations before they had got properly under way and

It is more important to have bilateral aid.

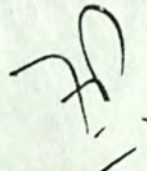
/before



before other components which could form the basis of an agreement had been put in place. This would put us in the worst possible position. It is, therefore, very much in our interest to postpone the moment of inevitable pressure. But there still remains the question of what we should be doing meanwhile to impress on our partners that we are serious about minimising the cost to the UK of the next EDF.

6. We should be bound to take a tough line because of the constraints imposed by the pressure on our own aid programme. We have already been making it clear to our partners that we should have the greatest difficulty in increasing the UK's cash contribution to the next EDF. Officials are considering inter-Departmentally whether we need a more specific objective at this stage.

7. I am sending copies of this minute to all Members of the OD(E) Committee and to Sir Robert Armstrong in the Cabinet Office.


(FRANCIS PYM)

Foreign and Commonwealth Office

22 April 1983

122 1000 1003

121 121
121 121
121 121
121 121
121 121





Thomas Acl

JR

10 DOWNING STREET

THE PRIME MINISTER

4 February, 1982

Dear George,

Thank you for your letter of 18 January about the outcome of your negotiations with English Industrial Estates.

Your assistance in getting under way the comprehensive redevelopment of this key site in the inner area of Liverpool has been enormously helpful. I very much welcome the constructive and flexible approach your Company has adopted.

Michael Heseltine discussed progress on the site with EIE when he was in Liverpool last week and we hope that work can start on the ground very quickly.

*Yours
sincerely
Margaret*

The Rt. Hon. The Earl Jellicoe, DSO, MC.

SW.



cc AD
LSU

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

2 February 1982

R/

Dear Michael

Thank you for your letter of 19[✓] January to David Edmonds seeking a draft reply for the Prime Minister to send to Lord Jellicoe about the Tate and Lyle site in Liverpool. I attach a draft.

Yours sincerely

J. Jacobs

J. JACOBS
Private Secretary

Michael Scholar Esq - No 10

pl type for pm

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO LORD JELlicoe,
CHAIRMAN, TATE AND LYLE

Thank you for your letter of 18 January about the outcome of your negotiations with English Industrial Estates.

Your assistance in getting under way the comprehensive redevelopment of this key site in the inner area of Liverpool has been enormously helpful. I very much welcome the constructive and flexible approach your Company has adopted.

Michael Heseltine discussed progress on the site with EIE when he was in Liverpool last week and we hope that work can start on the ground very quickly.



JR

Overseas Aid.

10 DOWNING STREET

From the Private Secretary

19 January 1982

I attach a copy of a letter which the Prime Minister has received from Earl Jellicoe about the dowry arrangements following the closure of Tate and Lyle's Liverpool refinery. We have acknowledged this letter.

I should be grateful if you would provide a draft for the Prime Minister by Tuesday 2 February.

SA

M. C. SCHOLAR

David Edmonds, Esq.,
Department of the Environment.



JR

10 DOWNING STREET

From the Private Secretary

19 January 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 18 January which I shall place before her. A reply will be sent to you as soon as possible.

M. C. SCHOLAR

The Rt. Hon. Earl Jellicoe, DSO, MC.

The Rt. Hon. Earl Jellicoe, DSO, MC



BY APPOINTMENT
TO HER MAJESTY THE QUEEN
SUGAR REFINERS.

TATE & LYLE PLC

SUGAR QUAY
LOWER THAMES STREET
LONDON EC3R 6DQ

TELEPHONE:
01-626 6525

TELEGRAMS:
TATELYLE, LONDON, E.C.3.
TELEX 884084

MCs (a/j)

Prime Minister

We will let

you have a draft

CF
AD
JV
reply.
2

18th January, 1982

R19

From the Chairman

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

Dear Margaret

You will no doubt have heard that we have now completed the arrangements for the dowry which I promised when we discussed the closure of our Liverpool Refinery in March last year.

Originally our idea was to do our best to create jobs in some of the Refinery buildings and we were addressing ourselves seriously and energetically to this. However, when Michael Heseltine visited the site during the summer after the Toxteth riots he persuaded us that, taking into account the need to renew the inner city areas of Liverpool, it would be much better to demolish all the Refinery buildings and redevelop the whole site. To assist this programme we have donated the whole of the site to English Industrial Estates, acting as the Government's agents, and we have agreed to pay £400,000 towards the cost of demolition and redevelopment.

We trust and believe that by making possible the redevelopment of the whole area we will have made some contribution both to improving the inner city environment in Liverpool, and also towards the creation of new and better opportunities for employment in a city which has meant so much over the years to Tate & Lyle.

Yours truly

George

JELlicoe

Overseas Aid



2 MARSHAM STREET
LONDON SW1P 3EB

*WBM
for*

My ref: H/PSO/17162/81

Your ref:

21 September 1981

*R
24/9*

Dear Mike

I attach a copy of a letter my Secretary of State has sent to the Secretary of State for Industry in response to Sir Keith Joseph's of 14 August about the Tate and Lyle site in Liverpool. This sets out the current situation.

Your letter of 19 August asked about the change of course announced by my Secretary of State. This followed a visit to the site and discussions with Tate and Lyle, the first and most important of which took place in the presence of Department of Industry officials. The precise mechanisms of David Young's discussions were not mentioned. No discourtesy was intended.

However, it would not have changed the thrust of the Secretary of State's views. He believes that here is a big opportunity (22 acres) to get the development quality on offer in the New Towns into an inner city site. The alternative would have been far less ambitious.

My Secretary of State believes that within a year no momentum will have been lost but the overall impact will be far better.

I am copying this to the Private Secretary to the Secretary of State for Industry.

*Yr. ever
D A Edmonds*

D A EDMONDS
Private Secretary



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

21 September 1981

De Seint

I am replying to Keith Joseph's letter of 14 August about the Tate and Lyle site in Liverpool.

I would be the first to acknowledge that the arrangements agreed with Tate and Lyle on the future of their site were skillfully conceived given the basis on which we were proceeding. That is, making the best use of the existing buildings, attempting to get new jobs on the site and exploiting the offer of financial support from Tate and Lyle.

Given the remit for my Merseyside exercise, however, I had to consider whether those objectives were appropriate in the new circumstances. The basic choice is between whether we promote conversion and division of the existing buildings or whether we fully grasp the opportunities that the site offers in a comprehensive redevelopment scheme. In both cases the objective is getting jobs back on the site as quickly as possible.

I remain convinced that a new approach is necessary, exploiting the Tate and Lyle offer. I outlined my approach to the problem at a meeting with the Company on Merseyside at which DoI officials were present.

I fully share Keith's view that we must make maximum use of private sector resources and skills in exploiting the site and I am now considering the options; there is already interest being shown by the private sector. I am grateful for the authorisation in respect of the EIEC. I reviewed options with Mr Pender on 21 September and also discussed progress with Mr Tomlinson and Mr Greenway of Tate and Lyle. I am hopeful that we are now moving towards an early and satisfactory conclusion to those discussions.

Yes
Michael Heseltine

MICHAEL HESELTINE

Rt Hon Patrick Jenkin MP
Secretary of State, Industry

12'4 SEP 1981

11 12 1
8 7 2
9 6 3
4 5



MIND

jfh

CONFIDENTIAL

19 August 1981

The Prime Minister has seen a copy of the Secretary of State for Industry's letter to your Secretary of State dated 14 August about the Tate and Lyle project in Liverpool.

The Prime Minister would like to know whether your Secretary of State was aware of the stage which had been reached in David Young's detailed discussions with Tate and Lyle. She hopes that nothing will have been lost by the rapid change of approach.

I am sending a copy of this letter to Ian Ellison (Department of Industry).

MAP

David Edmonds, Esq.,
Department of the Environment.

CONFIDENTIAL

Ed



DEPARTMENT OF INDUSTRY
 ASHDOWN HOUSE
 123 VICTORIA STREET
 LONDON SW1E 6RB
 TELEPHONE DIRECT LINE 01-212 3301
 SWITCHBOARD 01-212 7676

Secretary of State for Industry

14 August 1981

The Rt Hon Michael Heseltine MP
 Secretary of State for the Environment
 2 Marsham Street
 London SW1P 3EB

Dear Michael.

I gather that you have told Tate & Lyle to give up their Liverpool project and, since this has now been publicly announced, there is little we can do about it.

It seems a pity that you did not consult me first. We had made substantial progress with Tate & Lyle and only 10 days ago David Young had secured their agreement to the million pounds being regarded as soft costs and only spent on job creation: that the substantial costs of property conversion (including £400,000 on in-filling the canal) would be capitalised by them and regarded as being outside our agreement: that in order to save time they would only apply for a 50% Derelict Land Grant and not co-operate with the County for the 100% grant: and finally that they were prepared to lead an initiative with other Industrialists in Liverpool to follow their example.

Since Tate & Lyle have told us that they require some 12-18 months to remove their refining plant from the site, the course of action we had agreed with them offered the most immediate chance of providing fresh industrial accommodation and job opportunities in the area. It is a pity that we have apparently given encouragement to public - as opposed to private - sector initiative - since in the long run public sector initiatives do not appear to have provided an answer to the problems of the Assisted Areas.

Having said all that, I am authorising EIEC to proceed with the re-development of the site if that is your wish.

I am copying this letter to the Prime Minister.

Yours,

Kear

CF pps

TELEPHONE:
01-626 6525

Overseas
And ✓

SUGAR QUAY
LOWER THAMES STREET
LONDON EC3R 6DQ

From the Chairman

26th May 1981

The Rt. Hon. Margaret Thatcher MP,
The Prime Minister,
10 Downing Street,
London S.W.1.

Prime Minister ✓

Dear Margaret

R. Jellico

Thank you for your letter of 15th May
about the redevelopment of our Liverpool Refinery
site.

I am pleased to note your keen interest
in our proposals, and we look forward to working
together with Keith Joseph and his Department to
help in encouraging new businesses on Merseyside.

*I apologise for not replying earlier.
I have, however, only just returned from a
London Chamber visit to Hungary.*

Thank you again for your letter

Yours truly

JELlicoe

R. Jellico

29 MAY 1981



LONDON, EC3R 9DD
LOWER THAMES STREET
YALD BARRS



DSG

as: D/ind
Overseas
And

10 DOWNING STREET

THE PRIME MINISTER

15 May, 1981

CF White

Dear George

I was very pleased to receive your letter of 1 May and the advance copy of your Press Release on the study commissioned for the redevelopment of the Liverpool refinery site.

I welcome the initiative you are taking. I regard this as a most important project to encourage new enterprise in Merseyside and I will be taking a keen interest in its progress.

I understand Keith Joseph will be inviting you to discuss with him ways in which your initiative can best be developed.

[Handwritten signature]

[Handwritten signature]

The Rt. Hon. Earl Jellicoe, D.S.O., M.C.

CH



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

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

PS/ *Secretary of State for Industry*

11 May 1981

Tim Lankester Esq
Private Secretary
to the Prime Minister
10 Downing Street
London SW1

Dear Tim

You wrote on 5 May enclosing a letter from Lord Jellicoe about the Press Release on redevelopment of the Tate and Lyle Liverpool Refinery and asked for a draft reply.

The Press Release was distributed selectively on Merseyside but was a valuable commitment nonetheless. The letter provides an opportunity for my Secretary of State to invite Lord Jellicoe to an early meeting to discuss a possible increase in the size of the dowry as well as the possibility of Tate and Lyle inviting participation by other companies in Liverpool. He therefore proposes to write to Lord Jellicoe along the lines of the attached draft.

A draft for the Prime Minister is attached.

Yours ever

RICHARD RILEY
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

The Rt Hon Earl Jellicoe DSO MC
Chairman
Tate and Lyle Limited
Sugar Quay
Lower Thames Street
London EC3R 6DQ

I was very pleased to receive your letter of 1 May and the advance copy of your Press Release on the study commissioned for the redevelopment of the Liverpool refinery site.

I welcome the initiative you are taking. I regard this as a most important project to encourage new enterprise in Merseyside and I will be taking a keen interest in its progress.

I understand Keith Joseph will be inviting you to discuss with him ways in which your initiative can best be developed.



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

May 1981

The Rt Hon Earl Jellicoe DSO MC
Chairman
Tate and Lyle Limited
Sugar Quay
Lower Thames Street
London EC3R 6DQ

Thank you for your letter of 1 May enclosing the advance copy of your Press Release on the study commissioned for the redevelopment of the Liverpool refinery site.

I am sure your initiative will be welcomed in Merseyside. I hope that it will lead to the early announcement of a positive plan to encourage new enterprise on your Love Lane site.

There is clearly much to be done, however, before this position is reached and I would welcome an early discussion with you on the next steps. If you agree, perhaps you would ask your secretary to get in touch with my office on the above number to arrange a meeting.

10 MAY 1981

10
9
8
7
6

file SK
Oversey
A-D

5 May 1981

BSF 8-5-81

I am sure the Prime Minister will wish to reply personally to the enclosed letter from Lord Jellicoe about Tate & Lyle's Liverpool refinery.

Please could you let me have a draft reply by Friday 8 May.

T P LANKESTER

Ian Ellison, Esq.,
Department of Industry

SE

file BK

55May 1981

I am writing to acknowledge your letter of 1 May, which was received over the weekend, and I will place it before the Prime Minister at once.

T P LANKESTER

The Rt. Hon. Earl Jellicoe, D.S.O., M.C.

THE RT HON EARL JELlicoe DSO MC



BY APPOINTMENT
TO HER MAJESTY THE QUEEN
SUGAR REFINERS.

TATE & LYLE, LIMITED

TELEPHONE:
01-626 6525

SUGAR QUAY
LOWER THAMES STREET
LONDON EC3R 6DQ

TELEGRAMS:
TATELYLE, LONDON, E.C. 3.
TELEX 884084

From the Chairman

1st May, 1981

R2

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

Lor Margaret

In view of the concern you and your colleagues expressed at our meeting on March 4 for the resuscitation of Merseyside industry, I thought you would wish to see an advance copy of a Press release we will be issuing in Liverpool on May 5.

As you will see we have commissioned a study of the feasibility of developing parts of our Liverpool refinery site for occupation by what we describe as "fledgling businesses". We would hope in this way to attract entrepreneurs into an area with which we have had such a close association for over a century.

I am sending a copy of this letter to Keith Joseph, Peter Walker and Leon Brittan.

Yours ever

George

JELlicoe

Enc:

news release from



TATE & LYLE TO INVESTIGATE DEVELOPMENT POTENTIAL OF LIVERPOOL
REFINERY SITE

Following discussions with the Department of Industry, Tate & Lyle announce their intention of seeking to offset some of the social consequences of the closure of their Love Lane refinery in Liverpool (which became effective on 22 April) by redeveloping suitable buildings and land on the site as premises for letting to small businesses.. Initially they have commissioned Job Creation Limited, specialist in the field, and W Berry Templeton Limited, property consultants, to investigate the possibility of small business development on the site of the Love Lane complex.

The study will embrace the prospects for creating new businesses in the area as a guide to the development potential of the existing site and buildings. Particular attention will be paid to the possibility of creating small workshop units for fledgling businesses. The study is expected to be completed within 2 months.

more follows/.....

enquiries to:



KH Publicity Limited
37 Fleet Lane
London EC4M 4YA
Telephone 01-248 9201/9391
Telex 886419

2/TATE & LYLE TO INVESTIGATE DEVELOPMENT POTENTIAL OF LIVERPOOL
REFINERY SITE

The report will advise Tate & Lyle of the options for the utilisation of the site and the scope for their involvement in supporting a job creation programme in the area.

Tate & Lyle intend to start implementing a programme of action as soon as suitable opportunities are identified by the study. The company has been assured of the Government's support in carrying out such a programme. Tate & Lyle will seek support from local authorities and other commercial and industrial concerns who are equally concerned with the problems of unemployment on Merseyside.

ends

5 May 1981

FOR FURTHER INFORMATION

Martin Frizelle or David Penfold

01-248-9201

Overseas
Aid



Department of Industry
Ashdown House
123 Victoria Street
London SW1E 6RB

2

Telephone: Direct Line 01-212 0440
Switchboard 01-212 7676

David Young
Special Adviser

MSBly

24th April, 1981

T. P. Lankester, Esq.,
Private Secretary,
10 Downing Street,
London, S.W.1.

~~Prime Minister~~

~~So far, the Tate and Lyle
initiatives seem to be going
well.~~

David Young

TATE & LYLE: LIVERPOOL

12

I have now heard that the Unions have agreed
redundancy terms, the site has been vacated and the agreed press
release is to be issued either today or on Monday.

27/4

Tate & Lyle have agreed their financial arrangements
with Job Creation Limited who will be starting on the site next week
on a programme designed to encourage the creation of new businesses
in new or converted workshop accommodation to be constructed on the
site.

The ORT people have identified a re-training project
for the mid-30s age group to concentrate on new high-technology
skills. Their proposal is being submitted to Tate & Lyle shortly
and hopefully the initial survey will be funded by them.

*For use
David*

21 APR 1981

10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31



Department of Employment
Caxton House Tothill Street London SW1H 9NA
Telephone Direct Line 01-213.....5949.....GTN 213
Switchboard 01-213 3000

Minister of State

M Pattison Esq
10 Downing Street
LONDON SW1

David Young raised it
NFA. MRF

6 April 1981

Then how did the
story of 60-40 keep reverberated Prime Minister
ever come about?

You asked had Gowrie to
clarify the union position
on Tate + Lyle closure.

Dear Mr Pattison

TATE & LYLE

MRF 6/4

You asked in your letter of 1 April about the union's (the T&GWU) acceptance of Tate & Lyle's decision to close their Liverpool refinery.

We understand from the refinery manager, with whom our Regional Director has been in close touch throughout the closure negotiations, that on 25 March, Tate & Lyle management agreed with national and district officers of the GMWU and some shop stewards that the plant should be closed. Substantial agreement was also reached on the level of redundancy payments which the workers were to receive, though some details remained to be finalised.

The officials of the union put the agreement to a meeting of all the shop stewards from the refinery who accepted it, and agreed to put it to a mass meeting of the workforce, recommending its acceptance. This was done on Friday 27 March when the workforce overwhelmingly accepted the closure.

There is no question of the union refusing to accept the workers' vote, or being at variance with the workers over this matter. In fact it was officials of the union who agreed the closure and scale of redundancy payments with Tate & Lyle management and recommended the acceptance of their agreement to the workforce.

Yours sincerely

David Fraser

D R FRASER
Private Secretary

16 APR 1981

2084
1 2 3 4
5 6 7 8 9

COMPUTER

PRIME MINISTER

*Owen
did*

c.c. Mr. Lankester
Mr. Giffin

Tate and Lyle

I am afraid that the reference to Tate & Lyle from the Press Office news summary was misleading. Closure itself is not due to take place until 21 April. The company are still involved in redundancy negotiations with the unions, and cannot say when they expect those negotiations to be completed. The announcement of their post-closure plans obviously depends on the timing of the talks about redundancy terms.

The Department of Industry will keep us in close touch with events.

N. J. SANDERS

3 April, 1981.



ds

10 DOWNING STREET

From the Private Secretary

1 April 1981

BF 8.4.81

The Prime Minister has seen Lord Gowrie's minute of 31 March about Tate & Lyle. This does not deal with one of the points raised in Monday's discussion: the Prime Minister would still like to know whether the union accepts the overwhelming majority view of the workforce, or whether it is disputing the figures as was suggested in the discussion.

M. A. PATTISON

D.R. Fraser, Esq.,
Department of Employment.

Sp

2

Prime Minister
To see
CS 31/1



PRIME MINISTER

TATE & LYLE

When we discussed the problems of Merseyside yesterday, you asked me to look into the voting arrangements at the meeting where the Tate & Lyle workers accepted the closure of the Liverpool refinery and also the redundancy payments which the workers might receive.

I have talked to the Director in charge of the Merseyside closure. The latest position is that the 90 days redundancy notice (required by the Employment Protection Act 1975) expires on 21 April and wages will be paid up to that date. Production was stopped at the refinery about three weeks ago and the union has lifted its ban on the removal of finished products.

The negotiations with the union are covering redundancy payments and although an agreement has not been sealed the company believes that the end result will be a redundancy payment of about five times the size of the payment due under the state scheme. The scale of payments will be geared in favour of those with long service so that longer serving employees will get proportionately more.

So far as the voting arrangements were concerned, on 25 March the company met 4 national officers together with local district officers and shop stewards of the GMWU. It was agreed that, subject to the approval of the workforce, the Love Lane factory would close. On Friday 27 March, the shop stewards put this agreement to a mass meeting of the workers. An overwhelming majority agreed to the closure. On a show of hands, it was estimated that 1000 were in favour and 26 against.

The company is confident that a secret ballot has not been and is unlikely to be necessary; but it will of course consider the possibility if need arises.

I am copying this to Geoffrey Howe, Keith Joseph, Michael Heseltine, Norman Fowler, John Biffen, Robin Ibbs and Sir Robert Armstrong.

Does the Union accept
the overwhelming majority is 3/4
it disputing the figures - as we were told.
M
e/jg g.
G
March 1981

Overseas Aid



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

From the Minister's
Private Office

Nick Sanders Esq
Private Secretary
10 Downing Street
London
SW1A

W to see (and PM)
MS

NBPM

TC
JLP

30/3

27 March 1981

Dear Nick

PRIME MINISTER'S MEETING WITH MR BOB PARRY MP
23 FEBRUARY 1981

... You may like to have this copy of a letter
which my Minister has sent to Mr Parry,
commenting on the documents which Mr Parry
handed over at his meeting with the Prime
Minister.

Yours sincerely

David Jones

D E Jones
Assistant Private
Secretary



From the Minister

Robert Parry Esq MP
House of Commons
London
SW1A 0AA

26 March 1981

CLOSURE OF THE LIVERPOOL REFINERY

When you met the Prime Minister on 24 February, you handed over a paper by the ASTMS, GMWU and TGWU entitled "The Case for UK Sugar", together with some notes on the problem of balancing the UK sugar market and a paper by the Liverpool Welfare Rights Resource Centre. At the same time I received a letter from Robert Smith of the GMWU on the same question.

In the subsequent discussions on the possibility of preserving some refining capacity at Liverpool, all the suggestions in these papers were fully taken into account but I felt that I should let you know in detail why we felt bound to conclude that they did not provide a solution.

The papers make two specific proposals:

- (i) Imports of white sugar from the rest of the European Community should be excluded by direct controls or by agreement with industrial users of sugar and traders.
- (ii) Exports of white sugar from the UK to third countries should be facilitated by an increase in the UK regional intervention price.

So far as imports are concerned, it is made clear in the main Union paper itself that Tate & Lyle's own calculations of their excess capacity assume that UK users will take up only 150,000 tonnes of Community white sugar compared with their over-capacity of 290,000 tonnes. It is thus clear that excluding imports would, at most, be a partial solution. A ban on imports would be contrary to Community law on free trade and both UK importers and continental

exporters would have immediate recourse to the European Court if we sought to impose one. Nor can we expect to convince UK users that they should voluntarily refrain from such imports. They value them as an insurance against any interruption in Tate & Lyle or BSC supplies and as a means of ensuring that UK sugar prices do not rise too far above prices elsewhere in the Community. This is vital to them if food and confectionery manufacturing in the UK is to remain competitive both here and on export markets.

The proposal to raise the regional intervention premium is no more promising. Currently the UK intervention price is about £7.50 above the basic intervention price which applies in most other Member States. This differential is to be phased out following a precedent set when regional intervention prices in the cereals régime were phased out a few years ago. Its current justification is that it reflects the fact that the UK market has in the past normally been in deficit and has required imports from the rest of the Community. It does not, however, affect the size of the refunds payable on exports to third countries when Community prices exceed the world price. These refunds are set by tenders which are submitted by traders and judged by the Commission on the basis of their assessment of the current differential between world and Community prices. Once a trader has had his tender accepted, he is free to use the refund to export from whatever part of the Community he chooses, and there is no provision for varying the rate of refund (other than for monetary differences) according to the country from which export takes place. Given this system, it is obvious that traders who can buy at the lowest price - normally somewhere around the basic Community intervention price - will win at the tenders.

Thus, as Sir Brian Hayes made clear at your meeting with the Prime Minister, increasing the UK regional premium would not make it more attractive for traders to export from the UK. Indeed, if it had the effect of raising the UK market price it would positively discourage such exports.

There is the further point that, at the insistence of the ACP countries, Tate & Lyle have undertaken not to use their sugar for export. Thus, even if exports could be made more profitable, it would be necessary to persuade BSC to sell some of their sugar for this purpose. I have, of course, no power to insist on their doing so.

Conceivably the intention of the proposal is not to facilitate normal trade exports from the UK but to drive sugar into intervention. The Commission might then conclude that it would have to be disposed of by export, and would open a special tender for the sale of these particular stocks. Acceptance of the bids would then in practice amount to an additional export subsidy.

I fear that this scheme would hardly be likely to work. The only justification for a higher intervention price in the UK is that there is no surplus, with the result that the market price is determined by the price of imports from elsewhere in the Community. The regular occurrence of intervention would demonstrate that there was a surplus and would thus remove any justification for a higher price. Moreover, sugar refined from ACP sugar is ineligible for intervention, so the plan would again involve persuading BSC to sell some of their output for this purpose. There are considerable drawbacks to selling into intervention - in particular because the sugar then in effect passes into the control of the Commission, who can determine when and by what method it is sold - and no sugar normally goes into intervention anywhere in the Community. It is difficult to see how BSC would be induced to put sugar into intervention instead of selling on the market.

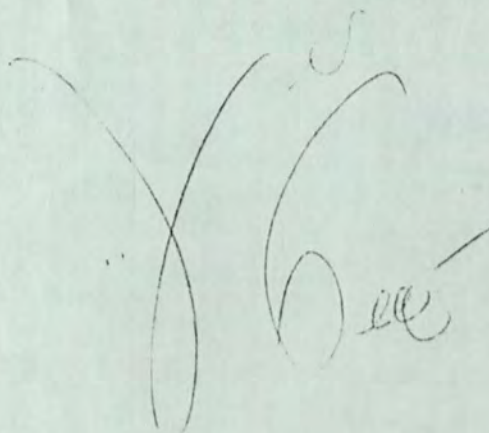
The principle of having the same rate of export refund applicable throughout the Community applies to the CAP generally and not just to sugar. Its purpose is to maintain equal terms of competition and minimise the cost of exporting. We could not get this principle set aside by changing the level of the UK intervention price. If it could be negotiated - which I am sure is impossible - it would only be through replacing it by some principle of regionalised refunds designed to give every trader in the Community the same profit on exports irrespective of the market price which he paid for his supplies. This would make the CAP as a whole much more expensive. It would thus be financially disadvantageous to us and inconsistent with our general position as critics of the cost of the CAP.

I have concentrated in this letter on the specific proposals in the Trade Union's paper. But these proposals, even if they could be adopted, were concerned only with relieving the over-supply of the UK market which would arise if Tate & Lyle could utilise the whole of their existing capacity for home market sales. This is not the only consideration which led to the decision to close Liverpool. An equally important factor to which the Company referred when first announcing their decision was that changes in the relative prices of raw and refined sugar on the world market had made the business of importing raw sugar from the world market and re-exporting it after refining (the so-called "in transit" trade) unprofitable.

So long as that trade could be undertaken profitably, it provided a source of throughput which was totally independent of the CAP because such trade takes place without import levies or export subsidies. Now that it has virtually come to an end, the only raw sugar which Tate & Lyle can plan on refining at any sort of profit is the levy-free supply from the ACP countries under the sugar protocol of the Lomé Convention, supplemented to a very minor degree by higher-priced sugar produced within the Community in the French Overseas Departments. The contracts for ACP sugar which Tate & Lyle made at the outset of the sugar protocol cover only 1.225 million tonnes, well below their current capacity of 1.324 million tonnes.

Finally, to be able to maintain their capacity and to be in a position to offer competitive prices to suppliers, Tate & Lyle have to improve their profits. Given that they sell in a competitive market, this means minimising their costs. Throughout these discussions they have made clear their appreciation of the good relationship they have maintained with their Liverpool workforce. But the fact remains that, because of its location and the condition of its plant, Liverpool is by far their most costly refinery to run. To rectify this situation would require a substantial reduction in the labour force and considerable capital investment. As you know, the possibility of such a scheme was discussed between the Company and the Department of Industry, but it was not possible to devise a viable scheme.

I am sorry not to have been able to give you a positive response but I hope you find this detailed explanation helpful. I assume that you will be passing this letter on to the Unions concerned but I am sending a copy direct to Robert Smith in reply to a letter he wrote to me.

A large, stylized handwritten signature in dark ink, appearing to read 'Peter Walker'. The signature is fluid and cursive, with a large 'P' and 'W'.

PETER WALKER

30 MAR 1987

12 1
11 12 1
10 11 12 1
9 10 11 12 1
8 9 10 11 12 1
7 8 9 10 11 12 1
6 7 8 9 10 11 12 1
5 6 7 8 9 10 11 12 1
4 5 6 7 8 9 10 11 12 1
3 4 5 6 7 8 9 10 11 12 1
2 3 4 5 6 7 8 9 10 11 12 1
1 2 3 4 5 6 7 8 9 10 11 12 1



**Merseyside
County Council**

Prime Minister

CDOE

2

To see - no further reply needed,
but I am copying this to DOE.

TL
27 March 1981

County Councillor Neville C Goldrein MA (Cantab)
Leader of the Council

lls

PO Box 95
Metropolitan House
Old Hall Street
Liverpool
L69 3EL

Telephone 051-227 5234

25th March, 1981

The Prime Minister,
The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
LONDON,
S.W.1.

127/3. mf

Don Prime Minister

Closures on Merseyside

I very much appreciate your letter of the 23rd March and the trouble you have personally taken.

We must now press ahead with everything we can for the Merseyside Development Corporation and the Enterprise Zone. The former is now 'alive' and I am sure that it has very good chances of success. The County Council is completely behind it.

I am more worried about the Enterprise Zone as it seems that the City Council is tending to drag its feet. If there should be any difficulty with the City we can find, in fact, a site of considerable attraction in the Knowsley District and I feel sure that that Council will be only too pleased to agree any conditions the Department may wish to impose.

You sir,
Neville Goldrein

10. 18.
PRIME MINISTER

CF pls tell 2
DOE that ~~that~~
is OK
Done by
CS 26/3
R
Tate & Lyle

An encouraging letter from David Young about the Tate & Lyle dowry proposal. They are hoping to make an announcement the week beginning 6 April.

We have set up a meeting with all the Ministers concerned to discuss Merseyside generally next Monday morning. David Young will be at the meeting, and Mr. Heseltine will be bringing his Merseyside Regional Director, assuming you have no objection.

TZ
Mud
nt
T.P. Lankester

25 March 1981



British High Commission

SUVA

25 March 1981

11/2

C M Carruthers Esq CMG
SPD
FCO

h.s. [unclear]

Sean [unclear]

At the request of the Department of Foreign Affairs I enclose under flying seal a letter in original from Ratu Mara to the Prime Minister. I understand that the text has already been sent by telex to the Fiji High Commissioner in London for onward transmission to No 10.

*see
-T 51/5
20/3*

*John [unclear]
Frank*

A F Ward

cc Press Office



Department of Industry
Ashdown House
123 Victoria Street
London SW1E 6RB

Telephone: Direct Line 01-212 0440
Switchboard 01-212 7676

David Young
Special Adviser

24th March, 1981

T. P. Lankester, Esq.,
Private Secretary,
10 Downing Street,
London, S.W.1.

Noe Tin,

TATE & LYLE

We met with Tate & Lyle this morning. The negotiations with the Trade Unions are far from concluded but it is probable that an announcement will be made in the week commencing 6th April. I enclose a draft of their proposed Press Release. As you will see, we have played down the part that Government or EIEC will play since we would like this to be shown very much as a Tate & Lyle initiative.

Job Creation Limited are now starting on their survey of the labour market and we are planning for a number of workshop units to be ready for occupation in the Summer. A large part of the site is occupied by the Refinery and Tate & Lyle estimate that it will take some 12 months to remove their plant before demolition can even commence so we are planning for a programme of continuous development with the objective of restoring some 1500 jobs over the next two or three years.

CPRS are very keen that we encourage Youth employment. To this end, I believe that I have persuaded Tate & Lyle to fund a pilot survey by World ORT Union to set up a Youth Training Programme. We could use some of the existing office and workshop accommodation for a Training Centre.

ORT is the world's largest vocational and technical training organisation, operating in over 20 countries around the world. It recently moved its headquarters to the U.K. but does not operate here as yet. The Prime Minister might recollect that she spoke at a Luncheon at Painters Hall in 1978. I am approaching them to undertake a survey with some hope of success since nominally I run their day-to-day operations.

I am copying this letter to Eileen Mackay at the CPRS.

Lawson
David

Following discussions with the Department of Industry, Tate & Lyle announce their intention to assist in the creation of new job opportunities to offset some of the social consequences of the closure of their Love Lane refinery in Liverpool. Initially they have commissioned Job Creation Ltd, specialists in the field, and W Berry Templeton Ltd, property consultants, to investigate the possibility of creating alternative job opportunities on the site of the Love Lane complex.

The study will embrace both the prospects for job creating projects in the area as well as the development potential of the existing site and buildings. Particular attention will be paid to the possibility of creating small workshop units for fledgling businesses. The study is expected to be completed within 2 months.

The report will advise Tate & Lyle of the options for the utilisation of the site and the scope for their involvement in supporting a job creation programme in the area.

Tate & Lyle intend to start implementing a programme of action as soon as suitable opportunities are identified by the study. The company has been assured of the Government's support in carrying out such a programme. Tate & Lyle will welcome support from local authorities and other commercial and industrial concerns who are equally concerned with the problems of unemployment on Merseyside.



FILE

JFH

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Dear Mr. Goldrein,

Thank you for your letters of 12 and 20 February. I am sorry not to have replied earlier.

I have seen a full account of the meeting you had with Peter Walker on 16 February at which he explained the Government's position on Tate and Lyle. Since then, I have personally given a great deal of time to the Tate and Lyle closure issue; and I have - I am afraid - had to conclude that, unless the company are prepared to incur the heavy losses involved in the continued operation of the refinery, closure is inevitable.

We are, however, extremely concerned about the effect of this and other closures on Merseyside - including that of the Courtaulds factory which you mentioned in your second letter. We are therefore determined to press ahead as fast as possible with the various initiatives for improving the prospects for the area. In particular, rapid progress is now being made on the establishment of the Urban Development Corporation and of the Enterprise Zone.

Finally, I am afraid I cannot agree to the meeting which you propose. I am being kept fully informed of the situation on Merseyside by Michael Heseltine, Keith Joseph, Jim Prior, and - in the case of Tate and Lyle - Peter Walker; and if I see you, it would - I fear - be very difficult not to agree to see all the others who have asked to come in.

I am sure that our M.P.'s in the area are keeping closely in touch with you. I had a very long

County Councillor Neville C. Goldrein.

ds

talk with them. Clearly we have to help
Liverpool through this acutely difficult time.

I personally had a long talk with
Lord Jellicoe but I see no hope of
keeping Telford's factory open. Closure
comes as a blow to me - especially when
the company has such a wonderful workforce

Yours sincerely
Margaret Jellicoe



10 DOWNING STREET

PRIME MINISTER

We owe a reply to Councillor Goldrein from Merseyside, who wrote to you asking for a meeting to discuss Tate and Lyle and then the Merseyside situation generally. (You signed a reply to him, but his second letter arrived just as we were about to despatch it; so we did not send it off. I am sorry not to have dealt with this sooner.)

I attach a short reply.

TL
..

20 March 1981



Overseas Aid

CONFIDENTIAL

Qa 05296

To: MR LANKESTER
From: J R IBBS

20 March 1981

Merseyside

1. I attach a note on possible measures to help Merseyside, as requested in your minute of 5 March. We are grateful for information supplied by Departments, particularly the Departments of Industry, Employment, Environment and Transport. In the limited time available Departments have not had an opportunity of commenting on our proposals. Hence this note is a preliminary look at the problem.

2. The note does three things. First, it puts in context the exercises which the Secretaries of State for Industry and for the Environment are carrying out at the Prime Minister's request (your minute of 4 March and Mr Heseltine's minute of 18 March respectively). Second, it suggests one or two steps which the Prime Minister might herself take in the immediate future:

- be ready (if this seems necessary in the light of the Department of Industry's report) to put more pressure on Tate and Lyle to commit themselves to a worthwhile enterprise scheme (paragraph 9 and Appendix 3 of this note)
- visit Merseyside in the near future (paragraph 10).

3. Third, it presents a range of ideas which in my view merit further study. The most positive of these are that more should be done to exploit the natural resources of the area - its seaport, airport and close proximity to an extensive motorway network (paragraphs 13 - 18). We also have some suggestions for manpower policy and regional policy which, although of wider application, could benefit Merseyside (paragraphs 26 - 28 and Appendix 5). Our main conclusion, however, is that there is need for



CONFIDENTIAL

an economic strategy for the area to provide a realistic and coherent framework for the wide range of Government policies affecting the area (paragraphs 20-24). Our proposals and suggestions for further examination are summarised at the end of our note in paragraph 29.

4. For my part I should be glad to commit some CPRS resources to a fuller study of Merseyside's problems, not least because it could produce lessons of wider application in relation to unemployment, regional and urban problems.

5. I would suggest a fuller examination by about the end of April of the feasibility of the ideas in the note. This would both enable us to evaluate some measures which might be taken quite soon, and to assess the feasibility of developing an economic strategy for the area.

6. I should be glad to know whether the Prime Minister is content with this approach and whether there are any points which she would like us to consider as a matter of urgency.

7. I am sending a copy of this minute and the attached note to Sir Robert Armstrong.

Att



PRIME MINISTER

LIVERPOOL (TATE AND LYLE CLOSURE)

1 When we met on 4[✓] March we agreed that a special effort was needed in Liverpool to ease unemployment and to demonstrate the Government's concern about the special problems of the area.

2 I have been taking action in two ways to help the position following the closure of Tate and Lyle's sugar refinery. I am exploring with Tate and Lyle ways in which they can use their suggested "dowry" to foster new ventures and I have put the company in touch with Paddy Naylor and Job Creation Ltd. I am also discussing - with David Young's help - how to ensure the rapid redevelopment of the sugar refinery site. Some of the buildings may be suitable for conversion as nursery or starter units but there are problems with demolishing some specialist buildings. The English Industrial Estates Corporation may be able to help but my intention is that Tate and Lyle should gain credit for its initiative (and that it should meet as much as possible of the cost). Michael Heseltine is seeking to ensure that problems with the Urban Development Corporation and the Enterprise Zone are removed as quickly as possible and at his meeting on 5 March he asked for several other possible measures to be examined.

3 We have accepted that Liverpool presents special difficulties in terms of its divided community and its previous dependence on service industry. These make its problems - and perhaps those



of Clydeside - unique. But we need to recognise that, if we do too much or too publicly, we could cause resentment elsewhere since other areas regard themselves as being at least as deserving. For example, Liverpool's unemployment rate in February was 16.2% representing 77,000 people out of work (Glasgow's figures were 14.2% and 84,000). Teeside, however, had figures of 16.4% and 37,000 and even Birmingham (not eligible for any regional measures) had figures of 12.4% and over 86,000. People in these areas can claim that they have a better record on industrial relations and that Merseysiders are in some part to blame for much of their predicament.

4 In the circumstances we must I think be careful to avoid giving our activities any wider national publicity. We must also weigh carefully whether we would be wise to give the impression that it is possible to do much more; it would be very difficult - if not impossible - to give other areas this kind of concentrated attention in terms of staff resources or money. I suggest that, when Michael Heseltine has considered the scope for action available to him, we should meet again to review just how far we can go to help Liverpool without creating problems elsewhere.

5 I am copying this minute to Jim Prior, Peter Walker, Michael Heseltine, Leon Brittan and to Sir Robert Armstrong.

Department of Industry
Ashdown House
123 Victoria Street

K J
20 March 1981



JS

Overseas
Aid

10 DOWNING STREET

From the Private Secretary

20 March 1981

I enclose a copy of a message which the Prime Minister has received today from the Prime Minister of Fiji about sugar imports. This is in reply to Mrs. Thatcher's letter of 4 February.

I am sending a copy of this letter, and its attachment, to Kate Timms (MAFF) and David Wright (Cabinet Office).

M. O'D. E. ALEXANDER

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

9

JS

20 March 1981

I am replying on the Prime Minister's behalf to your letter to her of 20 March. I have drawn the letter from the Prime Minister of Fiji to Mrs. Thatcher's immediate attention.

MA

His Excellency Mr. J.D. Gibson, CBE



PRIME MINISTER
SUVA, FIJI

TSI / 81

The Rt. Hon. Mrs Margaret Thatcher, M.P.,
Prime Minister.

Dear Prime Minister,

I thank you for your letter dated 4th February 1981, and for the assurances you have given on the continuing access of ACP sugar into the European Community, at guaranteed prices, and on the United Kingdom's full commitment to its obligation under the Sugar Protocol to the Lome Convention.

The Honourable Richard Body will have reported to you our discussions in Suva on our continuing concern in Fiji on the marketing arrangement for our sugar in the United Kingdom.

We acknowledge the broad commitment of the European Community as a whole in the Sugar Protocol to the Lome Convention. However, it has always been our understanding that the Protocol on ACP Sugar, as the successor instrument to the Commonwealth Sugar Agreement, also provides the necessary framework within which the marketing arrangements effected by the traditional Commonwealth suppliers to the United Kingdom market under the Commonwealth Sugar Agreement would be continued following the United Kingdom's entry into the European Community.

Indeed, this is the understanding which forms the basis of the present marketing contract between Fiji and Tate and Lyle. This contract specifically provides that all of Fiji's Lome quota of 163,600 m.t.g.v., which was based on Fiji's quota under the Commonwealth Sugar Agreement, must be refined in the United Kingdom.

We would like to continue this marketing arrangement when our present contract with Tate and Lyle expires in June next year. In saying so, and in seeking your Government's support for it, we have noted with appreciation your assurance that there is no reason why the United Kingdom cannot continue to take most of the ACP sugar, as at present, notwithstanding the closure by Tate and Lyle of its refinery in Liverpool.

You will, of course, be aware that not all ACP countries have contracted to deliver their entire Lome quota to the United Kingdom market. I understand that it is only Fiji and Swaziland which have done so.

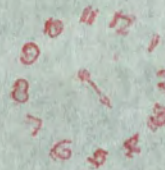
On our part, our decision to commit our entire Lome quota to the United Kingdom market, and our desire to continue to do so, reflect the regard that we have for the United Kingdom as the most important overseas market outlet for our sugar.

I would be most grateful for the support of your Government in our approach to Tate and Lyle on this matter.

Yours sincerely,

Kamisse Mara
(K.K.T. Mara)

2 APR 1981



(K.V.L. H.L.S.)

ALTERNATIVE

Dear Sir,

I am writing to you in response to your letter of 24th March 1981. I would be most grateful for your reply.

I am writing to you in response to your letter of 24th March 1981.

I am writing to you in response to your letter of 24th March 1981. I am writing to you in response to your letter of 24th March 1981. I am writing to you in response to your letter of 24th March 1981.

I am writing to you in response to your letter of 24th March 1981.

I am writing to you in response to your letter of 24th March 1981. I am writing to you in response to your letter of 24th March 1981. I am writing to you in response to your letter of 24th March 1981.

R20.



34, HYDE PARK GATE,
LONDON, SW7 5BN.
01-584 3661.

FIJI HIGH COMMISSION

Our Ref: LM 14/1

20 March, 1981.

Dear Prime Minister,

I have the honour to attach the text of a letter from My Prime Minister, The Rt. Hon. Ratu Sir Kamisese Mara KBE.

yours sincerely,

J. D. Gibson

J. D. Gibson
High Commissioner

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister of Britain,
London.

CONQUEROR

T 51/81

20 March, 1981.

SUBJECT

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister of Britain,
London.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 51/81

Dear Prime Minister,

I thank you for your letter dated 4th February 1981, and for the assurances you have given on the continuing access of ACP sugar into the European Community, at guaranteed prices, and on the United Kingdom's full commitment to its obligation under the Sugar Protocol to the Lome Convention.

Mr. Richard Body M.P. will have reported to you our discussions in Suva on our continuing concern in Fiji on the marketing arrangement for our sugar in the United Kingdom.

We acknowledge the broad commitment of the European Community as a whole in the Sugar Protocol to the Lome Convention. However, it has always been our understanding that the Protocol on ACP sugar, as the successor instrument to the Commonwealth Sugar Agreement, also provides the necessary framework within which the marketing arrangements effected by the traditional Commonwealth suppliers to the United Kingdom market under the Commonwealth Sugar Agreement would be continued following the United Kingdom's entry into the European Community.

Indeed, this is the understanding which forms the basis of the present marketing contract between Fiji and Tate and Lyle. This contract specifically provides that all of Fiji's Lome quota of 163,600 M.T.G.V., which was based on Fiji's quota under the Commonwealth Sugar Agreement, must be refined in the United Kingdom.

We would like to continue this marketing arrangement when our present contract with Tate and Lyle expires in June next year. In saying so, and in seeking your Government's support for it, we have noted with appreciation your assurance that there is no reason why the United Kingdom cannot continue to take most of the ACP sugar, as at present, notwithstanding the closure by Tate and Lyle of its refinery in Liverpool.

...../Continued

You will, of course, be aware that not all ACP countries have contracted to deliver their entire Lome quota to the United Kingdom market. I understand that it is only Fiji and Swaziland which have done so.

On our part, our decision to commit our entire Lome quota to the United Kingdom market, and our desire to continue to do so, reflect the regard that we have for the United Kingdom as the most important overseas market outlet for our sugar.

I would be most grateful for the support of your Government in our approach to Tate and Lyle on this matter.

Yours sincerely,

(K. K. T. Mara)
Prime Minister

19 MAR 1961





**Merseyside
County Council**

PPS CF
R20

County Councillor Neville C Goldrein MA (Cantab)
Leader of the Council

PO Box 95
Metropolitan House
Old Hall Street
Liverpool
L69 3EL

Telephone 051-227 5234

The Prime Minister,
(The Rt. Hon. Margaret Thatcher, MP),
10 Downing Street,
LONDON. S.W.1.

18th March, 1981

Dear Prime Minister,

I wrote to you on the 20th February regarding the closures of the Liverpool plants of Tate and Lyle and Courtaulds and I received two separate acknowledgements from two Private Secretaries to say that I would be hearing from you in due course. The 90 day notices are rapidly coming to an end in both instances but I have not had any further communication from you.

This doubtless arises from the tremendous pressures under which you are working at the moment but I nevertheless hope that I shall hear from you in the very near future in view of the proposed loss of 3,000 jobs.

*Yours sincerely,
Neville Goldrein*

Prime Minister - I do not think that this needs a further
reply.

TL

M Lankster

ARCHBISHOP'S HOUSE,
87, GREEN LANE,
MOSSLEY HILL,
LIVERPOOL L18 2EP.

Telephone:
051 - 722 - 2379

17th March 1981.

cc:- MAFF - 23.3.81

R18/3
ms

Dear Prime Minister,

Bishop Sheppard and I are both most grateful for the very full reply you have kindly sent to our letter of 1st March about the closure of the Tate and Lyle Refinery.

We are sure that you will understand our disappointment at your conclusion that there is nothing the Government can do to prevent or delay the closure, but we are very grateful to you, as to Peter Walker, for the consideration given to the anxieties we have felt obliged to represent.

May we say that we welcome the news of the proximate establishment of the Urban Development Corporation and, before long, of the Enterprise Zone. We recognise their importance and are doing all in our power to help in the maintenance of local morale at this difficult time.

We are sure that you will understand that the united involvement of the Church Leaders here in the life and concerns of the community is of particular importance just now in light of the Rev. Ian Paisley's declared intention of carrying his campaign to England by holding a meeting in this city next month. We are doing all we can together to ensure that there is no undue reaction amongst our communities to this act of provocation.

Yours very sincerely

+ Paul Horok

The Right Hon. Mrs Margaret Thatcher, M.P.,
Prime Minister and First Lord of the Treasury,
10 Downing Street,
London.



10 DOWNING STREET

THE PRIME MINISTER

13 March 1981

Dear Mr Parry,

I thought that I should send you, on a personal basis, the attached letters to Trevor Jones and the Archbishop of Liverpool, about Tate and Lyle and the employment situation in Merseyside more generally. I know that you will be disappointed by the conclusion we have reached about the refinery, but I should like to assure you that we have devoted a great deal of time and effort to examining all the alternatives which have been proposed. I am sure that we have come to the only possible conclusion; what is important now is that we should press ahead with all possible speed with the initiatives we are already taking to help the area. We are determined to do so.

Yours sincerely,

Raymond Whelan

Robert Parry, Esq., M.P.

259



RH

10 DOWNING STREET

THE PRIME MINISTER

13 March 1981

Dear Nelson,

I wanted you to see the attached letters which I am sending to Trevor Jones and the Archbishop of Liverpool about Tate and Lyle. I have tried to set out our position in full in both letters.

- We are doing everything we can to help.

I am copying this letter and its enclosures to Lynda Chalker, Anthony Steen and David Hunt.

Yours ever

Malcolm

Malcolm Thornton, Esq, MP

255



10 DOWNING STREET

THE PRIME MINISTER

Your Grace

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 involved 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

RH

cc: MAFF
Sherrin.
D.L.
Demp

13 March 1981

+ Mr. Robert Parry MP
Mr Malcolm
Thornley MP

DSS

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 regime 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. But 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

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 regime 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, 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 high.

Against this background, I have had to conclude that unless Tate and Lyle are prepared to incur the losses involved in the continued operation of this refinery, closure is inevitable.

I am, however, deeply concerned about the general economic situation on Merseyside; and we are doing everything we can to speed up the initiatives we are taking to provide some alleviation for the area. I am glad to say that the Order formally establishing the Urban Development Corporation is to be debated in the House of Commons next Thursday; and I hope that the outstanding issues concerning the setting up of the Enterprise Zone at Speke can be settled very shortly. It is crucial for Merseyside that these two initiatives are a success: we for our part will do everything we can to make them so.

Yours sincerely

(sgd) MT

His Grace The Archbishop of Liverpool



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 ^{Tony} 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?

12
147



10 DOWNING STREET

THE PRIME MINISTER

*The relevant Order is to
be debated in the House of
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 ^{on several projects,} ~~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 1st 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 ^{Derek} ~~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~~ ^{involved} 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. ^{but it} ~~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~~ ^{introduce} ~~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

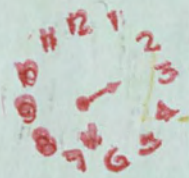
It is crucial for Antwerp side that
these two initiatives are a
success: we for our part will
do everything we can to make them
so.

Against this background, I have had to conclude that unless Tate and Lyle are prepared to incur the losses involved in the continued operation of this refinery, closure is inevitable. I am, however, ensuring that everything possible is done to alleviate the effects this will have on employment.

[Add paragraph listing Government aid at present going to Liverpool; and indicating the Government's willingness, in the light of this closure, to consider further assistance as necessary.]

I am, however, deeply concerned about the general economic situation in Merseyside; and we are doing everything we can to speed up the initiatives we are taking to provide some alleviation for the area. I am glad to say that the Order ^{formally} setting up the Urban Development Corporation is to be debated in the House of Commons next ~~Thursday~~ ~~Thursday~~ ~~Thursday~~; and I very much hope that the outstanding issues concerning the setting up of the Enterprise Zone at Speke ~~Speke~~ can be settled very shortly. ~~These and other initiatives~~
- 4 -
~~I sincerely hope that these, and other~~

10 MAR 1981





2005
2

Department of Industry
Ashdown House
123 Victoria Street
London SW1E 6RB

Telephone: Direct Line 01-212 0440
Switchboard 01-212 7676

David Young
Special Adviser

See Mr. Anderson

9th March, 1981

T. P. Lankester, Esq.,
Private Secretary,
10 Downing Street,
London, S.W.1.

See Mr. Anderson

This looks promising.

Good Time,

12

TATE & LYLE

I think I should bring you up to date with the latest position on Tate & Lyle. On Thursday morning I asked English Industrial Estates Corporation (EIEC) to inspect the site. This was done on Friday.

13/3

I have secured the services of Stuart Anderson who, for the last two or three years, has been running Clyde Workshops in Glasgow. This is the very interesting conversion of an old steel mill carried out by BSC (Industries) which has been responsible for the birth of over 60 new firms at minimal cost over that period.

A meeting took place this morning at the offices of our Liverpool Regional Director with the property representative of Tate & Lyle and EIEC; Mr. Anderson joined the meeting later. A plan of campaign was mapped out which will involve the creation of new advanced factories and a number of workshops. Unfortunately, it will take some months for Tate & Lyle to clear the site as many of the buildings are incapable of re-use and they have a considerable amount of plant in situ.

EIEC has a substantial expenditure allocation for Liverpool this year and is at present looking for sites. They could spend the money on conversions and new buildings but will have to have the site transferred to them. It will be more efficient to leave the dowry of £1 million to serve as venture capital for new businesses but if necessary this may have to be used on buildings.

I am arranging to see the Tate & Lyle people in London in the next few days. It would be helpful if pressure was put on them to act quickly.

John [unclear]
[Signature]

Time - can we do this please [unclear]

10 MAR 1981





2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

6 March 1981

Dear Tim

David Thank you for your letter of 5 March to Edmonds which, amongst other things, asked us for a draft letter for the Prime Minister to send in response to Sir Trevor Jones' letter of 23 February.

I now attach a draft.

We shall, of course, be coming back to you next week on other ideas for Merseyside.

Yours truly
J Jacobs

J JACOBS
Private Secretary

Tim Lankester Esq
No 10

LETTER TO COUNCILLOR SIR TREVOR JONES FROM THE PRIME MINISTER

11 Thank you for your letter of 23 February. I ^{have been kept fully informed} am fully in the picture ~~about the Tate and Lyle refinery closure~~. It is a severe blow to Merseyside and it is vital that the initiatives the Government are taking on Merseyside should proceed as quickly as possible.

A The Merseyside Development Corporation will come formally into being, ~~subject to Parliamentary procedures, very shortly.~~ A 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. ~~The Corporation's budget has clearly been announced, The Corporation are~~ ^{it is already} undertaking engineering studies in several areas, and ^{it is} are in preliminary discussion with potential developers.

~~On~~ the Albert Dock, I know of the developer's proposals and you will understand the need to follow listed building inquiry procedures. The public inquiry was postponed from 21 October to 13 January at the developer's request. Michael Heseltine fully recognises the need for a speedy decision.

^{As regards the} On 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 ~~such~~ agreement is reached, this ~~coming~~ 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.

CONFIDENTIAL

BK



10 DOWNING STREET

cc: CSO, HMT
Lwd.
Maff
CO
CPRS

cc: D. Wolfson
B. Ingham
J. Hoskyns

5 March 1981

From the Private Secretary

Tate & Lyle

I enclose the record of a meeting the Prime Minister had with four Conservative MPs last evening about Tate & Lyle.

You will see that the question of delays in the establishment of the Merseyside Development Corporation and the Speke Enterprise Zone was raised, and the Prime Minister had a word about this with your Secretary of State after the meeting of E Committee this morning. Mr. Heseltine explained that the main reason for the delays was the difficulty his Department was having in reaching agreement with the local authority. But he would do everything he could to speed up progress.

The Prime Minister said that, in view of the deteriorating industrial situation on Merseyside, it was essential that the UDC and EZ should come into operation at the very earliest possible. She hoped that it would be possible to make an announcement about the final establishment of the UDC and EZ by 3 April, which was the date the Tate & Lyle refinery was likely to close.

The Prime Minister and Mr. Heseltine also discussed briefly how new jobs might be stimulated by other Government initiatives on Merseyside. Mr. Heseltine said he had a number of ideas all of which would admittedly cost public money but which he believed would be worthwhile. He promised to let the Prime Minister have a note on this.

The Prime Minister has decided that she will not see the representative delegation which Sir Trevor Jones, in his letter of 23 February, has proposed the Prime Minister should meet. You kindly provided some notes on the points Sir Trevor Jones raised in his letter, and I should be grateful if you could now work these up into a draft letter for the Prime Minister to send to Sir Trevor. It would be helpful if I could have this by close of play tomorrow night.

CB
6/3

/ I am sending

CONFIDENTIAL

CONFIDENTIAL

- 2 -

I am sending a copy of this letter and enclosure to Terry Mathews (Chief Secretary's Office, HM Treasury), Ian Ellison (Department of Industry), Kate Timms (Ministry of Agriculture, Fisheries and Food), David Wright (Cabinet Office) and Gerry Spence (CPRS).

T. P. LANKESTER

David Edmonds, Esq.,
Department of the Environment

CONFIDENTIAL

h

CONFIDENTIAL

48



cc CO.

10 DOWNING STREET

From the Private Secretary

MR. IBBS
CENTRAL POLICY REVIEW STAFF

Merseyside

The Prime Minister is becoming increasingly concerned about the industrial and employment situation on Merseyside: the recently announced closure of the Tate & Lyle refinery there is the latest blow to hit the area. The Prime Minister would be grateful if you would let her have a note setting out any ideas you might have for an initiative, or set of initiatives to provide some hope to the area.

I attach some notes which DOE have prepared in response to a letter from the Leader of the Liverpool City Council which may be of some help. I also enclose, if you have not seen it already, a copy of the record of the Prime Minister's meeting with the Chairman of Tate & Lyle yesterday.

I am sending a copy of this minute to Sir Robert Armstrong.

T. P. LANKESTER

5 March 1981

CONFIDENTIAL

MMW

file

B.K.

MP
Mon 9/3

5 March 1981

You already have a copy of the letter which was sent to the Prime Minister from the Archbishop of Liverpool and the Anglican Bishop of Liverpool about Tate & Lyle.

The Prime Minister would like to send a full reply explaining the reasons for the refinery's impending closure, and the reasons why it would be impossible for the Government to keep it going. She believes there is a good deal of misunderstanding about the scope for Government intervention in this case. Please could you let me have a draft by Tuesday 10 March.

T P LANKESTER

Miss Kate Timms,
Ministry of Agriculture, Fisheries & Food

MP

SUBJECT
cc to Maber

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND MERSEYSIDE
MEMBERS OF PARLIAMENT HELD IN THE HOUSE OF COMMONS ON WEDNESDAY
4 MARCH 1981 AT 2130 HOURS

Present:

Prime Minister
Mr. Whitmore

Mrs. Lynda Chalker
Mr. Malcolm Thornton
Mr. Anthony Steen
Mr. David Hunt

* * * * *

Mr. Thornton said that he and his colleagues from Merseyside had asked to see the Prime Minister as a last resort to try to prevent the immediate closure of the Tate & Lyle sugar refinery in Liverpool. It was important to understand the wider background to the proposed closure. There had been just over 33,000 redundancies in the area over the last five years. Between 17,000 and 20,000 people were leaving Merseyside each year, most of them young. If Tate & Lyle went ahead with their plans to close the refinery, 1,600 jobs in the firm itself would be lost, together with 3-4,000 jobs in ancillary industries. This would be an appalling blow for Merseyside; and it would be made all the worse because it would not be happening because of bad industrial relations, the reason given most frequently for closures on Merseyside.

He and his colleagues were well aware of the strength of the narrow economic arguments for closing the plant. It was unprofitable, and failure to close it could affect Tate & Lyle's other operations in London and Scotland. But there was a very heavy social price to pay for doing the right thing economically. It would appear to the people of Merseyside that the Conservative Party could offer them only words about Urban Development Corporations, Enterprise Zones and inner city partnership schemes, and were not able to do anything practical to help with the growing problem of unemployment. The closure of the Tate & Lyle refinery would be the straw that finally broke the back of Conservative credibility in the area. Moreover, the trade union leadership

/ involved

involved in the dispute was moderate and responsible. If they were let down, they would be delivered into the hands of the militants.

Mrs Chalker said that nobody doubted Tate & Lyle's economic judgement but she doubted their political wisdom. The proposal to close the refinery was something of a watershed on Merseyside. The area had survived earlier closures, eg Bowater's and Lucas Girling, but in an indefinable way the proposed closure of the refinery was a signal that the economic state of the region had moved on to a different plane. She and her colleagues had made a number of approaches to Tate & Lyle and had explained their anxieties to them at length. But the company were unbending and appeared determined to close the plant down.

Mr. Steen added that they had been exploring various solutions with Lord Jellicoe. They had tried to persuade him that on the assumption that the UDC and EZ would be fully in operation in two to three years' time, Tate & Lyle should keep their refinery going until new jobs were available. In short, they were seeking a bridging operation, and he wondered whether, if necessary, some of the public money available for the UDC could be switched to finance Tate & Lyle during this transitional period.

Mr. Hunt said that there was a new sense of realism amongst the Merseyside workforce. Moderates were now leading the unions everywhere, and we should take advantage of this.

The Prime Minister said that she had every sympathy with their concern. She had seen Lord Jellicoe and his colleagues from Tate & Lyle earlier that day and she had asked them why they were closing the refinery after 103 years of operation and notwithstanding their admission that their workforce was good. She knew that one of the firm's problems at present was that they were prevented from exporting refined sugar under their contracts with ACP countries, but these contracts expired in 1982 and she had therefore pressed them to keep the refinery open until then, when there would be an opportunity to negotiate new agreements. Moreover, Tate & Lyle were at present making a profit of £30 million, and she had suggested

/ that some

that some of that might be used to keep the Liverpool refinery going. In response, Lord Jellicoe had told her that the firm was making a profit of only £5 million out of sugar and that this would disappear if they did not close the Liverpool refinery. Moreover, they^{had} asserted that 75 per cent of the workforce wanted to take the redundancy payments on offer. She had asked them nonetheless not to close the plant for the time being and she had asked Lord Jellicoe to examine with the Department of Industry whether it might be possible to provide an enterprise scheme in Liverpool for which Tate & Lyle could provide a "dowry". Lord Jellicoe had agreed to look at this idea and had mentioned the possibility of providing £1 million for this purpose.

Mr. Thornton said that what was at issue was the timing of the closure. Nobody disputed that the refinery would have to go at some point. The question was when. What was needed was a package which could keep the factory in being for a finite period of time during which some permanent solution could be found. There were delays, for which the Department of the Environment was responsible, in getting both the UDC and the EZ off the ground, but these should come to fruition before long. There were also a lot of small businesses starting up on Merseyside and these would take perhaps two years to take off. The refinery should be kept going while these new developments were given a chance to take root. A reprieve on these lines would show that the Conservative Party meant business.

After further discussion it was agreed that the 4 Members of Parliament should seek an urgent meeting with Tate & Lyle to press upon them as strongly as possible the need to keep the refinery going for a fixed transitional period during which other new jobs could be expected to be created on Merseyside. If that approach was unsuccessful, they should press the firm to provide a "dowry" and they should seek to persuade them to set this at a level well above the £1 million mentioned so far.

The Prime Minister said in conclusion that the 4 Members of Parliament should let her know the result of their meeting with Tate & Lyle. If necessary, she would see them again to discuss

how to handle the outcome publicly. In the meantime, she would let the Secretary of State for Industry know of their further approach to the firm. She would also ask the Secretary of State for the Environment to speed up as much as possible the establishment of the Urban Development Corporation and the Enterprise Zone in the area.

The meeting ended at 2300 hours.

AW.

5 March 1981

Tok's will be
of your
action.



108 years.

Svens. - Forced

THE PRIME MINISTER

TATE & LYLE LIVERPOOL REFINERY

I have seen a copy of George Jellicoe's letter to you of 27 February about the closure of Tate & Lyle's Liverpool refinery. I have also seen a copy of Peter Walker's comments.

2. I am writing to let you know that I very much agree with Peter Walker's advice that the Government should not intervene to prevent or delay this closure.
3. Regrettable as an increase in the level of unemployment in the Liverpool area undoubtedly is, I do not believe that it would be compatible with our industrial policy towards the private sector if we were to inject Government money in the present case. George Jellicoe's letter brings out very clearly that what would be involved is not merely a once-and-for-all injection of capital but, in effect, a permanent operating subsidy paid on sugar exports. In other words, even with the capital conversion of the Liverpool refinery as proposed, there is no prospect of it ever returning to profitable operation even in the long-term. Given this outlook and the evident reluctance of the company themselves to keep the refinery open, I think we should accept George Jellicoe's advice that the closure should take place sooner rather than later.
4. In addition to what I see as the fundamental objection set out above, the two proposals on page 4 of George Jellicoe's letter present particular difficulties. Quite apart from possible objections from the Community, a 100% grant for capital investment would go well beyond anything we are normally prepared to offer

under the regional assistance programmes and would be an expensive precedent for the future. The same is also true of the suggested export subsidy.

5. I understand that, when you saw the Trade Unions involved in the closure on 23 February, one of the arguments they advanced for Government intervention was the cost falling on the Exchequer as a result of the closure. I attach below a note by my officials commenting on the Trade Union's figures. Given that TL's proposals for keeping the refinery open in any case entail reducing the workforce by nearly half, it looks as though no significant Exchequer saving would be achieved by keeping the refinery open even in the short-term. This, of course, reinforces the case against any Government intervention in present circumstances.

They
must
mean
Bob
Pang
12

L.B

LEON BRITTAN

4 March 1981

EXCHEQUER COSTS OF CLOSURE OF TATE & LYLE'S LIVERPOOL REFINERY

Note by Treasury officials

The two documents produced by the trade unions representing the workers at the Liverpool refinery and by the Liverpool Welfare Rights Resource Centre analyse the Exchequer costs of the closure of the refinery under four headings:

- costs of redundancy payments to the Exchequer: -£4m
- losses from write-off of capital: - unquantified
- loss of rates to local authority: -£0.25 - £0.5m
- loss of tax and additional social security payments:
-£4.5m - £10m

2. In the time available it has not been possible to make a precise calculation of the costs under these four headings. In closure cases the precise Exchequer costs depend on the circumstances surrounding the redundancies, the age and length of service of those made redundant, the proportion of those made redundant who register as unemployed, the extent to which they are able to find new employment and if so whether they displace people presently employed or extend the duration of unemployment for others on the register as well as on numerous other variables. A full appraisal would involve a lengthy study and consultation with Department of Employment and DHSS. The comments below are therefore intended only to give a broad picture of the possible costs on the basis of recent work on the average costs of unemployment reported in the February Economic Progress Report.

Redundancy costs

3. The data quoted in the Welfare Rights Centre imply an abnormally long average length of service for the Tate & Lyle workers and their estimate of £4m Exchequer costs looks too high for this reason. During 1980 the average payment from the redundancy fund was about £1,000 per redundancy. On this basis we estimate the direct costs of the Tate & Lyle redundancies at some £1.6m. In

addition consequential redundancies in the supply industries might raise this total by half as much again to give a total cost of £2.4m.

Write-off of capital

4. The unions argue that some of TL's £20m capital write offs will qualify for Corporation Tax relief. We believe this is unlikely to be significant, because in the case of plant 100% capital allowances will already have been given and the buildings are probably fully depreciated for tax purposes.

Loss of rates

5. We agree with the lower estimate of £0.25m given in the Welfare Rights Centre document. This would decline in future years.

Loss of tax and additional social security payments

6. On average Exchequer costs per additional unemployed person are about £3,500 per annum. On this basis and assuming a total rise in unemployment of between 1,600 and 3,200 (the latter figure being an extreme assumption of an equal number of unemployed in the supplying industries) the total cost would be £5.6m - £11.2m, a shade above the union estimate of £4.5m - £10m. We would expect the cost to persist at something like these levels for 2-3 years and thereafter to decline gradually. Even in areas of high unemployment those initially made redundant may be re-employed quite quickly; in the Liverpool area the median length of unemployment seems to be about 1 year.

Comment

7. The calculations above suggest a once-and-for-all redundancy cost to the Exchequer of up to £2.4m and a cost of foregone revenue and additional social security payments of £11m at maximum. The proposals in Lord Jellicoe's letter imply a capital cost of £11m and a continuing export subsidy of £4m a year; to these figures

must be added the cost of reducing the workforce by half which on the analysis above could come to at least a further £3m a year.

24 MAR 1961



$\angle 12.4 \text{ m.}$

3

11

4

Claims $\angle 30 - \text{prof.}$

Appl. Rev. \rightarrow

CONFIDENTIAL

MR. WHITMORE

Meeting with Tory MPs - Tate & Lyle

Michael Thornton has a copy of Sir Trevor Jones' letter, attached, and has told us that he may want to discuss it with the Prime Minister.

In this folder is briefing from DOE and DOI on the four points in the Jones letter.

I think it would be unwise for the Prime Minister to mention that Tate & Lyle have offered a £1 million dowry for an enterprise scheme. If this got out before they have finalised a scheme with the DOI, there is a real risk that they would withdraw the offer.

I am also sending over the Prime Minister's file for the meeting with Jellicoe this afternoon and a copy of my record.

TPL

4 March 1981

CONFIDENTIAL

CONFIDENTIAL



cc Ingham
Wolfson
Haskyngs

file B

10 DOWNING STREET

From the Private Secretary

4 March 1981

I enclose a copy of the record of this afternoon's meeting between the Prime Minister and the Chairman of Tate & Lyle.

One of the conclusions of the meeting was that Tate & Lyle would provide £1 million, and hopefully more, towards an enterprise scheme for Liverpool. The Prime Minister would be grateful if the Department of Industry could make rapid contact with Tate & Lyle and assist them in working up a suitable scheme. She has suggested that the Government will need to make a contribution; how much and where the money should come from will need to be discussed between the Department and the Treasury.

I am sending a copy of this letter and its enclosure to Terry Mathews (Chief Secretary's Office, HM Treasury), Ian Ellison (Department of Industry), David Edmonds (Department of the Environment) and David Wright (Cabinet Office).

J. P. LANKESTER

Miss Kate Timms,
Ministry of Agriculture, Fisheries & Food.

CONFIDENTIAL

CONFIDENTIAL

Subject
cc to Master
Seat

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE
CHAIRMAN OF TATE AND LYLE AT NO. 10 ON WEDNESDAY 4 MARCH
AT 1600 HOURS

Present

The Prime Minister
The Secretary of State for
Industry
The Minister of Agriculture
Chief Secretary, Treasury
Sir Brian Hayes
Mr. T.P. Lankester

Lord Jellicoe
Mr. Tomlinson
Mr. Shaw

* * * * *

The Prime Minister said that she was very concerned about the impending closure of Tate and Lyle's Liverpool refinery. Unemployment in the area was already extremely high and the workforce, which had been very loyal to the company, would feel bitter about the closure. She understood that the company had recently announced a £30 million profit. They could scarcely argue, therefore, that they had been forced to close the refinery. In these circumstances, the closure would be bad for Tate and Lyle's image and for the image of private enterprise generally. She felt that the closure could have major political consequences: it could be the spark that would set off trouble in Liverpool and elsewhere. If Tate and Lyle had been a Japanese company, they would have foreseen the problem that was coming and invested in new activities so as to provide jobs for the refinery employees. She understood that there were strong commercial arguments for closing the plant, but she felt the company should take into account their wider social obligations and at least postpone the closure for the time being. She understood, for example, that they had a private understanding with the ACP countries not to re-export refined sugar - and contrary to what Lord Jellicoe had told her, re-exports were not prohibited under the Lome Agreement; might it not be possible to start re-exporting when these understandings ran out in 1982?

/ But the proposals

CONFIDENTIAL

CONFIDENTIAL

- 2 -

But the proposals for Government assistance to keep the refinery open, put forward in Lord Jellicoe's latest letter, were quite unacceptable.

Lord Jellicoe said that he understood the Prime Minister's feelings. Tate and Lyle's Liverpool employees had indeed been loyal and hardworking, and he agreed that the unemployment situation in Liverpool was terrible. But he resented the criticism that the company had no social conscience. The refinery had been losing money for several years, and they had kept it going much longer than they should have done from a commercial point of view. Although Tate and Lyle as a group had announced profits of £30 million, only £5 million was attributable to their sugar operations. This ^{level of profitability} was quite inadequate to provide the funds for the re-equipping of their London and Greenock refineries. They had given the Government ample warning of the refinery's difficulties, and they had done much to diversify their activities. For example, they had put money into speciality chemicals, into furniture and skateboard plants, and into the acquisition of Ridgeways Tea Company. Some of these diversifications had run into difficulty, but it could not be said that the company had not made a major effort. Given the latest decisions on the sugar beet quota, which they had not questioned, both the company and MAFF now felt that - with the closure - the UK sugar market would be in reasonable equilibrium. He understood from the Prime Minister's recent letter to him that she had accepted they had to take a commercial decision and close the refinery; and while on social grounds he regretted that this was necessary, he felt there was no alternative. To announce a temporary reprieve, as the Prime Minister seemed to be suggesting, would be most unwise. He and his colleagues had had a series of meetings with the trade unions concerned, and they now seemed to accept that, if there was no means of off-lifting the sugar surplus that continued operation at Liverpool would entail,

/ there was

CONFIDENTIAL

CONFIDENTIAL

- 3 -

there was no alternative to closure. He had told an Annual General Meeting of the company that morning that, while the Board still remained in talks with the trade unions and the Government, the only solution to their current over capacity seemed to be closure at Liverpool. He believed that 75 per cent of the workforce would now accept the company's generous redundancy terms. He also believed that the company had now substantially allayed the fears of the ACP suppliers.

Mr. Shaw said that the understandings with the ACP suppliers which the Prime Minister had referred to had not been willingly entered into by the company, and he did not believe that they would be able to obtain adequate supplies in the future without similar understandings. This meant that exports were effectively ruled out. Yet the only possibility of keeping the Liverpool refinery open was on the basis of exports - albeit at a substantial loss on every tonne exported.

The Minister for Agriculture asked whether they had considered offering the employees the option of closure now on their existing redundancy terms, or closure in, say, a year's time on the basis of only the state redundancy terms. Mr. Shaw responded that the latter possibility would not solve anything - it would merely put off the difficulties of closure.

The Secretary of State for Industry said that the BSC subsidiary, BS Industries, had been successful in a modest way in encouraging new enterprises in steel closures areas. He wondered whether Tate & Lyle could provide a "dowry" for an enterprise scheme in Liverpool. The Department of Industry would be glad to discuss with the company how such a scheme might be organised. If such a scheme could be put together, it was highly desirable that it should be announced by 3 April, the proposed closure date. It might also be helpful if the Department could put them in touch with possible licensors overseas: they had information on a number of foreign companies who would like to offer licences to UK businesses.

/ Lord Jellicoe

CONFIDENTIAL

CONFIDENTIAL

- 4 -

Lord Jellicoe said that, although he would have to carry his board with him, he would be prepared to offer a "dowry" of £1 million towards a scheme on the lines suggested by Sir Keith Joseph. He would like to take up Sir Keith's suggestion that the Department of Industry should help the company to prepare such a scheme.

In conclusion, the Prime Minister said that she was still most unhappy about the proposed closure. But if the company felt they had no alternative, she very much hoped that an enterprise scheme, with a "dowry" from the company if possible significantly greater than £1 million, could be worked up with a view to announcement before the closure date.

The meeting ended at 1650 hours.

12
..

4 March 1981

CONFIDENTIAL

file

vb

3 March 1981

I am writing on behalf of the Prime Minister to acknowledge the letter you and the Bishop of Liverpool recently sent to her.

I have placed this before the Prime Minister and a reply will be sent to you as soon as possible.

TPL

His Grace The Archbishop of Liverpool

CONFIDENTIAL

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH



From the Minister

3 March 1981

PRIME MINISTER

CLOSURE OF THE LIVERPOOL REFINERY
MEETING WITH LORD JELlicoe

---A I attach a note by my Department on the latest conditions suggested by Lord Jellicoe for keeping open the Liverpool refinery. You will see that having originally required that BSC's marketings on the UK market be restricted to 936,000 tonnes annually and that the workforce should accept cost cutting changes, Lord Jellicoe has now added a new condition that the Government should meet 100% of an £11 million modernisation programme at the end of which only 700 jobs would remain.

I do not believe that Lord Jellicoe expects us to be able to meet either of these conditions. The question of investment aid is primarily for Keith Joseph, but I cannot imagine that he could contemplate accepting an assistance programme to which the Company would not contribute at all and where the cost to the Government would be almost £16,000 per job saved.

Equally I am sure that Tate and Lyle are aware that the Community could not agree to setting a special rate of export subsidy to make it profitable for the BSC to export any production above 936,000 tonnes, and that it would be contrary to Community rules for the UK to pay a special national subsidy on top of the normal Community subsidy out of its own resources.

x There is a further point about BSC exports which we must not mention to Lord Jellicoe but of which you should be aware. Last year S & W Berisford Ltd made a bid for BSC which was referred to the Monopolies and Mergers Commission (the Commission have now conditionally cleared the bid, although this must remain confidential until their Report is published late this month). In the hope of acquiring the Government's 24% holding in BSC, Berisfords had earlier offered an assurance that, if they gained

CONFIDENTIAL

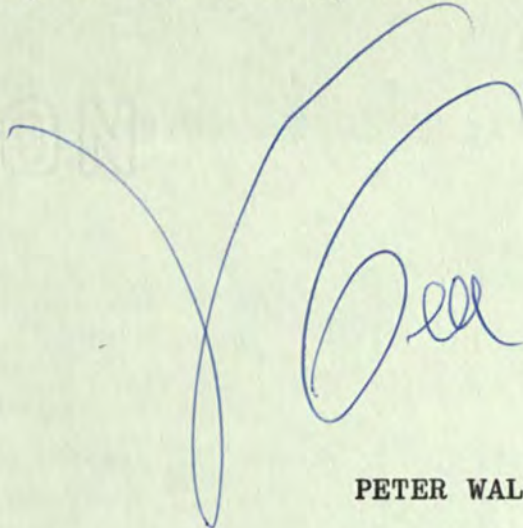
CONFIDENTIAL

control of the Company, they would "avoid impeding, so far as was within their powers, the continued operation of the three present Tate and Lyle refineries" and said they would honour this assurance by exporting any surplus from the UK market. The fact that they offered this assurance will be mentioned in the Commission's Report, and will thus become public.

We do not yet know whether Berisfords will still wish to proceed, given the sharp rise in the BSC share price meanwhile. Assuming they do, I am convinced that, if they are still prepared to give the assurance at all, their tactic would be first to offer it to the Government privately, in the hope of persuading us to accept the bid on behalf of our shareholding. And, if they did repeat it - with the intention of keeping it - it would cost them some £4 million per year in lost revenue. This would depress the value of the bid they could afford to make to such an extent that there would seem no chance of its succeeding against other potential bidders.

My conclusion remains, therefore, that we should continue to hold to our position that it is a commercial matter for Tate and Lyle to determine, in the light of its own assessment of its likely raw material supplies and of the market for its products, whether the Liverpool refinery should remain open. We should not attempt to change that decision by distorting the rest of the sugar market. Such actions would be damaging in themselves and would expose us to continuing pressures to find means to subsidise the Liverpool plant, or Tate and Lyle as a whole, if they did not succeed.

I am sending copies of this minute to the Secretaries of State for Foreign and Commonwealth Affairs, Industry, Employment and Trade, the Chief Secretary to the Treasury and to Sir Robert Armstrong.



PETER WALKER

CONFIDENTIAL

PRIME MINISTER

Mr. Walker's view, supported by the Treasury, is that we cannot possibly accept Lord Jellicoe's proposals for keeping the Liverpool refinery open.

Mr. Walker has asked me to emphasise that the point at X about Berisford's must not be revealed to Jellicoe. But I am very worried that the Berisford assurance is to be published. The Unions will say, even though it now looks a non-starter, that we were offered the chance of exporting the British Sugar Corporation's "surplus" and failed to accept it. I think this is of sufficient importance for Mr. Walker to tell the Commission - and he can do so - to delete the reference.

I assume that you go along with Mr. Walker's main recommendation. But I think it would be worth having 10 minutes with him before the Jellicoe meeting to consider how to play it, and to discuss the Berisford point and how we should handle Trevor Jones and the others who have asked for a meeting with you. (There is a letter in today from the Roman Catholic Archbishop of Liverpool and the Anglican Bishop asking you to intervene - flag B.)

I have also included in the folder MAFF's comments on the trade union paper which Bob Parry handed you last week (flag C), and also at flag D a note on the re-export of ACP sugar. The latter indicates that, contrary to what Jellicoe told you, the Lomé Agreement does not prevent the re-export of refined cane sugar.

T.

3 March 1981

Copy
 Refuse with
 originals on receipt

LETTER TO PRIME MINISTER DATED 23 FEBRUARY FROM LEADER, LIVERPOOL CITY COUNCIL.

Progress on Merseyside Development Corporation (MDC)

1. Work is proceeding as follows:

Formal establishment of Corporation:

Affirmative Orders will be debated in both Houses about the third week of March subject to Parliamentary business arrangements. The Order both formally establishes the Corporation and delineates its area (865 acres).

Board appointments:

To be announced in the near future following final clearance within Government and consultation with local authorities.

Land Acquisitions:

Orders vesting public authority land (including land at present held by the existing major land owner the Mersey Dock & Harbour Company (MDHC)) should be laid before Parliament soon. These may be ruled to be hybrid orders and therefore could be subject to examination by a House of Lords Select Committee (depending upon petitions received). The immediate next step is for the Secretaries of State for Environment and Transport to consider what land, particularly that owned by MDHC, should be included in a vesting order - important land acquisition issues have not been agreed between MDC and MDHC. Officials are now preparing briefing.

Planning Powers:

An order will be laid shortly conferring certain planning powers on MDC.

Financial Resources:

MDC's 1981/82 budget will be about £22 million (out-turn prices). MDC will be expected to maximise private sector investment.

Development Strategy:

MDC are now finalising their development strategy following an initial report from consultants. Local authorities will be consulted about this strategy.

Development work in hand:

The area largely comprises disused docks and other sites requiring reclamation and infrastructure investment before development can

proceed. MDC are now carrying out engineering studies using private sector consultants. MDC are in discussion with certain developers but at this stage these are necessarily tentative.

Staffing:

MDC will be tightly staffed. Recruitment is now proceeding. The Corporation will be expected to maximise the use of private sector consultants, etc.

Albert Dock

2. This is a large warehouse complex of historic importance - listed Grade I. It occupies a key site at the north end of the disused South Docks (all within the MDC's area) and is near Liverpool's existing business centre. The successful refurbishment of the warehouse is clearly of great importance. Planning permission has been received by the developer, Mr Zisman, to convert the warehouse into a trade centre/offices.

3. His proposed alterations to the building required him to seek listed building consent and following the receipt of objections, the Secretary of State arranged a listed building consent inquiry. That inquiry was postponed at the developer's request from 21 October to 13 January. The Inspector's report is expected very soon and the Secretary of State will decide on the listed building consent application as soon as possible thereafter.

4. The site is at present owned by the Mersey Docks & Harbour Company but the Merseyside Development Corporation wish to have the site vested in them. The Corporation wish to ensure that these buildings are successfully refurbished and consider that progress can best be assured if they, as the regeneration agency, are the owners. Mr Zisman's Company does not appear to have had experience in tackling a project on this scale and the Corporation would no doubt wish to ensure that alternative development proposals/developers are brought into play if that is required.

5. The ownership/vesting issue is not holding up development but clearly must be resolved shortly.

Enterprise Zone at Speke

6. The next step is for a formal invitation to be sent to Liverpool City Council by the Secretary of State for the Environment to prepare an Enterprise Zone scheme within a given boundary. The reason why a formal invitation has not been sent up till now is because Liverpool City Council have not agreed certain key points - boundary, extent of freedom from planning control, speed of decision. These issues are summarised in the Minister for Local Government's letter of 2 March. Clearly Environment Ministers wish to bring this matter to a conclusion as soon as possible and have instructed officials accordingly. [It is possible that if a satisfactory resolution cannot be reached very soon the Enterprise Zone at Speke will not be proceeded with.]



MINISTER FOR LOCAL GOVERNMENT
AND ENVIRONMENTAL SERVICES

DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3BQ

01-212

CC/ PS/Lord Bell
Mr McQuinn
Mr Sorenson
Mr Gough
Mr [unclear]

My Ref: K/PSO/30750/81

2 March 1981

Mr [unclear]
Liverpool
[unclear]

David Row

Sorenson
New

Thank you for your letter of 5 February.

As you know the Government's original intentions were that Enterprise Zones should be areas where there would be a free planning regime except for matters affecting public health and safety. As negotiations with the various local authorities have proceeded special circumstances in each case have persuaded us to modify this concept in some small degree. In every other case in England, however, we have been able to negotiate a planning regime which is overall less restrictive than the one you advocate for Speke. We are prepared to agree exclusion of special industry and other specified obnoxious developments and to place some restriction on retail developments. We are also prepared to accept conditions about site coverage (where this is practicable) and with regard to the proximity of buildings to site boundaries. We agree that special provision needs to be made to ensure safe access to classified roads.

We have always regarded the first EZ proposals as experiments and have recognised that there would be only a limited number of sites which would be suitable for testing planning relaxations which are part of the concept. This is one reason why we wish to monitor what will happen in the Zones. In the light of what you say in your last paragraph I can appreciate that your Council may take the view that they should not expose the airport land to the risks inherent in such an experiment. If this is indeed your view, then perhaps the answer is to retain normal planning control in this area and exclude it from the Enterprise Zone.

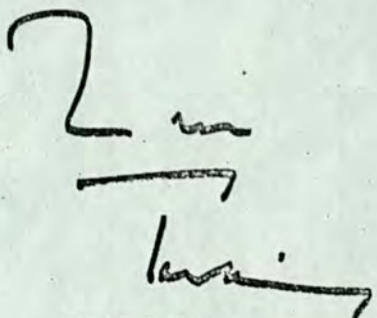
I assume that the Council's fears about undesirable development would not be as strong in relation to the BL, Dunlop and East sites. These are also the areas which appear to be most in need of an early stimulus to development which the EZ will provide.

May I ask that your Council should consider its position again with regard to both the boundary and the planning regime? To assist I attach a note of the boundary options which would be acceptable to the Government, and of the sort of planning regime which would be generally in line with the approaches adopted elsewhere (Annex A). I hope you may find such an approach acceptable in the Speke case.

Notwithstanding my comments above about the airport land, if your Council wish to proceed with its inclusion in the Zone, I can confirm that we would be prepared to accept Phase 2 subject, of course, to the appropriate resolution of the County Council tomorrow. National publicity, now being prepared to advertise enterprise zones, will make the point that authorities will normally make decisions on matters referred to them within two weeks of application. We should have to draw attention to the fact that in Liverpool applications might on average take a little longer to process. Naturally, I would very much prefer not to have to make a distinction between Liverpool and the other EZ authorities and I would again ask your Council to consider arrangements which would give decisions on referred matters within 2 weeks where possible. It is certainly not clear to me why procedures would have to be different in Liverpool.

I believe there may have been some misunderstanding about the reserved matter of site boundaries. This is certainly not an issue if you agree that it need not be covered in the Enterprise Zone Scheme. Landowners have an obvious incentive to ensure that there is no landlocking and consequent sterilising of development land.

I should be grateful to know as soon as possible whether your Council wishes to proceed with the EZ scheme, and if so, upon which boundary option. You know our clear views on housing, development exclusions, and the decision period. I hope we can resolve these issues and make rapid progress on the designation of the Zone.


TOM KING

Sir Trevor Jones JP

PROPOSED SPEKE ENTERPRISE ZONE

BOUNDARIES

Option 1 - The BL and Dunlop sites together with the EIEC estate and Phases 1 & 2 of the airport land (subject to the appropriate resolution of the County Council). (Annex B)

Option 2 - The BL and Dunlop sites and the EIEC estate. (Annex C)

PLANNING REGIME (for either option)

Exclusions: Special industries (Classes V - IX)

Retail developments over 16,000 sq ft gross floor space.

Exclusions required by the Civil Aviation Authority for aircraft operations.

Other specified obnoxious uses to be agreed by the Department in consultation with the City Planning Officer.

Standard Conditions : 50% site coverage by buildings (in the case of undeveloped areas)

no building within 5 metres of a boundary fence or highway;

standard of access to classified roads (if applicable); conditions

required by the Civil Aviation Authority for aircraft operations.

Reservations: Access to classified roads, subject to consultation with the highway authority.

Highway standards, where it is proposed that the highway should be adopted by the highway authority.

from: The Right Rev. David Sheppard, Bishop
of Liverpool; and
The Most Rev. Derek Worlock, Roman
Catholic Archbishop of Liverpool.

ARCHBISHOP'S HOUSE,
87, GREEN LANE,
MOSSLEY HILL,
LIVERPOOL L18 2EP.

Telephone:
051 - 722 - 2379

21st March 1981.

15r ?

Mr Prime Minister,

*cc Press
MAFF*

Some weeks ago we were both approached by the shop stewards of the Tate and Lyle Sugar Refinery in Liverpool and asked for help in trying to avert the then anticipated announcement of its impending closure. Subsequently we were invited by the civic authorities to attend a Town Hall meeting of representatives of the Merseyside community and of all political parties, the Chamber of Commerce, Trade Unions, etc. On that occasion it was decided that the situation was sufficiently grave that a direct approach be made to yourself and we were asked to join a representative delegation for that purpose.

You will know that nearly two weeks ago we were kindly received by the Minister of Agriculture, who listened patiently to the many points laid before him, explained why he felt unable to take any further initiative in the matter himself but undertook to report fully to the Cabinet and yourself. We know that you have also yourself received the local Member, Mr. Bob Parry, M.P. We understand that the Leader of the City Council, Sir Trevor Jones, has again written to you to seek your intervention. Numerous interests have been received by Earl Jellicoe, Chairman of Tate and Lyle. We ourselves accepted his invitation and spent some time with him last Thursday.

In spite of all these approaches which have been directed to your colleagues and yourself, we are confident that you will understand our writing to you personally now, not only because of the gravity of the situation, but because we are convinced that only through your personal intervention can the disastrous consequences of this closure be averted and a way out of the present impasse be found.

We know of the various alternative proposals which have been advanced by the Trade Unions. After all our conversations it is clear that the Minister of Agriculture feels that there can be no further reduction in the quota of beet sugar, and Tate and Lyle see no possibility of continuing their use of the Liverpool refinery unless there can be a possibility of increased export of sugar. Clearly there are many

The Rt. Hon. Mrs Margaret Thatcher, M.P.,
Prime Minister and First Lord of the Treasury.

difficulties arising from E.E.C. regulations, yet we have been assured that such export would not, as is sometimes suggested, be regarded as an unfriendly act by the A.C.P. countries.

Mr. Peter Walker has said that there is no initiative which he can take. Earl Jellicoe, who clearly shares our distress at the closure of the Liverpool refinery, sees no initiative available to him unless something can be done to open up the prospect of exporting more sugar. The Liverpool refinery has been losing money, the firm has not been investing in the up-dating of the plant, and the request from Liverpool that the closure be delayed for another 18 months to 2 years is regarded by Tate and Lyle as unrealistic in present circumstances.

Yet this Government and its predecessor have generously sustained the Partnership scheme, with which from its earliest days we have both in some measure been associated. We understand that the Urban Development Corporation and the Enterprise Zone - to both of which projects we have given public support - are despite some difficulties near realisation. We know, therefore, that you will share our sense of tragedy that this further and significant closure of the refinery is to produce further redundancies before any alternative employment can be provided through these new measures. (These last two months have produced 7,000 redundancies in Liverpool, whereas the annual average for the last three years has been 9000).

Earl Jellicoe has himself attributed high praise to the refinery work-force which will soon be redundant. It is understood that the closure will also produce other related redundancies, including some in the Mersey Docks and Harbour Company. The area from which the labour force is drawn is highly concentrated. The City Planning Officer's estimate of unemployment in that district of Liverpool (Vauxhall) was even last November 46%. In some of our Inner City parishes scarcely a family will be unaffected. Because of the family employment tradition of this century-old firm, the threat of closure is most damaging to morale and accentuates the general impression that each closure by a multi-national prepares the way for the next closure.

We fully recognise the help which H.M. Government is bringing to this area through various schemes. The greatest service would in our opinion be the boost to morale if some step could be taken to make it possible for the Tate and Lyle closure decision to be reversed. We believe that it may well lie only in your power that such an initiative could be taken.

We are sorry to inflict this long letter upon you but the matter is urgent. We feel that we would be failing in our duty to the community and indeed to the Government were we not to make this direct appeal to you. We ask your kind and patient further consideration of this matter.

Yours very sincerely

+ David Liverpool

(Right Rev. David Sheppard)
Bishop of Liverpool.

+ Derek Worlock

(Most Rev. Derek Worlock)
Archbishop of Liverpool.



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

3 March 1981

Dear Tim

Thank you for your letter of 27 February to David Edmonds enclosing a copy of a letter sent to the Prime Minister by Sir Trevor Jones. You asked for advice on how the Prime Minister might respond to points 1 - 3 of this letter.

In view of your request for comments by this evening, I am enclosing in its entirety, a copy of the note which our Regional Office have sent me on the points at issue.

I think that you could draw on this both for the purposes of the reply to Sir Trevor Jones and for the Prime Minister's briefing for her meeting with Conservative MPs tomorrow evening.

Yours sincerely
J. Jacobs

J JACOBS
Private Secretary

LETTER TO PRIME MINISTER DATED 23 FEBRUARY FROM LEADER, LIVERPOOL CITY COUNCIL.

Progress on Merseyside Development Corporation (MDC)

1. Work is proceeding as follows:

Formal establishment of Corporation:

Affirmative Orders will be debated in both Houses about the third week of March subject to Parliamentary business arrangements. The Order both formally establishes the Corporation and delineates its area (865 acres).

Board appointments:

To be announced in the near future following final clearance within Government and consultation with local authorities.

Land Acquisition:

Orders vesting public authority land (including land at present held by the existing major land owner the Mersey Dock & Harbour Company (MDHC)) should be laid before Parliament soon. These may be ruled to be hybrid orders and therefore could be subject to examination by a House of Lords Select Committee (depending upon petitions received). The immediate next step is for the Secretaries of State for Environment and Transport to consider what land, particularly that owned by MDHC, should be included in a vesting order - important land acquisition issues have not been agreed between MDC and MDHC. Officials are now preparing briefing.

Planning Powers:

An order will be laid shortly conferring certain planning powers on MDC.

Financial Resources:

MDC's 1981/82 budget will be about £22 million (out-turn prices). MDC will be expected to maximise private sector investment.

Development Strategy:

MDC are now finalising their development strategy following an initial report from consultants. Local authorities will be consulted about this strategy.

Development work in hand:

The area largely comprises disused docks and other sites requiring reclamation and infrastructure investment before development can

proceed. MDC are now carrying out engineering studies using private sector consultants. MDC are in discussion with certain developers but at this stage these are necessarily tentative.

Staffing:

MDC will be tightly staffed. Recruitment is now proceeding. The Corporation will be expected to maximise the use of private sector consultants, etc.

Albert Dock

2. This is a large warehouse complex of historic importance - listed Grade I. It occupies a key site at the north end of the disused South Docks (all within the MDC's area) and is near Liverpool's existing business centre. The successful refurbishment of the warehouse is clearly of great importance. Planning permission has been received by the developer, Mr Zisman, to convert the warehouse into a trade centre/offices.

3. His proposed alterations to the building required him to seek listed building consent and following the receipt of objections, the Secretary of State arranged a listed building consent inquiry. That inquiry was postponed at the developer's request from 21 October to 13 January. The Inspector's report is expected very soon and the Secretary of State will decide on the listed building consent application as soon as possible thereafter.

4. The site is at present owned by the Mersey Docks & Harbour Company but the Merseyside Development Corporation wish to have the site vested in them. The Corporation wish to ensure that these buildings are successfully refurbished and consider that progress can best be assured if they, as the regeneration agency, are the owners. Mr Zisman's Company does not appear to have had experience in tackling a project on this scale and the Corporation would no doubt wish to ensure that alternative development proposals/developers are brought into play if that is required.

5. The ownership/vesting issue is not holding up development but clearly must be resolved shortly.

Enterprise Zone at Speke

6. The next step is for a formal invitation to be sent to Liverpool City Council by the Secretary of State for the Environment to prepare an Enterprise Zone scheme within a given boundary. The reason why a formal invitation has not been sent up till now is because Liverpool City Council have not agreed certain key points - boundary, extent of freedom from planning control, speed of decision. These issues are summarised in the Minister for Local Government's letter of 2 March. Clearly Environment Ministers wish to bring this matter to a conclusion as soon as possible and have instructed officials accordingly. [It is possible that if a satisfactory resolution cannot be reached very soon the Enterprise Zone at Speke will not be proceeded with.]



MINISTER FOR LOCAL GOVERNMENT
AND ENVIRONMENTAL SERVICES

DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 3434

CC/ PS/Lord Bellwin

Mr McQuaid

Mr Sorensen

Mr Gahagan

Mr Morrison

My Ref: K/PSO/30750/81

2 March 1981

MR STEPHEN
Liverpool
PSO

Dear Sir Row,

Sorensen

NWRO

Thank you for your letter of 5 February.

As you know the Government's original intentions were that Enterprise Zones should be areas where there would be a free planning regime except for matters affecting public health and safety. As negotiations with the various local authorities have proceeded special circumstances in each case have persuaded us to modify this concept in some small degree. In every other case in England, however, we have been able to negotiate a planning regime which is overall less restrictive than the one you advocate for Speke. We are prepared to agree exclusion of special industry and other specified obnoxious developments and to place some restriction on retail developments. We are also prepared to accept conditions about site coverage (where this is practicable) and with regard to the proximity of buildings to site boundaries. We agree that special provision needs to be made to ensure safe access to classified roads.

We have always regarded the first EZ proposals as experiments and have recognised that there would be only a limited number of sites which would be suitable for testing the planning relaxations which are part of the concept. This is one reason why we wish to monitor what will happen in the Zones. In the light of what you say in your last paragraph I can appreciate that your Council may take the view that they should not expose the airport land to the risks inherent in such an experiment. If this is indeed your view, then perhaps the answer is to retain normal planning control in this area and exclude it from the Enterprise Zone.

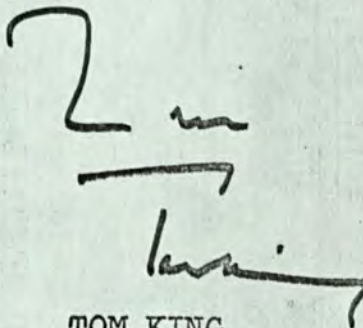
I assume that the Council's fears about undesirable development would not be as strong in relation to the BL, Dunlop and ELEC sites. These are also the areas which appear to be most in need of an early stimulus to development which the EZ will provide.

May I ask that your Council should consider its position again with regard to both the boundary and the planning regime? To assist I attach a note of the boundary options which would be acceptable to the Government, and of the sort of planning regime which would be generally in line with the approaches adopted elsewhere (Annex A). I hope you may find such an approach acceptable in the Speke case.

Notwithstanding my comments above about the airport land, if your Council wish to proceed with its inclusion in the Zone, I can confirm that we would be prepared to accept Phase 2 subject, of course, to the appropriate resolution of the County Council tomorrow. National publicity, now being prepared to advertise enterprise zones, will make the point that authorities will normally make decisions on matters referred to them within two weeks of application. We should have to draw attention to the fact that in Liverpool applications might on average take a little longer to process. Naturally, I would very much prefer not to have to make a distinction between Liverpool and the other EZ authorities and I would again ask your Council to consider arrangements which would give decisions on referred matters within 2 weeks where possible. It is certainly not clear to me why procedures would have to be different in Liverpool.

I believe there may have been some misunderstanding about the reserved matter of site boundaries. This is certainly not an issue if you agree that it need not be covered in the Enterprise Zone Scheme. Landowners have an obvious incentive to ensure that there is no landlocking and consequent sterilising of development land.

I should be grateful to know as soon as possible whether your Council wishes to proceed with the EZ scheme, and if so, upon which boundary option. You know our clear views on housing, development exclusions, and the decision period. I hope we can resolve these issues and make rapid progress on the designation of the Zone.



TOM KING

Sir Trevor Jones JP

PROPOSED SPEKE ENTERPRISE ZONE

BOUNDARIES

Option 1 - The BL and Dunlop sites together with the EIEC estate and Phases 1 and 2 of the airport land (subject to the appropriate resolution of the County Council). (Annex B)

Option 2 - The BL and Dunlop sites and the EIEC estate. (Annex C)

PLANNING REGIME (for either option)

Exclusions: Special industries (Classes V - IX)

Retail developments over 16,000 sq ft gross floor space.

Exclusions required by the Civil Aviation Authority for aircraft safety.

Other specified obnoxious uses to be agreed by the Department in consultation with the City Planning Officer.

Standard Conditions : 50% site coverage by buildings (in the case of undeveloped areas)

no building within 5 metres of a boundary fence or highway;

standard of access to classified roads (if applicable); conditions required by the Civil Aviation Authority for aircraft safety.

Reservations: Access to classified roads, subject to consultation with the highway authority.

Highway standards, where it is proposed that the highway should be adopted by the highway authority.



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

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

Secretary of State for Industry

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

CF R/3 March 1981
CB - 142 new this for
pls ~~Trevor~~ Trevor Jones
mly

Dear Tim

Thank you for sending to us a copy of your letter to David Edmonds of 27 February to which you attached correspondence from Sir Trevor Jones. R

2. You asked for a paragraph on the Nissan project for the Prime Minister to include in her draft reply to Sir Trevor. We would suggest the following:

"On your fourth point, the location of the proposed Datsun factory, the decision on location will of course be taken by the Nissan Motor Company Ltd, if the outcome of their current feasibility study is satisfactory. Nissan have expressed a preference for a location in a Special Development Area or Development Area. They are being advised on this and other questions by independent consultants. The Department of Industry has provided advice to local authorities and regional promotional bodies on the best way in which potential sites for the Nissan factory could be presented to the consultants. But the Government will not urge the company towards any particular region or location."

3. I am copying this letter to David Edmonds.

Yours ever

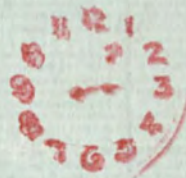
Richard

RICHARD RILEY
Private Secretary

DEPARTMENT OF INDUSTRY
A SHEDWICK HOUSE
115 AND 117A, ST. MARK'S
LONDON, E.C. 4
TELEPHONE: 4001-4002
TELEGRAMS: INDUSTRY



-3 MAR 1981



RECEIVED

from: The Right Rev. David Sheppard, Bishop
of Liverpool; and
The Most Rev. Derek Worlock, Roman
Catholic Archbishop of Liverpool.

Telephone:
051 - 722 - 2379

ARCHBISHOP'S HOUSE, B
87, GREEN LANE,
MOSSLEY HILL,
LIVERPOOL L18 2EP.

21st March 1981.

1st ?

R3/3

Dear Prime Minister,

Some weeks ago we were both approached by the shop stewards of the Tate and Lyle Sugar Refinery in Liverpool and asked for help in trying to avert the then anticipated announcement of its impending closure. Subsequently we were invited by the civic authorities to attend a Town Hall meeting of representatives of the Merseyside community and of all political parties, the Chamber of Commerce, Trade Unions, etc. On that occasion it was decided that the situation was sufficiently grave that a direct approach be made to yourself and we were asked to join a representative delegation for that purpose.

You will know that nearly two weeks ago we were kindly received by the Minister of Agriculture, who listened patiently to the many points laid before him, explained why he felt unable to take any further initiative in the matter himself but undertook to report fully to the Cabinet and yourself. We know that you have also yourself received the local Member, Mr. Bob Parry, M.P. We understand that the Leader of the City Council, Sir Trevor Jones, has again written to you to seek your intervention. Numerous interests have been received by Earl Jellicoe, Chairman of Tate and Lyle. We ourselves accepted his invitation and spent some time with him last Thursday.

In spite of all these approaches which have been directed to your colleagues and yourself, we are confident that you will understand our writing to you personally now, not only because of the gravity of the situation, but because we are convinced that only through your personal intervention can the disastrous consequences of this closure be averted and a way out of the present impasse be found.

We know of the various alternative proposals which have been advanced by the Trade Unions. After all our conversations it is clear that the Minister of Agriculture feels that there can be no further reduction in the quota of beet sugar, and Tate and Lyle see no possibility of continuing their use of the Liverpool refinery unless there can be a possibility of increased export of sugar. Clearly there are many

The Rt. Hon. Mrs Margaret Thatcher, M.P.,
Prime Minister and First Lord of the Treasury.

cc Press
MAFF

difficulties arising from E.E.C. regulations, yet we have been assured that such export would not, as is sometimes suggested, be regarded as an unfriendly act by the A.C.P. countries.

Mr. Peter Walker has said that there is no initiative which he can take. Earl Jellicoe, who clearly shares our distress at the closure of the Liverpool refinery, sees no initiative available to him unless something can be done to open up the prospect of exporting more sugar. The Liverpool refinery has been losing money, the firm has not been investing in the up-dating of the plant, and the request from Liverpool that the closure be delayed for another 18 months to 2 years is regarded by Tate and Lyle as unrealistic in present circumstances.

Yet this Government and its predecessor have generously sustained the Partnership scheme, with which from its earliest days we have both in some measure been associated. We understand that the Urban Development Corporation and the Enterprise Zone - to both of which projects we have given public support - are despite some difficulties near realisation. We know, therefore, that you will share our sense of tragedy that this further and significant closure of the refinery is to produce further redundancies before any alternative employment can be provided through these new measures. (These last two months have produced 7,000 redundancies in Liverpool, whereas the annual average for the last three years has been 9000).

Earl Jellicoe has himself attributed high praise to the refinery work-force which will soon be redundant. It is understood that the closure will also produce other related redundancies, including some in the Mersey Docks and Harbour Company. The area from which the labour force is drawn is highly concentrated. The City Planning Officer's estimate of unemployment in that district of Liverpool (Vauxhall) was even last November 46%. In some of our Inner City parishes scarcely a family will be unaffected. Because of the family employment tradition of this century-old firm, the threat of closure is most damaging to morale and accentuates the general impression that each closure by a multi-national prepares the way for the next closure.

We fully recognise the help which H.M. Government is bringing to this area through various schemes. The greatest service would in our opinion be the boost to morale if some step could be taken to make it possible for the Tate and Lyle closure decision to be reversed. We believe that it may well lie only in your power that such an initiative could be taken.

We are sorry to inflict this long letter upon you but the matter is urgent. We feel that we would be failing in our duty to the community and indeed to the Government were we not to make this direct appeal to you. We ask your kind and patient further consideration of this matter.

Yours very sincerely

+ David Liverpool

(Right Rev. David Sheppard)
Bishop of Liverpool.

+ Paul Narah

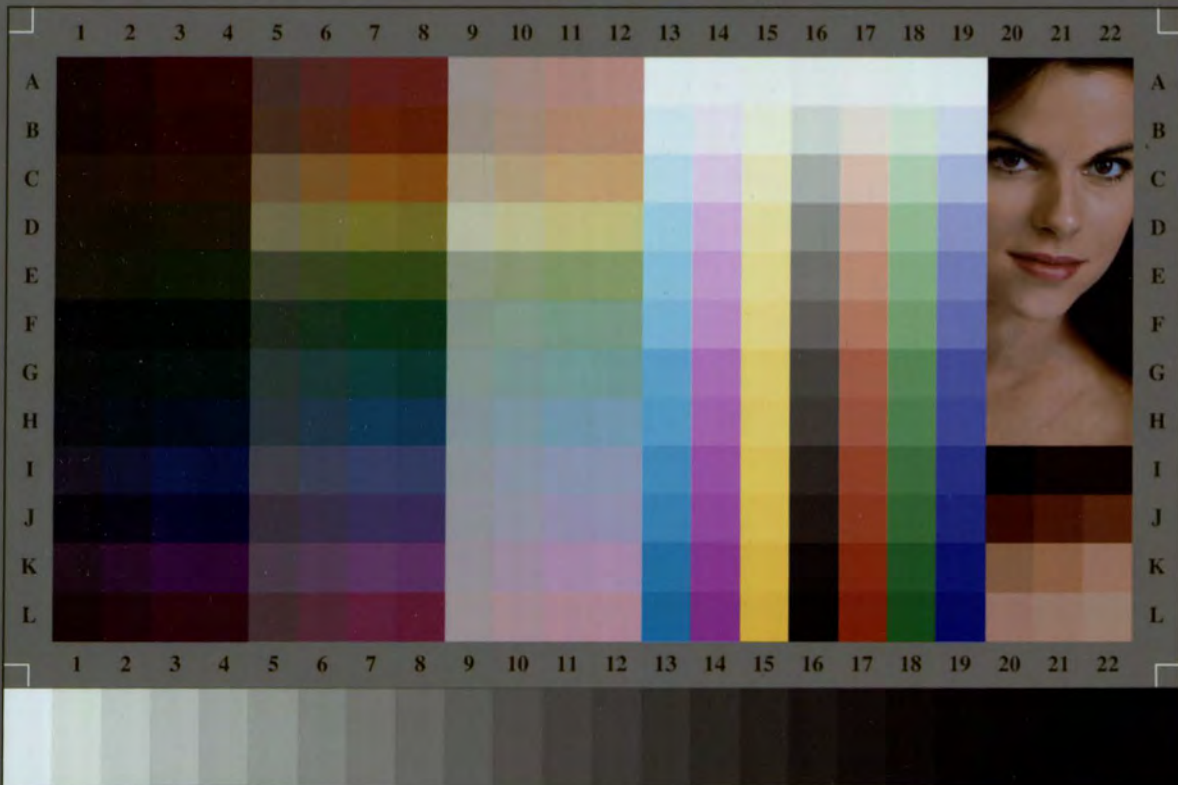
(Most Rev. Derek Worlock)
Archbishop of Liverpool.

PART 1 ends:-

TL to MAF + alt 27/2/87.

PART 2 begins:-

Rev. Sheppard, Bishop of Liverpool to PM 1/3/87.



IT8.7/2-1993
2007:03

[FTP://FTP.KODAK.COM/GASTDS/Q60DATA](ftp://ftp.kodak.com/gastds/q60data)

Q-60R2 Target for
KODAK
Professional Papers

