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From the Chairman

5th February 1981

The Rt. Hon. Margaret Thatcher MP,
Prime Minister,
House of Commons,
London S.W.1.

Dear Margaret.

Thank you for your letter of 2nd February in connection with the announcement of the closure of Liverpool Refinery.

I confirm that we are expanding the capacity of our Silvertown Refinery to about 960,000 tonnes of sugar per year. The Westburn Refinery at Greenock has a capacity of about 140,000 tonnes, so that in total we shall be able to take 1.1 m tonnes of sugar from the ACP countries. If in any year the beet crop is small, we hope to be able to stretch the total capacity above 1.1 m tonnes, and to meet at least some of any deficit by buying more cane sugar.

We have now written to the major ACP suppliers (Swaziland, Trinidad, Fiji, Jamaica, Guyana, and Barbados) offering to renew their contracts with us for a period of five years from 1 July 1981. If these offers are taken up the total quantity, including a contract which has already been renewed with Mauritius, would be of the order of 1.225 m tonnes. Our contracts with the ACP countries will be backed by long-term agreements which we intend to negotiate with other continental buyers of raw sugar, particularly in France. The sugar will be refined for consumption within the EEC.

We are grateful for your statement that the Government will give help in Brussels to ensure that the commitment to the EEC under the Lome Convention would be honoured. Inter alia, this will require an ongoing market to be preserved in the United Kingdom for 1.1 m tonnes of cane sugar. Whilst

we are confident that after the closure of Liverpool Refinery there will be a reasonable balance between supply and demand in the UK which should enable us to operate profitably, we will still be at a considerable disadvantage to the UK beet industry because the EEC sugar regime gives a better margin for making sugar from beets than for refining cane sugar. We are grateful for the help which we have received from the Government in seeking to redress this situation, but the problem still persists and we trust that we can continue to count on Government help in overcoming this difficulty.

You will not be surprised to learn that since the announcement of the Liverpool closure we have been under very strong pressure indeed from our employees, from the Trade Unions both at local and at a national level, from the Local Authorities concerned and from MPs of all three Parties. I understand that there is a possibility of a representative delegation wishing to ask to be received by you in order to emphasise the grave consequences for Liverpool of the closure. I have made it absolutely clear to all concerned that from a commercial point of view the closure of Liverpool Refinery was vital unless there was to be a change of Government policy on the basic issues and I have said that I considered such a change of policy to be in the highest degree unlikely. I have also said that whilst we were prepared to keep the Refinery open a little longer - until 3rd April - in order to allow time for these proposed representations, we were absolutely not prepared to withdraw our notices to Liverpool employees as this would only raise false hopes. Subject to that, I have stated that I would, if invited, be prepared to join a delegation if you were to consent, as I hope you will feel able to do, to receive one.

Yours truly

Gary

JELlicoe