

PRIME MINISTER

Tate and Lyle

Following your conversation with Lord Jellicoe at lunch last Wednesday, we have arranged for him and Mr Walker to see you next Wednesday afternoon.

Lord Jellicoe has now written to you (Flag A) saying that Tate and Lyle would be prepared to keep the Liverpool Refinery open at a reduced capacity of 200,000 tonnes per year provided -

- (i) the Government would provide £11 million towards the reconstruction of the refinery;
- (ii) 200,000 tonnes of sugar beet, which the Liverpool sugar would replace, would be exported, and the Government would have to provide the British Sugar Corporation with the necessary subsidy (estimated by Jellicoe at £4 - 5 million per year) to enable this to happen;
- (iii) the trade unions would agree to reduce manning at Liverpool from 1350 to 700.

These conditions look much too steep. The export subsidy alone would mean paying something like £7,000 each year for every job preserved.

We will need to agree a line on this before your meeting with Lord Jellicoe; I have asked MAFF and the Treasury for advice.

In addition to this letter from Jellicoe, there is a further letter from Sir Trevor Jones, the Liberal Leader of the Liverpool City Council, who has written to you again (Flag B). He asks you to reconsider your decision not to receive a delegation from Liverpool. This time, he suggests that they should come to discuss not just the Tate and Lyle closure, but other issues such as speeding up the establishment of the enterprise zone and the Urban Development Corporation for Liverpool.

/There is

There is also a further letter from Neville Goldrein, the Conservative Leader of Merseyside County Council (Flag C). He had earlier written to you asking for a private meeting, to discuss Tate and Lyle, and you signed a letter declining. He too would like to discuss other issues besides Tate and Lyle. (We have not despatched your letter because Goldrein's latest letter came in the same morning you signed it: we will provide a new draft which will take account of both of his letters).

Malcolm Thornton, MP, has also been in touch with us. You wrote to him last week saying that you would see him and any other Conservative MPs. He now says that he would like to come and see you with Lynda Chalker, Anthony Steen and David Hunt; and we have provisionally fixed this for 21.30 hrs next Wednesday evening. I assume you are content with this? *Yes*

As regards the further request from Trevor Jones and Neville Goldrein, I suggest we take a decision on this after you have seen Lord Jellicoe and Mr Walker and also the MPs. Malcolm Thornton has a copy of Trevor Jones' letter, and has specifically asked that you should not reply to it until he and his colleagues have seen you. He hopes that it may prove possible to follow up one or two of the suggestions in the Jones letter; and if it is possible, he would like it to be seen to happen in response to Conservative representations. I have asked the Departments of the Environment and Industry for advice on the points raised in Trevor Jones' letter in time for the meeting on Wednesday evening.

I do not think you can just see Goldrein, even though he says it would be a private meeting. He had a "private meeting" with Mr Walker, and immediately made it public. So, if you did see him, I am sure you would have to see a full Liverpool delegation.

Are you content to proceed on this basis? *Yes not*

27 February, 1981 *TL*