



10 DOWNING STREET

THE PRIME MINISTER

19 November 1980

CF. J11  
cc 41  
WJH  
*Dear Mr. Denton,*

Thank you for your telegram and letter of 7 November about the proposed closure, by Bowater, of the mill at Ellesmere Port.

Since these were sent, Lord Trenchard, Minister of State at the Department of Industry, has held two meetings with the Mersey Mill Action Committee. At the second of these, held on 12 November, Dr. Lenton and Mr. Pomeroy from Bowater were also present. At that meeting Lord Trenchard went through the assistance that could have been available to Bowater for viable new investment at the mill, as an alternative to closure, and the better terms for coal and wood supplies which the National Coal Board and the Forestry Commission were prepared to offer on a commercial basis, as well as through a large number of other factors suggested by the Action Committee as leading to possible revenue savings. In consequence there can be no doubt but that the company has been fully aware of the various ways in which costs at the mill would and might be reduced, including the contributions which could be expected from the work force.

As Lord Trenchard explained to the Action Committee, the final decision between investment and closure is one for Bowater to take, though the decision to close has been a disappointment to us all.

/ Whilst

JTS



Whilst I very much share your regret that the strenuous efforts to find a solution to this difficult problem have not met with success, I do not believe that the further meeting you suggest would break any new ground.

Yours sincerely  
Raphael Hecht

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A. Martin, Esq.





From the  
Minister of State  
PS/Lord Trenchard

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

TELEPHONE DIRECT LINE 01-212 7691  
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*Ann Trenchard*

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

*R 18/11*  
14. November 1980

*Dear Tim*

Thank you for your letters of 10 and 11 November on Bowater.

We have already supplied you with a draft reply to the most recent letters from the Bowaters Mersey Mill Action Committee and now enclose a draft letter responding to the communications from the Merseyside Branch of SOGAT who sent both a telegram and a letter to the Prime Minister on 7 November.

The Prime Minister asked whether the aid offered to Bowater can now be published. For reasons of commercial confidentiality it would not be appropriate to make public the full details of the terms offered by the NCB and the Forestry Commission, although with their agreement Lord Trenchard made these clear to the Bowater Action Committee, on a confidential basis, when he saw the Committee and Bowater on 12 November. At that meeting the figures of Government assistance which could have been available were also confirmed. Publishing the details of the assistance would not, in any case, resolve the argument as to how Bowater would fare financially if the investment option was taken up and we have always made it clear that, at the end of the day, the final decision is one for the company.

Following the Action Committee/Bowater meeting on 12 November there is no vestigial reason to believe that the potential cost reduction factors are not fully known to Bowater whilst the items on the SOGAT list, some of which are little more than conjectural, point too favourable a picture of the cost savings that are attainable. The figure of £2.25 million for coal concessions is correct for the current year ending June 1981, but subject to negotiation thereafter. (There is an important point of potential misunderstanding in relation to the coal price figures and my Minister spoke directly to Sir Derek Ezra on 11 November. The offer of £2.25m off an already discounted price was for the two Bowater mills, of which the portion applicable to Ellesmere Port is only £1.3m. The offer was therefore much more valuable to





Bowater than it would be to any new owner of Ellesmere Port.) The figures for savings from wood price productions should, in fact, be £1.4million on the quantity of wood required after investment in the chemical pulp mill, but only £800,000 on present wood purchases. The reference to a Corporation Tax Concession is simply not understood. Ellesmere Port cannot be paying Corporation Tax when making a £7m pre tax loss. The waste paper and rates "savings" in particular represent little more than conjecture, while short time working is not likely to be helpful at Ellesmere Port because the mill loses more money when operating beneath capacity. Agreement to a lower pay increase would not reduce costs, although it would help the future competitive position. But the key point is that Bowater are well aware of the possibilities and it is Bowater that has rejected them.

The Minister has also asked me to emphasise that the figures for any new owner, not faced with the alternative of high closure costs, would make the investment proposition more doubtful. However, for the Prime Minister's private information, Lord Trenchard has asked me to say that he has an outside hope that a proposal to retain a nucleus operation of about 500 people just might come to fruition, and that he is leaving no stone unturned in an attempt to find a solution.

*Yours sincerely*

*Peter Mason*

PETER MASON  
Private Secretary



**DRAFT**

**File No.**

Addressed to :

A Martin Esq  
Secretary  
Merseyside and District Branch  
SOGAT  
254/256 County Road  
Walton  
LIVERPOOL L4 5PW

Copies to :

Originated by:  
(Initials and date)

JWH

Seen by :  
(Initials and date)

JEA

Enclosures :

Type for signature of

Prime Minister  
.....  
(Initials and date)

DEPARTMENT OF Industry

Thank you for your telegram and letter of 7 November about the proposed closure, by Bowater, of the mill at Ellesmere Port.

Since these were sent, Lord Trenchard, Minister of State at the Department of Industry, has held two meetings with the Mersey Mill Action Committee. ~~At the letter of which,~~ <sup>of which,</sup> held on 12 November, Dr Lenton and Mr Pomeroy from Bowater were also present. At that meeting Lord Trenchard went through the assistance that could have been available to Bowater for viable new investment at the mill, as an alternative to closure, and the better terms for coal and wood supplies which the National Coal Board and the Forestry Commission were prepared to offer on a commercial basis, as well as through a large number of other factors suggested by the Action Committee as leading to possible revenue savings. In consequence

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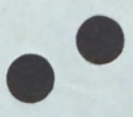
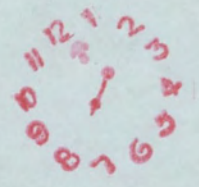
there can be no doubt but that the company ~~is~~ <sup>has</sup> ~~been~~ <sup>already</sup> fully aware of the various ways in which costs at the mill would and might be reduced, including the contributions which could be expected from the work force.

As Lord Trenchard explained to the Action Committee, the final decision between investment and closure is one for Bowater to take, though the decision to close has been a disappointment to us all.

Whilst I <sup>very much</sup> share your regret that the strenuous efforts to find a solution to this difficult problem have not met with success, I do not believe that the further meeting you suggest would break any new ground.



14 NOV 1980





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bo pd

10 DOWNING STREET

*From the Private Secretary*

11 November 1980

~~BF 17/11~~

I wrote to you yesterday enclosing a telegram from SOGAT about Ellesmere Port. I now enclose a letter from them, and would be grateful if you could take this into account in the advice which you send me.

I also enclose a further letter which we have received from the Bowaters Action Committee. We asked for a draft reply to their earlier letter of 28 October, and I would be grateful for a very early draft reply to both of these letters.

**J. P. LANKESTER**

Peter Mason, Esq.,  
Department of Industry.



11 November 1980

I am writing on the Prime Minister's behalf to thank you for your telegram of 6 November and for your letter of 7 November about Bowaters Ellesmere Port mill.

A reply will be sent to you as soon as possible.

TIM LANKESTER

A. Martin, Esq.



CF.

Ind. Pol.

10 November 1980

I would be grateful for advice on how the Prime Minister should respond to the enclosed telegram about the Ellesmere Mill. The Prime Minister has asked whether we can now publish what has been offered to Bowaters.

T. P. LANKESTER

P.E. Mason, Esq.,  
Department of Industry.

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10 DOWNING STREET

Ami Amin

A follow-up letter about  
Ellesmere Port. Mr Parkinson  
does not think a meeting  
is worthwhile: the basic  
objection to the Council's scheme  
is that the newspaper publishers  
are not prepared to pay any  
higher price for their newspaper.

I think Mr Parkinson  
can reply on your behalf.

Agree? **Yes** **no**

R. 1/4



# SOGAT

**Society of Graphical  
and Allied Trades**

MERSEYSIDE AND  
DISTRICT BRANCH

254/256 COUNTY ROAD  
WALTON  
LIVERPOOL L4 5PW

Secretary: A. Martin

Assistant Secretaries: W. Morris  
F. King

Telephone: 051-525 7489

Red C/F  
11/11/80.

R10  
PPS

AM/DP

7th November, 1980

Prime Minister,  
Mrs. Margaret Thatcher,  
10 Downing Street,  
LONDON.

Dear Prime Minister,

Further to our telegram of 7th November, 1980.

We would like to put forward some of the factors that we consider prove that the death of the Bowater Mersey Mill is unnecessary, together with the disastrous social consequences it will have on the people of Ellesmere Port, Merseyside.

The Company are claiming that they are losing £7 million per year because of Government Policies.

Irrespective of whether we agree with that opinion or not, we have seen through your good offices money being put forward that helps to eradicate Bowaters financial position.

As we explained to you in our telegram, we believe that there is no necessity for this closure to take place, particularly in the strategic newsprint industry, and we list below for your perusal relevant factors.

## FACTORS THAT GO TOWARDS ELIMINATING THE £7 MILLION

### Government Assistance

#### Coal

£2.4 million

#### Timber

£1.3 million

#### Concession Corporation Tax

£1 million

£4.7 million

#### MANWEB

The local electricity Board have indicated that they are prepared to cut approximately £100,000 off the present electricity bill.

£100,000

/Cont'd.....



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## WASTE PAPER

Talks have gone on with the local waste merchants and it has been agreed that there will be a reduction of £9 per tonne. If this was spread on a national basis, and this seems feasible, this would throw up a saving of £300,000

£300,000

## CURRENT RATES

The current rates are £800,000 and there have been no definite proposals on this, but it is felt that some movement could be made on the question of rates.

## SHORT-TIME WORKING

Discussions have taken place between the Departments and it has been indicated that in line with the short time working arrangements, if notice was withdrawn, there could be upto £500,000 of Government money available.

£500,000

## FUTURE INCREASES

The projected losses in the Mill are based on a 15% increase in wages with the present payroll being around £13 million per year. It has been indicated quite clearly to the Company that the Unions feel that the figure of 15%, in these circumstances, is quite high, and this would account for an increase in the payroll of just under £2 million.

We would be prepared to look at that area, and even if we could only meet the Company half way, that would throw up a saving of just under £1 million.

£1 million

The workforce have already indicated to the Company some six months ago, that because of the position they were in, they were prepared to do away with their bonus payment which again, was approximately £500,000 per year.

£500,000

/Cont'd.....



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## MANNING LEVELS

Ellesmere Port now operates with three newsprint machines and two craft machines (brown paper) and in certain areas of clerical and supervision, there is dual control which makes the levels in that area top heavy.

This, together with their ancillary areas, taking into consideration a small investment on mechanicalisation, could reduce (and the Company are aware of this) 200 employees at a total saving to the Company at present rates of £1.8 million.

£1.8 million

## NEW VENTURE

It is also conceivable that if drastic steps were taken by the Company and agreement could be reached with the respective Trade Unions (and we believe from a Trade Union point of view this could be achieved) that a green field situation could be started on two newsprint machines and one craft machine.

That would put the Company, in relationship to the £7 million, in an immediate break-even position, and with the investment of the Sulphite Mill it could go into profit as soon as that was in operation, with a profit forecast of between £3½ million to £4 million per annum.

The other machinery, one newsprint and particularly the craft machine (brown paper) could come on flow when there was an up-turn in the Order Book.

## N.P.A.

We believe that the N.P.A. are sympathetic to the problems of the newsprint industry and would, with the right sort of commitment from the owners of the Ellesmere Port Plant, be prepared to assist in maintaining a full Order Book and would possibly be sympathetic to the price that they actually pay for their newsprint, but again believe that it is a case of them not being prepared to help people who are not prepared to help themselves, which is perhaps understandable.

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In finality, we feel we have been totally frustrated, whereby on different occasions we have met and discussed with various interested parties the assistance that could be given to save the Bowater Mersey Mill, and as you can see from the foregoing there is sufficient on the table, as a package, to retain the operation at Ellesmere Port.

No-one has yet been able to bring all the interested parties together and it is our opinion that the only person left, who has any chance of doing this, is yourself in the office as Prime Minister, but unfortunately time is running out.

Trusting you will consider our suggestion.

Yours sincerely,

*A. Martin*

A. MARTIN  
BRANCH SECRETARY



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a Am Office

MR. LANKESTER 2

NA  
INDUSTRIAL

Arnie Martin



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889113 PO SW G  
628621 PO LV G

G16 1047 LIVERPOOL T 51

THE PRIME MINISTER 10 DOWNING STREET  
LONDON SW1

I will get  
advice on how  
we should respond  
to this. R 7/11

R  
7/11

DEAR PRIME MINISTER THE PREMATURE DEATH OF THE MERSEY MILL IS 14 DAYS AWAY. WE BELIEVE THAT THE MONIES PUT UP BY GOVERNMENT AND OTHER PARTIES GO THE VERY LONG WAY TO MAKING THE BOWATER MERSEY MILL VIABLE THE DIFFICULTY WE HAVE IS GETTING ALL THE INTERESTED PARTIES NAMEDLY BOWATER REPRESENTATIVE OF GOVERNMENT DEPARTMENTS TRADE UNIONS N P A AND OTHER INTEREWTD PARTIES TO SIT DOWN IN ONE ROOM AND STATE WHAT THEY ARE PREPARED TO GIVE TO ELEAVIAT THE FINANCIAL PROBLEMS OF THE MILL WE WOULD THEREFORE REQUEST BECAUSE OF THE EFFORTS YOU HAVE PUT IN AND INTEREST YOU HAVE SHOWN THAT YOU USE YOUR GOOD OFFICES IN MAKING ONE FINAL EFFORT IN BRINGING ALL INTERESTED PARTIES TOGETHER BECAUSE WE SINCERELY BELIEVE THAT THIS COULD BE THE KEY TO THE PROBLEM LETTER TO FOLLOW  
ARNIE MARTIN BRANCH SECRETARY SOGAT MERSEYSIDE AND DISTRICT

COL 10 SW1 14 • N P A SOGAT

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889113 PO SW G

Can we pull in what  
has been offered?  
Mr.