

SUBJECT
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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

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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

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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

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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