

PRIME MINISTER

MEETING WITH DR JOHN MAREK MP AT 1630 ON THURSDAY 9 MAY

As you know, Dr Marek wishes to speak to you about the Courtaulds closure of their acetate plant at Wrexham (his letter is at flag A).

Wyn Roberts will also be present at the meeting. The Welsh Office have provided an up-dated background brief on the Wrexham closure (at flag B).

Dr Marek's letter asks if you would use your influence to make Courtaulds reconsider their decision. You will be able to explain to him that, while ultimately this decision must be for Courtaulds themselves, you have now written to Sir Christopher Hogg (flag C) conveying the representations made to you at Hawarden.

You should also be aware that Dr Marek has tabled a Question for Oral Reply on Thursday. It is at Q62 and will not be reached. The draft reply proposed by the Welsh Office is at flag D.

Mark Addison (Duty Clerk)

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MARK ADDISON

8 MAY 1985

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NOTE FOR MEETING BETWEEN PRIME MINISTER AND DR JOHN MAREK MP

COURTAULDS : WREXHAM

1. Courtaulds Acetate has 4 major products: dicel and trichel textile yarns; cigarette tow; and flake. The Wrexham factory produces only dicel yarn; the other 2 factories, at Derby and Coventry, produce cigarette tow and flake as well as yarns. Textile yarn is loss making; cigarette tow and flake are profitable.
2. Acetate yarns have been losing markets for years to nylon and polyester yarns. Demand has declined and despite efforts to match supply with demand over capacity has persisted. Courtaulds take the view that costs have to be contained by better utilisation of fewer sites. For this reason they propose to concentrate production at Derby and Coventry and close Wrexham with the loss of 508 jobs. This will involve reducing capacity from 21,000 to 14,000 tonnes. This reduction involves shifting the balance towards the more profitable and securer markets for cigarette tow and flake.
3. An argument has developed as to whether the Wrexham plant has contributed towards (and if so to what extent) losses of £2.1 million in 1984/85. Courtaulds say that losses are only part of the argument for closing Wrexham. The vital consideration is said by Courtaulds to be inadequate demand and the fact that the Derby and Coventry plants have already diversified into other profitable products.
4. Dr Marek has proposed to Sir Christopher Hogg that the Wrexham plant be kept open if savings of the order of £2 million can be found in other ways, by a combination of early retirement, voluntary redundancies, natural wastage etc. Discussions are continuing to take place between the Wrexham plant manager (Mr Gordon Campbell) and Wrexham Maelor BC with the full knowledge of Sir Christopher Hogg.
5. Dr Marek met the Secretary of State for Wales on 24 April and has been informed that the Welsh Office would consider sympathetically any application by Courtaulds for financial assistance for any investment project they might bring forward to secure viability of the Wrexham plant, creating new jobs or safeguarding existing jobs.
6. Unlike Clwyd County Council and Delyn Borough Council, Wrexham Maelor Borough Council have not submitted formal proposals for public expenditure in the wake of the closure of the Wrexham plant. However, Clwyd CC's action plan includes specific proposals in respect of Wrexham. These include improving road links to and within the Wrexham Industrial Estate and resources to study the after use of the Courtaulds plant together with a number of projects related to the Wrexham technology park.
7. Wrexham has been (and still is) in a development area attracting the highest level of regional selective assistance. The area has been particularly attractive to inward investors. The last 2 decisions by Japanese companies were to locate in Wrexham: Sharps' video recorder project (630 jobs) and Brothers' typewriter project (150 jobs). Other decisions to invest in the area include Tetra Pak (215 jobs), F W Bender (100 jobs) and Metal Box (190 jobs).



8. Since January 1983 there have been 33 acceptances of regional selective assistance in the Wrexham travel to work area with just under 1,400 new jobs, 1,200 jobs safeguarded and an investment of £7 million.

9. In the Wrexham travel to work area, 57 WDA advanced factory units have been completed since 1979. 25 units are still available for letting. These do not include units that are at present reserved, many of which will in any event come back on to the market anyway. Since 1979, £9.3 million has been spent on site development and factory building by the WDA in Wrexham Maelor alone.

10. During the past year urban development grants of £900,000 have been paid to bring forward private sector investment to provide industrial units for Metal Box and F W Bender on the Gresford Industrial Estate, Wrexham. £335,000 has been made available for the business park at Wrexham through the urban programme. The full range of the WDA's business advisory services is available. So too is the £2.4 million allocated to small companies in Clwyd through the European Commission's ERDF non-quota programme (Business Improvement Services administered by the Welsh Office).

HOUSE OF COMMONS

PARLIAMENTARY QUESTION FOR ANSWER ON
TUESDAY 14 MAY 1985

DR JOHN MAREK (WREXHAM): TO ASK THE PRIME MINISTER WHAT SPECIAL MEASURES SHE INTENDS TO TAKE TO ATTRACT INDUSTRY TO EAST CLWYD AS A RESULT OF THE PROPOSED CLOSURE OF COURTAULDS' WORKS IN THE AREA.

THE PRIME MINISTER: EAST CLWYD HAS BEEN AND CONTINUES TO BE AN ATTRACTIVE LOCATION FOR COMPANIES. SINCE 1983 THE WELSH OFFICE HAS HAD 33 ACCEPTANCES OF REGIONAL SELECTIVE ASSISTANCE IN THE WREXHAM TRAVEL TO WORK AREA ALONE PROMISING NEARLY 1,400 NEW JOBS AND SAFEGUARDING 1,200 EXISTING JOBS WITH AN INVESTMENT OF £7 MILLION. RECENT MAJOR INWARD INVESTMENT DECISIONS TO LOCATE IN WREXHAM HAVE BEEN TAKEN BY THE JAPANESE COMPANIES, SHARP AND BROTHER. OTHER PARTS OF CLWYD HAVE ALSO BEEN SUCCESSFUL IN ATTRACTING NEW INVESTMENT, MOST RECENTLY ILLUSTRATED BY DATA MAGNETIC LTD'S DECISION ANNOUNCED ON 1 MAY TO LOCATE ITS THIN FILM DISC FACILITY ON THE DEESIDE INDUSTRIAL PARK, CREATING 250 NEW JOBS. PROPOSALS BY THE COUNTY COUNCIL AND THE BOROUGH COUNCILS MOST DIRECTLY AFFECTED BY COURTAULDS' PROPOSED CLOSURES ARE BEING CONSIDERED BY THE WELSH OFFICE.

BACKGROUND NOTE

THE QUESTION IS TABLED AS AN ORAL QUESTION BUT IS AT NUMBER 62 AND THEREFORE WILL NOT BE REACHED. THE PRIME MINISTER HAS A MEETING WITH DR MAREK ON 9 MAY. AN AMENDMENT TO THE ANSWER MAY BE NECESSARY IN THE LIGHT OF THE OUTCOME OF THAT MEETING ALTHOUGH GIVEN THE SPECIFIC TERMS OF THE QUESTION THAT SEEMS UNLIKELY.

SRW

3 May 1985

I hope it will not cause you too much inconvenience if I slightly change the time of your meeting with the Prime Minister next Thursday. I hope it will be possible for you to come to her room in the House of Commons at 1630 instead of 1545.

I am copying this letter to Mr Wyn Roberts in the Welsh Office who is also attending the meeting.

Caroline Ryder

Dr John Marek MP