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10 DOWNING STREET

From the Private Secretary

7 August 1985

The Prime Minister, accompanied by your Secretary of State, held a meeting yesterday with Sir Christopher Hogg, Chairman of Courtaulds P.L.C., and Mr. Robin Guy, Managing Director, Courtaulds Engineering Ltd., to discuss the proposed closures at Delyn and Wrexham.

The Prime Minister opened the meeting by thanking Sir Christopher and Mr. Guy for agreeing to come and discuss the closures. When she had visited North Wales in April, just after the announcements had been made, she had been concerned at the low regard local people had for Courtaulds. This was unfortunate from the Company's own point of view; it also created a false impression about private enterprise generally. Local people had been particularly worried that Courtaulds would leave the sites in a derelict and toxic condition, and they recalled the Company's earlier poor record in connection with the clearing of the Castle Works site. The Prime Minister hoped Sir Christopher would accept that Courtaulds, who had been major employers in the area for many years, had wider obligations to the local community which it was important they should discharge. The Prime Minister noted that, following her visit to North Wales, she had deliberately left Sir Christopher to pursue his discussions with the local authorities and others, in the hope that a satisfactory conclusion would be reached. But she was now concerned at the time being taken to reach decisions.

Your Secretary of State said that the right of Courtaulds to take a commercial decision to close the two factories was not in question. He accepted that Courtaulds were doing everything they could to help the employees immediately affected. His main concern, however, was that the Company should accept their responsibility to make a contribution towards clearing the sites so that they would be attractive to business, and so that productive use could be made of them. The clearance of toxic waste was particularly important. The taxpayer and ratepayer should not be required to meet the costs of site clearance; but this is what would happen unless Courtaulds met its obligations. In similar circumstances, for instance at Esso and BP, prompt and effective action by the management had

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been taken which was welcomed by local people. Your Secretary of State also hoped that Courtaulds would offer support to new businesses setting up, and he emphasised the importance of avoiding a long period of uncertainty about the future of the sites.

Sir Christopher said he appreciated the concerns the Prime Minister had expressed about the image of Courtaulds in the area. Feelings locally had cooled since the first furore generated when the announcement was made. The poor condition of the sites had at that time been exaggerated. He believed discussions with the local authorities on the future of the sites were proceeding satisfactorily, particularly so far as the Greenfield site was concerned. Sir Christopher accepted the Company had a responsibility to ensure the sites were cleared of toxic waste and, in particular, that asbestos was safely removed. But the cost of clearing vacant buildings, which had no further use, could be very great and he needed to consider carefully whether that investment could be justified.

Sir Christopher confirmed that Courtaulds were proposing to transfer the number one site at Greenfield to Delyn Borough Council. That transfer should be completed by the end of October. The number two site was less likely to be suitable for rehabilitation by small businessmen. The disposal of machinery from that site might take some time, though this in itself would help to provide some employment for local people. On the Wrexham site, Mr. Guy was holding a meeting on 19 August with Mr. Tongue, Chief Executive Officer of Wrexham Maelor Borough Council, to discuss survey reports which were now available. Sir Christopher said he would consider carefully your Secretary of State's suggestion that Courtaulds should agree to retain an interest in supervising workshops on that site, some of which were already established.

Sir Christopher made clear that he was willing in principle to transfer both sites to the local authorities.

The Prime Minister welcomed the assurances that Sir Christopher had given, in particular his acceptance of responsibility for the clearance of all toxic wastes from the sites, and his willingness in principle to transfer them to the local authorities. She hoped it would be possible for Courtaulds to make an early statement of intent setting out their proposals for the future of both sites. This should clarify how far they were prepared to help with the clearing of vacant buildings. Such an announcement would go some way towards re-assuring local people that Courtaulds was an employer who took its wider responsibilities to the community seriously. Your Secretary of State would arrange for one of his officials to discuss with Mr. Guy as a matter of urgency how best to take forward the conclusions of the meeting. This would pave the way for an announcement by Courtaulds as soon as possible after Mr. Guy's meeting with Wrexham on 19 August. The Prime Minister suggested that Sir Christopher should consider the presentation of his

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decisions carefully, and that in particular he should write at the appropriate time to the MPs concerned as well as to the local authorities.

At the conclusion of the meeting the Prime Minister and Sir Christopher agreed a line to take with the Press on the outcome of their discussion.

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