

From The Rt Hon Earl Jellicoe DSO MC

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The Rt Hon Margaret Thatcher MP
10, Downing Street
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My dear Prime Minister,

I am writing with the greatest possible regret, to advise you that the Board of Tate & Lyle have today decided that we must close, as soon as possible, our sugar refinery in Liverpool. This closure, together with cessation of associated transport activities will cause the loss of some 1,570 jobs.

It is always sad to announce any factory closure. For us it is quite especially difficult in Liverpool, where we have refined sugar for more than one hundred years, and where many of our employees are the second and third generations of families who have been associated with our refinery. We have avoided the loss of people's jobs for as long as we possibly can. However, we are now in a situation where unless we trim our remaining capacity to the level of demand, which has fallen steeply over the last five years, the viability of the whole of our sugar refining business, and indeed of Tate & Lyle as a major industrial Group, will be at serious risk.

In making this announcement, we are only too fully aware of the high rate of unemployment on Merseyside. We have naturally considered very carefully whether there was any action which we could take which would avoid reducing refining capacity, and also whether we could make the cut elsewhere than in Liverpool.

Unfortunately, the combined effects of reduced market demand, and the expansion of the UK sugar beet industry (which, under the EEC institutional arrangements, enjoys a very much more advantageous margin than the cane industry), are forcing us to shed a further 300,000 tonnes of capacity. This is in addition to the 650,000 tonnes of capacity which since Britain's entry to the EEC, we have already closed at Hammersmith, Sankey, Liverpool and Greenock.

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The first cut at Liverpool was a reduction in capacity from 550,000 tonnes to 300,000 tonnes. At this level Liverpool is not cost efficient, and we are therefore, now left with no alternative but to make the further cut by closing Liverpool refinery. We shall do our utmost to alleviate the hardship caused to our employees in Liverpool, including doing everything possible to help them find alternative employment. Until the closure of Liverpool refinery, our total refining capacity will be 1.34 m tonnes, situated as follows:

	<u>m tonnes</u>
London	0.90
Liverpool	0.30
Greenock	<u>0.14</u>
TOTAL	<u>1.34</u>

You will appreciate that the suppliers of cane raw sugar from the ACP countries under the Treaty of Lome will be deeply concerned that in closing our Liverpool refinery, we shall reduce our total capacity to 1.04 m tonnes, which is well below the figure of 1.3 m tonnes of traditional Commonwealth sugar supplies to the United Kingdom. Our ACP suppliers believe that access for this tonnage to the UK market has been guaranteed by successive governments since Britain's negotiations for entry to the EEC. Whilst we sympathise with the concern of the ACP sugar producers, we shall endeavour to continue to take our present contractual commitments for cane raw sugar from them, provided that they will give us the option to sell cane raw sugar which is surplus to UK requirements for refining and consumption in other EEC countries. In taking this decision, it is our hope that with the widening of the Community, there could be sufficient room in EEC markets for the total ACP supplies to which the EEC is committed under the Treaty of Lome.

We are naturally in close touch with Peter Walker on these issues, and I am also advising Jim Prior and Sir Keith Joseph of our decision. My colleagues and I will do all in our power to minimise any problems which our decision may cause, and will naturally give full consideration to any representations which you or your ministers may wish to make.

James Bor

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