



FROM THE  
MINISTER OF STATE  
FOR INDUSTRY AND  
INFORMATION TECHNOLOGY

DEPARTMENT OF INDUSTRY  
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Kenneth Baker's Office

Nick Sanders Esq  
Private Secretary to  
The Prime Minister  
10 Downing Street  
London SW1

18 March 1981

Dear Nick,

M

Thank you for your letter of 10 March. As requested, I attach a brief for the Prime Minister's meeting with Mr Kilroy-Silk on 19 March to discuss the closure of Courtaulds' Aintree factory.

I am copying this letter and enclosure to Stuart Hampson (Department of Trade).

Yours sincerely,

*Jonathan Hudson*

JONATHAN HUDSON  
Private Secretary



MEETING WITH MR R KILROY-SILK MP, ON CLOSURE OF COURTAULDS'  
AINTREE FACTORY: 19 MARCH 1981

Points to Make

1. Regret the announcement by Courtaulds of the closure of their nylon factories at Aintree (and Carrickfergus). Appreciate that the loss of a further 1,550 jobs on Merseyside is a serious blow.
2. Closure decision for Courtaulds to take in the light of commercial considerations and future prospects. Government has no powers to prevent the company closing the factory.
3. Man-made fibres as a whole are going through a difficult period, not least because of world-wide overcapacity for many of their products. Textile (ie non-industrial) demand for nylon has been declining as other fibres eg polyester have become more popular. Courtaulds' announcement made this clear.
- ← 4. Energy costs not determining factor in Aintree closure.
5. Helping textile industry through the quotas introduced by the government and commitment to work for a very strong successor to current Multifibre Arrangement.
6. Government intervention to try to save Aintree factory would not be sensible. To do it for this and many other factories would increase public expenditure and hamper further movement to even lower interest rates that industry wants.
7. Courtaulds also in its strategy, like government, working for the retention of viable long-term jobs.
8. Remind MP that Labour Government did not intervene to prevent Courtaulds closure at Skelmersdale in 1976.



## BACKGROUND NOTE

On 20 February Courtaulds announced the closure of the remainder of their production capacity for the manufacture of nylon filament yarn for textiles, involving the loss of nearly 2,000 jobs. These latest closures will mean the end of the Aintree (1,550 jobs) and Carrickfergus (Northern Ireland) factories. The Aintree redundancies will be spread over a period from 21 May 1981.

The market for nylon textile yarn has been declining since 1973-4 due in part to shifts to other fibres eg polyester. This has resulted in heavy European over-capacity. The announcement by Courtaulds also mentioned the recession, strength of Sterling and UK energy costs as contributory factors. (Energy costs, although heavy, particularly compared with eg France and Germany were not by themselves responsible for the closure. Courtaulds have said that even if the energy bill for Aintree had been halved it would not have made the site viable).

Courtaulds have examined all the options including rationalisation and modernisation but the costs (around £20 million) are unthinkable in the Group's present financial position. Courtaulds turned down an offer made last July by the Department of £1.1 million Industry Act selective assistance towards a £6.7 million modernisation project at Aintree.

Courtaulds' withdrawal from nylon is part of a general trend towards greater specialisation by European fibre producers. The Dutch-controlled British Enkalon is ending UK production of nylon textile yarn, but hopes to continue in nylon carpet yarn. ICI has now pulled out of most polyester yarn production and will in future concentrate on its main strength, nylon. Courtaulds will now concentrate on viscose and acrylic fibre, of which it is a world-scale producer. In continental Europe eg Rhone Poulenc (France) and Akzo (Netherlands) are also cutting back their operations.

## OTHER MAJOR COURTAULDS CLOSURES

Courtaulds' pre-tax profits in the half year to 30 September were £2.8 million compared with £30.2 million in the same period of 1979. In the past year over 25,000 jobs have been lost throughout the Group and their UK workforce is now down below 75,000 (85% in textiles). The main redundancy impact has been felt in fibres, yarns and fabrics. Major closures in the last six months have included 9 Spinning mills (mainly in Lancashire) with a combined loss of some 1,500 jobs.

Earlier major Courtaulds closures which were announced under the previous Administration include Spennymoor, County Durham in March 1979 with the loss of 1,570 jobs; and a weaving plant at Skelmersdale, Lancashire in the constituency next door to that of Mr Kilroy-Slik, in October 1976, with the loss of 1,000 jobs.

## UNEMPLOYMENT ON MERSEYSIDE

Unemployment in the Merseyside Special Development Area (SDA) as a whole in mid February was almost 110,000 (15.8%). In the Liverpool Travel-to-Work Area (included in the SDA) it was just over 77,000 (16.2%). In the Ormskirk Travel-to-Work area, (not included in the SDA but which includes Skelmersdale) it was 5,274 (17.1%).



The rate of rise in unemployment on Merseyside over the past year has been at about the national average. Other areas in the North West have been hit harder. However, there is evidence that the rate of unemployment on Merseyside will increase with the advent of a "second wave" of closures and redundancies. In addition to Courtaulds, other major redundancies (announced or in prospect) include Vauxhall (3,000), Tate & Lyle (1,500) and Mersey Docks & Harbour Co (1,000).

Chemicals and Textiles Division  
Department of Industry

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10 DOWNING STREET

*From the Private Secretary*

10 March 1981

I attach a letter the Prime Minister has received from Robert Kilroy-Silk, M.P., asking her to see him to discuss the closure of the Courtauld factory in Aintree. As you know, the Prime Minister has agreed to see Mr. Kilroy-Silk at 1600 on Thursday 19 March, and your Minister has been invited to the meeting. I should be grateful if, in consultation with the Department of Trade if necessary, you could let me have a short brief for the Prime Minister, to reach us here by close of play on Wednesday 18 March.

I am copying this letter and its enclosure for information to Stuart Hampson (Department of Trade).

**N. J. SANDERS**

J.C. Hudson Esq  
Department of Industry.



10 DOWNING STREET

THE PRIME MINISTER

9 March 1981

Dear Mr. Kilroy-Silk,

Thank you for your letter of 5 March, asking to see me about the proposed closure of the Courtauld factory in Aintree. As I said in the House, I stand ready to meet constituency members to discuss imminent closures in their constituency. My office will therefore be in touch with you to find a suitable time.

I have, however, made it clear on several occasions that I believe that it is right that groups of members or delegations should meet the appropriate Minister rather than bring their case to me. I am therefore very ready to see you yourself, as a constituency member, but must ask that any larger deputation should meet my Ministerial colleagues.

Yours sincerely  
Margaret Thatcher

Robert Kilroy-Silk, Esq, MP

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10 DOWNING STREET

PRIME MINISTER

This letter to Robert Kilroy-Silk is self-explanatory. The Department of Industry confirm that the Aintree factory which Courtaulds are to close is in Mr Kilroy-Silk's constituency.

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As I have already told you, we have rather a large number of Labour members coming in to see you over the next 10 days. I am afraid that this is inevitable if we are to see all who have written to you.

MS

6 March, 1981



6 March, 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 5 March. This is receiving attention and you will be sent a reply as soon as possible.

**N. J. SANDERS**

Robert Kilroy-Silk, Esq, MP



HOUSE OF COMMONS  
LONDON SW1A 0AA

5<sup>th</sup> March 1981

Dear Prime Minister,

I will recall that you said that you would be prepared see the Member for a constituency in which a factory was to close.

Would you therefore see me about the closure of the Courtauld's Aintree factory where 1550 jobs are to be lost.

It would also be helpful if you would be prepared to see Steve Mearns MP and show steering for the factory at the same time.

Yours sincerely

Robert Kilroy-Silk