

PREM 19/1104

PM'S MEETING WITH GORDON WILSON MP AND  
ALEX FLETCHER (MIN. OF STATE, SCOTTISH OFFICE)  
ABOUT THE THREATENED LOSS OF JOBS AT  
TIMEX, DUNDEE.

PRIME MINISTER

FEBRUARY 1983.

| Referred to        | Date | Referred to | Date | Referred to | Date | Referred to | Date |
|--------------------|------|-------------|------|-------------|------|-------------|------|
| <del>28.1.83</del> |      |             |      |             |      |             |      |
| <del>4.2.83</del>  |      |             |      |             |      |             |      |
| <del>8.2.83</del>  |      |             |      |             |      |             |      |
| <del>11.2.83</del> |      |             |      |             |      |             |      |
| <del>16.2.83</del> |      |             |      |             |      |             |      |
| <del>12.4.83</del> |      |             |      |             |      |             |      |
| <del>20.4.83</del> |      |             |      |             |      |             |      |
| <del>29.4.83</del> |      |             |      |             |      |             |      |
| <del>5.5.83</del>  |      |             |      |             |      |             |      |
| <del>11.5.83</del> |      |             |      |             |      |             |      |
| <del>12.5.83</del> |      |             |      |             |      |             |      |
| <del>17.5.83</del> |      |             |      |             |      |             |      |
| <del>18.5.83</del> |      |             |      |             |      |             |      |
| 19.5.83            |      |             |      |             |      |             |      |

PREM 19/1104

Scottish Office

C/F PPS?



Prime Minister (4)

This is from Mr Kilkeny  
of Hyster whom you were

Wilton Place Knightsbridge going to see.

London SW1X 7RL

TELEPHONE 01-235 8000

Ms 19/5

19/5

Dear Mrs. Thatcher:

I deeply appreciate  
your letter of 12 May and  
understand fully the reasons  
we could not meet on 17 May.  
My hope and belief is that  
you will win as you fully  
deserve to do and that  
we will have the opportunity  
to meet during your next  
term of office. Our progress  
in converting (with your help)  
our Scotland operation into the



*The Berkeley*

*Wilton Place Knightsbridge*

*London SW1X 7RL*

TELEPHONE 01-235 6000

woulds most cost-effective  
lift-truck plant is  
progressing very well and  
I will welcome the opportunity  
of inviting you to see it  
upon its completion. In  
the meanwhile I wish you  
and yours all the very best

Sincerely,  
Bill Kilkenny

PM

FEB 83

Tuesday




PM  
18/5

Prime Minister (2)

ms 18/5

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

  
18 May 1983

Dear Mike,

TIMEX

In view of the Prime Minister's close personal interest in this case, I am writing to let you know that the dispute at Timex appears to have been resolved.

At a meeting today workers occupying the plant voted to accept an agreement reached late yesterday between management and local union officials. As a result, industrial action is at an end, the employees will return to work and the Company's court action to repossess the plant has been lifted.

This latest agreement is on the same lines as that reached last week between management and national AUEW and TASS officials, with the sole exception that the short-time working to which the previously redundant employees will be entitled during the new 90-day period has been increased from a total of 13 days to 21 days.

The agreement means that the employees at Timex have accepted both the initial 1,900 redundancies announced on 10 January and the further 300 announced on 6 May as a result of lost business because of the sit-in. In return the company has agreed to consider redundant employees, taken back for a further 90 days on a short-time basis, for places vacated by voluntary redundancies elsewhere at the plant, provided that they have the required skills, after training if necessary.

At the present time, we are not proposing to issue any statement, but if the question is raised with the Prime Minister the following points might be made:

- i. satisfaction that the dispute is resolved;

- ii. hope that the management and employees are now jointly committed to the development of a successful business at Dundee operated with maximum co-operation and flexibility;
- iii. the way is now clear for the introduction of a programme for introducing new products and new investment on which jobs depend and in which Government is playing a full part through the provision of grant support.

*Yours sincerely*

*John Wilson*

JOHN S WILSON  
Private Secretary

176-111-1383

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SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

cc B1

Prime Minister

2

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

Mus 17/5

17 May 1983

Dear Mike,

Another formula possibly  
has been rejected  
remembering  
not

TIMEX

I attach as requested a background note for the Prime Minister on the latest developments at Timex. It brings the material which I sent to Willie Rickett on 11 May up to date.

in box?

We have discussed this with the Secretary of State this morning. His firm view is that there is nothing to be gained by aggressive intervention by Ministers at this stage: he thinks any remarks made by Ministers should be in sorrow rather than in anger!

Yours sincerely

John Wilson

JOHN S WILSON  
Private Secretary

TIMEX

BACKGROUND NOTE

1. In London on Friday 13 May Timex management and national AUEW and TASS officials (Mr Gavin Laird and Mr Ken Gill) agreed a formula to end the dispute as follows:-

(i) 425 redundancies outstanding (125 left over from the 1900 announced on 10 January, plus a further 300 announced on 6 May as a result - the company states - of lost business following the sit-in) to be withdrawn for a further 90 days.

(ii) Company's legal action to end the sit-in to be withdrawn.

(iii) In the interim the 425 employees to be put on short-time (1 day per week working), to have pension rights etc. Preserved and redundancy payments restored, and to be considered for new jobs opportunities within the plant as and when they arose and provided skills of employees were appropriate.

(iv) In return the union officials accepted -

2200 redundancies (both the original 1900 and the further 300 announced on 6 May) -

Immediate end to industrial action, freeing the Sinclair CRT flat television tube line -

Re-establishment of normal grievance procedure on the understanding that if it failed national officials would be brought in.

2. Mr Harry McClevy AUEW District Secretary was present at this meeting and was charged with the responsibility for taking the formula back for endorsement by local employees. It was rejected by shop stewards at Dundee on the afternoon of Friday 13 May, confirmed at a meeting on Monday 16 May of the employees taking part in the sit-in, at which only 14 out of 348 accepted the formula.

3. The company believes, and we share their view, that Mr McClevy has reneged at local level on the agreement which he witnessed at national level. / Confidential. We understand that the Dundee employees may well have forfeited national union support in the face of renewed court action by the company.7

#### Line to Take

4. We consider that further intervention by Ministers is most unlikely to assist a positive outcome of the dispute and may even, particularly at the present time, be counter-productive. This is also the company's view. If the Prime Minister considers, however, that intervention is required - or indeed if the issue is raised and comment requested, the following points could be emphasised:-

- (i) The current situation is tragic for British industry in its fight to be competitive with other countries, and in this case the Japanese.
- (ii) It is tragic too for the unemployment situation at Dundee and for the strategy agreed by Government and the local community of putting Dundee on the map as a key location for high technology investment.
- (iii) The plight of the Dundee workers made redundant is well understood, that is why the Prime Minister personally intervened with Mr Fred Olsen, owner of Timex and Chairman of the Board.
- (iv) But now the sit-in is putting other people's jobs at risk and directly creating unemployment.
- (v) The Government very much regrets that the efforts of the company and national trade union officials - and the commitment of Government to future investment and job security at the plant - have not yet led to a resolution of the dispute.

#### Possible ACAS Intervention

5. In today's press ACAS is reported as inviting management and employees to meet to discuss a possible resolution of the dispute. If the Prime Minister is asked about the prospect of ACAS intervention she might wish to say something on the following lines:-

"The company and trade union representatives are fully aware of the potential contribution which ACAS can make. I would welcome anything which would lead to the resolution of this dispute which is so damaging to jobs in Dundee."

07 JUN 1953





DSG

cc 80

10 DOWNING STREET

THE PRIME MINISTER

12 May 1983

Dear Mr. Kilkeny,

My Private Secretary wrote to you on 9 March to say that following your discussions with Alex Fletcher on your proposals for substantial new investment at your Irvine plant, I would be pleased to meet you on Tuesday 17 May. I was much looking forward to our meeting. But in view of the impending General Election I very much regret that this will not now be possible. I hope you will understand.

I would like to take this opportunity of congratulating your company on its major investment and training programme at Irvine. I understand it will make the factory one of the most efficient and cost-competitive manufacturers of fork-lift trucks in the world and holds out prospects of up to 1,000 new jobs in the Irvine area over the next few years. I am confident the investment will help your company to compete in what I know to be a fiercely competitive international market.

Yours sincerely

Margaret Thatcher

Mr. William H. Kilkeny.

da

Prime Minister



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Tim Flesher Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

11 May 1983

Dear Tim,

HYSTER LTD

When we spoke this morning about the cancellation of the Prime Minister's meeting next week with Mr Bill Kilkenny, chairman of Hyster Company, I put to you a suggestion that the Prime Minister might wish to consider writing personally to Mr Kilkenny. Whilst my Secretary of State and Mr Fletcher are reluctant to add to the Prime Minister's duties, particularly at this time, they are conscious of the importance of maintaining good relations with this company and feel that a personal reply from the Prime Minister would be appropriate. From their contacts with Mr Kilkenny they are certain such a gesture would be very much appreciated.

I attach a draft for the Prime Minister's consideration.

Yours sincerely

John Wilson

JOHN S WILSON  
Private Secretary

Pl type for PM

Mrs H/K

DRAFT LETTER FOR THE PRIME MINISTER TO MR KILKENNY

Mr William H Kilkenny  
Chairman  
Hyster Company  
Portland  
Oregon  
USA

I was much looking forward  
to our meeting. But

My Private Secretary wrote to you on 9 March to say that following your discussions with Alex Fletcher on your proposals for substantial new investment at your Irvine plant, I would be pleased to meet you on Tuesday 17 May. In view, however, of the impending General Election I very much regret that this will not now be possible. I hope you will understand.

~~While I appreciate that this will be a disappointment to you~~  
I would like to take this opportunity of congratulating your company on its major investment and training programme at Irvine. I understand it will make the factory one of the most efficient and cost-competitive manufacturers of fork-lift trucks in the world and holds out prospects of up to 1,000 new jobs in the Irvine area over the next few years. I am confident the investment will help your company to compete in what I know to be a fiercely competitive international market.

Premie Minutes

Feb 8

Mtg. with Gordon Wilson & Tom's



1900



~~A.D.~~  
Do you have any papers for this meeting?  
AD 10/5

file BPP

10 May 1983

HYSTER LTD.

I am writing to cancel the meeting between the Prime Minister and Mr. Bill Kilkenny which had been arranged for Tuesday, 17 May at 1030 hours.

Could you kindly inform Mr. Alex Fletcher's office.

CAROLINE STEPHENS

A. Muir Russell, Esq.,  
Scottish Office

NCR



JF3398

Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
SWITCHBOARD 01-212 7676

*NBPM  
MS 10/5*

5 May 1983

The Rt Hon Stanley Orme MP  
House of Commons  
LONDON  
SW1A 0AA

*Dear Stan,*

In his letter of 29 April George Younger has already replied to the majority of the points you raised with me in your letter of 18 April about Timex. Regarding the European angle I would add that we understand the Commission to have opened a formal procedure under Article 93 (2) of the Treaty of Rome and the French Government now has one month in which to comment and provide additional justification for the aid. Other Member States will also be invited to comment and we shall continue to make our attitudes and concerns clear. Following completion of its considerations it will be for the Commission to decide whether or not the French aid is compatible with the Treaty.

I fully endorse George Younger's point that the objective must be to promote the development of a profitable company in Dundee where as many people as possible enjoy secure employment. We must therefore very much hope for a swift resolution of the present industrial relations problems.

*Your ever*

*D. [Signature]*

PS/No 10  
PS/S of S for Scotland  
PS/Ministers  
PS/Secretary  
Mr Manzie  
Miss Mueller  
Mr Bryant  
Mr Dick  
Mr Jardine  
Mr Major

Mr Macdonald  
Mr Ingram  
Mr Avery - on file

PM: Meeting with Wilson and Fletcher  
about Times " Feb 83.

AM



SCOTTISH OFFICE  
NEW ST. ANDREW'S HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

Ernie Ross Esq MP  
201 Tweed Crescent  
DUNDEE DD4

29 April 1983

*Alan Lewis*

When George Younger and I met you and other local MPs on 29 March, you presented us with material provided by the Trade Union representatives at Timex. We promised to examine this material, to consult the company, and write to you.

We have now completed this process. I must reiterate, however, that it would be entirely inappropriate for us to act as some kind of arbitrator in this matter. In addition we must be careful not to damage the company's competitive position by revealing commercially confidential information.

On the basis of the material provided, the Unions conclude that there is a substantial future for mechanical watch-making within Timex, that Dundee is a major source for the manufacture of watch cases, that Dundee has lost opportunities to expand into the new technology of quartz manufacture as a result of Timex importing Korean watches, that technology has been allowed to drift away from Dundee in the case of both the Nimslo 3-D camera and the Sinclair CRT TV line, and finally that substantial amounts of production have been transferred to France.

I will deal with the last point first, in view of the previous assurances given to us and to the Prime Minister. The company has stated that job loss at Dundee does not result from transfer of work to France, and that, on the watch side, redundancies have been caused by major rationalisation in the face of the dramatic decline in demand for the product. Previously Timex had adopted a policy of dual or joint sourcing, but as part of the rationalisation process, concentration became inevitable to allow the Corporation to remain competitive. On these plans, a good deal of watch manufacture will be concentrated at Besancon, which is, apparently, well tooled-up for low volume runs. Employment in watch-making at the French plant is however also being reduced. On the other hand, Dundee is planned to become the main focus within the Corporation for the manufacture of computer and consumer electronic products.

All 3 of the main Dundee watch-making activities (cases, screw machines and flat parts) were dual or joint sourced within the Corporation. The great majority of the case and screw machine manufacture which is being phased out at Dundee is simply no longer required by Timex. Of the small proportion of product which is still required, the great majority was dual or joint sourced, and will now only be manufactured outside Dundee. The company has, however, now informed us that, within the 3 major categories of watch-making activity, a tiny proportion, previously produced only at Dundee, though not reserved to Dundee and perfectly capable of manufacture elsewhere, will now be manufactured at other locations, including Besancon. The company states that the amount of work "transferred to France" in this way has no significance in job terms, and that even if this proportion had remained at Dundee, no extra jobs would have been retained.

Perhaps I can deal more summarily with the union's other points. On the basis of the Tarhis document, the unions conclude that there is a major role planned for mechanical watches within Timex. The company has, however, pointed to the fact that the objective of achieving technological leadership in the watch industry, stated in the documents, refers to Quartz Analogue and LCD watches rather than mechanical watch products, where there was a prospect of secular market decline and the object is to cut costs. On the other hand, as you know, Timex intend to retain mechanical watch making capacity at Dundee in the form of final assembly, repair and service, and strap, pack and distribution for mechanical and Quartz watches, and flat part manufacture for mechanical watches. According to company plans, sales on the watch making side will continue to account for more than a third of total UK turnover, and some 400 watch making jobs will be retained at Dundee. While the redundancies remain a severe blow, it is clear, therefore, that the watch making industry is not entirely lost to Scotland.

On the basis of the Cuinet schedule, the union claim that Dundee is a major manufacturing facility for watch cases, but the company tells us that Dundee is not a major source for case manufacture, particularly in relation to Quartz Analogue and LCD watches. Of a total of 123 models identified in the case schedule, Dundee is the sole source for only 5. On the question of the opportunity to develop new technology watches given to a Korean manufacturer rather than Dundee, the company claims that Dundee did not have the technical resources to produce these plastic, multi-function, digital watches. In fact I understand that Dundee had been given the opportunity to supply cases for these watches. With reference to the sourcing of cases with a Hong Kong vendor, the company has told us that it is normal practice to source low volume runs with special requirements externally.

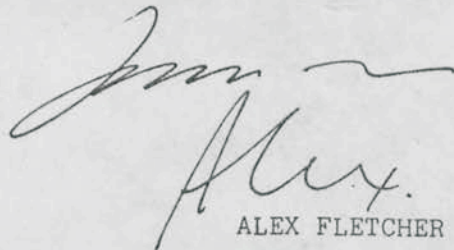
Finally, on the question of the risk of transfer of the CRT line, the company has categorically denied that a set of the CRT drawings has been sent to France or anywhere else.

When you met George Younger and I on 29 March you said that watch repair work had recently been transferred to France with the loss of 50 jobs. We took this matter up with the company and we understand that this was repair work normally done by the French plant for French watches. At a time of heavy workload at Besancon, Dundee had helped out, but ultimately the work simply reverted to France.

I have dealt with this material in some detail, because I know how seriously you are concerned about Timex. Having examined the documents, we are quite satisfied that the company has not set out to mislead the Government. I remain convinced, however, that public discussion of assertions by either management or employees' representatives about the past conduct of the business at Dundee is harmful and will serve no purpose in terms of preserving employment in the area. Our concern in this matter relates not just to Timex, but to the regeneration of Dundee as a whole and to the reputation of Scotland as a location for high technology enterprise. We have, as I think you will accept, carefully investigated the material which you presented on 29 March. Similarly we thought it important to seek to ensure that the French Government in offering assistance to Fralsen company at Besancon observed regional guidelines on investment aids established by the European Community. Whatever the outcome of these investigations, however, I am quite clear that they will not result in a single extra job being created at Dundee.

Meanwhile the sit-in at Milton jeopardises the future of the CRT line, jeopardises the possibility of future vital investment at Dundee by the company, and jeopardises customer confidence, all of which have real and potentially major effects on employment at Dundee. The sit-in could damage not just the future prospects of Timex, but the efforts of Dundee to establish itself as a high technology growth point and the reputation of Scotland as a location which offers flexible, highly-trained workforce, committed not to confrontation, but to the success which co-operation between management and employees can secure. New attitudes are required for new industries.

I quite understand the feelings of those who have been made redundant, but it is vital to take equally seriously the future of the 2,300 employees who will remain at Timex in Dundee. I think it is quite clear that the collapse in the worldwide demand for Timex products has led to major rationalisation within the Corporation. In this context, I am extremely glad that the company has identified its Dundee facility as the lead location for electronics manufacture.

  
ALEX FLETCHER



NEW ST. ANDREWS HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

The Rt Hon Stanley Orme MP  
House of Commons  
London SW1A 0AA

29 April 1983

Patrick Jenkin has passed me a copy of your letter of 18 April about Timex.

I quite understand your concern about the future of Timex in Dundee. I regard the case as of national significance affecting investment of key significance on the computer and electronics side, and not least, affecting the reputation of the UK as a first class location for high technology investment.

When Alex Fletcher and I met local MPs on 29 March, Ernie Ross presented us with material provided by the trade union representatives of Timex. We promised to examine the material, to consult the company, and to reply. A copy of Alex Fletcher's letter to Ernie Ross is attached.

As this reply makes clear, we are quite satisfied that the company has not misled the Government about the transfer of production to France.

I will leave it to Patrick Jenkin to reply on the question of the European Commission investigation into the French Government's offer of assistance to the Fralsen company at Besancon. I may say, however, that clarification of the position on both of these issues will not result in any extra jobs being created at Dundee. My main objective therefore is to ensure that Government support is used constructively to promote the development of a profitable company in Dundee, where as many people as possible enjoy secure employment. I have made it very clear to the company at the highest level that we would be very happy to provide such assistance to secure optimum investment at the Dundee location.

George Younger



SCOTTISH OFFICE  
NEW ST. ANDREW'S HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

James Tinney Esq  
Secretary  
Joint Union Committee  
Timex Corporation  
DUNDEE

29 April 1983

*James Tinney*

Thank you for your letter of 30 March about the transfer of caseback manufacture from Dundee to Besancon.

We have had this material thoroughly investigated, together with the similar documents which were handed over to George Younger and I on behalf of the Timex employees' representatives by Ernie Ross on 29 March. I am quite satisfied that the company has not misled the Government about the effect of its major world wide rationalisation plans on Dundee. It seems clear to me that the loss of this particular caseback schedule - which I understand provides the equivalent of one job - has not been a severe blow to Dundee.

I understand the feelings of Timex employees who have been made redundant, but I believe that there is a very serious risk that a prolonged sit-in will jeopardise the jobs of the 2,300 employees who remain. I am sure that the priority now is for all concerned at Timex to demonstrate their continuing commitment to the future of the company. The immediate resolution of industrial relations differences is bound to reassure vital customers on whom job security at the plant ultimately depends.

*James Tinney*  
*Alex Fletcher*

ALEX FLETCHER





NEW ST. ANDREWS HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

The Rt Hon Bruce Millan MP  
House of Commons  
LONDON  
SW1A 0AA

28 April 1983

*Dear Mr Millan*

Thank you for your letter about Timex Dundee. I quite understand your concern about this case which is significant not just for Timex, but for Dundee, and indeed for the reputation of Scotland as a first class location for high technology investment.

When Alex Fletcher and I met local MPs on 29 March, Ernie Ross presented us with material provided by the Trade Union representatives at Timex. We promised to examine the material, to consult the company and to reply. A copy of Alex Fletcher's letter is now enclosed. You also mentioned the letter which Mr Tinney, the Secretary for Joint Union Committee at Timex, sent to me and I enclose a copy of Alex Fletcher's reply to him too.

On the question of retaining watch making at Dundee, I think it is relevant that a considerable part of the Timex operation in the UK will still be concerned with the watch business, which, according to company plans, will account for over one-third of turnover, with some 400 people employed at Dundee. I think it is important, to establish the right priority. In this instance I believe that it is vital to secure the remaining jobs of the 2,300 employees which the company plans to retain once the redundancies have taken effect. I also consider that the manufacture of computer and consumer electronic parts provides the best prospect for growth in the future. The CRT flat television tube for example involves very advanced technology and is vital to the future success of the company. By contrast, watch making at Dundee was always predominantly on the more traditional mechanical side, and involved only parts rather than the complete product.

As you know, the Government agrees with you that it is important to clarify the position on the French Government's offer of assistance to the Fralsen company at Besancon. We believe that regional guidelines for investment assistance established throughout the Community should be precisely observed by Member State Governments.

The Commission are investigating the aid which the French Government have offered and we understand that a formal procedure was recently opened, under which the French authorities have 1 month in which to comment and provide additional justification for the aid. The company has made it clear, however, that whatever the verdict, it will not result in any extra jobs being created at Dundee.

That is why I believe the priority now is for all concerned at Dundee to rally behind the company's strategy of promoting Timex Dundee as the lead location within the Corporation for computer and electronics development. As I have made perfectly clear to the company at the highest level there is no doubt that Government is prepared to provide substantial support where it is required to maximise investment on this side and to maintain the greatest number possible of jobs in Dundee in a profitable enterprise.

*Yours sincerely,*

*A. M. Vane*

Approved by the Secretary of  
State and signed in his absence

PM  
Feb 83



NEW ST. ANDREWS HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

Willie Rickett Esq  
Private Secretary  
10 Downing Street

28 April 1983

Dear Willie *Pl type these two letters*  
*GR*  
*3/5*

Thank you for your letter of 20 April about Timex.

I attach copies of the replies which the Secretary of State and Mr Fletcher have sent to Mr Ross, Mr Millan and Mr Orme. I also attach, as requested, draft letters for the Prime Minister to send to Mr Millan and Mr Orme.

For general briefing purposes, you may also like to have the enclosed question and answer brief prepared for Scottish Question Time on 4 May.

I am sending a copy of this to Jonathan Spencer (Department of Industry).

*A Muir*

A MUIR RUSSELL  
Private Secretary

3 MAY 1963



DRAFT FOR PRIME MINISTER

The Rt Hon Stanley Orme MP  
House of Commons  
LONDON SW1A 0AA

Thank you for your letter of 18 April about Timex, enclosing a copy of your letter to Patrick Jenkin.

As you know this is a case in which I have taken personal interest. I have met representatives of the employees at Timex, I have also met local MPs, and I have written to Mr Fred Olsen, owner of Timex and Chairman of the Board. In addition, of course, George Younger and Alex Fletcher have kept me fully aware of developments.

I have been concerned to ensure that the European Commission establishes that the French Government in offering assistance to the Fralsen company at Besancon in France observed European Community guidelines relating to regional aids for investment. I have also been concerned that, where it is in our power, the Government acts to support an investment programme aimed at returning the Timex operation at Dundee to profit, and providing long term secure employment.

I believe that this is a case of very great importance, not just because of its significance for the local economy, or even mainly because of the implications for the watch industry. The really outstanding technological developments at Dundee have been on the computer and consumer electronics side, and I am particularly concerned about the future success of the Sinclair CRT flat television tube production line. I know that Patrick Jenkin and George Younger are replying to you about the detailed matters which you raised. For my part, I very much hope that the present industrial relations problems

at Dundee are swiftly resolved, so that the future of Timex,  
and of Dundee as a first class location for high technology  
investment are not increasingly jeopardised.

DRAFT FOR PRIME MINISTER

The Rt Hon Bruce Millan MP  
House of Commons  
London SW1A 0AA

Thank you for your letter of 18 April about Timex, together with the copy of the letter which you wrote to George Younger.

As you know this is a case in which I have taken a personal interest. I met representatives of the Timex employees in Glasgow, and local MPs in London. In addition I have written to Mr Fred Olsen, owner of Timex and Chairman of the Board, and, of course, George Younger and Alex Fletcher keep me closely in touch with developments.

Like you, I have been concerned from the start that European Commission should establish that the French Government, like other member states, observes European Community ceilings on regional assistance for investment.

Whatever the verdict there, there will, I understand, be no gain in terms of jobs created at Timex, Dundee, so I am also anxious that, where possible, Government support should be directed to securing an investment programme which will return Timex to profit and maintain the maximum number of secure jobs.

I am sure this is a case of more than local significance, not so much because of the implications for the watch industry (I understand that the Timex watch manufacture in Dundee was restricted mainly to parts for the traditional mechanical product), but because of the outstanding potential offered by the company's diversification into high technology electronic products. In particular the CRT flat television tube production line holds out an outstanding prospect.

DRAFT LETTER FOR PM (CONTD)

That is why I very much hope that present industrial relations problems at Dundee can be swiftly resolved to avoid further damage to jobs at Dundee, and the reputation of the area, and indeed of Scotland as a whole, as a first class location for high technology investment.

I know that George Younger has replied to the detailed points you raise.





ACK 20/4

HU

10 DOWNING STREET

*From the Private Secretary*

20 April 1983

I enclose copies of two letters that the Prime Minister has received about Timex, Dundee. One is from Stan Orme, and encloses a letter he has written to Mr. Jenkin. The other is from Bruce Millan, and encloses a letter he has written to your Secretary of State.

I should be grateful for draft replies for the Prime Minister to send to both of these letters by Wednesday 4 May.

I am sending a copy of this letter and enclosures to Steve Nicklen (Department of Industry).

W. F. S. RICKETT

Muir Russell, Esq.,  
Scottish Office.

PRIME MINISTER

*Kay  
CF 15. Please  
return to me  
10/21/4*

These letters from Stan Orme and Bruce Millan enclose very similar letters that they have written to Patrick Jenkin and George Younger about Timex, Dundee. They call on the Government to give a commitment to retaining the maximum possible amount of work in Dundee. They also say that the workforce is still concerned that work is being transferred from Dundee to France and that the company's management has misled the Government on this point.

*we will let you have a reply.*

*WA*

*mb*

20 April 1983

cc Mrs ZM

6/10



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Willie

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

12 April 1983

*Ben Acker*

TIMEX

As promised I enclose a background note and notes for supplementaries for the Prime Minister's use this afternoon. I fear there is a little more material than we would normally provide, but the issues involved are rather complex and a good deal has been happening.

*A Muir Russell*

A MUIR RUSSELL  
Private Secretary

12.4.83/19/4

RECEIVED  
MAY 21 1961



MAY 21 1961

MAY 21 1961

BRIEF FOR PRIME MINISTERS QUESTIONS  
12 APRIL 1983

TIMEX

Background Note

1. The Prime Minister is familiar with the position at Timex, Dundee immediately following the announcement in January this year of 700 redundancies as a result of the withdrawal of Nimslo camera production to Japan, and a further 1,200 redundancies as a result of a run-down in mechanical watch manufacture in response to falling demand world-wide. The Prime Minister met with representatives of the employees on 28 January and local MPs on 8 February. In addition, she has written to Mr Fred Olsen, owner of Timex and Chairman of the Board, to recommend that commitment of additional investment and research and development to Dundee.

The French Connection

2. From the beginning the unions have alleged that the Company planned to transfer watch production to the Fralsen company at Besançon in France because of massive subsidies offered by the French Government. The Company maintained (at a meeting between Mr Olsen and the Secretary of State) that no production had been transferred to France from Dundee, and openly stated that the French Government's assistance package amounted to £12 million (approx) in grant and £33 million in loans. Fralsen had been assured that the French offer was in accordance with EEC rules. Nevertheless, the Government was concerned that the legality of the French offer should be established, and accordingly the European Commission was asked to look into the matter. The Commission has received an initial response from the French Government, is not yet satisfied that the offer was within EEC regional aid ceilings, and has asked for more information. We think it unlikely, however, that the Commission will establish beyond doubt that rules were broken and we are convinced that, even with a "guilty" verdict, no material benefit to Dundee would result in terms of extra jobs or investment.

3. At a meeting between the Secretary of State and Mr Fletcher and local MPs, Mr Ernie Ross presented a pack of material, provided by the Timex employees' representatives, which purports to show that, despite the Company's assertions, work has been transferred to France. This material has been given to the Press, amid allegations that Timex management deliberately misled the Prime Minister and Scottish Office Ministers. The Company's preliminary response is to stand by its original contention that the run-down in watchmaking at Dundee results from an absolute decline in the world market, rather than a transfer of work to Besançon. However, in the course of a major rationalisation we cannot rule out the possibility of limited plant and product relocation, although the Company maintains that the effect on Dundee has been minimal. Once we have a formal response from the Company, the Secretary of State will reply to Mr Ross, although he has made it clear that he cannot act as arbitrator in the matter.

## Industrial Relations

4. Of the 1,900 redundancies originally announced, 1,700 have been secured voluntarily. The remaining 200 employees will be made redundant on 20 April following expiry of their statutory 90 day period of notice. The union's response to these "compulsory" redundancies, supported by the Labour Party in Scotland, has been to sit in at the Milton of Craigie plant. They have already given assurances that the two other Dundee plants, Camperdown and Block 5 (where the vital subcontract work for IBM (VDUs and substrates) and Sinclair (computers and printers) is undertaken), will not be affected by any industrial action in the course of this dispute. The perhaps still more crucial Sinclair flat television tube pilot production line is, however, in a discrete building which is part of the Milton of Craigie complex and that is currently affected by the sit-in. As the factory is in any case on holiday this week and no production is being lost, the company is taking no action pending the expiry of the 90 day redundancy notices on 20 April. Timex could stand a sit-in at the Milton watchmaking complex for some time - the unions have given assurances that the occupation will be peaceful - but significant delay in production of the cathode ray tube will not be tolerated. There must be a risk that a prolonged dispute will lead to the withdrawal of IBM and Sinclair work and ultimate closure. We believe that the company will have to face up to this problem very soon if its future is to be secured.

## Government action

5. Following detailed discussions with officials, the Company has put forward a programme of investment and retraining aimed at establishing the Timex operation as a first-class electronics facility on a par with other plants world-wide. This programme involving fixed capital spend of over £1.6 million and training costs of around £1.2 million will do much to safeguard many of the 2,300 jobs which will be left at Dundee once the 1,900 redundancies have taken effect and will receive substantial selective assistance from the Government provided the Company achieves the manning levels and working practices required to become viable. This offer is not yet public, but may be announced shortly by the Company as part of a move to convince employees both of Timex commitment to Dundee and of the need to secure comparable commitment from the workforce if the Company is to succeed.

Scottish Economic Planning Department  
12 April 1983

PRIME MINISTER

TIMEX

I understand you were asking this morning, in the light of reports of the sit-in at Dundee, about what had happened since you wrote to Mr. Olsen, on 16 February.

We have had no reply from Mr. Olsen, but you will remember that Mr. Gavin Laird wrote to you at the end of February to thank you for your intervention. Mr. Laird said that the meeting you had had with them had been most helpful and had gone "a long way to demonstrate the Government's interest in this serious problem".

I am told by the Scottish Office that Mr. Olsen spoke to Mr. Fletcher after receiving your letter. He confirmed his readiness to consider not just new products for the Dundee factory, but also the possibility of locating some research and development work which might form the foundation of future expansion plans in the area. The Scottish Office believe that your letter was seen by Mr. Olsen as a demonstration of the Government's commitment to supporting new products which will be vital to Timex's competitive future.

The Scottish Office will be letting us have a note tomorrow morning about the circumstances of the sit-in. You may wish to have this with you at Questions tomorrow.

---

MCS

mt

11 April 1983

# HYSTER COMPANY

P. O. BOX 2902

PORTLAND, OREGON 97208

W. H. KILKENNY  
CHAIRMAN OF THE BOARD

March 21, 1983

*C.S. 28/3*  
Dear Ms. Stephens:

Your letter of 9 March has just been received and I am delighted that the Prime Minister has agreed to see me.

I have talked with Mr. Fletcher and we will make arrangements to get together on the morning of 17 May, so that we will arrive at 10 Downing Street promptly at 10:30 a.m.

This appointment is certainly a high honor, because I am one of the Prime Minister's staunchest American supporters and admire her greatly.

Sincerely,

*William H. Kilkenny*

jb

Ms. Carolle Stephens  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London, England





CF

10 DOWNING STREET

*From the Private Secretary*

9 March 1983

When you last spoke to Mr. Alex Fletcher he promised that he would seek to arrange an appointment for you to see the Prime Minister. Mr. Fletcher has since taken the opportunity of bringing the Prime Minister up-to-date with the course of your discussions, which of course resulted in your proposals for substantial new investment at your Irvine plant.

BR

The Prime Minister has confirmed that she would be pleased to see you at 10.30 a.m. on 17 May at No.10. Mr. Fletcher will also be in attendance. I look forward to your confirmation that these arrangements are suitable.

CAROLINE STEPHENS

Mr. William H. Kilkenney

fu



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

9/4 March 1983

Ken Mike

attached  
PPs

HYSTER LTD

I refer to my letter of 17 February. My Secretary of State and Mr Fletcher were very grateful for the Prime Minister's agreement to meet Mr Bill Kilkenny, the Chairman of Hyster, on 17 May. I enclose a draft letter for you to send to Mr Kilkenny confirming that meeting. Please advise me in due course of the time and place of the meeting: I should perhaps mention that Mr Fletcher intends to arrange for Mr Kilkenny to be in the House that day for Prime Minister's Questions.

The Prime Minister may also wish to know that following her personal written intervention, Mr Olsen, Chairman of Timex, has spoken to Mr Fletcher. He has confirmed his readiness to consider not just new products for the Dundee factory but also the possibility of locating some research and development work which might form the foundation of future expansion plans in the area. In the meantime, we are considering urgently a proposal to improve the efficiency of current operations at Dundee through a programme of investment and retaining. On the basis of this project we hope to secure for the future new products both competitive in terms of price and quality from the Sinclair range and from in-house designs. Our conversations with Sinclair lead us to believe that this is a rich source to be tapped.

The Prime Minister's intervention has been clearly seen by Mr Olsen as a demonstration of Government's commitment to supporting the new products vital to the Company's competitive future.

*A Muir Russell*

A MUIR RUSSELL  
Private Secretary

DRAFT FOR THE PRIME MINISTER'S PRIVATE SECRETARY

William H Kilkenny Esq  
Chairman  
Hyster Company  
Portland  
Oregon  
USA

Carline  
G.P.  
Please type

Pl will you fix a mtg  
with Mr Kilkenny? And write?  
- I believe 17 May will be  
convenient to him &  
possible for the PM.

MUS 8/3

When you last spoke to Mr Alex Fletcher he promised that he would seek to arrange an appointment for you to see the Prime Minister. Mr Fletcher has since taken the opportunity of bringing the Prime Minister up-to-date with the course of your discussions, which of course resulted in your proposals for substantial new investment at your Irvine plant.

The Prime Minister has confirmed that she would be pleased to see you at <sup>an</sup> 10.30 ~~pm~~ on 17 May at ~~10.30~~. Mr Fletcher will also be in attendance. I look forward to your confirmation that these arrangements are suitable.

PM: Feb 83. Meetings about  
Tux.

MAR 1983

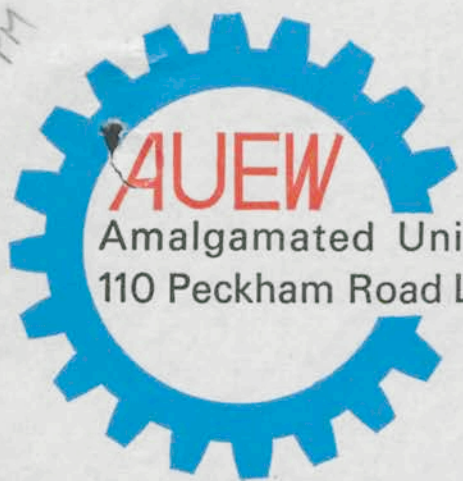
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PM

TPM

Prime Minister (2)

PM



**Amalgamated Union of Engineering Workers (ENGINEERING SECTION)**  
110 Peckham Road London SE15 5EL 01-703 4231  
Telegrams EDIFYING LONDON SE15

**GAVIN H LAIRD, General Secretary** to whom all communications should be addressed

We also had a nice telephone call from Mr Laird

today thanking you warmly

mb

C/E for your help.

M/S 2/3

Our ref **GHL/DMK**

Your ref **FIRST CLASS**

28th February 1983.

The Rt. Hon. Margaret Thatcher,  
The Prime Minister,  
10 Downing Street,  
London, S.W.1.

R 2.

PPS

*Dear Prime Minister,*

Sincere thanks for your letter dated 14th February which I read today having just returned from my annual holidays.

Let me say at the outset that following that most useful meeting in Glasgow to which you refer, as you know, we had a follow-up meeting with the Secretary of State for Scotland, George Younger, and the Minister of State, Alec Fletcher. This meeting too was most helpful and has certainly gone a long way to demonstrate the Government's interest in this serious problem.

In confirming receipt of your letter and thanking you for same, I now wish to know if you would have any objection to me sending a copy of your letter to our Local Officials and members at Dundee.

Yours sincerely,

*Gavin H. Laird*

GENERAL SECRETARY

PM: mtg: with G. Wilson MP  
re Timex 2/85



Eden Grove  
BOND



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

17 February 1983

*Dear Mike*

HYSTER LTD

I attach Line to Take and Background Notes for the Prime Minister's use today reflecting the acceptance by the workforce at Irvine of the company's terms for its expansion there.

Mr Alex Fletcher played an important personal part in the negotiations with the company and during these the Chairman, Mr William Kilkeny, expressed a strong desire to meet the Prime Minister to discuss international trade and in particular what he regards as unfair competition from Japan. I enclose a newspaper advertisement on this subject which Mr Kilkeny suggested should be brought to the attention of the Prime Minister.

Mr Fletcher of course gave no assurances that a meeting could be arranged, but he did promise to approach the Prime Minister; and to judge by remarks he made on a BBC television interview earlier this week Mr Kilkeny has taken it that he will be meeting the Prime Minister. I am sorry to have to put the request to you in these terms, but maintenance of good relations with this company is clearly important at this time and my Secretary of State and Mr Fletcher very much hope that it will be possible for the Prime Minister to agree to have a brief meeting with Mr Kilkeny at some convenient time. I understand he will be next due in London on 17 May. Can you please let me know if a meeting will be possible so that we may inform Mr Kilkeny one way or the other.

*A Muir Russell*

A MUIR RUSSELL  
Private Secretary

BACKGROUND NOTE FOR THE PRIME MINISTER

HYSTER LIMITED

The Hyster Company yesterday announced that it would commit an investment of over £40 million to continue and expand its operations at Irvine. This followed the unanimous acceptance by its 500 employees of a revised wage and conditions package which cut basic wages by 9.8% while stripping out a further 5% on fringe benefits. In a personal telephone call to Mr Fletcher yesterday Mr Kilkenny, Chairman of the Hyster Company, told of the wholehearted support received from the workforce and expressed his pleasure that the Hyster Company would now be able to sanction the investment required.

The Company is proving a major investment programme in the very latest plant and processes coupled with a complete retraining programme in the most modern and flexible production techniques. The objective is to secure a plant capable of meeting the challenge from the Japanese fork-lift truck industry through the production of high quality products competitively priced. The whole fork-lift truck industry has been going through a severe recession. Japanese manufacturers have gone from almost no market share in 1968 to over 55% in 1982. Mr Kilkenny has gone publicly on record, stating that this has been achieved through unfair trading practices including protection of the home, high margin market place, Government subsidisation and the selling in foreign markets of surplus capacity products at 'dumped' prices. Within the United States, Hyster has launched a campaign to obtain Government support against such practices which Hyster believes have also affected the automotive, steel and electrical appliance industries.

In addition to this political campaign, Hyster also considers that it has to meet the business challenge head on if it is to survive. Almost alone among its competitors in the Western world, the Company remained profitable in 1982. It has now embarked on a series of rationalisation measures to remain its market position. It has shut factories in Portland, where it started operations in 1929, California and has ceased manufacture in Sydney, Australia. It announced yesterday the sale of its Belgian factory to its employees and a substantial run-down with the loss of around 250 jobs at its Nijmegen factory, Holland.



The Government has promised substantial financial support to safeguard the jobs of the present 500 employees and to secure up to an additional 1,000 jobs over the next 5 years. /CONFIDENTIAL: The Company also considered both Northern Ireland and Eire as potential locations for this investment and has told us that it received a substantial offer of support were it to choose a greenfield location in the latter. The Company has twice in the past chosen such a greenfield location for projects with considerable success. Northern Ireland was a possible location for the present project, although there were serious doubts about the future of the Irvine operation should such a decision be taken. In the event, the Company took a commercial judgement to locate in Irvine. Government assistance comprising Regional Development Grants of £3.5 million and selective assistance of £3.5 million has been offered against capital investment of over £16 million. In addition, training grants of £9 million (of which half will be paid by the European Social Fund) have been offered against training costs estimated by the Company at in excess of £25 million but realistically nearer £11 million. Additional working capital of over £18 million will also be required. Two small further projects may follow if the present project turns out successfully.]

The Prime Minister may be pressed on whether Government support was conditional on the employees taking a wage cut. This was not in fact the case although it was a condition of the offer of grant that the Company was able to achieve the flexible working practices required to ensure total flexibility in the factory and avoid any demarcation disputes. The Company itself clearly stated that if the Irvine factory was to be competitive these wage cuts were in fact necessary. It was unwilling to sanction the investment programme and thereafter take up the offer of Government support in respect of that programme unless it was satisfied of the wholehearted co-operation of its workforce. This was over-whelmingly achieved.

Scottish Office  
17 February 1983



Prime Minister

We want get to  
this at Questions.

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Agree to see

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

Mr Kilkeny (potentially  
1,000 jobs, allegedly)

17 February 1983

Or would you prefer  
to write to him?

To do with office  
Will see him  
mt.

Dear Mike

MCS 18/2

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Scottish Office  
17 February 1983

The Sunday Oregonian . 6/2/83

## The High Cost of 'Free' Trade

A statement from Hyster Co.

America's basic industries and the people they employ are falling victim to an invidious economic condition. That condition is *not* a worldwide recession. It is, simply stated, the myth of "free" world trade.

While most Americans proudly assert allegiance to traditional notions of private enterprise fairly competing in a free and open international marketplace, American business is painfully learning that certain international markets are not operating on that basis. More importantly, American companies are competing both at home and abroad with the world's most powerful "private" enterprise . . . the nation of Japan.

As an international leader in lift truck and heavy equipment manufacturing, Hyster Company is but one example of American business fighting to survive. With manufacturing operations in five states and nine nations, we are well aware of the cost of doing business on an international scale. More and more, that cost is being paid with the jobs and economic future of the American people.

In our changing world economy, American firms that are content to operate with a "business as usual" philosophy might as well not be competing at all. Hyster Company is not content with that philosophy. We've purchased this space to explain why.

## Japan, Incorporated: Our Foremost Competitor

Most Americans have become adjusted to the Japanese economic incursion into this country in terms of their purchase of television sets, stereo equipment, cameras, video tape recorders, motorcycles and automobiles. What is not so visible is what the Japanese are doing to the industrial backbone of America. They are taking over the steel industry, machine tools and rubber industry. They are expanding their role in the U.S. in robotics, computers and office copying equipment. The latest U.S. industry to be impacted by the Japanese is in the field of nuclear power systems, with direct Japanese governmental support playing an important role in the Japanese success in the United States. Newspaper headlines continually talk about plant closures and the layoffs of hundreds of thousands of people in the basic industries of this country. Many Americans ignore this problem or defend the Japanese in the name of "free trade." It is not free trade! Houdaille Industries (a large machine tool company headquartered in Florida) made an extensive study of the Japanese machine tool industry. **Their report found a Japanese cartel arrangement working with the Japanese government, governmental approval of price fixing for export products and the flow of \$1.5 billion from wagering on bicycle races as direct subsidies to the Japanese machine tool industry to support prices on export products.** Houdaille is now petitioning the U.S. Government to disqualify the U.S. investment tax credit on imported Japanese machine tools.

Mr. Philip O'Reilly, Chief Executive Officer of Houdaille, says of those Japanese "experts" who attribute Japanese success to quality, improved technology, dedication to achievement by Japanese employees, lifetime employment, etc.—"phooey." We agree. We have disassembled Japanese lift trucks and conducted performance evaluations on all of our key Japanese competition. In some markets around the world, the Japanese sell at prices that we believe are under their unsubsidized costs.

# Right Costs

## A Statement From

Mr. Lee A. Iacocca, Chairman of the Board of Chrysler Corporation, presented some of his views on Japanese competition in a speech to the Commercial Club of Boston. Among other things, Mr. Iacocca said the following:

*"Non-tariff and hidden barriers in Japan run the gamut from quotas on the importation of agricultural items to administrative procedures which restrict the sale of non-Japanese products. . . . They say they must do this to protect their farmers as a matter of national policy. Fine. If they can protect their agricultural base as a matter of national policy, why can't we protect our industrial base as a matter of national policy? . . . They have created a web of 489 government-protected cartels that practice two-tiered pricing and closed bidding on contracts. . . ."*

*"The Japanese target markets one by one, and undercut their competition with whatever it takes! When robber barons did that sort of thing at the turn of the century, everybody cried "foul." And we broke them up. Now Japan is doing the same thing, and nobody says a word. Worst of all, the Japanese government controls the yen to give its companies an export advantage. Everybody told me the value of the yen would rise when our interest rates came down. Well, they dropped five points in six weeks and the yen got weaker. It fell from 220 to 270! No wonder the Japanese are selling steel on the world market for 20 percent less than we do. No wonder they took 30 percent of our car market this summer. . . . The Japanese are not practicing free trade and they are not practicing fair trade. They are forcing America to fight with both hands tied behind its back. . . . On average, every time someone buys a Japanese car in this country, we lose \$1750 in tax revenue at the local, state and federal level."*

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*"What are we going to do when we need a steel industry, but don't have one? What are we going to do when we need an aircraft industry, but don't have one? When is this government going to wake up? Some of these buy American programs aren't a matter of self-interest, they're matters of national defense and economic survival. Let's tell Japan to knock off the unfair practices or we'll be forced to retaliate—retaliate not only to stop their currency and trade manipulations, but to protect our industrial base, and the American way of doing business."*

Mr. Iacocca could have been talking about the lift truck industry as well as the automobile and the other industries he mentioned. When is the United States going to get its act together? While we watch the industrial backbone of this country go down the drain—while the U.S. taxpayer subsidizes the Japanese defense effort—while we watch the Japanese succeed because of the coalition between their government, business and labor—and while we maintain the traditional adversary role between these same parties, many Americans are content to go along with "business as usual." They defend this in the name of the free enterprise system or in the name of free trade. The world is changing, and **this country had better get with it or it will become impotent as an economic and industrial power.** We don't think America can survive as strictly a service economy selling hamburgers to each other.

### **The U.S. Lift Truck Industry: Marginal Profits for Hyster; Major Losses for Others**

The lift truck industry also has been severely impacted by the economic recession and by severe price competition from Japanese lift truck manufacturers. This is what is happening to our primary U.S. competitors:

**Clark Equipment**—*Wall Street Journal*, October 28, 1982, reported a nine-month loss of \$163.8 million. Earlier, on October 6, 1982, Clark announced the closing of all four of its manufacturing plants in the state of Michigan, including its largest lift truck plant in Battle Creek.



# of "Free"

## Hyster Company

**Caterpillar**—*Wall Street Journal*, January 19, 1983, reported a fourth quarter loss of \$204 million. For the year, Caterpillar reported a loss of \$180 million, its first loss since 1932. On December 8, 1982, Caterpillar announced that lift truck production at its primary lift truck manufacturing plant at Mentor, Ohio, was being phased out. Mr. Lee L. Morgan, Chairman of Caterpillar, recently headed a business delegation to inform President Reagan of the adverse impact of Japanese competition on U.S. industry (*Wall Street Journal*, January 26, 1983).

**Eaton (Yale)**—*Wall Street Journal*, January 27, 1983, reported a fourth quarter after-tax charge of \$205 million and forecast a large full-year loss for 1982. Eaton announced a spinoff of its Yale industrial lift truck operations with Eaton retaining 19% of the ownership of the new lift truck company. Eaton also indicated that it is closing truck axle plants in Cleveland and Louisville, a truck transmission plant in Kalamazoo, Michigan, an engineered-fastener plant in Cleveland and an engine-valve plant in Battle Creek, Michigan.

**Allis-Chalmers**—*Wall Street Journal*, January 27, 1983, reported a fourth period loss of \$130.3 million, and a loss of \$207 million for the year. *Business Week*, January 31, 1983, estimated that the company lost \$85 million, pre-tax, on \$190 million in sales of materials handling equipment.

tha  
Hyster Company is still profitable, although marginally. This, of course, is better performance than reflected by the heavy losses incurred by our U.S. competition during 1982. This relatively superior performance is due to aggressive efforts in the areas of cost control and improved productivity. Early in 1982, the Company embarked on a severe cost reduction effort involving executive salary reductions, a freeze on the wages of all salaried employees around the world, an aggressive program with all of our suppliers on price containment, and the reduction of many staff and overhead functions. **Because of these and other actions, most security analysts in the financial community rate Hyster as the most efficient lift truck manufacturer in the United States and Europe. We intend to stay that way.**

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### Pursuing Grants and Subsidies: The Economic Facts of Life

For many years the governments of many states and foreign countries have had a variety of grant programs, tax abatement programs, etc., for luring potential employers to their state or country. When Hyster decided to locate in Holland in 1952, in Scotland in 1956 and in Belgium in 1967, financial assistance programs played a role in the determination to construct plants in those locations. In 1970, Hyster constructed a new plant in Sulligent, Alabama, and in 1974 purchased an existing plant facility in Berea, Kentucky. Again, aggressive governmental recruiting and assistance were factors in locating in those states.

In recent years, as worldwide unemployment has increased, more and more governmental jurisdictions have increased their financial assistance programs and increased the number and caliber of their staff in their economic development departments. Many foreign countries maintain offices throughout the United States with the sole objective of soliciting U.S. firms (through financial grant and other programs) to establish an operational base in their country. Similarly, many states now have very aggressive financial programs, and they advertise and recruit on a nationwide basis in order to attract employment to their state. (The national advertising campaign of Kentucky, featuring Governor John Brown, is an example.)

In 1977, Hyster was actively recruited by Northern Ireland to locate in that country and manufacture Hyster's H40XL lift truck, the first lift truck designed by a U.S. manufacturer to compete head-to-head with Japanese competition. That contact by the government of Northern Ireland resulted in a \$60 million program and the construction of the most modern and sophisticated lift truck manufacturing plant in the world. The bulk of the cost of the entire program was paid for by grants from Northern Ireland. This program has been profitable since inception.

In May, 1982, Hyster announced that it was embarking on a \$100 million program to enter the automated material handling market. The great majority of the cost of this program will be borne by the government of the Republic of Ireland. Without this financial assistance, Hyster would not have been able to embark on this very important project in the highest growth segment of the materials handling industry.

During the current review of our plant manufacturing capacity, top governmental officials from Belgium, Holland, Scotland, Northern Ireland, Ireland, Kentucky, Alabama, Illinois and Oregon have all visited Portland to outline their financial assistance programs. In turn, Hyster executives have traveled to all of those countries and states for final discussions. As a result of this effort, **Hyster has received commitments for direct grants and subsidies amounting to \$72.5 million. These commitments are all made under legislatively approved programs in the various governmental areas.**

**Hyster believes it has a fiduciary responsibility to its shareholders to pursue the financial assistance programs that various governments offer. Hyster believes it would have been derelict in terms of its responsibilities to its shareholders, employees, dealers and customers if it had ignored all overtures to participate in these legally approved programs.**

### **The Challenge Now: Restoring American Leadership**

The challenge presented to American industry by unfree and unfair Japanese trade practices is fast becoming a matter of national defense and economic survival. To compete on a world scale we must act aggressively with every means at our disposal.

Hyster Company is doing exactly that. We are restructuring our national and international operations to build long-term strength and economic stability. We are seeking to link government, business and labor together to combat the assault from Japan, Incorporated . . . and we are building state-of-the-art plants and designing products to meet the needs of our customers worldwide

all made under  
governmental areas.

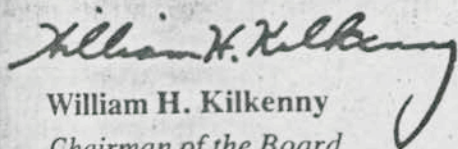
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## The Challenge Now: Restoring American Leadership

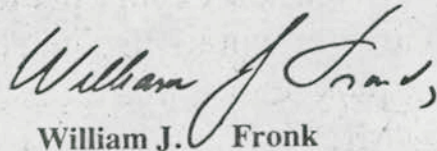
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If business, labor and government alike would firmly resolve to restore and maintain our nation's industrial leadership role, the American people would not have to pay—with their jobs and their futures—the high cost of "free" world trade.



William H. Kilkenny  
Chairman of the Board,  
Chief Executive Officer



William J. Fronk  
President,  
Chief Operating Officer



### **HYSTER COMPANY**

We invite your comments about this message, as well as requests for reprints. Write: Office of the Chairman, Hyster Company, P.O. Box 2902, Portland, Oregon 97208.



10 DOWNING STREET

THE PRIME MINISTER

16 February 1983

Mr. D. Olsen,

I am writing to you personally about the future of the Timex operation at Dundee because I believe that this is a case of great importance to the UK economy.

Until a few months ago we regularly pointed to Timex in Dundee as a model example of a company which, faced with the common problem of a declining market for its products, embarked upon a radical programme of diversification into new, high technology products. We were proud that the Government had been able to help your company put this programme into operation.

You can imagine therefore the concern when, in addition to the 1,200 redundancies announced as a result of phasing out the manufacture of traditional mechanical watches in Dundee, the 3-D camera contract was terminated mutually by Timex and Nimslo, with the loss of 700 jobs. While the scale of redundancies on the watch side was clearly very severe, the loss of Nimslo was a serious blow to Dundee's reputation.

I believe that a good deal of this damage has been repaired by the satisfaction with Timex performance expressed publicly by major customers such as Sinclair and IBM, and by the assurances which you were able to provide when you met George Younger and Alex Fletcher recently about the future development of the business, particularly on the electronics side. But the workforce, as you know, are concerned that the loss of watch making at Dundee may put the entire future of the plant in jeopardy. I know that they have submitted proposals

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to you which argue for the retention and expansion of watch making, along with the development of other areas of the Timex (Dundee) business.

I understand that the company's decisions on the watch making side result from the decline in the world market for mechanical watches. But I want to assure you that the steps which you are currently taking to secure the electronics business, together with any further moves which you might be considering to establish a platform for future growth in Dundee, will have our full support.

I was pleased to learn that your management team in Dundee is currently discussing with Scottish Office officials scope for assistance for a substantial programme of investment and retraining primarily related to the Sinclair sub-contract work. I know that you and local management in Dundee are anxious to develop and produce more own-brand high technology products in the health care field as well as electronics. I would find it extremely encouraging for the future of the electronics industry in the UK (and for Timex in Dundee) if you decided to locate additional research and development functions in Dundee, in support of the manufacturing operation.

I think it would be most helpful if Alex Fletcher were to meet you again in the near future to discuss developments along these lines, and wider questions such as the role of Timex and Sinclair in the development of Dundee as a major centre for technological innovation and expertise. I appreciate that this is a difficult and challenging time for the Timex Corporation. It is, of course, also a very anxious time for the Timex workforce and for many other people in Dundee. I very much hope that the outcome of your discussions will offer hope to the people of Dundee as well as success to the Timex Corporation.

Yours sincerely

T.F. Olsen, Esq.,

Margaret Thatcher



(A)

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

February 1983

Dear Mike,

TIMEX

I refer to our discussion earlier today and, as requested, attach a re-draft of a letter from the Prime Minister to Mr Fred Olsen.

You said you did not think the Prime Minister would wish to raise in her letter the question of additional functions (research and development, sales and marketing) being placed in Dundee in support of the manufacturing operation. We firmly believe however that it would be quite reasonable for the Prime Minister to register this point since this is likely to be the key to the future autonomy and growth of the plant, and since it chimes with discussions currently taking place within the company.

Local management in Dundee are actively considering both with Mr Olsen and the main Timex Board in Connecticut the future deployment of research and development and sales and marketing within the Group. Mr Olsen is known to be sympathetic to the development of Timex own-brand products on the consumer electronics side, compatible with the Sinclair range (such products might include computer peripherals, printers, disc drives, modems and video games). In addition he is also considering the possibility of identifying Dundee as the centre for product development, investment, market development and distribution for a family of health care products, building on the range of electronic thermometers, blood-pressure gauges, and weigh scales already test-marketed in the Far East within the Timex Group. Timex has also approached Clive Sinclair with a view to encouraging him to establish a research and development facility in the Technology Park at Dundee.

We believe that the Prime Minister's intervention could provide additional momentum to these proposals, and it seems to us that Mr Olsen (to judge by experience in France and Portugal) can be influenced by approaches from the highest level in Government.

You said the Prime Minister considered seriously the suggestion that she meet Mr Olsen but had decided against given the possibility of raising false expectations in Dundee. We think however it would be worthwhile for her to suggest that these proposals might be taken forward in another meeting with Mr Fletcher.

*Yours sincerely*

*John Wilson*

JOHN S WILSON  
Private Secretary



*Pl type for PM  
MCS.*

✓  
DRAFT FOR PRIME MINISTER

T F Olsen Esq  
Fred Olsen & Co  
Blackfriars House  
19 New Bridge Street  
LONDON  
EC4 6DV

I am writing to you personally about the future of the Timex operation at Dundee because I believe that this is a case of great importance to the UK economy.

Until a few months ago we regularly pointed to Timex in Dundee as a model example of a company which, faced with the common problem of a declining market for its products, embarked upon a radical programme of diversification into new, high technology products. We were proud that Government had been able to help your company put this programme into operation.

You can imagine therefore the concern when, in addition to the 1,200 redundancies announced as a result of phasing out the manufacture of traditional mechanical watches in Dundee, the 3-D camera contract was terminated mutually by Timex and Nimslo, with the loss of 700 jobs. While the scale of redundancies on the watch side was clearly very severe, the loss of Nimslo was a serious blow to Dundee's reputation.

I believe that a good deal of this damage has been repaired by the satisfaction with Timex performance expressed publicly by major customers such as Sinclair and IBM, and by the assurances which you were able to provide when you met George Younger and Alex Fletcher recently about the future development of the business, particularly on the electronics side. But the Unions, as you know, are concerned that the loss

*workforce*

of watch making at Dundee may put the entire future of the plant in jeopardy. I know that they have submitted proposals to you which argue for the retention and expansion of watch making, along with the development of other areas of the Timex (Dundee) business.

I understand that the company's decisions on the watch making side result from the decline in the world market for mechanical watches. But I want to assure you that the steps which you are currently taking to secure the electronics business, together with any further moves which you might be considering to establish a platform for future growth in Dundee, will have our full support.

I was pleased to learn that your management team in Dundee is currently discussing with Scottish Office officials scope for assistance for a substantial programme of investment and retraining primarily related to the Sinclair sub-contract work. I know that you and local management in Dundee are anxious to develop and produce more own-brand high technology products in the health care field as well as electronics. I would find it extremely encouraging for the future of the electronics industry in the UK (and for Timex in Dundee) if you decided to locate additional research and development functions in Dundee, in support of the manufacturing operation.

I think it would be most helpful if Alex Fletcher were to meet you again in the near future to discuss developments along these lines, and wider questions such as the role of Timex and Sinclair in the development of Dundee as a major centre for technological innovation and expertise.

I appreciate that this is a difficult and challenging time for the Timex Corporation. I very much hope that we can continue to assist your chosen strategy of rapid diversification into electronics.

15 JAN 1963



DRAFT FOR PRIME MINISTER

T F Olsen Esq  
Fred Olsen & Company  
Blackfriars House  
19 New Bridge Street  
LONDON  
EC4 6DV

*PM type for PM*  
*MU*

I am writing to you personally about the future of the Timex operation at Dundee because I believe this is a case of outstanding importance to the UK economy. *(condensable)*

Until a few months ago we regularly pointed to Timex in Dundee as a model example of a company which, faced with the common problem of a declining market for its products, embarked upon a radical programme of diversification into new, high technology products. We were proud that Government had been able to help your company put this programme into operation.

You can imagine therefore the concern when, in addition to the 1,200 redundancies announced as a result of phasing out the manufacture of traditional mechanical watches in Dundee, the 3-D camera contract was terminated mutually by Timex and Nimslo, with the loss of 700 jobs. While the scale of redundancies on the watch side was clearly very severe, the loss of Nimslo was a serious blow to Dundee's reputation.

I believe that a good deal of this damage has been repaired by the satisfaction with Timex performance expressed publicly by major customers such as Sinclair and IBM, and by the assurances which you were able to provide when you met George Younger and Alex Fletcher last week about the future development of the business, particularly on the electronics side. But the Unions, <sup>workforce</sup> as you know, are concerned that the loss of watchmaking at Dundee may put the entire future of the plant in jeopardy. I know that <sup>the unions</sup> they have submitted proposals to you which argue for the retention and expansion of watchmaking, along with the development of other areas of the Timex (Dundee) business.

I have two points that I particularly want to press with you. First I think it essential that everything possible should be done to secure on a competitive basis the future of Timex in Dundee and the jobs of the 2,300 employees who will remain once the 1,900 redundancies have taken effect. In this connection I think it is very good news that your management team in Dundee is currently discussing with Scottish Office officials scope for assistance for a substantial programme of investment and retraining primarily related to the Sinclair subcontract work. I very much hope that the main Timex Board will approve this programme, and that it can be implemented as soon as possible, thereby giving your customers and the local community much greater confidence in the future.

The second, related point concerns the establishment of a much expanded research and development facility in Timex (Dundee). I know that you and local management in Dundee are anxious to develop and produce more own-brand high technology products in the field of consumer electronics and health care. It may be that, as far as watch manufacture is concerned, Dundee has been very much a branch factory, concentrating on the declining mechanical product, while other Timex plants develop and manufacture the more advanced quartz and digital watches. <sup>It would be</sup> I want <sup>a great pity if</sup> <sup>were to become</sup> at all cost to avoid Dundee becoming a branch factory of Timex on the electronics side, when Dundee has established a clear lead in the manufacture of computers and related products, and the flat television tube. I ask you therefore to give consideration to establishing Dundee now as the flag ship of the Timex electronics business, and to do this by giving Dundee key responsibility world-wide for research and development in this field. I believe that such a decision would clearly demonstrate the commitment of the company to Dundee, and would reinforce your chosen strategy of diversifying into electronics.

I leave Alex Fletcher to pursue with you developments which may be just a little further away, such as the major expansion in flat tube production, and wider questions such as the role of Timex and Sinclair in the development of Dundee as a major centre for technological innovation and expertise. <sup>gland</sup> I would however, be pleased to have an opportunity to meet you to discuss these matters next time you are in London. <sup>7</sup>

DRAFT FOR MR FLETCHER

T F Olsen Esq  
Fred Olsen & Co  
Blackfriars House  
19 New Bridge Street  
LONDON  
EC4 6DV

Following our very helpful meeting last week, George Younger and I met representatives of the Timex employees (together with local MPs) on 3 February.

The unions presented us with a document which they had already put forward to you, "The Future for Timex, Dundee". We promised to contact you to establish whether the company saw the proposals as a basis for putting forward a viable investment programme against which we might provide assistance.

As you know, the unions' paper argues for the retention of watch manufacturing. You have, of course, already explained to us your view first that the 1,900 redundancies already announced must stand, and secondly that the electronics side of the business provides the best prospect for investment and expansion at Dundee. There are, however, a number of themes in the unions' paper (the prospect for investment and expansion provided by the Sinclair and IBM electronics business; the desirability of Timex developing own-brand products, and the importance of research and development and training) which seem to us to reflect broadly similar objectives to those of local management.

There is, for example, some common ground between these elements in the proposals and the substantial investment programme which Barry Lawson and David Dolan are currently discussing with my officials. I am delighted at the progress made in these discussions towards securing a programme aimed at re-arranging

and re-equipping the Sinclair computer facility at Camperdown, re-training and investing for the introduction of Micro-drive and Microvision, and expanding the R & D capability at Dundee which may well be the key to future growth.

We are anxious to ensure that this project really does secure the 2,300 jobs which will remain once the 1,900 redundancies have taken effect. We will be looking to see, for example, that the re-training programme provides the workforce with the skills which they will need to play a vital role in the development of Timex electronics business over many years. We will also be trying to persuade you to undertake fixed investment at this stage in research and development facilities; you can come to us later for support for the ongoing costs of developing particular new products or processes. I know of Timex's efforts to interest Sinclair in a research and development facility in the Technology Park, and also of your interest in developing Timex's own products, particularly in the health-care field where there is expertise in the university and the hospital at Dundee.

I am grateful to you for making contact with the Dundee Management Team so soon after we met last week, and I hope that their plans will swiftly be brought to fruition. They will provide clear evidence of Timex's commitment to Dundee, which will in turn provide a great boost for the confidence both of customers and of the local community.

I would like to emphasise that we were most grateful for the openness with which you and Jim Davidson provided us with information about the financial package offered Besancon. Our request to the Commission to investigate the offer was prompted solely by the need to establish once and for all - and in the face of a great deal of public concern and comment - that, as you were advised, the incentives provided were in accordance with European Community regulations. Needless to say, for our part, we remain committed to providing substantial assistance ourselves where it is required to encourage you to bring forward viable investment proposals.

I very much enjoyed our evening in the House, and the wider discussion we had there about the likely turn of events in the longer term. I would like to keep in touch with you about the prospect of a major expansion on the CRT, and about the potential in Tayside for providing the right education support for a highly technological society, dependent for much of its employment and prosperity on information technology.



ppm: Wilson v P. Tennesse

10 FEB 1983





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cc: SO

10 DOWNING STREET

THE PRIME MINISTER

11 February, 1983

Dear Mr. Laird

When I met the STUC delegation in Glasgow nearly two weeks ago, I promised that the Government would investigate the details of the assistance provided by the French authorities in the Fralsen Company at Besançon.

Since we met, George Younger, Secretary of State for Scotland, has taken the matter up with the company at the highest level. We have received assurances from Timex that no production has been transferred to France; more specifically the 3-D camera presently made in Dundee will be made in Japan, and the redundancies announced in watch-making results not from the transfer of work but from reduction in capacity following a worldwide decline in demand. Apparently the Besançon plant is also operating below capacity on the watch side.

The company has also confirmed that the French authorities have agreed to provide grants to the new Fralsen venture of 120 million French francs (around £12 million), and that loans are being negotiated with the French State Bank, Credit Nationale, for a further 430 million French francs.

We understand from the Commission that Besançon is not an assisted area and so Dundee, as a Special Development Area, qualifies for considerably higher regional aids for investment. It may be that the grants provided by the French Government are mainly for nationally available programmes for research and development and training, and so fail to be caught by European Community ceilings on regional aid.

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Even though the company has assured us that no production has been transferred from Dundee to France, there is clearly a great deal of public concern about this question and so we have made a formal request to the European Commission (which is responsible for policing the system of Member State aids) to look into the question.

I am also myself writing to Mr. Olsen about this matter.

I will inform you in due course of the results of these approaches.

Yours sincerely

Raymond Thaiter

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Gavin Laird, Esq.



10 DOWNING STREET

③

Prime Minister

Timex

See Alex Fletcher's minute (flag A).

This is quite an interventionist  
letter, but I cannot see that  
you have much to lose.

Please note that Alex Fletcher is  
suggesting - and the draft incorporates  
the suggestion - you meet Mr  
Olsen.

Mes 10/2



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU  
TELEPHONE: 01-233 3000

PRIME MINISTER

10 February 1983

TIMEX

Following our meeting with Gordon Wilson and Ernie Ross it was agreed that you would write to Fred Olsen, owner of Timex and Chairman of the Board, and that I would investigate whether the company's investment plans for Dundee were likely to change in the light of either the unions' proposals presented last week, or the European Commission's decision to investigate the French Government's offer of assistance to the Fralsen Company at Beasoncon in France.

We very much appreciate your intervention in a case which we regard as vital, not so much because of the effect on watchmaking, but because of the need to ensure that electronics business is not lost to the UK. This is particularly important in respect of the involvement of Mr Clive Sinclair.

I believe that it would be mistaken for your approach to Mr Olsen to concentrate on the retention of watch manufacture, and the level of French Government assistance to Fralsen. In the first place, I believe that the company's decision to phase out mechanical watch manufacture is final, and that there is no possibility of reducing the number of planned redundancies below 1900. In any case something like 1500 voluntary redundancies have already been accepted. While the unions claim that it is necessary to continue watchmaking in order to preserve relevant skills at Dundee for the next generation of mini-microcomputers (a wrist instrument with radio/telephone and computing functions for which Mr Olsen sees vast market potential long term), the management maintains that the skills required for typical electronics assembly work are very different (and significantly lower paid). At yesterday's meeting between Dundee management and employees to discuss the unions' proposals (which is

not expected to be the final meeting on the subject), the management concluded that proposals to retain watchmaking were not viable. On the other hand some of the proposals, generalised though they may be, achieve common ground with management on the need to develop the electronics side of the business, and to expand research and development and training provision.

Similarly, although we were clearly right to ask the European Commission to establish the facts of the matter, and so ensure that French Government support for Fralsen is within regional aid ceilings, a decision by the European Commission that the French offer contravenes European Community rules would be unlikely to yield positive advantage to Dundee.

We believe that the most important objectives are to secure the viability of the rest of the Timex operation (which will employ 2,300 people once the 1,900 redundancies have taken effect), and to establish the framework for potential major expansion in the future.

On the first issue, officials are currently discussing detailed proposals for investment and retraining, predominantly in the Sinclair sub-contracting business. In addition local Dundee management would like to secure more research and development for Dundee and believe that Mr Olsen may support them in competition against the company's HQ at Waterbury, Connecticut, to obtain a transfer of research and development work from the Timex laboratory at Cupertino in the US.

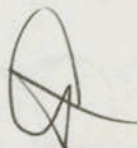
Securing significant expansion of research and development may be just what is required to elevate Timex (Dundee) from the lowly branch factory status it has enjoyed on the watch side to a lead location within the corporation for electronic development.

In this way a major research and development facility might provide the basis for achieving the second objective of securing the framework for major expansion. Much of this is already in place, given that Dundee enjoys a combination of Special Development Area and Enterprise Zone status, together with additional substantial provision for a Technology Park. Within Timex itself, major expansion is most likely to take the form of a quantum leap in production of the cathode ray tube, which - if

Performance in mass producing the first runs is satisfactory, and if market potential is as great as Mr Sinclair himself anticipates - could provide another 1,000 jobs. Understandably the company wishes to get through the present crisis before contemplating so major an expansion programme.

I attach a draft letter for you to send to Mr Olsen, and a copy of the draft which I intend to send. In view of the importance of this matter I suggest that if it might be appropriate for you to meet Mr Olsen for discussions when he is next in London. The draft letter to Mr Olsen includes an optional passage which proposes such a meeting in the event that you can accommodate it in your programme.

I am copying this minute to Kenneth Baker.



ALEX FLETCHER

SUBJECT



PM HS

cc Master

10 DOWNING STREET

From the Private Secretary

8 February 1983

Dear Minister

Thank you for your letter to Michael Scholar of 7 February and for the briefing for the Prime Minister's meeting with Mr. Gordon Wilson, M.P. about Timex Dundee. This meeting took place at 1545 this afternoon. Mr. Ernie Ross, M.P. and Mr. Alex Fletcher, M.P. were also present.

Mr. Wilson said that his concern was that the run down of watch making in the Dundee plant would mean that no Timex product was manufactured there. He felt this would leave the plant dangerously exposed to the fortunes of the contract engineering industry. He also felt that it would eliminate Timex's commitment to the plant. He was pleased to see reports in the Financial Times that the European Commission were examining the assistance offered by the French Government to Mr. Olsen, and hoped that this aid would be frozen until the results of that investigation had been completed. He hoped that this would persuade Mr. Olsen to keep some watch making at Dundee. 1,300 employees had already voluntarily accepted redundancy, but a further 600 jobs were at risk. If watch making at Dundee ceased, that would be the end of watch production in the United Kingdom, which would be tragic at a time when 15 million watches were already being imported into the country each year.

Mr. Ross said that the Dundee plant was involved in some assembly work and case making for Quartz watches, as well as conventional watch making. The Company's corporate schedule had envisaged the manufacture of 600,000 watch cases in Dundee to the end of 1983. The threat was that this work would now go to France, America and Mexico, leaving some of the workers redundant at least until work on new products could begin. The workforce had put a plan to Mr. Olsen which included proposals for retraining, and even some investment in a new factory since the existing plant dated from 1947. He hoped that the Government would be willing to make assistance available to implement this plan; it would show the Government's commitment to Dundee, and to developing a high technology park in the City. This rescue plan would save the 500 or so workers still facing redundancy. He acknowledged that Dundee had a reputation for bad industrial relations, but a study of 71 employers in the City by Arthur Young Management Services had shown that wages there were one-third lower than the national average, and that industrial relations were good. The workforce at Timex had been encouraged by their

/ meeting



meeting with Mr. Olsen. They had not yet resorted to confrontation. But they were determined, and were worried by confidential documents in their possession which revealed that Mr. Olsen took the view that the Dundee plant would not remain in the main stream of Timex's activities if watch making in the City ceased. This work was therefore crucial to the plant's future.

After a short discussion, the Prime Minister agreed that Mr. Fletcher would check on the latest position taken by the European Commission and how this might affect Mr. Olsen's decisions on the future of the Dundee plant. He should also explore further Mr. Olsen's reaction to the plan that had been put to him by the work-force. She recognised Mr. Wilson's and Mr. Ross's concern that the cessation of watch making at the plant might weaken Timex's commitment to its future.

After the meeting, the Prime Minister said that she would like to write to Mr. Olsen explaining the Government's position on assistance, and expressing her concern that decisions on the future of the Dundee plant should not be rushed. I should be grateful if you could provide a suitable draft as soon as possible.

I think the Prime Minister will also wish to write to Mr. Wilson and Mr. Ross reporting on the outcome of Mr. Fletcher's investigations, and I should be grateful for a suitable draft letter in due course.

Yours ever

William Rickett

Muir Russell, Esq.,  
Scottish Office.



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

7 February 1983

*Ken Pike*

TIMEX, DUNDEE: MEETING WITH MR GORDON WILSON MP  
TUESDAY 8 FEBRUARY, 3.45PM

I attach a note on developments since the Prime Minister's meeting with STUC.

For ease of reference I am also enclosing a copy of the briefing material which we provided for the Prime Minister's meeting with the STUC delegation in Glasgow on Friday 28 January.

*A. Muir Russell*

A MUIR RUSSELL  
Private Secretary

PRIME MINISTER'S MEETING WITH MR GORDON WILSON MP:  
8 FEBRUARY 1983, 3.45PM

*d Ernie Ross m.p.*

1. Since the Prime Minister's meeting with the STUC delegation about the redundancies at Timex (briefing material attached for ease of reference) there have been three subsequent developments: the decision to make a formal approach to the European Commission to investigate the French Government's offer of assistance to the Fralsen Company at Besancon; the meeting between the Secretary of State and Mr Fletcher and Mr Olsen, the owner of Timex and Chairman of the Board, and major shareholder in Nimslo (31 January); and the meeting on 3 February between the Secretary of State and Mr Fletcher and representatives of the Timex employees and local MPs.

French Government's offer of assistance

2. The Prime Minister undertook, when she met the STUC delegation on 28 January, that the alleged offer of assistance by the French Government to the Fralsen Company would be fully investigated.

When Scottish Office Ministers met Mr Olsen and Mr Davidson, Financial Director of the Fralsen Company and a member of the Nimslo Board, they were told that the French Authorities had offered 120 million French francs (around £12m) in Government grant for three projects, namely the transfer of research and development facilities for Nimslo in Atlanta, Georgia to Besancon; the manufacture of the 3-D professional camera in France, together with the "Black Box" which contains the distinctive 3-D film processing equipment; and the manufacture of Sinclair computers for the French and North American markets. In addition, the French State Bank, Credit Nationale, has agreed to provide 430 million French francs (around £43m) in the form of loans on terms yet to be finalised. The company gave assurance that no production had been transferred from Dundee to France; the camera contracts had simply been transferred to Japan, and the phasing out of mechanical watch manufacture resulted from a continuing decline in market demand. The Besancon plant was also operating under capacity on the watchmaking side.

3. It is possible that the grant assistance is being provided under nationally available research and development and training programmes not caught by European aid ceilings on regional assistance for investment and that finance is being arranged on commercial terms. Nevertheless, the European Commission has been formally asked to ensure that EC rules governing the provision of assistance have been observed. As the final support package appears not to have been settled, it may well take the Commission some time to complete its investigations.

Scottish Office Ministers' meeting with Mr Olsen

4. Mr Olsen was adamant that the 1900 redundancies announced at Timex, Dundee must stand. He was, however, clearly interested in the Government's plans to make Dundee a centre for the attraction of high technology industries, involving the establishment of a Technology Park, with sites that would qualify for Enterprise Zone status. He was also attracted by the possibility that Mr Fletcher might use his joint industry/education responsibilities to help secure support in Tayside schools for trying out Sinclair's personal computers, with a view to providing the right educational support for a community which would depend for much of its employment and prosperity on new information technology. Mr Olsen was convinced that the future prospects for expansion at Dundee depended on pressing home the successful transformation of Timex from a traditional watchmaking company to a major force in the electronics industry in Scotland.

5. Ministers concluded from extensive discussions with Mr Olsen that he might well be prepared to support investment proposals aimed at securing and expanding the work of the Timex plant in the electronics field. It was made quite clear to Mr Olsen that substantial assistance could be available if required to secure a programme of investment on these lines, and that since Dundee was a Special Development Area the assistance package would be highly competitive against that offered in Besancon, an area which does not enjoy regional assisted status within the Community. Scottish

Office Ministers are hopeful about the prospect of encouraging further investment in the electronics side of the Timex business, although it seems unlikely that the company would be able to embark upon such a programme quickly enough to avert the 1900 redundancies.

Meeting between Scottish Office Ministers and Employee Representatives.

6. At the meeting between employee representatives and the Secretary of State and Mr Fletcher, the unions presented their alternative proposals. There was not time to examine these proposals in detail at the meeting, but they involved the retention of watch manufacture in Dundee, the expansion of research and development facilities, further work on the Sinclair product range, the retention of the Nimslo camera contract together with the placing of a contract for the second generation amateur camera in Dundee, and the expansion of work on the IBM substrate side. The unions were clearly anxious that the decision to phase out mechanical watchmaking heralded complete closure of the plant, and they were very keen that the Government should offer assistance at least on a par with the French Government. They also expressed the hope that the Government would not simply wait for products to be brought forward by the company, but would make a positive intervention.

7. In response, the Secretary of State undertook to study the proposals carefully and to make contact with Mr Olsen (who had already received the proposals) to establish whether the company would be prepared to support this initiative. We believe that the proposals are over-ambitious and unlikely to secure such support. He repeated that the Government would be ready and willing to provide substantial support for any viable proposal which resulted in investment in new products and additional employment for the plant. It was also emphasised that Mr Olsen and Mr Sinclair had expressed considerable satisfaction with the record of the workforce in producing the personal computer, and that this track record provided a basis on which to build for the future.

Mr Wilson's meeting with the Prime Minister

8. In seeking this meeting, Mr Gordon Wilson MP has pointed out the importance of retaining watchmaking at Dundee in order to improve the balance of trade. In 1982 15 million watches were imported to the UK, and 4.5 million exported. The decline of watchmaking in Dundee would have an adverse effect on the balance of payments. He also expressed concern that the rundown on the watch side would leave Timex dangerously exposed to the fortunes of the contract engineering industry, since they would be dependent on products which were not those of Timex itself. Against this background he seeks an assurance that Scottish Office Ministers are satisfied that the 2,300 jobs remaining at Dundee will be secure, without the commitment of new work to the plant.

Line to Take

9. At the meeting with Mr Wilson, the Prime Minister might like to make the following points:-

- (a) Officials are in touch with local management at Dundee to discuss the scope for investment in new products and improved production methods;
- (b) Job security of the remaining workforce depends entirely on manufacturing competitive, high-quality products on time;
- (c) Ministers have emphasised, however, that Government support is available to assist such manufacturing plans to fruition;
- (d) Ministers have been encouraged by the positive commitment to the future of the plan expressed by local management, Mr Olsen and Mr Sinclair but this could be jeopardised by strike action against the present redundancy programme;

- (e) following the meeting with the STUC the European Commission has been asked to look into the offer of assistance by the French Government to Fralsen;
- (f) the Government are substantially committed to the future of Dundee, which enjoys Special Development Area and Enterprise Zone status in addition to substantial spending by the Scottish Development Agency on infrastructure schemes such as the waterfront project and the proposed technology park.

TIMEX, DUNDEE

BACKGROUND NOTE FOR PRIME MINISTER'S MEETING WITH REPRESENTATIVES OF THE WORKFORCE; FRIDAY, 28 JANUARY 1983

#### Background

Timex currently employ some 4,300 people in a number of factories in Dundee. The company's traditional activity of mechanical watch manufacture has been running down for some time, and it has increasingly turned to contract work to maintain business and employment. Major clients have been Polaroid (the manufacture of cameras which ceased some years ago), IBM (the manufacture of visual display units, and test and assembly work on sub-strates), Sinclair (the manufacture of personal computers and development work on flat television tubes), and Nimslo (development and manufacturing work on 3-D cameras).

#### Government Assistance

In recent years, apart from the automatically available Regional Development Grants, Regional Selective Assistance has been available for work undertaken at the Timex plant for Timex itself, for IBM, for Sinclair, and for Nimslo. The Sinclair flat television tube project received an offer of £1.5 million in selective assistance, and the Nimslo 3-D project received a similar offer of £1.8 million. Because of the high risk nature of the Nimslo project, special conditions were attached to payment in terms of the attainment of specific production targets, and as it has turned out no selective assistance has been claimed by or paid to the company.

#### Redundancies

Despite the aggressive programme of diversification undertaken by Timex, redundancies have taken place over the years, culminating in the announcement on 10 January that traditional mechanical watch manufacture would be phased out. This announcement followed the news that Nimslo was withdrawing the camera contract, and taken together the result will be a loss of 1,900 jobs. We understand that 1,300 employees have already applied for redundancy terms, and the company is satisfied with this response, although, understandably, would not like any publicity to be given to this figure at this stage.

Nimslo has stated that camera production had to be transferred to Japan because the Timex factory could not meet the company's demands in terms of price, quality or quantity. The Timex management accepts that the demands of Nimslo could not be met by the Dundee factory at the price required, and the Nimslo contract was



mutually terminated. Timex management would claim that, although the Dundee plant may not have been able to match the performance of Japanese camera companies, the performance and reputation of the workforce in relation to the development and manufacture of other high technology products for Sinclair and IBM was deservedly high. The workforce believes that the move of production of the camera away from Dundee when the pioneering development work had only just been completed was unjustified.

Redundancies in mechanical watchmaking are less surprising, and result from depressed demand and excess capacity throughout the world. Overall the management regard the watch and Nimslo camera projects as irrevocably lost to Dundee.

#### Meetings

Since the announcement of redundancies on 10 January, the Secretary of State for Scotland and the Minister for Industry in Scotland, have met local MPs, the local management, and representatives of the workforce. In addition Mr Fletcher has met Mr Sinclair, and next week will be meeting Mr Fred Olsen, the owner of Timex, and a major shareholder in Nimslo.

#### Objectives

We believe that there are two clear objectives which the Government, Management and employees share.

The first is to avoid the threat of total closure; if there is industrial disruption as a result of the 1,900 job losses already announced, it is very likely that remaining work from Sinclair and IBM will be withdrawn, and that the plant will be forced to close, in this context, the response of the workforce to the redundancy notices noted above provides some encouragement. Also encouraging is the public testimonial which Sinclair has given to the fine record of the Timex plant in getting the personal computer successfully to the stage of mass production.

The second objective is to see what can be done to secure extra work for the plant, the only possibility of salvation for the jobs of the workers at Timex. The Secretary of State and Mr Fletcher have publicly emphasised that Government assistance will be available where required to bring forward extra investment which might be needed to meet this objective. Mr Fletcher has emphasised that message to Mr Sinclair himself, and will do so to Mr Olsen when he meets him next week. Discussions are currently taking place between the Timex company and officials about a possible investment programme aimed at making Dundee the favourite location for expansion of Sinclair business.

### Conclusion

A question and answer brief for the Prime Minister is attached. We believe that the Prime Minister in answer to the representations of the workforce tomorrow might wish to re-emphasise the message which the Secretary of State and Mr Fletcher have stressed, namely:-

- (i) The Government obviously shares the concern of management and employees at Dundee about the very serious loss of jobs. The redundancies come as a severe blow to the concerted efforts of Government, the Scottish Development Agency, local authorities and the business community to attract high technology industry to Dundee.
- (ii) Despite this blow, Timex continues to provide key products at the forefront of technology to Sinclair and IBM, and nothing should be done to jeopardise the continuity of existing work at the plant.
- (iii) The key to saving jobs, and creating extra long-term employment for the future will be the securing of extra work for the Timex plant and for Dundee as a whole. Scottish Office Ministers and officials are bending every effort to help the Timex company in this quest.

SCOTTISH OFFICE  
January 1983

GOVERNMENT NOT DOING  
ENOUGH TO HELP DUNDEE?

THE GOVERNMENT HAVE SINGLED OUT DUNDEE FOR SPECIAL ATTENTION IN SEVERAL WAYS.

AS A SPECIAL DEVELOPMENT AREA DUNDEE STANDS OUT AS THE MAIN FOCUS OF OUR REGIONAL POLICY IN THE EAST OF SCOTLAND. THERE WILL BE EXTRA BENEFITS WHEN SCOTLAND'S THIRD ENTERPRISE ZONE IS ESTABLISHED IN DUNDEE AND ARBROATH.

IN ADDITION THE DUNDEE PROJECT, LAUNCHED ON 29 NOVEMBER LAST YEAR, HAS A TARGET OF 1,200 NEW JOBS WITH A £40 MILLION BUDGET TO MATCH. THIS COMES ON TOP OF OVER £8 MILLION COMMITTED TO REGENERATING THE BLACKNESS AREA OF DUNDEE.

TIMEX

1. HAS THE GOVERNMENT  
DONE ENOUGH TO HELP?

THE GOVERNMENT HAS PROVIDED SUBSTANTIAL ASSISTANCE TO ENABLE TIMEX TO RATIONALISE AND DIVERSIFY ITS OPERATIONS AT DUNDEE. WITHOUT THAT DIVERSIFICATION PROGRAMME TIMEX MAY WELL HAVE BEEN FORCED TO CLOSE THE DUNDEE PLANT.

2. PRODUCTION TRANSFERRED  
TO FRANCE?

PRODUCTION HAS NOT BEEN TRANSFERRED TO FRANCE. NIMSLO HAS PLACED CONTRACTS FOR THE PRODUCTION OF THE AMATEUR CAMERA CURRENTLY MADE AT DUNDEE WITH 2 JAPANESE COMPANIES. I UNDERSTAND THAT THE TIMEX FACTORY AT BESANCON IN FRANCE WILL BE PRODUCING A QUITE SEPARATE PROFESSIONAL CAMERA, NEVER INTENDED FOR DUNDEE.

3. FRENCH GOVERNMENT MORE GENEROUS?

THE MAXIMUM LEVEL OF REGIONAL ASSISTANCE IS DETERMINED BY EUROPEAN COMMUNITY AID CEILINGS. NO PART OF MAINLAND FRANCE QUALIFIES FOR ASSISTANCE HIGHER THAN CAN BE PROVIDED IN DUNDEE.

4. ENQUIRES ABOUT FRENCH GOVERNMENT ASSISTANCE TO THE FRALSEN COMPANY?

PATRICK JENKIN, THE SECRETARY OF STATE FOR INDUSTRY IS CURRENTLY INVESTIGATING THE SITUATION. WE HAVE NO EVIDENCE TO DATE THAT THE FRENCH GOVERNMENT BREACHED EUROPEAN COMMUNITY AID CEILINGS.

5. WHY WAS CAMERA PRODUCTION TRANSFERRED TO JAPAN?

THIS WAS A COMMERCIAL DECISION FOR THE NIMSLO COMPANY. NIMSLO CLAIMS THAT THE TWO JAPANESE COMPANIES CONCERNED ARE BETTER ABLE TO MEET THE DEMAND IN TERMS OF QUANTITY AND PRICE.

6. WHAT STEPS ARE THE GOVERNMENT TAKING NOW?

GEORGE YOUNGER AND ALEX FLETCHER HAVE HAD URGENT DISCUSSIONS WITH THE MANAGEMENT AND WORKFORCE AT TIMEX AND WITH LOCAL MPs. ALEX FLETCHER HAS ALSO MET MR CLIVE SINCLAIR AND WILL BE MEETING MR FRED OLSEN TO EMPHASIZE THAT THE GOVERNMENT IS PREPARED TO PROVIDE SUBSTANTIAL BACKING FOR EXTRA INVESTMENT TO CREATE SECURE EMPLOYMENT AT THE DUNDEE PLANT.

7. INDUSTRIAL RELATIONS TO BLAME?

I SEE NO FUTURE IN ATTACHING BLAME FOR WHAT HAS HAPPENED TO MANAGEMENT OR WORKFORCE.

THE GOVERNMENT, MANAGEMENT AND WORKFORCE ALL HAVE THE SAME OBJECTIVE. TOGETHER WE ARE MAKING EVERY EFFORT TO SECURE EXTRA WORK FOR THE PLANT.

I THINK IT IS VITAL TO ENSURE THAT NOTHING IS DONE TO JEOPARDISE THE HIGH REPUTATION WHICH TIMEX WORKERS ENJOY WITH EXISTING CUSTOMERS SUCH AS SINCLAIR AND IBM.

8. WILL TIMEX CLOSE  
THE DUNDEE PLANT?

I AM ASSURED THAT TIMEX DO NOT INTEND TO CLOSE THE PLANT, AND THAT THE COMPANY IS TAKING STEPS TO SECURE EXTRA WORK FOR THE PLANT.

TIMEX DESERVES GREAT CREDIT FOR NOT STANDING IDLY BY WHILE THE DEMAND FOR MECHANICAL WATCHES DECLINES. THE COMPANY DESERVES SUPPORT FOR ITS AMBITIOUS PROGRAMME AIMED AT TRANSFORMING TIMEX INTO A SUCCESSFUL ELECTRONICS COMPANY.

9. TIMEX PLANT SHOULD BE  
TAKEN OVER BY GOVERNMENT

THERE IS NO ESCAPE FROM THE CONCLUSION THAT THE FUTURE OF TIMEX DEPENDS ON THE COMPANY CONTINUING TO MAKE HIGHLY COMPETITIVE PRODUCTS WHICH PEOPLE WANT TO BUY. GOVERNMENT OWNERSHIP WOULD NOT MAKE A SCRAP OF DIFFERENCE TO THE POSITION.

INTRODUCTION

The decision by Timex to make redundant 1900 workers employed at their Dundee factories has prompted the joint unions to develop an alternative plan based on the retention of a Timex named product i.e. watches, a further extension to our diversification programme and the establishment of research and development facilities in both watches and consumer electronics. The implementation of this plan, backed by Government financial assistance, will provide the workforce with long term job security taking away the need for any further redundancies.

There can hardly be a manufacturing complex in the U.K. better situated to exploit its expertise and technical base within modern industry.

A diversified product range in growth consumer markets: mass-produced computers, electronic quartz and mechanical watches, a revolutionary 3-D camera, assembly work for IBM and, perhaps most important of all, a Flat Cathode Ray Tube for pocket TVs and tomorrows Information Technology.

A trained labour force steeped in engineering with ample resources for further expansions.

An engineering, design and production development force that has proved its ability to translate inventors' concepts into competitive, reliable end-products.

The world-wide TIMEX marketing structure.

Modern factories stocked with plant, much of it the latest automated equipment, some of it locally developed and produced in its own tools division.

A labour force that has proved its flexibility and its total acceptance of new technology and established an excellent industrial relations record based on exclusive organisation by the AUEW Engineering Section for manual workers and AUEW(TASS) for staff.

On/...

On 14th September 1982, Timex entered into an agreement with the joint unions based on a 'Statement of Intent' promising an aggressive policy of diversification into growth businesses and the retention of final assembly of mechanical and quartz analogue watches, we believe that our alternative plan provides us with this aggressive policy to secure our future. We believe that the importance of Timex to British Industry and to the people of Dundee is so great that positive action must be taken by the Government to prevent the destruction of the British Watch Industry.

This will cost money, but the cost of saving a job in an internationally competitive advanced technological going concern is a fraction of the cost of 'creating' jobs (or technological awareness) in a greenfields environment. Indeed, the price of saving TIMEX may well be less than the cost of unemployment benefit and supplementary benefit which will otherwise be forced upon the tax-payer.

A British watch industry is crucial to the development of instrument technology and micro-processor utilisation. Today TIMEX - the world's largest watch manufacturer - virtually is Britain's watch industry. It does also a large export trade.

The development of the silicon chip immediately affected mechanical watch production. For several years Quartz Analogue and Digital watches have been eating into mechanical watch sales. This is not a new development yet TIMEX world-wide corporate planning seems to have up to now kept Dundee out of the actual assembly of electronic watches, this we believe must be corrected in substantial terms.

Developments both in watches and in other consumer electronic products is vital to the survival of British industry. This alternative plan to redundancy and run-down can allow TIMEX to play its part.

WATCH BUSINESS

PROPOSALS FOR THE RETENTION OF AN AUTONOMOUS  
WATCH MANUFACTURING AND ASSEMBLY UNIT CONTAINED  
WITHIN THE MILTON COMPLEX.

ATTACHED PROPOSALS HIGHLIGHT REVISED FORMAT OF  
MANUFACTURING ACTIVITY BASED UPON FORECAST 836  
CASING AND CURRENT SCHEDULES MINUS PIPELINES OF  
SCREW MACHINE AND FLAT PARTS.

note:

CONTRACTION OF UNIT WILL ALLOW SURPLUS SPACE FOR  
RESITING OF ASSEMBLY LINES, C.S.D., BOX/STRAP AND  
PACK, REPAIR AND SERVICE, DESIGN, AND RESEARCH AND  
DEVELOPMENT DEPARTMENT BEING CONSOLIDATED INTO THE  
MILTON PLANT THUS FACILITATING A DEDICATED TEAM  
AND UNIT TO WATCH MANUFACTURE AND ASSEMBLY.



FORECAST NO.836 PLUS UPLIFT 1983 UNAC - A1 - VM/SP  
PLUS CURRENT SCHEDULES MINUS PIPELINES

|               | SCREWS |     | FLATS   |     | CASES |     | GENERAL |     | TOTAL |     |                   |
|---------------|--------|-----|---------|-----|-------|-----|---------|-----|-------|-----|-------------------|
|               | D/L    | I/L | D/L     | I/L | D/L   | I/L | D/L     | I/L | D/L   | I/L |                   |
| Manufacturing | 14     | 11  | 12      | 5   | 133   | 55  | 14      | 8   | 175   | 79  | Grand Total:- 254 |
| Service       | .....  |     | omitted |     | ..... |     | .....   |     | ..... |     |                   |

- \* Gear & Pinion
- Burnishing
- Rolling
- Header/Threader
- Springs
- Plating
- Heat Treatment

WATCH FINAL ASSEMBLY

MECHANICAL QUARTZ & L.C.D.

Linked to the manufacture of cases and parts for mechanical Quartz and LCD, the final assembly of mechanical watches for the British market and for export is essential to Timex Dundee.

Timex only supply 1/7 of the British mechanical market which highlights and 86% import penetration on mechanical watches alone. Timex we believe can contribute more substantially to our domestic mechanical market.

Timex do not assemble any LCD watches whatsoever and only take part in a small amount of Quartz final assembly, although these two types of watches take up a market share of 9 million in the U.K. this is an area in the high technology watch market which we must enter into in a serious fashion as the future of the watch industry is based on technological developments in these areas.

The retention of a Repair and Service facility (which is basically an assembly operation will insist in making us an attractive option to watch buyers and a speedy R. & S. turnover is an attractive selling point to watch retailers.

The main priority within the alternative plan is the retention of the Watch Industry. The manufacture of cases, screw machine and flat parts and assembly of mechanical and the superior high technology digital and quartz analogue watches. We believe that the total integration of all watch-making aspects within the Milton complex is the only way to achieve the most efficient and viable unit in this sector of our business. The advantage being:-

1. Compact Unit
2. Essential services already functional and on-site.

- \*Plating
- \*Caster
- \*Effluent treatment unit
- \*Maintenance and toolroom
- \*Engineering backup
- \*Loading Bay
- \*Stores
- \*Heat treatment
- \*Rolling Rooms
- \*Management/Plant/Purchasing.

3. Reduced component part movement between plants.
4. Security advantages.
5. Close liaison of assembly function with manufacturing depts. facilitating problem solving and support to assembly lines.
6. Lower overheads accrued by intensive space utilisation.
7. Close inventory control, and better production control.
8. More efficient utilisation of indirect services.
9. No duplication of depts/units or effort.
10. Centralised stores and computer control.
11. Speedier throughput of product to distribution dept.

The adoption of the watch part of the plan will underline the commitment given to the unions in the 'Statement of Intent' on 14th September 1982.

#### NIMSLO

Renewal of the Nimslo/Timex Dundee contract. The continuation of 3-D development and production of the Nimslo G2 in Dundee.

#### EXPANSION OF SINCLAIR PROJECTS

Expansion of the Sinclair Computer range and the development of peripheral computer products such as the microdrive, microvision and printer.

The advent of the Sinclair Flat T.V. Tube has opened up possibilities of a whole new technological revolution. As the product is being developed for mass production in Dundee, we are building up expertise which can be utilised in the development of many other varies and different products.

Integrating the concepts of watch, T.V. Screen and Computer. We, therefore, believe that the final assembly of the mini T.V. should be located in Dundee utilising our traditional assembly skills.

The development of these new products based upon the Sinclair Flat Tube T.V. should occur linking our own R. & D. Unit more closely with Sinclair Research in Cambridge. This liaison would open up many new and revolutionary possibilities in the U.K. micro electronics industry.

#### I.B.M.

The development into chip technology in the Camperdown plant has given a new dimension to the new technology alternative business programme of Timex. Further operations in this area will give Timex thru' their I.B.M. substrate contract a comprehensive chip/ceramic base assembly ready for use in computers and other electronic products.

#### AUTOMATIC/..

AUTOMATION

1. Retention of Automation skills and equipment to support T.A.P. programme.

APPRENTICE SCHOOL

2. Retention of apprentice intake to ensure continuity of our technological adaptability, technical base and further developments into electronics.

RESEARCH AND DEVELOPMENT

An essential part of the 'FUTURE' plan is the creation of an autonomous Research and Development/Design unit based in Dundee. One that will be involved in the design aspects of new watch models-plastic moulding - die cast moulding - new business parts production and new projects etc.

Dundee has for too long laboured under 'production and development' philosophy running concurrently. Witness the mistakes made developing the Nimslo camera under these conditions.

W We believe that a creation of a research and development unit working in conjunction with other Timex R. & D. facilities to control and co-ordinate all the projects is crucial to the development of instrument technology and microprocessor utilisation. This unit should have a concrete liaison with our infrastructure of University, Technical Colleges and the proposed Technology Park.

RETRAINING

The need for an expansion of the retraining programme is essential to facilitate the transfer of areas of business into high technology consumer electronics and the R. & D. unit.

NEW PRODUCTS/..

NEW PRODUCTS

Investigation by highly qualified team to induce new products into Dundee and liaise closely with the Research and Development Dept. for their smooth introduction into manufacture.

We finally believe that the implementation of this Plan in its totality will be the best way to safeguard not only the future of the workforce, but industries so necessary and vital for Britain's survival as an industrial nation based on high technology product production in this new technological age.

U.K. WATCH MARKET 1982

CURRENT MARKET APPROX. 10 - 10.5 MILLION COMPRISING:-

MECH. 33% - DOWN 8% ON 1981  
Q.A. 20%  
LCD 47%

TIMEX SHARE - 1.5 MILLION OF WHICH 450,000 WAS MECHANICAL

1983 TRENDS/FORECAST

MECH. 25%  
Q.A. 25%  
L.C.D. 50%

MAJOR COMPETITION WILL REMAIN SEKONDA REGARDS PRICE QUALITY FORECAST  
2 MILLION + FOR 1983.

Milton Plant may not be suitable for a scaled down watch facility aimed at a protected British Market. If so we should consider moving to a smaller plant within Dundee's Enterprise Zone. The cost of moving and installing plant could be met by Government assistance through bodies such as the S.D.A.

If the French investment within Timex, France, is to lead to the extinction of the British volume production watch industry, it is therefore necessary and reasonable for the British Government to take steps to protect this industry in the meantime.

Olsen predicts five years of difficulty before expansion. Also he predicts a revolutionary development in time pieces towards what he calls a wrist instrument bringing together watch, computer and possibly even flat screen television technology.

Statement of Intent, September 1982, gave Dundee a future in the Quartz and Analogue watch industry. This ~~move~~ along with the development of Timex/Sinclair created the conditions in which the whole technology, not yet available anywhere in the world, for the wrist instrument to develop here in Dundee.

Timex Corporate Plan clearly identifies the watch industry is the pivot upon which their future strategy is based. If Dundee does not have a watch industry then it has no place in the future plan of Timex, placing the other technologies here in Dundee at risk.





U.K.  
Trade in Watches : aggregate figs. for the World.

| <u>IMPORTS Totals</u> | Number     | Value       |
|-----------------------|------------|-------------|
| 1980.....             | 17,133,534 | £99,721,000 |
| 1981.....             | 13,774,425 | £94,928,000 |
| 1982 (Jan - Nov.).... | 15,093,593 | £91,579,000 |

| <u>EXPORTS</u>        | Number    | Value       |
|-----------------------|-----------|-------------|
| 1980 .....            | 4,461,333 | £24,964,000 |
| 1981 .....            | 5,025,047 | £32,794,000 |
| 1982 (Jan - Nov.).... | 4,359,120 | £30,517,000 |

\*NET import of watches for the year 1980...12.67m watches  
" " " 1981... 8.75m watches  
" " " 1982...10.74m watches.

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Imports and Exports of Watches

Figures for most recent year available - 1980.

a) Imports. Category 885.11: Pocket Watches, Wrist Watches and Other Watches  
(inc. Stop Watches.)

Total Value £ sterling was £99, 721,000.

Total number of watches imported.....17,133,534.

| <u>Imports by Origin</u>     | Number               | Value £ sterling.     |
|------------------------------|----------------------|-----------------------|
| EEC Countries total          | 1,364,981            | 7,841,000             |
| France .....                 | 393,590              | 2,774,000             |
| Fed.Rep. Germany.....        | 629,087              | 2,704,000             |
| <del>Switzerland</del> ..... | 2,215,805            | <del>23,654,000</del> |
| Soviet Union.....            | 1,671,741            | 4,767,000             |
| Taiwan .....                 | 622,364              | 2,875,000             |
| <del>Hong Kong</del> .....   | <del>9,280,424</del> | <del>38,269,000</del> |
| South Korea.....             | 455,594              | 2,632,000             |
| <del>Japan</del> .....       | 983,825              | <del>15,177,000</del> |
| Other Countries.....         | 881,104              | 6,870,000             |

b) Exports. Category 885.11.

| Destination.                       | Number               | Value £ sterling.     |
|------------------------------------|----------------------|-----------------------|
| All EEC Countries                  | 1,510,480            | 8,349,000             |
| <del>Fed. Rep. Germany</del> ..... | 654,254              | <del>3,767,000</del>  |
| Irish Republic.....                | 207,705              | 1,544,000             |
| Switzerland.....                   | 123,352              | 1,749,000             |
| United States.....                 | 724,039              | 2,919,000             |
| Mexico.....                        | 383,699              | 1,257,000             |
| <del>Other Countries</del> .....   | <del>2,368,314</del> | <del>13,729,000</del> |
| <u>TOTALS</u> .....                | 4,461,333            | 24,964,000            |

A.L.  
26/i/83.

U. K. Imports of Watches (b) (number)

| <u>From</u>         | <u>World</u> | <u>E.E.C.</u>    | <u>U.S.S.R</u> | <u>Hong Kong</u> | <u>Japan</u> | <u>France</u> |
|---------------------|--------------|------------------|----------------|------------------|--------------|---------------|
| 1971                | 7,118,165    | (a)              | 342,080        | (a)              | 214,651      | (a)           |
| 1972                | 8,834,051    | (a)              | 534,751        | (a)              | 247,199      | (a)           |
| 1973                | 8,301,240    | (a)              | 586,280        | 158,955          | 355,161      | (a)           |
| 1974                | 7,596,995    | 179,019          | 852,315        | 128,345          | 171,202      | (a)           |
| 1975                | 8,611,012    | 230,724          | 1,095,217      | 451,714          | 189,749      | 90,951        |
| 1976                | 7,532,598    | 352,525          | 846,155        | 1,140,821        | 245,982      | (a)           |
| 1977                | 9,467,430    | 512,605          | 1,178,188      | 2,533,158        | 460,676      | 311,274       |
| 1978                | 11,694,326   | 623,971          | (a)            | 4,630,636        | 597,560      | (a)           |
| 1979                | 13,250,841   | 952,508          | (a)            | 6,351,207        | 942,467      | (a)           |
| 1980                | 17,133,534   | <u>1,364,981</u> | 1,671,741      | 9,280,424        | 983,825      | 393,590       |
| 1981                | 13,774,425   | 1,677,944 (c)    | 369,355        | 7,258,619        | 983,966      | 652,919       |
| Jan-<br>Nov<br>1982 | 15,093,593   | 1,278,437        | (a)            | 8,772,299        | 1,596,466    | 520,105       |

(a) Not available from published sources

(b) Pocket watches, wrist watches and other watches (including stop watches)

(c) Greece included from 1981 onwards

U. K. Imports of Watches (b) (value, (£.thous.))

| <u>From</u>          | <u>World</u> | <u>E.E.C.</u> | <u>U.S.S.R.</u> | <u>Hong Kong</u> | <u>Japan</u> | <u>France</u> |
|----------------------|--------------|---------------|-----------------|------------------|--------------|---------------|
| 1971                 | 14,044       | (a)           | 412             | (a)              | 1,128        | (a)           |
| 1972                 | 17,877       | (a)           | 642             | (a)              | 1,552        | (a)           |
| 1973                 | 25,018       | (a)           | 871             | 366              | 2,124        | (a)           |
| 1974                 | 30,379       | 731           | 1,564           | 715              | 1,794        | (a)           |
| 1975                 | 42,186       | 1,432         | 2,043           | 1,869            | 3,047        | 347           |
| 1976                 | 54,568       | 3,213         | 1,898           | 6,918            | 6,061        | (a)           |
| 1977                 | 75,076       | 3,788         | 3,761           | 14,972           | 12,116       | 1,864         |
| 1978                 | 93,563       | 3,947         | (a)             | 26,561           | 15,579       | (a)           |
| 1979                 | 102,940      | 6,615         | (a)             | 33,686           | 20,154       | (a)           |
| 1980                 | 99,721       | <u>7,841</u>  | 4,767           | 38,269           | 15,177       | 2,774         |
| 1981                 | 94,928       | 13,699 (c)    | 1,167           | 28,975           | 13,236       | 4,735         |
| Jan-<br>Nov.<br>1982 | 91,579       | 8,241         | (a)             | 27,734           | 15,231       | 3,122         |

(a) Not available from published sources

(b) Pocket watches, wrist watches and other watches (including stop watches)

(c) Greece included from 1981 onwards

U.K. Export of watches (b) by main destination: (numbers)

| <u>To</u>        | <u>World</u> | <u>E.E.C.</u>    | <u>W. Germany</u> | <u>U.S.A.</u> |
|------------------|--------------|------------------|-------------------|---------------|
| 1971             | 555,391      | (a)              | (a)               | 41,570        |
| 1972             | 495,501      | (a)              | 38,424            | 43,066        |
| 1973             | 485,068      | (a)              | 99,387            | 51,867        |
| 1974             | 1,289,075    | 812,560          | 692,491           | 80,848        |
| 1975             | 1,219,978    | 414,738          | 275,565           | 185,935       |
| 1976             | 2,032,193    | 668,100          | 367,721           | 190,993       |
| 1977             | 3,191,786    | 739,969          | 210,421           | 948,477       |
| 1978             | 4,603,882    | 1,821,625        | 1,324,132         | 793,484       |
| 1979             | 4,879,203    | 2,285,200        | 1,379,391         | 339,709       |
| 1980             | 4,461,333    | <u>1,510,480</u> | 654,254           | 724,039       |
| 1981             | 5,025,047    | 1,355,239 (c)    | 489,607           | 1,942,233     |
| Jan-<br>Nov.1982 | 4,359,120    | 2,343,300        | 437,739           | 655,646       |

U.K. Export of watches (b) by main destination (value, £.thous)

| <u>To</u>        | <u>World</u> | <u>E.E.C.</u> | <u>W. Germany</u> | <u>U.S.A.</u> |
|------------------|--------------|---------------|-------------------|---------------|
| 1971             | 1,688        | (a)           | (a)               | 269           |
| 1972             | 1,675        | (a)           | 246               | 162           |
| 1973             | 2,760        | (a)           | 890               | 101           |
| 1974             | 5,715        | 1,799         | 1,432             | 209           |
| 1975             | 6,468        | 1,520         | 960               | 910           |
| 1976             | 10,541       | 3,117         | 1,482             | 906           |
| 1977             | 17,567       | 4,549         | 1,291             | 2,780         |
| 1978             | 27,763       | 9,923         | 6,517             | 3,000         |
| 1979             | 33,029       | 12,816        | 7,249             | 2,494         |
| 1980             | 24,964       | <u>8,349</u>  | 3,767             | 2,919         |
| 1981             | 32,794       | 7,848 (c)     | 2,770             | 10,218        |
| Jan-<br>Nov.1982 | 30,517       | 12,342        | 2,820             | 4,985         |

(a) Not available from published sources

(b) Pocket watches, wrist watches and other watches (including stop watches)

(c) Greece included from 1981 onwards

Sources: Annual Statement of Overseas Trade of the U.K. 1971-75, SITC(R) 864.11; Overseas Trade Statistics of the U.K., 1976-77, SITC(R2) 864.11; 1978-82 SITC(R2) 885.11



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

*C/F Mr in box*

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

4 February 1983

*Dear Mike,*

TIMEX, DUNDEE

I attach a draft letter which the Prime Minister may wish to send to Mr Gavin Laird, General Secretary of the AUEW. The letter sets out the steps taken so far to fulfil the commitment given by the Prime Minister to the STUC delegation in Glasgow last week to investigate the question of French Government assist to the Fralsen company in Besancon. I also attach a copy of the memorandum handed to the Secretary of State and Mr Fletcher at their meeting with Mr Olsen on 31 January.

On Monday next week we will be providing supplementary briefing for the Prime Minister's meeting with Gordon Wilson MP.

*Your sincerely*

*John Wilson*

JOHN S WILSON  
Private Secretary

DRAFT FOR PRIME MINISTER

*Mtype Mr BM*

Gavin Laird Esq  
General Secretary  
Amalgamated Union of Engineering Workers  
110 Peckham Road  
LONDON  
SE15 5E7

*just over a week ago*

When I met the STUC delegation in Glasgow ~~/last week/~~ ~~/recently/~~, I promised that the Government would investigate the details of the assistance provided by the French authorities in the Fralsen Company at Besancon.

Since we met, George Younger, Secretary of State for Scotland, has taken the matter up with the company at the highest level. We have received assurances from Timex that no production has been transferred to France; more specifically the 3-D camera presently made in Dundee will be made in Japan, and the redundancies announced in watch-making results not from the transfer of work but from reduction in capacity following a worldwide decline in demand. Apparently the Besancon plant is also operating below capacity on the watch side.

The company has also confirmed that the French authorities have agreed to provide grants to the new Fralsen venture of 120 million French francs (around £12 million), and that loans are being negotiated with the French State Bank, Credit Nationale, for a further 430 million French francs.

We understand from the Commission that Besancon is not an assisted area and so Dundee, as a Special Development Area, qualifies for considerably higher regional aids for investment. It may be that the grants provided by the French Government are mainly for nationally available programmes for research and development and training, and so fail to be caught by European Community ceilings on regional aid.

Even though the company has assured us that no production has been transferred from Dundee to France, there is clearly a great deal of public concern about this question and so we have decided to make a formal request to the European Commission (which is responsible for policing the system of Member State aids) to look into the matter. I will inform you in due course of the Commission's conclusions.

Memorandum for meeting  
Scottish Office London  
Monday 31st January 1983

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TIMEX/KELTON employs 1,900 people in Besancon, France, mainly concentrated in watch activities. Employment in the watch industry is declining rapidly.

The French authorities discussed and agreed with the Fred. Olsen U.K. Group a project to retrain a substantial part of the work force in new skills.

In order to qualify for the Government assistance offered, the Fred. Olsen Group required to incorporate a new company in France. There is no participation by the French Government in the equity of the company.

It was agreed this company would:

- (1) take over existing TIMEX activities in Besancon,
- (2) continue and expand the electronic sector of production,
- (3) introduce activities related to 3 dimensional photography.

The new company will expand the existing research facilities to cover projects related to photographic products. The French Government recognised the French nationality of one of the co-founders of Nimslo, Mr. Allen Lo, who was born in French Indo-China, enabling him to take up permanent residence in Besancon. This has facilitated planning to transfer research activities from Atlanta, Georgia.



Also included in the project is a plan to manufacture NIMSLO products other than the camera manufactured in Dundee, Scotland.

The French authorities have agreed to provide grants of up to 120 million French Francs in respect of research projects and training and other costs related to the conversion of the labour force for the planned new activities. The grants are payable over a 3 year period and we have been advised that they are in accordance with the regulations of the European Community.

The Credit National, an old established state bank run on commercial principles, is co-ordinating the provision of loan finance totalling 430 million French Francs in the form of short, medium term and long term loans.

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PM.

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10 DOWNING STREET

*From the Private Secretary*

4 February 1983

Further to our conversation on the telephone this afternoon, I confirm that the Prime Minister will be happy to see you in her room at the House at 1545 on Tuesday 8 February, along with Gordon Wilson, MP and Alex Fletcher.

CAROLINE STEPHENS

Ernie Ross, Esq., M.P.

RS

From: Ernie Ross, M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

2 February 1983

The Rt. Hon. Margaret Thatcher, M.P.  
Prime Minister  
10 Downing Street  
London, SW1

R3

Dear Mrs. Thatcher,

Timex, Dundee

You will be aware of the very serious situation which has developed as a result of the decision by Nimslo to withdraw the 3-D Camera production from Dundee and of the concern over 1,900 redundancies which will result from Timex withdrawing from traditional watchmaking areas.

I would therefore appreciate an urgent meeting with you to discuss the serious and detrimental effects that these decisions will have on the workforce and the local economy.

I look forward to hearing from you urgently.

Yours sincerely,

*Ernie Ross*

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10 DOWNING STREET

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From the Private Secretary

31 January, 1983

By S. Mervyn

Prime Minister's meeting with STUC, Friday, 28 January

The Prime Minister saw a deputation, led by the STUC, on Friday about the redundancies at the Timex plant in Dundee. Your Secretary of State and Mr Alex Fletcher were also present. The deputation consisted of Mr Andrew Barr (STUC), Mr John Langan (STUC), Mr James Milne (STUC), Mr Gavin Laird (AEUW); and Messrs. N. MacIntosh (AEUW, Timex) and Mr J. Kidd (AEUW, Timex).

Mr Barr thanked the Prime Minister for finding time to see them during a very short and busy visit to Glasgow. They had requested the meeting because they were very concerned about the situation at Timex. Jobs in Dundee were very precious. They hoped that the Government would intervene to stop a further large job loss, which, in their view arose from skulduggery especially in relation to France. Mr. Laird said they would not dwell on the issue of camera production at Timex, although this was a sorry story where British engineering had been exploited and then abused. They wished to concentrate on the need not to lose the watchmaking facility at the plant. There was a market for its products. Timex had been making watches for a long time, were good at it, and were involved in electronic manufacture as well as mechanical. The reason why the plant was under threat was that the French Government had offered a better financial package than the British Government could do. Mr Olsen had made that plain. But he hoped that the Government would use all the resources it could to match what the French had offered, that they would investigate Mr Olsen's claims, and would also investigate whether the French package obeyed EEC rules.

The Prime Minister commented that we could not have a situation in which one country obeyed by the EEC rules and another did not. It would be necessary to look into the facts.

/Mr. Kidd

Mr. Kidd said that the workforce had made an agreement on 14 September, 1982 with Timex which assured them of continued production, and of the security of their jobs in 1983. Somehow the French Government's offer had destroyed this agreement. He handed over the documents to Mr. Younger which, he said, would give the Government all the facts about the situation.

The Prime Minister said that the Government would study the documents carefully. She noted that Dundee was in a special development area, and so should qualify as well as any area in France for the maximum Government assistance. Mr. Fletcher said that he would be meeting Mr. Olsen and would be able to hear direct from him his view of the matter. The Department of Industry were, at the same time, investigating through government channels. Mr. Kidd said that their enquiries suggested that the French had offered grants in excess of £100 million.

Mr MacIntosh said that sometimes the Trade Union movement asked for help for declining industry. But this was a high technology industry in a growth area. The Timex workforce had proved their abilities. The Nimslo camera had been the only 3-D mass-produced camera. Mr Sinclair had said publicly that the workforce produced quality goods, efficiently, and on time.

The Prime Minister asked whether the company's design and research facilities had always been in Dundee or in France. After discussion it appeared that the R and D facilities in relation to watchmaking had always been in France, and that the work done at Dundee had consisted mainly of manufacturing some parts, and assembly.

Summing up the discussion the Prime Minister said that the Government would examine closely the documents which had been handed over at the meeting. They would investigate the whole matter most carefully, and read inbetween the lines as well. Mr. Younger or Mr. Fletcher would be in touch with the union side early next week.

The meeting which had begun at 17.40 hrs ended at 1800 hrs.

I am sending a copy of this letter to Caroline Varley (Department of Industry).

M. C. SCHOLAR

Gavin Laird AEUW

Andrew Barr STUC

John Langan "

James Milne "

N MacIntosh AEUW Timex

J Kidd AEUW "



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CF

P.M.

10 DOWNING STREET

*From the Private Secretary*

28 January 1983

The Prime Minister is having a meeting with Gordon Wilson, M.P. at which Alex Fletcher will be present on Tuesday 8 February at 1545. Mr. Wilson wishes to discuss the threatened loss of 1,900 jobs at Timex in Dundee.

I would be grateful if you could supply us with a brief to reach us by close of play on Monday 7 February. You may feel the simplest way of doing this would be to update the brief you provided for her meeting with the STUC which is to take place in Glasgow today.

BF  
7/2/83

CS

Muir Russell, Esq.,  
Scottish Office.

R07



HU

10 DOWNING STREET

*From the Private Secretary*

28 January 1983

This is just to confirm my telephone conversation with your Assistant this morning. The Prime Minister is looking forward to seeing you in her room at the House of Commons at 1545 on Tuesday 8 February. Mr. Alex Fletcher will be present at the meeting.

CS

Gordon Wilson, Esq., M.P.





SW

10 DOWNING STREET

*From the Private Secretary*

27 January 1983

The Prime Minister has asked me to thank you for your letter of 24 January.

Mrs. Thatcher will be pleased to meet you to discuss the threatened loss of 1900 jobs at Timex in Dundee and I will be in touch with you in the near future to arrange a suitable date.

CAROLINE STEPHENS

Gordon Wilson, Esq., M.P.

*Bury*

*See*

Gordon Wilson M.P.



HOUSE OF COMMONS

LONDON SW1A 0AA

24th January 1983

R25

Prime Minister

Gordon Wilson seeks a closure meeting on the 1900 redundancies at Timex, Dundee. We will arrange and ensure Alex Fletcher is present.

The Rt. Hon. Margaret Thatcher M.P.,  
The Prime Minister,  
10, Downing St.,  
Whitehall  
London SW1

*Thatcher*  
*mf*

*WB*  
*26/1*

Dear Prime Minister,

Two years ago you offered to meet Members of Parliament whose constituencies had suffered from large scale redundancies. I wish to seek such a meeting with you to discuss the threatened loss of 1900 jobs at Timex, Dundee.

In the late afternoon of Friday January 7th a company called Nimslo, with whom Timex had a contract for the development of a 3D camera at Dundee, announced that the contract had been terminated. This announcement, made in London with no communication to the workforce, meant the likely loss of 500 jobs. The manner of this announcement and the untrue and damaging remarks associated with it caused anger in Dundee - particularly when it was learned that the camera, which had been largely redesigned by Timex to make it a viable proposition, was to be produced in Japan.

At the time I warned that the implications of Japanese policy of monopolising products such as motor cycles and cameras were grave for Western countries. The news today of the possible transfer of car manufacturing work at Hailwood to Japan underlines my point.

The loss of the Nimslo contract was compounded on Monday Jan. 10th when Timex announced 1900 redundancies on the declining watch side of the business as well as loss of the Nimslo camera.

I wish, however, to discuss with you particularly the dangers to Scottish employment posed by the transfer of work by Timex to their Besançon plant as a consequence of massive French Government subsidies. I draw you attention to the following assessments by the Press :

"It is easy to dismiss the union claims as the normal disaster paranoia, but given the financial ties between Timex and Nimslo - international entrepreneur Fred Olsen controls the former and has shares in the latter - it is clear that many forces are at play. The cost of duplicating Japan's mass production facilities would be immense and only France appears to be handing out big state incentives at the moment."

"Scotsman" Jan. 12th 1983



"All this comes as Timex Dundee have lost their head-to-head struggle with their French counterparts at Besançon who, with promised state backing of at least 500 million francs and the possibility of up to double that figure, are to develop the Nimslo camera further, and have taken away the entire European watch production of Timex."

"Scotsman" Jan. 12th 1983

"Within the past few months Olsen, who rarely formally appears as director of companies he controls, has pulled off some huge deals to help the empire strike back. He sold just one oil rig, the Bredford Dolphin, for £65m. And he played a back-seat role in persuading the French research and technology Minister, Jean-Pierre Chevènement, to commit up to £55m on Timex related projects in Besançon (incl. R and D for Nimslo). While George Younger the Scottish Secretary publicly wrings his hands over Timex prospects in Dundee and urges the workforce to behave, Chevenement can deliver hard cash.

Besancon has a long history of industrial unrest, which makes Dundee look like a Japanese company town, but it is dear to Chevènement's heart, and to Olsen's. The work will be carried out at a former Timex plant whose remaining watch business has quietly been transferred to Fralsen - Olsen's private French company.

Fralsen has also paid Nimslo £3m cash down - plus £25m to come over 14 years - for the French and Belgian camera marketing rights. Away goes the cash...and back it comes since Olsen controls some 50% of Nimslo, the largest manufacturing company on London's unlisted securities market (£120m) via the non-see-through society of Hamilton Bermuda."

"Sunday Times, 16th Jan.  
1983.

It is clear that there is unfair competition from France and that the multinational web behind Timex has been taking advantage of the financial inducements offered by France. As a consequence, Dundee has lost watch-making business to France and on the casing side, a possible loss to Mexico and Little Rock, Ark. In addition, France will also be involved with Nimslo. There is a chance that it could inherit some of Scotland's work.

I am convinced that some, at least, of this business could be won back for Dundee with resolute action by you and your Government.

I hope that you will intervene to stop this international conspiracy which is robbing Dundee of much needed employment.

I look forward to an early meeting,

Yours sincerely,

Gordon Wilson M.P.

