

PART 4

CONFIDENTIAL FILING

Government Purchasing Policy and
the "Buy British" Policy

TRADE

PT 1: AUGUST 1979

In attached folder: Government Purchasing: Interim
Progress Report.

PT 4: AUGUST 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
10.9.86.							
18.9.86							
30.9.86							
26.10.86							
10.10.86							
13.10.86							
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7.11.86							
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23.3.87							
26.6.87							
22.10.87							
27.10.87							
29-10-87							
PREM 19/2550							
PART ENDS.							

PART 4 ends:-

CDL to PM 29-10-87

PART 5 begins:-

D. Emp to AB 2-11-87



the public sector to adopt PPI principles, it looks - and is - very bad if we are failing to do so in areas under the Government's direct control.

3 I recognise the importance of an improvement in organisation and procedures as recommended in paragraph 61 of the report but I do not think that more effective implementation of the PPI should rest solely on this. I would like to see the PPI as an integral part of our general drive to secure improvements in purchasing practice and to take the maximum possible action now to secure its implementation.

4 I would like to suggest that during the next twelve months the CUP (who have undertaken to lead on the PPI in central government) and Departments should give equal priority to action on those improvements which are likely to have a beneficial impact on industrial competitiveness. As the Treasury's Public Purchasing Guidelines made clear, the main areas for attention are improved dialogue between purchasers and suppliers, enhanced concern for quality and stimulation of innovation. But I think the first task is for the CUP to make clear to Departments the benefits which they and suppliers can achieve through concentration on these areas. I would then intend to review progress by the CUP in achieving this task in six months time.



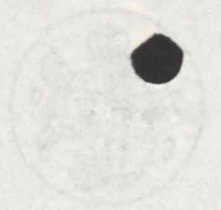
5 I am sure that with determination substantial progress can be secured, as is shown by the creditable achievements on other fronts noted in the CUP report.

6 I am copying this to Ministers in charge of Departments, the Paymaster General, Sir Robert Armstrong and Sir Robin Ibs.

A handwritten signature in dark ink, appearing to be 'Li', written over a faint watermark of the word 'CONFIDENTIAL'.

KENNETH CLARKE

TRADE: Got purchard pt 4





copy
abpm

PAYMASTER GENERAL

PROGRESS REPORT ON THE IMPLEMENTATION OF
"GOVERNMENT PURCHASING"

with DRN?

Thank you for sending me a copy of your minute of 14 October to the Prime Minister.

2. I welcome your endorsement of Mr Willacy's view that Departments have made substantial progress in the past twelve months. I agree that Volume I of the Report should be published, subject to the exclusion of sensitive information. In that connection, I should be grateful if the following extract from Annex 2 (page 28) referring to value for money improvements achieved by the Home Office could be deleted:

"In the areas of catering, and TV licence enforcement, negotiations which delivered savings of over £6 million;"

We are at present in the midst of delicate negotiations with the Post Office on two major contracts. I believe that publication of these savings would not, at this stage, help our position.

3. I am copying this minute to the Prime Minister, other Ministerial colleagues, Sir Robert Armstrong and Sir Robin Ibbs.

Doyle Hand.
27 October 1987



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 October 1987

The Prime Minister has seen the Paymaster General's minute of 14 October covering the progress report on the implementation of "Government Purchasing". She has noted the contents of this, and welcomes the tough targets which have been set, and generally achieved. She is content that it should be published by way of an arranged PQ, as proposed by the Paymaster General.

With regard to the proposal in paragraph 7 of the Paymaster General's minute, that the Director should lay on a demonstration of the new computerised price monitoring system, the Prime Minister would prefer to wait until we have some more experience of how the system works.

I am copying this letter to the Private Secretaries to Ministers in charge of Departments, and to Trevor Woolley (Cabinet Office) and Kate Jenkins (Efficiency Unit).

P. A. Bearpark

Simon Judge, Esq.,
Paymaster General's Office.

089



10 DOWNING STREET

Prime Minister

This report is fairly encouraging.

Content to welcome it, and
for it to be published by way
of an arranged P2?

The demonstration (para 7)
should surely best wait until
we know how the system works.

Yes

PAB
21/10.

010

CC/BA
(Letter only).



FROM: PAYMASTER GENERAL
DATE: 14 October 1987

PRIME MINISTER

PROGRESS REPORT ON THE IMPLEMENTATION OF "GOVERNMENT PURCHASING"

In October 1984 you endorsed the report "Government Purchasing" and agreed to establish a Central Unit on Purchasing to help departments achieve greater professionalism in their approach to the whole area of purchasing and supply. The Unit was launched in August 1985 under its Director, Mr M J O Willacy, on secondment from Shell (UK) Ltd.

2. One of the Unit's responsibilities is to report to you annually on how departments are taking forward this initiative. I enclose the Unit's progress report on 1986-87, which also looks forward to 1987-88 and 1988-89. The report consists of two volumes, the first giving an overview of departmental progress and other developments, the second comprising summaries of progress in individual departments.

3. Departments made value for money improvements estimated at nearly £290 million in the last financial year. This is significantly greater than the target of around £110 million noted in the report sent to you last August. I think you will find particularly interesting Annex 2 of the main report which contains examples of the way in which individual departments are adopting a much more entrepreneurial approach to their purchasing.

4. For this year and next, departments have targeted to achieve improvements worth around £390 and £450 million respectively. These targets are tough and the Unit will have to continue to work closely with departments to ensure they are reached. Compared with last year's cautious approach to setting targets, most departments are now responding better to the idea of having a challenging figure to aim at. Annex 1 of the main report summarises individual departmental progress and targets, and you may find that of interest.

5. I endorse the Director's view that departments have made substantial progress in the past 12 months. If the momentum is to be maintained, however, it is essential that departments make swifter advances with their organisational and information systems. Mr Willacy has said that this should be a priority over the next year and I endorse that view.

6. Over the next few months discussions will be needed on the Unit's position after its initial term ends in August 1988. I believe that the functions of the Unit will need to continue, and that the CUP itself will need to be extended for at least another couple of years from August 1988 in order to carry forward the process of changing the culture in departments.

7. One development in which you may be interested is that, working with a private sector company, the Unit have set up on a trial basis a computerised price monitoring system (paragraphs 38-42, page 16 of the main report). This will go 'live' this month and should eventually lead to a method of continuously assessing departmental performance. The approach by the Unit is a revolutionary one in central Government and I suggest that you ask the Director to lay on a demonstration for you. This would also give you an opportunity to discuss with the Director and his staff other developments in this area.

in
attach
ferder {
8. There is much interest in the purchasing initiative, and I propose publishing Volume 1 of the report (excluding Part 2 which contains sensitive information). If you are willing, I suggest that you answer an arranged PQ later this month, announcing the availability of the report in the House of Commons Library. I would then hold a press conference, which Mr Willacy would attend.

9. I am copying this minute and enclosures to Ministers in charge of Departments, Sir Robert Armstrong and Sir Robin Ibbs.

P.B.

PETER BROOKE



10 DOWNING STREET

Mr Beaupre ^{my} 24/6

I have written to
JTI following up
Lord Sigg's request for
another "Source in
Britain" event.

Lord Sigg left
these pps. Not
relevant, I think,
to the source
event.

N. C. W.
26.6

CREATION OF EMPLOYMENT

INCREASE OF EMPLOYMENT - NORTH EAST AND SCOTLAND

I have been examining the increases in the numbers of employees of Marks and Spencer's suppliers in the North East and Scotland.

Over the past ten years the number of our suppliers' employees in both areas has increased substantially:

- a) In the North East our five major suppliers have increased their workforce from 5,267 to 11,900. 60% of this increase has been in the last five years.
- b) In Scotland fourteen suppliers who supply about half the goods we buy from Scotland have increased their workforce from 2,850 to 6,860.

(The increase in each case is after allowing for two important suppliers decreasing business with us and the number of employees falling by 650).

The rate of increase has been greater in the last five years, despite the introduction of modern labour-saving equipment. The products have represented excellent quality and value, for which there has been a growing demand. Many of these modern factories are in areas of high unemployment.

The attached Appendix shows some of the increases in numbers over the last five and ten year periods at a number of our North Eastern and Scottish suppliers.

UK DEVELOPMENT - TOILETRIES AND COSMETICS

Marks and Spencer started a business in toiletries and cosmetics about twelve years ago. At the beginning when our business was modest we had to import a major proportion of our supplies, mainly from Italy and Switzerland. The business has grown substantially over this period; we now have a business exceeding £120 million turnover annually. Today, as a result of working with our suppliers, over 90% are produced or finished in the United Kingdom.

In 1982/83 Peter Black and Dewhirst, both Yorkshire firms, developed substantial toiletry/cosmetic businesses, new ventures for them. The firms that they took over were on the verge of collapse; they have made considerable and profitable progress. In 1983 they employed 226 people; they now employ 745, of whom 435 are employed in Blythe and Keighley in Yorkshire. Dewhirst and Peter Black account for approximately 30% of our supplies.

Similar developments are other toiletry and cosmetic suppliers who have also substantially increased their production and employment.

Contd.

In this relatively new field for us our total exports exceed the value of our much reduced imports.

The policy outlined above has proved profitable and successful to us and our suppliers, and again has increased employment.

An example of what can be achieved is Pinney's of Scotland led by David Stapleton. He started some ten years ago with seven employees and this year, largely as a result of supplying Marks and Spencer with smoked salmon and fresh fish, the numbers employed will reach over 600 this year, all in Scotland.

SERVICE INDUSTRIES' POTENTIAL

An example on the service side is the development of Sock Shop. In the past four years the number of employees has increased from 2 to 220 and will double in the next four years. The Chairman/Joint Managing Director, who had connections with Marks and Spencer, also follows a policy of buying British wherever possible.

The number of employees at Marks and Spencer, translated into the equivalent of full-time, has increased over the five years from 48,500 to 59,600, an increase of 11,100.

If more Chief Executives, in the retail and manufacturing fields, adopted and consistently followed a policy of sourcing wherever possible in the United Kingdom and ensured that this policy was understood throughout their organisations, particularly in the Buying Departments, it would create considerable employment. This applies to all areas in the United Kingdom.

GOVERNMENT INVOLVEMENT

The success of such a policy depends on the involvement of the Chief Executive, but there is much scope for Government to encourage such organisations as the CBI and individual Chief Executives in this field.

25th June 1987

ECONOMIC INFORMATION DEPARTMENT

24th June 1987

SELECTED SUPPLIERS' EMPLOYMENT IN SCOTLAND AND THE NORTH-EAST

REGION	<u>M & S RELATED EMPLOYMENT</u>				
	YEARS	1977-1982	1982-1987	1977	1987
	INCREASE	INCREASE	TOTAL	TOTAL	
<u>14 Scottish Suppliers</u>	1484	2529	2851	6864	
<u>5 North East Suppliers</u>	2440	4193	5267	11900	
<u>Total These Suppliers</u>	3924	6722	8118	18764	

SUPPLIERS' EMPLOYMENT : TOTAL AND MARKS & SPENCER RELATED

SCOTLAND AND THE NORTH-EAST

YEAR	1977		1982		1987		1977-1982	1982-1987	1977-1987
SUPPLIERS' NAME	TOTAL	M & S	TOTAL	M & S	TOTAL	M & S	M&S INC	M&S INC	M&S INC
<u>Scottish Suppliers</u>									
Adams	n/a	n/a	140	45	736	493	45	448	493
Clipper Seafoods	n/a	n/a	347	347	444	444	347	97	444
Marshalls	1879	367	2189	990	3707	1460	623	470	1093
Perimeter Farms	50	44	54	49	52	48	5	-1	4
Pinneys Smokehouses	15	15	97	97	419	419	82	322	404
Shearwater	52	52	85	85	194	194	33	109	142
Robert Wilson	348	50	324	50	322	70	0	20	20
Activon	291	291	417	417	980	980	126	563	689
Babygro	n/a	n/a	320	100	1250	250	100	150	250
Bairdwear	n/a	n/a	509	509	350	350	509	-159	350
Bairdwear E.Kilbride	272	272	293	293	585	526	21	233	254
D.H.Cohen	1760	1760	1150	1150	1300	1300	-610	150	-460
Delta Textiles	n/a	n/a	n/a	n/a	150	150	0	150	150
Welch Margetson	n/a	n/a	203	203	180	180	203	-23	180
<u>Total</u>	4667	2851	6128	4335	10669	6864	1484	2529	4013
<u>North East Suppliers</u>									
Claremont Garments	n/a	n/a	n/a	n/a	1342	1342	0	1342	1342
I.J.Dewhirst	1470	1470	2051	2051	4218	4218	581	2167	2748
S.R.Gent	2549	2294	4451	4006	4700	4230	1712	224	1936
Ramar	968	953	917	900	781	760	-53	-140	-193
J & J Fashions	550	550	750	750	1350	1350	200	600	800
<u>Total</u>	5537	5267	8169	7707	12391	11900	2440	4193	6633
<u>Grand Total</u>	10204	8118	14297	12042	23060	18764	3924	6722	10646

TO: LORD SIEFF

24th June 1987

JL/MK

PETER BLACK TOILETRIES - TROWBRIDGE

	<u>FEBRUARY 1983</u>	<u>JUNE 1987</u>
FACTORY	26,000 sq ft	53,000 sq ft
EMPLOYING	46 People	180 People

PETER BLACK COSMETICS - CHESSINGTON

	<u>NOVEMBER 1983</u>	<u>JUNE 1987</u>
FACTORY	19,000 sq ft	19,000 sq ft
EMPLOYING	35 People	55 People

New factory development at Westbury purchased Spring 1987 - 28,000 sq ft.

PETER BLACK TOILETRY TEXTILES - KEIGHLEY

	<u>1982</u>	<u>JUNE 1987</u>
FACTORY	3,000 sq ft	3,000 sq ft Keighley 8,000 sq ft Ilkley
EMPLOYING	30 People	95 People

I.J. DEWHIRST LTD. TOILETRY TEXTILES - BLYTH

	<u>OCTOBER 1982</u>	<u>JUNE 1987</u>
FACTORY	31,000 sq ft	62,000 sq ft
EMPLOYING	115 People	340 People

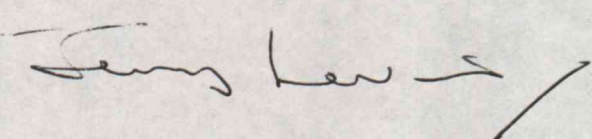
I.J. DEWHIRST LTD (LORIEN) TOILETRIES - POTTON, BEDFORDSHIRE

	<u>JANUARY 1986</u>	<u>JUNE 1987</u>
FACTORY	28,000 sq ft	28,000 sq ft
EMPLOYING	Nil	55 People

Factory expansion planned 1988.

SALES JANUARY - DECEMBER 1987

	U.K. £M	EXPORT £M	TOTAL £M
T.20 TOILETRIES	68.5	8.5	77.0
T.22 COSMETICS	42.0	5.5	47.5
GRAND TOTAL	110.5	14.0	124.5



JENNY LEWIS

ECONOMIC INFORMATION DEPARTMENT

MARKS AND SPENCER UK EMPLOYMENT

<u>Year Ended 31 March</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Increase</u> <u>83-87</u>
Average Number of Employees	48,484	50,927	53,980	56,458	59,608	11,124
UK full-time	18,202	18,775	19,682	20,445	21,153	2,951
part-time	30,282	32,152	34,298	36,013	38,455	8,173
FTE	32,149	33,944	35,909	37,732	39,319	7,170

24.6.87
RJS/JTN

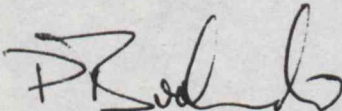
TO : THE PRESIDENT

23RD JUNE 1987

ACTIVON LTD

	1972	1983	1987
No of Staff on Marks & Spencer Work	18	530	980
Factory Footage	197000	221000	308000

The above information was obtained from Activon directly.


PAUL BOOKBINDER

ECONOMIC INFORMATION DEPARTMENT

MARKS AND SPENCER UK EMPLOYMENT

<u>Year Ended 31 March</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Increase</u> <u>83-87</u>
Average Number of Employees	48,484	50,927	53,980	56,458	59,608	11,124
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FTE	32,149	33,944	35,909	37,732	39,319	7,170

24.6.87
RJS/JTN



ce BG
 nbpm

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Paul Channon MP
 Secretary of State for Trade and Industry
 Department of Trade and Industry
 1 - 19 Victoria Street
 London
 SW1H 0ET

23 March 1987

AB

Dear Secretary of State,

THINK BRITISH CAMPAIGN (TBC)

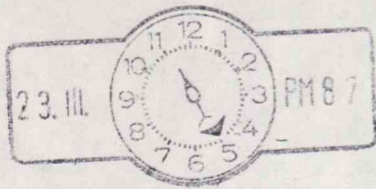
Thank you for your letter of 19 March.

As you say, the proposal is a rather unusual one. There are certain features of it which I find rather worrying:

- Better Made in Britain Campaign (BMIB): I understand BMIB apparently receive a grant of £100,000 from the Department of Employment. BMIB have been trying to move into the consumer field but have been told by the Department of Employment that, because of possible conflict with international obligations, that Department would not be prepared to support a consumer campaign. There is a need to ensure that the position that your Department have taken in relation to both TBC and BMIB is consistent with what Employment have been saying to Sir Basil Feldman.

- Payment in advance of need: on the face of it, it is difficult to see how TBC could spend 50 per cent of the cost of the research project within the next couple of weeks. But this is a matter for you and your Accounting Officer.

In the light of the above, I remain doubtful about this exercise. But if you are convinced that this is a proper and sensible use of your Department's resources and that sufficient funds are available this financial year I would not press my objections.



I am copying this letter to the Prime Minister, Geoffrey Howe and, in view of the Department of Employment interest, to David Young.

Yours sincerely,

Jim Luther

pp JOHN MacGREGOR

(Approved by the Chief Secretary
and signed in his absence)



Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215) 5422
GTN 215)
(Switchboard) 01-215 7877

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON SW1

19 March 1987

1. AB ^{20/3}
2. N. SM.

Dear John,

As you know, I am very anxious to encourage a more positive approach to UK sourcing by both public and private sector purchasers. We must encourage buyers to look first for competitive British products rather than to imported alternatives.

As part of our efforts in this area we have been in close contact with the Think British Campaign (TBC) run by Mrs Margaret Charrington. They are investigating support for a publicity drive emphasising to consumers the positive features of British products built to recognised quality standards and carrying the kite mark or the Design Council label. It is not clear however at present whether they can come up with a campaign which would be consistent with our Community and international obligations, and they need our initial support both for a research project to investigate ways of achieving this and also to attract industrial contributions.

You will be aware that import substitution is also of great interest to Basil Feldman, with whom we have been working closely on the Better Made in Britain Campaign. My view is that the two campaigns potentially complement each other well, but the individuals concerned have found it difficult to work with each other. Our giving support to TBC may be misinterpreted by Basil Feldman who fears they will tap the same sources of funds from firms whom he intends to approach. I believe these fears are exaggerated and in any case, there is room for more than one organisation in this area. TBC have agreed to work with Sir Basil, and we have told Sir Basil that we expect to be able to support his own proposals, which indeed officials are helping him to prepare.

DW5BJP



I am therefore writing to seek urgently your authority to contribute this financial year 50 per cent of the cost of a research project subject to a maximum of £300k to see if they can come up with a campaign in May consistent with our international obligations. If payments were to be made mainly during the next financial year ie. 1987/88 I would have very considerable difficulty in finding the money. However TBC are confident that they would be able to present bills due for payment this year covering most of the expenditure because they expect that most of the advertising agencies would ask for payments in advance. If the research project fails to find the basis of a campaign which in our opinion is compatible with our international obligations, but nevertheless they still wished to go ahead with it, the grant would be repaid with interest and thus distance the Government from the campaign.

I very much hope that you can agree to my contributing to a cause which could do much to further my Department's objectives. Funds are available within my Department's existing budget for this purpose, but I thought I should write to you because it is a somewhat unusual case.

I am sending a copy of this letter to the Foreign Secretary and to the Prime Minister in view of her interest in this subject.

A handwritten signature in dark ink, appearing to be 'Paul Channon', written in a cursive style.

PAUL CHANNON

A handwritten set of initials, possibly 'JC', written in dark ink.



ms

10 DOWNING STREET

Prime Minister

You may like to be aware
of this before tomorrow's meeting
with Sir Keith.

This is clearly another group
along the lines of Basil
Feldman's, which includes
Moran Sieff. They ought to
operate in cooperation ~~with~~
together, rather than be
rivals.

MEFA 10/3

The Rt.Hon. Mrs. Margaret Thatcher, M.P.



With Compliments

ASA3

The Rt.Hon. Sir Keith Joseph, Bt., CH, MP.

HOUSE OF COMMONS
LONDON, SW1A 0AA

From: The Rt.Hon. Sir Keith Joseph, Bt., C.H., M.P.



The Rt.Hon. Nigel Lawson, M.P.,
Chancellor of the Exchequer.

9th March 1987.

As I told you, I have set up and am chairing a small group of Peter Carey, Eddie Nixon, Marcus Sieff and, from the Bank of England, Jonathan Charkham, to seek ways to encourage co-ordinated product development so as to increase sourcing in the UK at best international standards of value for money, quality, price, delivery, etc.

One of the subjects we have discussed is the scope for British demand to be connected to potential British supply where at the moment supply tends to come from abroad. Both the advice given to me in Bovis - where I am now a consultant - and the views of those on the little group agree that the Little Neddies can be, provided the Chairman is effective, a useful vehicle for making such arrangements.

I am only writing to you about this because if, in due course, the survival of NEDO itself comes under consideration I would not like you to think that I am arguing for its survival. If it were to be abolished the work now done by the Little Neddies could surely survive, if thought fit, within the private sector.

I am copying this letter for information to Margaret Thatcher.

No need to acknowledge.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 March 1987

Herewith, as promised, are the two letters, signed by the Prime Minister. I hope they are what you wanted, and you do not feel that I have made too many amendments!

P.A. Bearpark

Sir Basil Feldman



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

I am very pleased to welcome the Better Made in Britain exhibition.

You are breaking new ground in moving to building products, hardware and DIY goods: this underlines the value and flexibility of the Better Made in Britain concept.

Better Made in Britain has already succeeded in encouraging UK manufacturers in a variety of sectors to match foreign goods in quality, design, price and delivery. It has brought orders and created jobs. I hope it will continue to be adapted and extended widely. There has always been strong support by major retailers; it is good now to see major building contractors and architects offering a similar commitment.

As an enthusiastic supporter of Better Made in Britain, I wish the exhibition every success.

Margaret Thatcher

March 1987



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

I warmly welcome this latest Better Made in Britain exhibition.

The Better Made in Britain concept has proved its worth as a means of stimulating UK manufacturers to match foreign goods in design, quality, price and delivery. I am delighted to see that there is now an opportunity to return to the clothing and footwear sectors, and I hope that the target of £100 million of new business across the economy, creating jobs for thousands of people, will soon be passed.

The innovations in this exhibition, especially UK manufacturers showing their imported 'components', indicate an important way forward for Better Made in Britain. I very much support these initiatives between retailer and manufacturer, and manufacturer and manufacturer.

As an enthusiastic supporter of Better Made in Britain, I wish the exhibition every success.

Margaret Thatcher

March 1987

RESTRICTED

8/2



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

7 January 1987

SOURCING IN BRITAIN

Thank you very much for your letter of 24 December. The Prime Minister has noted the contents of this, which seem rather more encouraging than the previous reports.

I am sending a copy of this letter to Alex Allan (HM Treasury), Colin Miller (Home Office), Jane McKessack (Department of Health and Social Security), Lance Railton (Customs and Excise) and to Trevor Woolley (Cabinet Office).

(P. A. BEARPARK)

Timothy Walker, Esq.,
Department of Trade and Industry.

RESTRICTED

8/2

cc/bg



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215)
(Switchboard) 01-215 7877

Secretary of State for Trade and Industry

PS/

B/F 5/1

RESTRICTED

24 December 1986

10/30/112

P A Bearpark Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister ²

*This is rather more encouraging
than the last report.*

Dear Andy

12/5/86

mf

SOURCING IN BRITAIN

7/11/86

Your letter of 17 November asked for a report by the end of this year on the progress made to improve the level of UK sourcing by UK suppliers.

Ideally my Secretary of State would like to achieve a situation whereby the first reaction of any UK purchaser is to seek to meet his needs with a competitive British product rather than an imported alternative. Most procurement is in the hands of the private sector and it is here that we should concentrate our effort. The chief aims are to persuade the business community to seek out or develop competitive UK sources of supply; to encourage private sector initiatives such as the Better Made in Britain and Think British campaigns; and to help fill gaps in information between buyers and sellers. A number of initiatives along these lines are set out at Annex A.

Meanwhile my Secretary of State and the Minister for Trade will be using Sourcing in Britain as a theme for a series of speeches in the New Year. They will also be meeting a smaller group of businessmen in January to explore a number of ideas about import substitution in the private sector including inviting the assistance of a select number of company chairmen and broadening the initiative by a series of further meetings with businessmen on a regional basis. Mr Clark and Lord Lucas also have it in mind to meet leading retailers individually. We are also in close touch with Better Made in Britain (BMIB) and the Think British

JF1ADM



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Campaign (TBC) who have both suggested high profile publicity campaigns to raise purchasers' awareness of British products.

BMIB, run by Sir Basil Feldman, with NEDO support, has held a series of successful exhibitions at which retailers have displayed imported products to potential UK suppliers. DTI will participate in the exhibitions planned for 1987, taking the opportunity to promote the Government's quality activities. More recently Sir Basil has proposed setting up a certification scheme to provide customers with an assurance of the quality of consumer goods, an area poorly covered at present. This ambitious proposal still requires a great deal of work but it fits well with our other activities to promote good design and quality. We have offered technical help in setting up the scheme and, exceptionally, financial assistance with the start-up costs.

TBC, run by Mrs Margaret Charrington, is investigating support from industry for a publicity drive emphasizing to consumers the positive features of British products sporting one of the existing quality labels such as the Kitemark or the Design Council label. The DTI is helping TBC to identify which marks and features a campaign could emphasize. We have told the TBC that we can offer up to £300,000 of support this financial year provided that they can come up with a campaign that does not conflict with the Government's own policy aims or with our international obligations and does not duplicate the activities of others in this area.

As far as the public sector is concerned, a very high proportion (possibly as high as 85 per cent) of its needs are met by UK suppliers but given that it purchases some £40 billion each year imports are still considerable in absolute terms. The Public Purchasing Initiative (PPI) recently given a new focus by Mr Butcher is our main policy tool. While success under the PPI does not necessarily equate to increased levels of UK sourcing (improved supplier performance may be reflected in higher exports), it may lead to it. Import substitution will therefore be an important part of our future PPI activity provided always that we can pursue the other objectives of public purchasing policy including value for money. DTI Ministers will be following up the import content of some of the purchasing of other Departments and a further report on progress on the items raised at the Prime Minister's dinner is at Annex B.

Of course none of these policies can succeed over the longer term unless British firms can match and beat the competition in terms of price, quality, and delivery. Much of this Department's work to assist investment, encourage innovation, and improve

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competitiveness of industry, has a reduction in imports as one of its objectives or effects - though it may not have a "Import Substitution" tag attached. It is important, therefore, to see the specific steps and initiatives taken by this Department against the background of the Government's wider efforts to enhance the competitiveness of UK industry.

I am copying this letter to Alex Allan (HM Treasury), Clare Pelham (Home Office), Jane McKessack (Department of Health and Social Security), Lance Railton (Customs and Excise) and to Trevor Woolley (Cabinet Office).

*Yours
Timothy Walker.*

TIMOTHY WALKER
Private Secretary

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ANNEX A

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(a) CHANNEL FIXED LINK

A unit was established in DTI earlier this year to co-ordinate our work on the Channel Fixed Link with the overriding objective of ensuring that UK industry obtains (in the words of the Prime Minister) "at least its fair share" of the contracts for the construction and operation of the LINK. Specific aims are:

- to ensure that information on CPL procurement opportunities is readily available to UK industry;
- to establish a close relationship with both Eurotunnel and its contractors, TML;
- to ensure that industrial aspects are taken into account, notably by the Intergovernmental Commission.

Good progress has been made in the first six months towards achieving these aims.

(b) MULTINATIONAL VEHICLE PRODUCERS

2 The Department encourages the multinational vehicle producers in the UK to produce more of their UK sales in UK factories and to increase UK content. Efforts are directed particularly at Vauxhall and Peugeot-Talbot.

3 Taking Vauxhall as an example, in 1985 Government pressure and criticism of their contribution to the UK economy led General Motors to set up a high level Task Force to identify ways of increasing the UK sourcing of vehicles and components. The Department of Trade and Industry maintains close contact with the Task Force to assist with the identification of suppliers and monitor progress.

4 Success is most marked on finished vehicles. In 1985 the company manufactured in the UK only 45 per cent of the cars sold here but over 70 per cent has been achieved in the last quarter of 1986 equivalent to an increase in UK build of about £110m on an annual basis. They expect at least to maintain this level in 1987 and have just announced that they are to export cars for the first time since 1980. On UK content, the improvement appears less dramatic, though real achievements are partially masked by the strengthening DM-£ rate (which pushes up the proportion by value of imported components). In 1985 Vauxhall cars produced in the UK had a UK content of around 45 per cent. 50 per cent seems unlikely to be achieved until the second quarter of 1987 but significant resourcing has been and is continuing to be undertaken. New import-substituting orders are likely to

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amount to £150m by the end of 1987. Without the shift in the DM-£ rate the same changes would have given a UK content of some 60 per cent.

5 Vauxhall's confidential projections indicated that, almost entirely as a result of the work of the GM Task Force, local content will exceed 60 per cent by the third quarter of 1988, even at current exchange rates.

(c) INWARD INVESTMENT

6 Building in part on the experience in the vehicles sector, the Department of Trade and Industry pays close attention to the sourcing patterns of inward investors. Where possible we negotiate clear agreements with the companies (e.g Nissan, Komatsu) on increasing local sourcing over time. Such agreements are closely monitored to ensure that promises are fulfilled (taking into account EC rules). The intention is to put inward investors under pressure to seek out and develop competitive UK supply, rather than to buy from the UK regardless of price or quality.

(d) SOURCE OF SUPPLY DATABASES

7 One topic which is frequently mentioned by businessmen is the need for a comprehensive UK database on UK sources of supply. Although the private sector has developed a number of partial databases, some on a commercial basis, and Department already answers source of supply queries, further development is needed. Officials are looking at this with a view to involving the appropriate private sector organisations.

(e) RETAILERS

8 Officials have embarked on a programme of discussions with retailers and their trade associations to encourage greater IS efforts and to spread best practice. The retailers are in no doubt of the importance attached to this by Government and are responding, recognizing that closer attention to domestic supply is in their own commercial interests. Officials have established overall figures for the levels of imported goods to which retailers admit. A second series of meetings with chief buyers is now starting to identify areas of imports in a way which will enable this work to be linked into other initiatives - such as Sir Basil Feldman's work through 'Better Made in Britain'. This will be backed up by a programme of Ministerial speeches. Officials are also exploring the extent to which the Department can play the role of "marriage broker" in individual cases.

ANNEX B

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FURTHER NOTE ON FOLLOW-UP ACTION TO SPECIFIC POINTS MENTIONED
AT SOURCING IN BRITAIN DINNER : 29 SEPTEMBER 1986

(a) **POST OFFICE PROCUREMENT : SHIRTS**

(Lead Department : Department of Trade & Industry)

Mr Alliance said that the Post Office had outdated specifications for shirting.

2 DTI invited Mr Alliance to elaborate on the point. Mr Alliance's reply failed to offer any substantiation or clarification but offered his group's assistance in following up the report on the Post Office's procurement activities which was published in October. DTI is arranging a discussion with Mr Alliance's company and the Post Office.

(b) **DUTIES ON ELECTRONIC COMPONENTS**

(Lead Department : Department of Trade and Industry)

3 Mr Sugar explained the particular difficulties of the electronics industry when electronics components such as TV tubes and integrated circuits were subject to an 18 per cent duty [actually 15 per cent and 14 per cent respectively] but the same components manufactured as sub-assemblies in countries such as South Korea were only subject to 4.9 per cent duty.

4 As the previous report noted, it may be possible to negotiate further reductions in duties on electronics components in the GATT Uruguay Round. Substantive discussions will begin in January 1987 but early progress on tariff issues is unlikely. The EC policy on tariffs will be discussed in Brussels in 1987. In preparing for these discussions it will be necessary to lobby other Member States to support large reductions in anomalous high duties and to get UK industry to do the same.

(c) **POLICE PROCUREMENT : POLICE UNIFORMS**

(Lead Department : Home Office)

5 Mr Alliance referred to sixteen different sets of quality standards for police uniforms which prevent his obtaining economies of scale in his production.

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6 The Association of Chief Officers has now accepted the recommendation of the Home Office's Scientific Research and Development Branch that just three types of cloth should be used for police uniforms in the future. Chief Constables will now be told by ACPO of this endorsement and encouraged to implement the recommendation as soon as possible. The Home Office will continue to monitor developments closely and foster the efforts the police are making to obtain better value for money and, at the same time, to assist manufacturers.

(d) NHS PROCUREMENT : SHEETS

(Lead Department : Department of Health and Social Security)

7 Mr Alliance said that the NHS was still importing cotton sheets because they would not accept the newer poly-cotton versions he could provide.

8 A review of the supply of sheets and pillow-cases to the NHS has now been completed. This shows that of the annual NHS demand of just over 2.5 million units (sheets and pillow-cases) about 75 per cent is for cotton; 20 per cent polycotton; and the remainder polyester material. In money terms cotton accounts for approximately £3.2 million out of an estimated total cost of about £4.5 million. In terms of purchase and use costs taken together, polycotton and polyester are cheaper than cotton. On the other hand the NHS has been influenced by the weighting given by NHS users to the fire risk associated with polycotton and polyester, patient discomfort, static, poor moisture retention particularly associated with polyester. Some UK firms have also failed to compete effectively on NHS specification requirements.

9 However, with DHSS and NHS encouragement, the British Standard (BS 5815) used in NHS specifications has been revised and this revision is expected to be published shortly. The change should improve competition. Work is in hand to produce the appropriate guidance and information for NHS staff in the light of the review. Mr Critchley, Director of NHS Procurement and Distribution, will be contacting Mr Alliance to discuss his concerns.

(e) CUSTOMS DOCUMENTATION

(Lead Department : Customs & Excise)

10 Sir John Sainsbury, and others, described the US system where Customs documentation, with the exception of prices,

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was fully available. Customs & Excise have nothing further to add to the previous report.

(f) PUBLICATION OF GOVERNMENT PROCUREMENT PERCENTAGES

(Lead Department : HM Treasury)

11 The previous report referred to the current work by the Central Unit on Purchasing to improve Departments' information systems. It is too early to report on this work. However, the Treasury point to recent developments in the EC and GATT which may suggest the way in which we should move ahead.

12 The Treasury point out that during our Presidency of the Community, we have played a prominent role in furthering the internal market and the Prime Minister has encouraged other Heads of Government to open up their procurement to competition. Last month there was a successful renegotiation of the GATT Agreement on Government Procurement. Any use of statistics suggesting that we put greater stress on source than on value for money would cause us difficulty, not least in trying to liberalise the procurement of services.

13 The risk with publishing statistics on UK sourcing is that, if the trend is towards more UK sourcing, the Commission and other Member States will be likely to argue that we are not serious about our attempts to liberalise and they may well put an unwelcome spotlight on individual contracts. Conversely, were the trend to be away from UK sourcing we would come under pressure from UK industry to abandon value for money. And potential customers abroad might be encouraged to believe that British industry did not offer it.

14 The Treasury have now completed their work on the Public Purchasing Guidelines and expect to issue a revision in January, once the Council of Ministers has agreed the terms of a new Supplies Directive. British industry should gain from the encouragement the new guidelines will give to purchasers to work with suppliers to improve their international competitiveness, as well as from the new opportunities they should obtain as a result of developments in the EC and the GATT.

"Buy Bristol" : TRADE Pt 4



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

7 November 1986

SOURCING IN BRITAIN

Thank you for your letter of 22 October. The Prime Minister has noted the action that has been taken to date, and in particular the initiatives taken by your Secretary of State and the Minister for Trade. She has asked that they continue to pursue the problems which have been raised most vigorously.

Could you please arrange to send a further progress report at the end of the year covering both progress on the specific points raised, and more generally the results of the initiatives.

I am copying this letter to Alex Allan (HM Treasury), Clare Pelham (Home Office), Jane McKessack (Department of Health and Social Security), Lance Railton (Customs and Excise) and to Trevor Woolley (Cabinet Office).

(P. A. BEARPARK)

Tim Walker, Esq.,
Department of Trade and Industry.

PRIME MINISTER

SOURCING IN BRITAIN

At the dinner last month there were a number of allegations of absurdities - sixteen different specifications for police uniforms was probably the most glaring. DTI have prepared notes on the various points which were raised and I have attached them in case you wish to glance through them.

In brief the comments are as follows:

duties on Electronic Components - it's all the fault of the EC

Post Office shirts - DTI are pursuing with David~~3~~ Alliance but the current system may not be as illogical as it looks

Police uniforms - There is obviously no defence

NHS sheets - Likewise

DTI acknowledge that there is room for improvement. Mr Channon proposes to meet a group of businessmen drawn from those who attended this dinner and Alan Clark has been doing some work on this. It may be best to allow them a chance to do what they can, asking for a progress report after three months.

Agree?

ADB

P.A. Bearpark

31 October 1986

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*cc. MEA
the fault to me
I want to note
of these things for
Question time - on
speed of
state spend*

*I think we must pursue it
more vigorously than this. Answers
will be needed from the Home Office
DTI etc. And it will not be
enough to say it's the fault of the
EC? - What are we doing to change it?
me*



DEPARTMENT OF TRADE AND INDUSTRY

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PS/ Secretary of State for Trade and Industry

22 October 1986

P A Bearpark Esq
Private Secretary
10 Downing Street
London
SW1A 2AA

Dear Andy

SOURCING IN BRITAIN DINNER

Your letter of 30 September asked this Department to co-ordinate responses to the points raised at the Prime Minister's dinner on 29 September. I attach reports on the individual points prepared by the sponsoring Department. As you will see, many of the issues are old ones; progress seems slow and it is disappointing that they have still not been resolved. My Secretary of State has commented that this is further evidence of the need to ensure that the industrial implications of public sector procurement decisions are given full weight.

My Secretary of State fully shares the Prime Minister's concern to encourage competitive UK sourcing in both the public and private sectors. Apart from its work on the public purchasing initiative, the Department pursues this at a number of different levels. Earlier this year my Secretary of State asked the Minister for Trade to take specific responsibility for the Department's work on encouraging import substitutions and he has been reviewing the scope for further action in a number of areas such as:

- we can fill, or help others to fill, a communication gap between buyers and sellers.
- we can influence attitudes which are irrationally unfavourable to British products
- we can encourage buyers to use their relationship with UK suppliers to pull through improved performance and new products
- we can assist private sector initiatives which promote UK sourcing on a fully competitive basis.

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We do, however, have to bear in mind the constraints on a high profile public campaign resulting from the UK's international obligations. The European Commission has shown that it is prepared to act where Governments promote domestic goods over those of other member States and to ignore such obligations would not only risk action in the European Court but also prejudice Government objectives on the GATT round and on the completion of the EC internal market.

At a more general level, much DTI activity has the objective of helping UK suppliers win back its share of the home market by being competitive in price, quality, delivery etc. Improving quality for example, which Sir John Egan raised at the dinner, is a key Departmental objective. We put considerable resources into the National Quality Campaign, to make suppliers aware of the importance of quality, and into related financial assistance schemes, to enable suppliers to improve quality. And we support certification schemes and marks to enable suppliers to demonstrate their quality achievements. On other fronts we are beginning for example a promotional push on marketing, underpinned by a new advisory scheme, to give practical help to firms to improve their marketing strategy.

However, the greatest scope for a more positive approach to UK sourcing lies with our major companies and retailers. It is a little disappointing therefore that the businessmen focussed so much on specific points about public sector purchasing. Lord Sieff's message is that with relatively little effort our major companies could use their substantial purchasing power to pull through new and competitive sources of UK supply. This needs sustained top management commitment, but should not and need not involve any sacrifice of value for money. My Secretary of State proposes to take this aspect further by getting together with a smaller group of businessmen drawn from those who attended the dinner.

I am copying this letter to Alex Allan (HM Treasury), Clare Pelham (Home Office), Jane McKessack (DHSS), Lance Railton (Customs and Excise) and to Trevor Woolley (Cabinet Office).

*Yours sincerely
Timothy Walker*

TIMOTHY WALKER
Private Secretary



SOURCING IN BRITAIN DINNER ON 29 SEPTEMBER : FOLLOW-UP ACTION

(a) DUTIES ON ELECTRONIC COMPONENTS

(Lead Department : Department of Trade & Industry)

Point made in discussion

Mr Sugar explained the particular difficulties of the electronics industry when electronics components such as TV tubes and integrated circuits were subject to an 18 per cent duty, (actually 15 per cent and 14 per cent respectively), but the same components manufactured as sub-assemblies in countries such as South Korea were only subject to 4.9 per cent duty.

DTI shares Mr Sugar's concern at the disincentive to UK-based manufacture which results from the differential tariffs on electronic components and sub-assemblies. It is our aim to bring down the tariff on components. While we have secured some reductions, it cannot be done by the UK unilaterally and agreement within the EC is not easily forthcoming. Other Member States with component manufacturing interests take a different view of the balance of advantage, arguing that high tariff is necessary to encourage local industry. We have sought to show that in particular cases this may not be true: consumer and producer interests must be carefully weighed.

It is sometimes possible, where a particular component required by UK industry is not available from EC sources, to agree to a temporary suspension of the duty. This route has been used for some specialised semi-conductors, computer monitors and tubes but is easily obstructed by other Member States.

For semi-conductors generally the UK has long argued for reducing the duty from 17 per cent to the prevailing rate for computers (currently about 5 per cent) with a reduction to 11 per cent as the first stage. Despite widespread opposition from other Member States, we have achieved a reduction of 3 percentage points, effective from January this year, taking the opportunity to increase duties on (mainly Japanese) VTRs in the process. We aim to make further progress in the Uruguay Round, but even there we have still to overcome the inherent reluctance of other Member States to liberalise the electronic components' sector. We shall need to lobby other Member States and encourage concerned sectors of British industry to influence their continental counterparts.

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(b) POST OFFICE PROCUREMENT : SHIRTS

(Lead Department : Department of Trade & Industry)

Point made in discussion

Mr Alliance said that the Post office had outdated specifications for shirting.

Mr Alliance's comment presumably relates to the new shirts the Post Office is procuring as part of the new uniform for postal staff. This was one of four areas studied in detail by the MMC in its recent investigation of Post Office procurement activities. Their report (to be published on 23 October) questions the procurement arrangements for uniforms on efficiency grounds. At present the Post Office purchases the shirting material and issues it to manufacturers for make-up. Despite extensive approaches, only one UK manufacturer quoted for the shirting material, at twice the cost from Japan who won the order. DTI was consulted and was satisfied that the Post Office had little alternative but to source the material from abroad.

The specification for the material (standard polyester cotton) is unlikely to have been a problem and Mr Alliance's criticism may apply to the specification for the shirts themselves. The MMC report questioned the extra cost of including non-standard features such as epaulettes and two large pockets, and suggested that it might be more efficient simply to buy made-up shirts. That is almost certainly so, but the Post Office believes that the cheapest source would almost certainly have been non-UK and is anxious to retain make-up in the UK whilst meeting the GATT procurement rules. (This may not be very different in practice from Marks & Spencer who we believe import a large proportion of the material used in their shirts).

DTI is inviting Mr Alliance to provide more detail so that we can take this into account in following up the recommendations in the MMC report.

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(c) POLICE PROCUREMENT : POLICE UNIFORMS

(Lead Department : Home Office)

Point for discussion

Mr Alliance referred to sixteen different sets of quality standards for police uniforms which prevent his obtaining economies of scale in his production.

The Home Office fully accepts that sixteen different fabrics for police uniform is hard to justify and is actively encouraging change on this as part of its overall effort to ensure that police forces get value for money in their procurement whilst working closely with industry. However, individual police authorities are responsible for providing police uniforms, and the variation which exists at present are seen by Chief Constables as an important symbol of their jealously guarded independence under the Police Act. The Home office cannot therefore direct police forces to use particular fabrics, but only encourage a greater degree of standardisation.

In particular the Home Office has commissioned a study of fabrics for police uniforms by its Scientific Research and Development Branch. The report published earlier this year recommended three types of cloth out of the present 16. This has been picked up by the Association of Chief Police Officers and other police associations who are likely to come out in favour of the recommendations. The Home Office is in close touch with these developments and is continuing to encourage them. It is also exploring other related ways in which police forces can assist manufacturers, such as the timing of orders and the co-ordination of the requirement of two or more forces.

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(d) NHS PROCUREMENT : SHEETS

(Lead Department : Department of Health & Social Security)

Point made in discussion

Mr Alliance said that the NHS was still importing cotton sheets because they would not accept the newly poly-cotton versions which he could provide.

DHSS agree that Mr Alliance has a point. This is one of a number of areas in NHS Supplies which the recently appointed Director of NHS Procurement and Distribution has identified as needing attention. The Northern Regional Health Authority, which is the NHS "centre of responsibility" for textiles, is examining options for improvements, taking into account technical factors such as the laundry requirements for different materials.

This should be seen as part of wider positive initiatives taken by DHSS Ministers and the Director of NHS Procurement to improve NHS purchasing overall. The key features of these initiatives are set out briefly below.

DHSS Ministers see scope for improving the use of NHS purchasing power to strengthen suppliers' competitiveness. More effective competition by UK industry should promote import substitution without prejudicing international trading obligations whilst meeting the NHS need to keep improving value for money. It was for these reasons that the Secretary of State for Health and Social Security set up a small group, chaired by the Parliamentary Under Secretary of State for Health, with the aim of improving the beneficial impact which NHS procurement has on UK supplier competitiveness. The group has produced an Action Plan which was discussed and approved by the Secretary of State and NHS Regional Health Authority Chairmen on 17 September, and is now being implemented. It covers aspects such as establishing a closer dialogue between industry and the NHS, collecting better information on the origin of the content of goods purchased, and enhancing the role of the NHS in pulling through innovative UK products. Inevitably it will take some time to bring about the desired improvements, but the plan includes right reporting deadlines and progress will be monitored. This group will now look specifically at the issue raised by Mr Alliance.

The other initiative follows the appointment in January this year of a new Director of NHS Procurement. He is implementing and developing an integrated management structure within the Procurement Directorate combining the two main arms of supplies policy and supplies technology.

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The Directorate's Supplies Policy Division will undertake policy development and implementation embracing all the commercial activities of the Directorate. Each Regional Health Authority has accepted "Centre of Responsibility" role for a particular product area for the NHS as a whole. The main forum for agreeing NHS supplies policies will be the National Procurement Group comprising Regional Supplies Officers and Procurement Directorate staff under the chairmanship of the Director of Procurement. Particular issues being pursued include:

- a programme for securing 'variety reduction' in NHS money for NHS supplies procurement.
- further guidelines on the achievement of better value for money in NHS supplies procurement.
- NHS support for British industry.

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(e) CUSTOMS DOCUMENTATION

(Lead Department : Customs & Excise)

Points made in discussion

Sir John Sainsbury, and others, described the US system where Customs documentation, with the exception of prices, was fully available.

Information about specific importations is supplied to Customs on import "entries" and other documents. Customs have long followed the principle that information which persons are required by law to supply may be used only for the specified purpose and may not be disclosed to a third party without the permission of the party who supplied it. There are limited exceptions to this principle, for example where there is an EC requirement to supply information or where disclosure in a particular case is held to be in the national interest. A significant change in practice would require legislation to amend the Customs & Excise Management Act 1979. Customs foresee considerable opposition to such a proposition.

Customs believe that UK practice is similar to that of most Members States of the EC. The US position, to which Sir John Sainsbury referred, is as follows : the US Government does not directly divulge the names of importers or the prices of specific goods. There is, however, a limited right to obtain importers' names through a provision in the US Freedom of Information Act. A ship's cargo declaration form (CDF) is available on application to US Customs. The CDF includes the name of the importer/consignee, but not prices. Importers can, however, apply to have their names withheld. There appears to be no similar right of access at present to air, rail or road documents. In practice the main source of information in the US is in the Journal of Commerce of NY which obtains its information under the Freedom of Information Act.

Although names of importers cannot be disclosed in the UK the Statistical Office of Customs & Excise offers over 100 different types of outputs on a payment basis. This is in finer detail than the published statistical aggregates at the tariff code number level. The most popular output provides aggregate values and quantities by country at the tariff code number level. Customs also provide information on finer product categories for particular trade intelligence requirements. For example special arrangements are made in the case of chemical imports which are well known within the

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chemical industry. The main obstacles to supplying information in finer detail than tariff code number level are the costs and availability of resources to retrieve and scrutinise the source documentation. But this service is offered for a fee where it can be contained within existing resources without disrupting production of the Overseas Trade Statistics.

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(f) PUBLICATION OF GOVERNMENT PROCUREMENT PERCENTAGES

(Lead Department : HM Treasury)

Point made in discussion

Sir John Sainsbury was attracted to the idea of the public sector being required to publish information on the proportion of their requirements which was sourced in the UK.

Figures are collected annually for Government Departments showing purchases by product group from UK, other EC and non-EC sources. These are already used within the Department of Trade and Industry and in principle could be published. But, before a decision to do so is taken two problems need further exploration.

First, on the evidence available to the Central Unit on Purchasing (CUP) on departments' information systems there are doubts as to the reliability of the information.

Second and more important, very great care would be needed in presenting the figures to avoid appearing to depart from our stated objectives of securing the best value for money and liberalising public procurement. There is a danger that our position internationally could easily look ambivalent. Under the EC Supplies Directive we are obliged to follow specific rules for contracts above a threshold. The Directive is based on the principle of non discrimination on grounds of nationality in the Treaty of Rome. The European Council declared last July that public contracts were an essential feature of the internal market and that their liberalisation was a precondition for its completion by 1992. In the wider framework of GATT we are currently involved as part of the EC in negotiations to improve the workings of the Agreement on Government Procurement to which countries such as the US and Japan subscribe. We have an interest in not undermining work on transparency in services as part of government procurement which we hope will now begin following the launching of the new GATT round at Punta del Este.

One possibility would be to publish the raw data showing both EC and UK sourcing percentages (either in British Business or in response to a Parliamentary Question) without comment, though even this might give rise to questions which might be difficult to answer.

The Treasury think it sensible to await the outcome of the CUP's current work to improve Department's information systems before a decision is taken on the further use of such

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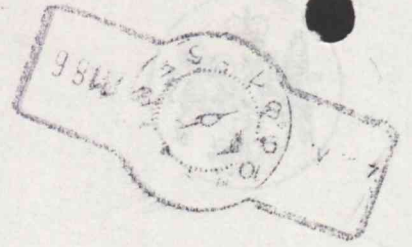


detailed statistics. In the meantime, Treasury is pressing ahead with sharpening up the Public Purchasing Guidelines which urge Departments to work with suppliers to improve their international competitiveness - with all this implies for import substitution.

DEPARTMENT OF TRADE & INDUSTRY
OCTOBER 1986

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TRADE
BY B. H. ASH
PT 4



2 PPS

CUBG

P23



Treasury Chambers, Parliament Street, SW1P 3AG

Andrew Bearpark Esq
Private Secretary
10 Downing Street
London
SW1

13 October 1986

*Dear Andrew,***GOVERNMENT PURCHASING**

In your letter of 10 September you record that the Prime Minister wished Ministers and departmental senior management to challenge any target set by their purchasing managers which appears insufficiently ambitious, particularly if it is less than 5 per cent.

The Prime Minister's insistence on ambitious targets is very welcome and will be helpful to the Central Unit on Purchasing and Treasury divisions. At the same time I ought to comment on the £1 billion that is mentioned. In his minute to the Prime Minister of 3 August 1984 covering the Government Purchasing Report, Lord Gowrie estimated that the Report's recommendations could result in savings of well over £400 million, or 5 per cent of the annual spend on goods and services in non-warlike purchasing (then estimated at about £8 billion). David Barclay, in his letter of 30 October 1984 to Paul Thomas in Lord Gowrie's office, recorded that the Prime Minister, in her summing up at the meeting which considered the Report, had determined that an overall target of 5 per cent over the first two years should be set, and improved on if possible (my underlining).

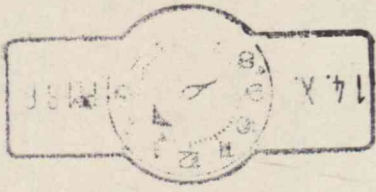
The CUP has said in their Interim Progress Report that they will be very disappointed if they do not achieve the £400 million target by April 1988. I know the CUP

are willing to work hard towards a more challenging target, but the outcome will depend crucially on the success which Ministers and senior management have when they challenge their purchasing managers to set more ambitious individual departmental targets. It is also worth remembering that not all the value for money improvements lead directly to public expenditure savings. Some improvements have been and will be in terms of improved output or better quality.

Yours sincerely,

Jill Rutter

JILL RUTTER
Private Secretary



TRADE

GOVT PURCHASING

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CCRB

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Young of Graffham
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London SW1H 9NF

13 October 1986

Dear David,

INTERIM PROGRESS REPORT ON THE IMPLEMENTATION OF "GOVERNMENT PURCHASING"

Thank you for your letter of 18 September about the progress report on public purchasing. I welcome your support for the initiative and know that the Central Unit does, too. Michael Willacy, the Unit's Director, is in touch with your officials about the computerised system being developed in your Department, which needs both to manage your purchasing business and to set up a record for reference.

The Unit will continue to look to Departments to ensure that their procedures let small firms compete effectively. In many cases it may prove sensible to purchase locally, as you suggest. PSA, I understand, weight tender lists for smaller contracts in favour of local firms whenever that is consistent with obtaining best value for money. That has to be our overriding aim, but purchasers in departments need to be alive to the opportunities that competition opens to them.

I am sending copies of this letter to the Prime Minister, Richard Luce and those who were sent copies of the report.

*Yours,
JH*

JOHN MacGREGOR

TRADE

GOVT. PURCHASING

PT 4

From: The Rt.Hon. Sir Keith Joseph, Bt., CH, MP.



CF?

10th October 1986.

P.A. Bearpark, Esq.,
Private Secretary to the
Prime Minister,
10 Downing Street,
London, SW1A 2AA.

ms
Dear Mr Bearpark,

Thank you for your letter of 6th October giving me the gist of what was raised during the dinner discussion on Sourcing in Britain.

*Yours
Keith Joseph*



TLADE

RIT BRITISH



PTY



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 October 1986

Thank you for your letter of 3 October and for sending the Prime Minister the material on North Sea and on job creation. I am sure Mrs Thatcher will be very interested to see this.

David Norgrove

P.G. Cazalet, Esq.

Handwritten initials, possibly 'VS', in the bottom right corner of the page.



FILE CJ2ADA

10 DOWNING STREET

LONDON SW1A 2AA

6 October 1986

From the Private Secretary

Your letter of 1 October about Sourcing in Britain refers. No minutes of the dinner discussion were kept but I have set out below the main points which arose: I hope these are of use.

Success Stories

A number of the businessmen described their successes in import substitution both in terms of the product they produced and the raw materials and machinery they used. Gordon Black described an increase in turnover over five years from £32m to £106m with a corresponding increase in jobs from 1500 to 2600: he was now exporting footwear to Italy and France, the two major European manufacturers. Monty Sumray had a similar story with imported content reduced from 14.2% to 1.8% and machinery now all sourced from the UK whereas two or three years ago 90% had come from abroad.

Others admitted that the picture was not quite so rosy. Sir John Egan explained that UK sourcing was rising from £76m in 1985 to a planned £334m in 1987. But this was only because their total business was increasing, and did in fact represent a decrease in the percentage procured here - 84.5% last year, 79% planned for next year.

Ground Rules

There was substantial unanimity on the factors which made the policy successful. Gordon Black referred to the need for an international outlook with concentration on those sectors where you could find a comparative advantage. Sir John Egan, Sir Phillip Harris, Tony Cleaver and Sir Austin Bide all referred to the importance of building up a close relationship with the supplier - usually over a substantial period of time. Other points made were the need to communicate the reason for the policy to employees, and the requirement for good management (Desmond Pitcher).

The Main Problem

The main themes were the need for quality: this was raised by Sir John Egan but strongly supported by others. Much more expenditure was needed on Research and Development

(Sir John Egan, Graham Day) and insufficient investment was taking place in new technology and production processes. Alan Sugar explained the particular difficulties of the electronics industry when electronic components such as TV tubes and integrated circuits were subject to 18% duty, but the same components will be manufactured with sub-assemblies in countries such as South Korea and were thus only subject to 4.9% duty. There was thus a disincentive to people to establish assembly operations in the UK. The motor industry representatives supported this point although they did not give any examples. Another major complaint - this time from David Alliance - was the lack of support from retail customers, particularly in the Public Sector. He referred to sixteen different sets of quality standards for police uniforms which prevented his obtaining economies of scale in his production, the NHS which he said was still importing cotton sheets because they would not accept the newer poly-cotton versions which he could provide, and the Post Office which again had out-dated specifications for shirtings.

Possible Government Support

Several areas were identified here. Sir Gordon White and Sir John Sainsbury recommended that DTI strengthen its efforts to encourage import substitution. Others referred to the need for more information on what was being brought from abroad. Sir John Sainsbury, and others, described the US system where Customs documentation, with the exception of prices, was fully available. He was also attracted to the idea of the Public Sector being required to publish information on the proportion of their requirements which was sourced in the UK. Sir Basil Feldman wanted to extend this idea to company reports. Sir Gordon White wanted a Queens Award for Import Substitution but Lord Young explained that this would infringe EC rules.

P. A. BEARPARK

The Rt. Hon. Sir Keith Joseph, BT., C.H., M.P.

P. G. CAZALET

DEPUTY CHAIRMAN

TELEPHONE

01-920 7011

(SWITCHBOARD 01-920 8000)



BRITANNIC HOUSE,

MOOR LANE,

LONDON, EC2Y 9BU

October 3, 1986

Dear Prime Minister

Thank you very much for including me in the "Sourcing in Britain" dinner and discussion at No. 10 Downing Street on Monday last.

In our talk after dinner you mentioned to me the need to remind people of the successes of British Industry - at a time when media attention all too often dwells on its problems.

The story of the development of the U.K. sector of the North Sea is undoubtedly such a success story. I attach to this letter a few notes on the subject with particular reference to the contribution to the U.K. economy of the North Sea development. I hope these notes may be helpful background for you in the period ahead.

I have also included a few papers illustrating the practical steps that BP - along with many other British companies - is taking to contribute to the job creation process, not only directly through our business activities but also by active participation in the communities in which we operate.

attachments with
DW
6/10

Yours sincerely
P. G. Cazale

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
LONDON SW1A 2AA.

File

PRIME MINISTER

SOURCING IN BRITAIN DINNER

You may like to glance at these "thank
yous" which include some details of success
stories as well as problems. I will ensure
that all these are followed up with the
Department of Trade and Industry.

AB

3 October, 1986.

From: The Rt.Hon. Sir Keith Joseph, Bt., CH, MP.

pps pss



1st October 1986.

The Private Secretary to the
Prime Minister,
10 Downing Street,
London, S.W.1.

Andy

I can provide Secretary,

As the Prime Minister knows, I am exploring possibilities in relation to sourcing in Britain - the subject of the dinner she gave on September 29th. I would be grateful if I might therefore please be sent any minutes that are produced of the dinner discussion.

*Emily,
Keith Joseph*

CF

*Do you have the letter which I sent
to DT/V after the dinner?
attached*

183

GOVT TRADE GOVT PURCHASING ACT



PERSONAL

file

JA



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 September 1986

SOURCING IN BRITAIN DINNER

BM

You will see from the letter I sent you on last night's dinner that I have asked if DTI could co-ordinate the responses from other departments. The Prime Minister is very keen not to receive some standard bland departmental explanation. Could you please make sure that DTI cross-check whatever you receive before you send in the composite submission.

(P. A. BEARPARK)

Timothy Walker, Esq.,
Department of Trade and Industry.

PERSONAL

BM



SUBJECT CC MASTER

DAIBAO
File

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

30 September 1986

Dear Tim

SOURCING IN BRITAIN DINNER

Lord Sieff was unable to attend the dinner and the Prime Minister therefore opened the discussion by reading out his speech, a copy of which is attached. The discussion revealed a number of points which require follow-up action. These are listed at the end of this letter with an indication of which department should take the lead. I should be grateful if they could send comments to you within 2 weeks and if your Department could then co-ordinate the responses with a view to submitting a composite report by 22 October.

Success Stories

A number of the businessmen described their successes in import substitution both in terms of the product they produced and the raw materials and machinery they used. Gordon Black described an increase in turnover over five years from £32m to £106m with a corresponding increase in jobs from 1500 to 2600: he was now exporting footwear to Italy and France, the two major European manufacturers. Monty Sunray had a similar story with imported content reduced from 14.2% to 1.8% and machinery now all sourced from the UK whereas two or three years ago 90% had come from abroad.

Others admitted that the picture was not quite so rosy. Sir John Egan explained that UK sourcing was rising from £76m in 1985 to a planned £334m in 1987. But this was only because their total business was increasing, and did in fact represent a decrease in the percentage procured here - 84.5% last year, 79% planned for next.

Ground Rules

There was substantial unanimity on the factors which made the policy successful. Gordon Black referred to the need for an international outlook with concentration on those sectors where you could find a comparative advantage. Sir John Egan, Sir Phillip Harris, Tony Cleaver and Sir Austin Bide all referred to the importance of building up a close relationship with the supplier - usually over a substantial period of time. Other points made were the need to communicate the reason for the policy to employees, and the requirement for good management (Desmond Pitcher).

The Main Problems

The main themes were the need for quality: this was raised by Sir John Egan but strongly supported by others. Much more expenditure was needed on Research and Development (Sir John Egan, Graham Day) and insufficient investment was taking place in new technology and production processes. Alan Sugar explained the particular difficulties of the electronics industry when electronic components such as TV tubes and integrated circuits were subject to 18% duty, but the same components will be manufactured with sub-assemblies in countries such as South Korea and were thus only subject to 4.9% duty. There was thus a disincentive to people to establish assembly operations in the UK. The motor industry representatives supported this point although they did not give any examples. Another major complaint - this time from David Alliance - was the lack of support from retail customers, particularly in the Public Sector. He referred to sixteen different sets of quality standards for police uniforms which prevented his obtaining economies of scale in his production, the NHS which he said was still importing cotton sheets because they would not accept the newer poly-cotton versions which he could provide, and the Post Office which again had out-dated specifications for shirtings. All these points are listed at the end of this letter, but I should mention that the Prime Minister has it in mind to write to the Chairman of the Regional Health Authorities to query this procurement policy.

Possible Government Support

Several areas were identified here. Sir Gordon White and Sir John Sainsbury recommended that DTI strengthen its efforts to encourage import substitution. Others referred to the need for more information on what was being bought from abroad. Sir John Sainsbury, and others, described the US system where Customs documentation, with the exception of prices, was fully available. He was also attracted to the idea of the Public Sector being required to publish information on the proportion of their requirements which was sourced in the UK. Sir Basil Feldman wanted to extend this idea to company reports. Sir Gordon White wanted a Queens Award for Import Substitution but Lord Young explained that this would infringe EC rules.

Follow-up action

The Prime Minister is very keen to follow up the ideas which emerged at the dinner. Could you please co-ordinate responses on the following:

<u>Action Point</u>	<u>Para</u>	<u>Department</u>
Duties on electronic components	4	Treasury
Police procurement	4	Home Office

NHS procurement	4	DHSS
Post Office procurement	4	Department of Trade and Industry
DTI import substitution activities	5	DTI
Customs documentation	5	Customs & Excise
Publication of Government procurement percentages	5	Cabinet Office

The Prime Minister is keen that the discussion should lead to concrete follow up. Your Secretary of State suggested arranging to meet some of the people invited on a more regular basis and it would be helpful if your reply could include details of what he proposes.

I am copying this letter to Alex Allán (HM Treasury), Clare Pelham (Home Office), Jane McKessack (Department of Health and Social Security), Lance Railton (Customs and Excise) and to Michael Stark (Cabinet Office).

You can

Andy

(P. A. BEARPARK)

Timothy Walker, Esq.,
Department of Trade and Industry.

PRIME MINISTER'S DINNER:

SOURCING IN BRITAIN

29 SEPTEMBER 1986

I know a number of you here follow the policy of dynamically sourcing in the U.K. and have greatly increased your home production, sales and profits, and despite introducing modern labour-saving machinery, have considerably increased the number of your employees.

Such a policy is only worthwhile if it is based on quality and value and not on

sentimentalism and protectionism.

Such a policy is most successful if it is pursued co-operatively throughout the various stages of production by the supplier of the raw materials to the ultimate seller.

Above all it must be the policy of the chief

executive and his senior colleagues, and

they must consistently follow up their

success and failures.

The policy must be clearly explained to and understood by all employees and the success and failures regularly discussed with those responsible for production and marketing.

Such a policy, sensibly implemented, results in British products replacing imports and in increased exports.

In the firm with which I am connected about 90 per cent of the goods we sell come from U.K. sources, 10 per cent are imported.

The high percentage of home production results from close co-operation throughout the entire line of production, from the raw materials to the finished products.

In our case working together with our suppliers we

have been able to replace not only imports with British manufactured products which represent high quality and good value, but our suppliers have been able to replace imported raw materials with home produced raw materials.

The areas about which I can speak with knowledge are all clothing and textile areas, footwear, toiletries, cosmetics, foodstuffs - fresh and processed, and

equipment for our stores.

A number of you here, some with whom we co-operate and some with whom I have had discussions, pursue such a policy.

Marks and Spencer can pinpoint about 70,000 jobs that we and our suppliers together have created over the years in manufacturing and agriculture as a result.

Regrettably the majority of chief executives in the U.K. either do not seriously pursue such a policy or do not do so at all.

As a result many items which could be profitably produced and sold at home, replacing imports or creating exports, are never developed, and equally opportunities for increasing employment are lost.

What I am saying applies to many areas in industry,

not just to the few to which I have referred.

How do we get the message across to many more leaders in industry and in other economic fields, including those concerned with central government and local authority purchasing of this potential, which if properly tapped could lead to a substantial increase in employment at home?

PRIME MINISTER'S DINNER:

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CSB9
nbpm



Caxton House Tothill Street London SW1H 9NF

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Facsimile 01-213 5465 Telex 915564

The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Great George Street
London SW1

18 September 1986

INTERIM PROGRESS REPORT ON THE IMPLEMENTATION OF "GOVERNMENT PURCHASING"

at top
I have read with interest the report which you and Richard Luce sent to the Prime Minister under cover of your minute of 18 August and I have seen the Prime Minister's response recorded in her Private Secretary's letter of 10 September.

I agree that it is important for Departments to set targets which are sufficiently ambitious. As the report suggests one of the keys to this is a proper information base. My Department is in the process of setting up a computerised system for this purpose. I shall also be receiving a report on savings achieved and future targets in the early part of next year and I have invited the Chairmen of the Manpower Services Commission and the Health and Safety Commission to commission similar reports from their organisations.

I have noted the comments about small firms in the Central Unit's report. While I agree that it is desirable that departments monitor the extent to which their business goes to small firms - and my own Department is currently examining ways of doing so on a systematic basis - it is even more important to ensure that small firms are able to compete effectively for Government business. I hope that the Central Unit will continue to give this priority and that departments will be urged to examine their procedures with a view to ensuring that small firms are treated fairly. To this end,

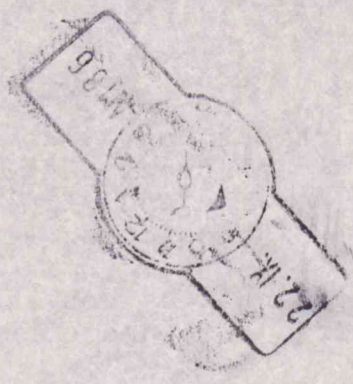


departments may also wish to consider specifically the scope for local purchasing, which can often offer an improvement in the service and value for money obtained by a purchaser as well as benefiting small businesses.

I am sending a copy of this letter to the Prime Minister, Richard Luce and other recipients of your minute.

*Paul
Paul*

Trade: Gov't Purchasing - PT4





10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 September 1986

Dear Jill

GOVERNMENT PURCHASING

The Prime Minister has seen the minutes of 18 August from the Chief Secretary and Mr. Luce covering the Interim Progress Report of the Central Unit on Purchasing. The Prime Minister has commented that when the Unit was established it was thought that the potential savings would be of the order of £1 billion per year and the targets set by Departments do not therefore look high enough. She has thus asked that Ministers and departmental senior management should challenge any target set by their purchasing managers which appears insufficiently ambitious, particularly if it is less than 5 per cent.

I am copying this letter to Paul Thomas (Management and Personnel Office), Kate Jenkins (Efficiency Unit) and Michael Stark (Cabinet Office) and to the Private Offices of Ministers in charge of departments.

Tom

Andy

ANDY BEARPARK

Miss Jill Rutter,
Chief Secretary's Office,
HM Treasury.

SKW

E. P.

PRIME MINISTER

GOVERNMENT PURCHASING

A minute from John MacGregor and Richard Luce covering the first progress report of the Control Unit on Purchasing is at Flag A. Robin Ibbs' comments are at Flag B and the report itself at Flag C.

It is clear that Departmental targets are not ambitious enough, and that higher savings are possible.

Agree to stress importance of Ministers and senior management challenging insufficiently ambitious targets?

and

Would you like to meet the Director of the Central Unit on Purchasing at some stage?

Yes - when we agreed to make this change we were advised that the potential savings were of the order of £1 billion a year net

P.A. Bearpark

9 September 1986

010

B

CCBA



C.P.

Cont 1 see H file

AB

PRIME MINISTER

PROGRESS REPORT ON THE IMPLEMENTATION OF "GOVERNMENT PURCHASING"

I have seen the minute to you from John MacGregor and Richard Luce covering the first progress report of the Central Unit on Purchasing.

I agree with their view in para 5 that Departments need to set more ambitious targets. It is up to Ministers to press for these. Given the initiative that has been taken to improve purchasing and the availability of help from the Central Unit on Purchasing, my own view is that anything less than a target of 5% improvement in 1987/88 is insufficient. Ministers and departmental senior management should challenge any target set by their purchasing managers which is less ambitious than this. I am sure it would be helpful if your response were to make this point.

As in so many other aspects of the drive to get better value for money, a basic problem is how to get your colleagues to demand the improvement that is potentially available and to make it plain they will not accept less. There is plenty of evidence that Departments can respond if given a strong lead.

I am copying this minute to John MacGregor, Richard Luce and Robert Armstrong.

Handwritten signature

ROBIN IBBS
29 August 1986

A CCBG
(letter only)Prime MinisterFROM: CHIEF SECRETARY
MINISTER OF STATE,
PRIVY COUNCIL OFFICE

DATE: 18 August 1986

To note
progress. Would you
like to meet the Director
of the Central Unit
PRIME MINISTER

on Purchasing at some
stage? 19/8

INTERIM PROGRESS REPORT ON THE IMPLEMENTATION OF "GOVERNMENT
PURCHASING"

In October 1984 you endorsed the report "Government Purchasing" and asked that departments draw up action plans to implement the recommendations in it. You also agreed to establish a Central Unit on Purchasing to help departments achieve greater professionalism in their approach to purchasing and at the same time to monitor progress. This Unit was launched in August 1985, under its Director Mr M J O Willacy, on secondment from Shell, and it comprises a team of seven, four of whom are from the private sector.

2. One of the Unit's responsibilities is to report annually to you on how departments are taking forward this initiative. We enclose the Unit's first progress report consisting of a main report and a separate volume of departmental summaries.

3. Departments have made 'Value for Money' improvements estimated at £70 million in the financial year ending March 1986 and have begun to tackle the underlying problems of organisation and methods which need to be solved if improvements are to be significant and permanent. We think that you will find particularly interesting Annex 1 of the main report, which contains several examples of specific improvements made by departments.

4. Further 'Value for Money' improvements of £109 million have been targetted for this financial year. The Unit's Director considers this figure is too low and he believes there is a reluctance on the part of departments to set themselves ambitious but realistic targets beyond what they will be quite

sure of achieving. He expects that departments will in practice achieve higher savings by the end of this year than their targets, although the overall target of savings of at least £400 million per annum by April 1987 is not likely to be achieved until the financial year 1987-88. This is not surprising since CUP did not get into full operation until the start of this year.

5. We welcome the progress made so far and we endorse what the Director says about the need for departments to set themselves more ambitious targets. We hope that Ministers will take a personal interest in their Departments' response to this exercise, in what they are hoping to achieve during the current financial year and in particular in the targets which they will be setting for savings in purchasing in 1987-88.

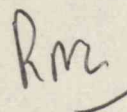
6. We also suggest that you may find it helpful to discuss the report and the progress being made with the Unit's Director in due course. We believe you would find interesting some recent work by the Unit on developing a computerised price comparison system for departments.

7. There is much interest in this initiative and we propose that a summary of what the report says about progress so far should be published in the form of a written Parliamentary answer when Parliament reassembles.

8. I am copying this minute and enclosures to Ministers in charge of Departments, Sir Robert Armstrong and Sir Robin Ibbs.



JOHN MacGREGOR



RICHARD LUCE

TRADE - Govt. Purchasing Policy

At 3



COMMERCIAL
LONDON

PART 3 ends:-

MEA to Sir B. FEWMAN 2013

PART 4 begins:-

CST + MS/MPO to PM 18/8.



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