

PS/Prime Minister.
Prime Minister



DEPARTMENT OF INDUSTRY
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From the
Minister of State
Norman Lamont MP

The Rt Hon Albert Booth MP
House of Commons
London
SW1A 0AA

20 July 1982

Dear Albert

When you called on the Prime Minister on 28 May 1982 to discuss the closure of Derwest Jennings, I undertook to pursue your claim that some Eastern European countries - especially East Germany, Hungary and Yugoslavia - were dumping their exports of jackets to the UK. I have now consulted the Department of Trade about this matter, and this letter reflects their advice.

I imagine it will come as no surprise to you when I say that the whole subject of dumping is a technically complex one. Whilst it might be tempting to argue that one should be able to take "anti-dumping action" against any imports which appear to be cheaper than our own production, most Governments recognise that this would not be a workable basis for the regulation of international trade. This is particularly true of the UK, where we export a particularly high proportion of our production, and currently have a large balance of payments surplus. The GATT therefore attempts to establish, through the General Agreement itself and more recently through its anti-dumping code, a series of rules to be applied to determine whether dumping is taking place and whether anti-dumping action can be taken. So the fact that Derwest Jennings were unable to produce their jackets at a price that could compete with that of imported jackets from low-cost Eastern European producers does not necessarily mean that those imports were being sold at dumped prices. The Department of Trade has in fact no reason to suspect that the prices of jackets which are imported from the Easter bloc are so low as to constitute dumping. But the Government is of course always prepared to consider any concrete evidence which is presented to us and we would be happy to do so in this case if you would care to send me details of any specific complaints you have received.

I should perhaps add that the textiles and clothing industry does receive considerable protection from low-cost imports under the Multi-Fibre Arrangement (MFA) and autonomous arrangements with the State-Trading Countries. Imports into the UK of men's and women's



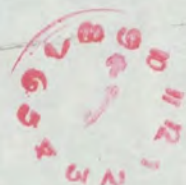
jackets from Yugoslavia and Hungary are quantitatively restricted by the terms of bilateral agreements with the Community under the MFA, while imports of men's jackets from East Germany are restricted under autonomous arrangements. Since the quotas are quite small (the largest 1982 quota of the three being 81,000 pieces from Hungary) access to the UK market for these countries is very limited. Even so, the quotas have not in the past always been fully utilised.

Eastern European goods may also reach the UK market indirectly through the circulation of goods in the European Community. Thus jackets may, for example, be imported into West Germany from Hungary and then re-exported to the UK. In general, the quantities concerned would not be large since the imports would count against West Germany's own quotas; but if they were not, we should be able by monitoring our own statistics to detect the additional imports and we could then apply to the Commission under Article 115 of the Treaty of Rome for authority to suspend free circulation.

Lastly, it is possible that jackets which have been "outward processed" - that is made up in Eastern bloc countries from cloth exported from a Community member state, say West Germany - have been illegally imported in the UK labelled as West German goods (which are of course in free circulation). We have no evidence to suggest this has been happening, but HM Customs and Excise keep a close watch for signs of this kind of malpractice and if you would like to provide me with details of any specific allegations I will make sure they are fully investigated.

NORMAN LAMONT

John
Lamont



21 JUL 1982



FILE

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pm

10 DOWNING STREET

From the Private Secretary

28 June, 1982

At the meeting on 28 May between the Prime Minister and Mr. Albert Booth, M.P. to discuss the closure of Derwest Jennings, the Prime Minister promised Albert Booth that your Minister would follow up his allegations of "dumping" from Eastern Europe with the Department of Trade.

You will have seen Nicholas McInnes' letter of 24 June to Mike Pattison, which sets out the Department of Trade's reactions to Mr. Booth's allegations. The Prime Minister has seen this letter. She would like your Minister to write to Mr. Booth, giving the gist of the Department of Trade's reactions, and saying that the Department would be happy to consider any specific complaints that Mr. Booth might have.

BF | You may wish to ask Nicholas McInnes, to whom I am copying this letter, for a suitable draft letter for your Minister to send to Mr. Booth. I should be grateful if you could let us have a copy of any letter that your Minister sends to Mr. Booth in due course.

W. F. S. RICKETT

J. H. M. Alty, Esq.,
Department of Industry

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DEPARTMENT OF TRADE
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Prime Minister

From the
Minister for Trade

M A Pattison Esq
Private Secretary to
the Prime Minister
10 Downing Street
London SW1

You promised Albert Booth that Norman Lamont
would follow up his allegations of dumping with
the Department of Trade. This is Trade's reaction.
I think Norman Lamont should send the gist of
this to Albert Booth and
24 June 1982
Suggest that the Department of Trade would be happy
to consider any specific complaints he might have.

Dear Mike,

Agree? Yes not

WR 25/6

I refer to your letter of 28 May to John Alty in the Department of Industry about the meeting between the Prime Minister and Mr Albert Booth MP to discuss the closure of Derwest Jennings. I am responding to the points Mr Booth raised about dumping from Eastern Europe and publicity for the new origin marking requirements.

Mr Booth seems to be using the term "dumped" rather loosely. What he is really saying is that Derwest Jennings were unable to produce their jackets at a price that could compete with that of imported jackets from low-cost Eastern European producers. However, the textiles and clothing industry does receive considerable protection from low-cost imports under the Multi-Fibre Arrangement (MFA) and autonomous arrangements with the State-Trading Countries. Imports into the UK of men's and women's jackets from Yugoslavia and Hungary are quantitatively restricted by the terms of bilateral agreements with the EC under the MFA. Imports of men's jackets from East Germany are similarly restricted under autonomous arrangements. Since the quotas are quite small (the largest 1982 quota of the three being 81,000 pieces from Hungary) access to the UK market for these countries is very limited. Even so, the quotas have in the past not always been fully utilised.

The Department of Trade has no reason to suspect that the prices of jackets which are imported from the Eastern bloc are so low as to constitute dumping. But we are of course always prepared to consider any concrete evidence which is presented to us and would be happy to do so in this case if Mr Booth sends us the relevant information.

These could still be at "dumped" prices
not



Eastern European goods may also reach the UK market indirectly through the free circulation of goods in the European Community. Thus jackets may, for example, be imported into West Germany from Hungary and then re-exported to the UK. But the quantities would be small since the imports would count against West Germany's own quotas. Lastly, it is possible that jackets which have been "outward processed" ie made up in Eastern bloc countries from cloth exported from an EC Member State - say West Germany - have been illegally imported into the UK labelled as West German goods (which are of course in free circulation). We have no evidence to suggest this has been happening but Customs and Excise keep a close watch for signs of this kind of malpractice and any specific allegations will be carefully investigated.

You will appreciate from all the above that we cannot pursue Mr Booth's dumping allegations any further unless and until he provides us with a detailed case. The ball is therefore firmly in his court.

You finally mention the Prime Minister's suggestion that more might be done to publicise the new origin marking Order. We launched a publicity campaign on the Order at the end of last year aimed primarily at manufacturers and traders. This has, we believe, been generally successful in getting them to understand its requirements: and over 90,000 copies have been issued of the Department's booklet "Origin Marking: What You Need to Know", which has been well received. In addition we secured good publicity for the Order in the national and local press before and immediately after its entry into force on 1 January.

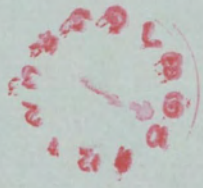
As regards traders and enforcement authorities at least, we do not think there is any immediate need for a further publicity drive. There is in any case however a Community constraint. As the Prime Minister may recall, the European Commission - under continuing pressure from the Germans - are currently considering whether to institute infraction proceedings against us in respect of the Order in the European Court. Pending clarification of the Commission's intentions we have been keeping a fairly low public profile on the Order, for both Community and domestic reasons.

I am copying this letter to John Alty in the Department of Industry.

Yours ever,

Nicholas McInnes

N McINNES
Private Secretary to the
Minister for Trade (PETER REES)



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