



10 DOWNING STREET

THE PRIME MINISTER

30 July 1982

*Dear Mr. Joulhes,*

When we met on 13 July to discuss Falmers Jeans, I said I would write to you to give details of the cuts in the quotas on trousers which the Commission are aiming to negotiate with the four major Far Eastern suppliers.

The situation is that in accordance with the normal custom in international trade negotiations, most of the new quotas being negotiated by the Commission in the revised MFA bilateral agreements to run from 1 January, 1983 are based on the quotas already in existence for 1982. In the case of the five most sensitive clothing products from the Community's four dominant suppliers, however, the Council of Ministers agreed that the Commission should be instructed to negotiate an average 10% cut-back in the existing 1982 quotas and that these reduced levels should be used as the basis for the 1983 quotas. The Council also agreed that this cut-back should be shared out amongst Member States in proportion to the original quotas.

Jeans fall into one of these super-sensitive categories. Since the total UK 1982 quotas for trousers from Hong Kong, South Korea, Macao and Taiwan amount to 24,055,000 items, this means that the Commission has a mandate to negotiate a cut of 2.4 million items in this category. Assuming the Commission are successful in their negotiations the resulting figure of roughly 21.6 million pairs of trousers will thus form the basis for determining the 1983 quotas.

/This

*LB*

*Prime Minister*

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This confirms what I told you at our meeting and is, I think a clear indication of the tough line we and the Community as a whole are taking in these negotiations.

Yours sincerely

Raymond Delton

—

George Foulkes, Esq, M.P.,



Prime Minister 2

FROM THE MINISTER FOR INDUSTRY AND EDUCATION



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

LN  
29/7

*mf*

Prime Minister

FALMERS INTERNATIONAL

I met Mr Landau on 28 July to follow up the meeting which you held with George Foulkes on 13 July about the announcement of the closure of the Falmers factory at Patna in Ayrshire.

In our discussions it emerged that many of the actions taken by the Group over the past two years accord very much with our policy. It has opened up new export markets, retrenched production in its UK manufacturing facilities, diversified into new products and taken steps to increase efficiency. It has an excellent industrial relations record and the directors consider that productivity in its UK operations matches that anywhere in the world. Despite its efforts over the last two years, the directors now consider that there will be no substantive recovery in demand before 1984 as a result of continuing recession in the UK and world economy. Against this background the Company views Government efforts to reduce cheap imports of trousers from the Far East as compensating in some means for the fall off in demand but as by no means enough to encourage home based suppliers. Mr Landau has written to Peter Rees to this effect. Consequently there must be at least the possibility of some further retrenchments within the Group before 1984.

*You have also written to George Foulkes.*  
*LN*

I have undertaken that my Department will look at various measures which might help the Company in this difficult period but with capital investment plans now shelved there is little we can do. Mr Landau appeared to recognise and understand the position.

I am copying this letter to Peter Rees.

ALEX FLETCHER  
29 July 1982



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From the  
Minister for Trade

W F S Rickett Esq  
Private Secretary  
10 Downing Street

22 July 1982

Dear Willie,

As requested in your letter of 14 July to Muir Russell (copied to me), I am enclosing a draft reply for the Prime Minister to send to George Foulkes MP giving details of the cut-backs to be negotiated on the Far East quotas for trousers.

The draft is limited, as you asked, to specifying the quotas involved, and how the cut-backs will be evaluated.

However, to put matters in perspective, it may help you to know that in 1982 these quotas accounted for 70% of the global ceiling for this category. This is a higher percentage than for the other Group I categories affected by cut-backs, and the effect of the cut-backs on the total level of low-cost imports available for the UK market will therefore be proportionately greater for trousers than for other categories.

Yours ever,

Nick McInnes

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





DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO MR GEORGE FOULKES MP

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