



Prime Minister

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This whole issue, on which I showed you the papers last week, is to be taken in OD(E) next week.

PRIME MINISTER

TEXTILES

me

Th 9/12

I have seen a copy of John Nott's minute to you of ~~21~~ November on the above.

2. Several of the issues which he raises are directly relevant to Northern Ireland and I hope that there will be further discussion of these before final decisions are taken. The general position which we adopt on the MFA is of course very important to a region with such a large textile/clothing stake as Northern Ireland; but I am most immediately concerned about the quotas on imports of American man-made fibres and the implications for employment and capacity of the very rapid build-up of imports of American bedlinen.

3. Quotas. In spite of recent setbacks the employment provided by the MMF sector is still of prime importance to Northern Ireland - indeed the firms which John Nott mentions as being anxious to renew the quotas (Hoechst, British Enkalon and Courtaulds) all operate plants in the Province and all have been adversely affected by the current market conditions. John Nott's minute discusses the quota question in a wide context. But given the Northern Ireland situation with which I am dealing, I must have regard to the immediacy of its employment implications, and I ask that every possible step should be taken to help maintain as much as possible of the region's MMF industry and of the 3,500 jobs which it provides (jobs which in present circumstances could not be replaced) - bearing in mind that 2,000 jobs at British Enkalon alone are currently at serious risk and the Company's continued presence in NI may well depend on evidence of a constructive policy towards the future of the industry in the UK. Anything which can be done on quotas would contribute toward this objective.

4. Bedlinen. Near Londonderry Courtaulds make sheeting in the largest and most up-to-date factory of its kind in Europe- an inherently efficient unit with a willing workforce. Because of depressed demand - due in significant part to the Americans' capture of so much of the market - the factory is operating at less than one-third capacity. Nevertheless it still gives 800 jobs and could employ more in an area where local unemployment rates run as high as 30 per cent, and its survival must be a matter of great importance to me. I fully take the point of John Nott's comments about our wider relationship with the United States, but I suggest we cannot lightly accept the implications of allowing the Americans to move toward dominance of this sector.

5. I welcome John Nott's reference to the possibility of a tough new MFA next year and would support his wish for a robust EC attitude to USA policy on energy pricing.

I am copying this to the recipients of John Nott's minute.


H.A.

December 1980

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