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CONFIDENTIAL

DEPARTMENT OF TRADE

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Telephone 01-215 7877

cc Mr Ingham
Mr Alexander



~~Private Secretary PA~~

This seems a
good draft.

From the Secretary of State

Content?

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

yes

12 December 1980

PL
17.12

Dear Nick

TEXTILES STATEMENT

Following the discussion in Cabinet yesterday, it has been agreed that the textiles statement should be made by the Minister for Trade on Monday. I attach a copy of the draft.

I am sending copies of this letter to the Private Secretaries of all members of OD(E) plus the Private Secretaries of the Secretaries of State for Industry, Scotland, Energy, Wales, Northern Ireland and Attorney General/Law Officers Department, and David Wright (Cabinet Office).

Yours sincerely,

Stuart Hampson

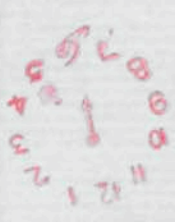
Stuart Hampson
Private Secretary

ENC



London, England

COMMERCIAL



12 DEC 1980

DRAFT TEXTILES STATEMENT:

Mr Speaker, in the absence of my rt hon Friend the Secretary of State, who is on a trade visit to Spain, I would like to make a statement about textiles and the much wider, though related, problem of United States energy prices.

The Government is extremely concerned at the problems raised for particular sectors of the British textile industry by the damagingly sharp rise in imports of certain U.S. products; and the wider problem, which these imports in a considerable measure reflect, of the impact of United States' energy prices on a wide range of British industries, though notably textiles.

The issue is one which has already been taken up with the Commissioners in Brussels and our Community partners at Ministerial and Prime Ministerial level. The Government feels the time has now come for a concerted stand by the Community. At tomorrow's meeting of the EC Council of Foreign Ministers I shall therefore be seeking agreement to a common Community approach which would in effect put the onus on the Americans to find some solution which will avoid the need for recourse to restrictive action on our side. A faster deregulation of oil and gas prices and a recognition on the part of U.S. industry of the need for greater restraint in pressing their advantages is required. We shall therefore seek a mandate for the Commission urgently to pursue discussions with the Americans along these lines and to report back to the Council. We shall also be seeking endorsement from the Council of a firm resolve to take anti-dumping action where this is justifiable

/though

though I do recognise that dumping is in the main not a major element in the problem - and to impose provisional duties in legitimate cases where the full process which would lead to final duties would take too long.

The House will be aware that in February this year the European Community imposed quota restrictions until the end of this year against imports, essentially from the United States, of polyester filament yarn and nylon carpet yarn.

My right hon Friend the Secretary of State for Trade and I have had the fullest consultations with representatives of the textile industry and with the firms who are affected directly or indirectly by these quotas. We have had to bear in mind the damaging effect restrictions on these raw materials have had on users in this country and also the fact that, in the case of polyester yarn, the Commission has imposed anti-dumping duties on some half of U.S. imports. We have concluded that the balance of advantage does not lie in maintaining these quotas any longer. We shall not therefore be seeking their renewal for 1981.

A report on the outcome of the discussion in the EC Council will be made in due course.

17 DEC 1980

11 12 1 2 3
10 9 8 7 6 5 4



cc Mr Ingham
Mr Lankester
Mr Alexander

From the Secretary of State

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

Dear Nick

TEXTILES STATEMENT

I should be grateful if you could obtain the Prime Minister's approval for the Secretary of State to make a statement on textiles next Tuesday.

OD(E) discussed this morning my Secretary of State's paper OD(E)(80)33 on Textiles. In essence it was agreed that the two quotas on synthetic fibres should not be extended. This decision should, however, be linked to an announcement that we were pressing in the Council of Ministers for a strong Community initiative with the new American administration on US feedstock prices, and also for discussions between the Community and the US on textile imports.

After discussing this subject with the Chief Whip my Secretary of State feels that it would be advisable to announce his decision by a statement to the House. This should ideally be timed to coincide with the Minister for Trade's attendance at the Council of Ministers - ie next Tuesday, 16 December.

Despite the new EC initiative I have referred to, there will obviously be some protest from Members with textiles constituencies and a mini-textiles debate will ensue. On the other hand, the outcome will not be totally unexpected, and moreover the consequences for other sectors of the textile industry and indeed for British industry in general of maintaining these quotas has been fairly well publicised and should be taken up in the House.

We will, of course, be clearing the text of the statement in the normal way.

I am copying this letter to Paul Lawrence (Chancellor of the Duchy's Office), Murdo MacLean (Chief Whip's Office) and David Wright (Cabinet Office).

Yours sincerely,
Stuart Hampson
Private Secretary

Trade
PRIME MINISTER

Contact for an oral
statement to be made (to

a mixed reception) next Tuesday?
10 December 1980

* There is time in the
business. See also Mr Ibbot
MS 10/12
(see below) Mr note (attached).

* The proposal (see the Cabinet folder) that there should be an oral statement by Mr Hereltine on RSG (England) on Tuesday means that we shall need to discuss timing at Cabinet MS



170 DEC 1980



CONFIDENTIAL



15.12.80

PA
MS

MR SPEAKER, IN THE ABSENCE OF MY RT HON FRIEND THE SECRETARY OF STATE, WHO IS ON A TRADE VISIT TO SPAIN, I WOULD LIKE TO MAKE A STATEMENT ABOUT TEXTILES AND CLOTHING.

I NEED NOT REMIND THE HOUSE OF THE IMPORTANT CONTRIBUTION MADE BY THE TEXTILE AND CLOTHING INDUSTRIES TO THE COUNTRY'S ECONOMY AND THE CONCERN THIS GOVERNMENT HAS FOR THEIR PROBLEMS.

IT WAS IN RECOGNITION OF THIS THAT - IN ADDITION TO PRESSING FOR THE STRICTEST POSSIBLE IMPLEMENTATION OF THE ARRANGEMENTS RELATING TO IMPORTS FROM DEVELOPING COUNTRIES - WE EARLIER THIS YEAR SECURED AGREEMENT OF THE EUROPEAN COMMUNITY TO THE IMPOSITION OF QUOTA RESTRICTIONS AGAINST IMPORTS, ESSENTIALLY FROM THE UNITED STATES, OF POLYESTER FILAMENT YARN AND NYLON CARPET YARN.



THESE QUOTAS EXPIRE AT THE END OF THIS YEAR AND WE HAVE BEEN
CONSIDERING IN THE FULLEST CONSULTATIONS WITH REPRESENTATIVES OF
THE INDUSTRY AND THE FIRMS AFFECTED DIRECTLY OR INDIRECTLY, WHETHER
WE SHOULD SEEK THEIR RENEWAL.

WE HAVE HAD TO BEAR IN MIND THE EFFECT RESTRICTIONS ON THESE RAW
MATERIALS HAVE HAD ON USERS IN THIS COUNTRY AND ALSO THE FACT THAT,
IN THE CASE OF POLYESTER YARN, THE COMMISSION HAS IMPOSED ANTI-
DUMPING DUTIES ON SOME HALF OF US IMPORTS OF THIS PRODUCT. WE
HAVE CONCLUDED THAT THE BALANCE OF ADVANTAGE DOES NOT LIE IN
MAINTAINING THESE QUOTAS ANY LONGER. WE SHALL NOT THEREFORE BE
SEEKING THEIR RENEWAL FOR 1981.



THE GOVERNMENT IS, HOWEVER, EXTREMELY CONCERNED AT THE DAMAGINGLY SHARP RISE IN IMPORTS OF CERTAIN OTHER US PRODUCTS AND THE PROBLEMS THIS CREATES FOR PARTICULAR SECTORS OF OUR INDUSTRY; AND THE WIDER PROBLEM, WHICH THESE IMPORTS IN A CONSIDERABLE MEASURE REFLECT, OF THE IMPACT OF UNITED STATES' ENERGY POLICIES ON A WIDE RANGE OF BRITISH INDUSTRIES, THOUGH NOTABLY TEXTILES.

THE ISSUE IS ONE WHICH HAS ALREADY BEEN TAKEN UP WITH THE COMMISSIONERS IN BRUSSELS AND OUR COMMUNITY PARTNERS AT MINISTERIAL AND PRIME MINISTERIAL LEVEL. THE GOVERNMENT FEELS THE TIME HAS NOW COME FOR A CONCERTED STAND BY THE COMMUNITY. AT TOMORROW'S MEETING OF THE EC COUNCIL OF FOREIGN MINISTERS I SHALL THEREFORE BE SEEKING AGREEMENT TO A COMMON COMMUNITY APPROACH WHICH WOULD IN EFFECT PUT THE ONUS ON THE AMERICANS TO USE SOME OF THE SOLUTIONS AVAILABLE TO THEM WHICH WILL AVOID THE NEED FOR RECOURSE



TO RESTRICTIVE ACTION ON OUR SIDE. A FASTER DEREGULATION OF OIL AND GAS PRICES AND A RECOGNITION ON THE PART OF THE US OF THE NEED FOR GREATER RESTRAINT IN PRESSING THEIR ADVANTAGES IS REQUIRED. WE SHALL THEREFORE SEEK A MANDATE FOR THE COMMISSION URGENTLY TO PURSUE DISCUSSIONS WITH THE AMERICANS OVER THE WHOLE RANGE OF PROBLEMS AND POSSIBLE SOLUTIONS AND TO REPORT BACK TO THE COUNCIL. WE SHALL ALSO BE SEEKING ENDORSEMENT FROM THE COUNCIL OF A FIRM RESOLVE TO TAKE ANTI-DUMPING ACTION WHERE THIS IS JUSTIFIABLE -

THOUGH I DO RECOGNISE THAT DUMPING IS IN THE MAIN NOT A MAJOR ELEMENT IN THE PROBLEM) - AND TO IMPOSE PROVISIONAL DUTIES WHERE THE FULL PROCESS WHICH WOULD LEAD TO FINAL DUTIES WOULD TAKE TOO LONG.

A REPORT ON THE OUTCOME OF THE DISCUSSION IN THE EC COUNCIL WILL BE MADE IN DUE COURSE.