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cc: SO

10 DOWNING STREET

THE PRIME MINISTER

11 February, 1983

Dear Mr. Laird

When I met the STUC delegation in Glasgow nearly two weeks ago, I promised that the Government would investigate the details of the assistance provided by the French authorities in the Fralsen Company at Besançon.

Since we met, George Younger, Secretary of State for Scotland, has taken the matter up with the company at the highest level. We have received assurances from Timex that no production has been transferred to France; more specifically the 3-D camera presently made in Dundee will be made in Japan, and the redundancies announced in watch-making results not from the transfer of work but from reduction in capacity following a worldwide decline in demand. Apparently the Besançon plant is also operating below capacity on the watch side.

The company has also confirmed that the French authorities have agreed to provide grants to the new Fralsen venture of 120 million French francs (around £12 million), and that loans are being negotiated with the French State Bank, Credit Nationale, for a further 430 million French francs.

We understand from the Commission that Besançon is not an assisted area and so Dundee, as a Special Development Area, qualifies for considerably higher regional aids for investment. It may be that the grants provided by the French Government are mainly for nationally available programmes for research and development and training, and so fail to be caught by European Community ceilings on regional aid.

/Even

SO

Even though the company has assured us that no production has been transferred from Dundee to France, there is clearly a great deal of public concern about this question and so we have made a formal request to the European Commission (which is responsible for policing the system of Member State aids) to look into the question.

I am also myself writing to Mr. Olsen about this matter.

I will inform you in due course of the results of these approaches.

Yours sincerely

Raymond Thaiter

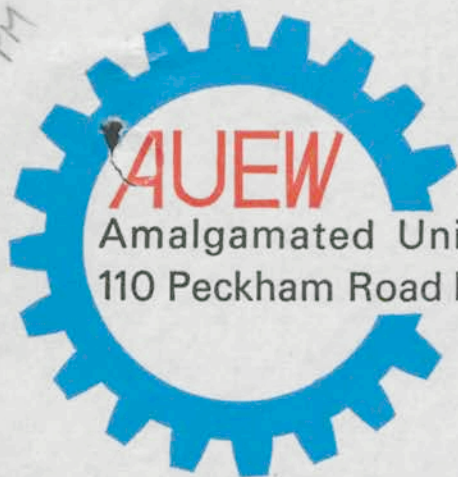
Gavin Laird, Esq.

PM

TPM

Prime Minister (2)

PM



Amalgamated Union of Engineering Workers (ENGINEERING SECTION)
110 Peckham Road London SE15 5EL 01-703 4231
Telegrams EDIFYING LONDON SE15

Please confine each letter to one subject

We also had a nice telephone call from Mr Laird

today thanking you warmly

GAVIN H LAIRD, General Secretary to whom all communications should be addressed

mb

C/E for your help.

M/S 2/3

Our ref GH/DMK

Your ref FIRST CLASS

28th February 1983.

The Rt. Hon. Margaret Thatcher,
The Prime Minister,
10 Downing Street,
London, S.W.1.

R 2.

pps

Dear Prime Minister,

Sincere thanks for your letter dated 14th February which I read today having just returned from my annual holidays.

Let me say at the outset that following that most useful meeting in Glasgow to which you refer, as you know, we had a follow-up meeting with the Secretary of State for Scotland, George Younger, and the Minister of State, Alec Fletcher. This meeting too was most helpful and has certainly gone a long way to demonstrate the Government's interest in this serious problem.

In confirming receipt of your letter and thanking you for same, I now wish to know if you would have any objection to me sending a copy of your letter to our Local Officials and members at Dundee.

Yours sincerely,

Gavin H. Laird

GENERAL SECRETARY

PM: mtg: with G. Wilson MP
re Timex 2/85



Associated Union of Engineering Workers (ENGINEERING SECTION)
The Pattern Research Institute Ltd. (P.R.I.)
LONDON



Eden Grove
BOND



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

C/F Mr in box

Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON SW1

4 February 1983

Dear Mike,

TIMEX, DUNDEE

I attach a draft letter which the Prime Minister may wish to send to Mr Gavin Laird, General Secretary of the AUEW. The letter sets out the steps taken so far to fulfil the commitment given by the Prime Minister to the STUC delegation in Glasgow last week to investigate the question of French Government assist to the Fralsen company in Besancon. I also attach a copy of the memorandum handed to the Secretary of State and Mr Fletcher at their meeting with Mr Olsen on 31 January.

On Monday next week we will be providing supplementary briefing for the Prime Minister's meeting with Gordon Wilson MP.

Your sincerely

John Wilson

JOHN S WILSON
Private Secretary

DRAFT FOR PRIME MINISTER

Mtype in BM

Gavin Laird Esq
General Secretary
Amalgamated Union of Engineering Workers
110 Peckham Road
LONDON
SE15 5E7

just over a week ago

When I met the STUC delegation in Glasgow ~~/last week/~~ ~~/recently/~~, I promised that the Government would investigate the details of the assistance provided by the French authorities in the Fralsen Company at Besancon.

Since we met, George Younger, Secretary of State for Scotland, has taken the matter up with the company at the highest level. We have received assurances from Timex that no production has been transferred to France; more specifically the 3-D camera presently made in Dundee will be made in Japan, and the redundancies announced in watch-making results not from the transfer of work but from reduction in capacity following a worldwide decline in demand. Apparently the Besancon plant is also operating below capacity on the watch side.

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Even though the company has assured us that no production has been transferred from Dundee to France, there is clearly a great deal of public concern about this question and so we have decided to make a formal request to the European Commission (which is responsible for policing the system of Member State aids) to look into the matter. I will inform you in due course of the Commission's conclusions.

Memorandum for meeting
Scottish Office London
Monday 31st January 1983

TIMEX/KELTON employs 1,900 people in Besancon, France, mainly concentrated in watch activities. Employment in the watch industry is declining rapidly.

The French authorities discussed and agreed with the Fred. Olsen U.K. Group a project to retrain a substantial part of the work force in new skills.

In order to qualify for the Government assistance offered, the Fred. Olsen Group required to incorporate a new company in France. There is no participation by the French Government in the equity of the company.

It was agreed this company would:

- (1) take over existing TIMEX activities in Besancon,
- (2) continue and expand the electronic sector of production,
- (3) introduce activities related to 3 dimensional photography.

The new company will expand the existing research facilities to cover projects related to photographic products. The French Government recognised the French nationality of one of the co-founders of Nimslo, Mr. Allen Lo, who was born in French Indo-China, enabling him to take up permanent residence in Besancon. This has facilitated planning to transfer research activities from Atlanta, Georgia.

Also included in the project is a plan to manufacture NIMSLO products other than the camera manufactured in Dundee, Scotland.

The French authorities have agreed to provide grants of up to 120 million French Francs in respect of research projects and training and other costs related to the conversion of the labour force for the planned new activities. The grants are payable over a 3 year period and we have been advised that they are in accordance with the regulations of the European Community.

The Credit National, an old established state bank run on commercial principles, is co-ordinating the provision of loan finance totalling 430 million French Francs in the form of short, medium term and long term loans.