



file 51  
CDT 1

10 DOWNING STREET

THE PRIME MINISTER

9 July, 1984.

Dear Mr. Penney

Thank you for your letter of 18 June, about the proposed British promotion by the J.C. Penney company in 1985.

From what you say in your letter and from the reports I have had about the initial meetings that Lord Jellicoe and his British Overseas Trade Board officials have had with senior executives of J.C. Penny, the event does indeed seem to offer important prospects to British exporters. I was particularly struck by the usefulness of this form of promoting our exports of consumer goods when I was able to visit the Takashimaya event in September, 1982. I very much hope that Penney's even more ambitious plans will come to fruition.

On the specific point raised in your letter about the level of UK Government support that Penney might expect for launching a British promotion, I do not think I can add a great deal to what you have already been told by BOTB officials. The financial contribution by BOTB to overseas stores mounting British promotions, in a case such as this, is intended as a useful incentive and as an earnest of the BOTB's support. But the BOTB consider that, in view of its responsibility for getting the greatest value for money from the limited public funds at its disposal, it would be wrong to go further.

/ Naturally



Naturally BOTB officials here in the UK and in the United States will do all they can, in other ways, to make the promotion a success, but unless the company regards a British promotion as likely to contribute to its broad marketing objectives and is thus prepared to undertake the major financial responsibility for the event, it would not be in either party's longer term interests to go ahead.

I understand that, in discussion with officials, it was made clear that BOTB was willing to consider, exceptionally, the possibility of some extra, even if modest, assistance by way of the Inward Mission arrangements. You may wish to follow this up.

Finally, you were kind enough to suggest that my involvement in the event, should I be in North America at the time, would contribute to its success. As I am sure you will understand, I cannot take on commitments so far ahead. However, I have noted your suggestion, and if I, or any of my colleagues, are likely to be visiting the United States at the time, we shall certainly try to take account of the J.C. Penney British promotion in planning our engagements.

Thank you again for taking the trouble to keep me informed.

Yours sincerely  
Margaret Thatcher

E.W. Pegna, Esq.

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# Portman Limited

ASSOCIATED COMPANY OF SELFRIDGES LTD. LEWIS'S LTD.  
AND OF MISS SELFRIDGE LTD.

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Ack'd on 21/6

18th June 1984

The Rt. Hon. Margaret Thatcher M.P.,  
10 Downing Street,  
LONDON W1

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Dear Prime Minister,

We are a subsidiary of Sears Holdings plc and we have since 1946 specialised in highlighting to our fellow retailers in Europe, Japan and America, the best of British consumer goods.

As major retailers addressing ourselves to other retailers, our advice has been entirely factual, based on market forces and motivated by our desire to maximise our own purchasing power and British manufacturers' selling potential.

You personally were instrumental last year in giving us a tremendous boost forward by opening the Takashimaya Store's British Promotion, and by encouraging their Chairman, Mr. Shin-Ichi Iida, to increase his efforts in purchasing British consumer goods.

in 1982

21.9.82  
in Japan

We are now embarked on a considerably larger undertaking with the second largest retail store group in the United States of America, the J.C. Penney Company, where if we succeed in a proposed nationwide promotion of British consumer goods, mostly in the fashion, china and houseware fields, their proposed sales would be of the order of US\$100 million, rising to US\$200 million. This would be a major contribution to the British Overseas Trade Board's present sales drive to North America.

The feasibility studies and merchandise planning with industry have been started by us and we do not anticipate major problems, thanks to low inflation and the strong Dollar.

We know we cannot expect the same support you gave us in Japan, but should you be in North America in September 1985 it would undoubtedly be a major factor in achieving success.

The point of my letter is in fact to appeal to you for a special view to be taken on any Government financial support likely to be granted so as not to destabilise the present fine edge of competitiveness of British

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AUSTRALIA John Martin & Co. Ltd., Adelaide  
Boans Ltd., Perth, W.A.  
G.P. Fitzgerald & Co. Ltd., Hobart  
McDonnell & East Ltd., Brisbane  
Venture Stores Ltd., Victoria  
Hartley & Turner Ptv. Ltd., Victoria

AUSTRIA Alpenlandkaufhaus Kastner & Ohler, Graz  
A. Gerngross Kaufhaus GMBH, Vienna  
A. Hermansky GMBH, Vienna  
Warenhaus Steffl A.G., Vienna

BELGIUM GB-Inno-Bm S.A., Brussels  
FINLAND Oy Pukeva, Helsinki  
FRANCE Au Printemps S.A., Paris  
GERMANY Karstadt A.G., Essen  
GREAT BRITAIN Lewis's Limited, Liverpool  
Selfridges Limited, London  
Vroom & Dreesmann, Amsterdam  
HOLLAND Hagkaup, Reykjavik  
ICELAND Takashimaya Co. Ltd., Tokyo  
JAPAN Grands Magasins Monopoi S.A., Luxembourg  
LUXEMBOURG

PAPUA NEW GUINEA Steamships Trading Co. Ltd., Port Moresby  
SPAIN Galerias Preciados S.A. Madrid  
SWEDEN Ahlen & Holm A.B., Stockholm  
SWITZERLAND Grands Magasins Jelmoli S.A., Zurich  
Grands Magasins Innovation S.A., Lausanne  
Au Grand Passage S.A., Geneva  
Manor A.G. Basle  
Haushalt A.G. Hochdorf  
U.S.A. J.C. Penney Purchasing Corporation New York

DIRECTORS: G. Maitland Smith (Chairman) E. W. Pegna (Managing Director) R. N. H. Quinton R. N. Stephens

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REGISTERED OFFICE: 40 DUKE STREET, LONDON W1A 4BX

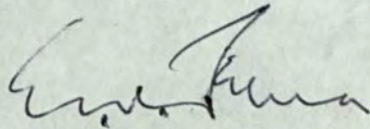


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goods, as would otherwise be the case, if industry were asked to provide the major promotional financial support needed by Penney.

Negotiations between Lord Jellicoe and the British Overseas Trade Board, and the President of J.C. Penney are about to start on 21st/22nd June.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'E.W. Pegna', written in a cursive style.

—  
E.W. Pegna,  
Managing Director.