O.O.

Prime Minister (1)

Agree the attached message

AT 12/6

CC NO.

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215) 5422
(Switchboard) 215 7877

Secretary of State for Trade and Industry

11 June 1984

I am worried about the extent to which we have existing British companies promoting inward investment to special development areas. AT

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Andrew,

My Secretary of State has a specific Departmental aim of securing inward investment and collaboration with foreign companies yielding advantages to the UK. In line with this, he has decided that a major new marketing campaign should be mounted in 1985. A short brief is attached which explains the reasons behind this decision and describes the campaign. A brochure is to be produced soon to make all interested parties aware of our plans, and particularly to enlist financial and other kinds of support from the banks, accountancy firms, hotels, airlines and other private service sector companies able to assist, and benefit from, the campaign. It would add greatly to the impact of this brochure, and improve the level of private sector participation, if the Prime Minister ... would consent to contribute a Foreword. A draft is attached for her consideration.

2 I should make clear that my Secretary of State will not look for the Prime Minister's further personal involvement in the campaign itself, but only in the promotional brochure - though of course, if she did not wish to limit her role in this way, her participation would be very welcome.

3 I am sending copies of this minute to the Private Secretaries to the Chancellor of the Exchequer, the Foreign Secretary, the Secretaries of State for Northern Ireland, Scotland, Wales and the Environment, and to Sir Robert Armstrong.

Yours ever,

Andrew

ANDREW LANSLEY
Private Secretary

JH3AKN

BRIEF: "BRITAIN MEANS BUSINESS"

BACKGROUND

The combined factors of the upturn in the world economy, positive economic and budget developments in the UK and our respected political image abroad offer Britain an unrivalled window of opportunity over the next 2 years to increase the flow of successful inward investment projects.

CAMPAIGN OBJECTIVES

- To promote Britain as the preferred European location for internationally mobile projects in the face of steadily mounting professional competition from other countries, thus increasing the awareness of the benefits Britain offers and increasing the number of inward investments.

- To promote the IBB as the central coordinating body for those thinking of locating in Britain, thus improving the cost-effectiveness of the resources devoted to inward investment promotion.

METHODOLOGY

To make better use of the limited resources on the ground both at home and abroad we need to be specific in our targeting. Moreover, we need to encourage the potential investor more often to make the initial approach (ie, the 'come to us' method) rather than having to be sought out by inward investment officers.

We therefore propose to break the campaign down into two key elements:

- a 'corporate' UK message; and
- priority market and sector themes.

In addition to a campaign budget allocation provisionally set at £2 million (subject to Treasury approval of the Department's 1985/86 budget) we intend to ask all interested private sector bodies (eg, airlines, hotels, accountants, bankers) to sponsor the campaign and to provide assistance in cash or in kind.

TARGET AUDIENCES

- Overseas-based potential investors
- UK subsidiaries of overseas companies
- International 'multiplier' organisations (ie, banks, accountants, hotels)
- Financial and business press in the UK and overseas.

EXPECTED RESULTS

A better image of the UK overseas, a better image of the UK's overseas promotional activity (now regarded as fragmented and confusing) and in consequence a better return on all future expenditure on inward investment promotion.

File

bc: Nick Owen

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10 DOWNING STREET

From the Private Secretary

20 June 1984

INWARD INVESTMENT PROMOTION

The Prime Minister has seen your letter to me of 11 June and also John Gieve's of 19 June. She agrees that it would be premature to launch a major new marketing campaign in 1985 to attract foreign investment in advance of the discussion on the arrangements for overseas promotion which is scheduled for E(A) in July.

She has also commented that she is worried about the danger that the promotion of inward investment to Special Development Areas through regional incentives may harm existing British companies. She would be grateful for a note considering the evidence on this. Could this take account of the changes currently planned in the regime of regional assistance?

BI

I am sending copies of this letter to John Gieve (Chief Secretary's Office, HM Treasury), Peter Ricketts (Foreign and Commonwealth Office), Derek Hill (Northern Ireland Office), John Graham (Scottish Office), Colin Jones (Welsh Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Andrew Lansley, Esq.,
Department of Trade and Industry.

10 DOWNING STREET

From the Private Secretary 9 July 1984

INWARD INVESTMENT PROMOTION

The Prime Minister has seen your letter of 4 July and the note attached to it. In the light of this, and the fact that the Chief Secretary is content to discuss the expenditure involved in the course of the bilaterals on DTI's programme, she is content to sign the foreword which was attached to your letter of 11 June. This is attached.

I am copying this letter to John Gieve (Chief Secretary's Office), Peter Ricketts (FCO), Derek Hill (Northern Ireland Office), John Graham (Scottish Office), Colin Jones (Welsh Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

(ANDREW TURNBULL)

Andrew Lansley, Esq.,
Department of Trade and Industry.

PRIME MINISTER

Inward Investment Promotion

Mr. Tebbit's office wrote last month asking if you would sign a forward for the brochure promoting the inward investment marketing campaign, "Britain Means Business". Three reservations were expressed:

i) By yourself, that inward investment was not as advantageous to the UK as claimed given the tendency for existing firms to be displaced.

ii) That it was upstaging the review of inward investment promotion, and in particular compromising the position of the Scots and Welsh in that review.

iii) That it pre-empted discussion of DTI's expenditure in the PES round.

On i), I commissioned a note from departments which is A attached. It provides some arguments for why inward investment is beneficial. It falls short of providing conclusive evidence. But for the time being, the Government's stated policy is clearly to favour inward investment and the Government is very ready, particularly in Scotland and Wales, to take credit for new projects. If you still have doubts, I think the best way for them to be considered is by questioning the policy itself, notably the cost per job of various forms of Government assistance, which will be discussed in the paper the Treasury are preparing. Meanwhile it seems sensible to make the best of the existing arrangements.

On ii), the Scots are still suspicious about Mr. Tebbit's motives, feeling that he may be trying to promote a UK initiative at the expense of their own institutions. The future of the Scottish Development Agency has been the number one political issue in Scotland this week. Despite this, they do not wish to press their reservations.

On iii), the Chief Secretary is content with Mr. Tebbit's offer to discuss the cost of the campaign during the bilaterals with DTI.

In the light of this are you content to sign the attached message?

Duty Clerk
for AT.

6 July 1984

10 DOWNING STREET

THE PRIME MINISTER

The Invest in Britain Bureau is the Government's leading agency for the promotion of the United Kingdom as the preferred location in Europe for direct investment from overseas.

Inward investment is of great benefit to this country. Foreign owned companies bring capital investment and jobs to the UK. They also bring new technology, innovative management and modern production techniques which contribute to the development of our industrial base. Britain has already achieved great success in attracting investment by overseas companies and I welcome the confidence this shows in our economic policies and prospects. But the competition for internationally mobile investment is great and we must continue to show energy and imagination in our marketing efforts.

I therefore strongly commend to your attention the major new marketing campaign, "Britain Means Business", which is described in these pages. I hope that everyone interested in the further development of our economy will feel able to participate in "Britain Means Business" and make it a truly British effort.

Margaret Thatcher

July 1984

10 DOWNING STREET

(1)

Prime Minister

When you saw the letter from Mr Tebbit's office asking you to sign a message for an Invest in Britain drive, you commented that you were concerned that the promotion of inward investment to SDA's could damage existing UK firms.

The CST suspects Mr Tebbit is trying to bounce the Secretaries of State for Scotland Wales and Northern Ireland by launching a major campaign ahead of the review scheduled for July.

Agree

(i) new initiative be delayed until after review? Yes

(ii) DTI be asked to consider evidence on impact on existing firms? Yes MT

AT 18/6

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Andrew Turnbull Esq
10 Downing Street
LONDON
SW1

6 July 1984

Dear Andrew

INWARD INVESTMENT PROMOTION

Andrew Lansley's letter to you of 4 July refers. With AT

The Chief Secretary will be happy to consider the implications of the proposed campaign within the forthcoming bilateral discussions about DTI expenditure proposals.

Copies to Andrew Lansley (DTI), Peter Ricketts (FCO), Derek Hill (NIO), John Graham (SO), Colin Jones (WO), John Ballard (DOE) and Richard Hatfield (CO).

Yours sincerely

JSG Gieve

JOHN GIEVE
Private Secretary

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Trade: Inward Investment Promotion FEB 81.

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DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 5422
GTN 215)
(Switchboard) 215 7877

PS / Secretary of State for Trade and Industry

4 July 1984

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Andrew,

INWARD INVESTMENT PROMOTION

My Secretary of State has seen your letter to me of 20 June and John Gieve's letter to you of 19 June (which was not originally copied to us).

.. 2 I enclose the note requested by the Prime Minister which has been agreed with the Scottish, Welsh and Northern Ireland Offices.

3 With regard to the marketing campaign in 1985 - this should be viewed as a major effort to enhance a continuing marketing activity rather than as a new initiative. Furthermore in order to improve our effectiveness IBB have recruited on secondment from IBM (UK) for two years Mr David Harrison-Harvey as Director. This initiative has been "master-minded" by him and Ministers approve of his plans to produce a professional Marketing Campaign.

4 My Secretary of State feels that the case for undertaking this campaign is not dependent on the outcome of the forthcoming review in E(A) of arrangements for overseas promotion. That review is concerned essentially with the organisation of the promotional activities on behalf of the UK overseas and the need to consider how those activities can be pursued most efficiently and effectively. The proposed marketing campaign in 1985, in which the other Departments directly concerned with inward investment promotion have indicated a willingness to participate, is designed to take advantage, in a professional way and with private sector involvement, of a major opportunity now opening up to us to secure additional desirable inward investment through presenting potential investors overseas with a coherent, persuasive and attractive image

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of Britain and the advantages it has to offer as a location for investment. This could only be helpful and complementary to whatever arrangement might be agreed in E(A) for the future organisation of our inward investment promotion activities.

5 Accordingly, since time is not on our side if we are to take maximum advantage of the opportunity, my Secretary of State hopes that the Prime Minister will agree that the proposed campaign should be considered, bilaterally and as a matter of urgency, between his Department and the Treasury in the context of the Department's expenditure proposals. And, pending the outcome of those discussions, he would be grateful if the Prime Minister would reconsider the proposed draft foreword which was under cover of my letter of 11 June.

6 I am sending copies of this letter to John Gieve (Chief Secretary's Office, HM Treasury), Peter Ricketts (Foreign and Commonwealth Office), Derek Hill (Northern Ireland Office), John Graham (Scottish Office), Colin Jones (Welsh Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

Yours ever,

Andrew Lansley

ANDREW D LANSLEY
Private Secretary

Encl

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EFFECT ON BRITISH COMPANIES OF REGIONAL INCENTIVES TO INWARD INVESTMENT

Regional Development Grants (RDG) and Regional Selective Assistance (RSA) are designed to influence both inward investors and British companies to undertake investment projects in Assisted Areas. On occasion, the availability of these incentives will be the decisive factor in persuading an inward investor to bring his project to the UK rather than to, say, another EC country. RDG is an automatic entitlement and therefore takes no account of the possible displacement effect on existing British companies of inward investment projects located within the Assisted Areas. Nor would it take any account of any displacement effect likely to arise from a British business receiving RDG to undertake a project in a DA. Before an offer of RSA is made, by contrast, the Secretary of state must be satisfied that the granting of RSA will be in the national interest, full regard being had to the effect of the project on existing British businesses. This efficiency criterion is one which both inward investors and British companies must meet in order to be eligible for RSA.

2 There is no reason to suppose that the displacement effect on existing British businesses of an inward investor undertaking a project in a Development Area is any greater than would be the case were the same project to be undertaken in a non-assisted part of the UK. Thus, once an inward investor has decided to undertake a project in the UK, the role played by regional incentives in influencing him to undertake his project in, say, Tyneside rather than Reading, is neutral in terms of the displacement effect on existing British businesses.

3 The changes to regional incentives embodied in the Cooperative Development Agency and Industrial Development Bill will not greatly affect either RDG or RSA practice as regards the likely displacement effect of granting assistance to inward investors (or, for that matter, indigenous firms).

4 The December 1983 White Paper on Regional Industrial Development stated in paragraph 14 that "regional industrial incentives (also) enable the United Kingdom to compete effectively for internationally mobile investment. Inward investment projects have brought notable benefits particularly to Scotland and Wales. They can improve the national economy through their contribution to output and employment provided that the incentives are not excessive in relation to the contribution of these projects." We have no new evidence which would make us alter that view.

Department of Trade and Industry
28 June 1984

TRADE: Inward Investment

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AT 25/6

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SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

20 June 1984

Dear Andrew

My Secretary of State has read with interest the letter of 11 June from Andrew Lansley to you asking for the PM's support for his "Britain Means Business" campaign. He is delighted to see this going forward as a targetted campaign with a strong emphasis on attracting innovative and efficient management from overseas in the service sector as well as in industry. In addition, he hopes the campaign will be used to show the opportunities that are opening up, in what has been our protected public sector, for innovative private sector management from overseas. He feels that there is no great world-wide reservoir of efficient private management which can revolutionise all aspects of our public services, but despite this there are real benefits to be gained from getting the best of overseas companies in these fields to interest themselves in the United Kingdom.

I am sending copies of this letter to recipients of Andrew's.

Yours ever

Alan Davis

A H DAVIS
Private Secretary

Andrew Turnbull Esq

Trade: Inward Investment FEB 81.

CENO

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Andrew Turnbull Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

19 June 1984

Dear Andrew

INWARD INVESTMENT PROMOTION

The Chief Secretary has seen a copy of Andrew Lansley's letter to you of 11 June about a major new marketing campaign in 1985 to attract foreign investment.

With AT?

He considers it premature to raise this subject before the July review in E(A) of arrangements for overseas promotion, and before it is possible to discuss the implications for the Department of Trade and Industry's expenditure proposals in the forthcoming Survey round. He thinks it would be preferable for Mr Tebbit to wait until Ministers have a rather clearer view on these aspects before becoming committed to a major campaign of of this kind.

Yours sincerely

JR Gieve

JOHN GIEVE

19 JUN 1984