

PREM 19/880

Confidential File

Meeting with Seage Foulkes MP to discuss Falmers jeans and Stonefield Vehicles

PRIME

MINISTER

February 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>13.3.87</del>							
<del>17.3.87</del>							
<del>10.4.87</del>							
<del>24.4.87</del>							
<del>8.6.87</del>							
<del>14.7.87</del>							
<del>28.6.87</del>							
<del>22.7.87</del>							
30.7.87							

PREM 19/880



10 DOWNING STREET

THE PRIME MINISTER

30 July 1982

*Dear Mr. Joulhes,*

When we met on 13 July to discuss Falmers Jeans, I said I would write to you to give details of the cuts in the quotas on trousers which the Commission are aiming to negotiate with the four major Far Eastern suppliers.

The situation is that in accordance with the normal custom in international trade negotiations, most of the new quotas being negotiated by the Commission in the revised MFA bilateral agreements to run from 1 January, 1983 are based on the quotas already in existence for 1982. In the case of the five most sensitive clothing products from the Community's four dominant suppliers, however, the Council of Ministers agreed that the Commission should be instructed to negotiate an average 10% cut-back in the existing 1982 quotas and that these reduced levels should be used as the basis for the 1983 quotas. The Council also agreed that this cut-back should be shared out amongst Member States in proportion to the original quotas.

Jeans fall into one of these super-sensitive categories. Since the total UK 1982 quotas for trousers from Hong Kong, South Korea, Macao and Taiwan amount to 24,055,000 items, this means that the Commission has a mandate to negotiate a cut of 2.4 million items in this category. Assuming the Commission are successful in their negotiations the resulting figure of roughly 21.6 million pairs of trousers will thus form the basis for determining the 1983 quotas.

/This

*LB*

*Prime Minister*

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CD/T  
SO  
Jan 60w*

This confirms what I told you at our meeting and is, I think a clear indication of the tough line we and the Community as a whole are taking in these negotiations.

Yours sincerely

Raymond Delton

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George Foulkes, Esq, M.P.,

Prime Minister 2

FROM THE MINISTER FOR INDUSTRY AND EDUCATION



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU  
TELEPHONE: 01-233 3000

LN  
29/7

*mf*

Prime Minister

FALMERS INTERNATIONAL

I met Mr Landau on 28 July to follow up the meeting which you held with George Foulkes on 13 July about the announcement of the closure of the Falmers factory at Patna in Ayrshire.

In our discussions it emerged that many of the actions taken by the Group over the past two years accord very much with our policy. It has opened up new export markets, retrenched production in its UK manufacturing facilities, diversified into new products and taken steps to increase efficiency. It has an excellent industrial relations record and the directors consider that productivity in its UK operations matches that anywhere in the world. Despite its efforts over the last two years, the directors now consider that there will be no substantive recovery in demand before 1984 as a result of continuing recession in the UK and world economy. Against this background the Company views Government efforts to reduce cheap imports of trousers from the Far East as compensating in some means for the fall off in demand but as by no means enough to encourage home based suppliers. Mr Landau has written to Peter Rees to this effect. Consequently there must be at least the possibility of some further retrenchments within the Group before 1984.

You have also written to George Foulkes.  
*LN*

I have undertaken that my Department will look at various measures which might help the Company in this difficult period but with capital investment plans now shelved there is little we can do. Mr Landau appeared to recognise and understand the position.

I am copying this letter to Peter Rees.

ALEX FLETCHER  
29 July 1982



From the  
Minister for Trade

W F S Rickett Esq  
Private Secretary  
10 Downing Street

DEPARTMENT OF TRADE  
1 VICTORIA STREET  
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01 215 5144  
SWITCHBOARD 01 215 7877

22 July 1982

Dear Willie,

As requested in your letter of 14 July to Muir Russell (copied to me), I am enclosing a draft reply for the Prime Minister to send to George Foulkes MP giving details of the cut-backs to be negotiated on the Far East quotas for trousers.

The draft is limited, as you asked, to specifying the quotas involved, and how the cut-backs will be evaluated.

However, to put matters in perspective, it may help you to know that in 1982 these quotas accounted for 70% of the global ceiling for this category. This is a higher percentage than for the other Group I categories affected by cut-backs, and the effect of the cut-backs on the total level of low-cost imports available for the UK market will therefore be proportionately greater for trousers than for other categories.

Yours ever,

Nick McInnes

N McINNES  
Private Secretary to the  
Minister for Trade (PETER REES)



DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO MR GEORGE FOULKES MP

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The situation is that in accordance with the normal customs in international trade negotiations, most of the new quotas being negotiated by the Commission in the revised MFA bilateral agreements to run from 1 January 1983 are based on the quotas already in existence for 1982. In the case of the five most sensitive clothing products from the Community's four dominant suppliers, however, the Council of Ministers agreed that the Commission should be instructed to negotiate an average 10% cut-back in the existing 1982 quotas and that these reduced levels should be used as the basis for the 1983 quotas. The Council also agreed that this cut-back should be shared out amongst Member States in proportion to the original quotas.

Jeans fall into one of these super-sensitive categories. Since the total UK 1982 quotas for trousers from Hong Kong, South Korea, Macao and Taiwan amount to 24,055,000 items, this means that the Commission has the mandate to negotiate a cut of 2.4 million items in this category. Assuming the Commission are successful in their negotiations the resulting figure of roughly 21.6 million pairs of trousers will thus form the basis for determining the 1983 quotas.



This confirms what I told you at our meeting and is, I think a clear indication of the tough line we and the Community as a whole are taking in these negotiations.



cc Master



10 DOWNING STREET

From the Private Secretary

14 July 1982

George Foulkes, M.P.

The Prime Minister met George Foulkes at 1700 hours yesterday, 13 July. Mr. Alex Fletcher was present.

Mr. Foulkes said that from his earlier discussions with the Prime Minister and with the Chairman of Falmers Jeans, he had got the impression that the company were over their difficulties. He had seen the Prime Minister's visit to the Cumnock factory as an indication of her belief in the company's future. However, Mr. Landau had now told him that the company were in greater difficulties than they were a year ago. He was annoyed that Mr. Landau had given no earlier warning of the situation. The company had announced 140 redundancies in an area where unemployment was running at 18.5%. They had quite rightly organised these redundancies on a "last in, first out" basis, but this meant that most of those made redundant would be young girls. There would be redundancies in both the Patna and Cumnock factories. Those of the Patna workforce who would still be employed would be bussed to Cumnock in future.

Mr. Foulkes acknowledged that Falmers were doing very well in exporting to Europe, but he said that he had two main concerns about the company's future:

- (a) Despite the Prime Minister's optimism about the economy, he saw no end to the recession. If anything, he felt the slump would get worse, and the UK market for jeans was already very depressed. He acknowledged that Levis were still employing over 1,000 people, but he understood that 500 of these would shortly be put on short-time working.
- (b) Although people in this country were still buying jeans, they were increasingly turning to imports from the Far East, and Hong Kong in particular. The Multi Fibre Arrangement had provided little protection; the UK was still taking the bulk of Hong Kong imports. Mr. Landau had said that he, and other jeans manufacturers, needed a cut of 10% in permitted imports to secure their future, and needed it urgently.

/ The Prime Minister

The Prime Minister said that she recognised the problems facing the company. Their market varied with the whims of fashion. But she had been impressed by Mr. Landau's plans to diversify, and to introduce new technology. As far as imports from the Far East were concerned, the Prime Minister said that she could assure Mr. Foulkes that the Government was doing all it could to ensure that the European Commission fulfilled its mandate to negotiate a more restrictive regime as part of the extension to 1986 of the MFA. She understood that cuts of 10-12% were to be negotiated in the quota for trouser imports from major Far East suppliers and she hoped that this would be of some comfort to Mr. Landau. She said that she would check whether the 10-12% cuts to be negotiated were cuts in the overall quota for Europe, or whether this figure referred to cuts in the UK quota. In her view, a 10-12% cut in the UK quota was desirable.

Mr. Foulkes then raised two other points:

(a) Mr. Landau had told him that he foresaw no upturn in the market for 18 months, and that he therefore had no plans to introduce short-time working, and to claim compensation under the Short-time Working Compensation Scheme. Mr. Foulkes wondered whether this assessment was really correct, and asked whether he should specifically encourage Mr. Landau to introduce short-time working. The Prime Minister said she felt that this must be a decision for Mr. Landau and his management.

(b) Mr. Foulkes pointed out that Falmers held their Patna factory on a long lease from the SDA, who were not willing to release the company from this contract. The company therefore needed urgently to find a tenant for the factory. Mr. Landau had said that he would use commercial agents to help him in this task. Mr. Foulkes expressed the hope that an electronics company could be found to take the lease, since two other electronics companies, Digital and Prestwick Circuits, were also established in the area.

Finally, it was agreed that it would be useful if Mr. Fletcher could meet Mr. Landau to discuss the problems facing his company, and whether Government assistance for investment or innovation might be of assistance.

The Prime Minister will wish to write to Mr. Foulkes setting out precisely what cuts are to be negotiated in the quota for trouser imports from the Far East and explaining which quota these cuts will apply to (e.g. the "UK quota" or the "EC quota").

BEI I should be grateful if Nicholas McInnes (Peter Rees' office) to whom I am copying this letter, could let me have a suitable draft as soon as possible.

W. F. S. RICKETT

CONFIDENTIAL



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Miss Caroline Stephens  
Private Secretary  
10 Downing Street  
LONDON

9 July 1982

*Dear Caroline,*

FALMER MANUFACTURING (SCOTLAND) LTD:  
MR GEORGE FOULKES MP

I attach a brief for the Prime Minister's meeting on Tuesday 13 July with Mr George Foulkes MP. Mr Alex Fletcher will also be present.

*Record attach. ||*  
A similar meeting took place on 11 March 1981 when the company announced its intention to close the same factory. As a result of improvements in its trading position Falmers subsequently abandoned their proposal. The Prime Minister visited Falmers at Cumnock on 3 September 1981

*Yours sincerely  
John Wilson*

JOHN S WILSON  
Private Secretary

FALMER MANUFACTURING (SCOTLAND) COMPANY LTD

BRIEF FOR PRIME MINISTER'S MEETING WITH MR GEORGE FOULKES MP:  
13 JULY 1982

Background Note

1. Falmer Manufacturing (Scotland) Co Ltd, established in 1966, operates from 5 units in Ayrshire, 4 of which are located at Cumnock and one at Patna. Its principal activity is the manufacture of denim jeans and jackets and related casual wear. Employment is provided for about 780 persons made up of 640 at Cumnock and 140 at Patna making the company the largest single employer in the Cumnock and Doon Valley area.
2. On 17 June, the company announced that up to 600 production workers in Cumnock and Patna would be laid off for two weeks from Monday June 28 (immediately prior to the 3 week summer vacation). The company claimed that this action was necessary in view of a downturn in demand in the home market. On 22 June, the firm announced that it was to close its Patna factory this autumn.
3. We understand that Mr Landon, the Managing Director, has also written to the Minister for Trade blaming the Multi Fibre Arrangement (see note at Annex A) in part for the company's position. The Minister will be replying drawing attention to the EEC quota arrangements in connection with the import of trousers.
4. Rapid fluctuations in the Company's market are indicated by its failure to take up various offers of Interest Relief Grant and, most recently in April 1972, selective grant of £270,000 to assist with an increase in productive capacity and introduction of new machinery at Patna (see Annex B).
5. Other than Falmers, no development projects have come forward from the Cumnock TTW Area for selective financial assistance under Section 7 of the Industry Act since January 1980. However, 18 companies in Ayrshire have taken advantage of SFA involving £6m of assistance towards investment costs of £60m and 2,000 jobs protected, created or planned (Ayrshire Good News at Annex C).

6. The TTW area has a current unemployment rate of 18.5% compared with Strathclyde average of 17.7% and Scottish average of 15.3%. Since April 1980 there have been over 1,500 redundancies in area of which NCB accounted for almost 800. In a small town like Patna the loss of 140 jobs will considerably increase the unemployment rate.

LINE TO TAKE

1. The loss of these jobs is particularly regrettable in a small town with limited employment opportunities.
2. Considerable financial help has been offered to Falmers by the Government (IRG up to £290,000 in April 1980 and selective grant of £270,000 in April 1982) to help company remain competitive. Difficult market conditions have prevented the company taking up money offered.
3. Artificial Government help for company is not an option. At the end of the day there must be a demand for the product. Getting the economy right is the first step in helping to create viable enterprise and sustained demand.
4. The Government and the EEC is deeply aware of the problem of cheap imports of trousers from places like Hong Kong and Taiwan. The Government is doing all it can to ensure that the Commission fulfils its mandate to negotiate a more restrictive regime as part of the extension to 1986 of the MFA. Cuts of 10-12% are to be negotiated in the quota for trouser imports from major Far East suppliers.
5. A good deal of Government effort has gone into assisting Ayrshire companies to reinvest to protect jobs and expand. SFA offered to 18 companies in last year involving £6m assistance towards £60m investment. Over 2,000 jobs associated with these projects.
6. SEPD officials remain in close touch with the company and are ready to discuss assistance to secure or create viable jobs at the company's plant.
7. Mr Fletcher might offer to meet the company's management to see if Government assistance for investment or innovation might assist its position.

## MULTI-FIBRE ARRANGEMENT

1. In February this year, the Council of Ministers approved a Protocol extending the MFA to mid 1986, which will allow the European Community to introduce a more restrictive regime. This approval is subject to the negotiation of satisfactory bilateral agreements, failing which the Community will give notice of withdrawal from the MFA at the end of this year.

2. If the Commission fulfils its mandate - and the British Government is devoting a great deal of effort to ensuring that it will - the new arrangements will result in substantial cut-backs in the most sensitive clothing quotas for our largest suppliers; the annual growth will be considerably lower overall, and improved procedures for introducing new quotas on previously unrestrained products will be introduced.

The voluntary restraint arrangements with our preferential trading partners are also being renegotiated.

3. The European Communities' decision to re-negotiate cuts of 10-12% on the quotas on imports of trousers from the 4 major Far East suppliers (Hong Kong, Macau, Taiwan and South Korea, which together account for three-quarters of our total imports from the low cost countries) is extremely restrictive. Indeed it is one which is greatly at variance with the Communities' general support for a free trade environment and one which was only taken reluctantly, because of the particular problems facing the clothing industry.

OFFERS OF GOVERNMENT ASSISTANCE TO FALMER MANUFACTURING (SCOTLAND)  
COMPANY LTD

1. In May 1978, an Interest Relief Grant not exceeding £270,000 was offered to and accepted by Falmers to help them to purchase plant and machinery to increase the manufacturing capacity for jeans at Cumnock and Patna. The capital expenditure on this project has been incurred, the amount paid on the IRG to date is £198,000 and the balance is payable in two annual instalments of £36,000.
  
2. In April 1980, a second IRG not exceeding £293,625 was authorised to aid a composite project to transfer the production of denim jackets from New Cumnock to Cumnock, to manufacture skirts and other casual wear at New Cumnock, and to build and equip an 11,000 sq ft extension to the Patna factory. However, this project was substantially changed and in September 1981 a revised IRG not exceeding £169,650 was offered and accepted to assist with the financing of the projects involving (a) relocation of the Group laundry at Cumnock; (b) adaptation of buildings at Cumnock; and (c) the leasing and equipping of an extension to the Patna factory. In the light of further expansion plans by the company, this offer was withdrawn in April 1982, and a selective grant of £270,000 offered to assist with an increase in productive capacity and the introduction of new technology and automation in certain areas. Because of adverse trading conditions this offer was not accepted.



## AYRSHIRE GOOD NEWS

1. The Scottish Development Agency has announced that Ayrshire's Garnock Valley is to get a £9m boost over the next 3 years in a bid to create 650 jobs.
2. BMK at Kilmarnock in Ayrshire has been bought over by English businessman, Mr John Logue, in a multi-million pound deal. Mr Logue has stated that 400 jobs would be secured, with plans for creating more jobs over the next 2 years.
3. Caberboard, the Stirling-based manufacturers of wood particle boards and fibreboard, has announced that it is to re-open the Scotboard factory in Irvine, Ayrshire, creating 70 new jobs which may eventually rise to 90. The company plan to produce high-quality chipboard for the furniture industry.
4. 850 new jobs are to be created in North Ayrshire due to an experimental enterprise trust scheme (ASSET) in which local industry combined with Government agencies and district authorities. To date 42 businesses have been helped to set up and expand with a jobs potential of 450 in the next two years. Eighty more projects are in the pipeline, and an estimated 400 jobs will be provided.
5. In addition to an £1.5m order already won, Future Technology Systems at Beith in Ayrshire, have received a commitment (which will bring orders valued at £5m) from the Association of British Travel Agents to supply FTS' Computer Systems to agencies through Britain. Possible 150 new jobs in two years.
6. Robert Wilson & Sons, Kilwinning, have recently won a £0.5m contract to supply the Sainsbury chain with frozen hamburgers.
7. Rockware Glass Ltd has recently reopened a furnace last used in 1980 thereby creating 80 new jobs at the Irvine plant since January.
8. Volvo at Irvine recently won a £10m contract to supply double-deck buses to Indonesia.

9. Caledonian Airmotive of Prestwick who has recently signed its biggest-ever export order. The company has won a £25m, 5-year contract from the Canadian airline "Wardair". As a result the company (currently employing 160 people) hopes to increase its workforce by 90 during the next year and has plans to raise it to 400 by 1985.

10. Digital Equipment Scotland Ltd hopes, as a result of increasing its factory space at Ayr by 130,000 sq ft, to increase its labour force by 240 people by December 1982.

11. British Aerospace having created 200 jobs during 1981, expect to take on a further 300 workers at Prestwick on the Jetstream 31 project.



RH

cc SO.

10 DOWNING STREET

THE PRIME MINISTER

25 March 1981

Dear Mr. Foulkes,

When I wrote to you last week about Falmer's plant at Patna, the outlook was anything but bright for its future. I have just heard, however, that the company has received new orders and has withdrawn the redundancy notices which it issued to its workforce at Patna.

This is very good news indeed and is a tribute to Falmer's whole operation and products for which I have a very high regard.

Yours sincerely  
Margaret Thatcher

G Foulkes, Esq, MP

6



10 DOWNING STREET

THE PRIME MINISTER

19 March 1981

Dear Mr. Zulker,

At our meeting on 11 March Alex Fletcher promised to investigate the possibility of assistance being given to Falmer's Jeans which would give them the six months' breathing space you indicated was necessary, so as to prevent their Patna plant being closed.

It is for Falmer to make their own commercial judgement as to any rationalisation of plant which may be required if there is over-capacity in the market. If, however, you are correct in assuming that the Company feel that the markets will pick up in about six months' time, one possibility would be to pursue with the Scottish Development Agency, as landlords, a proposal simply to mothball the Patna factory for that time. I understand that the SDA have already made this offer informally to the Company and it may have certain advantages to them in avoiding clawback of the benefit of a rent free period and of regional development grants - though this latter question would have to be looked at carefully by the local Regional Development Grants Office in Glasgow.

Alex Fletcher mentioned that the SDA had under consideration a project to help in the marketing of worsted textiles to Germany. This project would be undertaken with the National Association of Scottish Woollen Manufacturers in connection with high quality

/worsted

RH

file

cc SO  
DM  
DOT

17/3/81  
24/3

worsted cloth. It seems unlikely that a jean manufacturing company could fit into this arrangement. Alternatively, however, Falmer's can benefit from the full range of services available from the British Overseas Trade Board, including the resources of the Consulates in Europe and elsewhere if this would help.

Alex has also looked again at the possibility of selective assistance under Section 7 of the Industry Act. This scheme, however, is related to capital investment aimed at securing existing jobs or creating new ones and the Company do not have in mind a capital investment project for Patna. The Scottish Economic Planning Department officials are discussing separately with Falmer's their investment programme at the Cumnock plants.

As I said at our meeting, I am greatly impressed by Falmer's products, the general efficiency of their operations and the quality of their management. Unfortunately there seems to be limited scope for further assistance from Government which can directly benefit the Patna plant. I do hope, however, that the Company are able to continue with their Patna operations, which provides valuable employment for people in the area.

Yours sincerely

Raymond Miller

SUBJECT

FILE

cc Master, RH  
+ Craigen, MP  
file

cc J/nd  
J. Kauf.



PM

10 DOWNING STREET

From the Private Secretary

13 March, 1981

Dear Godfrey

Jim Craigen, MP, and George Foulkes: Meetings  
with the Prime Minister

The Prime Minister met Jim Craigen and George Foulkes at 2100 hrs and 2120 hrs on 11 March. Mr Alex Fletcher and Ian Gow were also present.

Mr Craigen said that he wished to discuss the proposed closure of the Bryant and May match factory in Glasgow at Maryhill. He said that the company employed 161 people at present, which was a significant number in the area, and had been established since the First World War. He said that his first complaint was that the announcement of the closure had been made in a wholly arbitrary way. Letters had been issued by the management giving the statutory 90 days notice, and this had come as a bolt from the blue. Last year there had been 85 redundancies and the workforce had thought that the situation had been stabilised. Industrial relations at the factory had been very good and there had been ready co-operation from the trade unions in adopting working practices. He believed that the factory was profit making, and had been greatly surprised when Wilkinson Match had told him that they were unable to say what profits the factory was making. He thought that was evidence of poor management. He hoped that No.10 could raise with the company the arbitrary way in which the announcement had been made.

The second point he wished to raise was the general question of imports and distribution of matches. At present, 50% of the Scottish market was taken by imported matches, and Wilkinson Match actually imported matches through a Swedish connection. He accepted that demand for matches had fallen, but it was his impression that the company was now interested more in distribution rather than production. He hoped that the Department of Trade would be prepared to look into this matter. He thought that it was not good for Britain in the long term that there should be a shift from production in this country to imports.

/Thirdly,

Thirdly, he said that he gathered that there had been negligible investment in the company and no approach to the SDA about alternative products, such as for example, disposable lighters, which the group already imported.

The Prime Minister said she understood that the factory was being closed as part of rationalisation, and that production would now be concentrated on Liverpool. In such circumstances it was always her hope that the company concerned would find an alternative use for the production facilities involved. This did not appear to have happened in this case. She was, however, worried to hear that the workforce had not been consulted about the impending closure. She said that loyalty between management and workforce had to work in both directions.

She said that she would be prepared to sign a letter to the company following up the meeting, and asked Mr Fletcher to have a draft prepared for her. I should be grateful if the draft could reach us very quickly, and would be very ready to have a word on the telephone with those preparing it if that would help. I hope that we may be able to have something from you by close of play on Wednesday, 18 March.

ANNEX  
D -  
E

- subsequent letter  
George Foulkes, MP

The Prime Minister told Mr Foulkes that she was well aware of the reputation of Falmers Jeans, not least because she had a strong constituency connection with them. She had always been greatly impressed by the quality of management of the company.

Mr Foulkes said that the Chairman of the company had told him that the Patna plant needed 6 months breathing space, after which he had hoped that he would have been able to keep on going by increasing sales. The problem facing the company was that retailers had been reducing their stocks over the past few months. He said that the SDA and SEPD had been in discussion with Falmers about the possibility of financial help. He understood that it would be difficult to find more money to support the factory itself, but hoped that it might be possible to find something to help their marketing drive in Europe.

Mr Fletcher said that the SDA had recently run a project concerned with selling up-market textiles in Germany, which might be relevant. He said that the company had been offered interest relief grants and had had help through the temporary short-time working compensation scheme. He was not clear what more could now be done.

Mr Fletcher said that he would look into the possibility of giving assistance to the company for their European marketing operation, and would also see whether any further grant could be made to them to help safeguard the jobs concerned.

The Prime Minister repeated that she was greatly impressed by the products made by the company and by the general efficiency of their operations. She said that in due course she would wish to write to Mr Foulkes reporting on the progress of Mr Fletcher's

work. I should be grateful if you could arrange for a suitable draft to be prepared in due course. I hope this could reach us by the end of this month.

I am copying this letter for information to Ian Ellison (Department of Industry) and Richard Dykes (Department of Employment).

*Yours ever*

*Nick Sanders*



cc:- Alex Fletcher, MP, S.O.  
Brief to reach us by 9 July

1 July, 1982

Further to our conversation on the telephone this morning, I am writing to confirm that the Prime Minister will be happy to see you in her room at the House of Commons at 1700 hrs on Tuesday, 13 July. Mr Alex Fletcher will be present at the meeting.

CAROLINE STEPHENS

George Foulkes, Esq, M.P.

PRIME MINISTER

George Foulkes, M.P. reports that Falmer are once again planning to close their Patna factory, and have issued 140 redundancy notices. He asks for a meeting with you. Assuming you are ready to see him again on this case, we will arrange a suitable time before the recess, with a Scottish Office Minister present.

Content?

WM

Yes - there is  
nothing I can do -  
large subsidies have  
I believe already

28 June, 1982

Very yours

and  
Mr Fletcher.

From: George Foulkes, M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

*R26*  
Copied to: Mr. G. PPS  
28/6.

24 June 1982

Rt.Hon. Mrs. Margaret Thatcher, MP.  
Prime Minister,  
10 Downing St,  
SW1.

*Dear Prime Minister*

You will recall that we met in March of last year to discuss the proposed closure of the Falmers Patna factory, and after improvements in trading the redundancy notices were withdrawn.

I have now heard that Falmers have issued 140 redundancy notices and are once more planning to close the Patna factory.

As I said to you when we met, this will be absolutely disastrous in an area of already high unemployment and is apparently due to a downturn in the home market, which would seem to contradict the assertions that you and others have made that the recession is at an end.

As you will be aware, I am deeply concerned at this latest development and have asked to see Alan Landau next week.

Since you kindly took an interest in this matter last time, since the Headquarters of the Company are in your constituency and you have paid a visit to the Cumnock factory, I would be grateful if I could meet with you to discuss this matter to see if there is anything that can be done to help the Company to maintain these jobs.

I look forward to hearing from you.

Yours sincerely,

*George Foulkes*



FILE

Rb

PM

10 DOWNING STREET

*From the Private Secretary*

14 July, 1981

Thank you for your letter of 9 July to Caroline Stephens.

The Prime Minister has indeed decided to visit one of the Falmers factories in Scotland in September. However, when we consulted Mr Landau, he said firmly that he would prefer the Prime Minister to visit his Cumnock factory rather than the one in Patna. We are, therefore, proceeding on this basis at present.

On present plans, the Prime Minister intends to visit the Cumnock factory at 1500 hrs on Thursday, 3 September, departing at 1615 hrs.

W. F. S. RICKETT

DD

George Foulkes, Esq, MP

File

889

~~14 July 1981~~

Thank you for your letter of 13 July. We will do our best to ensure that the Prime Minister arrives promptly: she appreciates the virtues of punctuality. Thank you for the arrangements you have made.

WR

~~A. A. Landau, Esq.~~

MM

# FALMERS

AAL/hew

Falmer International Limited  
Northway House  
High Road Whetstone  
London N20 9LP  
Telephone: 01-446 2121  
Telex: Falmer Lon 21919  
Cables: Falmerjean  
Telecopier: Muirhead  
01-446 3811

Mr. William Rickett,  
Private Secretary to the  
Prime Minister,  
10, Downing Street,  
London SW1 OAA.

July 13th, 1981

Dear Mr. Rickett,

Thank you for your letter of 9th July. We are delighted to learn that the Prime Minister has confirmed her visit.

I know that she runs an extremely tight schedule, but I would be very grateful if you would explain to her that, as the factory stops work at 4pm, we would be pleased if she could arrive promptly at 3pm so that at least she has an opportunity of seeing the place at work. I am very keen that she should do this as we are extremely proud of the productivity of our plants in general, and the Cumnock ones in particular.

Regarding the facilities, we can arrange for a room with telex operator and a couple of telephones to be available and another room for the detectives, drivers, etc. I note your problems about publicity and we will not release any information to the press or any of the media unless advised to do so by your press office. The factory has just gone on holiday for three weeks but on their return in the first week of August, your contact in Scotland will be Robert Jamieson and if he is not there, Brian McNeilly. Robert Jamieson is joint Managing Director of the Company and Brian McNeilly is Production Director. The telephone number is (0290) 21577 and the telex number is 779975.

Please feel free to contact me for any last minute arrangements you may wish to have made.

Yours sincerely

*Alan Landau*

A.A. Landau  
CHAIRMAN

*Top copy an  
↓  
To go on Scottish Visit file pt 1 (GR)*

Reg. Office: Northway House Whetstone  
Reg. England 1104406VAT No: 250 225 992  
Falmer International Group of Companies  
Incorporating  
Falmer Jeans Limited  
Falmer Manufacturing Company (Scotland) Limited  
Falmer Knitwear Limited  
Falmer Aircraft Limited  
Falmer International (Suomi) Oy  
Directors: AA Landau (Managing)  
MC Chowis DJ George RK Jamieson  
R Landau C Shaw K Wright

From: George Foulkes, M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

9 July 1981

Caroline Stephens,  
Private Office,  
10 Downing St.  
SW1.

*Dear Mr Stephens*

*with joy?*

I understand from a copy of a letter to Alan Landau from the Prime Minister, which you sent to me, that there is a possibility that the Prime Minister may be visiting Falmers International Patna factory in September.

I would be grateful if there is any clearer indication when this is likely to be. I shall of course treat the information in confidence, particularly in view of the security aspects.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "George Foulkes".

110 JUL 1981

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Prime  
Minister

10 DOWNING STREET

Prime Minister

Not much comfort for Mr.  
Foulkes here: the "line to  
take" is as much as you  
can say.

MAJ  
8/  
VI



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Miss Caroline Stevens  
10 Downing Street  
LONDON

5 June 1981

*Dear Caroline*

I attach briefing notes for the Prime Minister's meeting on 9 June with George Foulkes MP about the proposed closure of A F Stoddard's Comnock factory. In addition to the specific problem of A F Stoddard, the note covers wider issues which may be raised by Mr Foulkes at the meeting.

Mr Alex Fletcher will also attend the meeting.

*Sincerely*

*Michael Ewart.*

MICHAEL EWART  
Private Secretary

THE PRIME MINISTER'S MEETING WITH MR GEORGE FOULKES MP ABOUT THE CLOSURE OF THE CUMNOCK PLANT OF A F STODDARD AND COMPANY LIMITED

1 The closure of the Cumnock plant with the loss of over 80 jobs was the result of the recent merger between Stoddard Holdings Limited and British Carpets (formerly a subsidiary of the Guthrie Corporation) in the light of recession of both the UK and world markets for woven and tufted carpets. The closure is part of a rationalisation programme being undertaken by the new Group. Details on the background to the merger and the rationalisation programme are at Annex A. Job losses in other plants in the new Group will be over 300.

2 A F Stoddard and Company Limited is the main manufacturing subsidiary of Stoddard Holdings Limited. The Stoddard Group's main production comprises good quality Axminster and Wilton carpets and the Group controls around 8% of the UK sales in this sector, which has been declining over the past few years. The company employs over 800 people at Elderslie in Renfrewshire. British Carpets plants are based at Glasgow and Cumnock and are a mixture of quality Axminster production and lower grade tufted carpets.

3 Assistance to the Carpet Industry in Scotland

Both Stoddard Holdings and British Carpets as well as BMK Kilmarnock have received substantial injections of public money over the last few years under the Industry Act towards expansion of production and/or re-equipping. Additionally the Guthrie Corporation negotiated the loan of £2m from the Scottish Development Agency for its investment programme to modernise plant and equipment in its British Carpet subsidiary.

4 Prior to acquisition of British carpets Stoddard Holdings had re-entered the tufted carpet sector through the acquisition and expansion of the tufted carpet manufacturing operations of John Lyle Carpets Limited at Cumbernauld (in receivership since 1975) along with consequential expansion of yarn spinning at the Group's Kilmarnock factory and administration and warehousing activities at Elderslie. An Interest Relief Grant of £198,000 under Section 7 of the Industry Act was offered towards this project.

TSTWCS

5 The company received assistance under the Temporary Short Time Working Compensation Scheme between May-December 1980 for a number of its factories but not in respect of the Cumnock plant.

6 Prior to the commencement of the rationalisation programme, A F Stoddard reduced its workforce at its Elderslie plant by 111 people in July 1980 due to reduced demand for the company's products and increased competition.

#### Imports of Nylon Fibre and Tufted Carpets from USA

7 The UK carpet industry as a whole has been badly affected by imports of nylon yarn and nylon yarn-based tufted carpets from the USA in recent years. The new US administration has deregulated oil prices and are urgently considering rapid deregulation of gas prices. At the same time, the recent strengthening of the dollar against the £ has reduced the competitive edge which US exports recently had. In December 1980 Ministers considered the possibility of unilateral action to restrain imports from the USA of certain sensitive textile products including carpets which concluded that it would not be justified particularly in view of the virtual certainty of US retaliation against UK exports on a number of fronts including high quality woollen textiles manufactured in the Borders. The existing quotas for 1980 negotiated through the EEC on nylon carpet yarns and polyester yarns proved to be ineffective and were not renewed for 1981.

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#### 8 Line to Take

The merger between Stoddards and British Carpets arose from substantial over-capacity in the industry coupled with a continuing decline in market demand for woven carpets. The subsequent rationalisation measures are a natural consequence of the situation exacerbated by continuing decline in demand, particularly for Axminster grades.

9 Failure to act promptly in these circumstances would be to risk a greater degree of contraction at a later date. It could even jeopardise the whole future of the new group which is currently fighting for survival. The level of capacity which can be realistically sustained in the immediate future and the manner in which this can best be provided are ultimately matters for the commercial judgement of the Group management.

10 The closure - while clearly justified on commercial grounds - is unfortunate since that it exacerbates the high level of unemployment in the Cumnock area. Cumnock, as a Special Development Area, benefits from the maximum rates of assistance under regional policy to attract incoming industry. Projects due to create over 200 new jobs in the Cumnock area have been assisted since May 1979 under the Industry Act.

COMMERCIAL IN CONFIDENCE

## STODDARD HOLDINGS LIMITED - CUMNOCK SPINNING FACILITY

The impetus for the recent merger between Stoddard Holdings Limited and British Carpets Ltd arose primarily from a recognition that there was a serious over-capacity in the industry, coupled with a continuing downward trend in the pattern of demand, particularly for woven carpets. It was always recognised that some measure of rationalisation and reduction in capacity would be necessary and, to this end, independent consultants were appointed to survey the capacity available in the various plants operated by both organisations and report on the alternatives available to achieve an orderly reduction to a level consistent with forecast future demand. In so doing, the consultants identified and considered the comparative production costs of the various units as well as their respective capacities.

A reduction in weaving capacity has been achieved by the closure of the ex-British Carpets plant in the east-end of Glasgow with the loss of some 300 jobs. Certain items of plant and a limited number of employees are scheduled to be transferred to the Stoddard main weaving unit at Elderslie, Renfrewshire. The main purpose of the exercise, however, is to consolidate the new Group's weaving capacity at an appropriate level with the minimum number of separate sites.

The reduction in weaving capacity, coupled with a continuing fall in the level of demand for Axminster in particular, led on to a review of dyeing and spinning capacity. The new Group has three spinning mills at Kilmarnock, Glasgow and Cumnock; all three are currently running well below capacity with the reduced throughput leading to higher costs and uneconomic operation. It has therefore been decided to rationalise the two ex-British Carpets units (Glasgow and Cumnock) into a single unit which, together with the ex-Stoddard unit at Kilmarnock, will have the capacity to meet the foreseeable demand for spun yarn. Dyeing capacity also now exceeds foreseeable demand as a result of both the reduced yarn requirement and increased interest in Berber yarns which do not require dyeing. The ex-British Carpets dyehouse in Glasgow is therefore also scheduled for closure although certain facilities may be incorporated in the nearby spinning mill, thus retaining part of the associated employment.

The relative capacities and facilities of all three spinning mills were reviewed in the course of considering how the reduction in capacity could best be achieved. In the end, Cumnock was selected for closure because its size and equipment most closely matched the reduction required and because it lacks blending and dyeing facilities. These operations are currently undertaken at Glasgow or Kilmarnock before the material is sent to Cumnock for spinning and subsequent return to its point of origin. This leads to significantly higher costs when compared with the other units which have the necessary facilities in-house or adjacent. The space required to install these facilities at Cumnock is not readily available even if this could be economically justified, which is very doubtful.

The implementation of these two measures, assuming that some dyeing capacity is retained in Glasgow, will lead to the loss of about 110 jobs. Approximately 80 of these will be at Cumnock with the balance in Glasgow.

#### FINANCIAL ASSISTANCE

No selective financial assistance under the Industry Act was offered towards the actual merger. Discussions are in progress with the new Group to determine the possible scope for assistance towards certain aspects of the rationalisation plans.

OTHER SENSITIVE ISSUES ETC IN MR FOULKES' CONSTITUENCY1 Falmer Manufacturing Company Limited

The Prime Minister and Mr Fletcher met Mr Foulkes on 11 March to discuss the threatened closure of Falmer Manufacturing Company Limited's factory in Patna. However due to a sudden upturn in the market the closure decision was withdrawn, although the company is still receiving assistance under the Temporary Short Time Working Compensation Scheme in respect of the Patna factory. (A copy of the Prime Minister's follow-up letter to Mr Foulkes' letter is attached.) <sup>on folder</sup> Further discussions on assistance to Falmer's exporting activities and investment plans are continuing.

2 Gomba/Stonefield Vehicles

Following the purchase of the assets of Stonefield Vehicles Limited, previously a subsidiary of the Scottish Development Agency, which went into receivership in 1980, by Gomba Motors, there has been some concern as to the continuing viability of the operation. This prompted Mr Foulkes to table a number of questions about the case and about the prospects of financial assistance for the new company. (Copies of the proposed answers and background notes are attached for information.) If the payment of instalments of grant under Section 7 of the Industry Act is raised, the Prime Minister will wish to emphasise that if Gomba comply with the conditions of offer of grant payment will be made.

3 Unemployment

Since January 1980 about 1,281 people have been made redundant in the Cumnock area. The Cumnock Local Office has a current unemployment rate of 16.5%, which is above the Strathclyde average of 15.1% and markedly above the Scottish average of 12.7%.

4 Selective Financial Assistance for the Area

Since May 1979 there have been two offers of Selective Financial Assistance under Section 7 of the Industry Act 1972 for investment projects in the Cumnock Local Office involving 206 new jobs. The total investment associated with these projects amount to £3.6 million.

THURSDAY 4 JUNE 1981

WRITTEN

HOUSE OF COMMONS

MR GEORGE FOULKES: To ask the Secretary of State for Scotland, pursuant to his reply of 8th April, Official Report, column 295 to the honourable Member for South Ayrshire on Stonefield Venicles, if the conditional offer of selective financial assistance has now been accepted by Gomba.

MR ALEXANDER FLETCHER:

The offer of selective assistance made to the Gomba UK Group has not yet been accepted by the Company. Such offers of assistance remain open for 3 months from the date of offer.



THURSDAY 4 JUNE 1981

HOUSE OF COMMONS

MR GEORGE FOULKES: To ask the Secretary of State for Scotland, pursuant to his reply of 8th April, Official Report, column 295, to the honourable Member for South Ayrshire, if he will give the reason why details of the allocation of public money under section 7 of the Industry Act are not made publicly available but is treated as confidential.

MR ALEXANDER FLETCHER:

The procedure for disclosure of such information was established by the previous administration following an announcement by the then Secretary of State for Industry on 19 July 1974. The arrangements draw a balance between the need to protect firms from the disclosure of information which may be harmful to their commercial interests and the responsibility of Government to provide the public with reasonably detailed information about Government financial assistance. I see no need to alter these arrangements.

## BACKGROUND NOTE

1 An offer of selective assistance totalling £285,000 was made on 25 March 1981 to the Gomba UK Group Limited to enable it to acquire the assets of Stonefield Vehicles to continue the manufacture of trucks at Curnock in Ayrshire. Gomba has not accepted this offer formally although it remains open for 3 months from the date of offer.

2 Ministers are aware that the offer was conditional on Gomba producing satisfactory audited accounts to demonstrate its financial standing. Gomba has since indicated that it is unable to comply with this condition in time for it to receive first instalment of grant of £125,000 to which it would otherwise be entitled. Ministers have agreed that the condition regarding production of satisfactory accounts should not be waived unless Gomba can provide alternative satisfactory guarantees on its financial standing.

3 The arrangements for publication of information on offers of assistance were announced by the then Secretary of State for Industry in 1974. These arrangements are designed to protect the commercial confidentiality of the information provided to us by companies seeking selective assistance while preserving public accountability to Parliament for the granting of that assistance.

file

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pm

CF hlee

2 June 1981

I hope it will be convenient if your meeting with the Prime Minister on Tuesday 9 June in the House of Commons commences at 1540 instead of 1530.

CAROLINE STEPHENS

Alex Fletcher, Esq., M.P.

JS

File

ds

5/6

CF

22 May 1981

You wrote enquiring whether it would be possible for you to have a meeting with the Prime Minister to discuss a factory closure in your constituency. Would 1530 hours on Tuesday 9 June in the Prime Minister's Room at the House be convenient? Mr. Alex Fletcher will be present at the meeting.

I would be grateful if you could confirm this time and date.

CAROLINE STEPHENS

George Foulkes, Esq., M.P.

AC

FILE

ds

CF to hle

2 June 1981

I hope it will be convenient if your meeting with the Prime Minister on Tuesday 9 June in the House of Commons commences at 1540 instead of 1530.

CAROLINE STEPHENS

George Foulkes, Esq., M.P.

JS

jfh

5/6  
MR G. FOULKES MP

21 May 1981

Further to our telephone conversation I am writing to confirm that Mr. Fletcher will be present when the Prime Minister sees George Foulkes, MP, on Tuesday 9 June at 1530 in her room at the House. I enclose a copy of Mr. Foulkes' relevant letter and I would be grateful for a full brief to reach this office by close of play on Friday 5 June.

CS

B.R. Morgan, Esq.,  
Scottish Office.

Key

FILE

VLB

cc Caroline

20 May 1981

George Foulkes MP has asked for a meeting with the Prime Minister about the expected closure of Stoddart Holdings' Cumnock yarn factory.

The Prime Minister is likely to agree to this request, and she will wish to have a Scottish Office Minister present. Caroline Stephens will be getting in touch with you to arrange a suitable time, which will be after the Recess.

M A PATTISON

Godfrey Robson, Esq.,  
Scottish Office.

LB

FILE

VLB

20 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 19 May, about the proposed closure of Stoddart Holdings Limited.

I will place this before the Prime Minister at once, and we will be in touch with you as soon as possible.

M A PATTISON

George Foulkes, Esq., M.P.

VLB





10 DOWNING STREET

PRIME MINISTER

George Foulkes wants another closure meeting, prior to his meeting representatives of the company concerned on 15 June.

Assuming you are ready to see him over a second closure, we will arrange a suitable time after the Recess, with a Scottish Office Minister present.

*Agreed  
mb* *MAF*

C.S.

20 May 1981

*over to you*

*MAF*

From: George Foulkes, M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

19 May 1981

R20

Rt.Hon. Mrs. Margaret Thatcher, MP.,  
Prime Minister,  
10 Downing St,  
London. SW1.

Dear Prime Minister,

With reference to your offer to meet Members who have a factory about to close in their constituency, I regret to say that I once again fall into this category.

Stoddard Holdings Ltd, Carpet Manufacturers, Elderslie, Renfrewshire, are proposing to close their Cumnock yarn spinning factory on 31 July. I met with the Managing Director and Trade Union representatives on Monday and we are meeting again on 15th June.

I would be grateful if I could meet with you prior to this further meeting and look forward to hearing from your office.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "George Foulkes".



*From the Secretary of State*

George Foulkes Esq MP  
House of Commons  
London  
SW1A 0AA

24 April 1981

*Dear George,*

*see Foulkes to PM 25/3  
2 MAR 1981 20/3*

I am replying to your letter of (30 March) to the Prime Minister about Falmers Jeans Ltd.

As you no doubt know, the company's marketing operations are directed from London and there have been exchanges of correspondence at both Ministerial and official level during the past year with the company's Chairman and Managing Director, Mr A A Landau. It has not proved possible to follow-up many of the company's suggestions for financial incentives for their marketing efforts because we are limited both by EC and GATT regulations on the amount and form of direct assistance which we can provide. However, officials from the British Overseas Trade Board's Regional Office have established contact with the company's export management to sort out ways in which the BOTB's services for exporters can be of assistance.

JOHN BIFFEN



24 APR 1987

*Prime Minister*



SCOTTISH OFFICE  
NEW ST. ANDREW'S HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

George Foulkes Esq MP  
House of Commons  
LONDON  
SW1A 0AA

*VMS*

10 April 1981

I have seen copies of the correspondence you have had recently with the Prime Minister about Falmer Manufacturing Co Limited at Patna.

In your letter of 24 March you asked for consideration on what assistance might be offered to the company to help with their marketing efforts in Europe. Falmer's marketing and export activities are handled from their London Office in Wattstone and I have arranged for the Exports to Europe Branch of the Department of Trade to contact the firm quickly to establish what specific assistance would be appropriate from the wide range of services on offer from the British Overseas Trade Board.

I am of course delighted that the possibility of the closure of the Patna factory has now receded.

I have sent a copy of this letter to the Prime Minister.

ALEX FLETCHER



13 APR 1981

00 11 21 32 43 54 65 76 87



10 DOWNING STREET

From the Private Secretary

30 March 1981

I attach a further letter the Prime Minister has received from George Foulkes, MP, about the Falmers Jeans factory in his constituency. This letter crossed with the Prime Minister's letter to Mr. Foulkes.

see Foulkes to  
PM 24/3

I should be grateful if, in consultation with the Department of Trade, you could arrange for Mr. Foulkes to receive a further reply in response to his last paragraph, and if we could have a copy of that reply for our records here.

I am copying this letter and its enclosure to Stuart Hampson (Department of Trade). I am also sending him a copy of my letter to you of 13 March recording the Prime Minister's meeting with George Foulkes and a copy of the Prime Minister's letter to Mr. Foulkes of 19 March.

GA

Godfrey Robson, Esq.,  
Scottish Office.

A



2

10 DOWNING STREET

PRIME MINISTER

This letter from George Foulkes, MP, crossed with yours to him about the Patna jeans factory.

I will follow up the point he raises with the Scottish Office and Department of Trade and ask them to get in touch with Mr. Foulkes direct.

A handwritten signature in blue ink, appearing to be 'MJS'.

MJS

30 March 1981





10 DOWNING STREET

THE PRIME MINISTER

25 March 1981

Mr. Foulkes,

When I wrote to you last week about Falmer's plant at Patna, the outlook was anything but bright for its future. I have just heard, however, that the company has received new orders and has withdrawn the redundancy notices which it issued to its workforce at Patna.

This is very good news indeed and is a tribute to Falmer's whole operation and products for which I have a very high regard.

Yours sincerely  
Margaret Thatcher

G Foulkes, Esq, MP

From: George Foulkes, M.P.

0216



HOUSE OF COMMONS  
LONDON SW1A 0AA

24 March 1981.

The Rt.Hon. Mrs. Margaret Thatcher, MP.  
The Prime Minister,  
10 Downing St. SW1.

res/3  
170

Dear Prime Minister

TM

Many thanks indeed for your letter of the 19th March regarding Falmers Jeans.

I am pleased to report that business for Falmers has now picked up and that they have now withdrawn the proposal to close the Patna factory.

However, the long term future depends on successful European marketing efforts, and I hope you might consider asking the Department of Trade to consider what particular help may be given to Falmers in this, particularly in view of your own constituency interests!

Yours sincerely,

A handwritten signature in blue ink, appearing to read "George Foulkes".

1R 1987



THE BOARD OF COMMONS  
LONDON

2



10 DOWNING STREET

PRIME MINISTER

A piece of good news

MS

24B



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Nick Sanders Esq  
Private Secretary  
No 10 Downing Street  
LONDON SW1

Ge  
① X-X for PM pl  
cc IB 24/3

PPS with NJS 23 March 1981

Dear Nick,

② cc off M letter of 19 March  
on CF file pl  
MS

FALMER MANUFACTURING (SCOTLAND) LTD

We have just heard that Falmer Manufacturing (Scotland) Ltd announced on 21 March that the company does not now intend to close its Patna factory and has withdrawn the redundancy notification issued to the 128 workers.

The decision is due to a sudden upturn in the market resulting in new orders. The company now propose to work a 3-day week until the holiday period in July, after which it is hoped that there will be a resumption of a 5-day week.

The Prime Minister may wish therefore to follow up her letter of 19 March to George Foulkes with a short letter on the following lines:-

X/ "When I wrote to you last week about Falmer's plant at Patna, the outlook was anything but bright for its future. I have just heard, however, that the company has received new orders and has withdrawn the redundancy notices which it issued to its workforce at Patna.

This is very good news indeed and is a tribute to Falmer's whole operation and products for which I have a very high regard."/>

X

Yours sincerely

John Wilson

JOHN WILSON  
Private Secretary

24 MAR 10 1974





10 DOWNING STREET

THE PRIME MINISTER

19 March 1981

*Dear Mr. Zulker,*

At our meeting on 11 March Alex Fletcher promised to investigate the possibility of assistance being given to Falmer's Jeans which would give them the six months' breathing space you indicated was necessary, so as to prevent their Patna plant being closed.

It is for Falmer to make their own commercial judgement as to any rationalisation of plant which may be required if there is over-capacity in the market. If, however, you are correct in assuming that the Company feel that the markets will pick up in about six months' time, one possibility would be to pursue with the Scottish Development Agency, as landlords, a proposal simply to mothball the Patna factory for that time. I understand that the SDA have already made this offer informally to the Company and it may have certain advantages to them in avoiding clawback of the benefit of a rent free period and of regional development grants - though this latter question would have to be looked at carefully by the local Regional Development Grants Office in Glasgow.

Alex Fletcher mentioned that the SDA had under consideration a project to help in the marketing of worsted textiles to Germany. This project would be undertaken with the National Association of Scottish Woollen Manufacturers in connection with high quality

/worsted

*File  
NLS  
24/3*

*File  
cc SO  
DM  
DOT  
RH*

worsted cloth. It seems unlikely that a jean manufacturing company could fit into this arrangement. Alternatively, however, Falmer's can benefit from the full range of services available from the British Overseas Trade Board, including the resources of the Consulates in Europe and elsewhere if this would help.

Alex has also looked again at the possibility of selective assistance under Section 7 of the Industry Act. This scheme, however, is related to capital investment aimed at securing existing jobs or creating new ones and the Company do not have in mind a capital investment project for Patna. The Scottish Economic Planning Department officials are discussing separately with Falmer's their investment programme at the Cumnock plants.

As I said at our meeting, I am greatly impressed by Falmer's products, the general efficiency of their operations and the quality of their management. Unfortunately there seems to be limited scope for further assistance from Government which can directly benefit the Patna plant. I do hope, however, that the Company are able to continue with their Patna operations, which provides valuable employment for people in the area.

*Yours sincerely,*  
*Rayner White*





SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Nick Sanders Esq  
Private Secretary  
No 10 Downing Street  
LONDON SW1

19 March 1981

*How Nick,*

FALMER: PATNA

I refer to your letters of 13 and 17 March. We have investigated further the prospects of assistance to Falmer's to keep their Patna factory in operation.

I am afraid that the situation is not as hopeful as we would have liked. It is true that the SDA have been involved in a marketing exercise in the textiles industry. This involves, as Mr Fletcher indicated at the meeting, up-market textiles in the worsted cloth market. The SDA's involvement is with the National Association of Woollen Manufacturers and involves a co-operative venture aimed primarily at West Germany. Clearly jean manufacturing does not fall into this category.

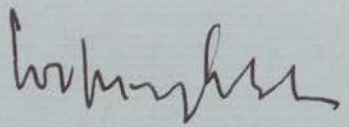
Falmer's, as the Prime Minister will be aware, have other factories located in Mr Foulkes' constituency at Cumnock. It is in that respect that the levels of selective financial assistance are being renegotiated. But the renegotiation is likely to be downwards because of the failure of the Company to carry forward their capital investment programme under schemes for which approval has already been given.

If Mr Foulkes is correct in his allegation that the problem is merely short term, the best prospect for help seems to lie through the SDA as landlords for the Patna factory, which presently benefits, at least in part, from a rent free period. The SDA have already suggested to the Company that the best plan would be to mothball the Patna factory for up to six months, which would avoid clawback of part of the rent free period equivalent if the lease is terminated. Mothballing might also make it possible for the Regional Development Grants Office to avoid operating the clawback procedure which would apply if plant and machinery on which grant had been paid were subsequently disposed of by the Company. This latter possibility, however, would be for the Department of Industry to consider separately, and in the time available, we have not been able to investigate the matter conclusively.

The attached draft letter for the Prime Minister to send to Mr Foulkes reflects the above understanding of the position.

I am copying this to Ian Ellison in the Department of Industry.

Wm. A. R.



GODFREY ROBSON  
Private Secretary

DRAFT FOR PRIME MINISTER

George Foulkes Esq MP  
House of Commons  
LONDON  
SWLA OAA

GA

Falmer

CCIG  
✓ 19/3

At our meeting on 11 March Alex Fletcher promised to investigate the possibility of assistance being given to Falmer's Jeans which would give them the six months' breathing space you indicated was necessary, so as to prevent their Patna plant being closed.

It is for Falmer to make their own commercial judgement as to any rationalisation of plant which may be required if there is over-capacity in the market. If, however, you are correct in assuming that the Company feel that the markets will pick up in about six months' time, one possibility would be to pursue with the Scottish Development Agency, as landlords, a proposal simply to mothball the Patna factory for that time. I understand that the SDA have already made this offer informally to the Company and it may have certain advantages to them in avoiding clawback of the benefit of a rent free period and of regional development grants - though this latter question would have to be looked at carefully by the local Regional Development Grants Office in Glasgow.

Alex Fletcher mentioned that the SDA had under consideration a project to help in the marketing of worsted textiles to Germany. This project would be undertaken with the National Association of Scottish Woollen Manufacturers in connection with high quality worsted cloth. It seems unlikely that a jean manufacturing company could fit into this arrangement. Alternatively, however, Falmer's can benefit from the full range of services available from the British Overseas Trade Board, including the resources of the Consulates in Europe and elsewhere if this would help.

Alex has also looked again at the possibility of selective assistance under Section 7 of the Industry Act. This scheme, however, is related to capital investment aimed at securing existing jobs or creating new ones and the Company do not have in mind a capital investment project for Patna. The Scottish

Economic Planning Department officials are discussing separately with Falmer's their investment programme at the Curnock plants.

As I said at our meeting, I am greatly impressed by Falmer's products, the general efficiency of their operations and the quality of their management. Unfortunately there seems to be limited scope for further assistance from Government which can directly benefit the Patna plant. I do hope, however, that the Company are able to continue with their Patna operations, which provides valuable employment for people in the area.

9 MAR 1981



file

BK

17 March 1981

I attach a copy of a letter the Prime Minister has received from George Foulkes, M.P. Could you please let me know by telephone tomorrow (Wednesday) whether there is anything the Prime Minister will be able to say to Mr. Foulkes before Friday?

N J SANDERS

Godfrey Robson, Esq.,  
Scottish Office

BK

file

BK

17 March 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 16 March about the Patna factory.

I will of course place your letter before the Prime Minister and you will be sent a reply as soon as possible.

N J SANDERS

George Foulkes, Esq., M.P.

ll.

2



10 DOWNING STREET

PRIME MINISTER

This letter from George Foulkes asks for a very urgent reply concerning the Patna factory.

I have asked for quick advice from the Scottish Office.

MS

ms.

17 March 1981



From: George Foulkes, M.P.

cc 16  
✓ 17/3



HOUSE OF COMMONS  
LONDON SW1A 0AA

16 March 1981.

Rt.Hon. Mrs. Margaret Thatcher, MP.,  
Prime Minister,  
10 Downing St.  
London. SW1.

17/3

*Dear Prime Minister*

Thank you for your sympathetic hearing re Falmer's  
last Thursday.

You very kindly asked Alex Fletcher to see if any help  
could be forthcoming to keep the Patna factory open.  
Since Management will meet the workers and myself on 20th  
March to consider the position in the light of all available  
information, would it be possible for me to know the result  
of this study by then?.

Yours sincerely,

*George Foulkes*

**SUBJECT**



cc J/nd  
D. King

cc Master RH  
+ Craigen MP  
file

PM

10 DOWNING STREET

From the Private Secretary

13 March, 1981

Dear Godfrey

Jim Craigen, MP, and George Foulkes: Meetings  
with the Prime Minister

The Prime Minister met Jim Craigen and George Foulkes at 2100 hrs and 2120 hrs on 11 March. Mr Alex Fletcher and Ian Gow were also present.

Mr Craigen said that he wished to discuss the proposed closure of the Bryant and May match factory in Glasgow at Maryhill. He said that the company employed 161 people at present, which was a significant number in the area, and had been established since the First World War. He said that his first complaint was that the announcement of the closure had been made in a wholly arbitrary way. Letters had been issued by the management giving the statutory 90 days notice, and this had come as a bolt from the blue. Last year there had been 85 redundancies and the workforce had thought that the situation had been stabilised. Industrial relations at the factory had been very good and there had been ready co-operation from the trade unions in adopting working practices. He believed that the factory was profit making, and had been greatly surprised when Wilkinson Match had told him that they were unable to say what profits the factory was making. He thought that was evidence of poor management. He hoped that No.10 could raise with the company the arbitrary way in which the announcement had been made.

The second point he wished to raise was the general question of imports and distribution of matches. At present, 50% of the Scottish market was taken by imported matches, and Wilkinson Match actually imported matches through a Swedish connection. He accepted that demand for matches had fallen, but it was his impression that the company was now interested more in distribution rather than production. He hoped that the Department of Trade would be prepared to look into this matter. He thought that it was not good for Britain in the long term that there should be a shift from production in this country to imports.

/Thirdly,

Thirdly, he said that he gathered that there had been negligible investment in the company and no approach to the SDA about alternative products, such as for example, disposable lighters, which the group already imported.

The Prime Minister said she understood that the factory was being closed as part of rationalisation, and that production would now be concentrated on Liverpool. In such circumstances it was always her hope that the company concerned would find an alternative use for the production facilities involved. This did not appear to have happened in this case. She was, however, worried to hear that the workforce had not been consulted about the impending closure. She said that loyalty between management and workforce had to work in both directions.

She said that she would be prepared to sign a letter to the company following up the meeting, and asked Mr Fletcher to have a draft prepared for her. I should be grateful if the draft could reach us very quickly, and would be very ready to have a word on the telephone with those preparing it if that would help. I hope that we may be able to have something from you by close of play on Wednesday, 18 March.

George Foulkes, MP

The Prime Minister told Mr Foulkes that she was well aware of the reputation of Falmers Jeans, not least because she had a strong constituency connection with them. She had always been greatly impressed by the quality of management of the company.

Mr Foulkes said that the Chairman of the company had told him that the Patna plant needed 6 months breathing space, after which he had hoped that he would have been able to keep on going by increasing sales. The problem facing the company was that retailers had been reducing their stocks over the past few months. He said that the SDA and SEPD had been in discussion with Falmers about the possibility of financial help. He understood that it would be difficult to find more money to support the factory itself, but hoped that it might be possible to find something to help their marketing drive in Europe.

Mr Fletcher said that the SDA had recently run a project concerned with selling up-market textiles in Germany, which might be relevant. He said that the company had been offered interest relief grants and had had help through the temporary short-time working compensation scheme. He was not clear what more could now be done.

Mr Fletcher said that he would look into the possibility of giving assistance to the company for their European marketing operation, and would also see whether any further grant could be made to them to help safeguard the jobs concerned.

The Prime Minister repeated that she was greatly impressed by the products made by the company and by the general efficiency of their operations. She said that in due course she would wish to write to Mr Foulkes reporting on the progress of Mr Fletcher's

X work. I should be grateful if you could arrange for a suitable draft to be prepared in due course. I hope this could reach us by the end of this month.

I am copying this letter for information to Ian Ellison (Department of Industry) and Richard Dykes (Department of Employment).

Yours ever

Nick Sanders



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Nick Sanders Esq  
Private Secretary  
No 10 Downing Street  
LONDON SW1

11 March 1981

Dear Nick,

Further to my letter of yesterday I attach additional background briefing for the Prime Minister's meetings with George Foulkes MP, Jim Craigen MP, and Gavin Strang MP.

Note 1 is a brief summary of the Scottish Development Agency activity in the constituencies of the three members concerned.

Notes 2, 3 and 4 replace the notes I sent to you yesterday on Falmers, Bryant and May and Bruntons. These revised notes provide a fuller background on the companies and also cover the local industrial scenes as regards redundancies, unemployment rates and the prospects for investment.

I have nothing to add to the note already provided on Stonefield vehicles for the George Foulkes meeting.

I am sorry if these notes are not exactly in the form requested but it is all we have been able to put together in the time available.

Yours sincerely  
John Wilson

JOHN S WILSON  
Private Secretary

SCOTTISH DEVELOPMENT AGENCY ACTIVITY  
AYRSHIRE SOUTH (MR FOULKES)

The Agency is well aware of the problems of the Cumnock and Doon Valley: it is responsible for some 14 factory units located at Cumnock, Ayr, Dalmellington, Muirkirk and Catrine: a further 4 advance factory units are in the pipeline for 1981/82. Derelict land clearance and environmental improvement schemes have also been undertaken.

EDINBURGH EAST (MR STRANG)

The Agency has built 2 advance factories in Mr Strang's constituency and is presently engaged with Lothian Region and East Lothian District Council in preparing the former Inveresk Paper Mills site for the establishment of an industrial estate. The Agency has also taken out substantial investments in two firms in the constituency - Inveresk Research International Ltd (235 employees) and R L Munro (unfortunately now in receivership). A number of loans by the Agency's Small Business Division have been made to companies in Mr Strang's constituency.

In addition the area has benefitted from several land renewal and environmental improvement schemes.

GLASGOW MARYHILL (MR CRAIGEN)

Glasgow in general has benefitted greatly from the Agency's activities which have been concentrated mainly on the Glasgow Eastern Area Renewal Project and Clydebank areas. Only one Agency factory is planned for Maryhill and may be funded by a joint Agency/Private Sector venture - discussions are fairly well advanced. Maryhill has benefitted from 5 land renewal projects and a number of others are planned. Small companies in Mr Craigen's constituency have also received loans from the Agency.

## FALMER MANUFACTURING (SCOTLAND) CO LTD

## BACKGROUND

1. Falmer Manufacturing (Scotland) Co Ltd was established in 1966 and operates from four factories in Ayrshire - two at Cumnock, one at Patna and one at Lugar (due to close in May 1981). The Company employs about 800 people in the manufacture of jeans, shorts and jackets made from denim, corduroy and cotton.
  2. On 17 February 1978 the Company was offered an Interest Relief Grant of £270,000 to aid a project to purchase plant and machinery to increase the manufacture of jeans at Cumnock and Patna. Two instalments totalling £162,000 have been paid to date.
  3. On 21 April 1980 the Company was offered an interest relief grant of £293,600 to aid a composite project to transfer the production of denim jackets from New Cumnock to Cumnock, to manufacture skirts and other casual wear at New Cumnock, and to build and equip an 11,000 sq ft extension to the Patna factory. One instalment of £36,000 has been paid to date but substantial changes in the nature and scale of the latest project have recently taken place. Due to rapid changes in the market for denim skirts and jackets, the Company recently decided to close its premises in New Cumnock with the loss of 57 jobs and to concentrate on the manufacture of jeans. Discussions are continuing with SEPD about a reassessment of the grant.
  4. The Patna factory is currently on a 3-day week and is receiving assistance under the TSTWCS. The Company recently issued 90-day notices to their 123 employees there. The MSC understand that a final decision about the future of the Patna factory will be made on 20 March.
  5. Mr Foulkes wrote to the Secretary of State on 4 February about the matter. Mr Alex Fletcher's response is attached.
  6. The Cumnock TTW area has a current unemployment rate of 16.8% (above the Strathclyde average of 15.1% and markedly above the Scottish average of 12.7%).
  7. The area has traditionally depended on coal-mining, though NCB operations have been contracting over the years, thereby reducing employment opportunities. The area has over the years become more dependent on employment in the Ayr/Prestwick area.
  8. In the past year there have been just over 1,500 redundancies in the area. The main contributors were:
 

NCB	550
Kingmead Carpets	350.
- Uncertainty over the future of Stonefield Vehicles (now in receivership) involves a further 100 jobs.

9. No development projects have come forward for assistance under Section 7 of the Industry Act since January 1980 (other than from Falmers - paragraph 3 above).

LINE TO TAKE

10. Mr Foulkes has made representations to SEPD to put pressure on Falmers to maintain its plant at Patna, hinting at the attachment of conditions to the offer of Industry Act assistance. The Company has had to respond to a rapid market change and it would be quite counter to the Government's policy of using assistance to suggest viable investment projects to seek to influence the Company's commercial judgement on how best to organise its manufacturing operations. The main priority must be to ensure that Falmers stay in business and maintain a strong manufacturing presence in Ayrshire. The grant offer will be reassessed in that light.





SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU  
TELEPHONE: 01-233 3000

George Foulkes Esq MP  
House of Commons  
LONDON  
SW1A OAA

2 March 1981

Thank you for your letter of 4 February to George Younger about the proposed closure of Falmer's factory at Patna.

I understand that a final decision about closure will not be made by the Company until mid-March. I hope that they will not find it necessary to close but the decision must be for their commercial judgement. In the meantime officials of my Department have already been in contact with Falmer to discuss their present situation but assistance to the Company would be dependent on a viable investment project being presented. As you know, the Doon Valley and Patna areas benefit from special development area status which enables manufacturing companies located in the area to obtain maximum Government assistance for investment projects designed to create new jobs or safeguard existing ones. The Glasgow office of the Scottish Economic Planning Department will assist potential development in the area in any way they can.

Frequent demands are made for import controls to be introduced but I think they would be short-sighted and ultimately harmful. As you know, we are obliged to work within our international obligations and unilateral import controls would be counter productive to our trading position in general. It would risk retaliation from our international trading partners to the detriment of the many Scottish industries which are dependent on export trade. What we must look to is an improvement in our own competitiveness and this is the intention of the investment incentives available under the Industry Act and other schemes of assistance administered by the Government.

ALEX FLETCHER

## PRIME MINISTER'S MEETING WITH MR FOULKES - 11 MARCH

## STONEFIELD VEHICLES LTD

Mr Foulkes complained to the Prime Minister last September and October about the failure of Scottish Ministers to rescue the Stonefield Vehicle Company and a copy of her substantive reply is attached. The situation at Stonefield has not materially altered since then except that the Receiver has given a time limit of 9 March by which those who had expressed an interest in buying the company - now including Sir Hugh Fraser - should submit offers. The Prime Minister can say that if a viable proposition from a suitable private sector interest which would maintain production in Scotland is put to the Receiver the Government will be glad to consider its eligibility for the normal range of financial support.

Background note attached.

## STONEFIELD VEHICLES LTD

- 1 Stonefield Vehicles was a company set up privately to develop a new four wheel drive cross country vehicle. The Scottish Development Agency first invested in the company in February 1977 and subsequently increased its stake until it is now, for all practical purposes, a wholly owned subsidiary of the Agency. The total funds provided to the company by the Agency amount to about £5m.
  
- 2 Despite a promising technical performance and development culminating in satisfactory testing by the MOD, the company has been bedevilled by a number of problems, not least the premature death of the original entrepreneur in August 1977. The time required to obtain MOD's Certificate inevitably inhibited the marketing effort and sales of the vehicle have never been close to the original expectations. There has been a number of potential orders for the vehicle, including interest from Malaysia, New Zealand and Kenya, but none of these ever developed beyond the stage of an expression of interest. MOD itself has no substantial requirement for a vehicle of this type until at least the mid-1980s.
  
- 3 The Agency had discussions with possible co-investors in May 1979 but none of these had resulted in a firm agreement by September 1979 when the Agency requested approval from the Secretary of State to take a further investment of £2m in the company, to enable it to mount an energetic marketing exercise. The Secretary of State judged that the main weakness in the project was the lack of an established marketing organisation and that neither the Agency nor the company could provide this without a suitable private sector partner with the necessary outlets and expertise. In December 1979, he therefore refused to approve the advance of £2m requested but permitted the Agency to invest a further £600,000 to provide the Agency with time to find a suitable private sector partner. This sum, plus smaller sums to ease the cash position, enabled the company to continue until July 1980 when the most likely private sector partner Tozer, Kemsley and Millbourn Ltd intimated that it did not propose to exercise a purchase option which it had acquired for £120,000.
  
- 4 Since no prospects of either obtaining a private sector partner or a firm order of a substantial size appeared imminent, the Agency decided to appoint a Receiver as the cash position had become critical. The Receiver is understood to have had a number of approaches from private buyers, some wishing to transfer production out of Scotland. Scottish Ministers would naturally prefer to see the project revived successfully in Cumnock and have indicated a willingness to consider support for any viable proposal with that end in view.



10 DOWNING STREET

THE PRIME MINISTER

29 September 1980

Dear Mr. Joubert,

Thank you for your letter of 13 September about Stonefield Vehicles Limited.

I share your regret that a product as highly regarded technically as the Stonefield Vehicle should have failed to achieve the commercial success which was hoped for and expected of it. But I must make it clear that there was no lack of interest or concern on the part of Scottish Office Ministers. On the contrary they were most anxious to see it succeed, and a great deal of effort and considerable sums of taxpayers' money were invested to help it realise its potential.

By mid-1979 it was clear that, although there had been some interested enquiries, these were not leading to the volume of firm orders necessary to sustain the project. The Secretary of State for Scotland recognised that there was a major need for a partner with the necessary marketing organisation and experience, to complement the production facilities at Cumnock. He therefore approved the advance of £600,000 to the company in December 1979 to provide the Agency with time to find a suitable private sector partner. Further finance was approved to meet urgent cash requirements and to match the price of the purchase option acquired by the potential private sector partner, Tozer Kemsley Millbourn. This enabled the firm to continue in operation until the end of July 1980 by which

/time,

me, despite the knowledge that further sums from the Agency would be available if the purchase option was taken up, Tozer Kemsley Millbourn decided not to exercise their option. A number of other potential partners made detailed enquiries but none followed these up with firm proposals.

Unhappily the incontrovertible fact in this case is that, despite various expressions of interest, the actual sales achieved were well below expectations; and there were no firm prospects of substantial sales. In these circumstances, while the Government remained deeply concerned about the difficult employment position in the area, Ministers could not continue to support the company for an indefinite time and at an indefinite cost to public funds. In the light of these factors, I see no grounds which would justify my personal intervention in the matter.

Yours sincerely  
Margaret Thatcher

George Foulkes, Esq., M.P.

## STONEFIELD VEHICLES

1. Since Stonefield went into receivership last August, the Receiver (Mr Brownlee), the Scottish Development Agency and the Scottish Office have had discussions with many potential bidders (including a Land Rover/private sector consortium) and numerous visits have been made to the factory at Cumnock. While for political reasons the most satisfactory outcome would be a Cumnock based takeover by a company with an international capability, Mr Alex Fletcher, the Industry Minister, has made it clear that the Receiver is obliged to accept the most favourable offer and if that means taking the operation elsewhere in the UK then such a consequence has to be faced.
2. As reported in today's "Scotsman", Shelvoke and Drewry, the Letchworth based engineering firm, have had protracted discussions with the Receiver. The firm has considered retaining the operation at Cumnock but despite the possibility of generous selective financial assistance has concluded that it would have to transfer the project to Letchworth and have tabled a formal offer to the Receiver to this effect.
3. In addition to the Shelvoke and Drewry bid, the Receiver has also received an offer which would envisage continuing production at Cumnock. The position is highly delicate and the Receiver will make no public statements, even to the extent of stating the number of bids, in the meantime in fear of prejudicing the outcome.
4. Two new potential bidders have also recently appeared in the form of Sir Hugh Fraser apparently acting for a Scottish based consortium and Mr Stewart Melrose, Managing Director of a small Bathgate truck company.

# Stonefield offer 'embarrassing'

By ANGUS MACLEOD

An English engineering firm's ambitions to acquire Stonefield Vehicles of Ayrshire have so far foundered on the rock of political embarrassment.

The company, Shelvoke & Drewry, of Letchworth, Hertfordshire, have been negotiating with the Stonefield receiver for several months.

According to their chairman, in an exclusive interview with *The Scotsman* yesterday, they could have done a deal with the receiver long ago "if they had dropped their stipulation that Stonefield would be removed to England.

"I think we could have been embarrassing the receiver for the past few months because of the political situation," said the company chairman, Mr Stanley Quinn, yesterday.

But Shelvoke and Drewry are not out of the race to take Stonefield over. Mr Quinn confirmed that his company had submitted a formal offer for Stonefield to the receiver, Mr Bill Brownlie, and added: "We like to think we will be successful."

Mr Quinn said: "We think the Stonefield product is a good one with the right potential. We did study for some time the possibility of taking over Stonefield Vehicles — before it went into receivership."

The receiver was appointed for

Stonefield in July after the Government withdrew financial support. The axe fell at a time when there were many reports that the highly-praised Stonefield advanced cross-country vehicle was about to realise major orders from overseas.

Shelvoke and Drewry are part of the Butterfield Harvey group and have an annual turnover of £25 million. They manufacture a wide range of specialised chassis, including chassis for refuse collection vehicles and fire tenders. They are one of the leading specialist vehicle manufacturers in the UK and, the Stonefield truck would be compatible with their present product range.

But Mr Quinn said that any company producing the truck at Cumnock would be starting off with "a nil order book and no organisation".

The Stonefield truck was designed in Scotland and has attracted financial support from both the Scottish Development Agency and the Scottish Economic Planning Department. Thus, any move to take it out of Scotland would provoke a furious political storm.

The two other front-runners who have declared themselves are a Bathgate truck company and Sir Hugh Fraser. Mr Stewart Melrose, managing director of the Bathgate firm, was out of the country yesterday on business and it is still not known if he has



A Stonefield vehicle demonstrates its capability

made a formal offer: Sir Hugh was unavailable at his Glasgow office yesterday.

Mr Quinn, who refused to disclose the size of his company's offer for Stonefield, said that both Mr Melrose and Sir Hugh were unrealistic options because neither could guarantee the required engineering expertise.

A spokesman for the receiver would only say yesterday that a statement on Stonefield could be expected "at a later date" and the SDA would not shed light on probable buyers either.

But it is understood that there

are other runners in the field, including a consortium of Scottish businessmen. According to one parliamentary source "there have been a lot of people floating around looking at Stonefield."

Meanwhile, last night, the Labour MP for South Ayrshire, Mr George Foulkes, said there had been strong pressure on the receiver to keep Stonefield at Cumnock. He added that he had received an unequivocal statement from Mr Alex Fletcher, Scottish Office Minister responsible for industry, that it was Government policy to keep the plant at Cumnock.

The Scotsman, Wednesday, March 11, 1981.



M. G. FOULKES  
10/3

10 DOWNING STREET

*From the Private Secretary*

4 March 1981

The Prime Minister has received the attached letters from George Foulkes, MP, Jim Craigen, MP, and Gavin Strang, MP. All of them ask for meetings to discuss closures in their constituencies. As you will know, we have arranged all three of these meetings for the next few days and Mr. Fletcher has been invited to attend each of them. The Prime Minister is due to see Mr. Foulkes at 1700 on Wednesday 11 March and Mr. Craigen at 2100 on the same day; She is due to see Dr. Strang at 1530 on Tuesday 17 March.

I should be grateful if you could arrange for us to have short briefs for each of these meetings to arrive in each case by 1800 the night before the meeting.

Please let me know if there are any problems.

NJS

Godfrey Robson, Esq.,  
Scottish Office.



4 March 1981

I am writing to confirm that you will be seeing the Prime Minister at 1700 hours on Wednesday 11 March in her room at the House. Mr. Alex Fletcher will also be present.

CAROLINE STEPHENS

George Foulkes, Esq., M.P.

HS

MR. SANDERS

Here is the up to date list of the Labour Members of Parliament coming to see the Prime Minister:-

Wednesday 11 March

1700 Mr. George Foulkes and Mr. Alex Fletcher

1930 Mr. David Watkins and Mr. Norman Tebbit

21000 Mr Jim Craigen and Mr Alex Fletcher

Thursday 12 March

1630 The Right Honourable Denzil Davies and  
Mr. Norman Tebbit

Tuesday 17 March

1530 Dr. Gavin Strang and Mr. Alex Fletcher

All these meetings will take place in the House of Commons.

*es.*

4 March 1981



2

10 DOWNING STREET

PRIME MINISTER

This letter from  
George Foulkes is the fourth  
asking for a meeting to dis-  
cuss a factory closure.  
We will fit him in, but it  
will have to be after your  
American trip.

Ms

*and*

18 February 1981

File

889

18 February 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 18 February about the Patna factory of Falmers International's threatened closure.

I will of course place your letter before the Prime Minister at once.

NJS

George Foulkes, Esq., M.P.

889

From: George Foulkes, M.P.

CCDG



HOUSE OF COMMONS  
LONDON SW1A 0AA

*ms*

16 February 1981

The Rt.Hon. Mrs. Margaret Thatcher, MP.,  
Prime Minister,  
10 Downing St,  
London. SW1.

*R17/2*

Dear Prime Minister,

I am writing to take up your offer made at Question Time in the House last Thursday. You kindly agreed to see any Member who has an impending factory closure in his constituency.

The Patna factory of Falmers International is threatened with closure because of the recession, coupled with a flood of cheap imports. I have already written to John Biffen, MP and George Younger, MP about it and I am sure that both departments would be able to provide you with the background information.

I shall contact your office later in the week to arrange a mutually convenient date to discuss this matter.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "George Foulkes".

