

PRIVATE DIRECT INVESTMENT
OVERSEAS

ECONOMIC POLICY

JANUARY 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
19.1.84							
16.8.84							
31.8.84							
4.12.84							
14.12.84							
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15.12.86							
16.12.86							

PREM 19/1713



FROM THE AMBASSADOR

BRITISH EMBASSY,
WASHINGTON, D. C.
TELEPHONE: (202) 462-1340

16 December 1986

C D Powell Esq
Private Secretary to
the Prime Minister
No 10 Downing Street
London SW1A 2AA

CDP 18/12

Dear Charles,

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

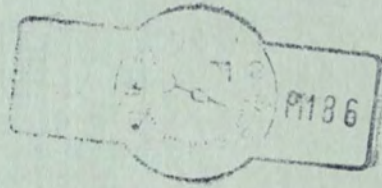
1. Thank you for your letter of 4 December with its cautionary tale about the organisation of this Conference - or lack of it. I take due note. One lives and learns.
2. Just for the record, the organisers did not tell me that the matter had been raised with the Prime Minister by President Reagan at Camp David since the only time I saw them was before the Prime Minister's visit. But no doubt they used this embellishment with their contacts in London.
3. Since the organisers were genuinely from within the White House and were not merely representatives of outside consultants, it seemed likely that there was some Presidential interest and the British participation looked distinctly thin in relation to those from other countries who were said to be committed to attend. We are, however, learning every day about the degree of free enterprise on the part of White House staff and we will take what is said from them with an even larger pinch of salt in future.
4. But I am sorry that a number of people including and particularly the Prime Minister went to considerable trouble over what clearly was not a very well organised or prestigious event.

Yours ever
Antony

Antony Acland

ECON POL: Direct investment overseas: Jan. 1984

BRITISH EMBASSY
WASHINGTON, D.C.
TELEPHONE: 202-855-1234



- 1. ~~Nangrore~~
- 2. ~~Addison~~
- 3. ~~Beangok.~~

CDP
15/11



10 DOWNING STREET

The President of the United States of America
The White House
Washington DC
USA

15 December 1986

Dear Mr. President,

I am most grateful to the generosity of the United States and your personal foresight in organising the Paris Conference on Private Sector Initiatives. The conference has stimulated work and discussion here. We were very interested in the admirable record of corporate and personal initiatives in the U.S. which clearly compliments and enhances the work of Government. Clearly we can learn from you in this vital area.

*Yours sincerely
Hartley Booth.*

HARTLEY BOOTH
Policy Unit



MR POWELL *COB*

8 December 1986

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

I confirm that this conference, as you imply in your letter to Sir Antony Acland 4/12/86, reached no very helpful conclusion and, as you state, it was inadequately organised.

You should perhaps be aware I am continuing my study of the subject which will include some points raised in Paris.

None of the three ministers who attended have sent written thanks to the White House, nor have I. If a letter is appropriate could you let me know.

pp *S. Hartley Booth*

HARTLEY BOOTH



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 December 1986

International Conference on Private Sector Initiatives

Your telegram no. 2815 about the US-organised Conference on Private Sector Initiatives in Paris was seen by the Prime Minister. She went to some trouble to ensure that there was adequate British representation and a number of Ministers kindly agreed to attend. However, when dealing in future with those concerned with this Conference you may like to have in mind:

- i. the Prime Minister has no recollection of the matter being raised with her in the margins of the Tokyo Economic Summit;
- ii. it is not true, as was alleged by the organisers, that the matter was raised with the Prime Minister by President Reagan at Camp David;
- iii. those at this end who contacted the organisers to make arrangements for British Ministers to attend spoke of hopeless muddle and worse; and
- iv. one of the Ministers who attended has said that, to put it charitably, the organisation of the Conference left a great deal to be desired.

I record all this only to say that a lot of people did go to considerable trouble to be helpful in response to your appeal; but it sounds as though the White House over-sold their Conference considerably.

CHARLES POWELL

Sir Antony Acland, KCMG, KCVO.

CPC



Treasury Chambers, Parliament Street, SW1P 3AG

C D Powell Esq
Private Secretary
10 Downing Street
LONDON SW1

|| A. met until Tuesday
to see if we get
any further comm. with
CPC

28 November 1986

Dear Charles,

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

As foreshadowed in my minute to you of 19 November, the Financial Secretary participated in this Conference, making a short speech on the tax incentives for charitable giving. I would be happy to supply you with a copy of this.

I think it is worth registering the point that both the Financial Secretary and myself thought that the organisation of the Conference left a lot to be desired.

I am copying this to Alison Lys, Malcolm McHardy and Tony Kuczys here.

Yours sincerely
Jeremy

JEREMY HEYWOOD
Private Secretary

ECON POL

PRIVATE DIRECT
INVESTMENT

1/84



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NJ/S19

copy



Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213.....5565.....
Switchboard 01-213 3000

Parliamentary Under
Secretary of State

CDP
25/11

C Powell Esq
Private Secretary
10 Downing Street
London SW1

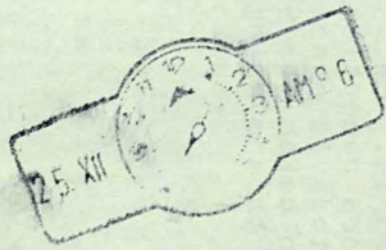
25 November 1986

Dear Mr Powell,

Following your telephone conversation with Alison Lys yesterday, I am confirming that my Minister, John Lee is attending the International Conference on Private Sector Initiatives in Paris. He was hoping to attend the US Ambassadors reception yesterday and will be present for today's sessions. Mr Lee will leave in time to catch the 5.30 pm flight from Paris to London this evening.

Yours sincerely
Julie Sprague

JULIE SPRAGUE
Assistant Private Secretary



Postamt
Postfach
Postfach





C D P
19/xi

Treasury Chambers, Parliament Street, SW1P 3AG

C D Powell Esq.
Private Secretary
10 Downing Street
London SW1

19 November 1986

Dear Asstles,

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

Further to Jill Rutter's minute to you of 18 November, I write to inform you that the Chief Secretary has had to pull out of this Conference. The Financial Secretary has agreed to take his place. In particular, he will participate in the discussion on the tax incentives for charitable giving saying a few words about the UK experience. The White House are content with this.

The Financial Secretary will arrive on Monday evening and return Tuesday evening after the address on public/private partnerships.

I am copying this letter to Chris Capella, Stephen Boys-Smith, Colin Budd, Malcolm McHardy, Trevor Wolley and Jill Rutter here.

Yours sincerely
Jeremy Heywood

JEREMY HEYWOOD
Private Secretary

20. M. 3. PM 86





cc/c
EDP
19 Mi

Treasury Chambers, Parliament Street, SW1P 3AG

C D Powell Esq
Private Secretary
10 Downing Street
London
SW1

18 November 1986

Dear Charles,

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

I am writing to confirm that the Chief Secretary has agreed to attend the first full day (25 November) of this conference in Paris. He will participate in a discussion on the tax incentives for charitable giving where he has been asked to talk about the UK experience. He will attend the other sessions that day. He will not be able stay for the session on Wednesday morning.

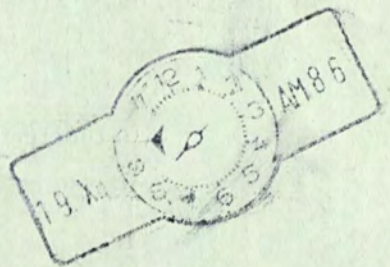
I have told the White House.

I am copying this letter to Chris Capella in Kenneth Clarke's office, Stephen Boys-Smith in the Home Office, Colin Budd in the Foreign Office, Malcolm McHardy in Giles Shaw's office and Trevor Woolley (Cabinet Office).

Yours sincerely,

JILL RUTTER
Private Secretary

LONDON
M
COMMERCIAL



1986 1986 1986 1986 1986 1986





PS / Secretary of State for Trade and Industry

CLPC

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

12 November 1986

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1 2AA

Dear Charles,

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

Thank you for sending me a copy of your letter of 11 November to Nick Baxter.

As I explained, my Secretary of State is unfortunately unable to attend the Conference, since he will be in Japan that week. However, Mr Shaw is now planning to attend for part of the Conference, probably Tuesday 25 November.

Further to the request in your letter, we are contacting the senior industrialists who have been invited to the Conference, to encourage them to attend if possible.

I am copying this letter to Nick Baxter (Department of Employment), Alex Allan (Treasury), Jill Rutter (Chief Secretary's office), Colin Budd (FCO), and Trevor Woolley (Cabinet Office).

*Yours ever,
Michael*

MICHAEL GILBERTSON
Private Secretary

JG3AET

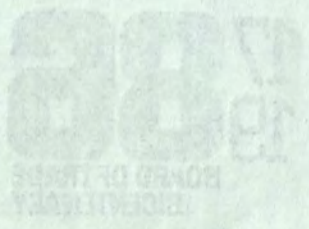
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19** **86**
BOARD OF TRADE
BICENTENARY

ELON POL . Direct Investment Jan 84

DEPARTMENT OF TRADE AND INDUSTRY
119 VICTORIA STREET
LONDON SW1H 0BT
Telephone: 01-275 3111
FAX: 01-275 3112
Telex: 914000



INTERNATIONAL CONFERENCE OF NEW INVESTMENT INITIATIVES





✓C3A0D
cpc.

10 DOWNING STREET
LONDON SW1A 2AA

11 November 1986

From the Private Secretary

International Conference on Private Sector Initiatives

Thank you for your letter of 11 November. The Prime Minister will be most grateful to the Paymaster General for finding the time to attend this Conference on 26 November. I gather that there is a reasonable prospect that the Chief Secretary, Treasury and the Minister of State, DTI (Mr. Shaw) may also be able to attend on the earlier days.

I should be grateful if the DTI would take on the task of encouraging senior figures in industry to attend. They might say that the Prime Minister has expressed the hope that the United Kingdom will be well represented.

I am copying this letter to Mike Gilbertson (DTI), Alex Allan (HM Treasury), Jill Rutter (Chief Secretary's Office), Colin Budd (Foreign and Commonwealth Office) and Trevor Woolley (Cabinet Office).

CHARLES POWELL

Nick Baxter, Esq.,
Department of Employment.

[Handwritten signature]



CEB/G

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213..6460.....
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

11 November 1986

C D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1A 2AA

Dear Charles

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

When I wrote to you on 7 November ^{at Harp} about Ministerial representation from this Department at the above conference, I promised to write again once the situation had become clearer.

I am pleased to say that the Paymaster General has indicated that he will make the necessary adjustments to his diary to enable him to attend for the final day of the conference on the 26th. We have telexed our Ambassador in the US to arrange for a formal invitation to be sent to him and to explain that Lord Young had not received his own invitation. Lord Young, whom we have contacted in China, has regretfully decided that his long-standing diary commitments do not permit his attendance at the conference.

We have also now received a personal letter to Lord Young from Sir Antony Acland (copied to you and others), in which he asks Lord Young to contact senior figures (such as David Nixon, the CBI Chairman) to encourage participation in the conference. Lord Young will clearly not be able to pursue this until his return from China on the 18th, by which time it might be too late to have the desired effect. Sir Antony also suggested, however, that a telephone call from No. 10 might do the trick. I wonder, therefore, if I could leave it with you and Ministerial colleagues to pursue this option if you think it worthwhile.

I am sending copies as before.

Yours sincerely
Nick Baxter.

NICK BAXTER
Private Secretary

ERON POL - Private Investment
Overseas - 1/84



London House, 100, Broad Street, London, W1P 3JF, England
Telephone: 01-583 3333
Telex: 253443 ERON POL

CONFIDENTIAL

Handwritten signature or initials at the bottom left.



CF ~~Depc~~ (2)

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460.....
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

7 November 1986

C D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1A 2AA

Handwritten notes:
The Americans have
very badly. But
Employment Ministers
are willing to
rally round.
I will press
OTI
CDP

Dear Mr Powell

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

I am replying to your letter of 6 November about the above conference in John Turner's absence on a visit to China with the Secretary of State.

We have checked our records and consulted widely with officials in the Department, and I can confirm that we did not receive an invitation for Lord Young to attend the Private Sector Initiatives conference. This is unfortunate, as I am sure that Lord Young would have wished to attend, if he had known about the conference. As you will appreciate, his diary for the dates in question is now very full and he has some commitments which it would be extremely difficult to break. In particular he will be hosting an important EC conference on training and new technology on 25 November.

We have made arrangements to telex Lord Young in China to inform him of the position and establish how he wishes to proceed. We understand that the Paymaster General might be able to attend for the final day of the conference on the 26th and his office is consulting him in Brussels over the weekend. I shall keep you informed of progress.

I am copying this letter to the recipients of yours.

Yours sincerely
Nick Baxter
(PRIVATE SECRETARY)

Private Direct Investment

Overseas; RECON. A.C.

Jan 84.

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Foreign and Commonwealth Office

London SW1A 2AH

7 November 1986

Dear Charles,

EDD
7/xi

International Conference on Private Sector Initiatives

Thank you for the copy of your letter of 6 November.

We are unable to cast any light on the poor response to invitations to the conference. No FCO Ministers were invited and our help was not sought by the organisers.

I enclose a copy, faxed from Washington, of a list of invitees and of the response. A copy has already gone to DTI. I am sending further copies to the other recipients of your letter.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing St

INVITEES

1 (Dear Lord Gowrie)
The Earl of Gowrie
Chairman
Sotheby's International
34-35 New Bond Street
London W1A 2A17
England

ACCEPT

2 (Dear Duke)
Duke of Westminster
Grosvenor Estates
Eaton Hall
Chester
Cheshire
England

REGRET

115 (Dear Sir)
His Royal Highness, the Prince Philip,
The Duke of Edinburgh
Buckingham Palace
London SW1
ENGLAND

PENDING

114 (Dear Mr. Agnew)
Mr. Rudolph Agnew
Chairman and CEO
Consolidated Goldfields
31 Charles II Street
St. James Square
London SW1Y 4AG

PENDING

INVITEES

3 (Dear Mr. Alexander)
Mr. Anthony G. Alexander
Chairman
Imperial Group, PLC
Imperial House
1 Grosvenor Place
London SW1X 7HR
England

PENDING

4 (Dear Sir Baker)
The Right Honorable Kenneth Baker, M.P.
Secretary of State
for Education and Science
Elizabeth House
York Road
London SE1 7PH
England

PENDING

5 (Dear Sir Donald)
Sir Donald Barron, DL.
Chairman
Midland Bank, PLC
27/32 Poultry
London EC2P 2RX
England

REGRET

6 (Dear Mr. Bauman)
Mr. Robert P. Bauman
Chairman
Beecham Group
Beecham House
Great West Road
Brentford
Middlesex TW8 9BD
England

REGRET

7 (Dear Sir Bevan)
Sir Timothy Bevan
Chairman
Barclays Group
54 Lombard Street
London EC3P 3AH
England

REGRET

INVITEES

6 (Dear Mr. Birch) Mr. Peter Birch Chief Executive Abbey National Building Society Abbey House Baker Street London, NW1 England	PENDING
9 (Dear Lord Blakenham) The Rt. Hon. Viscount Blakenham Chairman Pearson, PLC Millbank Tower Millbank London SW1P 4Q2 England	PENDING
10 (Dear Lord Boardman) The Lord Boardman, MC TD DL Chairman National Westminster Bank 25 Old Broad Street London EC2N 1HQ England	REGRET
116 (Dear Mr. Booth) Mr. Dick Livingston Booth Past President of INTERPHIL Cedar House Yalding, Kent ME18 6JD England	
11 (Dear Mr. Botnar) Mr. Octav Botnar Nissan UK, Ltd. Nissan House Columbia Drive Durrington, Worthing West Sussex BN13 3HD England	PENDING

INVITEES

117 (Dear)
Mr. Michael Brophy
Director
Charities Aid Foundation
48 Pembury Road
Tonbridge, Kent TN9 2JD
England

111 (Dear Mr. Cadbury)
Mr. Dominic Cadbury
Group Chief Executive
Cadbury Schweppes
1 Connaught Place
London W2 2EX
ENGLAND

REGRET

12 (Dear Mr. Carpenter)
Mr. Leslie Carpenter
Chairman
Reed International, PLC
Reed House
81 Piccadilly
London W1A 1EU
England

REGRET

13 (Dear Mr. Secretary of State)
The Rt. Hon. Paul Channon, M.P.
Secretary of State
for Trade and Industry
1 Victoria Street
London SW1H 0ET
England

REGRET

14 (Dear Sir John)
Sir John Clark
Chairman and Chief Executive
Plessey Company, PLC
Vicarage Lane, Ilford
Essex IG1 4AQ
England

PENDING

INVITEES

112 (Dear Sir Anthony)
Sir Anthony Cleaver
President and CEO
IBM United Kingdom Holdings, Ltd.
Post Office Box 41
North Harbour
Portsmouth
Hampshire PO6 3AU
ENGLAND

PENDING

15 (Dear Mr. Cripps)
Mr. C. H. Cripps
Chairman
Pianoforte Supplies
Bull's Head Farm
Stoke Goldington
Newport Pagnell
Buckinghamshire
England

PENDING

16 (Dear Mr. Cummings)
Mr. J. Alan Cumming
Chief Executive
Woolwich Equitable Building Society
Equitable House
Woolwich
London SE18 6AB
England

17 (Dear Professor Dahrendorf)
Professor Ralf Dahrendorf
London School of Economics
Houghton Street
London WC2
England

118 (Dear)
Ms. Elke Day
Administrator, INTERPHIL
INTERPHIL House
Yalding, Kent ME18 6HU
England

INVITEES

18 (Dear Mr. de Koster)
Mr. Henri de Koster
President
Europa Nostra
86 Vincent Square
London SW1P 2PG
England

ACCEPT

19 (Dear Mr. Dellal)
Mr. Jack Dellal
Chairman
Allied Commercial Exporters
Hyde Park House
60 Knightsbridge
London SW1X 7JX
England

ACCEPT

20 (Dear Mr. Dixon)
Mr. Kenneth Dixon
Chairman
Rowntree Mackintosh, PLC
Wiggington Road
York
North Yorkshire YO1 1XY
England

REGRET

21 (Dear Mr. Djanogly)
Mr. H. A. S. Djanogly, CBE
Chairman
Nottingham Manufacturing Company, PLC
Botany Avenue
Mansfield
Nottinghamshire NG18 5NF
England

PENDING

22 (Dear Mr. Durham)
Mr. Kenneth Durham
Chairman
Unilever PLC
P.O. Box 68, Unilever House,
Blackfriars, London
EC4P 4BQ, United Kingdom

PENDING

INVITEES

23 (Dear Sir John)
Sir John Eastwood
Chairman
Eastwood & Sons
Hexgrave Hall, Farnsfield
Newark
Nottinghamshire
England

24 (Dear Mr. Fayed)
Mr. Ali Fayed
Chairman
House of Fraser/
Harrods
Knightsbridge
London, SW1
England

25 (Dear Mr. Forbe)
Mr. B. Forbe
Chief Executive
Coventry Building Society
Economic House
Post Office Box 9
High Street
Coventry CU1 5QN
England

PENDING

26 (Dear Lord Forte)
Lord Forte
Chairman
TrustHouse Forte
86 Park Lane
London W1A 3AA
England

PENDING

27 (Dear Sir Alistair)
Sir Alistair Frame
Chairman
Rio Tinto-Zinc Corporation, PLC
6 St. James Square
London SW1Y 4LD
England

PENDING

INVITEES

28 (Dear Sir Gadsden)
Sir Peter Gadsden, GBE
Chairman
Private Patients Plan
Tavistock House South
Tavistock Square
London WC1H 9LJ
England

REGRET

29 (Dear Mr. Girolami)
Mr. Paul Girolami
Chairman and CEO
Glaxo Holdings
Clarges House
6-12 Clarges Street
London W1Y 8DH
England

ACCEPT

30 (Dear Mr. Godfrey)
Mr. David Godfrey
Region One Director
The Wellcome Foundation Ltd.
Post Office Box 129
The Wellcome Building
183 Euston Road
London NW1 2BP
England

REGRET

31 (Dear Sir Grinstead)
Sir Stanley Grinstead
Chairman
Grand Metropolitan, PIC
11-12 Hanover Square
London W1A 1DP
England

PENDING

INVITEES

32 (Dear Mr. Gunn)
Mr. Robert N. Gunn
Chairman
Boots Company, PLC
1 Thane Road, West
Nottingham
Nottinghamshire NG2 3AA
England

REGRET

33 (Dear Mr. Guthrie)
Mr. Robert Guthrie, M.A.
Director
Joseph Rowntree Memorial Trust
Beverly House, Shipton Road
York YO3 6RB
England

REGRET

34 (Dear Mr. Halpern)
Mr. Ralph Halpern
Chairman
Halpern/Burtons
2-4 Oxford Street
London, W1N 9DT
England

PENDING

35 (Dear Mr. Hamlyn)
Mr. Paul Hamlyn
Chairman
Octopus Publishing Group, PLC
59 Grosvenor Street
London W1X 9DA
England

HAMLIN

36 (Dear Ms. Hammerson)
Ms. Sue Hammerson, MBE
Shareholder
Hammerson Property Investment
and Development Trust, PLC
100 Park Lane
London W1Y 4AR
England

INVITEES

37 (Dear Lord Hanson)
Lord Hanson
Chairman
Hanson Trust, PLC
180 Brompton Road
London SW3 1HF
England

PENDING

38 (Dear Mr. Harper)
Mr. Peter Harper
Chairman
Alders
84-98 Southhampton Road,
Eastleigh, Hants, SO5 5ZF
England

PENDING

39 (Dear Sir Philip)
Sir Philip Harris
Harris Queensway, PLC
Harris House
76 High Street
Orpington
Kent BR6 0LX
England

PENDING

40 (Dear Sir John)
Sir John Harvey-Jones, MBE
Imperial Chemical Industries, PLC
Imperial Chemical House
Millbank
London SW1P 3JF
England

PENDING

41 (Dear Sir Haslam)
Sir Robert Haslam
Chairman and Chief Executive
British Coal
Hobart House
Grovenor Place
London SW1
England

REGRET

INVITEES

42 (Dear Mr. Henderson)
Mr. Denys H. Henderson
Chairman, Pharmaceuticals Division
Imperial Chemical Industries
Alderley House, Alderley Park
Macclesfield
Cheshire SK10 4TF
England

REGRET

43 (Dear Sir Reginald)
Sir Reginald Hibbert
Ditchley Park, Enstone
Oxon. OX7 4ER
England

PENDING

44 (Dear Sir Julian)
Sir Julian Hodge
Founder
Commercial Bank of Wales, PLC
114-116 St. Mary Street
Cardiff CF1 1XJ
England

PENDING

45 (Dear Sir Christopher)
Sir Christopher Hoqq, MA MPA
Chairman
Reuters Holdings, PLC
85 Fleet Street
London EC4P 4AJ
England

REGRET

113 (Dear Sir Trevor)
Sir Trevor Holdsworth
Chairman
Guest, Keen & Nettlefords, PLC
7, Cleveland Row
London SW1A 1db
ENGLAND

PENDING

INVITEES

46 (Dear Mr. Holmes)
Mr. Peter Holmes, MC
Chairman
Shell Transport & Trading Company
Shell Centre
London SE1 7NA
England

REGRET

123 (Dear Mr. Hornby)
Mr. Derek Hornby
Chief Executive
Rank Xerox (UK), Ltd.
338 Euston Road
London NW1
ENGLAND

PENDING

47 (Dear Lord Hunt)
The Rt. Hon. The Lord Hunt
of Tanworth, G.C.B.
Chairman
Prudential Corporation, PLC
142 Holborn Bars, London EC1N 2NH
England

PENDING

48 (Dear Mr. James)
Mr. John James
Founder
James Group of Companies
Tower Court
Ascot
Berkshire
England

PENDING

49 (Dear)
Mr. Peter Jay
39 Castlebar Road
London W5 2DJ
England

INVITEES

50 (Dear Sir George)
Sir George Jefferson, CBE
Chairman
British Telecommunications, PLC
81 Newdigate Street
London EC1
England

REGRET

51 (Dear Lord Keith)
Lord Keith of Castleacre
S.T.C.
S.T.C. House
190 Strand
London WC2R 3HA
England

PENDING

52 (Dear Lord King)
Lord King
Chairman
British Airways
Speedbird House
Heathrow Airport
Hounslow, Middlesex
England

REGRET

53 (Dear Sir Hector)
Sir Hector Laing
Chairman
United Biscuits, PLC
Grant House
Post Office Box 40
Syon Lane
Isleworth
Middlesex TW7 5NN
England

REGRET

INVITEES

54 (Dear Sir Kirby)
Sir Kirby Laing, JP, DL
Chairman
Laing Properties, PLC
34 Clarendon Road
Watford
Hertfordshire WD1 1JL
England

PENDING

55 (Dear Sir Laing)
Sir Maurice Laing
President
John Laing, PLC
133 Page Street
Mill Hill
London NW7 2ER
England

PENDING

56 (Dear Mr. Lawson)
The Right Honorable Nigel Lawson, M.P.
Chancellor of the Exchequer
Parliament Street
London SW1P 3AG
England

PENDING

57 (Dear Mr. Leech)
Mr. William Leech, CBE
President
Leech, PLC
City House
City Road
Newcastle-upon-Tyne NE99 1PG
England

58 (Dear Lord Leverhulm)
Lord Leverhulme, TD
Advisory Director
Unilever, PLC
Unilever House
Blackfriars
London EC4P 4BQ
England

PENDING

INVITEES

59 (Dear Mr. Levy)
Mr. Joseph Levy, MBE, BEM
Director
Stock Conversion & Investment
Trust, PLC
130 Jermyn Street
London SW1Y 4UP
England

PENDING

60 (Dear Mr. Lewis)
Mr. Peter T. Lewis
Chairman
Lewis Partnership, Ltd.
4 Old Cavendish Street
London W1A 1EX
England

61 (Dear Mr. Maitland-Smith)
Mr. Geoffrey Maitland-Smith
Chairman
Sears/Selfridges
40 Duke Street
London, W1
England

PENDING

62 (Dear Mr. Maxwell)
Mr. Robert Maxwell, MC
Chairman
Pergamon Press, Ltd.
Headington Hill Hall
Oxford OX3 0BW
England

ACCEPT

63 (Dear Mr. Miller)
Mr. Peter Miller
Chairman
Lloyds'
Lime Street
London EC3M 7HA
England

PENDING

INVITEES

64 (Dear Dr. Milner)
Dr. Roy Milner
Chairman
Kodak, Ltd.
Post Office Box 66
Kodak House, Station Road
Hemel Hempstead
Hertfordshire HP1 1JU
England

PENDING

65 (Dear Mr. Moores)
Mr. Peter Moores
Director
Littlewoods Organisation, PLC
J. M. Centre
100-110 Old Hall Street
Liverpool
Merseyside L70 1AB
England

66 (Dear Sir Morse)
Sir Jeremy Morse, KCMG
Chairman
Lloyds' Bank, PLC
71 Lombard Street
London EC3P 3BS
England

PENDING

67 (Dear Sir Claus)
Sir Claus Moser, CBE, SRA
3 Regents Park Terrace
London NW1 7EE
England

68 (Dear Mr. Moussa)
Mr. Pierre Moussa
Consultant
c/o Dillon Read Ltd
Devonshire House, Mayfair Place
London W1X 5HF
England

INVITEES

69 (Dear Mr. Nadir)

Mr. Asil Nadir

Chairman

Polly Peck (Holdings), PLC

81-91 Commercial Road

London EC1 1RD

England

PENDING

121 (Dear Lord Nathan)

Lord Nathan

Oppenheimer, Nathan, Vandyk

20 Copthall Avenue

London EC2

ENGLAND

PENDING

110 (Dear Sir David)

Sir David Nicolson

Berkeley Square House

Berkley Square

London SW1X 5PC

ENGLAND

ACCEPT

70 (Dear Sir Nixon)

Sir Edwin R. Nixon, CBE

Chairman

IBM United Kingdom Holdings, Ltd.

76 Upper Orvind

South Bank

London SE1 9P2

England

PENDING

71 (Dear Mr. Obe)

Mr. Arthur Hubert Obe

President

Martin Metals Group

Hubert Works

Blackburn

Lancashire BB1 2NA

England

PENDING

INVITEES

72 (Dear Sir Richard)
Sir Richard O'Brien
Policy Studies Institute
100 Park Village East
London NW1 3SR
England

PENDING

73 (Dear Mr. O'Brien)
Mr. Stephen O'Brien
Executive Director
Business in the Community
227-A City Road
London EC1
England

PENDING

74 (Dear Mr. Ogren)
Mr. John Ogren
Chairman
Conoco (UK), Ltd.
Conoco House
230 Blackfriars Road
London SE1 8NR
England

PENDING

75 (Dear Sir Derek)
Sir Derek Palmar, FCA, CRIM
Chairman
Bass PLC
30 Portland Place
London W1N 3DF
England

PENDING

76 (Dear Mr. Phillis)
Mr. Robert Phillis
Chairman
Central Independent Television, PLC
Central House
Broad Street
Birmingham
West Midlands B1 2JP
England

REGRET

INVITEES

120 (Dear Sir Alistaire)
Sir Alistaire Pilkington
The Wellcome Foundation, Ltd.
The Wellcome Building
Post Office Box 129
183 Euston Road
London NW1 2BF
England

PENDING

77 (Dear Mr. Pilkington)
Mr. Anthony Pilkington
Chairman
Pilkington Brothers P.L.C.
Prescot Rd
St Helens, Merseyside
England, WA10 3 TT

REGRET

78 (Dear Mr. Pitman)
Mr. Brian Pitman
Chief Executive
Lloyds Bank
71 Lombard Street
London EC3
England

PENDING

79 (Dear Miss Prashar)
Miss Usha Prashar
National Council of Voluntary
Organizations
26 Bedford Square
London WC1B 3HU
England

ACCEPT

80 (Dear Mr. Rae)
Mr. Allan A. S. Rae, CBE
Chairman
Ciba-Geigy (UK), PLC
30 Buckingham Gate
London SW1E 6LH
England

PENDING

INVITEES

B1 (Dear Mr. Raisman)
Mr. John N. Raisman, CBE
Netheravon House
Netheravon Road South, Chiswick
London W4 2PY
England

B2 (Dear Lord Rayne)
Lord Rayne
London Merchant Securities, PLC
Carlton House
33 Robert Adam Street
London W1M 5AH
England

B3 (Dear Lord Rayner)
Lord Rayner
Chairman
Marks & Spencer, PLC
Michael House
47-67 Baker Street
London W1A 1DN
England

REGRET

B4 (Dear Sir Read)
Sir John Read
Chairman
T.R.S. Group, PLC
Post Office Box 33
25 Milk Street
London EC2V 8LU
England

REGRET

B5 (Dear Sir William)
Sir William Rees-Mogg
3 Smith Square
London SW1
England

INVITEES

86 (Dear Mr. Reid)
Mr. Robert Reid
Chairman and Chief Executive
Shell U.K., Ltd.
Shell Mex House, Strand
London WC2R ODX
England

PENDING

87 (Dear Sir Adam)
Sir Adam Ridley
Hambros Bank, Ltd.
41 Bishopsgate
London EC2
England

PENDING

88 (Dear Mr. Robson)
Mr. Nigel Robson
Chairman
T.S.B.
60 Lombard Street
London EC3
England

PENDING

89 (Dear Mr. Ronson)
Mr. G. M. Ronson
Chairman and Chief Executive
Heron Corporation
Heron House
19 Marylebone Road
London NW1 1HF
England

PENDING

90 (Dear Mr. Sainsbury)
Mr. David J. Sainsbury
Director
Sainsbury, PLC
Stamford House
Stamford Street
London SE1 7NA
England

INVITEES

91 (Dear Sir Sainsbury)
Sir John D. Sainsbury
Chairman
Sainsbury, PLC
Stamford House
Stamford Street
London SE1 7NA
England

REGRET

92 (Dear Mr. Sainsbury)
The Honorable Simon D. Sainsbury
Director
Sainsbury, PLC
Stamford House
Stamford Street
London SE1 7NA
England

93 (Dear Mr. Saunders)
Mr. Ernest Saunders
Chairman
Guinness, PCL
39 Portman Square
London W1H 9HB
England

PENDING

94 (Dear Mr. Sheehy)
Mr. Patrick Sheehy
Chairman
B.A.T. Industries, PLC
Windsor House
50 Victoria Street
London SW1H 0NL
England

PENDING

INVITEES

95 (Dear Mr. Shepperd)
Mr. Allan J. Shepperd
Chairman
The Wellcome Foundation, Ltd.
The Wellcome Building
Post Office Box 129
183 Euston Road
London NW1 2BF
England

PENDING

119 (Dear Mr. Sieff)
Mr. David Sieff
Member of the Board
Marks & Spencer, PLC
Michael House
47-67 Baker Street
London W1A 1DN
England

PENDING

122 (Dear Mrs. Simor)
Mrs. Anne Simor
American European Community Association
13 Shorts Gardens
London WC2H9AT
ENGLAND

96 (Dear Dr. Spratt)
Dr. T. E. Spratt, CBE
Chairman
Safeway Food Stores, Ltd.
Beddow Way
Aylsford
Nr Maidstone
Kent ME20 7AT
England

97 (Dear Mr. Stoughton-Harris)
Mr. A. G. Stoughton-Harris
Chief Executive
Anglia Building Society
Moulton Park
Northampton NN3 1NL
England

INVITEES

98 (Dear Sir Anthony)
Sir Anthony Tuke
Chairman
Savoy Group
1 Savoy Hill
London, WC2R OGP
England

REGRET

99 (Dear Mr. Vestey)
Mr. Edmund Vestey
Chairman
Blue Star Line, Ltd.
Albion House
34-35 Leadenhall Street
London EC3A 1AR
England

PENDING

100 (Dear Sir Walters)
Sir Peter Walters, M.D.
Chairman
British Petroleum Company, PIC
Britanic House, Moor Lane
London EC2Y 9BU
England

PENDING

101 (Dear Mr. Weinberg)
Mr. Mark Weinberg
Chairman and Managing Director
Allied Dunbar Assurance
9-15 Sachville
Picadilly
London W1X 1DE
England

PENDING

102 (Dear Mr. Whitbread)
Mr. Samuel Whitbread, DL
Chairman
Whitbread & Company, PIC
The Brewery
Chiswell Street
London EC1Y 4SD
England

PENDING

INVITEES

103 (Dear Lord Wigador)
The Rt. Hon The Lord Wigador, Q.C.
Chairman
British United Provident Association
Provident House
122 High Street
Bromley
Kent BR1 1TB
England

REGRET

104 (Dear Mr. Wild)
Mr. Sidney Wild, CBE, FIB
Chairman
Yorkshire Bank, PLC
20 Merrion Way
Leeds
West Yorkshire LS2 8NZ
England

REGRET

105 (Dear Mr. Wilkinson)
Mr. Philip Wilkinson
Chief Executive
National Westminster Bank
Nat. West Towers
25 Old Broad Street
London EC2N 1HQ
England

PENDING

106 (Dear Mr. Winter)
Mr. Charles Winter
Chief Executive
Royal Bank of Scotland
24 Lombard Street
London EC3V 9BA
England

PENDING

INVITEES

107 (Dear Lord Wolfson)
Lord Wolfson
Chairman
Great Universal/Stores
Burberrys/Scotch House
Glen House
200 Tottenham Court Road
London, W1P 9LA
England

REGRET

108 (Dear Mr. Secretary of State)
Lord Young
Secretary of State
for Employment
Caxton House
Tothill Street
London SW1H 9nF
England

109 (Dear Mr. Zochonis)
Mr. John B. Zochonis
Chairman
Paterson Zochonis, PLC
Bridgwater House
60 Whitworth Street
Manchester M1 6LU
England

PENDING

ELON POL Private Direct
Investment: Jan 84



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 November 1986

INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES

The Prime Minister has seen a copy of Washington telegram number 2185 about the Conference on Private Sector Initiatives being organised by the United States in Paris on 24-26 November at which British participation is apparently disappointing.

BF
The Prime Minister would like to be informed rapidly about the arrangements for this meeting and the reasons why no senior Minister or top name in British industry seems able to attend. She has commented that, on the face of it, the conference seems something which we should support. She does not however recollect the matter being discussed with her in the margins of the Tokyo Economic Summit.

I should be grateful if you and other recipients of this letter could let me know how matters stand.

I am copying this letter to Colin Budd (Foreign and Commonwealth Office), Alex Allan (H M Treasury), Tim Walker (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

C D POWELL

John Turner, Esq.,
Department of Employment.

ADVANCE COPY
IMMEDIATE

X-8

MR BRAITHWAITE

HD / TRED

PS / SEC OF STATE FOR EMPLOYMENT

PS / SIR R ARMSTRONGS, CABINET OFFICE

PS / SIR B HAYES, DTI

MR BUTLER, HM TREASURY

MR ANDREW NIO(L)

MR POWELL, NO.10 DOWNING ST

ZCZC
WBLNAN 2023 ORWBA 7590
RESTRICTED
OO FCOLN
FM WASHI TO FCOLN
052340Z NOV
GRS 650

RESTRICTED
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 2815
OF 052340Z NOV 86

*We must do
better than this.
if necessary I
shall have
to go*

RC

MS

US CONFERENCE ON PRIVATE SECTOR INITIATIVES
SUMMARY.

1. THE LOW LEVEL OF BRITISH PARTICIPATION IN THE US-ORGANISED CONFERENCE IN PARIS ON 24-26 NOVEMBER ON PRIVATE SECTOR INITIATIVES CAUSES SURPRISE AND REGRET IN THE WHITE HOUSE. CAN ANYTHING BE DONE TO DRUM UP SOME MORE SENIOR FIGURES? DETAIL.
2. UNDER THE AUSPICES OF THE WHITE HOUSE THE AMERICANS ARE ORGANISING IN PARIS ON 24-26 NOVEMBER AN INTERNATIONAL CONFERENCE ON PRIVATE SECTOR INITIATIVES. THE DIRECTOR OF PRIVATE SECTOR INITIATIVES IN THE WHITE HOUSE CALLED ON ME YESTERDAY AFTERNOON TO DRAW MY ATTENTION TO THE POOR BRITISH PARTICIPATION IN THE HOPE THAT I MIGHT BE ABLE TO HELP WITH IMPROVING IT.
3. THE CONFERENCE IS DESCRIBED BY ITS INITIATORS AS A RESPONSE TO THE LEVEL OF INTERNATIONAL INTEREST, INCLUDING NOTABLY FROM THE CHIRAC GOVERNMENT IN FRANCE BUT ALSO FROM THE PRIME MINISTER WHEN THE SUBJECT WAS DISCUSSED IN THE MARGINS OF THE TOKYO ECONOMIC SUMMIT, IN THE AMERICAN EXPERIENCE OVER THE PERIOD OF THE REAGAN ADMINISTRATION IN SUCCESSFULLY PROMOTING GREATER US CORPORATE INVOLVEMENT, BOTH FINANCIALLY AND PERSONALLY, IN THE WIDER COMMUNITY, EG HELP WITH THE ARTS, HEALTH, EDUCATION, TRAINING, URBAN IMPROVEMENT, SOCIAL ACTION OF ALL KINDS. THIS IS CLOSE TO THE PRESIDENT'S HEART AND HE IS SAID TO BE TAKING A CONSIDERABLE INTEREST IN THE CONFERENCE, AND (WITH THE VICE PRESIDENT AND REGAN) WILL BRIEF THE AMERICAN DELEGATION AND REPRESENTATIVES OF OTHER COUNTRIES WHO HAVE BEEN INVITED AT THE WHITE HOUSE ON 6 NOVEMBER. THREE MEMBERS OF THE US CABINET (EDUCATION, HOUSING AND URBAN DEVELOPMENT, HEALTH AND HUMAN SERVICES) WILL BE ATTENDING IN PARIS. PARTICIPANTS THERE WILL IN GENERAL BE CHIEF EXECUTIVE OFFICERS OF LARGE CORPORATIONS AND CABINET LEVEL GOVERNMENT MEMBERS FROM SEVEN PARTICIPATING COUNTRIES (US, FRANCE, UK, FRG, ITALY, BELGIUM AND SWITZERLAND) WITH OBSERVER STATUS FOR SOME OTHER COUNTRIES, INCLUDING JAPAN,

PERSONAL



FROM THE AMBASSADOR

BRITISH EMBASSY,

WASHINGTON, D. C.

TELEPHONE: (202) 462-1340

4 November 1986

The Rt Hon the Lord Young of Graffham PC
Secretary of State for Employment
Caxton House
Tothill Street
LONDON SW1H 9NF

CDD
11/K1

Jean David

May I trouble you with an unusual problem?

The story is that on the President's authority and under White House auspices, the President's Board on Private Sector Initiatives have organised a Conference in Paris on 24/26 November consisting of representatives from the United States, Germany, Italy, France, Belgium, Switzerland and the United Kingdom to discuss how private sector money can best be harnessed side by side with Government funds for charitable and social purposes. The organisers tell me that this subject was raised by the President at the last Economic Summit in Tokyo (and will be raised again by him at the next one in Venice) and received warm support from the Prime Minister. US individuals and corporations apparently provide \$80 billion (and over \$100 billion worth of their time) to supplement government funding for worthwhile purposes; and the President, with the support of his Summit colleagues, wanted to share the experience and techniques with other countries and also to learn from them.

The President's genuine personal interest and commitment to the project is demonstrated by the fact that the US delegation to the Conference and representatives of other invitees will be briefed by him - and the Vice President and Don Regan - at the White House this week.

The White House organisers called on me today to express their disappointment at the very thin turn-out from Britain as compared with the other participants. I enclose a list of current acceptances, and a much longer list of those who have been approached but have either refused or not as yet accepted.

/You

PERSONAL

PERSONAL



You will see that they went for the right people on the whole, but it is sad that there has been such a poor response. The letters of invitation were signed by the President himself and fired off somewhat on a scatter-shot basis and the recipients may not have had too clear an idea of the purpose of the Conference. The US Ambassador, Charlie Price, has been busying himself in trying to whip up greater support, but apparently with little success.

I know that you have yourself received an invitation, and I realise that you may not be able to take it up with all your other commitments. But given President Reagan's interest, and possibly the Prime Minister's, in all this, it would be a pity if there were not a better turn-out from Britain. I just wondered therefore whether you could encourage one or two high level contacts to attend even at this late hour. Equally, a telephone call from Number 10 to some suitable people might do the trick, though I realise that senior and busy people will largely have their diaries filled up at this late stage. It occurred to me that the present Chairman of the CBI, David Nixon, might be worth approaching since he would have a good multiplier effect and we could certainly engineer an invitation for him if he were free.

A subject like this spans a whole lot of interests and Ministries and there is probably no one single central point. There is an employment and urban renewal aspect and partly for that reason I thought of writing to you, particularly as you were on the list of invitees. We have separately encouraged the Department of Finance and Personnel in Belfast to consider sending a representative: they are working on a community development initiative which seems very relevant to this Conference.

I am sending a copy of this letter with the list of invitees, on a personal basis, to Robert Armstrong who may know of the background in the Summit context, to Robin Butler at the Treasury, Brian Hayes at DTI, Rodric Braithwaite at the FCO and to Charles Powell at Number 10 who may be aware of the degree of the Prime Minister's interest.

Yours ever

A handwritten signature in dark ink, appearing to read 'Antony Acland', written in a cursive style.

Antony Acland

PERSONAL

INVITEES

1 (Dear Lord Gowrie)
The Earl of Gowrie
Chairman
Sotheby's International
34-35 New Bond Street
London W1A 2A17
England

ACCEPT

2 (Dear Duke)
Duke of Westminster
Grosvenor Estates
Eaton Hall
Chester
Cheshire
England

REGRET

115 (Dear Sir)
His Royal Highness, the Prince Philip,
The Duke of Edinburgh
Buckingham Palace
London SW1
ENGLAND

PENDING

114 (Dear Mr. Agnew)
Mr. Rudolph Agnew
Chairman and CEO
Consolidated Goldfields
31 Charles II Street
St. James Square
London SW1Y 4AG

PENDING

INVITEES

3 (Dear Mr. Alexander)
Mr. Anthony G. Alexander
Chairman
Imperial Group, PLC
Imperial House
1 Grosvenor Place
London SW1X 7HB
England

PENDING

4 (Dear Sir Baker)
The Right Honorable Kenneth Baker, M.P.
Secretary of State
for Education and Science
Elizabeth House
York Road
London SE1 7PH
England

PENDING

5 (Dear Sir Donald)
Sir Donald Barron, DL
Chairman
Midland Bank, PLC
27/32 Poultry
London EC2P 2BX
England

REGRET

6 (Dear Mr. Bauman)
Mr. Robert P. Bauman
Chairman
Beecham Group
Beecham House
Great West Road
Brentford
Middlesex TW8 9BD
England

REGRET

7 (Dear Sir Bevan)
Sir Timothy Bevan
Chairman
Barclays Group
54 Lombard Street
London EC3P 3AH
England

REGRET

INVITEES

8 (Dear Mr. Birch)
Mr. Peter Birch
Chief Executive
Abbey National Building Society
Abbey House
Baker Street
London, NW1
England

PENDING

9 (Dear Lord Blakenham)
The Rt. Hon. Viscount Blakenham
Chairman
Pearson, PLC
Millbank Tower
Millbank
London SW1P 4Q2
England

PENDING

10 (Dear Lord Boardman)
The Lord Boardman, MC TD DL
Chairman
National Westminster Bank
25 Old Broad Street
London EC2N 1HQ
England

REGRET

116 (Dear Mr. Booth)
Mr. Dick Livingston Booth
Past President of INTERPHIL
Cedar House
Yalding, Kent ME18 6JD
England

11 (Dear Mr. Botnar)
Mr. Octav Botnar
Nissan UK, Ltd.
Nissan House
Columbia Drive
Durrington, Worthing
West Sussex BN13 3HD
England

PENDING

INVITEES

117 (Dear)
Mr. Michael Brophy
Director
Charities Aid Foundation
48 Pembury Road
Tonbridge, Kent TN9 2JD
England

111 (Dear Mr. Cadbury)
Mr. Dominic Cadbury
Group Chief Executive
Cadbury Schweppes
1 Connaught Place
London W2 2EX
ENGLAND

REGRET

12 (Dear Mr. Carpenter)
Mr. Leslie Carpenter
Chairman
Reed International, PIC
Reed House
83 Piccadilly
London W1A 1EU
England

REGRET

13 (Dear Mr. Secretary of State)
The Rt. Hon. Paul Channon, M.P.
Secretary of State
for Trade and Industry
1 Victoria Street
London SW1H 0ET
England

REGRET

14 (Dear Sir John)
Sir John Clark
Chairman and Chief Executive
Plessey Company, PLC
Vicarage Lane, Ilford
Essex IG1 4AQ
England

PENDING

INVITEES

112 (Dear Sir Anthony)
Sir Anthony Cleaver
President and CEO
IBM United Kingdom Holdings, Ltd.
Post Office Box 41
North Harbour
Portsmouth
Hampshire PO6 3AU
ENGLAND

PENDING

15 (Dear Mr. Cripps)
Mr. C. H. Cripps
Chairman
Pianoforte Supplies
Bull's Head Farm
Stoke Goldington
Newport Pagnell
Buckinghamshire
England

PENDING

16 (Dear Mr. Cummings)
Mr. J. Alan Cumming
Chief Executive
Woolwich Equitable Building Society
Equitable House
Woolwich
London SE18 6AB
England

17 (Dear Professor Dahrendorf)
Professor Ralf Dahrendorf
London School of Economics
Houghton Street
London WC2
England

118 (Dear)
Ms. Elke Day
Administrator, INTERPHIL
INTERPHIL House
Yalding, Kent ME18 6HU
England

INVITEES

18 (Dear Mr. de Koster)
Mr. Henri de Koster
President
Europa Nostra
86 Vincent Square
London SW1P 2PG
England

ACCEPT

19 (Dear Mr. Dellal)
Mr. Jack Dellal
Chairman
Allied Commercial Exporters
Hyde Park House
60 Knightsbridge
London SW1X 7JX
England

ACCEPT

20 (Dear Mr. Dixon)
Mr. Kenneth Dixon
Chairman
Rowntree Mackintosh, PLC
Wiggington Road
York
North Yorkshire YO1 1XY
England

REGRET

21 (Dear Mr. Djanogly)
Mr. H. A. S. Djanogly, CBE
Chairman
Nottingham Manufacturing Company, PLC
Botany Avenue
Mansfield
Nottinghamshire NG18 5NF
England

PENDING

22 (Dear Mr. Durham)
Mr. Kenneth Durham
Chairman
Unilever PLC
P.O. Box 68, Unilever House,
Blackfriars, London
EC4P 4BQ, United Kingdom

PENDING

INVITEES

23 (Dear Sir John)
Sir John Eastwood
Chairman
Eastwood & Sons
Hexgrave Hall, Farnsfield
Newark
Nottinghamshire
England

24 (Dear Mr. Fayed)
Mr. Ali Fayed
Chairman
House of Fraser/
Harrods
Knightsbridge
London, SW1
England

25 (Dear Mr. Forbe)
Mr. B. Forbe
Chief Executive
Coventry Building Society
Economic House
Post Office Box 9
High Street
Coventry CU1 5QN
England

PENDING

26 (Dear Lord Forte)
Lord Forte
Chairman
TrustHouse Forte
86 Park Lane
London W1A 3AA
England

PENDING

27 (Dear Sir Alistair)
Sir Alistair Frame
Chairman
Rio Tinto-Zinc Corporation, PLC
6 St. James Square
London SW1Y 4LD
England

PENDING

INVITEES

28 (Dear Sir Gadsden)
Sir Peter Gadsden, GBE
Chairman
Private Patients Plan
Tavistock House South
Tavistock Square
London WC1H 9LJ
England

REGRET

29 (Dear Mr. Girolami)
Mr. Paul Girolami
Chairman and CEO
Glaxo Holdings
Clarges House
6-12 Clarges Street
London W1Y 8DH
England

ACCEPT

30 (Dear Mr. Godfrey)
Mr. David Godfrey
Region One Director
The Wellcome Foundation Ltd.
Post Office Box 129
The Wellcome Building
183 Euston Road
London NW1 2BP
England

REGRET

31 (Dear Sir Grinstead)
Sir Stanley Grinstead
Chairman
Grand Metropolitan, PLC
11-12 Hanover Square
London W1A 1DP
England

PENDING

INVITEES

32 (Dear Mr. Gunn)
Mr. Robert N. Gunn
Chairman
Boots Company, PLC
1 Thane Road, West
Nottingham
Nottinghamshire NG2 3AA
England

REGRET

33 (Dear Mr. Guthrie)
Mr. Robert Guthrie, M.A.
Director
Joseph Rowntree Memorial Trust
Beverly House, Shipton Road
York YO3 6RB
England

REGRET

34 (Dear Mr. Halpern)
Mr. Ralph Halpern
Chairman
Halpern/Burtons
2-4 Oxford Street
London, W1N 9DT
England

PENDING

35 (Dear Mr. Hamlyn)
Mr. Paul Hamlyn
Chairman
Octopus Publishing Group, PLC
59 Grosvenor Street
London W1X 9DA
England

HAMLIN

36 (Dear Ms. Hammerson)
Ms. Sue Hammerson, MBE
Shareholder
Hammerson Property Investment
and Development Trust, PLC
100 Park Lane
London W1Y 4AR
England

INVITEES

37 (Dear Lord Hanson)
Lord Hanson
Chairman
Hanson Trust, PLC
180 Brompton Road
London SW3 1HF
England

PENDING

38 (Dear Mr. Harper)
Mr. Peter Harper
Chairman
Alders
84-98 Southhampton Road,
Eastleigh, Hants, S05 5ZF
England

PENDING

39 (Dear Sir Philip)
Sir Philip Harris
Harris Queensway, PLC
Harris House
76 High Street
Orpington
Kent BR6 0LX
England

PENDING

40 (Dear Sir John)
Sir John Harvey-Jones, MBE
Imperial Chemical Industries, PLC
Imperial Chemical House
Millbank
London SW1P 3JF
England

PENDING

41 (Dear Sir Haslam)
Sir Robert Haslam
Chairman and Chief Executive
British Coal
Hobart House
Grovenor Place
London SW1
England

REGRET

INVITEES

42 (Dear Mr. Henderson)
Mr. Denys H. Henderson
Chairman, Pharmaceuticals Division
Imperial Chemical Industries
Alderley House, Alderley Park
Macclesfield
Cheshire SK10 4TF
England

REGRET

43 (Dear Sir Reginald)
Sir Reginald Hibbert
Ditchley Park, Enstone
Oxon. OX7 4ER
England

PENDING

44 (Dear Sir Julian)
Sir Julian Hodge
Founder
Commercial Bank of Wales, PLC
114-116 St. Mary Street
Cardiff CF1 1XJ
England

PENDING

45 (Dear Sir Christopher)
Sir Christopher Hogg, MA MPA
Chairman
Reuters Holdings, PLC
85 Fleet Street
London EC4P 4AJ
England

REGRET

113 (Dear Sir Trevor)
Sir Trevor Holdsworth
Chairman
Guest, Keen & Nettlefords, PLC
7, Cleveland Row
London SW1A 1db
ENGLAND

PENDING

INVITEES

46 (Dear Mr. Holmes)
Mr. Peter Holmes, MC
Chairman
Shell Transport & Trading Company
Shell Centre
London SE1 7NA
England

REGRET

123 (Dear Mr. Hornby)
Mr. Derek Hornby
Chief Executive
Rank Xerox (UK), Ltd.
338 Euston Toad
London NW1
ENGLAND

PENDING

47 (Dear Lord Hunt)
The Rt. Hon. The Lord Hunt
of Tanworth, G.C.B.
Chairman
Prudential Corporation, PLC
142 Holborn Bars, London EC1N 2NH
England

PENDING

48 (Dear Mr. James)
Mr. John James
Founder
James Group of Companies
Tower Court
Ascot
Berkshire
England

PENDING

49 (Dear)
Mr. Peter Jay
39 Castlebar Road
London W5 2DJ
England

INVITEES

50 (Dear Sir George)
Sir George Jefferson, CBE
Chairman
British Telecommunications, PLC
81 Newdigate Street
London EC1
England

REGRET

51 (Dear Lord Keith)
Lord Keith of Castleacre
S.T.C.
S.T.C. House
190 Strand
London WC2R 3HA
England

PENDING

52 (Dear Lord King)
Lord King
Chairman
British Airways
Speedbird House
Heathrow Airport
Hounslow, Middlesex
England

REGRET

53 (Dear Sir Hector)
Sir Hector Laing
Chairman
United Biscuits, PLC
Grant House
Post Office Box 40
Syon Lane
Isleworth
Middlesex TW7 5NN
England

REGRET

INVITEES

54 (Dear Sir Kirby)
Sir Kirby Laing, JP, DL
Chairman
Laing Properties, PLC
34 Clarendon Road
Watford
Hertfordshire WD1 1JL
England

PENDING

55 (Dear Sir Laing)
Sir Maurice Laing
President
John Laing, PLC
133 Page Street
Mill Hill
London NW7 2ER
England

PENDING

56 (Dear Mr. Lawson)
The Right Honorable Nigel Lawson, M.P.
Chancellor of the Exchequer
Parliament Street
London SW1P 3AG
England

PENDING

57 (Dear Mr. Leech)
Mr. William Leech, CBE
President
Leech, PLC
City House
City Road
Newcastle-upon-Tyne NE99 1PG
England

58 (Dear Lord Leverhulm)
Lord Leverhulme, TD
Advisory Director
Unilever, PLC
Unilever House
Blackfriars
London EC4P 4BQ
England

PENDING

INVITEES

59 (Dear Mr. Levy)
Mr. Joseph Levy, MBE, BEM
Director
Stock Conversion & Investment
Trust, PLC
130 Jermyn Street
London SW1Y 4UP
England

PENDING

60 (Dear Mr. Lewis)
Mr. Peter T. Lewis
Chairman
Lewis Partnership, Ltd.
4 Old Cavendish Street
London W1A 1EX
England

61 (Dear Mr. Maitland-Smith)
Mr. Geoffrey Maitland-Smith
Chairman
Sears/Selfridges
40 Duke Street
London, W1
England

PENDING

62 (Dear Mr. Maxwell)
Mr. Robert Maxwell, MC
Chairman
Pergamon Press, Ltd.
Headington Hill Hall
Oxford OX3 0BW
England

ACCEPT

63 (Dear Mr. Miller)
Mr. Peter Miller
Chairman
Lloyds'
Lime Street
London EC3M 7HA
England

PENDING

INVITEES

64 (Dear Dr. Milner)
Dr. Roy Milner
Chairman
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Kodak House, Station Road
Hemel Hempstead
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England

PENDING

65 (Dear Mr. Moores)
Mr. Peter Moores
Director
Littlewoods Organisation, PLC
J. M. Centre
100-110 Old Hall Street
Liverpool
Merseyside L70 1AB
England

66 (Dear Sir Morse)
Sir Jeremy Morse, KCMG
Chairman
Lloyds' Bank, PLC
71 Lombard Street
London EC3P 3BS
England

PENDING

67 (Dear Sir Claus)
Sir Claus Moser, CBE, SBA
3 Regents Park Terrace
London NW1 7EE
England

68 (Dear Mr. Moussa)
Mr. Pierre Moussa
Consultant
c/o Dillon Read Ltd
Devonshire House, Mayfair Place
London W1X 5HF
England

INVITEES

69 (Dear Mr. Nadir)
Mr. Asil Nadir
Chairman
Polly Peck (Holdings), PLC
81-91 Commercial Road
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England

PENDING

121 (Dear Lord Nathan)
Lord Nathan
Oppenheimer, Nathan, Vandyk
20 Cophall Avenue
London EC2
ENGLAND

PENDING

110 (Dear Sir David)
Sir David Nicolson
Berkeley Square House
Berkley Square
London SW1X 5PC
ENGLAND

ACCEPT

70 (Dear Sir Nixon)
Sir Edwin R. Nixon, CBE
Chairman
IHM United Kingdom Holdings, Ltd.
76 Upper Orvind
South Bank
London SE1 9P2
England

PENDING

71 (Dear Mr. Obe)
Mr. Arthur Hubert Obe
President
Martin Metals Group
Hubert Works
Blackburn
Lancashire BB1 2NA
England

PENDING

INVITEES

72 (Dear Sir Richard)
Sir Richard O'Brien
Policy Studies Institute
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London NW1 3SR
England

PENDING

73 (Dear Mr. O'Brien)
Mr. Stephen O'Brien
Executive Director
Business in the Community
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London EC1
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PENDING

74 (Dear Mr. Ogren)
Mr. John Ogren
Chairman
Conoco (UK), Ltd.
Conoco House
230 Blackfriars Road
London SE1 8NR
England

PENDING

75 (Dear Sir Derek)
Sir Derek Palmar, FCA, CBIM
Chairman
Bass PLC
30 Portland Place
London W1N 3DF
England

PENDING

76 (Dear Mr. Phillis)
Mr. Robert Phillis
Chairman
Central Independent Television, PLC
Central House
Broad Street
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REGRET

INVITEES

120 (Dear Sir Alistaire)
Sir Alistaire Pilkington
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The Wellcome Building
Post Office Box 129
183 Euston Road
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England

PENDING

77 (Dear Mr. Pilkington)
Mr. Anthony Pilkington
Chairman
Pilkington Brothers P.L.C.
Prescot Rd
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England, WA10 3 TT

REGRET

78 (Dear Mr. Pitman)
Mr. Brian Pitman
Chief Executive
Lloyds Bank
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London EC3
England

PENDING

79 (Dear Miss Prashar)
Miss Usha Prashar
National Council of Voluntary
Organizations
26 Bedford Square
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England

ACCEPT

80 (Dear Mr. Rae)
Mr. Allan A. S. Rae, CBE
Chairman
Ciba-Geigy (UK), PLC
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England

PENDING

INVITEES

81 (Dear Mr. Raisman)
Mr. John N. Raisman, CBE
Netheravon House
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England

82 (Dear Lord Rayne)
Lord Rayne
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Carlton House
33 Robert Adam Street
London W1M 5AH
England

83 (Dear Lord Rayner)
Lord Rayner
Chairman
Marks & Spencer, PLC
Michael House
47-67 Baker Street
London W1A 1DN
England

REGRET

84 (Dear Sir Read)
Sir John Read
Chairman
T.B.S. Group, PLC
Post Office Box 33
25 Milk Street
London EC2V 8LU
England

REGRET

85 (Dear Sir William)
Sir William Rees-Mogg
3 Smith Square
London SW1
England

INVITEES

86 (Dear Mr. Reid)
Mr. Robert Reid
Chairman and Chief Executive
Shell U.K., Ltd.
Shell Mex House, Strand
London WC2R ODX
England

PENDING

87 (Dear Sir Adam)
Sir Adam Ridley
Hambros Bank, Ltd.
41 Bishopsgate
London EC2
England

PENDING

88 (Dear Mr. Robson)
Mr. Nigel Robson
Chairman
T.S.B.
60 Lombard Street
London EC3
England

PENDING

89 (Dear Mr. Ronson)
Mr. G. M. Ronson
Chairman and Chief Executive
Heron Corporation
Heron House
19 Marylebone Road
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England

PENDING

90 (Dear Mr. Sainsbury)
Mr. David J. Sainsbury
Director
Sainsbury, PLC
Stamford House
Stamford Street
London SE1 7NA
England

INVITEES

91 (Dear Sir Sainsbury)
Sir John D. Sainsbury
Chairman
Sainsbury, PLC
Stamford House
Stamford Street
London SE1 7NA
England

REGRET

92 (Dear Mr. Sainsbury)
The Honorable Simon D. Sainsbury
Director
Sainsbury, PLC
Stamford House
Stamford Street
London SE1 7NA
England

93 (Dear Mr. Saunders)
Mr. Ernest Saunders
Chairman
Guinness, PCL
39 Portman Square
London W1H 9HB
England

PENDING

94 (Dear Mr. Sheehy)
Mr. Patrick Sheehy
Chairman
B.A.T. Industries, PLC
Windsor House
50 Victoria Street
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England

PENDING

INVITEES

95 (Dear Mr. Shepperd)
Mr. Allan J. Shepperd
Chairman

The Wellcome Foundation, Ltd.
The Wellcome Building
Post Office Box 129
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England

PENDING

119 (Dear Mr. Sieff)
Mr. David Sieff

Member of the Board
Marks & Spencer, PLC
Michael House
47-67 Baker Street
London W1A 1DN
England

PENDING

122 (Dear Mrs. Simor)

Mrs. Anne Simor
American European Community Association
13 Shorts Gardens
London WC2H9AT
ENGLAND

96 (Dear Dr. Spratt)

Dr. T. E. Spratt, CBE
Chairman
Safeway Food Stores, Ltd.
Beddow Way
Aylsford
Nr Maidstone
Kent ME20 7AT
England

97 (Dear Mr. Stoughton-Harris)

Mr. A. G. Stoughton-Harris
Chief Executive
Anglia Building Society
Moulton Park
Northampton NN3 1NL
England

INVITEES

98 (Dear Sir Anthony)
Sir Anthony Tuke
Chairman
Savoy Group
1 Savoy Hill
London, WC2R OGP
England

REGRET

99 (Dear Mr. Vestey)
Mr. Edmund Vestey
Chairman
Blue Star Line, Ltd.
Albion House
34-35 Leadenhall Street
London EC3A 1AR
England

PENDING

100 (Dear Sir Walters)
Sir Peter Walters, M.D.
Chairman
British Petroleum Company, PLC
Britanic House, Moor Lane
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England

PENDING

101 (Dear Mr. Weinberg)
Mr. Mark Weinberg
Chairman and Managing Director
Allied Dunbar Assurance
9-15 Sachville
Picadilly
London W1X 1DE
England

PENDING

102 (Dear Mr. Whitbread)
Mr. Samuel Whitbread, DL
Chairman
Whitbread & Company, PLC
The Brewery
Chiswell Street
London EC1Y 4SD
England

PENDING

INVITEES

103 (Dear Lord Wigador)
The Rt. Hon The Lord Wigador, Q.C.
Chairman
British United Provident Association
Provident House
122 High Street
Bromley
Kent BR1 1TB
England

REGRET

104 (Dear Mr. Wild)
Mr. Sidney Wild, CBE, FIB
Chairman
Yorkshire Bank, PLC
20 Merrion Way
Leeds
West Yorkshire LS2 8NZ
England

REGRET

105 (Dear Mr. Wilkinson)
Mr. Philip Wilkinson
Chief Executive
National Westminster Bank
Nat. West Towers
25 Old Broad Street
London EC2N 1HQ
England

PENDING

106 (Dear Mr. Winter)
Mr. Charles Winter
Chief Executive
Royal Bank of Scotland
24 Lombard Street
London EC3V 9BA
England

PENDING

INVITEES

107 (Dear Lord Wolfson)
Lord Wolfson
Chairman
Great Universal/Stores
Burberrys/Scotch House
Glen House
200 Tottenham Court Road
London, W1P 9LA
England

REGRET

108 (Dear Mr. Secretary of State)
Lord Young
Secretary of State
for Employment
Caxton House
Tothill Street
London SW1H 9nF
England

109 (Dear Mr. Zochonis)
Mr. John B. Zochonis
Chairman
Paterson Zochonis, PIC
Bridgwater House
60 Whitworth Street
Manchester M1 6LU
England

PENDING

NHM AT 14/1



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

(1 January 1985

The Rt Hon Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

Dear Geoffrey,

Thank you for your minute of 14 December completing your comments on the report on direct investment overseas, which I circulated on 10 August.

2 I am glad that you and Timothy Raison are now able to agree that the recommendation for an expanded pre-investment studies scheme should not be adopted. I note your further proposal for discontinuing the present scheme, and clearly there would be little merit in maintaining an ineffective measure.

3 With the exception of the above recommendation and that concerning a separate BOTB leaflet on investment overseas, the recommendations of the interdepartmental group should now go ahead. My officials will shortly be contacting other Departments on their implementation.

4 I am copying this letter to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment and Sir Robert Armstrong.

NORMAN TEBBIT

JH5API

ECON: POL: Private Direct
Investment Overseas: Jan 85

~~1984~~ JAN 1985

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AT 17/12

FCS/84/328

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Direct Private Investment Overseas

1. In my minute of 31 August I promised to let you have my views on the proposals from the Working Party on Direct Private Investment Overseas for an expanded pre-investment studies scheme.
2. Tim Raison has now considered the proposals in detail and on balance we feel that the new scheme should not go ahead, although it would potentially bring benefits to developing countries and British investors. In view of the constraints on ODA financial resources and manpower and because the existing Pre-Investment Studies Scheme has proved ineffective we do not feel justified in giving priority to the Working Party's proposals. I have of course also noted your doubts and those expressed by Nigel Lawson in his letter of 4 October to you.
3. We have considered whether the present ineffective Studies Scheme should be allowed to totter on, although there is nothing in the pipeline and a possible residual liability for only £71,000. We decided that it would be preferable to discontinue the Scheme. In making any announcement we could point to the Commonwealth Development Corporation as the instrument, so far as ODA funds are concerned, to attract co-investment in developing countries by the private sector. The CDC's record in this respect has been rather disappointing and they do not predict any significant improvement, partly because of

/the



the unattractiveness in some respects of equity dealings in developing countries. But they have done and will continue to do some work in this field and they are the least ineffective instrument at my disposal.

4. I am copying this minute to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', is written above the typed name.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
14 December 1984

ECON POL: Private Direct Investment

Overseas: Jan 84



14 DEC 1984



NORM

AT

CC 100

5/10

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
London SW1H 0ET

4 October 1984

John Norman

DIRECT PRIVATE INVESTMENT OVERSEAS

Thank you for sending me a copy of your letter of 10 August to Geoffrey Howe, together with the report by officials examining policy towards British direct investment overseas. I have also seen Geoffrey's reply of 31 August.

As you may know, I have been taking opportunities recently to express in public the desirability of direct private investment in the developing countries as a form of finance much better suited to their needs than either bank lending or official flows. But I am sure that the right way to go about this is for developing countries themselves to establish the conditions to attract such investment, and remove obstacles to it. That is the point I have been emphasising in recent international meetings. So although I am content to await Geoffrey Howe's conclusions about the need for the proposed scheme under ODA auspices, I very much agree with you that it would be wrong for the Government to subsidise UK firms who are interested in investing overseas.

I agree also that, with the exception of the BOTB leaflet, on which I accept your view, the other recommendations of the inter-departmental group are useful. So I am content to proceed as you propose.

I am copying this letter to the Prime Minister, the Lord President, the Foreign Secretary, the Secretary of State for Employment and Sir Robert Armstrong.

NIGEL LAWSON

*Yours
Nigel*



FCS/84/232

SECRETARY OF STATE FOR TRADE AND INDUSTRY

CCPC
NO

NBP
N

Direct Private Investment Overseas

1. I was glad to have your letter of 10 August and the report by the interdepartmental group of officials which has examined out policy towards British private direct investment overseas.
2. Like you, I believe there is a useful role for Government to play, by a more coherent and positive approach, in encouraging the flow of overseas investment. And this is in line with the London Economic Summit Declaration. While the benefits to the UK might be more difficult to quantify than they are for the developing countries they do, nevertheless, exist. As you rightly point out, we need to bear in mind, in this context, the obvious attractions of investment flowing into the UK.
3. You expressed doubts about two of the report's recommendations: an aid-financed scheme and a BOTB leaflet. On the first, Tim Raison will be meeting with ODA officials on 11 September to discuss the scheme put to the working group by them. I shall therefore let you have my views on this a little later.
4. On the second, while I appreciate your reluctance to launch a BOTB leaflet on the subject, I hope that any lack of central focus for advice available to investors will not place additional burdens on the Commercial Sections of Overseas Posts. It would seem better for enquiries to be directed to specific desks in London. We shall, of course, aim to draw up revised instructions for overseas Posts, in line with paragraph 20 iv(a) of the report, once a concerted view on the report as a whole has been achieved.
5. Subject to these comments, I am content with the approach set out in your letter and, at this stage, see no need for a meeting.



6. I am copying this minute to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
31 August, 1984

Econ Pol. Jan 84

Private Direct Investment
overseas



*NO
(letter only)*

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

Secretary of State for Trade and Industry

10 August 1984

Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

WBR

[Handwritten mark]

D Geoffrey,

*will request
if required*

DIRECT PRIVATE INVESTMENT OVERSEAS

... Following Ministerial correspondence at the end of last year, resting with my letter to you of 14 December, it was agreed that a group of officials under DTI Chairmanship should examine our policy towards British private direct investment overseas. The group has now completed its review and I attach a copy of its report.

2 I believe that, as the report argues, there is a useful role for the Government in drawing attention to the benefits that can flow from private overseas investment. There are considerable advantages for less developed countries in attracting such investment from more developed countries; this is normally seen in terms of investment in third world countries, but I think that we should not lose sight of the benefits which we derive from Japanese and US investment here. Outward investment by UK firms can bring profits for them, and also opportunities for wider exports from the UK.

3 While I therefore agree with many of the report's conclusions and recommendations, I do have serious doubts about the idea of new Government expenditure to subsidise firms who are interested in investing overseas. I accept that ODA, in putting forward their proposals for such a scheme (paragraph 20(i) of the report and Annex 5) see certain benefits to developing countries in proposing such subsidies, but in the context of our overall commitment to cut public expenditure, I believe that we should not take on these extra commitments. On a much less important point, while Departments will need to deal comprehensively with enquiries about the ways in which we can assist overseas investment, I do not think that there would be enough to justify a separate BOTB leaflet as recommended in the report (paragraph 20(iii)(f)).

JH2AWW



4 Subject to these points, I find the recommendations useful, though you will see that they are hardly far-reaching. On the other hand, any increase in Government encouragement for overseas investment will be politically controversial, however ill-founded the criticisms.

5 If colleagues are content with the approach set out in this letter, it may be possible to come to a view on the report in correspondence without a meeting, though I would of course be happy to discuss it if that is what other would prefer.

6 The report also recommends that officials should report back on the implementation of the measures agreed in due course. I agree, and think that a period of 12 months from implementation should allow time to judge if they are having any effect.

7 I am copying this letter and the report to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', with a horizontal line underneath the name.

NORMAN TEBBIT

REPORT OF WORKING GROUP ON DIRECT INVESTMENT OVERSEAS
SUMMARY AND CONCLUSIONS

1 Officials have examined Government policy towards British private direct investment overseas, primarily by means of a review of investment experience and conditions in selected key countries. The UK has traditionally undertaken more overseas investment (about four fifths of it in other OECD countries) than other developed countries (except the USA) but in recent years others have been catching up. Officials looked particularly at the impact of direct investment overseas on export performance, aid policy and developing country indebtedness.

2 Exchange controls were removed in 1979 and the Government has taken the view that decisions on overseas investment are for individual companies to take in the light of market conditions. Government action has been aimed primarily at creating the right kind of climate in the recipient countries but some very limited practical support has been provided to companies undertaking specific investments.

3 Any decision to promote overseas investment more positively will be politically contentious, but the criticism that "overseas investment exports jobs" is misplaced. A large proportion of UK investment is in services, transport, mineral extraction and marketing where the alternative of exporting from the UK does not exist; in manufacturing, many companies invest in particular markets in order to achieve a larger market share than would otherwise be possible. On balance overseas investment promotes rather than substitutes for UK exports. For the UK economy as a whole the main benefit is the net return to the UK of profitable overseas operations. Officials see a liberal UK policy towards outward investment and inward investment as

consistent and beneficial to the UK. All our major competitors encourage outward investment in one way or another.

4 Officials believe that if liberal policies are pursued towards foreign investment and external trade, there will be clear net benefits for the host economy. Whilst direct investment can realistically only have a limited role to play in replacing existing historic debt, developing countries can ease future dependence on short term bank finance by encouraging private direct investment.

5 Whilst endorsing the view that decisions on overseas investment are essentially for individual companies, officials have identified a number of measures that could usefully be taken to encourage more positive attitudes both by companies and by recipient countries. The recommendations [set out in detail in paragraph 20 of the Report] include three key elements: a new scheme to promote overseas investment in developing countries (funded from the current gross aid programme); increasing the emphasis given by Government as a whole to the importance of outward investment; and improving the coherence and presentation of existing support schemes. If the recommendations are endorsed by Ministers officials should report back on the detailed implementation within the next 12 months.

REPORT OF WORKING GROUP ON DIRECT INVESTMENT
OVERSEASBackground

1 Following an exchange of minutes between the Secretary of State for Trade and Industry, the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer in December 1983, an inter-Departmental working group of officials was set up under DTI Chairmanship to look at Government policy towards British private investment overseas. The establishment of the working group arose mainly from two particular concerns within Government about the relationship between investment, on the one hand, and exports and aid, on the other. The Group's terms of reference included a review of conditions for and experience of investment in a selected number of key countries, drawing heavily on the practical experiences of individual companies; a re-assessment of the impact of direct investment overseas on the economy of the UK and host countries; and consideration of whether, and if so how, additional Governmental support should be provided to encourage such investment.

Forms of Investment

2 Overseas investment takes many forms, from setting up a wholly owned subsidiary to portfolio investment in a company operating in a field totally unrelated to that of the investor. The working group confined its review to direct investment (ie investment involving a significant element of managerial control), but looked at many forms of such investment, including minority participation in joint ventures, the acquisition of whole or part of an existing company, and the establishment of a wholly or majority owned new subsidiary.

Extent of direct overseas investment

3 The UK has traditionally undertaken much more overseas direct investment than all other industrialised countries except the USA, although in recent years countries such as Japan and West Germany have been catching up (see Annex 1 fig 3). The total stock of UK direct investment stood, at the end of 1981 at £44 billion (fig 1), of which 40% was in North America, 19% in the European Community, 19% in the (primarily richer) developing countries and the balance mainly in the old Commonwealth countries; there is none to speak of in Japan. These figures of stocks of UK investment reflect traditional trading and commercial links, and looking at flows of new investment, which are considerably more volatile, the USA assumes even greater importance. The flow of UK direct investment in 1982 was just over £2.5 billion, only half the figure in the previous year. Furthermore, much of the investment was funded by retained profits in overseas affiliates (£1.6 billion in 1982), while around £1 billion net was provided direct from the UK (Fig 4).

4 About 20% of the UK stock of our outward direct investment is in oil, and of the remainder about half is in manufacturing; other major sectors are: distribution; banking, insurance and financial services; property; mining and construction (fig 2).

5 UK direct investment in developing countries as a whole exceeded UK aid flows in 1980 and 1981, but the position was reversed in 1982 (fig 5). However direct investment tends to go to the richer developing countries while aid is directed primarily to the poorer. Viewed from the perspective of the developing world as a whole, the external financing requirements of non oil developing countries have predominantly been met by borrowings, both official and private, whilst direct investment and official transfers (largely aid) have played proportionately a less significant part (fig 6).

Policy Implications

6 The Working Group paid particular attention to the impact of direct investment overseas on 3 areas of Government policy - export performance, aid policy and developing country indebtedness. About four fifths of UK direct investment is in other developed countries (about half in the United States). It is these countries comprising the UK's most important export markets which attract most investment. Direct investment is almost invariably market-driven.

7 As emphasized in the 1984 London Economic Summit Declaration, the encouragement of direct private investment in developing countries is important in the context of both aid policy and the strategy on debt. Private investment can be a potentially important means of supplementing, or in some cases replacing, other capital flows. In relation to the developing countries' current debt problems, direct investment can realistically have only a limited role in helping to replace existing, historic debt. However, for the future developing countries can help to reduce their dependence on short term bank finance by encouraging private direct investment to play a greater role in meeting their financing needs.

Present Policy

8 Government policy towards overseas investment has been broadly neutral. The Government have taken the view that decisions on overseas investment are for the investors to take, in the light of market conditions, and with the minimum of Government intervention. Annex 2, sets out existing HMG activities.

9 Government activity has taken two forms. The first has been activity aimed at creating the right kind of climate for investment in the recipient countries. Action has been taken to encourage the removal of existing barriers and the fostering of more open attitudes towards private investment. Considerable efforts are being made whenever practicable to negotiate bilateral Investment Promotion and Protection Agreements and Double Taxation Agreements. At the multilateral level, the UK has been active in trying to create a favourable climate for investment in both developing and developed countries, both by positive affirmation of the benefits of direct investment, particularly to developing countries, and by defending investors against attempts at excessive multilateral regulation of their activities.

10 The second form of activity has been in support of individual investors. Financial support has been given by ODA to the Commonwealth Development Corporation which is currently associated with some 30 private sector commercial and industrial companies in investments in developing countries. The UK has supported the capital increase for the International Finance Corporation, which seeks to co-operate with private sector companies from developed countries in investments in developing countries. Some financial assistance toward pre-investment studies has been available to companies under an ODA scheme, but the scheme has been little utilised in recent years. ODA have recently issued an internal Guidance Circular drawing attention to the importance of co-ordinating the use of aid funds with private direct investment. ECGD's investment insurance scheme provides cover against the political risks of investments such as expropriation; but this scheme has been little used. Some existing BOTB schemes are of marginal use to investors; but the emphasis of these schemes is very

much on support for direct exports from the UK. Finally, some assistance in obtaining basic information and establishing contacts is provided to prospective investors by the DTI and overseas Posts; but again existing services are focussed largely on the needs of direct exporters.

11 The removal of exchange controls in 1979 was a key element of Government policy on outward investment (although the initial main effect has been felt on portfolio investment) and internationally Ministers have frequently emphasised the importance of direct investment. This has not however been followed up at the practical level of support to British companies undertaking specific investments and Government measures have been fragmented, disparate and not coherently presented.

12 More positive presentation of existing support schemes and consideration of additional measures have both been inhibited by political constraints (as well as by the present Government's reliance on market forces as the major determinant of investment decisions). The criticism that "overseas investment exports jobs" is misplaced, because, as we argue below, investment overseas is rarely a direct substitute for investment at home. But it must be recognised that any decision to encourage or promote overseas investment more actively than in the past is likely to be severely criticised by the Opposition on account of the alleged effect on employment. Outward investment has traditionally been a highly contentious political issue.

Economic Effects on UK

13 UK companies have invested overseas for a wide variety of reasons. Many have invested abroad in markets which they saw as having major potential, but which could not adequately be serviced by direct exports from the UK, due to formal and informal barriers to trade, transport costs, or the preference of local customers for locally-based suppliers. Other companies have invested abroad to extract raw materials, to supply transport or other services, and to distribute and market UK exports. However firms which have invested abroad in order to take advantage of lower production costs appear to be rare.

14 Nevertheless, despite the variety of reasons for foreign investment, the common driving force behind companies' decisions is the pursuit of profitability. Companies will invest abroad when, over the longer run, it promises an adequate return, which exceeds the return that would be expected from other possible uses of the investment resources. Equally, for the UK economy as a whole the primary benefit from overseas investment results from its profitability: the economy eventually gains command of more resources than are expended on the investment.

15 The Working Group considered the argument that overseas direct investment, whilst improving the profitability of UK companies, acts to the detriment of the economy as a whole by depriving the UK of investment resources and by "exporting jobs" but did not find it convincing. (See Annex 3). Not only is much of the finance for UK overseas direct investment raised abroad but the proportion that is financed at home is unlikely to worsen significantly the cost and availability of finance for domestic investments. As far as exports are concerned the available evidence - strongly supported by the results of the Working Group's

interviews with companies - indicates that in very few cases did the investing firm have the choice between investing overseas and investing at home to supply the overseas market by exporting. A large proportion of UK overseas investment is in services, transport, mineral extraction and marketing where the alternative of exporting does not exist; even in manufacturing, where the option of exporting may exist, many companies felt that their market share would have been much lower without a local manufacturing presence. Indeed, on balance taking into account UK exports of components and capital goods involved in the investment and the potential for marketing other products from the company's range, overseas investment appears to promote, rather than substitute for, UK exports.

16 The Working Group saw a liberal view on outward investment and inward investment as consistent. In a world of growing specialisation, to allow companies themselves to determine the most efficient geographical location of investment ensured the effective transfer of technology and management techniques which benefits both the UK economy as well as other countries. The accumulation of overseas assets by the UK in recent years will provide a continuing source of overseas earnings as North Sea oil production declines.

Economic Effects on Developing Countries

17 Whilst investment in developing countries from the UK amounts to only one fifth of our total overseas direct investment, the Group paid close attention to it because of its implications for our aid policy.

There are clear potential benefits in new capital on terms more flexible than short or medium term debt, foreign knowledge, experience, technology and skilled manpower, which can have effects on the host economy beyond the immediate investment. However, if the host country offers incentives and protection to would-be investors, these may serve to reduce or eliminate the benefits of such investment. Thus the benefits of private investment depend on the host Government's economic policies. There is every reason to think that if liberal policies are pursued towards both foreign investment and external trade, there will be net benefits for both the host economy and for the UK.

Competitors' Practices

18 All our major competitors encourage outward investment in one way or another, although the extent to which this is done and the means employed vary significantly. This aspect is dealt with in greater detail at Annex 4. There is no doubt that the underlying presumption of our major EC partners and the Japanese is that overseas investment, whilst involving some foreign exchange outflows, will bring long-term benefits to the economies of the investing countries.

Conclusion

19 The Working Group endorses the view that decisions on overseas investment are essentially for individual companies to take in the light of market conditions. However, the Group's review of selected markets revealed a clear need for Governmental action aimed at removing existing barriers and inhibitions and promoting more positive attitudes to

investment both by recipient countries and by many UK companies. The Working Group has examined existing support mechanisms and activities. It has concluded that, without affecting the main thrust of existing policy, a number of improvements can usefully be made. These relate particularly to the coherence of existing schemes and their presentation and to the emphasis given to investment issues by Government as a whole. Officials are not recommending a radical shift in policy, but some action on a political level would almost certainly be needed in order to provide the necessary impetus. A number of detailed measures have been identified, none of which would necessitate any additional financial provision. Many, but not all, of these are within the responsibility of the DTI as the Department with the lead role in promoting the UK's invisible as well as visible exports.

Recommendations

20 The Working Group's recommendations fall under 4 main headings:

(i) New direct investment overseas assistance scheme

The Group considered whether financial support should be offered to companies who were considering investing in a country for the first time. This first investment was seen as a major hurdle which deterred a wide range of companies, whereas once established in a market, companies were much better placed to identify and evaluate further investment opportunities. The Group considered however that such

assistance could not be justified for investment in developed countries, since the financial and political frameworks should be reasonably comprehensible and commercial relationships much easier to establish. However, greater difficulties were faced in developing countries and perhaps more importantly, the UK's Aid Policy objectives could be significantly advanced by a scheme aimed specifically at increasing the volume of UK investment and enhancing the economic impact on the host developing country. The outline of a scheme drawn up by ODA officials is set out at Annex 5. Support would be offered in two areas, first, the identification and appraisal of investment proposals (encompassing the extant but little utilised Pre-Investment Studies Scheme run by ODA), and second, in executing the investments in such a way as to increase their impact on manpower and institutional development (eg skill training, management training). Officials took differing views on the geographical coverage of the scheme. DTI felt that investments in all developing countries outside OPEC should be eligible for support, including the richer developing countries since these are likely to offer better opportunities for profitable investment and continuing overseas earnings by British companies.

ODA considered that aid funds should essentially be restricted to poorer developing countries in accordance with the general philosophy of the UK Aid Programme. They were prepared to accept the extension of the approval element of the scheme to middle income countries, but felt that support for activities at the execution stage should be restricted to projects in poor developing countries. The scheme would be administered by ODA and, given wide publicity, could spend in the region of £3m - £4m by its third or fourth year in operation with the funds coming from the gross aid programme.

(ii) International Action

- (a) Following the emphasis given to the importance of direct investment in the 1984 London Economic Summit Declaration, continuing efforts should be made, both at high level meetings and in all other appropriate fora, to influence positively the climate for overseas investment and the attitudes adopted by developing countries. To this end the UK should continue to play an active role in OECD and other international fora. IMF and IBRD should be encouraged to put pressure on debtor countries to adopt policies more conducive to attracting foreign investment. The Commonwealth Development Corporation should continue to promote investment in partnership with British companies within existing guidelines. Efforts should also be made to promote a greater awareness amongst UK manufacturing companies of the activities of the International Finance Corporation and of potential collaboration on investment projects in developing countries.

- (b) Investment questions should also be pursued on a bilateral basis as appropriate. A continuing programme of Investment Promotion and Protection Agreements should be implemented; and where possible new Double Taxation Agreements should be negotiated in addition to the regular revision of existing Agreements. Representations about specific difficulties encountered by investors should be made as necessary. Wherever possible the desirability of positive attitudes to foreign investment by host countries should be pressed in Ministerial speeches and on other suitable occasions.
- (iii) Reordering of priorities in the UK
- (a) The Government should promote an increased awareness in the UK of the benefits of overseas investment. In particular, all suitable opportunities should be taken (eg Ministerial speeches) to encourage British companies to consider worthwhile possibilities for investment.
- (b) Within the DTI officials should focus to a greater extent on the needs of prospective investors, and should in particular improve their capacity to provide companies with details or sources of basic information. Inevitably there are

limits to the resources which can be devoted to this purpose, but in many cases information is readily available from the investment promotion agencies of recipient countries.

- (c) DTI officials should consider on an ad hoc basis the need for initiatives and promotional activity related to specific countries.
- (d) ECGD should continue to promote usage of the Investment Insurance Scheme in the wake of improvements made in the scheme towards the end of 1983 with their attendant publicity.
- (e) Inland Revenue should continue to monitor the implications of tax arrangements for expatriates participating in UK pension schemes, with a view to improving consistency, where appropriate through Double Taxation Agreements.
- (f) A BOTB leaflet should be produced on the subject of outward investment. This might include a short statement of Government policy, give details of the new investment assistance scheme to be introduced by ODA (and other existing schemes relevant to investors), and indicate sources of information and

advice to investors. Such a leaflet could be presented as responding to the call that has occasionally been made for the establishment of a one-stop reference point within Whitehall for information on outward investment matters.

- (iv) Reordering of priorities overseas
- (a) DSP instructions should be revised in order to draw the attention of Heads of Posts to the importance which Ministers attach to outward investment work and the need to re-examine in the light of local market conditions the balance between investment work and export promotion. We recognise that where a higher profile for investment is appropriate, the emphasis of commercial officers' other work will have to be adjusted accordingly. Such changes will require commercial officers to increase significantly their capability for putting prospective investors in touch with relevant local contacts, including Government authorities, professional advisors, experienced businessmen already in the market and, in particular, prospective partners. Posts should take account of local involvement in this field by banks, accountants, Chambers of Commerce and other non-official organisations. Promotional activity should be considered on an ad hoc basis. Extension of the activities of

the Business Executive Service Overseas to include provision of retired expatriates to provide advice on investment matters should also be examined.

- (b) In addition to the ODA scheme proposed in (i) above, greater attention should be devoted to the positive results likely to accrue from a greater linkage between Governmental aid and private investment. ODA's recent internal Guidance Circular should be drawn to Posts' special attention and should be followed up by efforts to improve liaison between UK officials overseas concerned with aid and trade matters. Efforts should be made to ensure that the inter-relationship between aid and private investment - and the potential benefits - are understood both by British companies and officials of host Governments. ODA should examine the scope for increasing the number of training opportunities for private sector personnel, and as appropriate specifically targetted technical and commercial training.

21 The recommendations set out above, whilst not individually of major importance, will call for a significant change in attitudes by officials in the relevant Departments. If the recommendations are endorsed by Ministers it is therefore suggested that the lead Departments (principally DTI, Treasury, FCO and ODA) should be invited to report back to Ministers on implementation of the recommendations in 6/12 months time.

UK OUTWARD DIRECT INVESTMENT
BOOK VALUE OF NET ASSETS AT END 1981

BY AREA

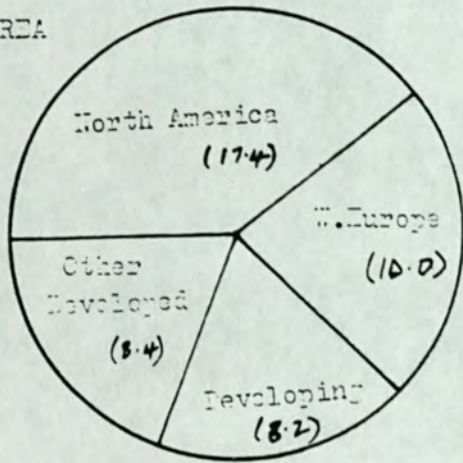
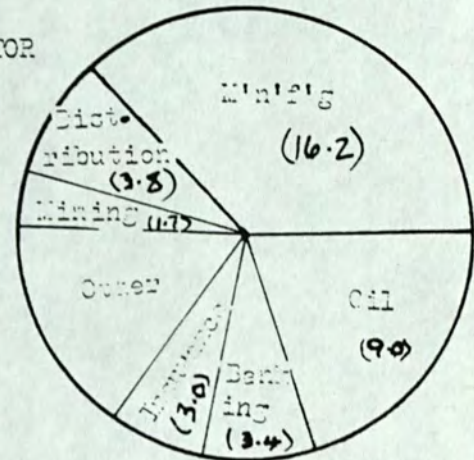


FIG. 1

BY SECTOR



(2 Billion)

FIG. 2

STOCK OF FOREIGN
DIRECT INVESTMENT HELD
OVERSEAS BY DEVELOPED
COUNTRIES

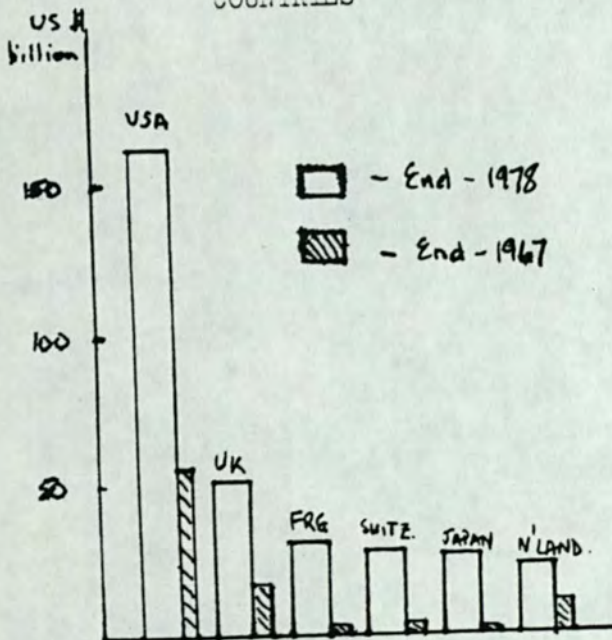


FIG. 3

UK DIRECT INVESTMENT
OVERSEAS (EXCL. OIL)
1982

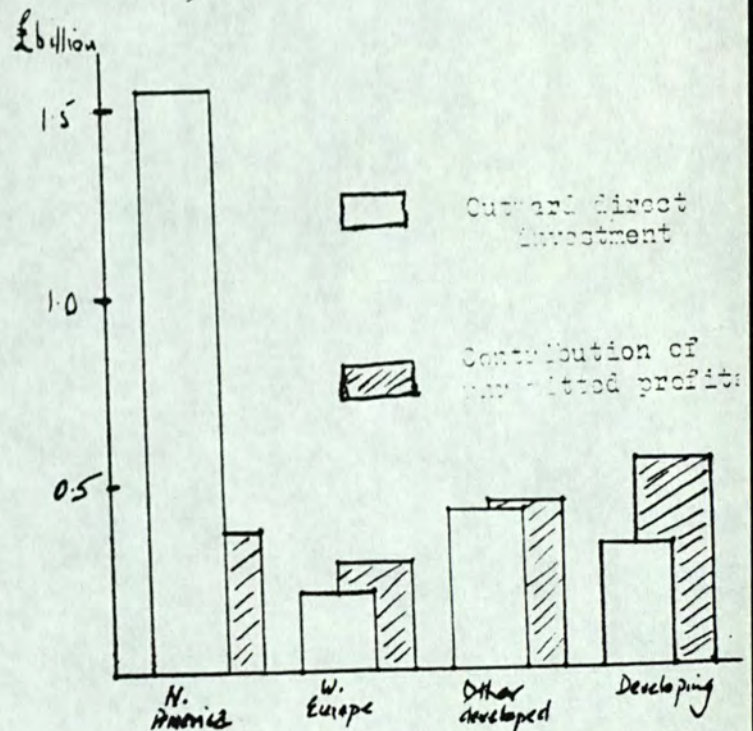


FIG. 4

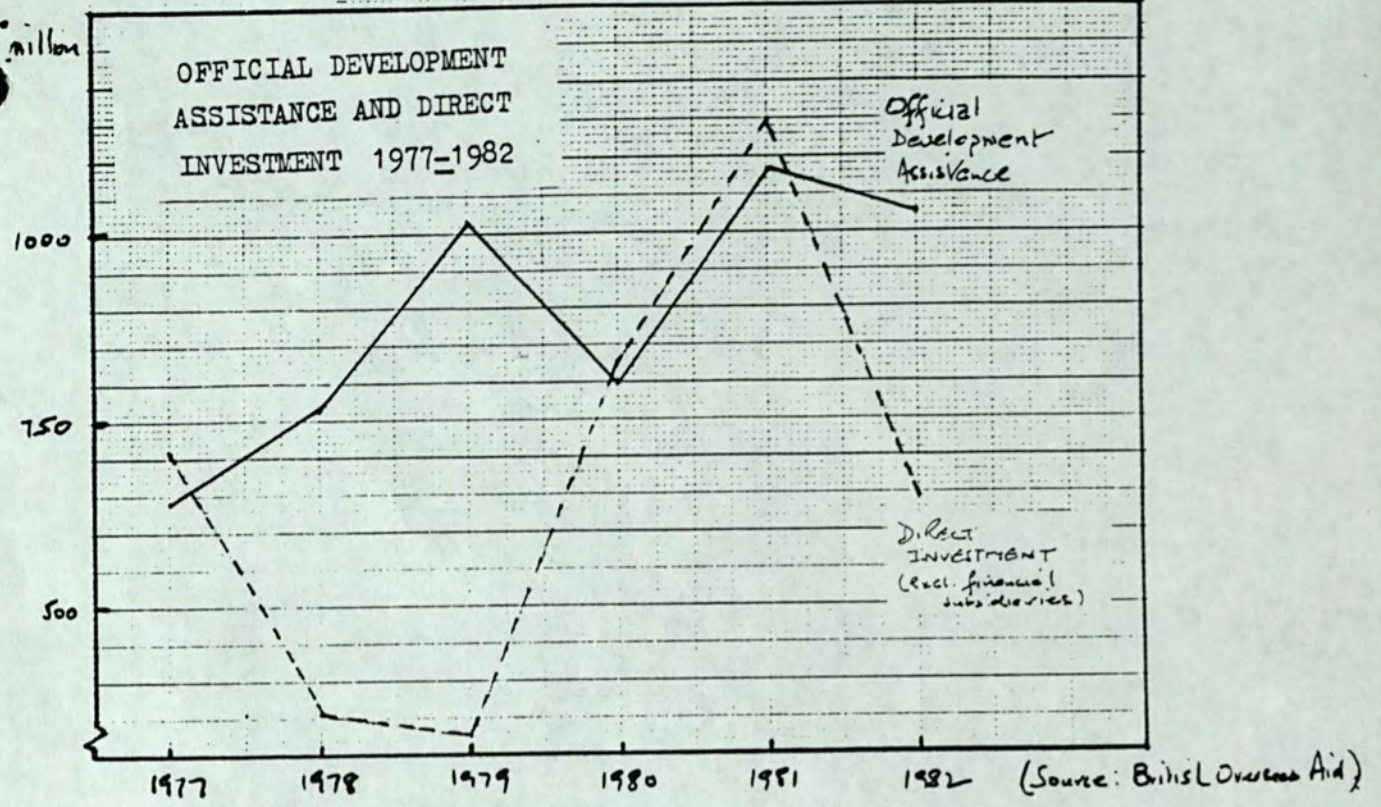


FIG 5

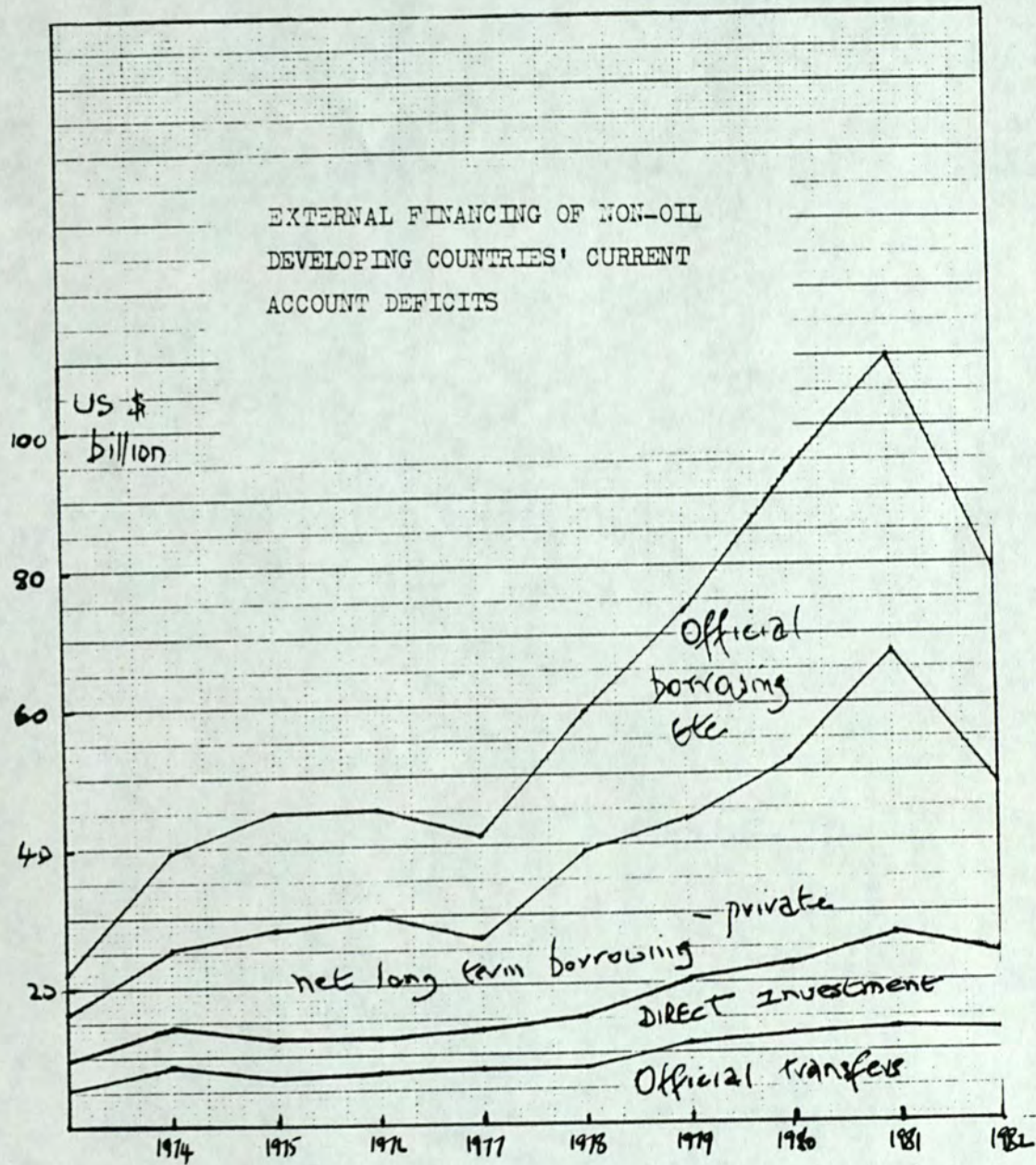


Fig 6

EXISTING HMG ACTIVITIES RELEVANT TO OVERSEAS INVESTMENT

BRITISH DIRECT PRIVATE INVESTMENT AND THE AID PROGRAMME

1 Linkage between the aid programme and private direct investment has three strands: the Commonwealth Development Corporation (CDC), specific linkages between bilateral country aid programmes and specific private investments, and the Pre-Investment Study Scheme (PISS).

ODA's PRE INVESTMENT STUDIES SCHEME (PISS)

2 ODA operate a scheme to encourage UK firms to investigate investment opportunities in developing countries by underwriting 50% of the costs (up to £50k) of a pre-investment study, payment being made if the firm subsequently decides not to go ahead with the investment. PISS has a low profile and has been little used: the question of its future was raised in 1982 and the possibility of transferring the scheme to the Department of Trade and Industry was under active discussion last year, but subsequently put on ice pending the report of the Working Group.

THE COMMONWEALTH DEVELOPMENT CORPORATION (CDC)

3 The CDC promotes economic development by investing in commercial projects in the developing countries. The Corporation is currently associated with some 40 UK private sector companies. The bulk of these projects are concerned with the production and processing of raw materials but there are also a number of manufacturing ventures, infrastructure and hotels. Following the 1981 inter-departmental review of its activities, the CDC's overall borrowing limit was raised to £700m and a higher priority was accorded to joint ventures with the private sector.

BRITISH EXECUTIVE SERVICE OVERSEAS (BESO)

4 BESO sends experienced businessmen (usually retired, but occasionally secondees) to provide advice to small and medium-sized indigenous businesses and governments of developing countries, for 3-4 month tours. BESO, an independent organisation part-funded by ODA, meets the UK expenses of the programme, overseas costs are borne by host organisations.

ECGD'S OVERSEAS INVESTMENT INSURANCE SCHEME

5 As in most OECD countries, ECGD operate a scheme to provide UK investors with insurance for up to 15 years against the risks of expropriation, war, restrictions on remittances and other non-commercial risks in respect of new investment overseas. Although the Scheme was intended to apply mainly to developing countries, cover is in principle available on any country. In 12 years of operation, the total volume of business covered - £170m of investments involving 341 applications - has been disappointing. ECGD have recently acted to improve coverage and reduce premiums, as well as launching a publicity initiative designed to increase business. For the longer term they are also discussing collaboration with the private sector insurance market.

BOTB SUPPORT SCHEMES

6 A number of the BOTB schemes, primarily aimed at export promotion, may be of limited relevance to outward investment. In general however it would be difficult to stretch the schemes to cover areas for which they were not really intended.

7 Perhaps most pertinent is the Export Marketing Research Scheme (EMRS) which offers 50% grants to cover the commissioning of consultants or in-house travel and subsistence undertaken for market research to promote UK exports. This could apply to outward investment where research indicates that this is the best way to enter a particular market.

8 Under the Market Entry Guarantee Scheme (MEGS) companies can receive 50% of their overhead costs eg office rental, salaries, travel (up to a maximum of £300k) of breaking into a new export market, recoverable by a levy on sales. This scheme does not lend itself to supporting outward investment unless significant UK exports are involved.

9 The Export Intelligence Service (EIS) a computer based system of information dissemination carries some information on opportunities for co-operation with overseas firms, reported by Posts. From an investment point of view this is generally felt to be insufficiently selective in targetting companies interested in particular sectors and markets.

10 In certain circumstances support for seminars, exhibitions, visits etc. might be made available under other BOTB services, such as the Outward Mission Scheme.

INVESTMENT PROMOTION AND PROTECTION AGREEMENTS (IPPAs)

11 The FCO, in consultation with interested Departments, undertakes a continuing programme of negotiating bilateral IPPAs. IPPAs are intended to stimulate the flow of investment between the two signatory states; to protect existing and future investments under the law of the host country; and in the event of expropriation by a host government, to ensure that prompt, adequate and effective compensation is paid. They also provide for independent settlement of investment disputes. 22 IPPAs have been negotiated to date, 16 since 1979. FCO has a list of priority countries for further agreements, but the process is in large part demand-led.

DOUBLE TAXATION AGREEMENTS (DTAs)

12 The UK tax system incorporates arrangements for preventing double taxation of the same income by giving relief for overseas tax against UK tax. The UK has negotiated comprehensive double taxation agreements with some 80 overseas countries under which each country has agreed to give up or to reduce its tax in certain circumstances. In some cases "matching credit" provisions are included in order to avoid developing countries being penalised for tax incentives offered as encouragement to investors. Where relief is not due under an agreement, relief in respect of foreign taxes is given unilaterally against the UK tax on the same income in question. The effect of these arrangements is that the UK resident has broadly the same tax burden on income arising overseas as on income arising in this country, provided that the overseas rate of tax is not higher than the UK rate .

DIRECT INVESTMENT OVERSEAS - ECONOMIC COSTS AND BENEFITS

Benefits to UK

1. Firms undertake investment abroad for a wide variety of reasons: to extract raw materials, to supply transport or other services, to take advantage of lower production costs abroad than in the UK in some industries, to distribute and market exports, and to trade in markets where tariffs, restrictions, or the pressure of competition makes exporting impracticable.
2. But common to all these reasons is the pursuit of profitability. Firms will invest abroad when, over the longer run, the expected return more than outweighs the cost of the investment resources used, and when the profits to be made from overseas investment are expected to be greater than the profits that could be made from other uses of the investment resources.
3. For the UK national economy as a whole, too, the profitability of overseas investment is the primary benefit from such investment. In general, if an investment is profitable the economy eventually gains command of more resources than are expended on the investment.
4. There may be situations where profitability does not fully reflect the costs and benefits of direct investment abroad to the national economy. Thus it has been argued that direct investment overseas deprives the UK of investment resources. Investment in the UK could be reduced by overseas investment if firms undertake investment overseas as an alternative, or "substitute" for domestic investment. Moreover, even if an individual firm's investment decisions at home and abroad are made independently, increased investment abroad by UK firms might increase the cost of investment finance to other UK investors - and thus reduce the amount they were prepared to invest at home. In this way, it is contended that foreign investment "exports jobs" to the detriment of the UK economy as whole.

Does overseas investment deprive the UK of investment resources?

5. Do firms regard domestic investment and overseas investment as alternatives? An individual business may have to choose between domestic and overseas investment if it is constrained by a fixed level of financial resources. Small firms may be. Most firms however are not constrained to a fixed level of investment resources certainly not in the time periods over which foreign direct investment is conceived. In the short to medium term they usually have the option of raising additional finance - sometimes at a price - by borrowing, while in the long run any gearing problems can be relieved by the issue of equity.
6. The firm's investment choice may lie between siting a particular production facility in the UK or abroad. However the functions performed by overseas investments in mining, services, distribution and transport - about 50% of direct overseas investment - could not be performed by investment in the UK. "Substitution" of this sort seems likely to arise in manufacturing. Even in manufacturing there may not always be a choice between UK production for export and overseas investment. The investment might be one which would be unprofitable in the UK (eg some electrical assembly activities), or the option of exporting may be ruled out by the presence of import restrictions (or preference for local production) in the overseas market. In a recent study of UK overseas direct investment in manufacturing, Professor Silberston concluded that "in the absence of overseas investment, only a fraction of the relevant overseas output would have been produced in the UK: in no sense has overseas investment been a simple substitute for investment in Britain".
7. Does investment abroad indirectly reduce investment at home, through raising the cost of investment finance for everybody? The upward impact of overseas investment on domestic interest rates is probably small. Much overseas investment is financed either by borrowing overseas, or from the retained profits of existing overseas operations, and therefore does not result in increased demand for domestic investment finance. Even if an increase in domestic demand

for investment finance would initially lead to a rise in domestic interest rates, relative to foreign rates, it is unlikely that significant differences in interest rates would persist. The higher domestic interest rate would lead to shifts in the portfolios of international investors, who would try to lend more and to borrow less in the UK market.

Does investment overseas "export jobs"?

8. If investment in the UK is unlikely to be displaced and the cost of domestic funds unlikely to be significantly affected by direct investment overseas, UK employment also should not be adversely affected. However, jobs might be affected if outward capital flows were to reduce UK exports on balance. The effect on exports depends on the reasons why investment is undertaken and therefore to a large extent on the type of investment. Foreign investment itself is, if anything, likely to directly generate extra exports of UK capital goods. Subsequently if it is invested in mineral extraction or services abroad (eg banking, insurance, transport) it is not likely to affect UK exports, while investment in distribution systems (or assembly facilities) could increase exports of finished goods (or components). On the other hand, investment - mainly in manufacturing - to take advantage of lower production costs abroad may displace UK exports but only if it is thought that UK exporting is likely to be viable in the long run against the advantage of the foreign location.

9. It is not easy to judge the net effect on UK exports as a whole, initially and subsequently. On balance - given the particular and stable pattern of UK foreign investment (50% has gone into mining, services and distribution) - the conclusion of the Reddaway study (completed in the 1960s) seems still likely to be valid - that on average the effect on exports is small but positive.

10. The effects on the exchange rate are also relevant. The initial capital outflows (if the investment is financed in the UK) will tend to depress the exchange rate. This will work to offset

upward pressure on the exchange rate from any increased capital inflows and may stimulate extra UK exports.

11. Overall therefore it seems highly unlikely when all consequences are taken into account that increased direct investment by the UK will cause any loss of jobs while in the long run the economy will benefit from the higher profitability of the overseas operations.

Does investment abroad benefit developing countries?

12. Much UK overseas direct investment is to other developed countries. But a significant proportion - about a fifth - is in Less Developed Countries. This brings not only new capital to developing countries but also foreign knowledge, experience and technology as well as technical and managerial personnel which are not always locally available. The potential benefits of private capital inflows can accrue to the domestic labour force via higher wages than they were getting before. Domestic consumers gain through the availability of preferred products or products at lower prices. The host government gets tax revenues. Foreign owned investment may also yield "external" economies or diseconomies. For example, personnel who have trained or gained management skills in foreign firms may then be employed by domestically owned firms and local sub contracted firms gain advice and know-how. It is also possible of course for foreign firms to benefit from locally trained personnel.

14. The impact of foreign investment on both the current and the capital accounts of the balance of payments is not likely to be a significant element in the costs and benefits of particular investments. However from a short period viewpoint direct investment is less likely to impose liquidity problems on an economy to the extent that profit-remittances on the equity elements are likely to be more flexible than interest on debt and may fluctuate more in tune with domestic or world activity and hence with the country's balance of payments position.

18. The extent to which foreign investment makes a country economically better-off or worse-off in practice will depend crucially on the scale of the host country incentives or protection offered to the investor in any particular domestic sector of its economy. It is therefore the policies of each developing country in this respect which are crucial to a general or specific judgement about the net benefits of foreign direct investment. The very policies which make investment attractive to foreigners may be responsible for such investments being marginally beneficial or even harmful economically. The question of how much protection or subsidy is offered is very much a policy matter over which the host government has control. There is every reason to think that if liberal policies are pursued towards both foreign investment and external trade by developing country governments there will be net benefits for both the host economy and for the UK.

WORKING GROUP ON DIRECT INVESTMENT OVERSEAS

COMPETITORS' PRACTICES IN SUPPORT OF OVERSEAS INVESTMENT

Introduction

1 This note describes the main types of schemes run by the UK's major competitors in support of direct investment overseas.. It deals only with specific schemes and services available to individual companies and does not cover government activity or measures (eg Investment Promotion and Protection Agreements, exchange controls) which have already been dealt with elsewhere.

2 Substantial work has been undertaken in this area in the past, notably by OECD and, within the UK, by a Treasury-chaired Working Party on Overseas Investment which reported in January 1982. Officials have not therefore gone over this ground in detail again. Visits by the DTI Review Team to the United States and France were used to verify and update information about the policies and schemes of limited those countries, whilst the review team's other visits afforded some opportunity to look at the activities and support schemes of the UK's major competitors.

3 This paper does not therefore provide a comprehensive catalogue of all support schemes. It simply describes the main types of schemes available and gives a few selective examples of specific activities or schemes. It is hoped that this overview of competitors' activities will provide a useful yardstick against which to measure UK efforts.

Types of Schemes

4 Support schemes fall into 5 main categories:

(i) Investment Insurance Schemes

All member countries of OECD's Development Assistance Committee operate investment guarantee schemes of general

application covering non-commercial risks such as expropriation, war and transfer risks. In France, for example, there are two government schemes for investment insurance - one run by COFACE and dependent upon the company giving guarantees regarding continuing and indeed increased exports from France; the other run by the Banque Française du Commerce Extérieur (BFCE) which in addition to the usual risks also provides cover against violation by the foreign authorities of any specific undertakings given concerning the investment.

(ii) Schemes for Financing Feasibility Studies

Many countries provide financial support towards the cost of feasibility studies. Schemes vary considerably but support typically amounts to 50% of the costs, repayable if the project goes ahead. The orientation of different countries' schemes varies considerably. Some schemes concentrate assistance on smaller and medium sized companies some schemes are directed towards particular types of investment such as the securing of supplies of raw materials; some schemes have a particular geographical orientation.

(iii) Financial Support

Many countries provide financial support to promote overseas investment; the means employed and the amount of resources made available vary significantly. In France and in Japan official financial support, usually in the form of medium or long term loans at favourable rates of interest, is available through a variety of organisations. In the FRG the German Development Co (DEG) can take equity in or provide loans for overseas investment projects. In the US the Overseas Private Investment Corporation (OPIC) provides loans and loan guarantees for small companies investing in selected projects in developing countries.

(iv) Fiscal Incentives

In addition to taking measures to eliminate or reduce double taxation, many countries give fiscal concessions to promote overseas investment through a branch or subsidiary. In the FRG fiscal provisions are regarded as a major part of the total overseas investment promotion effort; taxable profits of the investing company may be retained for a period of 6 years in order to build up reserves in a developing country for investment there with attractive tax allowances. In France a tax free reserve equal to 50% of the amount of capital invested during the first 5 years of operation can be established, to be re-integrated into taxable profits of the investing company during the second 5 years.

(v) Information and Promotional Activities

Whilst most developed countries provide information on investment opportunities alongside conventional reporting of export opportunities, some countries have developed information systems specifically for investment opportunities. In the United States OPIC publishes a series of investment information packs on specific countries; it also collates and circulates information about specific investment opportunities and sponsors investment ^{missions} overseas on a selective basis.

5 All developed countries thus provide substantial practical support to their companies' overseas investment activities. The emphasis as well as the detail of different countries' schemes varies significantly. The Review Team's visits to France and the United States provided an interesting contrast in attitudes to overseas investment. Whilst support given to US companies is concentrated exclusively on developing countries, in France the main priority is to promote investment in other developed countries. It was made clear that the French government views overseas investment predominantly not in a developing country context, but as a means of promoting French economic interests in developed markets. The French and US attitudes probably represent the extremes of the spectrum, with other developed countries falling somewhere in between.

Conclusion

6 It is difficult to assess the importance and effectiveness of the various support schemes outlined in this paper and it is not possible to draw any categoric conclusions about the practices of our major competitors in comparison with UK measures. The Review carried out by the present Working Group suggests that taken as a whole our major competitors are probably more active and provide a more comprehensive range of schemes in support of overseas investment than the UK.

OUTLINE OF A SCHEME FOR SUPPORTING BRITISH PRIVATE INVESTMENT
IN THE DEVELOPING WORLD

Background

The Working Party has recognised the potentially important contribution that private direct investment can make to the economic development of LDCs, provided recipient government policies are appropriate.

2. The potential merits of private direct investment include

(i) helping to develop the directly productive sectors in developing countries;

(ii) producing a flow of external finance and skills and techniques not otherwise available so effectively;

(iii) requiring return financial flows only if the enterprise is successful - a distinct virtue compared to portfolio loans.

3. There are currently two particular instruments operating within the aid programme used to stimulate UK private direct investment in developing countries. First, the Commonwealth Development Corporation, 13% of whose investments involve co-financing with British industrial companies. Second, a small Pre-Investment Studies Scheme run by ODA, which finances 50% of the cost of feasibility studies if these do not lead to subsequent investment. This has been little used in recent years. The ODA encouraged by the consideration of the interdepartmental group propose to consider setting up a new scheme absorbing the Pre-Investment Studies Scheme.

4. Features of this scheme are outlined below but these are tentative at this stage and ODA Ministers still need to be consulted, ^{should} Ministers approve the proposal in principle. We would then expect to discuss the way in which the scheme would operate with representatives of the UK private sector.

Scheme Objectives

5. The objective of the schemes would be two fold; firstly to increase the volume of British direct investment in the developing world, in particular that investment which would be both economical and beneficial to the recipient and directly or indirectly commercially beneficial to the UK; and secondly to increase the benefit accruing to recipient countries and to the UK investor in terms of appropriate manpower skills and local institutional development.

Scope of the Scheme

6. The scheme would use aid funds to support specific activities concerned with identifying, appraising and running new investment projects. It would have two discrete elements which could, but need not, be applied sequentially to the same project.

(i) First financial support for certain activities usually undertaken prior to any decision by the UK firm to invest. These would include the initial identification of opportunities for pre-feasibility studies, for detailed investment appraisal and, where relevant, field trials related to possible new investment. Normally the work would be undertaken by the potential investor either by consultants, or by his own staff, or by some combination of the two. [It would incorporate the existing Pre-Investment Studies Scheme run by ODA and would need to avoid any overlap with the Export Market Research Scheme and the Market Entry Guarantee Scheme, both run by DTI.]

(ii) Second financial support for improving (specific features of) the implementation and operation of investments after a decision to invest has been made. These would cover skills training for local staff (locally or in the UK), management development (locally or in the UK), certain types of training for expatriates (eg courses at the International Briefing Centre at Farnham Castle) adopting Western technology to suit local conditions and encouraging the development of indigenous developing country suppliers of inputs for the investment activity (eg the supply of packaging material for the product of the investment). This support should improve the economic benefits to the recipient as well as benefits to the investor and thereby commercial benefits to the UK.

Scheme Coverage

7. Geographical: ODA consider that the appraisal element of the scheme should be restricted to lower and middle income developing countries, and that support for activities at the execution stage should be restricted to projects in the poorer developing countries. DTI consider that both elements of the scheme should be available in all developing countries outside OPEC. The criteria used would favour help for projects in countries whose general policies were not prejudicial to economically and financially successful foreign investment.

8. Type of investment: Support would normally be limited to the first direct investment by the British company concerned in the particular country. Also any investor receiving assistance would be expected to have his own funds involved in the project - usually as equity - considerably in excess of the amount of assistance offered under the scheme. Any economic sector would be eligible; but certain types of activity (eg establishing a local distribution agency only) might need to be excluded. All proposals would be subject to some form of individual appraisal (see below):

9. Company: Only British companies (to be defined) or local companies in which there is a substantial investment by a British company would be eligible for help. Particular efforts would be made to interest companies with limited operational experience overseas.

Terms of Assistance

10. For pre-investment decision support for the funding arrangement would be the same as that offered under the existing ODA Pre-Investment Studies Scheme - that is 50% of costs likely to be incurred would be made available to the company. This would be refunded by the company if the investment concerned goes ahead. Prior to offering support for pre-feasibility and appraisal studies, there should be a presumption that the project being investigated was likely to be economically and financially viable.

11. For assistance at the post-investment decision stage the investor and the ODA would agree on their respective contributions to the proposed activities. ODA funding of up to 100% of the cost of specific activities would be possible. Support at this stage would depend on a broad assessment of economic and financial viability.

12. Unless the British Diplomatic Post in the country concerned advised to the contrary the authorities in recipient countries would not require to be consulted about the support being provided. The investor would, of course, need to observe all the normal procedures for foreign investors in the country concerned.

Source of Finance and Administration

13. The scheme would be financed within the aid programme, from a specific provision outside the individual bilateral country allocation. A small section in ODA would need to be created to deal full time with operating the scheme, in particular answering queries, assessing applications, and monitoring the use of aid funds. Professional advice would be sought from within the ODA, from other relevant departments and institutions.

14. The scheme would be publicised widely. Guidelines would be produced to be distributed both to relevant bodies (eg CBI) and to those particular companies who expressed an interest.

15. The details of the scheme would need to be worked out in consultation with private sector representatives. This could be done with an aim of launching the scheme in April 1985.

16. Demand for finance is very difficult to predict though the requirements could be expected to grow steadily over three or four years. The ODA envisage that costs up to £3-4m per year should be provided on the merits of the cases put forward and without an overall financial ceiling operating. Above that level, if the demand emerges, the scheme should be operated within annual financial ceilings. Given the uncertainty in this area the financial provision and the methods of operation will need to be assessed 6-18 months after it has begun.

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PS/ Secretary of State for Trade and Industry

19 January 1984

John Coles Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister (2)

AT 2011

Dear John,

PRIVATE DIRECT INVESTMENT OVERSEAS

The Prime Minister may like to know that following an exchange of minutes between the Foreign Secretary, my Secretary of State and the Chancellor of the Exchequer, an Inter-Departmental Group of officials has been set up under DTI Chairmanship to look at the present policy towards British private investment overseas.

2 The Group, which has been asked to report not later than the Summer Recess, will review the available evidence on the benefits and costs of the UK of overseas investment and will undertake a series of studies of particular countries drawing heavily on the practical experience of a range of British companies with experience of investing there. In the light of this work, the Group will review the ways in which we seek to encourage such investment and consider whether they are sufficient.

3 I am copying this to the Private Secretaries of the Chancellor of the Exchequer, the Foreign Secretary and Sir Robert Armstrong.

Yours sincerely,
Ruth

RUTH THOMPSON
Private Secretary

