

2/13

Qa 05201

TO: PRIME MINISTER

FROM: J R IBBS

TEXTILES

I have seen the recent minutes to you on textiles, and the paper the Secretary of State for Trade has put to OD(E).

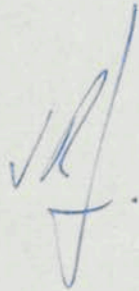
2. My own contacts with the Industry have convinced me that it believes the Government does not fully understand its present difficulties and is reluctant to give proper help. This impression is bad both for the Industry and the Government. Although some parts of the Industry have been inefficient and some are unsuited to withstand competition from developing countries, there are other parts which are well managed, efficient and in which there has been substantial investment. It is no fault of theirs that they have been severely hit quite suddenly at a time of recession by the American feedstock advantage, by the strength of sterling and by the focussing of United States exports on the United Kingdom. Their feeling of isolation has been exacerbated by the Carter Administration's public statement in November 1978 of determination to assist the textile and clothing industry and commitment to its health and growth. They look for some corresponding words of support, and actions over a period to back them up.

3. While I do not disagree with the Secretary of State for Trade's recommendations on not renewing quotas or seeking new ones immediately, I believe it would be most unfortunate if decisions on these were announced in a manner which added to the poor morale in the industry. Equally I think that any public weakening of attitude towards use of the MFA basket extractor mechanism would be most unfortunate, even if some discretion is required in the way it is actually used. What is needed is a message of hope for the Industry of intention to provide overall support where this is justified rather than reluctant piecemeal assistance. The approach proposed by the



Secretary of State for Industry can give this encouragement and, in particular, I believe the United Kingdom industry would respond positively to the suggestion of a stronger Community approach to the United States.

4. I am sending a copy of this minute to members of E Committee, the Secretaries of State for Northern Ireland, Scotland and Wales and Sir Robert Armstrong.



9 December 1980