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TIMEX, DUNDEE: MEETING WITH MR GORDON WILSON MP
TUESDAY 8 FEBRUARY, 3.45PM

I attach a note on developments since the Prime Minister's meeting with STUC.

For ease of reference I am also enclosing a copy of the briefing material which we provided for the Prime Minister's meeting with the STUC delegation in Glasgow on Friday 28 January.

A. Muir Russell

A MUIR RUSSELL
Private Secretary

PRIME MINISTER'S MEETING WITH MR GORDON WILSON MP:
8 FEBRUARY 1983, 3.45PM

d Ernie Ross m.p.

1. Since the Prime Minister's meeting with the STUC delegation about the redundancies at Timex (briefing material attached for ease of reference) there have been three subsequent developments: the decision to make a formal approach to the European Commission to investigate the French Government's offer of assistance to the Fralsen Company at Besancon; the meeting between the Secretary of State and Mr Fletcher and Mr Olsen, the owner of Timex and Chairman of the Board, and major shareholder in Nimslo (31 January); and the meeting on 3 February between the Secretary of State and Mr Fletcher and representatives of the Timex employees and local MPs.

French Government's offer of assistance

2. The Prime Minister undertook, when she met the STUC delegation on 28 January, that the alleged offer of assistance by the French Government to the Fralsen Company would be fully investigated.

When Scottish Office Ministers met Mr Olsen and Mr Davidson, Financial Director of the Fralsen Company and a member of the Nimslo Board, they were told that the French Authorities had offered 120 million French francs (around £12m) in Government grant for three projects, namely the transfer of research and development facilities for Nimslo in Atlanta, Georgia to Besancon; the manufacture of the 3-D professional camera in France, together with the "Black Box" which contains the distinctive 3-D film processing equipment; and the manufacture of Sinclair computers for the French and North American markets. In addition, the French State Bank, Credit Nationale, has agreed to provide 430 million French francs (around £43m) in the form of loans on terms yet to be finalised. The company gave assurance that no production had been transferred from Dundee to France; the camera contracts had simply been transferred to Japan, and the phasing out of mechanical watch manufacture resulted from a continuing decline in market demand. The Besancon plant was also operating under capacity on the watchmaking side.

3. It is possible that the grant assistance is being provided under nationally available research and development and training programmes not caught by European aid ceilings on regional assistance for investment and that finance is being arranged on commercial terms. Nevertheless, the European Commission has been formally asked to ensure that EC rules governing the provision of assistance have been observed. As the final support package appears not to have been settled, it may well take the Commission some time to complete its investigations.

Scottish Office Ministers' meeting with Mr Olsen

4. Mr Olsen was adamant that the 1900 redundancies announced at Timex, Dundee must stand. He was, however, clearly interested in the Government's plans to make Dundee a centre for the attraction of high technology industries, involving the establishment of a Technology Park, with sites that would qualify for Enterprise Zone status. He was also attracted by the possibility that Mr Fletcher might use his joint industry/education responsibilities to help secure support in Tayside schools for trying out Sinclair's personal computers, with a view to providing the right educational support for a community which would depend for much of its employment and prosperity on new information technology. Mr Olsen was convinced that the future prospects for expansion at Dundee depended on pressing home the successful transformation of Timex from a traditional watchmaking company to a major force in the electronics industry in Scotland.

5. Ministers concluded from extensive discussions with Mr Olsen that he might well be prepared to support investment proposals aimed at securing and expanding the work of the Timex plant in the electronics field. It was made quite clear to Mr Olsen that substantial assistance could be available if required to secure a programme of investment on these lines, and that since Dundee was a Special Development Area the assistance package would be highly competitive against that offered in Besancon, an area which does not enjoy regional assisted status within the Community. Scottish

Office Ministers are hopeful about the prospect of encouraging further investment in the electronics side of the Timex business, although it seems unlikely that the company would be able to embark upon such a programme quickly enough to avert the 1900 redundancies.

Meeting between Scottish Office Ministers and Employee Representatives.

6. At the meeting between employee representatives and the Secretary of State and Mr Fletcher, the unions presented their alternative proposals. There was not time to examine these proposals in detail at the meeting, but they involved the retention of watch manufacture in Dundee, the expansion of research and development facilities, further work on the Sinclair product range, the retention of the Nimslo camera contract together with the placing of a contract for the second generation amateur camera in Dundee, and the expansion of work on the IBM substrate side. The unions were clearly anxious that the decision to phase out mechanical watchmaking heralded complete closure of the plant, and they were very keen that the Government should offer assistance at least on a par with the French Government. They also expressed the hope that the Government would not simply wait for products to be brought forward by the company, but would make a positive intervention.

7. In response, the Secretary of State undertook to study the proposals carefully and to make contact with Mr Olsen (who had already received the proposals) to establish whether the company would be prepared to support this initiative. We believe that the proposals are over-ambitious and unlikely to secure such support. He repeated that the Government would be ready and willing to provide substantial support for any viable proposal which resulted in investment in new products and additional employment for the plant. It was also emphasised that Mr Olsen and Mr Sinclair had expressed considerable satisfaction with the record of the workforce in producing the personal computer, and that this track record provided a basis on which to build for the future.

Mr Wilson's meeting with the Prime Minister

8. In seeking this meeting, Mr Gordon Wilson MP has pointed out the importance of retaining watchmaking at Dundee in order to improve the balance of trade. In 1982 15 million watches were imported to the UK, and 4.5 million exported. The decline of watchmaking in Dundee would have an adverse effect on the balance of payments. He also expressed concern that the rundown on the watch side would leave Timex dangerously exposed to the fortunes of the contract engineering industry, since they would be dependent on products which were not those of Timex itself. Against this background he seeks an assurance that Scottish Office Ministers are satisfied that the 2,300 jobs remaining at Dundee will be secure, without the commitment of new work to the plant.

Line to Take

9. At the meeting with Mr Wilson, the Prime Minister might like to make the following points:-

- (a) Officials are in touch with local management at Dundee to discuss the scope for investment in new products and improved production methods;
- (b) Job security of the remaining workforce depends entirely on manufacturing competitive, high-quality products on time;
- (c) Ministers have emphasised, however, that Government support is available to assist such manufacturing plans to fruition;
- (d) Ministers have been encouraged by the positive commitment to the future of the plan expressed by local management, Mr Olsen and Mr Sinclair but this could be jeopardised by strike action against the present redundancy programme;

- (e) following the meeting with the STUC the European Commission has been asked to look into the offer of assistance by the French Government to Fralsen;
- (f) the Government are substantially committed to the future of Dundee, which enjoys Special Development Area and Enterprise Zone status in addition to substantial spending by the Scottish Development Agency on infrastructure schemes such as the waterfront project and the proposed technology park.

TIMEX, DUNDEE

BACKGROUND NOTE FOR PRIME MINISTER'S MEETING WITH REPRESENTATIVES OF THE WORKFORCE; FRIDAY, 28 JANUARY 1983

Background

Timex currently employ some 4,300 people in a number of factories in Dundee. The company's traditional activity of mechanical watch manufacture has been running down for some time, and it has increasingly turned to contract work to maintain business and employment. Major clients have been Polaroid (the manufacture of cameras which ceased some years ago), IBM (the manufacture of visual display units, and test and assembly work on sub-strates), Sinclair (the manufacture of personal computers and development work on flat television tubes), and Nimslo (development and manufacturing work on 3-D cameras).

Government Assistance

In recent years, apart from the automatically available Regional Development Grants, Regional Selective Assistance has been available for work undertaken at the Timex plant for Timex itself, for IBM, for Sinclair, and for Nimslo. The Sinclair flat television tube project received an offer of £1.5 million in selective assistance, and the Nimslo 3-D project received a similar offer of £1.8 million. Because of the high risk nature of the Nimslo project, special conditions were attached to payment in terms of the attainment of specific production targets, and as it has turned out no selective assistance has been claimed by or paid to the company.

Redundancies

Despite the aggressive programme of diversification undertaken by Timex, redundancies have taken place over the years, culminating in the announcement on 10 January that traditional mechanical watch manufacture would be phased out. This announcement followed the news that Nimslo was withdrawing the camera contract, and taken together the result will be a loss of 1,900 jobs. We understand that 1,300 employees have already applied for redundancy terms, and the company is satisfied with this response, although, understandably, would not like any publicity to be given to this figure at this stage.

Nimslo has stated that camera production had to be transferred to Japan because the Timex factory could not meet the company's demands in terms of price, quality or quantity. The Timex management accepts that the demands of Nimslo could not be met by the Dundee factory at the price required, and the Nimslo contract was

mutually terminated. Timex management would claim that, although the Dundee plant may not have been able to match the performance of Japanese camera companies, the performance and reputation of the workforce in relation to the development and manufacture of other high technology products for Sinclair and IBM was deservedly high. The workforce believes that the move of production of the camera away from Dundee when the pioneering development work had only just been completed was unjustified.

Redundancies in mechanical watchmaking are less surprising, and result from depressed demand and excess capacity throughout the world. Overall the management regard the watch and Nimslo camera projects as irrevocably lost to Dundee.

Meetings

Since the announcement of redundancies on 10 January, the Secretary of State for Scotland and the Minister for Industry in Scotland, have met local MPs, the local management, and representatives of the workforce. In addition Mr Fletcher has met Mr Sinclair, and next week will be meeting Mr Fred Olsen, the owner of Timex, and a major shareholder in Nimslo.

Objectives

We believe that there are two clear objectives which the Government, Management and employees share.

The first is to avoid the threat of total closure; if there is industrial disruption as a result of the 1,900 job losses already announced, it is very likely that remaining work from Sinclair and IBM will be withdrawn, and that the plant will be forced to close, in this context, the response of the workforce to the redundancy notices noted above provides some encouragement. Also encouraging is the public testimonial which Sinclair has given to the fine record of the Timex plant in getting the personal computer successfully to the stage of mass production.

The second objective is to see what can be done to secure extra work for the plant, the only possibility of salvation for the jobs of the workers at Timex. The Secretary of State and Mr Fletcher have publicly emphasised that Government assistance will be available where required to bring forward extra investment which might be needed to meet this objective. Mr Fletcher has emphasised that message to Mr Sinclair himself, and will do so to Mr Olsen when he meets him next week. Discussions are currently taking place between the Timex company and officials about a possible investment programme aimed at making Dundee the favourite location for expansion of Sinclair business.

Conclusion

A question and answer brief for the Prime Minister is attached. We believe that the Prime Minister in answer to the representations of the workforce tomorrow might wish to re-emphasise the message which the Secretary of State and Mr Fletcher have stressed, namely:-

- (i) The Government obviously shares the concern of management and employees at Dundee about the very serious loss of jobs. The redundancies come as a severe blow to the concerted efforts of Government, the Scottish Development Agency, local authorities and the business community to attract high technology industry to Dundee.
- (ii) Despite this blow, Timex continues to provide key products at the forefront of technology to Sinclair and IBM, and nothing should be done to jeopardise the continuity of existing work at the plant.
- (iii) The key to saving jobs, and creating extra long-term employment for the future will be the securing of extra work for the Timex plant and for Dundee as a whole. Scottish Office Ministers and officials are bending every effort to help the Timex company in this quest.

SCOTTISH OFFICE
January 1983

GOVERNMENT NOT DOING
ENOUGH TO HELP DUNDEE?

THE GOVERNMENT HAVE SINGLED OUT DUNDEE FOR SPECIAL ATTENTION IN SEVERAL WAYS.

AS A SPECIAL DEVELOPMENT AREA DUNDEE STANDS OUT AS THE MAIN FOCUS OF OUR REGIONAL POLICY IN THE EAST OF SCOTLAND. THERE WILL BE EXTRA BENEFITS WHEN SCOTLAND'S THIRD ENTERPRISE ZONE IS ESTABLISHED IN DUNDEE AND ARBROATH.

IN ADDITION THE DUNDEE PROJECT, LAUNCHED ON 29 NOVEMBER LAST YEAR, HAS A TARGET OF 1,200 NEW JOBS WITH A £40 MILLION BUDGET TO MATCH. THIS COMES ON TOP OF OVER £8 MILLION COMMITTED TO REGENERATING THE BLACKNESS AREA OF DUNDEE.

TIMEX

1. HAS THE GOVERNMENT
DONE ENOUGH TO HELP?

THE GOVERNMENT HAS PROVIDED SUBSTANTIAL ASSISTANCE TO ENABLE TIMEX TO RATIONALISE AND DIVERSIFY ITS OPERATIONS AT DUNDEE. WITHOUT THAT DIVERSIFICATION PROGRAMME TIMEX MAY WELL HAVE BEEN FORCED TO CLOSE THE DUNDEE PLANT.

2. PRODUCTION TRANSFERRED
TO FRANCE?

PRODUCTION HAS NOT BEEN TRANSFERRED TO FRANCE. NIMSLO HAS PLACED CONTRACTS FOR THE PRODUCTION OF THE AMATEUR CAMERA CURRENTLY MADE AT DUNDEE WITH 2 JAPANESE COMPANIES. I UNDERSTAND THAT THE TIMEX FACTORY AT BESANCON IN FRANCE WILL BE PRODUCING A QUITE SEPARATE PROFESSIONAL CAMERA, NEVER INTENDED FOR DUNDEE.

3. FRENCH GOVERNMENT MORE GENEROUS?

THE MAXIMUM LEVEL OF REGIONAL ASSISTANCE IS DETERMINED BY EUROPEAN COMMUNITY AID CEILINGS. NO PART OF MAINLAND FRANCE QUALIFIES FOR ASSISTANCE HIGHER THAN CAN BE PROVIDED IN DUNDEE.

4. ENQUIRES ABOUT FRENCH GOVERNMENT ASSISTANCE TO THE FRALSEN COMPANY?

PATRICK JENKIN, THE SECRETARY OF STATE FOR INDUSTRY IS CURRENTLY INVESTIGATING THE SITUATION. WE HAVE NO EVIDENCE TO DATE THAT THE FRENCH GOVERNMENT BREACHED EUROPEAN COMMUNITY AID CEILINGS.

5. WHY WAS CAMERA PRODUCTION TRANSFERRED TO JAPAN?

THIS WAS A COMMERCIAL DECISION FOR THE NIMSLO COMPANY. NIMSLO CLAIMS THAT THE TWO JAPANESE COMPANIES CONCERNED ARE BETTER ABLE TO MEET THE DEMAND IN TERMS OF QUANTITY AND PRICE.

6. WHAT STEPS ARE THE GOVERNMENT TAKING NOW?

GEORGE YOUNGER AND ALEX FLETCHER HAVE HAD URGENT DISCUSSIONS WITH THE MANAGEMENT AND WORKFORCE AT TIMEX AND WITH LOCAL MPs. ALEX FLETCHER HAS ALSO MET MR CLIVE SINCLAIR AND WILL BE MEETING MR FRED OLSEN TO EMPHASIZE THAT THE GOVERNMENT IS PREPARED TO PROVIDE SUBSTANTIAL BACKING FOR EXTRA INVESTMENT TO CREATE SECURE EMPLOYMENT AT THE DUNDEE PLANT.

7. INDUSTRIAL RELATIONS TO BLAME?

I SEE NO FUTURE IN ATTACHING BLAME FOR WHAT HAS HAPPENED TO MANAGEMENT OR WORKFORCE.

THE GOVERNMENT, MANAGEMENT AND WORKFORCE ALL HAVE THE SAME OBJECTIVE. TOGETHER WE ARE MAKING EVERY EFFORT TO SECURE EXTRA WORK FOR THE PLANT.

I THINK IT IS VITAL TO ENSURE THAT NOTHING IS DONE TO JEOPARDISE THE HIGH REPUTATION WHICH TIMEX WORKERS ENJOY WITH EXISTING CUSTOMERS SUCH AS SINCLAIR AND IBM.

8. WILL TIMEX CLOSE
THE DUNDEE PLANT?

I AM ASSURED THAT TIMEX DO NOT INTEND TO CLOSE THE PLANT, AND THAT THE COMPANY IS TAKING STEPS TO SECURE EXTRA WORK FOR THE PLANT.

TIMEX DESERVES GREAT CREDIT FOR NOT STANDING IDLY BY WHILE THE DEMAND FOR MECHANICAL WATCHES DECLINES. THE COMPANY DESERVES SUPPORT FOR ITS AMBITIOUS PROGRAMME AIMED AT TRANSFORMING TIMEX INTO A SUCCESSFUL ELECTRONICS COMPANY.

9. TIMEX PLANT SHOULD BE
TAKEN OVER BY GOVERNMENT

THERE IS NO ESCAPE FROM THE CONCLUSION THAT THE FUTURE OF TIMEX DEPENDS ON THE COMPANY CONTINUING TO MAKE HIGHLY COMPETITIVE PRODUCTS WHICH PEOPLE WANT TO BUY. GOVERNMENT OWNERSHIP WOULD NOT MAKE A SCRAP OF DIFFERENCE TO THE POSITION.

INTRODUCTION

The decision by Timex to make redundant 1900 workers employed at their Dundee factories has prompted the joint unions to develop an alternative plan based on the retention of a Timex named product i.e. watches, a further extension to our diversification programme and the establishment of research and development facilities in both watches and consumer electronics. The implementation of this plan, backed by Government financial assistance, will provide the workforce with long term job security taking away the need for any further redundancies.

There can hardly be a manufacturing complex in the U.K. better situated to exploit its expertise and technical base within modern industry.

A diversified product range in growth consumer markets: mass-produced computers, electronic quartz and mechanical watches, a revolutionary 3-D camera, assembly work for IBM and, perhaps most important of all, a Flat Cathode Ray Tube for pocket TVs and tomorrows Information Technology.

A trained labour force steeped in engineering with ample resources for further expansions.

An engineering, design and production development force that has proved its ability to translate inventors' concepts into competitive, reliable end-products.

The world-wide TIMEX marketing structure.

Modern factories stocked with plant, much of it the latest automated equipment, some of it locally developed and produced in its own tools division.

A labour force that has proved its flexibility and its total acceptance of new technology and established an excellent industrial relations record based on exclusive organisation by the AUEW Engineering Section for manual workers and AUEW(TASS) for staff.

On/...

On 14th September 1982, Timex entered into an agreement with the joint unions based on a 'Statement of Intent' promising an aggressive policy of diversification into growth businesses and the retention of final assembly of mechanical and quartz analogue watches, we believe that our alternative plan provides us with this aggressive policy to secure our future. We believe that the importance of Timex to British Industry and to the people of Dundee is so great that positive action must be taken by the Government to prevent the destruction of the British Watch Industry.

This will cost money, but the cost of saving a job in an internationally competitive advanced technological going concern is a fraction of the cost of 'creating' jobs (or technological awareness) in a greenfields environment. Indeed, the price of saving TIMEX may well be less than the cost of unemployment benefit and supplementary benefit which will otherwise be forced upon the tax-payer.

A British watch industry is crucial to the development of instrument technology and micro-processor utilisation. Today TIMEX - the world's largest watch manufacturer - virtually is Britain's watch industry. It does also a large export trade.

The development of the silicon chip immediately affected mechanical watch production. For several years Quartz Analogue and Digital watches have been eating into mechanical watch sales. This is not a new development yet TIMEX world-wide corporate planning seems to have up to now kept Dundee out of the actual assembly of electronic watches, this we believe must be corrected in substantial terms.

Developments both in watches and in other consumer electronic products is vital to the survival of British industry. This alternative plan to redundancy and run-down can allow TIMEX to play its part.

WATCH BUSINESS

PROPOSALS FOR THE RETENTION OF AN AUTONOMOUS
WATCH MANUFACTURING AND ASSEMBLY UNIT CONTAINED
WITHIN THE MILTON COMPLEX.

ATTACHED PROPOSALS HIGHLIGHT REVISED FORMAT OF
MANUFACTURING ACTIVITY BASED UPON FORECAST 836
CASING AND CURRENT SCHEDULES MINUS PIPELINES OF
SCREW MACHINE AND FLAT PARTS.

note:

CONTRACTION OF UNIT WILL ALLOW SURPLUS SPACE FOR
RESITING OF ASSEMBLY LINES, C.S.D., BOX/STRAP AND
PACK, REPAIR AND SERVICE, DESIGN, AND RESEARCH AND
DEVELOPMENT DEPARTMENT BEING CONSOLIDATED INTO THE
MILTON PLANT THUS FACILITATING A DEDICATED TEAM
AND UNIT TO WATCH MANUFACTURE AND ASSEMBLY.

FORECAST NO.836 PLUS UPLIFT 1983 UNAC - A1 - VM/SP
PLUS CURRENT SCHEDULES MINUS PIPELINES

	SCREWS		FLATS		CASES		GENERAL		TOTAL		
	D/L	I/L	D/L	I/L	D/L	I/L	D/L	I/L	D/L	I/L	
Manufacturing	14	11	12	5	133	55	14	8	175	79	Grand Total:- 254
Service		omitted			

- * Gear & Pinion
- Burnishing
- Rolling
- Header/Threader
- Springs
- Plating
- Heat Treatment

WATCH FINAL ASSEMBLY

MECHANICAL QUARTZ & L.C.D.

Linked to the manufacture of cases and parts for mechanical Quartz and LCD, the final assembly of mechanical watches for the British market and for export is essential to Timex Dundee.

Timex only supply 1/7 of the British mechanical market which highlights and 86% import penetration on mechanical watches alone. Timex we believe can contribute more substantially to our domestic mechanical market.

Timex do not assemble any LCD watches whatsoever and only take part in a small amount of Quartz final assembly, although these two types of watches take up a market share of 9 million in the U.K. this is an area in the high technology watch market which we must enter into in a serious fashion as the future of the watch industry is based on technological developments in these areas.

The retention of a Repair and Service facility (which is basically an assembly operation will insist in making us an attractive option to watch buyers and a speedy R. & S. turnover is an attractive selling point to watch retailers.

The main priority within the alternative plan is the retention of the Watch Industry. The manufacture of cases, screw machine and flat parts and assembly of mechanical and the superior high technology digital and quartz analogue watches. We believe that the total integration of all watch-making aspects within the Milton complex is the only way to achieve the most efficient and viable unit in this sector of our business. The advantage being:-

1. Compact Unit
2. Essential services already functional and on-site.

- *Plating
- *Caster
- *Effluent treatment unit
- *Maintenance and toolroom
- *Engineering backup
- *Loading Bay
- *Stores
- *Heat treatment
- *Rolling Rooms
- *Management/Plant/Purchasing.

3. Reduced component part movement between plants.
4. Security advantages.
5. Close liaison of assembly function with manufacturing depts. facilitating problem solving and support to assembly lines.
6. Lower overheads accrued by intensive space utilisation.
7. Close inventory control, and better production control.
8. More efficient utilisation of indirect services.
9. No duplication of depts/units or effort.
10. Centralised stores and computer control.
11. Speedier throughput of product to distribution dept.

The adoption of the watch part of the plan will underline the commitment given to the unions in the 'Statement of Intent' on 14th September 1982.

NIMSLO

Renewal of the Nimslo/Timex Dundee contract. The continuation of 3-D development and production of the Nimslo G2 in Dundee.

EXPANSION OF SINCLAIR PROJECTS

Expansion of the Sinclair Computer range and the development of peripheral computer products such as the microdrive, microvision and printer.

The advent of the Sinclair Flat T.V. Tube has opened up possibilities of a whole new technological revolution. As the product is being developed for mass production in Dundee, we are building up expertise which can be utilised in the development of many other varies and different products.

Integrating the concepts of watch, T.V. Screen and Computer. We, therefore, believe that the final assembly of the mini T.V. should be located in Dundee utilising our traditional assembly skills.

The development of these new products based upon the Sinclair Flat Tube T.V. should occur linking our own R. & D. Unit more closely with Sinclair Research in Cambridge. This liaison would open up many new and revolutionary possibilities in the U.K. micro electronics industry.

I.B.M.

The development into chip technology in the Camperdown plant has given a new dimension to the new technology alternative business programme of Timex. Further operations in this area will give Timex thru' their I.B.M. substrate contract a comprehensive chip/ceramic base assembly ready for use in computers and other electronic products.

AUTOMATIC/..

AUTOMATION

1. Retention of Automation skills and equipment to support T.A.P. programme.

APPRENTICE SCHOOL

2. Retention of apprentice intake to ensure continuity of our technological adaptability, technical base and further developments into electronics.

RESEARCH AND DEVELOPMENT

An essential part of the 'FUTURE' plan is the creation of an autonomous Research and Development/Design unit based in Dundee. One that will be involved in the design aspects of new watch models-plastic moulding - die cast moulding - new business parts production and new projects etc.

Dundee has for too long laboured under 'production and development' philosophy running concurrently. Witness the mistakes made developing the Nimslo camera under these conditions.

W We believe that a creation of a research and development unit working in conjunction with other Timex R. & D. facilities to control and co-ordinate all the projects is crucial to the development of instrument technology and microprocessor utilisation. This unit should have a concrete liaison with our infrastructure of University, Technical Colleges and the proposed Technology Park.

RETRAINING

The need for an expansion of the retraining programme is essential to facilitate the transfer of areas of business into high technology consumer electronics and the R. & D. unit.

NEW PRODUCTS/..

NEW PRODUCTS

Investigation by highly qualified team to induce new products into Dundee and liaise closely with the Research and Development Dept. for their smooth introduction into manufacture.

We finally believe that the implementation of this Plan in its totality will be the best way to safeguard not only the future of the workforce, but industries so necessary and vital for Britain's survival as an industrial nation based on high technology product production in this new technological age.

U.K. WATCH MARKET 1982

CURRENT MARKET APPROX. 10 - 10.5 MILLION COMPRISING:-

MECH. 33% - DOWN 8% ON 1981
Q.A. 20%
LCD 47%

TIMEX SHARE - 1.5 MILLION OF WHICH 450,000 WAS MECHANICAL

1983 TRENDS/FORECAST

MECH. 25%
Q.A. 25%
L.C.D. 50%

MAJOR COMPETITION WILL REMAIN SEKONDA REGARDS PRICE QUALITY FORECAST
2 MILLION + FOR 1983.

Milton Plant may not be suitable for a scaled down watch facility aimed at a protected British Market. If so we should consider moving to a smaller plant within Dundee's Enterprise Zone. The cost of moving and installing plant could be met by Government assistance through bodies such as the S.D.A.

If the French investment within Timex, France, is to lead to the extinction of the British volume production watch industry, it is therefore necessary and reasonable for the British Government to take steps to protect this industry in the meantime.

Olsen predicts five years of difficulty before expansion. Also he predicts a revolutionary development in time pieces towards what he calls a wrist instrument bringing together watch, computer and possibly even flat screen television technology.

Statement of Intent, September 1982, gave Dundee a future in the Quartz and Analogue watch industry. This ~~move~~ along with the development of Timex/Sinclair created the conditions in which the whole technology, not yet available anywhere in the world, for the wrist instrument to develop here in Dundee.

Timex Corporate Plan clearly identifies the watch industry is the pivot upon which their future strategy is based. If Dundee does not have a watch industry then it has no place in the future plan of Timex, placing the other technologies here in Dundee at risk.



U.K.
Trade in Watches : aggregate figs. for the World.

<u>IMPORTS Totals</u>	Number	Value
1980.....	17,133,534	£99,721,000
1981.....	13,774,425	£94,928,000
1982 (Jan - Nov.)....	15,093,593	£91,579,000

<u>EXPORTS</u>	Number	Value
1980	4,461,333	£24,964,000
1981	5,025,047	£32,794,000
1982 (Jan - Nov.)....	4,359,120	£30,517,000

*NET import of watches for the year 1980...12.67m watches
" " " 1981... 8.75m watches
" " " 1982...10.74m watches.

Imports and Exports of Watches

Figures for most recent year available - 1980.

a) Imports. Category 885.11: Pocket Watches, Wrist Watches and Other Watches
(inc. Stop Watches.)

Total Value £ sterling was £99, 721,000.

Total number of watches imported.....17,133,534.

<u>Imports by Origin</u>	Number	Value £ sterling.
EEC Countries total	1,364,981	7,841,000
France	393,590	2,774,000
Fed.Rep. Germany.....	629,087	2,704,000
Switzerland	2,215,805	23,654,000
Soviet Union.....	1,671,741	4,767,000
Taiwan	622,364	2,875,000
Hong Kong	9,280,424	38,269,000
South Korea.....	455,594	2,632,000
Japan	983,825	15,177,000
Other Countries.....	881,104	6,870,000

b) Exports. Category 885.11.

Destination.	Number	Value £ sterling.
All EEC Countries	1,510,480	8,349,000
Fed. Rep. Germany	654,254	3,767,000
Irish Republic.....	207,705	1,544,000
Switzerland.....	123,352	1,749,000
United States.....	724,039	2,919,000
Mexico.....	383,699	1,257,000
Other Countries	2,368,314	13,729,000
<u>TOTALS</u>	4,461,333	24,964,000

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26/i/83.

U. K. Imports of Watches ^(b) (number)

<u>From</u>	<u>World</u>	<u>E.E.C.</u>	<u>U.S.S.R</u>	<u>Hong Kong</u>	<u>Japan</u>	<u>France</u>
1971	7,118,165	(a)	342,080	(a)	214,651	(a)
1972	8,834,051	(a)	534,751	(a)	247,199	(a)
1973	8,301,240	(a)	586,280	158,955	355,161	(a)
1974	7,596,995	179,019	852,315	128,345	171,202	(a)
1975	8,611,012	230,724	1,095,217	451,714	189,749	90,951
1976	7,532,598	352,525	846,155	1,140,821	245,982	(a)
1977	9,467,430	512,605	1,178,188	2,533,158	460,676	311,274
1978	11,694,326	623,971	(a)	4,630,636	597,560	(a)
1979	13,250,841	952,508	(a)	6,351,207	942,467	(a)
1980	17,133,534	<u>1,364,981</u>	1,671,741	9,280,424	983,825	393,590
1981	13,774,425	1,677,944 (c)	369,355	7,258,619	983,966	652,919
Jan- Nov 1982	15,093,593	1,278,437	(a)	8,772,299	1,596,466	520,105

(a) Not available from published sources

(b) Pocket watches, wrist watches and other watches (including stop watches)

(c) Greece included from 1981 onwards

U. K. Imports of Watches (b) (value, (£.thous.))

<u>From</u>	<u>World</u>	<u>E.E.C.</u>	<u>U.S.S.R.</u>	<u>Hong Kong</u>	<u>Japan</u>	<u>France</u>
			412	(a)	1,128	(a)
1971	14,044	(a)	642	(a)	1,552	(a)
1972	17,877	(a)	871	366	2,124	(a)
1973	25,018	(a)	1,564	715	1,794	(a)
1974	30,379	731	2,043	1,869	3,047	347
1975	42,186	1,432	1,898	6,918	6,061	(a)
1976	54,568	3,213	1,898	6,918	12,116	1,864
1977	75,076	3,788	3,761	14,972	15,579	(a)
1978	93,563	3,947	(a)	26,561	20,154	(a)
1979	102,940	6,615	(a)	33,686	15,177	2,774
1980	99,721	<u>7,841</u>	4,767	38,269	13,236	4,735
1981	94,928	13,699 (c)	1,167	28,975	15,231	3,122
Jan- Nov. 1982	91,579	8,241	(a)	27,734		

(a) Not available from published sources

(b) Pocket watches, wrist watches and other watches (including stop watches)

(c) Greece included from 1981 onwards

U.K. Export of watches (b) by main destination: (numbers)

<u>To</u>	<u>World</u>	<u>E.E.C.</u>	<u>W. Germany</u>	<u>U.S.A.</u>
1971	555,391	(a)	(a)	41,570
1972	495,501	(a)	38,424	43,066
1973	485,068	(a)	99,387	51,867
1974	1,289,075	812,560	692,491	80,848
1975	1,219,978	414,738	275,565	185,935
1976	2,032,193	668,100	367,721	190,993
1977	3,191,786	739,969	210,421	948,477
1978	4,603,882	1,821,625	1,324,132	793,484
1979	4,879,203	2,285,200	1,379,391	339,709
1980	4,461,333	<u>1,510,480</u>	654,254	724,039
1981	5,025,047	1,355,239 (c)	489,607	1,942,233
Jan- Nov.1982	4,359,120	2,343,300	437,739	655,646

U.K. Export of watches (b) by main destination (value, £.thous)

<u>To</u>	<u>World</u>	<u>E.E.C.</u>	<u>W. Germany</u>	<u>U.S.A.</u>
1971	1,688	(a)	(a)	269
1972	1,675	(a)	246	162
1973	2,760	(a)	890	101
1974	5,715	1,799	1,432	209
1975	6,468	1,520	960	910
1976	10,541	3,117	1,482	906
1977	17,567	4,549	1,291	2,780
1978	27,763	9,923	6,517	3,000
1979	33,029	12,816	7,249	2,494
1980	24,964	<u>8,349</u>	3,767	2,919
1981	32,794	7,848 (c)	2,770	10,218
Jan- Nov.1982	30,517	12,342	2,820	4,985

(a) Not available from published sources

(b) Pocket watches, wrist watches and other watches (including stop watches)

(c) Greece included from 1981 onwards

Sources: Annual Statement of Overseas Trade of the U.K. 1971-75, SITC(R) 864.11; Overseas Trade Statistics of the U.K., 1976-77, SITC(R2) 864.11; 1978-82 SITC(R2) 885.11

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PM.

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10 DOWNING STREET

From the Private Secretary

4 February 1983

Further to our conversation on the telephone this afternoon, I confirm that the Prime Minister will be happy to see you in her room at the House at 1545 on Tuesday 8 February, along with Gordon Wilson, MP and Alex Fletcher.

CAROLINE STEPHENS

Ernie Ross, Esq., M.P.

RS

From: Ernie Ross, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

2 February 1983

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
London, SW1

R3

Dear Mrs. Thatcher,

Timex, Dundee

You will be aware of the very serious situation which has developed as a result of the decision by Nimslo to withdraw the 3-D Camera production from Dundee and of the concern over 1,900 redundancies which will result from Timex withdrawing from traditional watchmaking areas.

I would therefore appreciate an urgent meeting with you to discuss the serious and detrimental effects that these decisions will have on the workforce and the local economy.

I look forward to hearing from you urgently.

Yours sincerely,

Ernie Ross



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P.M.

10 DOWNING STREET

From the Private Secretary

28 January 1983

The Prime Minister is having a meeting with Gordon Wilson, M.P. at which Alex Fletcher will be present on Tuesday 8 February at 1545. Mr. Wilson wishes to discuss the threatened loss of 1,900 jobs at Timex in Dundee.

I would be grateful if you could supply us with a brief to reach us by close of play on Monday 7 February. You may feel the simplest way of doing this would be to update the brief you provided for her meeting with the STUC which is to take place in Glasgow today.

BF
7/2/83

CS

Muir Russell, Esq.,
Scottish Office.

R07



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10 DOWNING STREET

From the Private Secretary

28 January 1983

This is just to confirm my telephone conversation with your Assistant this morning. The Prime Minister is looking forward to seeing you in her room at the House of Commons at 1545 on Tuesday 8 February. Mr. Alex Fletcher will be present at the meeting.

CS

Gordon Wilson, Esq., M.P.



SW

10 DOWNING STREET

From the Private Secretary

27 January 1983

The Prime Minister has asked me to thank you for your letter of 24 January.

Mrs. Thatcher will be pleased to meet you to discuss the threatened loss of 1900 jobs at Timex in Dundee and I will be in touch with you in the near future to arrange a suitable date.

CAROLINE STEPHENS

Gordon Wilson, Esq., M.P.

Brey

See

Gordon Wilson M.P.



HOUSE OF COMMONS

LONDON SW1A 0AA

24th January 1983

R25

Prime Minister

Gordon Wilson seeks a closure meeting on the 1900 redundancies at Timex, Dundee. We will arrange and ensure Alex Fletcher is present.

The Rt. Hon. Margaret Thatcher M.P.,
The Prime Minister,
10, Downing St.,
Whitehall
London SW1

Thatcher
mf

WB
26/1

Dear Prime Minister,

Two years ago you offered to meet Members of Parliament whose constituencies had suffered from large scale redundancies. I wish to seek such a meeting with you to discuss the threatened loss of 1900 jobs at Timex, Dundee.

In the late afternoon of Friday January 7th a company called Nimslo, with whom Timex had a contract for the development of a 3D camera at Dundee, announced that the contract had been terminated. This announcement, made in London with no communication to the workforce, meant the likely loss of 500 jobs. The manner of this announcement and the untrue and damaging remarks associated with it caused anger in Dundee - particularly when it was learned that the camera, which had been largely redesigned by Timex to make it a viable proposition, was to be produced in Japan.

At the time I warned that the implications of Japanese policy of monopolising products such as motor cycles and cameras were grave for Western countries. The news today of the possible transfer of car manufacturing work at Hailwood to Japan underlines my point.

The loss of the Nimslo contract was compounded on Monday Jan. 10th when Timex announced 1900 redundancies on the declining watch side of the business as well as loss of the Nimslo camera.

I wish, however, to discuss with you particularly the dangers to Scottish employment posed by the transfer of work by Timex to their Besançon plant as a consequence of massive French Government subsidies. I draw you attention to the following assessments by the Press :

"It is easy to dismiss the union claims as the normal disaster paranoia, but given the financial ties between Timex and Nimslo - international entrepreneur Fred Olsen controls the former and has shares in the latter - it is clear that many forces are at play. The cost of duplicating Japan's mass production facilities would be immense and only France appears to be handing out big state incentives at the moment."

"Scotsman" Jan. 12th 1983



"All this comes as Timex Dundee have lost their head-to-head struggle with their French counterparts at Besançon who, with promised state backing of at least 500 million francs and the possibility of up to double that figure, are to develop the Nimslo camera further, and have taken away the entire European watch production of Timex."

"Scotsman" Jan. 12th 1983

"Within the past few months Olsen, who rarely formally appears as director of companies he controls, has pulled off some huge deals to help the empire strike back. He sold just one oil rig, the Bredford Dolphin, for £65m. And he played a back-seat role in persuading the French research and technology Minister, Jean-Pierre Chevènement, to commit up to £55m on Timex related projects in Besançon (incl. R and D for Nimslo). While George Younger the Scottish Secretary publicly wrings his hands over Timex prospects in Dundee and urges the workforce to behave, Chevenement can deliver hard cash.

Besancon has a long history of industrial unrest, which makes Dundee look like a Japanese company town, but it is dear to Chevènement's heart, and to Olsen's. The work will be carried out at a former Timex plant whose remaining watch business has quietly been transferred to Fralsen - Olsen's private French company.

Fralsen has also paid Nimslo £3m cash down - plus £25m to come over 14 years - for the French and Belgian camera marketing rights. Away goes the cash...and back it comes since Olsen controls some 50% of Nimslo, the largest manufacturing company on London's unlisted securities market (£120m) via the non-see-through society of Hamilton Bermuda."

"Sunday Times, 16th Jan.
1983.

It is clear that there is unfair competition from France and that the multinational web behind Timex has been taking advantage of the financial inducements offered by France. As a consequence, Dundee has lost watch-making business to France and on the casing side, a possible loss to Mexico and Little Rock, Ark. In addition, France will also be involved with Nimslo. There is a chance that it could inherit some of Scotland's work.

I am convinced that some, at least, of this business could be won back for Dundee with resolute action by you and your Government.

I hope that you will intervene to stop this international conspiracy which is robbing Dundee of much needed employment.

I look forward to an early meeting,

Yours sincerely,

Gordon Wilson M.P.