

dti

the department for Enterprise

Sir James Cleminson MC DL
Chairman BOTB

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

PERSONAL AND CONFIDENTIAL

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Our ref

Your ref

Date 26 June 1988

Dear Prime Minister,

POLAND

I returned at the end of last week from a 5-day visit to Poland for the Poznan Fair which included visits to Poznan and Warsaw. I am submitting a report to the Minister for Trade but the point of this note is specifically in respect of your forthcoming visit.

Because of the importance of Poznan Fair to the Poles, a number of Ministers were at Poznan and I met others in Warsaw. The timing of your visit was advised to the Polish government on the last day of my visit. However, prior to that announcement, it had been, as you will appreciate, a prime point brought up by all Polish government people whom I met.

What is quite evident is that the Poles are looking for a friend "in the West" and for support not only on the political front, especially in their dealings with Brussels, but also on the trade front. They would like to see some significant item of trade progress during your visit, combined with a commitment to further significant improvement in trade in both directions between our two countries.

I have fully discussed this trade aspect with our Charge d'Affaires in Warsaw and will follow it up through DTI. However, short of giving the Poles some form of further credit, which you are most unlikely to want to approve, it is not going to be easy to achieve a significant breakthrough on the trade side. There are one or two opportunities, such as the extension of Warsaw Airport, but the UK company concerned is not very enthusiastic at the moment.

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BOTB
BRITISH OVERSEAS TRADE BOARD

Throughout history, the Poles have travelled hopefully rather than arrived and I feel they are doing just that again at the present time.

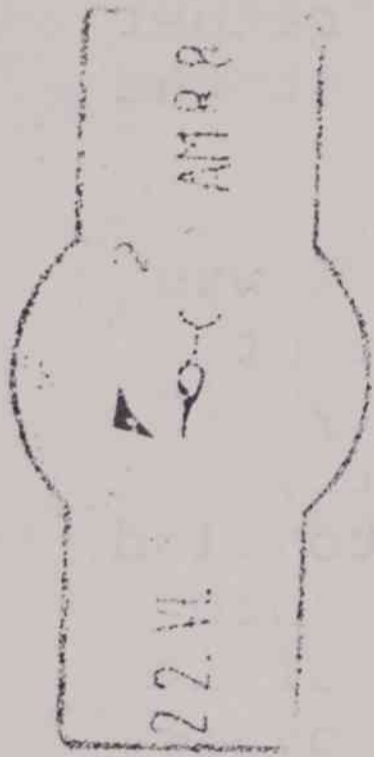
On a totally different aspect of the visit, I saw when I was in Warsaw a brief film of the destruction of the centre of Warsaw by the Germans. The old city has been completely reconstructed as it was before the war, which is a really remarkable achievement. I doubt if you would be able to find time to see the film during your visit and I have therefore asked the Embassy to see whether they could get a copy of it to you so that you can have a look at it before you go over there. It says much more than words could convey and explains why the Poles prefer to turn to us rather than to Germany, although Germany has significantly more trade with them than do we.

I will see that your office receives copies of the official report but I hope that these additional comments will prove useful to you.

I am sending a copy of this letter to David Young and Alan Clark.

Your own
James.

SIR JAMES CLEMINSON



SIR JAMES CLEMINSON



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 June 1988

Dear Sir James,

The Prime Minister has asked me to thank you very much for your letter of 21 June about your visit to Poland which she found most interesting. She looks forward to seeing the official report.

I am copying this letter to the Private Secretaries to the Trade and Industry Secretary and the Minister for Trade.

Yours sincerely,
Charles Powell

(CHARLES POWELL)

Sir James Cleminson, M.C., D.L.

DIO

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Mr Charles Powell
Private Secretary to
The Prime Minister
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Our ref

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Date 27 June 1988

Dear Mr Powell *on*

..... As promised in his letter of 21 June, I am enclosing a copy of Sir James Cleminson's official report on Poland.

Yours sincerely

Ian Gavin -

IAN GAVIN
Private Secretary

JFLAGB



To:
 Minister for Trade

From:
 Sir James Cleminson
 Chairman BOTB

21 June 1988

cc Secretary of State
 Mr Clarke
 Mr Atkins
 Sir Brian Hayes
 Mr Dell
 Mr Adams, OT1
 Mr Hunter, OT3
 Mr Wheeler, PEPI
 Mr George, OT3/5
 Mr Hulse, EED/FCO
 Mr Thorpe, Warsaw
 Lord Jellicoe, EETC

VISIT TO POLAND AND THE POZNAN FAIR

I visited Poland from 11-15 June as the UK's official visitor to the Poznan Trade Fair, accompanied by Mr George of OT3/5. I met several Polish Ministers, including the Secretary of State at the Ministry of Foreign Economic Affairs, Mr Andrzej Wojcik and the Deputy Chairman of the Council of Ministers, Professor Sadowski, who is of course in London this week. A copy of my programme is attached.

2 The display of UK goods at the Poznan Fair was quietly impressive: nearly 40 companies were represented by people who all seemed to know their products well and to be reasonably confident of their prospects of selling them, usually for cash. Engineering companies predominated (eg GKN, Brittain Engineering, Saunders Valve etc). Most were very appreciative of official support and attended the reception arranged for me by staff from our Embassy in Warsaw.

3 "Quietly impressive" is not a phrase I would use to describe the presence of our main competitors, the FRG. Huge Leibherr and Demag cranes dominated the fairground and all their main companies seemed to be represented in an assertive display that could not be squeezed into even the largest pavilion. No one could doubt their belief that this was their market and that they intended to keep it that way.

4 My own conclusions were as follows:

- (i) Because the Poles have no intention of letting the Germans monopolise their trade with the West, there is a very real place for British exports and British participation in Polish economic activity. We will, however, have to work hard to keep ahead of other competitors, most notably the Austrians and the Italians.
- (ii) Polish eagerness to accord us a significant place among their trading partners is reflected in their wish to up-grade the leadership of our Joint Commission to

Ministerial level, a matter on which Mr George has made a separate submission.

(iii) The prospects of project business are very much constrained by the lack of medium and long term credit, but two matters were raised:

a) The extension of Warsaw Airport

Mowlem put in a technical specification some months ago which the Poles find attractive, but Mowlem are reluctant to follow it up with a financial package, apparently in the belief that the project is unfundable. Given the Poles' willingness to divert airport tax revenues, this belief needs to be checked and Mr George is pursuing this with Morgan Grenfell and PEP.

b) The Poles' need for help with running the PVC plant at Włocławek, which was designed by Petrocarbon (now Costain), together with Davy and Catalytic, but which has proved too complicated and expensive for the Poles to manage themselves. This is a matter of some importance for our commercial image in Poland and Mr George will pursue it with one or more of the companies to see what can be done.

(iv) The Poles are as desperate for a friend in the West as they are for credit and would be likely to respond all the more favourably to British business if we could help them.

Almost certainly they are pinning exaggerated hopes on the Prime Minister's projected visit in the Autumn. This makes it all the more important that we do everything that can be done on Włocławek.

It also emphasises the need to identify the trade aspect of the Prime Minister's planned visit.

Advantage should be taken of the trade delegation to be lead by Lord Jellicoe at the end of August.

5 It only remains for me to thank the Chargé and his Commercial Staff for the highly efficient and helpful way in which they organised a most interesting and worthwhile visit.

James Cleminson

SIR JAMES CLEMINSON

SIR JAMES CLEMINSON'S VISIT TO POLAND:
11-15 JUNE 1988

Saturday 11 June

- 15.00 Arrive in Warsaw by BA 692
Depart by car for Poznan.
En route....
- 16.30 Visit to Walewice Stud Farm
- 21.30 Arrive Poznan. Informal supper.

Sunday 12 June

- 09.00 Meeting with Mr Andrzej Wojcik, Secretary
of State, Ministry of Foreign Economic
Co-operation.
- 10.00 Official opening ceremony of the Poznan
Fair.
- 10.30 Visit British Pavilion to see the stands
of the 16 companies participating in the
BOTB/LCCI joint venture.
- 15.00 Official Pozan Fair reception, hosted by
Mr Gwiazda, Minister of Foreign Economic
Co-operation.
- 17.00 Gala concert.
- 19.00 Dinner hosted by Mr Wojcik.

Monday 13 June

- 10.00 Meeting with Mr Zytkowski, President of
Polish Chamber of Foreign Trade.
- 10.30 Visit stands of leading Polish Foreign
Trade Organisations.
- 13.00 Visit stands of the 23 British independent
exhibitors.
- 17.00 Official BOTB/LCCI reception.
- 20.00 Dinner hosted by Sir James Cleminson.

Tuesday 14 June

10.00 Visit factory of H Cegielski.
pm Return to Warsaw via Gniezno.
20.00 Informal supper.

Wednesday 15 June

08.30 Meeting with Mr Szatkowski,
Under-Secretary of State, Ministry of
Industry.
09.15 Meeting with Professor Sadowski,
Vice Chairman, Council of Ministers.
15.55 Depart for London by flight BA 693.