

Confidential
Filing

EC Commission ruling against
Industry Act Assistance to
Maxeu (UK Ltd)

INDUSTRIAL
POLICY

December 1982

| Referred to | Date | Referred to | Date | Referred to | Date | Referred to | Date |
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| 15.12.82 24.12.82 | | | | | | | |
| PREM 19/809 | | | | | | | |



10 DOWNING STREET

From the Private Secretary

24 December 1982

Thank you for your letter of 23 December, with the good news that the Commission had decided at their meeting on 21 December to raise no objection to the proposed aid to Hitachi Maxell.

The Prime Minister read your letter, and has asked me to thank Sir Michael Butler and all concerned.

I am sending copies of this letter to Margaret O'Mara (HM Treasury), Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

S.M.J. Lamport, Esq.,
Foreign and Commonwealth Office.

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Prime Minister (2)

Good news.

Foreign and Commonwealth Office

London SW1A 2AH

Ms 23/12

23 December 1982

Michael Scholar Esq
Private Secretary
10 Downing Street
London SW1

Dear Michael,

In your letter of 15 December, you reported that the Hitachi Maxell case had been discussed between the Prime Minister, Mr Jenkin and Mr Hurd at a meeting on 14 December, and that the Prime Minister had asked Mr Hurd to ensure that the Commission made no further difficulties over the proposed aid to Hitachi Maxell so that the project at Telford could go ahead without delay.

Following intensive lobbying by Sir Michael Butler in Brussels, the Commission decided at their meeting on 21 December to raise no objection to the aid.

I am copying this letter to Margaret O'Mara (HM Treasury), Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

Yours ever,

S M J Lamport
Private Secretary to Mr Hurd

STATIONER & PRINTER

112 S. 1st St. (A-241)



112 S
1st St
A-241

23 DEC 1982



VB
cc: John Vereker

10 DOWNING STREET

From the Private Secretary

15 December 1982

Dear Stephen,

HITACHI MAXELL

In the course of yesterday's discussion of the British Steel Corporation's Corporate Plan (of which I have sent you a copy of my record) the Secretary of State for Industry said that he had learned that the EC Commission had ruled against Industry Act assistance to Maxell (UK Limited) towards the cost of a project to produce VHS video tapes in Telford.

After a brief discussion, the Prime Minister said that it was intolerable that the Commission had made this ruling. The effect would probably be to induce the Japanese parent company (Hitachi Maxell Ltd) to withdraw and look elsewhere in Europe for a suitable site. The Commission should be asked to reverse their decision. It should be made plain to them that if they did not do so the result would be the same, since we would go ahead and pay the grant, and be ready to face action by the Commission in the European Court if necessary. The Prime Minister asked your Minister to pursue this matter as quickly as possible. She indicated that she would be ready, if the matter were raised at Question time to speak in the above sense.

I am sending copies of this letter to Margaret O'Mara (HM Treasury), Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

S.M.J. Lamport, Esq.,
Foreign and Commonwealth Office.

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