



Prime Minister

Sad news: but at least  
Mr Ross will know that  
we pursued the case hard.

PRIME MINISTER

*mf*

*MAP  
26/6/81*

ELLIOTT TURBOMACHINERY

When we saw Stephen Ross on 18 May about the threatened closure of Elliott Turbomachinery I offered to speak to United Technologies headquarters in the USA to see if anything could be done to encourage UT to offer Rustons terms which would enable them to take over the Cowes plant.

I have now spoken three times to the Vice President of UT and to both GEC and Rustons, and I am afraid that we have come to the end of the road. Redundancy notices will be issued early next week and the plant will close. The gap between the two sides, both in terms of finance and the conditions of the licence was always too wide to be bridged. UT have made it clear to me that in a situation of serious overcapacity they were not prepared to permit continuing production from Cowes if the future of their US plant would consequently be threatened.

There is a small 'white goods' operation at Elliotts and we understand that there are a number of companies interested in taking this over. This might save some 50 jobs.

I am copying this to Jim Prior.

*k.d.*

KB  
26th June 1981