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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

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

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