



FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

KENNETH BAKER'S OFFICE

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rec'd 15/12

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15 December 1981

Dear Mike,

The Prime Minister may like to know that ICL is announcing this afternoon the sale to Fujitsu of its West Gorton microsystems facility in Manchester. West Gorton is a microelectronics design and prototyping plant which had not proved economic as an in-house operation and would otherwise have had to close. ICL have sought buyers in the UK but Fujitsu was the only company to make a firm offer. Fujitsu intend building up a design and assembly operation to serve Europe, perhaps diverting some of its planned growth from Ireland.

Some of the West Gorton products will replace chips which would otherwise be bought by ICL from Japan as part of an ICL/Fujitsu collaborative development of main-frame computers. This is expected to lead to an increase in the UK content of ICL's new main-frames.

Department of Industry consent is needed to disposal of assets where there has been Departmental support, and in the circumstances Mr Baker has agreed, so long as this does not prejudice any rights to refund of our contribution.

Mr Wilmot has already informed Mr Gerald Kaufman in confidence.

*Yours sincerely,
Jonathan Hudson*

JONATHAN HUDSON
PRIVATE SECRETARY

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