

Copied to
IND.POL: possible
sale of Metro-Cammell;
Sept 1985.
CHPS



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10 DOWNING STREET

26 September 1985

THE PRIME MINISTER

Dear Mr. Cardner

I was very concerned to hear from you of the threat to Metro Cammell's future, which you described in your letter of 30 August.

I know that Metro Cammell have made strenuous efforts to win orders to fill the long foreseen gap in London Transport orders for tube stock. The Government has also helped Metro Cammell with offers of grants amounting to some £15 million over the last six years to develop new vehicles and equipment.

I was therefore particularly delighted to learn that Metro Cammell has today been successful in obtaining the KCRC contract. I know that officials both here and in Hong Kong did all in their power to assist Metro Cammell to obtain the order and that Ministers who were recently in Hong Kong stressed to the Hong Kong Government the importance the UK Government placed on the contract being awarded to Metro Cammell. I hope that this success bodes well for the company's future prospects in this market and that you will win further orders.

I also understand that British Rail hope to announce soon the outcome of the tenders for Diesel Multiple Units. One of the objectives of the Public Purchasing Initiative is to give UK companies access to the home market in a way which will strengthen their ability to export, and the nationalised

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industries have given their support to this. In the last resort, however, decisions on where to place orders have to be matters for the commercial judgement of the business concerned, as I am sure you will recognise.

Warm regards.

Yours sincerely

Margaret Barber

J.A. Gardiner, Esq.