



Prime Minister
This is a report from DTI 2
on the point raised with you by Councillor
Holt.

DEPARTMENT OF TRADE AND INDUSTRY
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FEB
8.7.

PS/
Secretary of State for Trade and Industry

8 July 1985

Robin Butler Esq
Principal Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

I hope we shall
pursue this vigorously
with the Commission. It
will be very serious if the
European operations go to France

Dear Robin,

CASE TRACTORS AT MELTHAM *att.*

In your letter of 1 July, you asked for an urgent assessment of the current position on the Case Tractor plant at Meltham and advice on whether the Prime Minister should intervene with the President of Case.

2 Mr Lamont has already seen the President of Tenneco (the parent company of Case) about the company's future manufacturing strategy following the acquisition by Case of the International Harvester operations in the UK, France and Germany earlier this year. Some rationalisation is inevitable because the products manufactured at two International Harvester plants in France duplicate those manufactured at existing Case plants at Meltham in Yorkshire and Leigh in Lancashire. The French Government have apparently reached agreement with Case on a financial package. Although the closure of one plant in France has already been announced, together with cutbacks at other French facilities, this package will ensure the future of the two main French plants. That puts at risk the future of the plants at Meltham and Leigh, employing about 2,500 between them.

3 We do not expect closures to take place before 1988 and much may happen before then. In particular, we are pursuing the possibility of investment of some \$200,000^{ps} by Case at their Doncaster plant, which might qualify for Section 7 Selective Regional Assistance. This would lead to some 1,700 new jobs: it might also involve the continuance of manufacturing at Meltham and Leigh, especially if the current action at those plants to improve competitiveness is successful.

JH5BFD



4 At our suggestion the European Commission have decided to investigate the offer of the French Government's financial assistance. (One of the plants assisted is outside the French development areas, and there is some doubt as to the legitimacy of the assistance for it.)

5 Mr Lamont has also seen the President of Case and made clear to him the importance which the Government attaches to the company's manufacturing operations in the UK. In addition, officials are actively involved in negotiations with the senior management of Case over the possible new investment at Doncaster. Against this background, and given the action already taken in respect of the financial assistance offered by France, we would not advise that the Prime Minister becomes personally involved at this stage.

Yours sincerely,

John Mogg

J F MOGG
Private Secretary

JH5BFD

CASE TRACTORS

The cons

10, DOWNING STREET,
WHITEHALL S.W.1

MELTHAM

of closure

PLEASE RETURN
THIS TO NO.10
WITH YOUR ADVICE

*With the Private Secretary's
Compliments*

Robin Butler

attachment to
J. Moggs letter 8/7



KIRKLEES METROPOLITAN COUNCIL

Employment Development Officer *Chief Executive's Office*

Director of Technical Services *Planning Division*

Mogarty



10 DOWNING STREET

From the Principal Private Secretary

10 July 1985 *Jarvice Thanks. Yes. RB*

cf to KOP

Robin
The figure in para 3, line 3 should be \$200 million.

CASE TRACTORS AT MELTHAM

Thank you for your letter of 8 July reporting on the current position of the Case Tractor plant at Meltham, which was raised with the Prime Minister by Councillor John Holt.

The Prime Minister has noted the present position and has agreed that she should not seek personally to intervene at this stage with the President of Tenneco or the President of Case. But she has commented:-

"I hope we shall pursue this vigorously with the Commission. It will be very serious if all European operations go to France.

MT"

I presume your letter to JM still stands? I have it in GR to await confirmation that it can go.

JM (10/7)

John Mogg, Esq.,
Department of Trade and Industry.

HL