



10 DOWNING STREET

10th March, 1986

Dear Councillor Holt,

I am now in a position to reply fully to the points you raised in your letter of 12th February about the Meltham plant of Case Tractors.

As you say, a number of developments have taken place since last summer concerning the future of the various Case plants in the UK. On the plus side, Case have committed themselves to further investment at their Doncaster plant which reiterates the company's determination to remain a manufacturing force in the UK. Less promising, of course, is the lack of decision by the company about its Meltham plant.

Ministers and officials at the Department of Trade and Industry have continued to keep in close touch with the company and indeed Mr Peter Morrison, the Minister of State for Industry, was in touch with Mr Seagrave in January. He asked to be kept fully informed of developments and Mr Seagrave subsequently spoke to DTI officials on 22nd January. He confirmed that the future of the plant remained uncertain since the European tractor market was declining and the demand for Meltham's products was also falling fast.

Mr Seagrave also said, however, that there was no doubt that Meltham remained a competitive cost base, especially when compared with manufacturing in the USA. Local management had demonstrated and quantified those benefits on illustrative projects and Mr Seagrave thought that these arguments could result in specific projects being identified, in which event the company would approach the Department of Trade and Industry to see whether financial support would be possible. Proposals from the company are therefore awaited.

Page Two

On a point of detail, the offer of Selective Assistance to Case to help secure the £90 million investment at Doncaster was not conditional on the company's continuance of operations at the Meltham plant (or, for that matter, at Leigh). Future decisions about these plants are a matter for the commercial judgement of the company. However, I can assure you that the Department of Trade and Industry remains in close touch with Case and will continue to press the advantages of Meltham on Case's senior management.

*Yours sincerely
Michael Alison*

MICHAEL ALISON

Councillor J G Holt

Mr Alison

You told Nigel Wicks that Councillor Holt had approached you again about Case Tractors.

I sought advice from DTI, and the response is attached. It looks as if the company's future has not yet been decided, and DTI advise that, given Mr. Morrison's intervention, it would be best for the Prime Minister not to involve herself at this stage. The DTI letter attaches a draft reply to Councillor Holt, and I think it would be appropriate if this went out under your signature.

MSA

Mark Addison

3 March 1986



10 DOWNING STREET

Nigel

Would you like me to have
a word with Michael? It
might be appropriate for him
to write.

MCA 28/2

Rank

Yes to both

Sentences

Nigel



JU555
Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 01-215 7877

CF pps

CCM/A

27 February 1986

Mark Addison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1A 0AA

Dear Mark

Thank you for your letter of 14 February enclosing correspondence from Councillor John Holt of Kirklees Metropolitan Council about the Case tractor plant at Meltham.

Councillor Holt is suggesting that Government representations be made to Mr Seagrave, Case's Senior European Manufacturing Vice President, about the future of the Meltham plant. In fact, Peter Morrison, Minister of State for Industry, telexed Mr Seagrave on 17 January 1986 asking to be kept fully informed of developments which might have an effect on Meltham and Mr Seagrave subsequently spoke to officials here on 22 January. He said that the future of the plant remained uncertain as a result of the continuing decline of the European tractor market and of demand for Meltham products. However, he accepted that Meltham remained a competitive cost base especially when compared with manufacturing in the USA. Local management had demonstrated and quantified those benefits on illustrative projects and Mr Seagrave thought that these arguments might result in specific projects being identified. In this event the company will no doubt approach us to see whether financial support would be possible.

As you can see, therefore, the company's position is by no means decided. We suspect that to involve the Prime Minister before the results of Mr Morrison's intervention are clear would not be productive. Nevertheless, we would not wish to rule out the possibility of the Prime Minister intervening in the future if Case management seem unlikely to make positive proposals without further encouragement.

... A draft response for your signature is attached.

Yours sincerely

C Bradley

CATHERINE BRADLEY
Private Secretary

1786
1986
BOARD OF TRADE
BICENTENARY

555.1

DRAFT REPLY TO

Councillor J G Holt
Leader of the Conservative Group
Kirklees Metropolitan Council
Town Hall
Huddersfield
HD1 2TA

CASE TRACTORS MELTHAM

Your letter of 12 February 1986 to Michael Alison MP PPS, relating to the Meltham plant of Case tractors, has been passed to me for reply.

As you say, a number of developments have taken place since last summer concerning the future of the various Case plants in the UK. On the plus side Case have committed themselves to further investment at their Doncaster plant which reiterates the company's determination to remain a manufacturing force in the UK. Less promising, of course, is the lack of decision by the company about its Meltham plant.

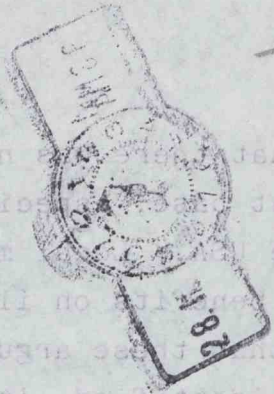
Ministers and officials at the Department of Trade and Industry have continued to keep in close touch with the company and indeed Mr Peter Morrison, the Minister of State for Industry, was in touch with Mr Seagrave in January. He asked to be kept fully informed of developments and Mr Seagrave subsequently spoke to DTI officials on 22 January. He confirmed that the future of the plant remained uncertain since the European tractor market was declining and the demand for Meltham's products was also falling fast.

Mr Seagrave also said, however, that there was no doubt that Meltham remained a competitive cost base, especially when compared with manufacturing in the USA. Local management had demonstrated and quantified those benefits on illustrative projects and Mr Seagrave thought that these arguments could result in specific projects being identified, in which event the company would approach the Department of Trade and Industry to see whether financial support would be possible. Proposals from the company are therefore awaited.

On a point of detail, the offer of Selective Assistance to Case to help secure the £90m investment at Doncaster was not conditional on the company's continuance of operations at the Meltham plant (or, for that matter, at Leigh). Future decisions about these plants are a matter for the commercial judgement of the company. However, I can assure you that the Department of Trade and Industry remains in close touch with Case and will continue to press the advantages of Meltham on Case's senior management.

PM

John Holt



7/1/55

Mr. ... also said, however, that ... no doubt that ... competitive cost ... especially when ... management ... demonstrated and quantified those ... on illustrative ... and Mr. ... brought ... arguments could ... specific projects being identified, in which event the ... Department of Trade and Industry to ... financial support would be possible. Proposals from ... the company are therefore waived.

On a point of detail, the offer of selective assistance to ... to help secure the £50m investment at Doncaster was not ... conditional on the company's continuance of operations at the ... (for that matter, at Leigh). Future decisions ... a matter for the commercial judgement of ... however, I can assure you that the Department of ... and Industry remains in close touch with Case and will ... the advantages of ... on Case's senior ...



BM
cc M. Alison

encl. Sent to

DTI

10 DOWNING STREET

From the Private Secretary

14 February 1986

Last summer, the Prime Minister received a number of letters from Councillor John Holt about Case Tractors, Meltham. John Mogg, in a letter dated 8 July to Robin Butler, provided advice on whether the Prime Minister should intervene with the President of Case about the prospect of closure. John's letter noted that Mr. Lamont had already seen the President of Tenneco, and he did not advise that the Prime Minister should become personally involved.

Councillor Holt is once again gravely concerned about the future of Case, and I enclose a copy of his letter to Michael Alison here together with enclosures. He is seeking Government representations to be made to the European Vice-President, to urge him to adhere to the undertakings Case gave when they were granted Section 7 Selective Assistance.

BF | I should be grateful for your advice, particularly on whether it would be helpful or appropriate for the Prime Minister to intervene.

(Mark Addison)

Miss Catherine Bradley,
Department of Trade and Industry

E.R.

THEA
R. S. K.
NW

MR WICKS

In July, 1985, Councillor John Holt, Conservative Leader on Kirklees Metropolitan Council, got the ear of the Prime Minister at a Downing Street reception about the future of the Case Tractor plant at Meltham, and the file below gives details of what ensued. You will note the Prime Minister's comment on the DTI letter of 8th July.

Yesterday, Councillor Holt came to see me again at the House of Commons, and asked for further help. I attach a short note which he handed me, summarising a lengthier submission. Essentially, he wants Governmental representation to be made to the European Vice-President of Case, to urge the latter to adhere to the undertakings Case gave when they were granted Section 7 selective assistance. Could you take it from there?

MA

MICHAEL ALISON
13.2.86

MA

Councillor J G Holt
Leader of Conservative Group
Kirklees Metropolitan Council
Town Hall
Huddersfield HD1 2TA

12 February 1986

The Rt Hon Michael Alison MP PPS
House of Commons
London SW1A 0AA

Dear Michael

Case Tractors Meltham

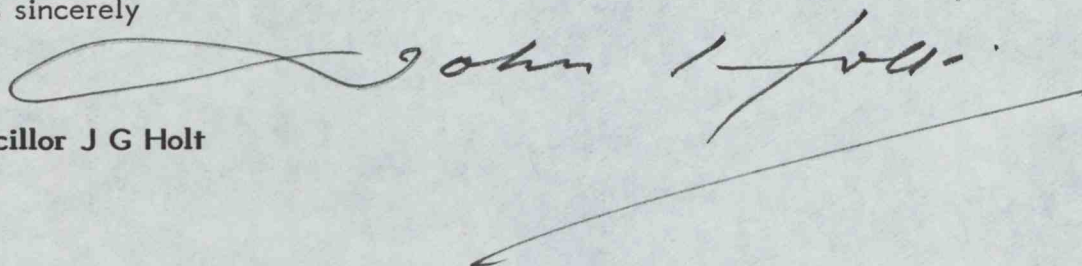
I refer to our discussion last year regarding the future of the tractor manufacturing plant owned by Case International at Meltham, Huddersfield, West Yorkshire.

The situation has changed significantly since our conversation and the element of uncertainty over Case International's future plans for the plant, despite previous assurances, gives me cause for grave concern.

The Prime Minister was kind enough to follow up our earlier conversations and I wonder if there has been any recent contact with the Company?

I should be glad to brief you further on the situation should you require it.

Yours sincerely



Councillor J G Holt