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Confidential File

PM's meeting with Stephen Ross MP
to discuss possible closure of
Elliott's Turbomachinery

PRIME

MINISTER

April 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1-5-81							
13-5-81							
19-5-81							
3-7-81							
PREM 19/567							



10 DOWNING STREET

From the Private Secretary

3 July 1981

The Prime Minister has asked me to thank you for your letter of 26 June in which you inform her that United Technologies has now made the final decision to close the Cowes plant.

As you know, the Prime Minister and Mr. Kenneth Baker, Minister of State at the Department of Industry, discussed the difficulties facing Elliott Turbomachinery Limited with Stephen Roosm MP, on 18 May. It was apparent to them all that the basic problem was the inability of United Technologies and prospective purchasers to agree on mutually acceptable terms for the sale of the Cowes operation and the compressor licence. Kenneth Baker, following that meeting, spoke to the Vice-President of United Technologies on three occasions to impress on him the view that every avenue should be explored to try to arrive at a satisfactory solution. He was, however, left with the clear understanding that against the background of serious overcapacity United Technologies was not prepared to sell its Cowes operation on terms which were acceptable to firms which had expressed an interest in the plant. The Prime Minister understands that you and your colleagues discussed this subject again with Mr. Baker on 30 June.

In these circumstances, the Prime Minister regrets that there is no way in which the Government can protect the Cowes factory since its viability depends both on a flow of orders and on a satisfactory arrangement with United Technologies. Unfortunately all discussions have indicated that these two essential conditions cannot be met.

Kenneth Baker is following up the suggestions which were made to him at your recent meeting in the hope of minimising the difficulties caused by the closure.

M. A. PATTISON

A.G.R. Hardy, Esq.

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DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 6401
SWITCHBOARD 01-212 7676

FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

Kenneth Baker's Office

Mike Pattison Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
SW1

2 July 1981

Dear Mike,

As requested in your letter of 29 June, I
... enclose a draft reply for the Prime Minister to
send to Mr A G R Hardy of the AUEW about Elliott
Turbomachinery Ltd.

Yours sincerely,
Jonathan Hudson

JONATHAN HUDSON
Private Secretary

TAT/TATABZ

DRAFT

Addressed to:

Mr A G R Hardy Esq
District Secretary
Amalgamated Union of
Engineering Workers
69 Christchurch Road
Ringwood
HANTS BH24 1DH

File No.

Copies to:

Originated by:
(Initials and date)

D. D. G. L.
4/7/81

Seen by:
(Initials and date)

P. M.

Enclosures:

Type for signature of

P.M.
.....
(Initials and date)

DEPARTMENT OF INDUSTRY

Thank you for your letter of 26 June in which you inform me that United Technologies has now made the final decision to close the Cowes plant.

As you know, Kenneth Baker and I discussed the difficulties facing Elliott Turbomachinery Ltd. with Stephen Ross^{MP} on 18 May. It was apparent to us all that the basic problem was the inability of United Technologies and prospective purchasers to agree on mutually acceptable terms for the sale of the Cowes operation and the compressor license. Kenneth Baker, following that meeting, spoke to the Vice-President of United Technologies on three occasions to impress on him our view that every avenue should be explored to try to arrive at a

(CONTINUE TYPING HERE)

File No.

satisfactory solution. He was, however, left with the clear understanding that against the background of serious overcapacity United Technologies was not prepared to sell its Cowes operation on terms which were acceptable to firms which had expressed an interest in the plant. *The PM* I understand that you and your colleagues discussed this subject again with Kenneth Baker on 30 June.

In these circumstances *The PM* I regret that there is no way in which the Government can protect the Cowes ~~factory~~ since its viability depends both on a flow of orders and on a satisfactory arrangement with United Technologies. *Unfortunately* Regrettably all discussions have indicated that these two essential conditions can not be met.

Kenneth Baker is following up the suggestions which were made to him at your recent meeting in the hope of minimising the difficulties caused by the closure.



PM JS

3/7

10·DOWNING STREET

From the Private Secretary

29 June 1981

CF

The Prime Minister has seen and noted Mr. Baker's minute of 26 June regarding Elliott Turbomachinery Limited of the Isle of Wight.

She is grateful to Mr. Baker for the efforts he has made to achieve a satisfactory outcome. She recognises that this is now not possible.

The Prime Minister has now received a letter from the local AUEW branch. In view of the fact that Mr. Ross raised the matter with her, she will probably wish to reply personally. I should therefore be grateful if you could let me have a suitable draft for her signature. In view of the time factor, it would be most helpful if you could get this to me by close of play on 3 July.

M. A. PATTISON

J.C. Hudson, Esq.,
Department of Industry.

JS

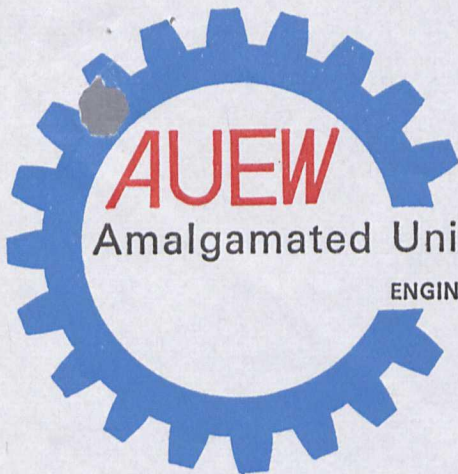
SS
29 June 1981

I am writing on behalf of the Prime Minister to thank you ~~for~~ your letter of 26 June. This is receiving attention, and a reply will be sent to you as soon as possible.

MAP

A.G.R. Hardy, Esq.

SS



Amalgamated Union of Engineering Workers

ENGINEERING SECTION

**Isle of Wight, Lymington &
Ringwood
District Secretary**

A G R Hardy

to whom all communications
should be addressed

69 Christchurch Road
Ringwood, Hants
BH24 1DH
Telephone Ringwood 4807

Please confine each letter
to one subject

District Seal ↓



Our ref AGRH/MH

Your ref

26th June, 1981.

Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON, SW1.

Dear Prime Minister,

ELLIOTT TURBOMACHINERY LTD., COWES, ISLE OF WIGHT

We have today received the final decision of the United Technology Group of the U.S.A. that the closure of this factory has to take place to protect the U.S.A. factories of the U.T.L. Group. This may be so but we also are looking for protection for the workforce at the Cowes factory who are now under the 90 days protective period which, unless we can get some assistance, will lead to the ever increasing Island dole queue. For this to happen to a workforce that has, in every respect, co-operated to their fullest and their efforts have produced a viable company is a tragedy. Its industrial relations record has been excellent and this has been recognised by your Ministers.

We sincerely make this last minute appeal to you and your Government to take over the plant which is at this time the only manufacturing unit in the U.K. supplying and servicing our own oil fields and petro-chemical industry.

Please save this workforce and use its skills to benefit the U.K.

Yours sincerely,

District Secretary.

AMALGAMATED UNION OF ENGINEERING WORKERS (Engineering Section)

SIR JOHN BOYD CBE, General Secretary General Office 110 Peckham Road London SE15 5EL Telephone 01-703 4231



Prime Minister

Sad news: but at least
Mr Ross will know that
we pursued the case hard.

PRIME MINISTER

mf

*MAP
26/6/81*

ELLIOTT TURBOMACHINERY

When we saw Stephen Ross on 18 May about the threatened closure of Elliott Turbomachinery I offered to speak to United Technologies headquarters in the USA to see if anything could be done to encourage UT to offer Rustons terms which would enable them to take over the Cowes plant.

I have now spoken three times to the Vice President of UT and to both GEC and Rustons, and I am afraid that we have come to the end of the road. Redundancy notices will be issued early next week and the plant will close. The gap between the two sides, both in terms of finance and the conditions of the licence was always too wide to be bridged. UT have made it clear to me that in a situation of serious overcapacity they were not prepared to permit continuing production from Cowes if the future of their US plant would consequently be threatened.

There is a small 'white goods' operation at Elliotts and we understand that there are a number of companies interested in taking this over. This might save some 50 jobs.

I am copying this to Jim Prior.

k.d.

KB
26th June 1981

SUBJECT

CF base



Prime Minister
JS

10 DOWNING STREET

From the Private Secretary

19 May 1981

Kian Jonathan

As you know, the Prime Minister last night met Mr. Stephen Ross, MP, so that he could raise with her the threatened closure of Elliott Turbomachinery Ltd. of Cowes. Mr. Baker was also present.

Mr. Ross emphasised that Government had already been helpful as the issues had developed at Elliotts. He was not himself sure whether the Prime Minister could offer anything further. But closure of the company would lead to 12½-13 per cent unemployment in the island. He added that, if the rumoured cutbacks in defence procurement were to affect naval shipbuilding, the Isle would be hit even worse, given that some of the island workforce travelled to the mainland daily to work at Vosper Thornycroft and elsewhere.

In response to a question from the Prime Minister, Mr. Ross argued that the company's disappointing performance on their Sullom Voe order was not entirely their fault. There had been numerous specification changes, and the company had eventually received some compensation. But Elliotts had probably bitten off more than they could chew. Yet, despite the history of the Sullom Voe contract, the British oil majors did not want Elliotts to close. The company were fighting a battle against United Technologies' intentions. UT seemed reluctant to push ahead with a possible sale and licensing agreement. There was a fear that, given UT's under-utilisation of capacity elsewhere, they would rather close at Cowes and ship the Cowes' machinery back to the United States to install in a network of repair shops which were now being developed.

The company now desperately needed more time to allow its merchant bank to negotiate a possible sale. In addition to the known interest of Ruston Gas Turbines, there were other possible purchasers. Mr. Ross wanted to see pressure applied to the UT President, Mr. Harry Gray. He did not believe that the top management of UT had registered that it was possible to sell Elliotts on reasonable terms. A further extension of temporary short-time working compensation scheme arrangements, beyond the present June deadline, would help enormously.

/ Mr. Ross said

Mr. Ross said that orders were now being turned away. There was a Yugoslav order which had been on the cards for some time, and which could now in theory go ahead. There was a potential JET contract worth £100,000, but a decision on that was required the next day. Was it possible to extend the time limit? There was also a potential Russian order. Unfortunately, sales decisions were all handled in London, where the staff had apparently been told not to take orders for Cowes, but were apparently diverting them to other European plants.

Mr. Baker explained that the short-time working arrangements were already running for the maximum period allowed under legislation. He accepted that UT might well lean towards a run-down of the business. The negotiations with Rustons had got stuck on both the price (£4 million was being mentioned) and the terms of a licensing arrangement. But he believed that terms could be found which would be acceptable to both parties. UT would have to take into account the price of redundancy payments arising from closure, which could be of the order of £2½ million. There were still six weeks left of the present short-time working support arrangements. The licence issue seemed to be the key. In both cases, the negotiating companies could afford a deal. His officials had been in touch with Rustons at the end of the previous week. He proposed that they should continue to monitor the negotiations for a further ten days or so. If there was no sign of a satisfactory conclusion, he would then personally get in touch with United Technologies and would endeavour to speak to the President. He would keep in touch with Mr. Ross.

Mr. Ross agreed to proceed on this basis. He understood that Mr. Gray was likely to be in Europe for the Paris Air Show. There was a real possibility of saving Elliotts, and he was anxious to seize this. He also wished to put down a marker about Assisted Area Status in the unfortunate event of Elliotts closing. The Isle of Wight had been granted Assisted Area Status for a period in the past, and this had attracted major manufacturers. He also took the opportunity to mention one other project which could help the employment situation on the isle. This was the DHSS plan for an energy-saving hospital. It had been believed locally that the project was likely to go to Newport, but there now seemed to be some hitch.

Yours ever

Mike Pattison

Jonathan Hudson, Esq.,
Department of Industry.



10 DOWNING STREET

From the Private Secretary

15 May 1981

The Prime Minister has asked me to thank you for your letter of 1 May concerning Elliott Turbomachinery Limited. This will be helpful for her meeting with Mr. Stephen Ross MP planned for 18 May.

The concern of you and your members at this difficult time is well understood. The position has clearly not been helped by the loss of the Mossmorran contract to a German company. The Department of Industry has been in close touch with Esso project management and believe that Esso have made real efforts to help British firms compete. However, the final decision on where to place contracts must rest on Esso's commercial judgement. This is not just a question of international obligations. Interfering with a firm's commercial judgement and discrimination against foreign equipment would be a constraint on foreign investment which the Government wishes to stimulate and the economy as a whole would eventually suffer.

I hope that the discussions about possible purchase which you mention in your letter will reach a satisfactory conclusion.

M. A. PATTISON

A. Sim, Esq.



B/K
PM
DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

TELEPHONE DIRECT LINE 01-212 6401
SWITCHBOARD 01-212 7676

Kenneth Baker's Office

Mike Pattison Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
SW1

2 pps

13 May 1981

Dear Mike

CF
For meeting
Folder for wife Cox

MR

As requested in your letter of 1 May to Catherine Bell, I now enclose a brief for the Prime Minister's meeting with Stephen Ross MP about the threatened closure of Elliott Turbomachinery Ltd of Cowes.

Mr Baker will be attending the meeting which I understand is fixed for 9.30pm on Monday 18 May.

Yours sincerely,

JONATHAN HUDSON
Private Secretary

MS6/MS6ADY



MS
Pry

MEETING WITH MR STEPHEN ROSS MP (ISLE OF WIGHT)

Purpose of Meeting

Representations about the possible closure of Elliott Turbomachinery Ltd located in Cowes.

The Company

Formed in 1898 was taken over in 1979 by United Technologies Inc, the American multinational corporation.

- ii) Elliotts manufacture large centrifugal compressors used in petrochemical process plant and off-shore applications and is the only UK manufacturer of this equipment.
- iii) The company has 532 employees working a one-day week and in the final three months benefit under the Temporary Short Time Working Scheme.

The Issue

← Elliotts operated at a loss in 1979 and 1980 and damaged its reputation by late delivery of equipment to the Sullom Voe development. United Technologies in the last 6-9 months has been critically examining its Cowes subsidiary against the background of unutilized capacity at its US compressor plants. While this review has been underway no orders have been allocated to Cowes. The domestic market is quiet though enquiries are likely to come forward in 1982. United Technologies in March decided to either close Cowes, to operate it on a reduced basis (without compressor manufacture), or to sell it. In the last few days these options have hardened to closure or sale.

Recent Developments

Mr Ross over many months had made many representations to Ministers about the company.

- ii) Following a meeting between PUSS Mr MacGregor and Mr Ross Department of Industry officials have helped Barclays Merchant Bank Ltd, acting on behalf of United Technologies, to find companies who might be interested in acquiring Elliotts. Active discussions are continuing with at least one such company (Ruston Gas Turbines).
- iii) National Enterprise Board officials, following an approach by Mr Ross, have visited the company. The Chairman of the NEB has informed Mr Ross that as private sector companies are actively investigating the possibility of a bid for Elliotts the NEB is not in a position to pursue the possibility of an investment. If the situation changes he has agreed to inform Mr Ross.



- iv) A recent letter to you from the District Secretary of the Confederation of Shipbuilding and Engineering Unions seeks Government support and complains that the Esso Mossmorran contract for compressors which would have helped Elliotts has been awarded to a German company GHH (Manns). Elliotts bid for this contract offering three sources of supply - Elliotts (Cowes), its Dutch licensee, and its US plants. It did so on the grounds that one type of machine had never been built in Europe before and that its Dutch licensee had built the last Esso plant in Europe. The Chairman of Esso made it known that it was his company's policy to buy British whenever the equipment was fully competitive with that offered by foreign suppliers. However, the final decision on contracts must rest with Esso's commercial judgement. Mr Sim also comments that other Elliott licensees are protecting their own interests in the talks that are now taking place about the sale of the Cowes plants. These are clearly commercial matters between the companies concerned.

LINE TO TAKE

1. The importance of the Company, in employment terms for Cowes, and because of its products, is accepted.
2. Government has already helped keep the company going over the last six months through the Temporary Short Time Working Scheme whilst the US parent is reviewing the position.
3. The Department of Energy, as Mr Ross is aware, has already stressed to the American parent company that the Government wishes to see a strengthening and not a reduction of indigenous UK industry serving the offshore oil and gas market.
4. The available forms of assistance such as Industry Act Section 8 and the Product and Process Development Scheme can not help in this situation. The Government is not in a position to direct orders to the company, even if it should wish to do so.
5. The company's future rests in the hands of United Technologies either to keep it going or to sell it, with its United Technologies compressor licence, at an acceptable price.
6. If Raised It is for the National Enterprise Board to judge whether it has a role in this matter. Under its revised guidelines it no longer has a rescue remit except at the invitation of the Secretary of State.

cl.

Department of Industry
May 1981



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-2123301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

12 May 1981

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

G.R.
Tym M
15/5
MAD

Doan Mike

Thank you for your letter dated 5 May 1981.

As requested I attach a draft Private
Secretary reply to Mr A Sim, District
Secretary of the Confederation of Ship-
building & Engineering Unions.

Yours ever
Catherine
CATHERINE BELL
Private Secretary

JU 183

DRAFT REPLY FOR THE PS/PRIME MINISTER TO SEND TO

A Sim Esq
District Secretary
Confederation of Shipbuilding &
Engineering Unions
District Office
4 Magdalen Crescent
Cowes, IOW

The Prime Minister has asked me to thank you for your letter of 1
May concerning Elliott Turbomachinery Ltd. This will be helpful
for her meeting with Mr Stephen Ross MP ^{planned for} on 18 May.

The concern of you and your members at this difficult time is
well understood. The position has clearly not been helped by the
loss of the Mossmorran contract to a German company. The
Department of Industry has been in close touch with Esso project
management and believe that Esso have made real efforts to help
British firms compete. However, the final decision on where to
place contracts must rest on Esso's commercial judgement. This
is not just a question of international obligations. Interfering
with a firm's commercial judgement and discrimination against
foreign equipment would be a constraint on foreign investment
which the Government wishes to stimulate and the economy as a
whole would eventually suffer.

I hope that the discussions about possible purchase which you
mention in your letter will reach a satisfactory conclusion.

Top papers with the
Prime Minister

Date 15.5.87

Ind to MAP 13.5.87

MBZ folder

Ind to MAP 12.5.87.

Stephen Ross to PM 30 4 87

Emi to PM 1.5.87



THE MINISTER OF STATE

Hamish Gray Esq MP

DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ

Direct Line 01-211 3290
Switchboard 01-211 3000

Mr A Sim
District Secretary
Confederation of
Shipbuilding and Engineering
Unions
Area 5a
District Committee
4 Magdalen Crescent
Cowes
Isle of Wight

9th May 1981

Dear Mr Sim

Thank you for your letter of 1 May together with a copy of one you have sent the Prime Minister.

I am sorry that you see a further deterioration in the position at Elliott's, even since I visited the plant last month. I understand the serious difficulties they face and your deep concern for their future. However, the problems go much wider than those related only to the offshore supplies industry and fall within the responsibilities of the Department of Industry. Indeed, the Mossmorran contract to which you refer is a matter for that Department. I know that John MacGregor, Parliamentary Under Secretary for Industry, is already acquainted with the issues and is following events closely. I am, therefore, passing your letter to him.

I am sending a copy of this letter to the Prime Minister, and also to Cecil Parkinson Minister for Trade, the Hon Charles Morrison, Parliamentary Under Secretary for Employment (together with copies of your letter to the Prime Minister) and Stephen Ross MP.

Yours sincerely,

Hamish Gray

FILE

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MR GOW

CF to keep?

Mr. Stephen
Ross MP.

Two Labour MPs are coming to see the Prime Minister - Mr Stephen Ross MP at 2130 hrs on Tuesday, 12 May in the Prime Minister's Room at the House. Mr Kenneth Baker will be present. And Mr McKelvey on Thursday, 4 June at 1530 hrs. Alex Fletcher MP will be present. The reason why Mr McKelvey's meeting is so far ahead is because of the visit he is making to the Middle East.

CAROLINE STEPHENS

6 May, 1981

file

MR STEPHEN ROSS MP

11/5

OSC

5 May 1981

I wrote to you on 1 May enclosing a letter from Stephen Ross MP about Elliott Turbo-machinery Limited of Cowes.

The Prime Minister has now received the attached letter from the CSEU District Secretary. This will need to be taken into account in preparing the briefing for her meeting with Mr. Ross. I should be grateful for a suitable draft Private Secretary reply. It might perhaps be useful to get this despatched before the meeting with Mr. Ross, and it would therefore be helpful if a draft could reach me early next week.

M. A. PATTISON

Mrs. Catherine Bell,
Department of Industry.

file

055

5 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 1 May.

This is receiving attention and a reply will be sent to you as soon as possible.

M. A. PATTISON

A. Sim, Esq.

—THE—

CONFEDERATION OF SHIPBUILDING & ENGINEERING UNIONS

AREA 5a, DISTRICT COMMITTEE, (ISLE OF WIGHT).

Rt. Hon. Mrs. M. Thatcher,
Prime Minister,
10 Downing Street,
London

District Office :
4 Magdalen Crescent
Cowes,
Isle of Wight.

1st May 1981

R215

Dear Prime Minister,

Elliott Turbomachinery Ltd. - Cowes

Following the much appreciated visit by Mr. Hamish Gray, Minister for Energy, to the above establishment I feel in view of the extreme importance and urgency that I must contact you directly. Assuming that Mr. Gray and Mr. Stephen Ross, M.P. have provided you with the background I am sure that in view of the imminent total closure now concerning this workforce it is correct to involve your office.

Recently it has been announced that the Mossmorran bulk compressor order, valued at substantial millions which would have provided the Cowes workforce with an estimated 14 months secure employment, has been awarded to Manns of Germany. This situation, let it suffice to say, is unforgiveable and infuriating. Heaven knows! Why? However it is apparent that the F.F.O agreements, memorandums, codes, those responsible or otherwise for implementing them are just not worth a 'tuppenny jot'. I question our democratic institutions when such abuses against and lack of consideration for these working people can be so obviously ignored as opposed to that selfishly or otherwise afforded to the interests and 'requirements' of others involved.

Secondly and more to the purpose of this correspondence, I am reliably informed that very recent talks with a true U.K. purchaser of this going and viable concern are reported to have gone very well indeed. However, other licencees and/or competitors abroad are 'on the ball' as far as protecting their interests are concerned. They will apply utmost pressure on E.T.L./United Technology which could probably adversely affect any or all U.K. interests and the only outcome desired by us.

I therefore in the strongest possible terms permissible urge that your office of Prime Minister, representing her Majesty's Government, our highest democratic institution, direct its powers, including finance (if required) at home and abroad either diplomatically or otherwise to prevent the absurd closure of this important unique U.K. establishment with a proud 300 year heritage, and facility currently serving the U.K.'s vital industry and economy.

I anxiously await your reply and immediate action.

Yours sincerely,

A. Sim

District Secretary.

Copies to - Various Ministers, M.P's and C.S.E.U. General Secretary.



File

10 DOWNING STREET

From the Private Secretary

1 May 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 30 April about Elliotts Turbomachinery Ltd, of Cowes.

I will place your letter before the Prime Minister at once.

M. A. PATTISON

Stephen Ross, Esq., M.P.

255



PM

CAROLINE

To fix Do 1

10 DOWNING STREET Minister, then

From the Private Secretary

1 May 1981

BF 11/5

Mr Ross, M

MA

I enclose a copy of a letter to the Prime Minister from Stephen Ross, M.P., about the threatened closure of Elliotts Turbomachinery Limited of Cowes.

The Prime Minister will be prepared to see Mr. Ross on the usual basis. She will wish to have an Industry Minister present, and we will need a brief the night before the meeting. Caroline Stephens will be in touch with you to agree a convenient time. I do not expect this to be before the week beginning 11 May.

M. A. PATTISON

Mrs. Catherine Bell,
Department of Industry.

arranged for Tuesday
12 May at 2130. HC
c. 615.



10 DOWNING STREET

TUESDAY 12 MAY

~~PRIME MINISTER~~

Stephen Ross asks to see you about a factory closure. We will arrange this for an evening in the House the week after next, with an Industry Minister present.

MA

1 May 1981

[Handwritten signature]

From: Stephen Ross MP



HOUSE OF COMMONS
LONDON SW1A 0AA

30th April, 1981

Dear Prime Minister

Elliotts Turbomachinery Ltd., Cowes, Isle of Wight

As you have indicated on a number of occasions that you are always prepared to see an individual Member of Parliament where a major closure will seriously affect his constituency, I wish to avail myself of this opportunity at your early convenience.

The above Company will be closed by its multi-national parent, "United Technologies", unless a buyer can be produced within the next two weeks or so and although every effort is being made to find a purchaser, I am frankly not very optimistic about the outcome.

Elliotts are the third largest employers in my constituency with a labour force of some 500, reduced in the last 18 months from over 800. Their loss, and that of Ronsons who are definitely leaving, will probably add another 3% to our unemployment rate - already running at 10½%, the highest in the South of England. I have had every assistance from your Minister of State at the Department of Energy, Mr. Hamish Gray, who visited the factory recently and also from the Department of Industry. With their help and that of others closely associated with the firm, Merchant Bankers have been endeavouring to find a UK purchaser under a licensing arrangement. Some interest has been shown, but the American management is now pressing for a very early decision and have already brought in a team from the United States to sort out redundancies, removal of machinery etc. Elliotts are the only UK Company that can compete for particular types of turbomachinery required in most oil-related developments and up until the last 18 months, they had been extremely successful.

The workforce have been very loyal and recently entered into a 22 month wage agreement, the plant is modern and there is no doubt that given the opportunity the Company must have a bright

cont...../

nm
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cc 16
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future. It really is a case where the National Enterprise Board could play a vital role if allowed to do so.

My Secretary knows my whereabouts and can be contacted on the above telephone number if you will be kind enough to offer me a date when I can make my representations to you.

Yours sincerely
Arthur Ross

Rt Hon Margaret Thatcher MP
Prime Minister,
10 Downing Street,
LONDON SW1