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Secretary of State for Industry

Tim Lankester Esq  
 Private Secretary to the  
 Prime Minister  
 10 Downing Street  
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BF

6 June 1979

Dear Tim

... As requested in your letter of 17 May, I attach briefing for the meeting which the Prime Minister will be having with Mr Henry Ford and other members of the Board of the Ford Motor Company together with a separate brief on inward investment generally. Also attached are some biographical notes on some of the personalities which the Prime Minister will be meeting; biographical notes on the US Directors are being sent from the USA and I shall forward these as soon as they arrive.

Copies of this letter go to Stephen Wall (Foreign and Commonwealth Office), Tom Harris (Department of Trade) and Martin Vile (Cabinet Office).

CF. Mr. Alan West

Yours sincerely

① ~~Energy brief~~

Peter Mason

by 6.30 pm

PETER MASON  
 Private Secretary

Friday at latest.

② Trans brief

as briefed  
 present by 6.30 pm Friday



BRIEF FOR THE PRIME MINISTER'S MEETING WITH THE  
BOARD OF THE FORD MOTOR COMPANY AT 1730 ON MONDAY,  
11TH JUNE 1979

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FORD PERSONALITIES - BIOGRAPHIES



## COMMERCIAL IN CONFIDENCE

PRIME MINISTER'S MEETING WITH THE MAIN BOARD OF THE  
FORD MOTOR COMPANY AT NO.10 DOWNING STREET AT 17.30  
ON MONDAY, 11TH JUNE

### I BACKGROUND

1.1. The meeting is taking place at the request of  
MR HENRY FORD II, Chairman and Chief Executive of the  
Ford Motor Company (who is being succeeded as Chief  
Executive by his deputy, Mr Philip Caldwell in the Autumn  
but will remain as Chairman). Although Ford is a public  
corporation, Mr Ford and his family have effective control  
through personal and family trust shareholdings. A back-  
ground note on Ford worldwide is at Annex A and details  
of the party accompanying Mr Ford are at Annex E.

1.2. The main interest of Mr Ford and his fellow board  
members is in broad government policy and the climate  
which the Administration will seek to create for business.  
Mr Ford has personally welcomed the Prime Minister's  
success and as Sir Terence Beckett said in his letter of  
14 May, members of the Board welcome the election result.

1.3 We understand Mr Ford and his Board are now well  
pleased with the performance of their company in Britain;  
and this represents a very major change since the days  
under a previous Administration when Mr Ford said in  
Downing Street that they would put no further investment  
here. They are now operating profitably and this fact  
together with Sir Terence Beckett's standing with his  
parent Board have contributed both to their plans to invest  
a further £1 billion in the UK and the speed with which we  
have been able to surmount the hard feelings occasioned by  
last November's imposition of sanctions.



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### II POINTS WHICH MAY ARISE

2.1. From discussions with Ford of Britain, it appears that the following general points are likely to be raised:

- a) How does the Prime Minister view the development of the special relationship between this country and the USA and what aspects of US policy concern her. One aspect of US policy which Ford are themselves concerned about is the ability of California to tax the worldwide profits of companies trading in that state irrespective of international double taxation agreements.
- b) What is the Prime Minister's view of the respective roles of the public and private sectors in Britain?
- c) Members of the Ford Board think that Britain has been a reluctant partner in the EEC and are interested in the new government's policy towards the Common Market. They also wonder how it sees the role of the new European Parliament. - This is clearly a matter of importance to Fords whose integrated European operations make a major contribution to corporate income (Annex B).
- d) What is the Prime Minister's attitude to the role of the Trades Unions in British Society? Ford's take the view that they exercise a disproportionate and "non-constitutional" influence - Ford in common with other car companies operating in Britain suffer badly from industrial disruption and general shop floor bloody-mindedness (Annex C).
- e) How does the Administration view the future European energy situation?
- f) Does the Prime Minister envisage a more orderly approach to wages and prices? Ford have always been in the forefront of the wage battle, took a ten week strike last year and felt that in imposing



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sanctions which were subsequently removed following the Parliamentary Debate the previous Administration acted unreasonably. The sanction issue caused considerable ill-feeling throughout Ford.

2.2. The Ford Board will also be interested in the Administration's budget, taxation and foreign exchange policies (it is in this respect unfortunate that the meeting preceeds the budget) and in its general approach to multi-national corporations operating in Britain.

2.3 Members of the Ford party may enquire about the industrial policies to be followed by the Government and in particular assistance towards new developments. Ford are currently in receipt of help towards the new Bridgend engine plant and developments elsewhere linked to the introduction of the new Erika car. There is a contractural obligation to pay the balance of the £75m offered by way of interest relief grant under Section 7 of the Industry Act but no such obligation in respect of Regional Development Grants where Ford took the sum of £70m into account in their original calculations but have so far only claimed £1.5m. Ford will clearly hope that any changes in policy will not reduce their payments. (Annex D).

### III LINE TO TAKE - FORD AND MOTOR INDUSTRY TOPICS

3.1. The Prime Minister, in welcoming Mr Ford and his colleagues, will wish to acknowledge their company's major contribution to the British economy. We are very glad that such an influential group of US citizens should be meeting in Britain now and hope the sun will shine on their visit; Ford's mass production in Britain goes back to before the 1914/18 war and their continued prosperous operations here represent a most beneficial industrial collaboration. Over the years Ford's balance of payments contribution has



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has been substantial and despite labour difficulties they have consistently invested heavily in their British facilities, behaving at all times as good citizens. In addition to Mr Ford himself - whom she could thank for his congratulatory message of 7 May - she could pay a tribute to Sir Terence Beckett as one of our leading industrialists making a major contribution to increasing the efficiency of industry here to the benefit of the country as well as his company. Lastly she might express the hope that, especially with their major investment plans for this country, Ford will be able to improve the output in their UK facilities and reduce the need for imports from the continent and increase Ford's contribution to our balance of payments. (Annex C).

3.2. On particular points:

WHAT ASSISTANCE WILL THE GOVERNMENT PROVIDE FOR INDUSTRIAL DEVELOPMENT?

The Prime Minister could say that the Government is reviewing the whole gamut of industrial assistance and that it believes the right approach is to create a climate where industry can prosper by its own efforts rather than one in which it is necessary for the Government to provide money.

DOES THIS MEAN THAT THE REGIONAL DEVELOPMENT GRANTS FOR ERIKA ARE AT RISK?

The Prime Minister might avoid being drawn on specific issues (especially in advance of the Budget) but could re-assure Ford that any changes will only be made after the most careful consideration of their consequences and that plenty of notice will be given of such changes. CONFIDENTIAL The PM will be aware that as part of public expenditure reductions this year a 4-month delay will be imposed on payments of RDGs. 7



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WHAT IS THE GOVERNMENT'S ATTITUDE TO JAPANESE VEHICLE IMPORTS?

The topic of Japanese vehicle imports is highly charged and has always been tackled on the basis of voluntary restraint arrangements agreed between the industries with minimal Government interference. The Prime Minister could say that this seemed the best way to proceed and invite Ford's views especially as we understand that Ford are likely to take a stake in Toyo Kojo (Mazda) which will give them more direct access to Japanese products. (A more detailed resumé of the position on Japanese imports is at Annex F).

WHAT IS THE GOVERNMENT'S ATTITUDE TO THE BL/HONDA DEAL?

The Government welcomes all the efforts which BL are making to strengthen their position, including their search for mutually advantageous collaboration with overseas manufacturers. Approval for the Honda link will of course depend on the terms of the deal, which are still being negotiated. The Government is not involved in the detailed negotiations, which are a matter for BL management. (Annex G).

VEHICLE DIVISION  
4 June 1979