



PRIME MINISTER

Thankyou  
MB

Prime Minister.

This puts matters in a very different light and strongly reduces the chances of this proposal of work of BL on relatively favourable terms. Agree with it? Add Sir

Yes.

I think I should let you and colleagues know straight away that it seems clear that Mr Ensor has been seriously misleading the CPRS about the possible interest of Ford in BL.

Sir Peter Carey has spoken to Mr Lutz in order to clarify the situation. Mr Lutz made it clear that Ford have no positive interest in BL. It is not the case that they would like to consider acquiring BL's capacity as an alternative to creating additional capacity in Europe. Indeed at the present time they probably have surplus capacity in Europe and in view of the serious difficulties which they are themselves facing in the United States they have no desire at all to take on in addition the problems of British Leyland.

If, however, the British Government specifically presses Ford to consider the idea of taking over BL, then in an effort to be helpful, they are certainly prepared to examine it. But they would prefer not to be asked to do so.

This is quite a different situation from that which we were considering yesterday, and I think we need to consider it again after the Easter break. Meanwhile I thought it important that there should be no misunderstanding about Ford's real position.

I am copying this minute to Geoffrey Howe, Jim Prior, Robin Ibbs, John Hoskyns and to David Wright.

K J

3 APRIL 1980