



Mr. TURNBULL

17

10 DOWNING STREET

*From the Private Secretary*

28 February, 1984.

Nissan

The Prime Minister has seen the Chancellor's letter of 22 February to the Secretary of State for Trade and Industry, and the latter's reply of 27 February. She feels that there is a serious problem to be addressed. She feels the Secretary of State for Trade and Industry is right in arguing that Nissan will look at Phases 1 and 2 together, and will not be assuaged by the fact that the change in the corporation tax regime does not affect Phase 1. She considers it would be damaging if one of the first results of the package was cancellation of a major inward investment project. Finally, the fact that the UK authorities will help Nissan to obtain the best possible leasing deal will not alter the fact that the deal will be less attractive than formerly.

In the light of these arguments, and of the part she personally has played in encouraging Nissan to come to Britain, the Prime Minister feels that some form of transitional arrangement, analogous to that agreed for RDG, should be investigated as a matter of urgency. She would be grateful if a proposal could be put back to her, together with a draft of the terms in which she could write to Nissan. If, when details of the transitional arrangements have been established, there is still disagreement between the two Departments, the Prime Minister is ready to hold a meeting to resolve the problem.

I am sending a copy of this letter to Callum McCarthy (Department of Trade and Industry).

Andrew Turnbull

John Kerr, Esq.,  
HM Treasury.  
BUDGET - SECRET