

Personal & Confidential

23rd July, 1980

Datsun U.K. Limited

Thank you for your letter of 19th July, with which you enclosed a copy of a letter dated 1st July, which had been sent by the Chairman to Cecil Parkinson.

When we had a word about this last week, I suggested that you might discuss this whole matter with Michael Edwardes, and then write to Keith Joseph.

If, after you receive Keith's reply, you are still unhappy, I suggested that you might then write to the Prime Minister.

Do please have a further word about this, if you would like to do so.

IAN GOW

Christopher Brocklebank-Fowler, Esq. M.P.
House of Commons,
Westminster, London SW1

FROM: CHRISTOPHER BROCKLEBANK-FOWLER, MP



HOUSE OF COMMONS
LONDON SW1A 0AA

19 July 1980

PERSONAL & CONFIDENTIAL

Ian,

Further to our recent discussions about the intentions of Nissan in respect of the British market, I thought you would be interested to see a copy of a letter from the Chairman of Datsun UK to Cecil Parkinson undertaking to keep the strictest control in Britain on the sale of Datsun cars this year.

In the light of the offer of Nissan to explore the possibility of a rescue operation for British Leyland, I am sure you were interested to see that their offer to do the same for Fiat has now been accepted and I fear that within a few years we shall see a very substantial penetration of our market by Japanese cars manufactured in Europe from that source. The tariff advantages of such an operation will make it even more difficult for British Leyland to compete, particularly as their technology and pricing is so uncompetitive.

*Yours truly
Christopher*

Ian Gow Esq MP

P.S. It seems we are too late!

DATSUN U.K. LIMITED

00B/SAP

1st July, 1980.

Mr. Cecil Parkinson, M.P.
Minister for Trade,
Department of Trade,
1 Victoria Street,
London, SW1H 0ET.

Dear Minister,

In view of the uninformed comment which has appeared recently in the Press and on television, and may appear again in the future, I thought I would write to let you know our plans for Datsun in the U.K. market this year. We do not intend in 1980 to improve our position in the market relative to previous years, and any shipments we receive beyond that requirement will be to assist our stock situation and smooth out the kind of fluctuation which we have experienced this year in monthly registration statistics.

I am aware that a deputation from our dealer network expressed considerable disquiet to you that the curtailment of shipments towards the end of 1979 would cause serious stock problems, with the resulting variation in sales level which they have achieved since January.

It is, of course, convenient for the media to forget, for the sake of a story, that in January of this year, because of low stock, we achieved only 3.19% market share and in February only 4.21%. By the end of the first quarter, which represented a record for registrations in the U.K., our cumulative market share remained depressed at 4.50% while other importers, in particular Renault with 6.2%, have benefited very substantially from our inability to supply. You will be aware that the percentage of the market taken by imports, at 57.34%, was not reduced while we were in a situation of low stock, and other importers filled the gap we had left.

In the second quarter of the year, there has been a substantial downturn in demand and our dealers have gone from a situation of low stock at a time of high demand, to one where they now have adequate stock but are unable to realise other than extremely low profits, because of the market situation. There has been substantial comment about our market share of approximately 7.8% in June. I am sure you will have noted that our cumulative market share for the year to date, however, is 5.4%, substantially below the 6.4% market share level that we have accepted in the past. With the reduction in registrations forecast for the latter part of the year, it would clearly be necessary for Datsun to achieve a market share of over 7% between now and December, if we are not to suffer a substantial deterioration of

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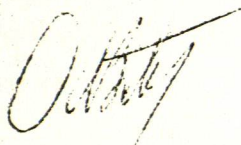
our position on the market in 1980.

You will also be aware that Ford registrations in June - although figures are not yet finalised, included approximately 19,000 imported cars, a market share of 15.9%, which is not only substantially in excess of the market share obtained by all Japanese manufacturers, but is also higher than B.L.'s total from all sources.

You will readily appreciate that events so far this year have caused a severe cash-flow problem for our dealers and economic forecasts suggest that there is little cause for optimism for them in the near future. I am hopeful, however, that once our stock situation has been satisfactorily regulated, our monthly registrations can follow a more acceptable pattern which will not only be of benefit to our dealer network, but will also avoid unconsidered and unjustified media comment.

I hope this explanation of our marketing plans for this year will be useful to you and serve as a personal assurance of our intentions.

Yours sincerely,



O. Botnar
Chairman & Managing Director

From: Christopher Brocklebank-Fowler, M.P.,

FOR INFORMATION.

F.
Brocklebank-Fowler
MP 4

Private and strictly confidential.

12th February 1980

Ian,

Further to our recent conversations, I attach herewith a copy of a letter I have received today from the Executive Vice President of the Nissan Motor Company Ltd., together with a suggestion as to how progress could be made in a programme of cooperation, which would save the medium sized car market from further exploitation by the French. Because of shortage of Japanese cars in Britain the Renault share of the market has increased to over 6% in the last two months and the Datsun share has dropped to 3%. If this process continues the French hold on our market will be irretrievable.

Mr Okuma's letter confirms Nissan's real interest in British Leyland's problems and should, in my view, be pursued without further delay.

Yours truly,
Christopher

- To: 1. Rt. Hon. Sir Keith Joseph, M.P.,
2. Rt. Hon. John Nott, M.P.,
3. Rt. Hon. John Biffen, M.P.,
✓ 4. Ian Gow, Esq., M.P.,

Enc.

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NISSAN MOTOR COMPANY, LIMITED

17-1, 6-Chome, Ginza, Chuo-ku
Tokyo, Japan

CABLE ADDRESS: "NISMO" TOKYO

Rt. Hon. Christopher Brocklebank-Fowler
Member of Parliament
House of Commons
London SW 1 England
United Kingdom

Private & Strictly
Confidential

February 7, 1980

Dear Sir,

Let me first of all express my sincerest appreciation for your having taken the trouble to see me whilst you were here with Mr. O. Botnar. Indeed, the information you gave me is most valuable and deserves the best attention of our management.

Among other things, one of the key issue you raised was whether our company is prepared to study the possibility to extend, if requested, some kind of assistance to help restore the Austin-Morris Ltd. of British Leyland. In answering your question, I informed you as you would recall that our company is most willing to conduct such a study, apart from the findings we may obtain following the study.

In the meantime, I had the opportunity to visit Acapulco in Mexico last week to attend the SMMT-JAMA (Japan Automobile Manufacturers' Association) talks. During coffee break, SMMT President Sir Barrie Heath asked me if I have met you in person recently. I promptly gave denial to Sir Barrie, as there were besides me Toyota President (Mr. E. Toyoda) as well as Mr. D.R.G. Andrews, Executive Vice Chairman of BL Limited. Please understand, however, that this by no means indicates any change from the line I have expressed to you earlier, and in fact I can assure you that I am eager to conduct the study in question whenever appropriate.

In this respect, I wonder if you are now in a position to advise me of any news after your contacts with your Government officials and/or BL management. I would be most grateful if you would be kind enough to furnish me with any information at your earliest convenience.

I thank you in advance for your kindness and look forward to hearing from you soon, I remain,

Yours faithfully,



M. Okuma
Executive Vice President

MO/yy

PROPOSED STAGES FOR DISCUSSION OF ANGLO JAPANESE
CO-OPERATION VIS A VIS BRITISH LEYLAND

1. Increase Datsun United Kingdom stock of Sunny and Cherry cars to enable Datsun to compete profitably with the French in the 12/1400 c.c. and 14/1600 c.c. ranges.
2. Allow this increase in stock to enable the Nissan share of this market to be consolidated at 60,000 units for these models which is $\frac{1}{2}$ the required production for an economic assembly plant on the firm understanding that such a plant would be established in an agreed time.
3. Discuss further transfer of surplus British Leyland labour and other assets, marks etc to Nissan for joint venture with substantial Nissan capital investment.

N.B. British Leyland have only offered to buy designs from Nissan so far. Their amateur approach was not well received.

BROCKLEBANK-
FOWLER, M.P.

7th February, 1980

Thank you so much for your very kind hospitality at lunch yesterday.

I valued our talk. I would be grateful if you could please let me have a note about our motor car industry, along the lines which we discussed.

Thank you again for a most excellent and enjoyable lunch.

IAN GOW

Christopher Brocklebank-Fowler, Esq. M.P.
House of Commons,
Westminster, London SW1