

3 February 1986PRIME MINISTERBL BIDS - IS FOREIGN OWNERSHIP BAD?

1. Q. Does foreign ownership mean less British jobs?

A. Britain is the free world's largest tractor manufacturer with 80% of production exported. None of the companies are British-owned, indeed the only British-owned company recently went into receivership. Foreign ownership is wholly consistent with an expanding British manufacturing base. It is the competitiveness of industry, not its ownership, that is most important in determining if it is good for Britain.

2. Q. Is Ford just an American raider?

A. Ford's European headquarters are located in Britain as is their largest European R&D centre. All of the trucks and most of the tractors that Ford sell in Europe are made in Britain. Ford produce in Britain roughly double the number of engines and gearboxes that BL do. Ford's exports from the UK are 40% more by value than those of BL.

3. Q. Won't foreign ownership of BL damage its British suppliers?

A. The component supply industry depends upon the competitiveness of all the British-based manufacturers. The Government would only be prepared to sell parts of BL if, firstly it believes that this will lead to a more competitive motor industry, (and therefore more jobs in the long term), and secondly only if the new owners were prepared to give a commitment on levels of UK content.

If as a result of a sale of Austin Rover, Honda then concentrated on their own plant at Swindon, this would give an extra British-based manufacturer for the component industry to sell to.

4. Q. If Ford buys Austin Rover, won't Honda pull out of Britain?

A. Honda are already making a significant commitment to a British base at Swindon where they have purchased a 300 acre site. Their links with BL are important both to Honda and to an independent Austin Rover. But if Austin Rover merged with Ford, Honda might then wish to speed up the rate of development of their site at Swindon in order to establish a complete European manufacturing base in Britain.

Preliminary studies suggest that if Honda established an independent manufacturing unit in Britain, twice as many jobs could be created as might be displaced through the increased competition. The comparison would be still more favourable if the alternative were for Honda to establish a manufacturing plant not in Britain but elsewhere in Europe. Honda have, however, made no proposals to establish independent manufacturing in the UK, and the Government has given no advance commitment.

5. Q. If Ford buys Austin Rover will this mean mass redundancies at Longbridge and Cowley?

A. No. Some rationalisation of common functions is inevitable, but the advantages of combining R&D effort, and opening Ford's well-developed European sales network to BL models, may well offset such losses. Mass redundancies would only occur if, instead, Austin Rover had to stand on its own and without further Government support.

6. Q. Aren't most of Ford's components imported and won't therefore BL's suppliers be hit?

A. The local content of the models that Ford currently manufacture in the UK is around 80%. This compares with BL's current local content of around 90%, which will reduce when the new Rover built in collaboration with Honda is launched later this year.

Firm commitments on local content levels would be a pre-condition of any sale of Austin Rover to Ford.

7. Q. Aren't some suppliers heavily dependent upon Austin Rover for their business?

A. Of the top 50 independent suppliers to BL and Ford none sell even half their output to BL. All but a handful sell to both Ford and BL, and therefore would not expect to be affected by any change of ownership.

8. Q. Isn't the Government contemplating selling Austin Rover just when it has finally become competitive?

A. Austin Rover's performance has certainly improved but it is still not making profits and requires a substantial cash injection over the coming years if it is to invest in new models. It is Government policy that such investments are much better made in the private sector than by the public sector. None of the European public sector motor companies are making profits.

9. Q. Are the Government selling BL over the heads of its management and without any consultation?

A. The BL Board have been involved throughout and have approved both the negotiations with GM and also the

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exploratory discussions with Ford. The initiative for the Austin Rover talks came from Ford rather than HMG; these are at a very early stage and the Government have yet to decide whether they should even be allowed to proceed to full negotiations.

Peter Warry

PETER WARRY

British Leyland

3.32 pm

Mr. John Smith (Monklands, East) (*by private notice*) asked the Secretary of State for Trade and Industry if he will make a statement about the future of British Leyland Vehicles and possible disposals.

The Secretary of State for Trade and Industry (Mr. Paul Channon): With the approval of the BL board, discussions are in progress between BL and General Motors with the aim of creating an internationally competitive United Kingdom commercial vehicle industry and improving the long-term prospects for the constituent BL companies. These talks cover Leyland Trucks, Land Rover, Freight Rover and certain related overseas operations. Discussions are at an advanced stage, but a number of important issues remain to be settled. Separate discussions are taking place with the Laird Group, which owns Metro Cammell Weyman, about the future of Leyland Bus.

As to the other BL businesses, it remains the policy of Her Majesty's Government to return them to private ownership as soon as practicable. Talks with other car manufacturers on a variety of potential business ventures are in progress; some of them are wide-ranging, but are at an exploratory stage, and it is too early to tell whether they will lead to any potential equity stake, acquisition or merger.

Mr. John Smith: The Secretary of State's statement reveals that discussions are at an advanced stage, but the House has not been told anything until today. Does not that statement confirm the fears expressed by the Shadow Chancellor of the Exchequer, my right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley), in a speech yesterday in Birmingham? Is it not appalling that the Government are willing even to contemplate the disposal of the largest part of the British truck and bus manufacturing industry to an American competitor? Is the right hon. Gentleman not aware that his predecessor was forced to say on 23 October last year:

"after lengthy discussions, Vauxhall is not yet ready to go further in proving that it really is a British car producer."—[*Official Report*, 23 October 1985; Vol. 84, c. 285.]

In that context, is it not naive and foolish to expect that company to preserve any British element in what it acquires? Is there no part of British industry that is safe from the destructive purposes of the Government? Is there nothing that is not for sale? Will the Secretary of State confirm that a team from General Motors is currently in Leyland compiling a detailed dossier of our business? As the purpose of General Motors in buying Leyland would be to buy a market share, or rather to buy out the British market share and get its hands on modern facilities, which have been provided on a publicly financed basis at a cost of £320 million in the recent investment programme, will there not be large job losses in Bedford as well as Leyland? What is the estimate of the number of jobs that will be lost in both Bedford and Leyland?

What will the future be for the Land Rover and the Range Rover? Will not the job lot disposal of these prestigious British products be seen at home and abroad as a dreadful and shameful British retreat? Is it not a sad day when the British Government can even think of such

a thing? If this deal goes ahead, will it not be the case that the British armed forces will have almost no British owned suppliers of the vehicles upon which they depend?

Mr. Speaker: Order. This is a private notice question, not a statement.

Mr. Smith: Can the Government explain why all other countries in western Europe seem to want to stay in this industry, but the British Government do not? Can the Secretary of State say what protection there will be for independent British research and development? Is not this episode typical of the Government's industrial policy? It involves the destruction of jobs, the permanent loss of an industry, the loss of independent research and development and the surrender of crucial British interests.

Mr. Channon: No, Sir. I strongly repudiate many of the points that the right hon. and learned Gentleman has raised in his question. As I have already explained, no decision has been reached in the talks between British Leyland and General Motors. When firm conclusions are reached I shall make a full statement to the House. Were a deal to be reached, General Motors would give full undertakings that the majority—[*Interruption.*]

Mr. Speaker: Order.

Mr. Channon: I am surprised that on an issue like this the Opposition are not anxious for me to be heard. I am trying to explain these important matters. After what the right hon. and learned Gentleman has been saying, he should be crying, not laughing.

General Motors would be willing to give undertakings that the majority of the products sold by the businesses involved would be manufactured in the United Kingdom, that the products would continue to have a high local content, that there would be a substantial level of exports, that research and development facilities would be maintained and developed in the United Kingdom, that Land Rover would retain its distinct British identity, and that an appropriate level of investment would be injected into the business to achieve competitive future models and facilities.

If these talks were to come off, it would be the Government's aim to ensure that the jobs and the future of Land Rover and these other companies were more, not less, secure. That is what we are fighting for—not for some shibboleth, like the right hon. and learned Gentleman—to try to get a viable industry that will be secure for the future.

Mr. Speaker: Order. I remind the House that private notice questions are an extension of question time.

Mr. David Madel (Bedfordshire, South-West): I welcome my right hon. Friend to his new post. As General Motors and British Leyland are well established commercial vehicle manufacturers in this country, will my right hon. Friend confirm that it is Government policy to strengthen their manufacturing base? Will he remember that General Motors has a long, distinguished history of supplying first-class defence equipment to this country for this country's needs?

Mr. Channon: My hon. Friend is right in the latter part of his question. He is also right in the first part of his question, and I very much welcome his support.

Mr. George Park (Coventry, North-East): Is the Secretary of State aware of a recent early-day motion,

[Mr. George Park]

sponsored by Conservative Members, paying tribute to the efforts of the workers and management of British Leyland? Does he imagine that his announcement will encourage either the workers or the management to make great efforts when they know that the inevitable rationalisation will mean that their jobs are likely to go down the drain?

Mr. Channon: I believe that my announcement, and what may possibly take place, should be—I do not say that it will be—of comfort to the work force. They should realise that their future is likely to be secure in a motor industry and in a truck industry that will have secure futures. Over £2 billion has been pumped into British Leyland during the past few years. We need to ensure that this industry is able to function successfully in the foreseeable future.

Mr. John Carlisle (Luton, North): I support the words of my hon. Friend the Member for Bedfordshire, South-West (Mr. Madel), on the basis that General Motors is a successful company and that the merger could be to the benefit of British Leyland and it ill befits the right hon. and learned Member for Monkslands, East (Mr. Smith), who turned up at Ellesmere Port in a Japanese car to talk to officials of the company, to talk of British content. General Motors has an excellent record in Britain, and I have every confidence that should the merger take place it will be to the benefit of all workers concerned.

Mr. John Smith: On a point of order, Mr. Speaker.

Mr. Speaker: I shall take it later, if I may.

Mr. Channon: I very much welcome my hon. Friend's support, and I am grateful to him for what he said.

Mr. A. J. Beith (Berwick-upon-Tweed): Does the right hon. Gentleman recognise that one of the duties that he has taken over is that of seeking to ensure that we have a viable British-owned motor industry? What has happened to the Government's philosophy of privatisation? Was it not intended to bring ownership to the employees and to the British people; not to sell off job lots in the American market?

Mr. Channon: I and my right hon. Friends are seeking to create conditions in which the companies about which I have been talking this afternoon will be able to have a more secure future than they have had in the past, and where their people will be able to look forward with confidence to the future of their companies. That is my aim. I would not allow talks to proceed unless I received satisfactory assurances to that effect, and I am sure that I will.

Mr. Iain Mills (Meriden): Will my right hon. Friend confirm that it is in the the best interests of my constituents who work for Land Rover, the Austin Rover group and Unipart that the alternative to the suggestions that he has made may well be greater public investment, and that the exploration of the sort of co-operative venture that he has suggested would be beneficial to those constituents?

Mr. Channon: Yes, Sir.

Mr. Doug Hoyle (Warrington, North): Why does the right hon. Gentleman believe that it is so good for the employees that no talks have taken place with the trade

unions? Indeed, it has been denied to the trade unions that talks are taking place. What does the right hon. Gentleman mean when he says that the majority of products will be manufactured here? What will be the effect on the component industry, particularly in view of General Motor's poor record on buying components in Britain? Will he confirm that the bus and coach division could go to the wall, with the loss of 1,000 jobs? Does it not prove that in relation to the manufacturing industry the Government are not bothered about running the estate but only with selling the valuables in the manor house?

Mr. Channon: No, Sir. It means no such thing. It means that we are trying to achieve a situation in which the employment prospects and wellbeing of those in the companies concerned will be better rather than worse in the future. If a deal with General Motors were to be reached—and that is by no means certain—I shall have to be satisfied on the point that the hon. Gentleman raised about the majority of the products. We shall need to have a proper understanding about them.

Mr. Patrick Cormack (Staffordshire, South): Does my right hon. Friend, whom I welcome to his post, think that British shareholders might be interested in the Range Rover and Land Rover, and for the rest could there be a European solution?

Mr. Channon: That is an ingenious idea which my hon. Friend, with his ingenious mind, so typically puts forward. I am convinced that the proposals for Land Rover offer the best possible future, that it could have. It will have extra opportunities in the United States, and that is very much in the interests of Land Rover.

Mr. Terry Davis (Birmingham, Hodge Hill): What arrangements will the right hon. Gentleman make to consult those who work at British Leyland and Metro Cammell Weyman about their future before their jobs are sold off?

Mr. Channon: I do not accept the premise on which the hon. Gentleman concluded his question. As I have said, discussions are in progress. No decisions have been taken. The House will continue to be kept informed.

Mr. Richard Page (Hertfordshire, South-West): Does my right hon. Friend agree that the reality of the situation is that there is over-capacity in vehicle manufacturing in the world and that any sale will give the opportunity to broaden the narrow retail outlets, possibly to overseas markets? Will he confirm that manufacturing capacity will be part of the condition of any sale?

Mr. Channon: That is an important point, with which I agree.

Mr. D. N. Campbell-Savours (Workington): Is this not an example of the Government dropping the Union Flag and raising the Stars and Stripes once again over British industry? Is it not true that this American corporation has made it clear that it does not want the Leyland Bus division? If that is the case, what will be done with it? What is the future of the Leyland plant in my constituency?

Mr. Channon: As I told the House, separate discussions are taking place with the Laird group about the future of Leyland Bus. I should have thought that the hon. Gentleman would welcome that, rather than being so contemptuous about it.

Mr. Michael Grylls (Surrey, North-West): Does my right hon. Friend remember that the Labour party bitterly opposed the privatisation of Jaguar, which has been an outstanding success, not least for all the people who work in Jaguar? Does it not prove the Luddite attitude of the Opposition, because everybody knows that the future of the motor industry lies in international co-operation? If there is a possibility of a joint venture between British Leyland and a Japanese firm, would we not welcome that as well?

Mr. Channon: My hon. Friend is entirely right, and it is typical of the Opposition today, as so often in the past, that they oppose any attempt to try to solve sensibly some of the serious commercial problems—attempts that are very much in the interest of all concerned.

Mr. Jeff Rooker (Birmingham, Perry Barr): If the workers of Land Rover and Range Rover and the management said that they would prefer the Jaguar solution, would the Government stand in their way? Why did the Secretary answer yes to the question from the hon. Member for Meriden (Mr. Mills), who said that a better solution to that of the Secretary of State for the job security of the people of the Meriden constituency and others was more public investment?

Mr. Channon: I do not think that I said yes. I shall look at what I said, but I think that the hon. Gentleman has misunderstood. *[Interruption.]* How interesting it is that when the affairs of a great industry such as this are being discussed the Opposition treat them with such frivolity. They are not interested in the future of British Leyland or its Trucks division. All that they are interested in is making petty mischief, as usual.

Dame Jill Knight (Birmingham, Edgbaston): Is my right hon. Friend aware that the future of scores, if not hundreds, of small businesses in the west midlands depends on their being able to provide parts to British Leyland? May we be certain that that future is being considered in any arrangement to be made?

Mr. Channon: I assure my hon. Friend that the point that she has raised is very much in my mind. I am grateful to her for referring to it again.

Mr. John Smith: On a point of order, Mr. Speaker. In view of an intervention by the hon. Member for Luton, North (Mr. Carlisle), which I fear could mislead people, I make it utterly clear that I own and drive a British car, and have never had nor driven a Japanese car.

Later—

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): On a point of order, Mr. Speaker. Bearing in mind

the importance of the BL issue, why did we have such a very short time to ask questions about it? For the entire motor industry and all the people of the midlands, nothing is more important. We waste more time in the House on trivia than we spend on important matters such as this.

Mr. Speaker: Order. I said at the beginning—the hon. Gentleman knows this well—that a private notice question is an extension of Question Time.

Mr. Beaumont-Dark: It is a disgrace.

Mr. Speaker: Order. The hon. Gentleman must not argue with me from the Floor.

Mr. John Carlisle: Further to an earlier point of order, Mr. Speaker. The right hon. and learned Member for Monklands, East (Mr. Smith) said that I had said he owned a Japanese car. To correct the record, what I said was that he visited Ellesmere Port in a Japanese car. Perhaps he would like to clarify that — [HON MEMBERS: "Withdraw"].

Mr. Speaker: Order. That is not a matter for me.

Mr. Andrew Faulds (Warley, East): On a point of order, Mr. Speaker. Further to the comments of the hon. Member for Birmingham, Selly Oak (Mr. Beaumont-Dark), may I stress that some of us whose constituents' work is affected by the disastrous statement that we have just had, at the first appearance at the Dispatch Box of the new Secretary of State for Trade and Industry, are entitled to have a chance to ask questions, and not have such a very brief period terminated when there were still many hon. Members on their feet?

Mr. Speaker: The House should understand that a Private notice question, which the Chair grants, is an extension of Question Time.

Mr. David Winnick (Walsall, North): It was a statement.

Mr. Speaker: It was not a statement.

Mr. Winnick: It should have been.

Mr. Speaker: That is a different matter. It was not a statement. I was asked whether I would grant a private notice question on this matter, and I did so. I think that the House has had a fair run on it. No doubt we shall return to the matter.

Sir John Biggs-Davison (Epping Forest): Further to that point of order, Mr. Speaker. Is it not the case that we have a very important debate to follow, which must end at 7 o'clock? Therefore, is it not right that we should pass to that debate as quickly as possible?

Mr. Speaker: The hon. Gentleman is absolutely right.

Questions to Ministers

3.47 pm

Mr. Jack Straw (Blackburn): On a point of order, Mr. Speaker. Earlier, during Question Time, there was an important disclosure by the Attorney-General that both he and the Solicitor-General had been wholly kept in the dark by the Prime Minister about what she knew about the source of the leak—

Mr. Speaker: Order. As I understand it, this is an extension of the full 10 minutes that we had on this matter, during which the hon. Gentleman asked a question.

Mr. Straw: Further to that point of order, Mr. Speaker. That is my point. Is it not outrageous and ludicrous that on such an important point, the Attorney-General should be subject to only 10 minutes of questions each month? Will you confirm that it is within the rules of the House for you and the Government to agree to an extension of Question Time by placing such important questions to be answered after 3.30?

Mr. Speaker: That is not a question for me. If the Government or the Minister concerned wish to answer questions at the end of Question Time, that is in order. I judge that on this occasion the Attorney-General did not do that because he had Question 49 to answer.

Protection of Military Remains Bill

3.50 pm

Mr. Willie W. Hamilton (Fife, Central): On a point of order, Mr. Speaker. You will recall that on Friday last, the Protection of Military Remains Bill was passed unanimously by the House. All its stages were passed unanimously, which is almost unique in the House. It is dismaying to see on the Order Paper today motion No. 4 in the name of the Leader of the House:

That the Proceedings of 31st January in Committee and on Third Reading of the Protection of Military Remains Bill be null and void.

In effect, the Leader of the House is saying that a Bill, which was proposed by the hon. Member for Hampshire, East (Mr. Mates), shall be null and void despite the decision of the House that it should pass all its stages without a single vote.

We know that the Government are anxious to get away from Westland to matters of national importance, but is this not carrying things a little too far? The Leader of the House is trying to get a motion passed, presumably without debate, which rescinds the unanimous decision of the House last Friday. It shows contempt towards the House, and I invite the right hon. Gentleman to withdraw the motion and allow the Bill to proceed.

Mr. Speaker: I think that I can help the House on this matter. The Bill passed all its stages without notice. Normally, as the House knows, Bills do not pass all their stages in one sitting. I understand that the Bill in question requires a money resolution, which was not on the Order Paper. It will be necessary to move that before the Bill can proceed.

337 AUSTIN ROVER—YEAR OF SUCCESS

Mr Roger King
 Mr David Gilroy Bevan
 Sir Reginald Eyre
 Mr Steve Norris
 Mr Gerald Howarth
 Mr A. Beaumont-Dark

★ 25

Mr Tim Yeo

That this House congratulates the management and workforce of Austin Rover Group on achieving a 99.95 per cent. dispute-free production year in 1985 resulting in an increase in car output of 22 per cent. ; notes the significant gains in sales throughout the European market as competitive products and good quality make themselves felt ; looks forward with fond regard to the production of the five millionth Mini ; is confident that with the additional impact of the forthcoming new Rover model further significant gains will be made in sales, thereby enhancing employment prospects and growing prosperity for employees, suppliers and the community at large ; and urges all prospective new car purchasers to support success by buying success.

As an Amendment to Mr Roger King's proposed Motion (Austin Rover—Year of Success):

Mr George Park
 Mr Roy Hughes
 Mr Peter Hardy
 Mr Lewis Carter-Jones
 Mr Jack Thompson
 Mr Ernie Ross

★ 7

Mr William McKelvey

Line 9, at end add 'but regrets the lack of Government action to bring parity in trading between the United Kingdom and Spain in motor vehicles, which particularly affects Austin Rover.'

Higher quota

Reduced duty quota

Scale down of duty over 2 years
- more than 50% reduction - 3 years

★ The figure following this symbol gives the total number of names of Members appended, including those names added in this edition of the Notices of Questions and Motions.

336 NEWS INTERNATIONAL

Mr Terry Fields
Mr Dave Nellist
Mr Tony Benn
Miss Joan Maynard
Mr Dennis Skinner
Mr Bob Clay

★ 24

That this House condemns the attempts by News International, with the backing of other millionaire publishers, to break the wages, conditions and union structures of Fleet Street printers by introducing legally-binding, so-called no-strike agreements and by banning the closed shop; views with horror the development of concentration-camp security arrangements at the Tower Hamlets plant involving cameras and barbed-wire filled ditches; notes the massive profits made for Mr Murdoch of an average £35 million a year from The Sun and The News of the World; and calls on the Prime Minister, with her frequent demands to return the unions to their members, to respect the 80 per cent. vote by the print workers against Murdoch's plans and publicly to repudiate his intransigence and provocative actions.

As an Amendment to Mr Terry Fields' proposed Motion (News International):

Mr Ian Grist
Mr Neil Thorne
Mr Gwilym Jones
Mr Sydney Chapman
Mr Andrew MacKay
Mr David Gilroy Bevan

★ 10

Mr W. Benyon Mr Peter Thurnham

Line 1, leave out from 'House' to end and add 'applauds the efforts of News International in attempting to force Fleet Street newspaper production into the latter half of the twentieth century in the face of Luddite and ruinous opposition in which the interests of readers and advertisers are never considered.'

★ The figure following this symbol gives the total number of names of Members appended, including those names added in this edition of the Notices of Questions and Motions.



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MR JOHN SMITH'S PNQ : DRAFT ANSWER

With the approval of the BL Board discussions are in progress between BL and General Motors with the aim of creating an internationally competitive UK commercial vehicle industry and improving the long term prospects for the constituent BL companies. These talks cover Leyland Trucks, Land Rover, Freight Rover and certain related overseas operations. Discussions are at an advanced stage but a number of important issues remain to be settled. Separate discussions are taking place with the Laird Group who own Metro Cammell Weyman about the future of Leyland Bus.

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