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MR NORGROVE

cc Sir Robert Armstrong
Mr Wiggins

LAND ROVER LEYLAND (LRL)

Mr Wiggins and I discussed with the Trade and Industry Secretary and Mr Mogg this morning the likely timetable for future consideration of LRL. It may be helpful to you to know the outcome.

2. As the Minutes of yesterday's MISC 126 will record, we need two papers for consideration at MISC 126 next Thursday (6 March). These are:-

(i) a report of the alternatives to the GM deal, in the light of the bids received by BL by the 4 March deadline. This should also cover the future of Leyland Trucks if Land Rover were sold separately and GM withdrew;

(ii) a paper on the possibility of a joint venture between GM and the Management buyout in respect of Freight and Land Rover. This should also cover the question of the assurances to be given by GM, and any other "wheeses" of a similar kind that DTI might think worth considering.

Mr Channon should also be giving further consideration to how to improve the presentation of the Government's position, although he need not necessarily put in a further paper on this for the next MISC 126 meeting.

3. Thereafter, the precise timetable must depend on developments. If there is no serious alternative to the GM deal, and the BL Board took a decision in favour of this early in the week beginning Monday, 10 March, it might just be possible to bring the issues to Cabinet for a decision on 13 March. It would be more realistic, however, to think in terms of Cabinet on 20 March. If a decision were reached then, it could be announced that afternoon (it would be fatal to defer it over the weekend), to be followed by a debate on, say, Wednesday 26 March. Since the contract would not be signed until the second half of April, the Government's position could

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be defended as consistent with the assurances given to the House by the Minister of State and the Leader of the House.

4. I think it would be sensible to plan on this timetable for the time being, with a further meeting of MISC 126 before Cabinet on 13 March. But we shall obviously need to reconsider if the situation is complicated by Lonhro or other bids next week.

J B UNWIN

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