

Inc) Pol: BL with
MCS 24/1.

cc JV

CONFIDENTIAL



Prime Minister

Lord Cockfield will let
you have his comments.

PRIME MINISTER

BL'S CORPORATE PLAN

MS

MCS 18/1

In his minute of 11 ^{TPM} January the Secretary of State for Industry invited us to approve BL's Corporate Plan for 1983 and its associated funding requirement.

I think it is fair to say that this Plan represents essentially a holding operation. BL have done well in 1982, in extremely difficult conditions, but Austin Rover and the Leyland Group are going to have a hard struggle this year to build on the foundations that have been laid. We must all hope that the LM10 enjoys a Metro-style success, and that the Leyland Group will fulfil expectations. If not, we shall have to face some unpleasant decisions at the end of the year.

It follows that I am in favour of our approving the Plan now. It is a cause for considerable concern that Ford and Vauxhall are to no mean extent the gateways through which foreign cars are brought into the UK market and account for the recent surge in imports. The collapse of Austin-Rover or its use by a foreign owner would lead to a further large increase in imports and further severe problems for the Midlands component manufacturers. I am sure Patrick Jenkin will bear this in mind and agree that in addition to urging on the disposal of Unipart, Jaguar and Land Rover, and the Leyland Group as well, if all goes well there, officials should be very closely associated with the Horrocks review of Austin Rover, so that every effort can be made to avoid that company's being left as the unviable rump of the group.

CONFIDENTIAL

CONFIDENTIAL



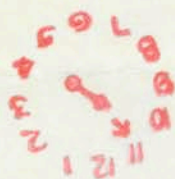
I am copying this minute to the Chancellor of the Exchequer and the Secretaries of State for Industry, Scotland and Trade, and also to Mr Sparrow and Sir Robert Armstrong.

NT

17

NT
January 1983

Ind Pot : BL : P+ 7



108 JAN 1983

COPIES OF

11