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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

THE PRIVATISATION OF JAGUAR

We are to discuss in E(A) tomorrow the Secretary of State for Trade and Industry's proposals for Jaguar privatisation - E(A) (84) (13).

2. If we rule out sale to General Motors, I should have thought that it might be worth exploring the possibility of a management buy-out. But if we instead move to a flotation, I should prefer the sale of 100 per cent of the shares, rather than the 75 per cent which Norman Tebbit envisages. To leave BL holding 25 per cent of the shares would not be satisfactory. Such existing links as are mutually beneficial, e.g. access to technology and joint dealerships, could be preserved through a contractual agreement. And we can use the special share option to guard against foreign ownership, as we have done with Cable and Wireless, Britoil and Amersham.

3. More important, minority stakes are contrary to our general approach of cutting the ties binding companies such as Jaguar to the rest of the public sector. We want Jaguar to be independent of considerations relevant to Austin-Rover Group's commercial and trading position, and to do all we can to ensure that they do not become re-infected by any new industrial relations problems affecting the rest of BL cars.

4. Copies of this minute go to Norman Tebbit and other E(A) colleagues.

J. Kew

PP

(N.L.)

14 February 1984

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COMMUNICATIONS

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