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MR TURNBULL

JAGUAR

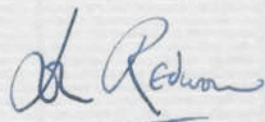
I have now spoken to Sir Terence Burns in the Treasury who was visited by Mr Egan on Friday night. The meeting took place at Egan's suggestion as he was worried about press stories that the Treasury favoured sale of Jaguar to General Motors.

Egan said to Burns that:

1. He was against the sale to GM. He saw few advantages and many disadvantages in becoming part of a large American group.
2. He felt Jaguar was a viable independent business.
3. Within the first two or three years Jaguar would need some mechanism to block foreign take-over in the stock market following flotation.
4. He did not believe that strong links with the BL Group were a necessary condition of Jaguar's success, but nor did he argue strongly in favour of 100% sale.

His lack of decisiveness on this latter issue reflects the fact that he does not know that E(A) is taking place, nor does he know the exact arguments that will be put to E(A). However, from this conversation, I think we have enough without talking to Egan himself and alerting him to the E(A) meeting.

I think in the Prime Minister's briefing for tomorrow's meeting we should reinforce the point that it does require some blocking mechanism to prevent foreign take-over after flotation and this is quite compatible with 100% flotation of the whole company in the first instance. We can also say that the management of Jaguar would be extremely reluctant to work for American masters but are quite happy to go it alone.



JOHN REDWOOD
14 February 1984

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