

E. R.

CONFIDENTIAL

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PRIME MINISTER

Leyland Trucks

E(A) decided that no announcement should be made about closure of Bathgate ahead of the European Elections.

Although it was agreed at the meeting that the Government's public line should be that no decisions had been taken on BL's Corporate Plan, reports of the imminent closure of Bathgate appeared in the Scotsman.

Mr. Tebbit argues that considerations relating to the profits of Jaguar require an acceleration of the timetable. He would like to complete the decision and announcement by mid-May. He is hoping, if possible, to do this in correspondence.

Mr. Younger's office has been in touch with us. He is very unhappy about this as he feels that the original argument about the European election is still valid. He thinks an announcement could cause the loss of a finely-balanced European constituency, but whatever the outcome, Party workers in Scotland are likely to feel aggrieved, believing an announcement of the decision before the election to be a self-inflicted wound.

The arguments are difficult to balance. Mr. Younger's political considerations need to be set against Mr. Tebbit's policy concerns on the timing of the Jaguar flotation. It is unlikely this can be settled in correspondence. E(A) on 10 May is not a runner as Mr. Younger will be in Scotland at the conference. He has written suggesting a meeting in Perth. This does not run either as Mr. Tebbit will have gone by the time you arrive.

Agree a meeting will be needed (which I will try to arrange)?

Andrew Turnbull

2 May 1984

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MR TURNBULL

2 May 1984

BATHGATE

We strongly support Norman Tebbit's view that an announcement about the BL Corporate Plan - including a decision on Bathgate - must be made soon.

Strictly speaking, the BL plan does not envisage the immediate closure of Bathgate. Truck assembly continues to the end of 1984 and engine assembly to the end of 1985, so the announcement could and should refer to a run down.

The gut reaction of the unions will probably be very hostile. But the phasing of the closure should help to moderate their behaviour; and so should BL's intention to recommend closure of the whole of Leyland Trucks if the Bathgate workforce topples Leyland from its already precarious position in the fiercely competitive UK truck market. In fact, BL management's capability in handling quite severe bouts of contraction and reorganisation now looks remarkably good.

We remain concerned about undue delay in handling corporate plans. There is really no good excuse (a) for the slippage of Jaguar privatisation from May to July or (b) for the risk which Mr Tebbit now attaches to the July date. The Prime Minister has previously expressed hope for more rapid responses to corporate plans, but she has gone unheeded this time round. The timetable is as follows:

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| November 1983 | - BL delivers Corporate Plan to DTI, minus the section on Leyland Vehicles |
| December 1983 | - Leyland Vehicles plan arrives |
| January 10th 1984 | - Officials' group meetings begin |
| February 15th 1984 | - 1st E(A) meeting on Jaguar |
| April 4th 1984 | - E(A) meeting on Leyland Vehicles and 2nd meeting on Jaguar |
| May 10th 1984 | - E(A) slot for third meeting on Jaguar |

E. R.

No dates yet for E(A) to consider Austin Rover, Unipart or Land Rover.

We expect state industries to behave in a commercial manner, but the Government response is hardly commercial in its tardiness. An article on P6 of today's FT starts to make the delay public.

R. J.

ROBERT YOUNG

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