

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

PRIME MINISTER

Meeting on British Leyland: 1530 on Monday, 1 April

A lot of reading here -

- (i) Excellent steering brief by the Policy Unit (Flag A).
- (ii) Mr. Tebbit's latest minute about the Honda overtures (Flag B).
- (iii) Professor Bhattacharyya's report on Austin Rover - conclusions at Flag C).
- (iv) Official Group report on BL Corporate Plan - summary at Flag D.

The purpose of the meeting is for you and the Chancellor to give the Secretary of State an early indication of your thoughts which he can take into account in preparing a paper for E(A) ^{or a smaller group if the issues are too sensitive for E(A)} for discussion in the week beginning 22 April.

I suggest that the points you should aim to cover (following the Policy Unit's steering brief) are:-

- (i) Agree that things are going badly wrong at BL.
- (ii) Agree on action to stop the rot at Austin Rover, as recommended by the Official Group and Policy Unit. (You may also want to say that the announcement on 11 April of an "understanding" between BL and Honda should not commit the Government until we know whether it will involve extra funding from the Government).

- (iii) Agree on early privatisation of Unipart and looking for buyers for Landrover ~~Keyland~~.
- (iv) Reduce BL's borrowing profile - Policy Unit's proposals at end of their minute.

FE.R.B.

29 March, 1985