



Secretary of State for Trade and Industry

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The Rt Hon David Steel MP
House of Commons
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David Steel

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Mr Whittingdale
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Mr Cochlin V
Mr Meadway V2 (o/s)
Mr Brown V1
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Thank you for your letter of 25 February about the future of Land Rover.

As I have emphasized in the House on a number of occasions, before coming to any final conclusions on the future of BL the Government wish to consider all the options. The BL Board therefore, notified those companies that have expressed an interest that declarations of a firm intention to bid should be made by 4 March. This was not a deadline for completion of negotiations but the Government are determined to resolve this issue very speedily to avoid further commercial damage to the businesses involved. I know that this need for a quick decision is supported by David Andrews. I do assure you that proposals from all interested parties, including the management of Land Rover, will be considered on their commercial merits in relation to the future of BL as a whole.

Both the Government and BL recognize this is an uncertain and worrying time for the workforce, I know BL are doing their utmost to keep them informed of the position reached in negotiations. Peter Morrison is also meeting trade delegations to explain the position and to take note of their views. In this way I can assure you that the views of management and employees are being ascertained and will be taken fully into account before reaching any final decisions.

You also ask who initiated the talks between General Motors and BL. As part of the agreed policy of the BL Board and the Government continuously to review all options and opportunities to strengthen

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the company's businesses, the Government made a preliminary approach to General Motors in mid-1984 to establish whether, in principle, they would be interested in exploring with BL the possibility of a joint approach to the problems of the UK commercial vehicle industry. Following detailed studies carried out by the two companies, it was agreed in the autumn of 1985 that substantive talks should begin directed at the possible acquisition by General Motors of various part of Land Rover-Leyland. I should emphasize, however, that no decision has yet been taken and all firm offers are now being appraised carefully.

Finally you mentioned talks between Ford and Fiat. The Government is not directly involved in these discussions although Ford has notified the Government of discussions that it has been having with Fiat about a possible joint venture in the truck sector. I understand that no decisions have yet been reached and it would be for the companies to make any announcement of their joint plans.

*Y
long,
Paul*

PAUL CHANNON

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