

SECRET

SUBJECT CCMASTER

DSG 16



cc Prof Griffiths

10 DOWNING STREET

*From the Private Secretary*

21 March 1986

BL: PRINCIPLES OF A DEAL WITH GM

The Prime Minister this afternoon discussed with your Secretary of State and with the Chancellor of the Duchy of Lancaster and the Chancellor of the Exchequer your Secretary of State's minute of today.

It was agreed that the deal described in the attachment to the minute, with the very high proportion of the capital being subscribed by GM, was not acceptable. It would be seen as an arrangement designed transparently to lead sooner or later to full control by GM.

It was further agreed that your Secretary of State should propose to GM a deal under which GM would purchase Freight Rover and Leyland Vehicles in their entirety, with appropriate assurances. Land Rover and Range Rover would not be offered to GM.

I am copying this letter to Joan McNaughton (Lord President's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Rachel Lomax (HM Treasury) and Murdo Maclean (Chief Whip's Office).

David Norgrove

John Mogg, Esq.,  
Department of Trade and Industry.

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