

NBP 7 CONFIDENTIAL

PRIME MINISTER

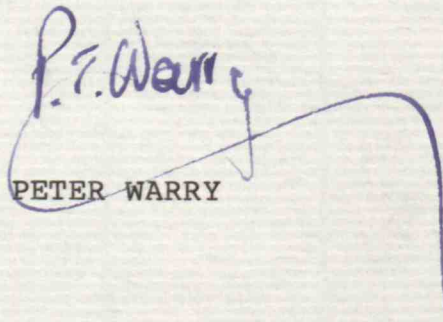
9 April 1986

GM AND LAND ROVER

Richard Brown, the DTI Assistant Secretary who has been acting as the link man with GM, has received two separate telephone calls from GM today. Both calls indicate GM's flexibility towards the terms of any deal. In particular GM might be prepared to accept a genuine minority interest on both voting and economic rights. In other words, they might be prepared to accept just an ordinary 49% shareholding in the business.

This differs fundamentally from previous proposals, and provided it could be linked with a restriction on GM's ability to buy further shares (perhaps until a specified sales increase has been achieved) then it could be politically possible.

Obviously, we need to know if GM would really be prepared to do a deal on this basis. Perhaps we should take the initiative and tell them that HMG would be prepared to discuss a deal on the above basis if this would be of interest to GM. If they agreed, then a public statement could be made and negotiations recommenced.


PETER WARRY

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