

SECRET

PRIME MINISTER

B.L.

Mr. Channon reports, as expected, that the BL Board are likely to recommend against accepting any of the present offers for Land Rover.

Mr. Channon seeks your views and that of other colleagues both on the substance and on the timetable.

Would you like a meeting of the small group tomorrow afternoon? This would discuss:

Yes please

- (i) whether to go for a final decision and announcement this week, and if so whether there should be a meeting of MISC 126 before Cabinet; note that Mr. Walker will still be away on Thursday. You were earlier inclined to go straight for Cabinet
- (ii) the substance, and whether politically the Government can now turn down quite a substantial bid from the management buy-out (and Lonhro) resting on the views of the BL Board.

I would also add:

- (iii) the future of the approach from GM. If a further approach from GM in late May or early June became public knowledge the rejection of the bids now on the table would look pre-arranged and particularly if the approach made 10 days ago became public knowledge people would suspect duplicity. It seems increasingly unlikely that the Government could countenance an approach from GM as early as May or June. Should GM be told this now?

Perhaps we could have a word with you about this and the timing of any meeting at 0855 tomorrow morning, before Questions briefing starts.

DBW
D.N.

21 April 1986

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