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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

28 April 1986

The Rt. Hon. Paul Channon MP
Secretary of State for Trade and Industry

Paul Channon

NBP

GENERAL MOTORS

You minuted the Prime Minister on 25 April about the possibility of informal discussions at official level with GM about Leyland Trucks and Freight Rover.

I am content for these discussions to go ahead, given the benefits that could result for both Leyland and Bedford. If they do, I should be grateful if my officials could be involved, as they were in the previous negotiations with GM.

I very much hope that these discussions will not delay in any way the negotiations for the sale of Leyland Bus. This should be a high priority, given the losses which this business is making. It would be one step forward in returning BL to the private sector. When do you expect these negotiations to result in a firm proposal?

I am copying this letter to the Prime Minister, Willie Whitelaw, Norman Tebbit, Nicholas Ridley and John Wakeham.

NIGEL LAWSON

Nigel Lawson

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SECRET

File 32



10 DOWNING STREET

From the Private Secretary

28 April 1986

Dear John,

GENERAL MOTORS

The Prime Minister was grateful for your Secretary of State's minute of 25 April about the possibility of further discussions with GM on Leyland Trucks and Freight Rover.

The Prime Minister is content, subject to the views of colleagues, that officials may take up the offer of informal discussions with GM. The Prime Minister is also content with the line which your Secretary of State agreed with Mr. Morrison for him to take when he visits GM in the United States.

I am copying this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (H M Treasury), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Richard Allan (Department of Transport) and Murdo Maclean (Chief Whip's Office).

[Handwritten initials]
[Handwritten initials]
Jaws,
David.

DAVID NORGROVE

John Mogg, Esq.,
Department of Trade and Industry

SECRET



Chancellor of the Duchy of Lancaster

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29th April 1986

The Rt Hon Paul Channon MP
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1 0ET

Prime Minister 2

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D Paul.

GENERAL MOTORS

Thank you for sending me a copy of your minute of 25 April to the Prime Minister.

You will no doubt be acutely conscious, particularly following "The Times" front-page article today, of the damage which could result from further prolongation of ill-informed speculation about what arrangements may or may not be under discussion between HMG and GM.

While I agree that we should take up the offer of informal discussions, I believe that we should make it clear that, after the many months of negotiations between BL and GM, the latter should now be in a position to make very speedy judgements as to the commercial merits of an arrangement on the commercial vehicle activity of the two companies. We have seen, however, that deep difficulties can arise over the consequences, which are political more than economic, of GM's acquisition of parts of LRL. You have rightly highlighted the future for the Freight Rover plant.

All this suggests to me that the sooner that any discussions are moved from an informal to a formal basis, and involve Ministers so as to give political direction, the better. It may be right that Peter Morrison's visit should not be used in this context, but I would have wondered whether this pre-arranged visit and ostensibly social occasion offered an easy means to initiate such discussions.

I am sending a copy of this letter to the Prime Minister, Willie Whitelaw, Nigel Lawson, Nick Ridley and John Wakeham.

[Signature]
NORMAN TEBBIT

End Pol: BC. PE 11

