



Prime Minister ②

While X is right, we should not dwell over finding a buyer as suggested at Y

No further possibilities may emerge
AT 13/12
not

CONFIDENTIAL

PRIME MINISTER

INMOS

You will know of the importance of the future of this company for all that we are trying to do to encourage economic development in Wales, and of my close involvement with it.

From all we hear, production at Newport is coming good, and therefore we may expect the prospects of a private sector sale or investment to improve with time. I therefore welcome the Chancellor of the Exchequer's willingness to increase INMOS's borrowing limit, rather than approve sale and leaseback of the assets at Colorado Springs. I am sure that would be the wrong message to send to potential purchasers, given our wish to find the right buyer at a good price.

But I also believe that it would be better not to set ourselves too tight a timetable at this stage. As the Chancellor and the Secretary of State point out, there are potential snags in both the GEC and the Western Electric approaches. I would prefer to allow time for other interesting possibilities to develop (such as those mentioned in paragraph 2 of Norman Tebbit's minute). On the assumption that Norman's proposal to increase the borrowing limit by £15 million would secure this, I would strongly support it. If we are going to give BTG time to manoeuvre we should make it adequate and not get ourselves too tightly boxed in.

... I am sending copies of this minute to other members of E(A) and to Sir Robert Armstrong.

RNE

13 December 1983