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RECORD OF MEETING HELD IN THE PRIME MINISTER'S ROOM AT THE  
HOUSE OF COMMONS ON 4 JULY 1985

LAND ROVER-LEYLAND

Present were: Prime Minister  
Secretary of State for Trade and Industry  
Mr. Lamont

Mr. Lamont said the original idea for collaboration between GM (Bedford) and LRL had come from the latter but since it had emerged last summer progress had been very slow. In order to push matters along, he had gone to Detroit to talk to Mr. Attwood, a main Board member of General Motors. GM had told him that they had conducted a feasibility study of bringing the LRL and Bedford businesses together and were coming to the conclusion that there were advantages in this. Leyland would fill gaps in the Bedford range for both lorries and vans. It was likely that either the Leyland or Dunstable plants would have to close, most likely the latter. GM were also interested in the 4WD business but were likely to conclude against taking on Leyland Buses. GM were coming to a conclusion that it was best to proceed by a takeover rather than a joint venture. GM had promised to put forward a proposal in 8 weeks.

The Prime Minister hoped a deal could be reached with GM but was worried about the slowness of progress. GM should be held to their 8 weeks deadline. She asked whether there were other bidders who could now be approached. The Secretary of State for Trade and Industry said there were no other bidders known for Leyland trucks but Alcan had shown an interest in Land Rover and Laird, Weir and Volvo had shown an interest in the buses business. Of these the Laird approach was the most promising and he had authorised

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Mr. Lamont to hold discussions with them. He noted that BL were not aware either of these discussions or of the fact that GM were now thinking terms of a takeover.

The Prime Minister asked whether a deal with GM would require provision of a dowry. The Secretary of State for Trade and Industry said there had so far been no discussions of the financial terms but he doubted whether a dowry would be required, though there might have to be some <sup>write-off</sup> ~~right~~ of debt.

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(Andrew Turnbull)

5 July 1985