



10 DOWNING STREET

From the Private Secretary

MR. J.B. UNWIN

LANDROVER/LEYLAND

Thank you for your minute of today about the papers for MISC 126 next Thursday and about the timetable.

You are expecting the first of the papers for next Thursday to address the alternatives to the GM deal. I would think it ought also to discuss the GM deal itself. As you know, a number of people yesterday were very unhappy about the prospect that GM might close down the Freight Rover production line in Birmingham, and the Chancellor, among others, wanted a clearer statement of the undertakings that we might get from GM. These and other aspects ought surely be discussed in the paper as a baseline for comparison.

I have suggested separately to John Mogg that the papers for Thursday ought also to give much more factual background about Landrover/Leyland and about Bedford. They should include, among other things:

- balance sheets for the different operating companies:
- market shares and how they have been moving:
- discussion of the product ranges and how they would fit together under the various options:
- discussion of the life left in the products and the likely capital requirements for development and production of replacements.

No reputable business would take even preliminary decisions on the basis of the information about the businesses which Ministers have so far had.

I am copying this to Sir Robert Armstrong and to Mr Wiggins.

DAVID NORGROVE
28 February 1986