



Tafar. JD
bcc: Mr. Haslam
19

10 DOWNING STREET

From the Private Secretary

11 December, 1980.

Dear Sir,

NISSAN

As you know, the Prime Minister held a meeting this morning with your Secretary of State, the Chancellor of the Exchequer, the Secretary of State for Trade, and the Lord Privy Seal to discuss the Nissan proposal. Robin Ibbs was also present. They had before them Sir Keith's minute of 9 December.

Sir Keith said that he was convinced that Nissan's proposed investment would bring very considerable net benefits to the UK economy. It appeared that the UK was their first choice, but they were almost certainly negotiating with other EEC countries; and if the Government did not welcome them, they would certainly go elsewhere. Provided colleagues agreed, he would tell Nissan that the Government would welcome their proposal; Nissan would then undertake a detailed feasibility study, and his Department would at the same time negotiate the most stringent undertakings possible with the company - particularly on components and exports. A final decision by Nissan might be expected in the Spring.

In discussion, it was argued that it would be fruitless to try to identify closely the impact of the proposed investment on BL and other UK car manufacturers since, if Nissan did not come to the UK, these companies would have to face increased competition from a Nissan operation in Europe. On the other hand, an announcement in favour of Nissan would almost certainly make it more difficult for the Government to withdraw support from BL: the trade unions would link the arrival of Nissan to the rundown of BL, just as they had argued that an investment here by Hitachi would destroy our television manufacturers. It would be important to delay the announcement of the Government's decision on Nissan until the Government was ready to announce its decision on BL. If it were announced earlier, there could be such an outcry from the unions that Nissan might be persuaded not to come here after all. It was also pointed out that the Commission would have to be informed, but this could be done just a few hours before the announcement. It might also be a good idea for the Prime Minister to inform President Giscard in advance.

/ Summing

Summing up, the Prime Minister said that she and her other colleagues present strongly endorsed Sir Keith's proposal. It would have to be approved formally by E Committee. The proposal should be put to E Committee by Sir Keith orally at the meeting scheduled for 17 December when the BL corporate plans would be discussed. Careful attention would have to be given to handling. The decision should be announced as soon as possible, but not before the announcement of the Government's decision on BL. The Commission would have to be informed just before the announcement, but she did not propose to warn President Giscard separately. In the meantime, it was most important that the proposal should not be disclosed.

I am sending copies of this letter to John Wiggins (HM Treasury), George Walden (Foreign and Commonwealth Office), Stuart Hampson (Department of Trade), Sir Robert Armstrong and Robin Ibbs.

In view of the sensitive nature of what was discussed, I would be grateful if you and other recipients would give this letter very limited circulation.

~ ~

T. Laker.

I.K.C. Ellison, Esq.,
Department of Industry.

NPW

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

11 December, 1980.

Dear Stuart,

At the end of the meeting which the Prime Minister had with your Secretary of State and other Ministers this morning, the Chancellor of the Exchequer referred to the discussion he had had with the delegation of senior French industrialists earlier in the week. He said he had been impressed by their determination to ensure that Japanese import penetration into France was held in check. He fully understood the practical and political difficulties of our taking tougher action against the Japanese, but he felt that there could be scope for emulating the French and doing more than we were at present. He said that your Secretary of State might consider the possibilities.

X Mr. Nott said that, although there would indeed be considerable difficulties, he was prepared to look at the possibilities. In particular, he would examine the option of invoking the Anglo-Japanese Trade Agreement, which pre-dated the Treaty of Accession.

I am sending copies of this letter to John Wiggins (HM Treasury), George Walden (Foreign and Commonwealth Office), Ian Ellison (Department of Industry), and David Wright (Cabinet Office).

Stuart Hampson, Esq.,
Department of Trade.

Tim Laker.

CONFIDENTIAL