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Ken Baker's Office

on Friday about X.

R 28/4

PRIME MINISTER

cc:- Mr Wolfson
Mr Hoskyns

ICL

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You asked what was the state of play on ICL. I have requested a report from the Department of Industry by the weekend; in the meantime, the position appears to be briefly as follows.

ICL have been in discussion with Sperry/Univac, Burroughs, and CDC and NCR. Only the discussions with Sperry/Univac have so far got anywhere; but even these do not look very promising. Sperry/Univac have indicated that they are not interested in putting in any substantial sums of money, and they have asked the Department of Industry whether the loan guarantee will continue to be in place after ICL are taken over. The discussions with NCR, which Scholey was hopeful about, are some way behind; those with Burroughs and CDC are still further back.

One other company, Fujitsu, have been in touch with ICL, though this was before the guarantee was announced. Kenneth Baker who is in Japan this week will be asking them whether they might be interested in a takeover.

Peter Carey is seeing ICL today to discuss the sorts of conditions which the Government would be looking for in the event of a takeover: these would include some commitment to continue development and employment in the United Kingdom and a commitment to look after the Government's interests as customer.

There is one other possibility which, I understand, Industry and Treasury Ministers are getting interested in - given that the discussions mentioned above are going so slowly. This is an option put forward tentatively by Laidlaw of BP and Wilmot, Head of Texas Instruments in the UK. They have suggested that BP and Texas might together take a majority stake in ICL.

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Elen [initials]

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I. P. LANKESTER

27 April, 1981