

JK

PRIME MINISTERICL

There is a danger of confusion about our objectives and the Laidlaw/Wilmot terms of reference:

- (1) As I understand it, we can withdraw the guarantee if, inter alia, the management refuse or fail to consider overtures by potential partners or buyers for ICL. Wilmot made it clear at the last meeting that he would look with an open mind at any such approaches with the shareholders' interests in mind (as the Directors would in any case be bound to do).
- (2) You want to ensure that ICL does not turn into another BL. You would like Laidlaw/Wilmot to "actively seek a partner". Wilmot may agree to this, but he will not mean what you mean by the word "partner". He will mean that, like any other businessman, he will be on the lookout for sensible collaborative deals, licences, partnerships, joint ventures which strengthen ICL's prospects and fit its strategy. (He and Laidlaw will be well aware of the delayed competitive risks when such agreements or ventures come to an end, and will no doubt make contingency plans.)
- (3) While the BL lesson is very relevant, the BL analogy is misleading. We owned BL. We knew it was effectively doomed in a market which was peaking anyway. The downside was huge; we wanted to get out as soon as possible. (The BL lesson, with hindsight, is that Edwardes' instructions were never spelt out clearly to him in writing; and they became unenforceable the moment he sensed that we might, after all, give him further finance.)
- (4) The ICL situation is different. It is not doomed in the same sense; the company is in a growth market, has shown profits (of a kind) recently; has some good products. The Government doesn't own ICL and I doubt if it can instruct Laidlaw/Wilmot, as a condition of its continued guarantee, to actively look

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for a buyer (as opposed to a "partner", which can mean anything), unless that is what the shareholders want anyway.

- (5) Of course, I know that this is what you would like to see, if it is possible. But I really don't think it is. Judging from the very full record of the meeting with Laidlaw/Wilmot, and from a subsequent discussion I had with Reay Atkinson, I am sure that Laidlaw/Wilmot see their prime task as to turn ICL round and develop a new strategy for it, with whatever collaborative and partnership deals make sense. They will know that it is a long shot, but that is the challenge to which they are responding. I don't think it is realistic to expect them to put everything they've got into that and simultaneously to search for a buyer. Of course, they must recognise that, if their hopes and plans go wrong, then a buyer is what they will have to look for. It sounds as if they are less likely than Edwardes to try to wriggle out of such a commitment and open up an unlimited source of Government funding. But, as Robin Ibbs said, we cannot even count on that and must make sure that they know from the outset that such a possibility does not exist.

I am copying this minute to Robin Ibbs and Sir Robert Armstrong.



JOHN HOSKYNS

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