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From the Minister of State for Industry

NORMAN LAMONT MP

Prime Minister
To note
AT

The Prime Minister
10 Downing Street
LONDON
SW1

'715
MT

17 May 1984

Dear Prime Minister

BRITISH AEROSPACE

Lord Weinstock telephoned Sir Brian Hayes last night to say that he was inclined to enter the bidding for British Aerospace. He would be consulting others within his company and would be in touch with us again by 22 May to let us know whether he had reached a decision. He gave as his reason the concern he felt over the possibility of British Aerospace coming under the control of a company such as Thorn EMI, which in his view had little knowledge of the aerospace business and on which the manufacturers of equipment for British Aerospace products could not therefore rely as they could on the company under its present management. Lord Weinstock emphasised the confidentiality of this conversation and asked that knowledge of it should be confined as narrowly as possible.

This development is neither unexpected nor necessarily unwelcome. It may however raise competition policy issues because of the overlap between GEC's and British Aerospace's activities.

I am sending a copy of this letter to the Chancellor.

*Yours
Norman*

NORMAN LAMONT

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10 DOWNING STREET

Prime Minister

As Ministers will ultimately need to decide whether to refer a GEC bid to the MMC and whether to accept the latter's recommendations, you will want to be cautious in talking to Lord Weinstock about BAc.

AT

25/3

Note from John Redwood attached below

FEBB

25.3.