

E. R.

15/11 Econ
PT 2 AT

NBPM
AT 1/6

1 June 1984

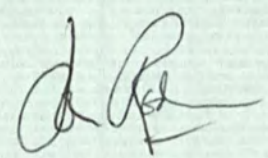
MR TURNBULL

US PROPOSALS ON COMPANY CARS

The DTI are right to recommend that representations be made on the US proposals to put a ceiling on the tax benefits on business cars.

Although we wish to see the US budget deficit reduced, and should not wish to intervene in the balance between expenditure reduction and tax increases, this particular measure is protectionist. As the DTI point out, 9 out of 10 cars affected would be imports.

The measure is especially damaging to Rolls Royce, and would also be adverse to Jaguar in the run-up to privatisation. It should be raised as a matter of urgency and importance in the bilateral discussions with the President.



JOHN REDWOOD

CONFIDENTIAL

LATABE