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4th June 1979

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

SUB-COMMITTEE ON DISPOSAL OF PUBLIC ASSETS

DISPOSALS OF PUBLIC SECTOR TRADING ASSETS

Memorandum by the Financial Secretary, Treasury

1. The Cabinet agreed on 31 May (CC(79)4th Conclusions, Item 5) that sales of public sector shares and other assets worth £1.2 billion in 1979/80 should be made as one element in the Budget.

Disposals in 1979/80

2. The Chief Secretary's paper C(79)13 proposed that this total should be achieved as follows:

	£ million	
Shares in BP	600	
NEB shareholdings	100	
British Gas oil interests, at least	200	500
Selected BNOC oil interests	300	

It may be possible to add some other small items.

3. The Budget Speech would not give these individual figures. No changes would be made in cash limits at this stage on account of disposals. There would therefore be no question of revealing the Government's asking price. A draft passage - in general terms - for the Budget Speech is annexed.

4. This package has a number of advantages. It would not require special legislation. (There are powers to direct British Gas and BNOC to make disposals.) Over half the package is quoted shares which could be readily disposed of, and some of them abroad. If the oil field assets were taken up by the oil companies, the package would be largely sold to buyers other than the long-term investment institutions, and so, in the opinion of the Bank and Treasury, would have little adverse effect on financing the PSBR. (Other possibilities are, however, discussed in the attached paper by officials.) Finally the package is generally consistent with our objectives of widening share ownership and in due course of selling equities in some

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of the nationalised industries to the public and to employees. Oil is not the main line activity of British Gas. BNOC, which employs only about 1,000 people, would retain substantial assets. Ministers will be pursuing these objectives in the context of the papers on nationalised industry policy circulated by the Secretary of State for Industry and in the exercise on disposals in 1980/81 and later years which the Cabinet approved on 24 May (CC(79)3rd Conclusions).

5. All we need to decide before the Budget is the broad composition of the package and its presentation.

Form & Method of Sale

6. There are, however, a number of important questions which will need to be settled later. Some of these involve a trade-off between political preferences and getting the best price. For example confining the sale to London markets or giving preference to purchasers who are 'British' or 'small' or employees, though feasible, is likely to involve a price penalty. Others involve more technical judgments about the best way to get the highest net proceeds for the Exchequer. For example in the case of shares the choices include an offer for sale at a fixed price with or without underwriting, tenders and placement. The Appendices to the attached official paper describe the options and considerations relevant to the different components of the package.

7. Expert advice will be needed in some cases either by Government departments or by the body whose shares or assets are being sold, though in the case of BP we have the recent and successful 1977 operation to build on (see Appendix A to the official paper). The Treasury, in consultation with the Bank of England, has put proposals to departments for achieving a coordinated approach to getting this advice (see Appendix D to the official paper).

Conclusions

8. I invite the Committee:

a) to agree that the Cabinet's decision to raise £1.2 billion should be achieved by means of the package set out in para 2;

b) to note the Annex which indicates the lines on which the Chancellor proposes to present disposals in the Budget Speech;

c) to note the decisions that will be required after the Budget on the form and method of sales and the relevant considerations as set out in the attached official paper.

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ANNEX

DRAFT PASSAGE FROM BUDGET SPEECH

As I have already indicated, we are only just embarking on our review of the plans we have inherited and of the scope for reducing the size of the public sector. But there are already a number of major options for early sales of assets.

Final decisions have not been taken and we must retain flexibility on timing and the choice of assets in order to ensure a fair price. I do not therefore propose to announce the details today. But I am confident that the proceeds of sales in the current financial year will be £1.2 billion and I have made this assumption in the Budget arithmetic. The total will be made up from sales of part of the Government's shareholding in BP and of the National Enterprise Board's holdings and from sales of oil interests of the British Gas Corporation and BNOC.

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DISPOSAL OF PUBLIC SECTOR TRADING ASSETS

Note by Officials

1. The attached Appendices give details of the components of the package in para 2 of the Financial Secretary's paper and discuss . the decisions that will be needed before the sale can be made.

2. Appendix A deals with BP shares, describes the nature and time-table of the 1977 operation and some possible departures from it which the Bank is considering. Appendix B covers sales of some NEB shareholdings. Appendix C covers BGC oil assets and possible sales of BNOC assets. Appendix D reproduces part of the Treasury letter to departments about the handling of disposals.

H.M.TREASURY

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ANNEX A

BP

Background to sale in 1977 and time taken

The rescue of Burmah by the Bank of England in January 1975 involved the purchase of Burmah's BP shares. On 15 December 1976 the then Chancellor announced a set of measures to meet a target for the PSBR set by the IMF. One of these measures was the sale of 17 per cent of all BP shares. He said:

> "We now propose that the Bank should sell enough of Burmah's former shareholding in BP to leave the total of the Government's and the Bank's holdings at 51 per cent as against the 48 per cent held by the Government before the acquisition of the ex-Burmah BP shares. As the House will be aware, these shares are currently the subject of a legal claim by Burmah against the Bank of England. We are advised in the firmest terms that this claim is without merit, but so long as it is being pursued it may prove an impediment to a successful sale. If this impediment is not removed, the Government will sell an appropriate number of their own BP shares, and in due course will make good their holding by securing the transfer to the Treasury of an equivalent amount of the BP stock acquired from the Burmah Oil Company and now held by the Bank of England. So the Government holding in BP will still be 51 per cent - more than it was before."

In the end it was decided that the BP stock should be sold from the Government's holding 6 months later on 24 June 1977. A timetable is at the end of this Annex. The period of 6 months between announcing the sale and its actually taking place could certainly be shortened considerably in a future sale in the light of experience gained in the earlier sale.

2. Timing this year: Target Dates

The receipts are needed for the fiscal year 1979-80. In the previous sale payment for the stock sold in the UK market was made in two tranches some months apart to meet SEC requirements for distinguishing between the UK and US offers and so as to ease money market difficulties and to make it easier for purchasers to provide funds, thus making the UK sale more attractive.

3. Organisation of Sale and Costs

The earliest practicable date for an offer of this kind would be in July if a decision to go ahead on these lines were taken quickly. The Bank are reserving an appropriate window in the queue of issues. Or the offer could be made in September after the holidays. The Bank will give definite advice on timing very shortly. The work on the sale will be divided between officials at the Treasury and the Bank and BP. The Bank acts as an authoritative adviser on the organisation of the sale and marshals the banks and institutions involved as managers, underwriters etc. BP is heavily involved preparing the prospectus for sale. The Government pay the Bank and BP for their services. In 1977 the gross cost of the sale worked out at about £11m which splits into about £3m expenses for the Bank, BP and other institutions and £8m underwriting and sub-underwriting commission. In addition, about £12m was payable in stamp duty.

4. Form of Public Sale

If it is decided to go ahead with a public sale as in 1977 the question arises as to how this should be organised. As it is essential to reduce the PSBR in 1979-80 complicated schemes have been excluded. There are broadly 3 options which are discussed below in preliminary terms. The Bank of England are preparing more detailed advice, but their present view is that the sale should follow the 1977 model.

(i) The procedure adopted in 1977 could be followed whereby the Bank of England offered the shares for sale in London and New York on behalf of HMG. The 1977 arrangements went very smoothly. In particular movements of BP's share price over the next few months vindicated the choice of offer price - probably the most difficult decision in the whole exercise. The experience of 1977 would facilitate the sale though it might be worthwhile making the shares available in other markets eg Frankfurt and just possibly in Japan in order to gain access to an even wider range of investors (so maximising the proceeds for the Government).

(ii) Shares issued in London under (i) above could be issued by tender in the way that some gilt issues are now made. The issue would be underwritten and a minimum price would be set. The advantage of this method would be that it could make it easier for the authorities to set the minimum price of the UK offering and still ensure the Government's share in any improvement in the prices of BP between the time the offer is announced and the time applications are received. The Bank have not ruled out this option. It would be technically complicated if Ministers again wished to discriminate in favour of selected groups ie employees, pension funds etc.

(iii) The shares could in principle be placed with institutions who would either retain them as investments ore sell them in the market. However, the size of the sale is likely to rule out this option.

6. Underwriting and Sub-underwriting

The Bank are likely to advise that an issue on 1977 lines or by tender should be underwritten. An issue which is not underwritten would involve the risk of stock being left on the Government's hands if the issue price was fixed wrongly or in order to avoid this, the fixing of a lower nominal issue price. It was also felt in 1977 that the US sale would be helped by underwriting since the knowledge that UK institutions could take all the stock on offer would be an important expression of confidence which would help the marketing operation in the USA (which in 1977 took place a week after the issue in London). Underwriting is, however, expensive and a ready target for criticism, particularly if the issue goes well and underwriting looks to the uninitiated to have been unnecessary. In 1977 several institutions joined in underwriting and sub-underwriting. The Bank are considering ways of reaching a wider range of sub-underwriters by enlisting certain local authority pension funds as sub-underwriters.

continued ...

7. Special Categories of Purchaser

The 1977 Prospectus made provision for special forms of application by employees of the BP group and UK occupational pension schemes and (to the extent of half their underwriting commitments) sub-underwriters. Both forms required a representation that the application was being made for investment purposes. The Prospectus went on to state that "it is intended that preferential consideration will be given to applications on these forms". The Prospectus also stated that the "right is reserved to reject any application or to accept any application in part only". It was decided to give special preference to smaller applications. The minimum size for an application was set at 25 units (roughly £200). There were fears about the difficulty of handling a multitude of small applications.

In the event applications eligible for preferential consideration (ie employees etc) for up to 2,000 units were accepted in full. Those for larger amounts were allocated 21 per cent of the number applied for. Applications by the public for up to 150 units were accepted in full and those for larger amounts were allocated 14 per cent of the number applied for. There was a maximum individual allocation of 700,000 units (complying with a confidential decision taken before the sale that no more than 1 per cent of all stock or $^1/_{17}$ of stock for sale should go to any one purchase. This prevented major purchases by eg OPEC governments).

8. Sales Abroad

The sale in 1977 was entirely centred on London but a subsidiary operation was launched in New York: in the event 20 per cent of all stock was sold in USA at a premium over the British price.

The larger the amount of stock to be sold, the greater the attractions of arranging marketing operations in New York or Frankfurt. Sales abroad take pressure off the London capital market and means there is less conflict for funds between asset sales and UK gilt and equity sales.

It would of course be possible for foreigners to buy in the London market subject to certain exchange control conditions but actually taking the sale abroad makes it easier to sell to foreigners and also makes it possible to operate a differential pricing system. In 1977 it was considered that sizeable American purchases would assist BP in overcoming hostility to its operations in Alaska and elsewhere. A sale in Frankfurt could be attractive because of BP's German operations which are of increasing importance after the Veba deal. It would also improve the British Government's reputation as a good European and would generate sizeable funds.

9. Dividend Controls

In order to maximise the offer price it would be important for the company to have made clear its future dividend policy in the period after the end of dividend control.

CHRONOLOGY OF BP STOCK SALE IN 1977

15 December 1976	:	The Chancellor announced the decision to dispose of 17 per cent of the BP stockholding in his IMF Statement to the House.
7 January 1977	:	Letter from Treasury to David Steel of BP on the mechanics of sale.
29 March 1977	:	Public reaffirmation in the Budget Speech that Government intend to go ahead with sale.
1 April 1977	:	Beginning of exploratory discussions with those outside Government who would be handling a sale but no definite arrangements or detailed public announcements until certain key details had been given further consideration by Ministers. BP send to Treasury their first draft of time-table with 19 June as date for advertising and 24 June date for lists closing.
24 May 1977	:	Final go ahead to sale given by Prime Minister.
19 June 1977	:	Advertisement of sale in Press.
24 June 1977	:	Application lists open and close.
6 December 1977	:	Final instalment due.

NATIONAL ENTERPRISE BOARD

Relevant shareholdings

The most readily saleable NEB assets are its profitable holdings in ICL (25%), Ferranti (50%), Brown Boveri Kent (20%), Fairey (100%), and United Medical Enterprises (70%). Together these could be expected to realise over £100m. Other holdings in a variety of small companies might yield £25m in future years.

Power of disposal

2. As foreshadowed in the Queen's Speech, the intention is to introduce legislation to amend the Industry Act 1975 in the present session. This will dispose of any existing legal obstacle to substantial disposals of NEB holdings.

Consultations with NEB Chairman

3. The Secretary of State for Industry has had a first meeting with Sir Leslie Murphy on issues to do with the future of the NEB. Reference was made by Ministers in the Debate on the Address to disposal of NEB holdings. While this question has not yet been further pursued directly, the NEB Board have given preliminary examination to the scope for attracting private capital to a new Group formed from the NEB's high technology holdings in quoted companies (ICL, Ferranti) and new enterprises (Inmos, Nexos, Insac). The Board has expressed interest in this approach but the proposals appear to have little to recommend them from the Government's point of view, because they would not yield so much this financial year as would direct sales. In the Chairman's absence abroad it will, however, be difficult to take these issues further until after the Budget.

Mechanics of disposal

4. Advice has already been offered by Morgan Grenfell and other merchant banks. If an acceptable modus vivendi is established the NEB might well itself wish to take a major role in disposal arrangements, in consultation with the Department of Industry. The latter, in the IDU, has its own in-house sources of expertise.

5. The choice of techniques to be employed will vary with the shareholdings. Leaving aside Sir Leslie Murphy's Investment Trust, the main choice in the case of ICL and Ferranti lies betwe[en] a placing, perhaps simultaneous, with institutional shareholders, [a] sale to other companies, or an offer to the general public. The latter would probably yield rather less, but it would be possible [to] permit preferential application arrangements for existing shareho[lders] and/or small investors and/or employees. In the case of BBK it ha[s] been suggested that the best price might be secured by a sale to t[he] Swiss parent company, but again a public offer for sale would be perfectly possible. On a preliminary examination the Department o[f] Industry see some merit in disposing of Fairey, which is unquoted and has only recently come into profit, in 2 tranches. An offer o[f] Fairey or United Medical Enterprises would, of course, require a prospectus which is not the case with those companies already quot[ed]. On the assumption that none of the NEB holdings would be offered t[o] US investors, no problem of meeting SEC requirements arises.

Summary and Conclusion

6. The practical work associated with disposal arrangements will [be] carried forward in parallel with the preparation of legislation. Proposals would be vetted centrally and in consultation with the Bank of England. No major difficulties are foreseen. It would, however, be premature to refer to detailed proposals and the figure of £100m in the Budget as this could cause difficulties wit[h] the NEB and for the companies concerned.

ANNEX C

BNOC and BGC

The Chief Secretary has proposed that £300m should be raised by sales of BNOC's North Sea assets and that all BGC's oil field assets should be sold raising at least £200m.

2. BNOC

Power of Disposal. There are powers for the Secretary of State to direct BNOC to sell its assets if necessary to a particular buyer.

Existing Investments. BNOC's existing saleable investments in the North Sea are set at the end of this annex.

3. It is not suggested that disposals should be made of fields in which BNOC is or will be the operator - ie Thistle and Beatrice - since this could prejudice decisions, in the current Review of the Corporation, on their future role in exploration and development of the UKCS. These fields apart, disposals raising £300m could be achieved most easily by selling about three-quarters of its stake in Ninian which was acquired somewhat fortuitously in 1976 from the Burmah Oil Company, at the same time as the Bank of England acquired Burmah's holding in BP.

4. Mechanics of Disposal

There are a number of possible buyers:

(i) BP: The sale of BNOC assets to BP, which the Secretary of State for Energy has suggested merits serious consideration, has several advantages:

(a) The Government would retain an interest in the assets through its holding in BP.

(b) The British public would have the opportunity to buy an indirect stake in the assets sold, through the purchase of BP shares, particularly if the Government made special arrangements to sell part of its holding in BP to small shareholders.

(c) BP might well raise the funds for the purchase abroad. There would therefore be no competition with Government borrowing and no risk of "crowding out".

(d) The mechanics of such a sale would be relatively simple.

BP could well be interested in acquiring BNOC's share in Ninian in which they already have a 13 per cent interest. It would, however, be important not to give BP the impression in any negotiation that they were "a favoured buyer" since they would put such knowledge to their bargaining advantage and the Government's proceeds would be the less.

(ii) Field Partners: The table at the end of this annex lists BNOC's partners and it would be normal practice to get their partners' consent and to give a partner the first option of making a bid. Some of the partners are British (ie Burmah, ICI, BP, Shell, LASMO, Charterhouse and P and O) and a sale to one of them could be presentationally helpful in keeping BNOC's assets in British hands. ICI could well be interested in purchasing a further stake in Ninian to safeguard the security of oil supplies for their petro-chemical plants despite their recent reduced profitability which has led them to cut back expansion plans. LASMO, Burmah and P and O may be unable to raise funds for any purchase.

BNOC's other partners are mainly American and there could be presentational problems in selling to them. However, it should be possible, though no doubt with some ill feelings, to turn down any bids from them, though perhaps at the expense of failing to realise the best price.

(iii) Other Oil Companies: A sale could be made to oil companies which were not partners in the field. The companies could be approached privately - which would enable a sale to be made to a British company - though again at the risk of lower proceeds. Or there could be some form of competitive bidding arrangement. This

would be certainly one way of ensuring the best price though at a real risk of disposal to a foreign buyer. Deminex, a West German company in which the West German Government has a substantial interest through its holding in VEBA, would be a likely bidder. Whatever the method of sale adopted it would be important to ensure both that it was compatible with the Treaty of Rome and that it did not give other governments legitimate cause for complaint.

(iv) A New Public Company with Shares Issued to the Public: BNOC could transfer the assets to be sold to a company formed under the Companies Acts which could subsequently issue shares to the public. The main advantage of this course is that the British public would be given a direct opportunity to take a share in ex BNOC assets. It does, however, have a number of serious disadvantages:

(a) It is not clear that the shares in such a company would be attractive to the general public. If the Company's main (only) asset was a holding in the Ninian field, the Company would have all its eggs in one basket (though a lucrative one). If it had holdings in other fields, it might find itself having to raise substantial funds to finance future capital expenditure on the fields.

(b) The shares would be sold in competition on the Stock Exchange with equities or gilts. There could therefore be undesirable "crowding out" effects. None of the other courses so far considered have this difficulty.

(c) It is more complicated than other courses (assets to be valued and sold and a share issue) and it might not be possible to secure the proceeds in 1979-80.

Although this course has problems as a vehicle for disposing of the Corporation's assets quickly to raise £300m, it could be considered in any longer term scheme to float the remainder of BNOC's assets off to the public.

(v) Sale to a Consortium of Pension Funds and Insurance Companies: The assets could be sold to a company owned by a consortium of insurance companies and pension funds. This course is similar to that at (iv) above and has the same advantages and disadvantages. It could, however, be a quicker operation. It is difficult to say whether the insurance companies and pension funds would be interested.

5. Britoil Loan

In 1977 BNOC raised $675m through a forward oil sale involving Britoil. The terms of the loan agreement would almost certainly give the banks concerned a right to demand immediate repayment of the loan if £300m of the Corporation's assets were sold. The banks might decide not to invoke this right, but even if they did it would not reduce the PSBR saving or cause unmanageable problems for the Government's overseas debt management.

6. Conclusion

Some £300m could be raised by sales of BNOC's assets this financial year. Further work needs to be done on mechanics, in consultation with the Corporation, once Ministers have taken the decision to sell.

Field	Percentage Interest	Valuation	When in first production	BNOC's share of capital 1979-80 - 1983-84	Partners (% shares in brackets)
	%	£m		£m	
Thistle*‡‡	18.9	190	1978	15	A
Ninian‡	22.2	360-450	1978	95	B
Dunlin‡	16	115-150	1978	23	C
Murchison‡	33.3	75-160	-	60	D
Statfjord - A/B‡	4	40-100	-	69	E
Beatrice*	10	5-20	-	99	F
Viking‡	50	40-48	1972	5	G

Notes

* BNOC operator or future operator

‡ All or parts of these fields taken over from NCB(Ex). There may be a need for legislation before disposal can take place

‡ All or parts of these fields taken over from Burmah.

A: Burmah (8.11); Charterhouse (2.315); Conoco (1.16); Deminex (41.02); Gulf (1.16); Sante Fe (16.29); Tricentrol (9.65); Ultramar (1.355).

B: BP (13.0); ICI (19.2); LASMO (7.8); Murphy (7.4); Ocean Drilling† and Exploration (7.4); Ranger (5.2); Chevron (17.8).

C: Conoco (12); Gulf (12); RD/Shell (32); Exxon (32).

D: Conoco (33.333); Gulf (33.333).

E: Conoco (33.333); Gulf (33.333).

F: Other partners with shares in Beatrice now are Mesa (25)(operator); Kerr McGee (25); Creslenn (15); Hunt (10); and P&O (15). BNOC is expected to acquire 13 per cent of Mesa's stake on 16 June and take over the operatorship. Field shares will then be: Kerr McGee (25); Deminex (27); Hunt (10); and P&O (15).

G: Conoco (50).

† 50.9 per cent owned by Murphy.

7. BGC

Power of Disposal. The Gas Act 1972 gives the Secretary of State for Energy power to direct the BGC to sell its oil field interests though perhaps not the power to direct the Corporation whom to sell to. The direction needs to be approved by negative resolution.

Existing Investments. BGC's existing saleable oil field assets are set out at the end of this annex.

8. Mechanics of Disposal

The possible buyers for BGC's oil fields are broadly the same as those listed in paragraph 4 above for BNOC's assets. A particular point to note is that BGC's partners in offshore fields are American. BP is their partner in the highly profitable on-shore Wytch Farm fields which represents roughly half the total value of BGC's oil field interests. BP could well be interested in a purchase since the oil produced at the field is regularly sent to their Llandarcy Refinery.

9. Conclusion

There are no practical problems in disposing of all BGC's oil field assets this financial year. The disposal should raise at least £200m. Further work needs to be done to decide the best method of sale, but the same considerations will apply as in the case of BNOC.

BGC Field	Percentage Interest	Valuation	When in first production	BGC's share of capital 1979-80 - 1983-84	Partners (% shares in brackets)
	%	£m		£m	
Beryl	10	35-45	1976	15	Amerada (20) Mobil (50) Texas Eastern (20)
Montrose	31	50-60	1976	15	Amerada (23.1) Amoco (30.8) Texas Eastern (15.3)
Fulmar	3	10-18	-	14	Amoco (3) Amerada (2.1) Texas Eastern (1.2) Mobil (2.3) Shell (44.2) Exxon (44.2)
Wytch Farm	50	73-135	1979	2	BP (50)
				31*	

Notes

* £31m rough Department of Energy calculation.

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Extract from Treasury letter of 23 May 1979

"... to achieve the necessary co-ordination I suggest the following:-

(i) Departments, in consultation with the industries concerned, identify the scope for disposals and the possible alternative methods eg sales of physical assets, sales of subsidiary companies, sales of shares in the holding company, etc. (The choice here will be influenced by the treatment of the relevant transactions in the presentation of public sector accounts, on which the Treasury are already in touch with the Departments that sponsor nationalised industries and the CSO.) In the case of disposals of less than 100 per cent of the shares in public sector businesses it will be necessary to consider the proportion to be sold and the statements to be made in the prospectus about future Government control (or abandonment of it), appointment of directors, future dividend policy and financing arrangements.

(ii) When Departments have reasonably firm ideas, but before any commitments are entered into or outside advice is taken, they should inform the Head of the appropriate Treasury Division if they intend to take outside advice and from whom, and of the proposed method of disposal and the timing. (The possible need for legislation will need to be considered in this context.) The Treasury will consult with the Bank of England and let Departments know of any problems they foresee, or points they need to be aware of. Where there is any uncertainty about the appropriate source of advice or method of disposal the Treasury and Bank will of course give whatever help they can.

(iii) Despite the enthusiastic offers of "help" already received by the Chancellor and, I imagine, by other Ministers, it would be better if Departments do not themselves approach merchant banks or other advisers at the first stage of the operation, or enter into any form of commitment to them. At the same time it would be helpful if they would keep the Treasury Divisions and the Bank informed of any offers of help and other unsolicited advice that they may receive, and would also send copies to the Treasury of the letters they have already had. Similarly they should discourage the industries concerned at this stage from seeking outside advice or entering into commitments, although we recognise that they may not be able in practice always to prevent this. Where industries themselves have taken the initiative in approaching financial advisers, Departments should try to ensure that the resulting advice is equally available to them, and to the Treasury and the Bank.

Except in exceptional circumstances, the aim should be to ensure that joint approaches are made where necessary by sponsoring departments and nationalised industries to merchant banks, stockbrokers etc.

4. We shall need before long to consider in each case a variety of more detailed questions - for example whether we should try to give preference to employees, pension funds, or small investors; whether or not we should aim to prevent foreigners from buying the assets; whether shares should be sold at a fixed price (with or without underwriting), by tender, or by private placements. Equally we may have to take a view on the extent to which public sector disposals may render particular firms or operations liable to take-over, particularly by foreign interests, and on whether or not the Government should be prepared to accept this. The Treasury will be ready to arrange necessary interdepartmental discussions on these and other issues."

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