

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

PRIME MINISTER

SUEZ FINANCE COMPANY

I minuted you on 24th September about the possibility of us disposing of HMG's shares in the Suez Finance Company at a small premium over the market price. This particular proposal no longer looks possible because the Chairman of the company is reluctant to see our shares acquired by any single buyer and he can effectively obstruct this, if he so wishes. He has however put to us an alternative proposal which I think we should accept. It is that we should sell the shares to the Suez Finance Company's banking subsidiary (Banque de l'Indochine et de Suez) at a price related to the market price. The present market price is Francs 271. Under the formula we would receive Francs 275 if the price were between Francs 265 and 275; we would receive the market price if the price were between Francs 275 and 285; and we would receive Francs 285 if the market price were between Francs 285 and 295. Outside this price range we would have to re-negotiate the formula. In addition we would be obliged to pay a commission of 1¼ per cent to the Banque de l'Indochine as an underwriting commission for the risk they will take by purchasing the shares for subsequent placing in the market.

2. Under the formula the shares would realise around £20 million at the present price. A sale now would contribute modestly towards the Government's programme of asset disposals and would be a further indication of our determination to press ahead with this policy. I see no prospect of securing a better offer and so rejection of the one proposed would effectively rule out disposal for the time being.

13. I therefore

CONFIDENTIAL

Prime Minister

This seems the best option available.

Agree?

Yes

T

24/10

CONFIDENTIAL



3. I therefore recommend that we should accept this proposal and would be glad if you would confirm that you have no objection to our so doing.

4. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Governor of the Bank of England and Sir John Hunt.

A handwritten signature in black ink, appearing to be "G.H.", written in a cursive style.

(G.H.)

24 October, 1979

CONFIDENTIAL

24 OCT 1979



COPIED FROM

CONFIDENTIAL



F
ECM
PSL
BK

10 DOWNING STREET

From the Private Secretary

25 October 1979

Suez Finance Company

The Prime Minister has read the Chancellor's minute of 24 October, and has approved his proposals for selling HMG's shares in the Suez Finance Company to the Suez Finance Company's banking subsidiary, Banque de l'Indochine et de Suez.

I am sending copies of this letter to the Foreign and Commonwealth Secretary, the Governor of the Bank of England and Sir John Hunt.

J. P. LANKESTER

CONFIDENTIAL

A handwritten signature in dark ink, appearing to be 'D.D.' or similar initials.

A.M.W. Battishill, Esq.,
H.M. Treasury