



*From the Secretary of State*

CONFIDENTIAL

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Michael Alexander Esq  
Private Secretary  
10 Downing Street  
London, SW1

24 February 1981

*Dear Michael,*

PROPOSED ACQUISITION BY ENSERCH CORPORATION OF DAVY INTERNATIONAL

I told you on the telephone that we had been advised that the bid by Enserch (a United States process plant company) for Davy International might be mentioned during the Prime Minister's visit to Washington. This hint had come from Warburgs, who are acting for Enserch.

I can hardly see this being a matter for discussion at Summit level, but it is possible that Enserch will have persuaded a member of the Administration or one of the businessmen who might meet the Prime Minister to raise the subject. Alternatively Lord Carrington or one of the officials accompanying the Prime Minister might be ... approached. Against this eventuality I enclose a short defensive brief.

I am sending copies of this letter and enclosure to Francis Richards (FCO), Ian Ellison (Industry), John Wiggins (Treasury) and David Wright (Cabinet Office).

*Yours sincerely,  
Stuart Hampson*

S HAMPSON  
Private Secretary

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DEFENSIVE BRIEF

PROPOSED ACQUISITION BY ENSERCH CORPORATION OF DAVY INTERNATIONAL

Essential Facts

- 1 Enserch Corporation (a Dallas-based process plant company) have bid for the total acquisition of Davy International, one of the major British process plant construction companies.
- 2 The bid has been considered by the Director General of Fair Trading (DGFT). His recommendation that the bid raises questions of public interest and should be referred to the Monopolies and Mergers Commission (MMC) is at present confidential but has been leaked in the Press.
- 3 The Secretary of State for Trade will shortly announce his decision on the DGFT's recommendation.
- 4 The reference of a bid to the MMC is a neutral act, implying no opposition to the acquisition.
- 5 The decision of Ministers in this case may be seen as having implications for the Government's attitude towards inward investment. This will have to be considered in the light of the MMC's findings.
- 6 The United States authorities have made representations that the bid should not be disallowed simply because Enserch is a United States bidder.

Line to Take

No announcement has been made on whether this bid will be referred to the Monopolies and Mergers Commission. The Secretary of State for Trade will reach his decision after taking account of all the factors, including the representations made by the United States authorities and by Enserch.

Department of Trade  
24 February 1981