

This is not in accordance with our decision to leave open the possibility of further talks.
Nick Sanders Esq



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FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY
Kenneth Baker's office

Nicholas Huxtable Esq
Private Secretary to
The Chancellor of
the Duchy of Lancaster
Privy Council Office
Whitehall
London SW1

6 March 1981

Dear Nicholas,

CABLE AND WIRELESS

I enclose the revised text of the statement which Mr Baker will make on 9 March.

I am copying this to Nick Sanders (No 10), Michael Arthur (FCO), Steven Locke (Treasury), Murdo Maclean, Bernard Ingham and David Wright.

*Yours sincerely,
Jonathan Hudson*

JONATHAN HUDSON
Private Secretary

PRIME MINISTER

Contact with
this C+W
statement
for Monday?

MJS
6/3



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STATEMENT ON CABLE AND WIRELESS

On 2 December my Rt Hon Friend the Secretary of State for Industry told the House that in the British Telecommunications Bill the Government had included a clause broadening its power to dispose of shares in Cable and Wireless.

Since then we have been considering, in close consultation with the company whether and how shares might be sold. Before reaching a final conclusion we consulted, through the Foreign and Commonwealth Office, all the Governments of the 30 or so countries in which Cable and Wireless operates telecommunications services under a Government concession. No objections have been raised to the Government's proposals.

The Government has now decided to make a public offer for sale of just less than 50% of its shares, subject to obtaining the necessary powers in the British Telecommunications Bill. We and the Company are agreed that when shares are offered for sale special arrangements will be made for employees to acquire shares.

Cable and Wireless already enjoys a large degree of commercial freedom. The Government intend to refrain from using their rights as a shareholder to intervene in the Company's commercial decisions. Cable and Wireless will be



Capable of Substantiating
own interests
with a
necessity.

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freed from the close relationship which exists between the Government and public corporations which must on occasion constrain the company from being wholly responsive to market forces. The part ownership formula we have decided on will follow the precedent set up by BP, leaving the Government with a major shareholding.

The Government will be able if necessary to use its position as the major shareholder to ensure that the Company properly fulfills its obligations to overseas Governments under its concessions and under the auspices of the Commonwealth Telecommunications Organisation.

This tells future action we don't not to do that

The Chairman and Court of Directors of Cable and Wireless are in agreement with this line of action. Cable and Wireless has had a long record of achievement both in private hands and since 1946 as a public sector public company. The proposed sale of shares will create a partnership between the public and private sectors. This new arrangement will provide both stability and the commercial flexibility and access to the financial markets necessary to exploit the growth and opportunities in the rapidly expanding telecommunications sector.