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PRIME MINISTER

c.c. Mr. Redwood

RESIDUAL SHAREHOLDERS

Following objections from Mr. Tebbit and Mr. Walker, the Chancellor of the Exchequer has modified his proposals on residual shareholdings. He will make the statement in a lower key i.e. during the Budget Debate and not in the speech; and he will not identify any shareholdings as candidates for sale in 1984-85.

The sentence at X is meant to give Parliamentary cover, so that the Chancellor can bring a share sale to market without a further Parliamentary announcement other than on the day of issue. The aim is to give the Government maximum flexibility while avoiding another BP row. But if the latter is to be avoided I think he will have to be more specific than the phrase "at the time individual sales are made". Some MPs might not realise that this means no further announcement.

Agree? *Yes*

Finally, the Chancellor has rightly picked up Mr. Tebbit's contention that BAe have been told that no further disposals of its shares are scheduled. DTI claim that this was meant to be no more than a statement of fact and was given orally; it was not meant to represent any kind of commitment to the company.

Agree I minute endorsing the view that the Government's hands should not be tied, and that if BAe are under any misapprehension about this, they should be disabused?

AT
9 March 1984