



FILE

Reg

cc: Mr Redwood

10 DOWNING STREET

From the Private Secretary

12 March, 1984

Dear John,

RESIDUAL SHAREHOLDINGS

The Prime Minister has seen the Chancellor's letter of 8 March to the Secretary of State for Energy attached to which was a revised passage on residual shareholdings. She agrees that the statement should be in a lower key, i.e. in the Budget Debate and not in the speech, and should be less specific, i.e. not identifying any candidates for share sales in 1984-85. She recognises that the second sentence in paragraph 2 is intended to provide Parliamentary cover for the rest of the year, avoiding the need for announcements on individual share sales, other than on the day of issue. The aim is to give the Government maximum flexibility to respond to market circumstances while avoiding the kind of row seen over the BP share sale last year. She wonders whether, if it is to achieve the latter, the statement ought to be more explicit. It is possible that some MPs might not realise the full implications of the statement, with the danger that the very kind of row it is intended to avoid could be created.

The Prime Minister also saw the Secretary of State for Trade and Industry's letter to the Chancellor, responding to the original proposals. She has commented that the conclusion to E(A) was that the possibility of further sales of BAe shares should be studied. While it is true, as a matter of fact, that no share sale is currently scheduled, it is important that the company does not interpret this as an undertaking by the Government. If there is any danger that the company are under a misapprehension, steps should be taken to put the situation right.

I am sending a copy of this letter to Michael Reidy (Department of Energy), Callum McCarthy (Department of Trade and Industry), John Graham (Scottish Office), Dinah Nichols (Department of Transport) and to Richard Hatfield (Cabinet Office).

*You need
Andrew*

(Andrew Turnbull)

J. Kerr, Esq.,
HM Treasury.

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