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Secretary of State for Trade and Industry

24 May 1985

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

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28/5

D Peter

AEA BILL: COVERAGE

I am grateful to Peter Walker for copying to me his letter of 9 May to you.

I do not agree that it is desirable for the UKAEA to be able to take equity shares in non-nuclear manufacturing companies. It would conflict with our policy of equity divestment for the BTG, and the exceptional nature of the circumstances in which BTG can take an equity holding. And it could give those firms enjoying a UKAEA equity holding an unfair advantage over those without this.

On the issue of privatisation, I do not think that provision should be made in this Bill to allow the break-up of the Authority. I agreed with the reasons given against privatisation in the Department of Energy's Review, and I do not think that circumstances have changed to make any of these reasons invalid. The AEA, especially Harwell, have achieved significant benefits for non-nuclear industry as a result of work deriving from their research programme, and any attempt to hinder this process could be damaging.

I am copying this letter to the Prime Minister, the Lord President, other members of E(NI) and to Sir Robert Armstrong.

[Handwritten signature]
NORMAN TEBBIT

Energy 3/84

UKAEA

28 MAY 1985