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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Peter Walker MBE MP
 Secretary of State for Energy
 Department of Energy
 Thames House South
 Millbank
 London
 SW1P 4QJ

19 June 1985

AEA BILL: COVERAGE

When I wrote to you on 10 June I said we would be dealing separately with the question of AEA minority equity participation in commercial companies.

Like Norman Tebbit I am conscious of the presentational difficulties we could face in giving UKAEA powers to take equity shares in non-nuclear manufacturing companies. Such investments, could easily be misconstrued as inconsistent with our commitment to disengage the public sector wherever possible.

For that reason I share Norman Tebbit's prejudice against providing an equity participation power. This should not unduly circumscribe AEA's ability to achieve transfer of their specialised skills to the private sector. They can and should continue to offer themselves for work under contract with the private sector, and to license private sector entities to draw on their expertise earning suitable royalty payments.

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

PETER REES

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ENERGY : UKAEA : Mar 1984