

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

Prime Minister



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Secretary of State for Industry

DEPARTMENT OF INDUSTRY
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J.S.T. Colledge
20.10/82

20 October 1982

M Scholar Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear General,

ALCAN

We understand that Mr Peyton, who is a non-Executive Director of Alcan is seeing the Prime Minister tomorrow on another matter. He may well mention that the company is contemplating making a cash bid for British Aluminium, on an agreed basis because BACO cannot survive on its own. From an industrial policy point of view this move has everything to commend it. A stronger, though inevitably smaller, UK industry should emerge, supported entirely by private funds. My Secretary of State is sure that the Secretary of State for Trade will look at the proposition sympathetically, and he is asking the Secretary of State for Energy to get the Coal Board to resolve the question of their coal contract with Alcan as soon as they can.

2 As Mr Peyton will no doubt mention, the present position is extremely delicate from the point of view of the Stock Exchange rules and will remain so until the companies make an announcement, which is expected in about ten days.

3 Copies of this letter go to Jeremy Clayton (D/Energy) and to John Rhodes (D/Trade).

Yours ever,

Caroline Varley

CAROLINE VARLEY
Private Secretary