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From the Private Secretary

I don't think we can
interfere - indeed we should be
in great trouble if we
Don Neil, attempted to do so

FILE
DA
PC
Prime Minister
You may be
interested to see
this.
21 July 1988

CDP
21/7

SOUTH AFRICA

A contact at Consolidated Goldfields Ltd. has been in touch to say that there are several indications that Anglo-American of South Africa may be on the verge of making a bid for them. The vehicle for this would be Minorco which, since 1980, has owned some 28.9% of Consolidated Goldfields.

The indications are open to interpretation in three ways:

- an intention to take Minorco's holding to the full 29.9% which is the maximum beyond which they said they would not go in 1980;
- a bid to take a controlling interest by crossing the 30% border;
- a complete take-over.

As I understand it, the first of these would cause no particular problem. The other two would be much less welcome to Consolidated Goldfields.

The main reason for contacting me was to put the argument that a take-over by Anglo-American would amount in effect to a major but involuntary British disinvestment from South Africa. This was surely contrary to the aims of the Government's policy of encouraging British firms to retain their interest in South Africa and continue their work on dismantling apartheid. The implication was that HMG might intervene very discreetly with the South African Government to indicate that we had some reservations about any bid being launched.

Such an option would presumably be open to us only in the period before a putative bid was launched (which might in Consolidated Goldfields' view be any time). I doubt that we would want to interfere with the market (and indeed there are the interests of share-holders to be considered). But I would be grateful to know whether you or FCO think there is any case for action with the South Africans; and what you think I

should say to my contact.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office).

Yours sincerely,
C.D. Powell

(C.D. POWELL)

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Department of Trade and Industry.