

THE DEPUTY GOVERNOR

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DA

Could we have a word

Cum

INFLOW CONTROLS

We have been asked by the Treasury to prepare as quickly as possible contingency plans to restrict non-resident acquisition of B.G.S. Gordon Pepper is alleged to be promoting the idea. I have yet to find out what the underlying objectives would be and how it is supposed they would be achieved.

It will not be all that easy to devise a credible scheme since we do not have powers directly to control transfers of B.G.S. to non-resident controlled companies in this country. It may therefore be necessary to plan for a control over borrowing by such companies - except banks. A theoretical alternative would be for the Treasury to direct that all non-resident controlled companies in this country were non-resident for the purposes of exchange control. Neither is a very attractive prospect.

Q

22nd September 1980.

DG 22/9/80 DAD 22/9/80