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Public Sec + Health

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Prime Minister (2)

MS 20/7

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

MS  
TOD M...  
22/7

I have been considering how best to achieve a further sale of BP shares following my decision not to attempt a £350 million placing. The course I favour is to have an offer for sale in the early autumn, with the aim of raising most, if not all, of the £500 million of extra asset sales which I announced we were seeking in 1983-84.

now attached

2. Such an operation could well be mounted as early as the second half of September i.e. before Parliament reassembles. I think it is important, therefore, to make an announcement of our general intention to Parliament before the Recess and I propose to table the attached PQ on Friday for Written Answer on Monday. The text is designed not to be specific on timing; nor to be specific on amount, merely indicating that £500 million is an upper limit.

3. In pure market terms it would be better not to make any announcement at all but I fear we should be subject to severe Parliamentary criticism if we went ahead with an offer without first having informed Parliament of our intentions. (Announcements of intention preceded both the 1977 and 1979 issues.) I am hopeful that as the market is already anticipating some further sale of BP shares, the impact on the price may be limited.

(N.L.)

20 July 1983