

Aerospace

SECRETARY OF STATE
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Rt Hon John Biffen MP
Chief Secretary
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21/4

29 April 1980

De John

DISPOSALS PROGRAMME 1980-81

Thank you for your letter of 18 April.

Once the Coal Bill has had its Second Reading I shall, as promised, ask Sir Derek Ezra to review urgently the NCB subsidiaries and report to me on possibilities for sales. I shall write to you again about this as soon as possible, although it clearly cannot be by the end of this month.

Before then I do however hope to be circulating a note about TRC. This is a good candidate for sale, though I doubt whether this can sensibly be achieved until 1981-82. First, it will require enabling legislation. Second, because of the expected improvement in its profit position during the course of 1981, any earlier sale of shares could mean sacrificing a significant part of their realizable worth.

As I have said in earlier letters, I believe we must work out our approach to the public trading sector industry, bearing in mind all our policy objectives, not only immediate PSBR considerations. In the case of the gas industry I believe that increased competition and co-partnership with private enterprise is likely to constitute a more rewarding approach than simple chopping off of profitable bits. Attempted sale of Wytch Farm under duress, for example, could well - unless we wanted to introduce competition from prospective overseas purchasers - depress the sale price considerably below the full potential value of the asset. I do however intend to pursue with the Corporation, along with the other matters in train between

us, the idea of possibly establishing a subsidiary company to which BGC's oilfield assets could be transferred, and in which shares could then be sold. Both this and the broad approach to BGC indicated here will be in line with our medium-term ideas for reducing state ownership on which the Secretary of State for Industry is taking the lead and which I do not wish to undermine.

I am copying this letter to the Prime Minister, members of E(DL), the Chancellor of the Duchy of Lancaster, Lord Ferrers, Lord Trefgarne and Lord Cullen and Sir Robert Armstrong.

*Yours
Doris*

D A R HOWELL

29 APR 1980

