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The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
2 Marsham Street
LONDON SW1

30 August 1985

PRIVATISATION PROGRAMME

John Moore mentioned to you before the Recess that we have been thinking about the implications for the privatisation programme of the legal difficulties still affecting the prospects for the British Airways sale, given other likely new issues in January and February 1986.

Since we cannot be confident that the BA sale can go ahead in 1985-86, I would like to sustain the momentum of the programme by putting something in its place for this year and to assume the late spring or early summer of 1986 for BA. I am therefore planning to announce another privatisation issue very shortly to go ahead, subject to market conditions, in the current financial year.

It is very probable that when this announcement is made, commentators will draw the conclusion (to the extent that they have not done so already) that the BA sale will not be going ahead in this financial year. By adding the expected proceeds from the newly announced sale to those already received from other sales and the second call on British Telecom, they will be able to see that the Government is broadly on course to meet its target of £2½ billion for special sales of assets without any contribution from BA.

I understand that our officials have already been in touch about the line to be taken in response to any enquiries about the timing of the BA sale. I propose we say that we intend to sell BA as soon as possible; present expectations are that the sale will be in the spring or summer of 1986, but no definite timetable has yet been set.

I am sending a copy of this letter to the Prime Minister.

NIGEL LAWSON

