

PRIME MINISTER

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Energy

Statements: 27 October 1982

There were three statements this afternoon: Mr. Pym on the Foreign Affairs Council, Mr. Walker on the Fisheries Council and Mr. Lawson on Britoil.

The Foreign Affairs Council

The House was in a somewhat end-of-term mood.

It was pretty clear that the Opposition, led by Eric Heffer, had not grasped all the details of the agreement reached in the Foreign Affairs Council. They pointed out that the Council had not reached an agreement covering the long term, and sought to paint this as a failure. Mr. Pym pointed out in turn that arrangements for the long term had not been on the agenda of the Council, and would be discussed in November. The Opposition, aided by Nicholas Winterton, then turned to an attack on the Multi-Fibre Arrangement. From there, they moved on to call for firm action against unfair trade in the GATT Ministerial meeting, and some Opposition Members also called for mandatory Community measures on steel. This led Mr. Pym to say that a slide into protectionism would only make the recession worse. He hoped that the GATT Ministerial meeting would help to maintain the open trading system. Teddy Taylor asked whether the Government would consider withholding its contributions if the Community failed to reach agreement on the budget in 1983, to which Mr. Pym gave a non-committal answer. Tony Marlow ended up the questioning by saying that our trade deficit with the Community was a scandal, to which Mr. Pym replied that the recent trade figures had been very satisfactory overall.

The Fisheries Council

The questions on this statement followed a very familiar line. The Opposition, led by Norman Buchan, said that the agreement reached in Luxembourg was a retreat from the Conservative Manifesto, that the industry had only accepted the agreement under duress, that the £15 million aid announced by Mr. Walker was:

a bribe to induce the industry to accept the agreement, and that the Government should have allowed time for the proposals to be debated in the House before they signified agreement in Luxembourg. Mr. Walker replied that he had ^{offered} told the industry ~~he had been offered~~ the £15 million aid some time before the Council, that the leaders of the industry had all been in Luxembourg and had readily accepted the agreement, which was better than anything achieved by the Opposition while in office.

Britoil

Merlyn Rees asked a long list of questions, but his most important points were that the Government were selling Britoil at the wrong time, that they were giving Britoil a cash injection to improve their balance sheet, but that they were making no arrangements to protect Britoil acquisition by foreign investors, and that the PAC should be allowed to investigate the Government's proposals. Mr. Lawson had no difficulty in dealing with any of these points. He pointed out that the FT Actuaries' oil share index had risen considerably in the last year, that he had made no agreement to inject cash into Britoil, that he would welcome an investigation by the PAC, and that only the market could determine the value of the Company. He made play with the fact that the Opposition had sold shares in BP in 1977 with no prior consultation of Parliament, and that this sale was a financially unwise move from the point of the Exchequer. The Government would be retaining a special share in Britoil in order to ensure that it did not fall under foreign control. The only excitement was caused by Mr. Lawson's refusal to answer a suggestion from the Opposition that Ministers should not be allowed to buy shares in Britoil so as to avoid any suspicion of insider dealing. At first Mr. Lawson simply refused, with some encouragement from the Lord President, to rise to answer this question. When it was repeated by Mr. Cryer, he dismissed it as beneath contempt. The Opposition became somewhat excited and accused Mr. Lawson of arrogance, and repeated this when he dismissed another question from Frank Haynes as "far fetched."

Stephen Jear
pp Willie Rickett.

27 October 1982

BRITOIL STATEMENT: 27 OCTOBER 1982

With permission, Mr Speaker, I wish to make a statement about the privatisation of Britoil.

Almost exactly a year ago, I told the House that I hoped to transfer the entire oil-producing business of the British National Oil Corporation to the private sector this year.

These plans were set out in full and debated at length during the passage of the Oil and Gas (Enterprise) Act. That Act is now on the statute book. Britoil has been set up as a BNOOC subsidiary, and the oil-producing business has been transferred to it. As from next Monday, the shares in Britoil will be directly owned by the Government.

The way will thus soon be clear for an underwritten Offer for Sale of 51 per cent of the shares in the company. Subject to market conditions, I intend the flotation to take place next month.

The choice between a conventional fixed price offer and a tender must be made nearer the time. I will inform the House, as I have undertaken to do. If the sale is by tender, consideration will be given to the inclusion of special arrangements for small investors to buy shares at the striking price, without having to bid a specific price in advance. In either case, payment for the shares will be in two instalments, spread over a period of several months.

The Offer will also include special arrangements to encourage small investors not only to participate but also to retain a long-term interest in the company.

Finally, arrangements will be made to encourage Britoil's own employees to take a stake in their company. BNOC employees, too, will enjoy the right to make preferential applications for Britoil shares.

Mr Speaker, as the House knows, the privatisation of Britoil will in no way affect the system of participation agreements, which will remain in place, under 100% Government control, as a means of safeguarding our national security of supply. But what it will do is enable the people of Britain to take a direct personal stake in the North Sea. It will create an independent British oil company free to seize the opportunities open to it. And it will substantially reduce the size of the public sector in an area where state ownership has no rational justification whatsoever.



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at Press Office
ms

Willie Rickett Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

26 October 1982

Willie

I attach the draft of the statement my Secretary of State proposes to make in the House tomorrow on Britoil. Please could I have any comments by 11 am tomorrow morning.

I am copying this to Nick Huxtable (Lord President's Office), Murdo Maclean (Commons Chief Whip's Office), Michael Pownall (Lords Chief Whip's Office), Bernard Ingham (No 10), Richard Hatfield (Cabinet Office), Margaret O'Mara (Treasury) and Roger Bone (Foreign and Commonwealth Office).

Jeremy Clayton

Jeremy Clayton
Private Secretary

P.S. A copy also goes to DF Middleton (Scottish Office), with briefing for Lord Mansfield.

DRAFT

BRITOil

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[The Offer will also include special arrangements to encourage small investors not only to participate but also to retain a long-term interest in the company].

OR

[I have repeatedly stressed the Government's wish to see the shares widely spread among the public. This will be reflected in the arrangements for the Offer].

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