



DEPARTMENT OF TRANSPORT
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Prime Minister

To note that announcement
of Sealink sale will be on
Monday.

16 March 1984

AT 16/3

John Moore Esq MP
Financial Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

Dear Mr Moore,

SEALINK SALE

As I said in my letter to Michael Heseltine of 29 February, BR have been making preparations to announce the sale of Sealink in mid-March. I am now writing to inform you, and colleagues, that the actual announcement will be made on Monday 19th along the lines of the attached draft BR Press Release. At the same time BR's merchant bankers (Morgan Grenfell) will be writing to some 50 to 60 groups or individual companies who seem likely to be interested in this sale; over half of these have already expressed some interest.

In the light of responses BR will then issue a confidential Memorandum to the most likely contenders, and will later provide more detailed information to those on a selected short list. I shall of course be involved in the various stages of selection, and will keep colleagues informed.

I am copying this to the Prime Minister, to members of E(DL), to the Secretaries of State for Foreign Affairs, for the Home Department, for Defence, for Scotland, Wales, and Northern Ireland, and to Sir Robert Armstrong.

Yours sincerely,

David Nichols

pp NICHOLAS RIDLEY

*(approved by the Secretary
afstake & signed in
his absence)*

PRESS RELEASE

Disposal of Sealink U.K. Limited

The British Railways Board ("BRB") announces that it has instructed Morgan Grenfell & Co. Limited ("Morgan Grenfell") to seek offers to acquire its entire interest in Sealink U.K. Limited, a wholly-owned subsidiary of BRB. Morgan Grenfell has accordingly written today to those parties who have already expressed an interest in acquiring Sealink UK and to others who might have such an interest informing them of the basis on which the disposal will proceed.

Sealink UK provides the most extensive network of ferry services in Europe and owns and operates various harbours in the United Kingdom, including Parkeston Quay, Folkestone, Newhaven and Holyhead. In 1983 its fleet of 38 ships, operating on 23 routes, carried some 18.6 million passengers, 2.2 million accompanied passenger vehicles and 0.8 million road and rail goods vehicles and separate containers

Sealink UK made a profit before interest and tax in the year ended 31st December, 1983 of £12.8 million on a turnover of £264.8m, compared with £2.9 million on a turnover of £232.3m, in the previous year.

At 31st December, 1983 the book value of BRB's interest in Sealink UK, adjusted to reflect a valuation of Sealink UK's land, buildings and fixed plant at 30th September, 1983, amounted to £120.1 million.

BRB wishes to dispose of its entire interest in Sealink UK and does not intend to consider offers for part only of Sealink UK's business. In determining the acceptability of offers, BRB will have regard to the assurances an offeror is prepared to give regarding the employees of Sealink UK and the future conduct of its business, which is of particular relevance as BRB will be involved in a continuing contractual relationship with the purchaser. It will also have regard to an offeror's ability and willingness to extend to Sealink UK's employees an opportunity to participate in a share ownership scheme.

The consent of the Secretary of State for Transport to the disposal will be required and BRB have been informed that in deciding whether to grant such consent the Secretary of State will have regard (inter alia) to the implications for the national interest which would include defence and competition considerations.

ECON POL: Privatisation
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C&NO.

NBPM

AT
26/3

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MO 21/8/5

26th March 1984

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SALE OF SEALINK

Thank you for copying to me your letter of 16th March to John Moore and the draft BR Press Release. I was pleased to note that defence considerations were mentioned.

I would be grateful if your officials could keep my Department informed of progress. We will obviously have an interest in the information provided to prospective buyers insofar as it concerns the continuing availability of the Sealink fleet for defence purposes.

I am copying this letter to the recipients of yours.

Yes am

Michael Heseltine

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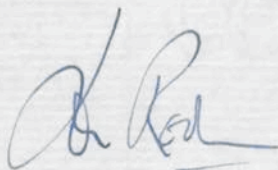
2 March 1984

MR TURNBULL

File

I have Nicholas Ridley's note on Ports Policy and Sealink.

I agree with both of them, and would suggest an encouraging reply from No.10 on both recommendations.

A handwritten signature in blue ink, appearing to read 'John Redwood', written in a cursive style.

JOHN REDWOOD

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