



PM/84/99

PRIME MINISTER

Flotation of Enterprise Oil

1. I have seen the minute of 13 June from the Secretary of State for Energy in which he seeks approval to proceed with the Stock Market flotation of Enterprise Oil.

2. The only aspect of the proposed arrangement that concerns me is his intention to retain a special share in the company which would enable him to prevent unacceptable takeover bids in the early years of its existence. In the case of the Britoil flotation in 1982, which set a precedent, we were concerned that such a measure might be challenged as contrary to our obligations under the EC Treaties on grounds of discrimination against nationals of other EC member states. However, it proved possible to draft the Articles of Association for Britoil in such a way as to be, on the face of it, compatible with our obligations (see Lord Carrington's minute of 16 March 1982 to the Secretary of State for Energy enclosed). In the event, the issue provoked no comment or criticism from the Commission or other member states.

3. I have no objection to the present proposals put by the Secretary of State for Energy. However, we shall again need to take care that, in Parliamentary and public statements about the flotation, we guard against provoking charges of discrimination. In view of this, I hope that my officials can be kept informed of texts while they are still in draft.

/4.

CONFIDENTIAL



4. I am sending copies of this minute to recipient of that from the Secretary of State for Energy.

A handwritten signature in blue ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office

18 June, 1984

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(88)

ESSD.

✓ PS.
 As/ Lord (ref name).
 Mr Adams..
 Mr Hanbury.

17/3

Mr. SOYATA
 Mr. Heap

19/3

ECB(1)

ye

17/3

WSI GGSMTN.
 16.3.82

FCS/82/47

SECRETARY OF STATE FOR ENERGY

Sale of Shares in Britoil

1. Thank you for sending me a copy of your letter of 8 March to Geoffrey Howe, enclosing the Articles of Association of Britoil relevant to changes in control of the company.
2. FCO Legal Advisers have considered the Articles and are satisfied that they do not on their face involve any discrimination contrary to our obligations under the Treaty of Rome. I am therefore content that you should now make the Articles available in the House. But as I said in my minute of 27 July last year to your predecessor, we must continue to be careful that in Parliamentary statements about this aspect of Britoil, we guard against charges that what we are doing will in effect discriminate against other EC nationals. I hope therefore that your officials will continue to keep in touch with mine over the terms of such statements.
3. I am copying this to Geoffrey Howe.

C

(CARRINGTON)

Foreign and Commonwealth Office
 16 March 1982