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THE PRIME MINISTER

11 January 1988

Dear Mr. Kinosh

Thank you for your letter of 7 January about BP.

You asked first about the Kuwait Investment Office's holding of BP shares. As the Treasury have already made clear, the Kuwaiti authorities have assured the Government that they have no ambitions to control BP nor any interest in any management role, and that the KIO holding in BP is intended as a long term investment.

If there had been any question of the KIO proceeding to a full bid for control the situation would have been examined under the Fair Trading Act in the normal way; and, as you point out, the Industry Act powers are available. The Fair Trading Act also applies to certain minority holdings and the Director General of Fair Trading is currently considering the KIO holding in BP in this context.

You also asked about Britoil. The Government has already made its position clear. In present circumstances we intend to use the Special Share to prevent any bidder from gaining control of the Britoil board.

Yours sincerely

Raymond Stait

The Rt. Hon. Neil Kinnock, M.P.

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