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Collection: Baker, Howard H.
Folder Title: British Petroleum Stock
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Withdrawal/Redaction Sheet

Ronald Reagan Library

Case:1078

Archivist: Kelly Barton

DOC	TYPE	DATE	PAGES	CLASS.	CLOSED
1	Memorandum	10/28/1987	1		01-15-2003
	NSC #: WHORM Subject #:	R 3/0/06		ULS+97-066/4	#42
	To: the President				
	From: Howard Baker				
	Subject: re phone call to Prime Minister Thatcher				
	Restriction : FOIA(b)1				
2	Memorandum	ND	1		01-15-2003
	NSC #: WHORM Subject #:	R	u	u	#43
	To: President				
	From: H. Baker				
	Subject: re phone call to Thatcher (draft of previous document)				
	Restriction : FOIA(b)1				
3	Memorandum	10/27/1987	1		01-15-2003
	NSC #: WHORM Subject #:	R	u	u	#44
	To: James Baker				
	From: David Mulford				
	Subject: re memo to President				
	Restriction : FOIA(b)1				

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

TITLE: British Petroleum Stock

OA/ID NUMBER: 1

BOX NUMBER: 1

Folder #: 8 of 17

Restriction Codes

Presidential Records Act - [44 U.S.C. 2204(a)]
PRA-1 -National Security Classified Information.
PRA-2 -Relating to the appointment to Federal Office.
PRA-3 -Release would violate a Federal statute.
PRA-4 -Release would disclose trade secrets or confidential commercial or financial information.
PRA-5 -Release would disclose confidential advice between the President and his advisors, or between such advisors.
PRA-6 -Release would constitute a clearly unwarranted invasion of personal privacy.
C. -Closed in accordance with restrictions contained in donors' deed of gift.
PRM. -Closed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]
FOIA(b)(1) -National security classified information.
FOIA(b)(2) -Release would disclose internal personnel rules and practices of an agency.
FOIA(b)(3) -Release would violate a Federal statute.
FOIA(b)(4) -Release would disclose trade secrets or confidential or financial information.
FOIA(b)(6) -Release would constitute a clearly unwarranted invasion of personal privacy.
FOIA(b)(7) -Release would disclose information compiled for law enforcement purposes.
FOIA(b)(8) -Release would disclose information concerning the regulation of financial institutions.
FOIA(b)(9) -Release would disclose geological or geophysical information concerning wells.

DOC	TYPE	DATE	PAGES	CLASS.	CLOSED
4	Talking Points/Briefing Paper	ND	1		01-15-2003
	NSC #: WHORM Subject #:	R 3/6/06		ULSF 97-066/4 #45	
	To:				
	From:				
	Subject: for President's use with Prime Minister Thatcher				
	Restriction : FOIA(b)1				
5	Memorandum	ND	1		01-15-2003
	NSC #: WHORM Subject #:	R 10/25/10		F97-066/4 #46	
	To: President				
	From: James Baker				
	Subject: re phone call to Prime Minister Thatcher				
	Restriction : FOIA(b)1				
6	Note/Notes	10/27/1987	1		01-15-2003
	NSC #: WHORM Subject #:	R 10/25/10		F97-066/4 #47	
	To: Howard Baker				
	From: James Baker				
	Subject: note re attached revised memorandum				
	Restriction : FOIA(b)1				
7	Note/Notes	ND	1		01-15-2003
	NSC #: WHORM Subject #:	R 10/25/10		F97-066/4 #48	
	To: President				
	From: James Baker				
	Subject: re phone call to Prime Minister Thatcher (same document as item 5 in folder)				
	Restriction : FOIA(b)1				

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

TITLE: British Petroleum Stock

OA/ID NUMBER: 1

BOX NUMBER: 1

Folder #: 8 of 17

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FOIA(b)(9) -Release would disclose geological or geophysical information concerning wells.

DOC	TYPE	DATE	PAGES	CLASS.	CLOSED
8	Talking Points/Briefing Paper	ND	1		01-15-2003

NSC #: WHORM Subject #: **R 3/20/06 NLSF97-066/4 #49**
 To:
 From:
 Subject: for President's use with Thatcher (same as item 4 in folder)

Restriction : FOIA(b)1

9	Letter	10/22/1987	1		01-15-2003
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NSC #: 7105 WHORM Subject #:
 To: Reagan
 From: Margaret Thatcher
 Subject:

Restriction : FOIA(b)1

10	Letter	10-26-1987	1		05-01-2003
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NSC #: 7105 WHORM Subject #: **R 3/20/06 NLSF97-066/4 #9**
 To: Frank Carlucci
 From: Anthony Acland
 Subject: re letters from Prime Minister to President

Restriction : FOIA(b)1

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

TITLE: British Petroleum Stock

OA/ID NUMBER: 1

BOX NUMBER: 1

Folder #: 8 of 17

Restriction Codes

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PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

Ronald Reagan Library

Collection Name BAKER, HOWARD: FILES

Withdrawer

SMF 4/24/2007

File Folder BRITISH PETROLEUM STOCK

FOIA

F97-066/4

Box Number 1

ID	Doc Type	Document Description	No of Pages	Doc Date
1	MEMO	BAKER TO RR RE PHONE CALL TO PM THATCHER (F97-066/4 #42)	1	10/28/1987
2	MEMO	DRAFT OF #1 (F97-066/4 #43)	1	ND
4	TALKING POINTS	FOR PRESIDENT'S USE WITH PM THATCHER (F97-066/4 #45)	1	ND
8	TALKING POINTS	DUPLICATE OF #4 (F97-066/4 #49)	1	ND

5/20/09 EOB

THE WHITE HOUSE

WASHINGTON

October 28, 1987

Action

MEMORANDUM FOR THE PRESIDENT

FROM: HOWARD H. BAKER, JR.

SUBJECT: Phone Call to Prime Minister Thatcher
Regarding the Issue of British
Petroleum Stock

The British Government presently has a \$12 billion issue of shares of British Petroleum (BP) in international stock markets. This issue is in connection with its privatization program and was underwritten in all main markets at a price set before last week's decline in stock markets. BP stock is now down over 25%.

I believe you should make a call to Prime Minister Thatcher asking the UK government to withdraw the BP issue from the market. We believe that if the issue is not withdrawn the effects on global markets will be highly negative and add further to the lack of confidence in international financial markets.

A memo from Jim Baker recommending that you call Prime Minister Thatcher is attached. George Shultz has no objection. President Ford has contacted me to urge that you telephone Prime Minister Thatcher to seek withdrawal of the issue.

Attachment

DECLASSIFIED / 21/01/582
NLS 897-06614 #42
87 - CU NARA, DATE 3/26/06

THE WHITE HOUSE

WASHINGTON

Action

MEMORANDUM FOR: THE PRESIDENT
FROM: HOWARD H. BAKER
SUBJECT: Phone Call to Prime Minister Thatcher
Regarding the Issue of British
Petroleum Stock

The British Government presently has a \$12 billion issue of shares of British Petroleum (BP) in international stock markets. This issue is in connection with its privatization program and was underwritten in all main markets at a price set before last week's decline in stock markets. BP stock is now down over 25%.

I believe you should make a call to Prime Minister Thatcher asking the UK government to withdraw the BP issue from the market. We believe that if the issue is not withdrawn the effects on global markets will be highly negative and add further to the lack of confidence in international financial markets.

A memo from Jim Baker recommending that you call Prime Minister Thatcher is attached. George Shultz has *no objection.* ~~reservations about making the call but you should know that~~ President Ford has contacted me to urge that you telephone Prime Minister Thatcher to seek withdrawal of the issue.

Attachment

DECLASSIFIED / 28/02/00
NLS 197-066/4 #43
37 - CU NARA, DATE 3/0/06

to: Secretary Baker

Department
of the Treasury

Assistant Secretary

room: _____ date 10/27/87


(International Affairs)

Subject: Memo to President Reagan

Attached is a revised memorandum for the President on the British Petroleum issue.

It has been revised* to remove specific references to U.S. losses, emphasizing instead the global losses that would result from this issue. We have revised the talking points to reflect this broader aspect of the problem.

*in light of George Gould's discussions with the State Department



David C. Mulford

room 3432

phone 566-5363

DECLASSIFIED / 22/09/00

NLS

197-010014

BT

CIS

NARA, DATE 3/20/00

Talking Points for the President's Use with
Prime Minister Thatcher
on British Petroleum Issue and
Possible Impact on World Financial Markets

- o Would like to urge your Government to withdraw the BP issue. We believe it will have a major negative impact on world financial markets.
- o The issue is already creating severe uncertainty in world markets - in Asia, Europe and North America.
- o This is not the time to push forward with the largest equity issue (\$12 billion) ever brought to market. The issue cannot be sold to final investors in the UK or elsewhere at prices anywhere near the price established 10 days ago with the underwriters.
- o Close to half the issue has been underwritten by non-UK firms. If it goes forward, the issue will further damage already fragile world financial markets and work against restoration of confidence because of substantial losses involved.
- o It will also reverberate in UK market for some time to come. If issue does take place, it will be resold into your secondary market, further depress prices.
- o It seems to me this has gone beyond being a matter of underwriters standing up and accepting their commitments. We face an unprecedented situation in world financial markets which will also reverberate into the UK market.
- o I understand the political considerations you face in withdrawing the issue, but it seems to me that forcing the issue into the market under current conditions will gravely damage the UK government's privatization program as well as damage and impede recovery in world financial markets.

DECLASSIFIED/RE (R/S)

NLS F97-0664-#45

CIS NARA, DATE 3/20/06



THE SECRETARY OF THE TREASURY
WASHINGTON

Action

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES A. BAKER, III

SUBJECT: Phone Call to Prime Minister Thatcher
regarding the issue of British
Petroleum Stock

The British government plans to issue shares in British Petroleum (BP) linked to its denationalization program. The price of these shares was fixed for underwriters before the sharp decline in world stock prices. Today's market price is 23 percent lower. If the shares are actually issued, underwriters all over the world will suffer very large losses estimated to be well over \$2 billion (about half the issue is being underwritten by non-UK firms). The potential issue is creating heavy negative pressure and lack of confidence in international financial markets.

- It creates an unnecessary problem;
- It will result in unnecessary capital losses for major firms who would otherwise be supporting the market.
- Underwriters have asked the U.K. government to withdraw the issue under the force majeure clause. The U.K. government's decision must be made by October 29.

I have telephoned Chancellor Lawson seeking to have the British Treasury stop the issue, which they have the power to do. The Federal Reserve Board has made similar efforts with the Bank of England. I recommend that you telephone Prime Minister Thatcher to underline the gravity and seriousness of issuing British Petroleum stock in the current world financial market situation.

DECLASSIFIED

NLRR F97-0166/4#46

BY RW NARA DATE 10/25/10



The Secretary of the Treasury

October 27, 1987

NOTE FOR HOWARD H. BAKER, JR.

Attached is a revised memorandum for the President on the British Petroleum issue.

In light of our discussions with the State Department, it has been revised to remove specific references to U.S. losses, emphasizing instead the global losses that would result from this issue.

The talking points have also been revised to reflect this broader aspect of the problem.

We should touch base about this first thing tomorrow morning.

JABIII

DECLASSIFIED
NLRR F97-0166/H#47
BY RW NARA DATE 10/25/10



THE SECRETARY OF THE TREASURY
WASHINGTON

Action

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES A. BAKER, III *JAB*

SUBJECT: Phone Call to Prime Minister Thatcher
regarding the issue of British
Petroleum Stock

The British government plans to issue shares in British Petroleum (BP) linked to its denationalization program. The price of these shares was fixed for underwriters before the sharp decline in world stock prices. Today's market price is 23 percent lower. If the shares are actually issued, underwriters all over the world will suffer very large losses estimated to be well over \$2 billion (about half the issue is being underwritten by non-UK firms). The potential issue is creating heavy negative pressure and lack of confidence in international financial markets.

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- Underwriters have asked the U.K. government to withdraw the issue under the force majeure clause. The U.K. government's decision must be made by October 29.

I have telephoned Chancellor Lawson seeking to have the British Treasury stop the issue, which they have the power to do. The Federal Reserve Board has made similar efforts with the Bank of England. I recommend that you telephone Prime Minister Thatcher to underline the gravity and seriousness of issuing British Petroleum stock in the current world financial market situation.

DECLASSIFIED
NLRR F97-066/4#2/8
BY RW NARA DATE 10/25/10

Talking Points for the President's Use with
Prime Minister Thatcher
on British Petroleum Issue and
Possible Impact on World Financial Markets

- o Would like to urge your Government to withdraw the BP issue. We believe it will have a major negative impact on world financial markets.
- o The issue is already creating severe uncertainty in world markets - in Asia, Europe and North America.
- o This is not the time to push forward with the largest equity issue (\$12 billion) ever brought to market. The issue cannot be sold to final investors in the UK or elsewhere at prices anywhere near the price established 10 days ago with the underwriters.
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- o It seems to me this has gone beyond being a matter of underwriters standing up and accepting their commitments. We face an unprecedented situation in world financial markets which will also reverberate into the UK market.
- o I understand the political considerations you face in withdrawing the issue, but it seems to me that forcing the issue into the market under current conditions will gravely damage the UK government's privatization program as well as damage and impede recovery in world financial markets.

DECLASSIFIED (28/09/03)
NLS F97-026/4 #49
27 - CU NARA, DATE 3/6/06



7105

BRITISH EMBASSY,

WASHINGTON, D.C. 20008

TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

26 October 1987

The Honorable
Frank C Carlucci
Assistant to the President
for National Security Affairs
The White House G/WW
Washington DC 20503

Dear Frank,

// I have been asked to forward the enclosed letters from the Prime Minister to the President. The text of the letter dated 22 October was sent to you by No 10 on their direct line. I should be grateful for your help in transmitting them to the President.

Sincerely,

Anthony Acland

Anthony Acland

DECLASSIFIED / RE / 0950
NLS 197-066/4751
27 CH NARA, DATE 3/20/06