
Feature Article

THE BP BID FOR BRITTOIL: SHOULD SCOTLAND TAKE IT LYING DOWN?

John Scouller, Department of Economics
University of Strathclyde

"It also shows....both the retention and the location of the headquarters of important British companies here in Scotland is not only feasible but highly desirable and one which I think we can all take pretty great pleasure in".

(The Right Honourable Malcolm Rifkind MP
at the opening of Britoil's HQ)

The BP bid for the Glasgow based Britoil represents another example of an important but relatively unrecognised trend over the past twenty-five years : the decline in the number of independent Scottish companies as a result of takeover by non-Scottish companies. Since the mid-1960's several hundred independent "Scottish" companies have been acquired by non-Scottish companies amongst them many famous names: Templeton, Arrol, Glenlivet, Bells, Teachers, Coats Paton, Suits, Anderson Strathclyde, Barr and Stroud, Gourcock Ropes and Cochran. When we add to this list those Scottish companies which lost their independence as a result of nationalisation it becomes apparent that in addition to becoming a branch-plant economy since the 1960's, Scotland has also become a branch-office economy and that the Scottishness of large parts of Scottish industry is now solely a geographic concept rather than one based on the location of the controllers.

Many questions arise from this process of de-Scottishisation. How can the process go before the idea of a distinctly Scottish industrial base becomes a fading memory? Has this process been damaging to the Scottish economy? Should something (such as automatic reference of such cases to the MMC) must be done about this

process? This article discusses the issue in the context of the recent BP bid for Britoil. For a more detailed analytical study see Ashcroft, Love and Scouller (1987).

Britoil

Britoil is one of Britain's largest companies and is one of the few remaining "Scottish" industrial companies of any significance. It is an independent oil and gas exploration and production company and the largest such company in the world not already part of the oil majors such as Exxon, Texaco and BP. The company was formed in 1982 from the assets of the publicly owned BNOG which had been set up in the mid-1970's by the then Labour government to ensure a major British presence in North Sea oil exploration independent from the world oil majors. The company was privatised in late 1982 (half) and 1985 (half) but the government retained a so-called "golden share" to prevent any change in control of the company that was felt to be against the public interest. Britoil is now the fourth largest oil and gas producer in the North Sea behind Shell, Esso (the British arm of the US giant Exxon) and BP, and it is the major owner of North Sea Oil licences. It has its prestigious headquarters in Glasgow, a large operations base in Aberdeen, it operates the Nigg Oil terminal in the Cromarty Firth, four oil fields in the North Sea, has an interest in seven others, and is currently developing six more fields. It also has explorations underway in thirteen other countries including Egypt and Indonesia. Its intention is to develop into an independent world exploration and production company which because it will

not be encumbered by the huge downstream operations of the oil majors should be more able to exploit available opportunities.

BP's motivation

In some respects the timing of BP's bid for Britoil seems to be perverse. The bid came at a time when as a result of the stock-market crash of October 1987 the BP privatisation share issue had flopped and the BP share price was looking particularly weak. In addition BP had only recently completed a major US acquisition, at great expense to its financial health in view of the rapidly falling dollar, and the world oil price was in the doldrums. Hardly the time, one might have thought, to launch a controversial takeover bid for a company which the government had clearly signalled was not up for grabs by providing it with its "golden share". Why then did BP make the bid?

A good case could be put for the claim that BP was acting from a mixture of anxiety and opportunism in making the bid for Britoil. First, as a result of the failure of the privatisation issue in October and the sudden build up of shares in the hands of the Kuwaiti Investment Office (now approaching 20%) BP itself was feeling vulnerable. At one time a takeover bid for a company of BP's size was inconceivable but in recent years many very large companies in Britain (IMPS, Distillers) and in the US have been acquired and sheer size is no longer a guarantee against takeover. Buying Britoil, which would increase BP's market value by about 15%, would make it somewhat less vulnerable to a bidder and the debt it has to take on to make the purchase somewhat less attractive (This is commonly called the "poison-pill" tactic in takeover circles).

Second, at current stock market values (BP are offering £5.00 per share) BP will be buying Britoil's reserves, which are considerable, at well below its long run market value and well below what it would cost BP to find such reserves by exploration and development. Britoil are claiming that a truer reflection of the

worth of their reserves would be about £7 per share. It is a widely accepted view in the oil industry that BP has a declining reserve profile because many of its major oil fields are now past their peak. Britoil on the other hand has a remarkably healthy reserve profile because its best fields are still below peak production levels. In this sense Britoil is a lot more important to BP than BP can be to Britoil, even if one accepted BP's arguments that Britoil needs BP cash to enable it to exploit the full potential of its fields.

Third, since there is nothing obvious that BP can do for Britoil, managerially, technically or financially, the benefits of a takeover will accrue solely to BP. This is an important issue for reasons to be explained later.

The government's golden share

A complicating factor in the bid story so far has been the existence of the government's golden share in Britoil which was intended to give the government a de facto veto on potential acquirers by de jure preventing anyone from achieving total control of the Britoil board. It was felt that if a bidder could not be guaranteed full control of the company's board it would not want to bid for the company. BP have shown this to be unfounded and so in a sense are calling the government's bluff.

One might ask why the government has not reacted more strongly than it has done to BP's snub. In a similar situation in 1984, when RTZ bid for the newly privatised Enterprise Oil, the government simply told RTZ to back off and since RTZ had a number of important contracts with the government it did so. Why, if the government is serious about Britoil's independence, has it not put any overt pressure on BP? The government has not even indicated that it would refer the merger to the MMC which is surely the least it could do in the circumstances. Does the government feel that it owes BP a favour after the privatisation issue collapse allowed the Kuwaiti Investment Office to build up its key stake in BP? Or does the government feel that BP's bid

makes sense in terms of rationalising Britain's oil industry?

to Scottish Business Insider tabulations. Britoil's significance to Scotland cannot be underestimated.

Competition policy considerations

Grounds for reference to the MMC would not be hard to find if the government was looking. BP's bid easily meets the **asset** criteria for a reference because the bid involves the acquisition of assets in excess of £30m. The market share criterion is a bit less clear cut because although the bid, if successful, would take BP's share of North Sea oil and gas production above 25%, and would technically make it a monopolistic supplier of North Sea oil and gas, BP would no doubt argue that North Sea oil and gas is not a commodity which is distinct in any way from oil and gas from elsewhere. Looked at in an international context, therefore, BP's acquisition of Britoil would not, it could be argued, effectively reduce competition in the oil industry.

However, the government may choose to recognise the fact that Britoil is the only independent oil company of any significance which acts as competition for the oil majors such as BP, Shell and Esso. Any increase in the power of these oil majors is surely suspect on competition grounds and is therefore worthy of a reference to the MMC.

Of course the Office of Fair Trading could propose a reference of the merger to the MMC on regional grounds if it seemed likely that the merger would lead to "a significant decrease in employment" but BP seems to have convinced everyone that this is unlikely and have thus made a reference on these grounds unlikely.

(Comments by the MMC on previous mergers involving a strong Scottish interest are given in Appendix 1)

The significance of Britoil to the Scottish economy

Britoil was rated as the largest independent company in Scotland in 1985, and the fifth largest in 1986, according

First, it is one of the dying breed of independent "Scottish" firms (ie firms located in, registered in, and controlled from Scotland) although one might argue about just how "Scottish" Britoil really is. (The fact that all the key board meetings during the current bid situation are being held in London does make one wonder). Over the past 20 years many prominent Scottish firms have lost their independence as a result of takeover from outside Scotland. The process has resulted in a situation where there are very few companies of any significance in Britain, outside of the financial sector where Scottish firms are still important, which can be considered to be distinctly Scottish. The largest, after Britoil are Scottish and Newcastle Breweries, Dawson International, John Menzies and Christian Salvesen. This means that there are fewer and fewer centres of decision making power left in Scotland and that an increasing number of decisions about Scottish industry are taken outside Scotland and are thus unlikely to reflect Scottish interests.

If Scotland continues to lose these important centres of decision-making power it will lose (quite apart from the direct economic losses) the ability to influence its own future and thus will be unable, as the government has recently suggested, to undertake its own regeneration and not wait for handouts from Whitehall.

Second, the existence of Britoil in Glasgow, through the jobs it provides, the services it requires, and its community involvement, make an important economic and social contribution to the local economy and society.

Of major importance in this respect is the fact that because Britoil is a **headquarters** operation its significance to the local economy and society goes beyond the number of employees in Britoil. Because it is the headquarters of a major independent oil company it employs an above-average number of highly-skilled and thus highly paid individuals. Indeed the

wage bill per employee is amongst the highest in Scotland (see Scottish Business Insider, January 1987) and around double the average level. This suggests that the loss of jobs from a company like Britoil is of double the significance to the local economy of an average job loss.

In a major study of the impact of Britoil on the local economy carried out by the Fraser of Allander Institute it was found that when account was taken of the incomes paid to Britoil employees and the services purchased by Britoil from the local economy, (such as financial services, legal services, transport services, cleaning services, utilities and so on) that Britoil created almost 2,000 jobs in Scotland apart from its own Glasgow based workforce, which at the time of the study in 1985 stood at 1,548. (It has since been reduced substantially due to the oil price collapse).

The point is, therefore that Britoil is of much greater significance to the Scottish economy than a simple head-count of employees would suggest and that any reduction of its operation in Glasgow would have an important multiplier effect on the Scottish economy in general.

A further important consideration is the highly-skilled nature of employment at Britoil. Because of the declining number of companies headquartered in Scotland, Scotland has a below average number of skilled managerial positions whose holders, apart from their economic influence in the local community, might be expected to provide business and social leadership. The declining number of top managerial posts in Scotland seriously biases the social structure and ultimately influences such things as the education system and business dynamism. If the number of such people located in Scotland was to fall below a critical level it would undoubtedly damage Scotland's industrial position. One suspects we are currently past the critical level already.

BP has recognised the importance of the Scottish dimension of its bid for Britoil and has moved quickly to assure the Scottish media that its acquisition of Britoil would not involve any net job

losses in Scotland. BP has stated that it would designate Glasgow as its UK headquarters for exploration and production in and from the North Sea. From the Scottish point of view there are several problems with this statement.

First, it has no legal status and BP is unlikely to give it one unless the bid was referred to the MMC and BP were to give guarantees to the MMC on jobs in Scotland as part of an agreement allowing the bid to proceed. However, we should remember that Lonrho gave the MMC a promise that SUITS would remain as an autonomous Scottish subsidiary if a merger was allowed. After a few years Lonrho took direct control of the various parts of SUITS and the once important holding company was reduced to a mere shell and its head office in Glasgow closed. The MMC does not appear to have noted this change of heart.

Second, it has to be recognised that softening the Scottish lobby is a normal part of the game for companies making an acquisition in Scotland from outside Scotland. This is generally done in vague terms like "maintaining jobs" or "adding financial muscle" but after the acquisition things look different, the Scottish lobby moves on to another issue, and the acquirer has a relatively easy task in pursuing its own objectives. The prime example of this is Guinness during its bid for Distillers. Guinness made a variety of promises concerning its corporate headquarters and the appointment of Scottish directors, most of which it ultimately reneged on. Guinness's great mistake however, and why its broken promises caused such an uproar in Scotland, was that it made specific written promises to the Scottish establishment as opposed to just the Scottish lobby. In particular the failure to go through with the appointment of Sir Thomas Risk as non-executive director caused more fuss than the failure to set-up headquarters in Scotland for Guinness's whisky interests.

Third, BP's claim is vague. It does not mention how many people will move to Glasgow, or when. There is no discussion of the practicalities of creating a new BP outpost in Glasgow. For example, would BP keep Britoil's rather fine, but no

doubt expensive, HQ building or move to smaller premises elsewhere? What would be the relationship between BP exploration in Scotland and the London based world-wide exploration team? Would there be problems in integrating BP and Britoil exploration teams?

Fourth, have BP considered the problems involved in actually getting staff to move up to Glasgow? Government policy in the 1970's involved attempting to disperse civil servants from London to Glasgow and other major UK cities. The policy foundered on the rock of staff resistance to such a move and little dispersal has ever been achieved despite the good economic rationale for such a policy. More recently there is the case of Shell Chemicals which planned to move its HQ from London to rural Chester. Shell managed the change eventually but only by overcoming stiff resistance from its employees many of whom left Shell rather than move from London. Could BP force its staff to move? It does not seem to have consulted its staff on the move. (On Glasgow's unpopularity with managerial staff in the south see Institute of Manpower Studies, 1987).

Fifth, it should not be forgotten that BP only recently moved its North Sea exploration HQ from Aberdeen to London. Presumably BP made this move because it concluded that the North Sea was no longer a major exploration area worthy of an independent exploration team.

Could it be that the claim to designate Glasgow as the new UK Exploration HQ is no more than a hastily conceived sop for the Scottish public to be repented at leisure. If the move made sense for BP a year ago why would it want to reverse it now? If BP does move, why Glasgow rather than Aberdeen, where both Britoil and BP have large operations servicing the North Sea? If BP does move to Glasgow, how long will it stay?

Finally, the BP proposal involves replacing the corporate HQ of a major British oil company with a subsidiary of a subsidiary of another major oil company. Even if BP is able to sustain job numbers this does not amount to replacing like

with like. In the oil industry in particular there is a world of a difference between the headquarters of an independent international business and the UK subsidiary of an international exploration division of a major company.

For example, as an independent business Britoil shows every likelihood of becoming an important force in the international oil industry. It will of course never be an Exxon or even a BP but it can develop into an important competitive element in the oil industry and help to ensure that the giants do not wholly dominate. In addition only as an independent company can Scotland benefit from Britoil's continued development in the long term. If Britoil were to lose its independence, and its Glasgow base was turned into BP's exploration base for the UK, this would not give Scotland a long term benefit because BP would run this subsidiary down as its North Sea operations diminished. Given the fact that most commentators agree that the North Sea is currently past its peak in exploration and production terms a BP exploration base in Glasgow could turn out to be a very short-lived development.

Therefore, even if we take BP's claim about the impact of the acquisition of Britoil on jobs in Scotland at face value it does not mean the Scottish dimension of the bid situation should be forgotten. Such claims are always made in bid situations particularly when there is a strong regional/national lobby to assuage. The very fact that (as in the Guinness case) they are made on the spur of the moment, without proper consideration of the post-merger realities of reorganisation, make them questionable. This is not to say that BP is not currently sincere about its intentions; no doubt Guinness's intentions were sincere as well. The fact is however, that until a merger is consummated the acquiring company itself usually has no idea about how the two companies will fit together. Given the suddenness of BP's bid it is to be doubted that it has so far seriously considered just how to fit the two companies together. When, in a post-merger situation, BP executives, actually sit down to consider the reality of merging the two companies they may well come to very different conclusions about what is appropriate. At this point organisational realities have to be

considered, staff have to be consulted, or confronted, vague proposals have to be properly evaluated, and all this is in an industry where the external environment is particularly uncertain at the moment. It may therefore be doubted if BP's post-merger views will be the same as those stated in the heat of the pre-merger battle.

The economic evidence on the effects of mergers in general

Britain is a merger intensive country - quite unlike more successful economies like West Germany or Japan where takeover bids are relatively rare. In itself this might not be very worrying - but when the evidence about the effects of mergers is considered it certainly becomes a source of concern.

The fact is that a considerable weight of academic evidence on the impact of mergers on the companies involved strongly suggests that mergers do not produce any worthwhile benefits for the acquired company or the acquiring company. I will resist the temptation to list these studies in full and point instead to an excellent summary of the evidence in Malcolm Sawyer's book, "The Economics of Firms and Industries" (Croom-Helm, 1985) and to the most recent study by McKinsey & Co, which found that only 23% of 116 mergers investigated by them in the UK and the US could be considered successful - and the larger the acquisition the less likely it was to be successful in the sense of improving the acquired company's performance. The odds against a takeover producing a successful outcome are thus not very good - say one in five.

The nature of the BP-Britoil proposed takeover creates additional worries in this respect because BP is a very large integrated, international, oil company taking over what is by oil industry standards a relatively small company. BP will easily dominate a merged company and will have no trouble in imposing its will. As argued above it is hard to see what positive things BP could do for Britoil (financially, or technically) so one must assume that BP wants Britoil to meet some strategic or tactical need (and one can

imagine what these might be) and its dominance will mean there are no restraints on getting what it wants. Since Britoil has nothing to gain from being acquired by BP (strategically or tactically) then from Britoil's point of view this merger can never be successful although BP might well regard it as a successful piece of opportunism if nothing else.

The economic evidence on the effects of mergers on the Scottish economy

A special study of the impact of the acquisition of Scottish companies by non-Scottish companies was commissioned by the Scottish Office in 1983 and the report of the study published in April, 1987. The study tried to clarify the various indirect effects that an external acquisition could have on the acquired Scottish company in particular and the Scottish economy in general (See Ashcroft, Love and Scouller, 1987)

To summarise its findings - the study found that many Scottish companies did benefit in several ways from being acquired whilst others did not, and that several Scottish companies had been positively harmed by takeover, for example by having major operations closed or rationalised or their commercial future jeopardised by misguided policies imposed by the acquirer. The study considered the factors which distinguished the mergers which were beneficial from the Scottish companies viewpoint from those that were not and came to the following important conclusion. That the main factor distinguishing the two groups was that in the beneficial case there had been something obvious that the acquirer could do for the Scottish business - say improve its technology, or its marketing, or its business strategy - whilst in the harmful cases there was nothing apparent that the acquirer could give to the acquired company and the acquisition had been motivated purely by the strategic or tactical interests of the acquiring company. Since the BP-Britoil case appears to fit this latter category rather well the findings of this Scottish Office report are very relevant and suggest that Britoil could be harmed as a result of acquisition.

The study also examined the effects of acquisition on the wider economy apart from the benefits or harm to the immediate acquired firm.

The study concluded that these wider effects were almost uniformly harmful to Scotland. In particular, the reduced use of local services (banking, legal, consultancy) was significant, as well as the reduced number of senior managerial positions available, and the reduction of important commercial functions carried out from Scotland such as R & D and marketing. Seventy-two per cent of the companies studied reduced their use of local services and this had implications for employment prospects in the service sector.

The overall conclusion of the study was that there should be a presumption that the external acquisition of a Scottish company could be detrimental to the company and to Scotland and that a **prima facie** case existed for referring any significant takeover bids to the MMC in order to allow for these possible detriments to be examined in detail before an acquisition was made. For reasons explained above the Britoil bid is a prime candidate for a reference of this type.

Britoil's position

It has to be remembered that it is not part of the duties of Britoil's directors to ensure that Britoil stays independent and in Scotland. In a bid situation the duty of the directors is to evaluate whether the bid represents a true reflection of the company's potential and ultimately to ensure that the shareholders get the best deal possible which generally means the highest price.

It is not surprising then that Britoil has not made use of its Scottish base as part of its overall defence because its shareholders are not interested in geography but money. What is somewhat disturbing is that Britoil have made no attempt to confirm its Scottish identity by holding its board meetings on the bid in Glasgow. Even Britoil's shareholders might wonder why, after spending over £50m on a luxurious new office complex, the

Britoil board cannot make use of it for its meetings.

Some aspects of Britoil's defence have been equally difficult to fathom. Two days after BP's initial raid on Britoil's shares Britoil announced a proposed deal with the American Oil company Atlantic Richfield (ARCO) which involved the swap of Atlantic's non-American oil and gas assets in return for newly issued Britoil shares, giving Atlantic just under 50% of Britoil's equity. This may well have been something the two companies had been considering before the BP raid but it certainly was not presented as such and therefore it took on the appearance of a hastily conceived attempt to frighten off BP. Unfortunately the proposal lacked conviction. It was not at all clear what was in it for Britoil's shareholders compared with the clear gains involved in the BP bid. Nor was the commercial rationale of the proposal at all clear. Would Atlantic really have been prepared to own half of Britoil without effective control? Nor was it clear that the government would contemplate the further encroachment of American oil companies on Britain's oil industry. However, what finally put paid to this defence was that Atlantic muddied the waters by independently building up a stake in Britoil which made it look at one time as if it might make a conventional takeover bid for Britoil to rival that of BP. Atlantic quickly realised that it could not afford to compete with BP and instead sold its stake to BP.

Britoil's current defence, based on an independent evaluation of its undeveloped assets, is that it is worth significantly more (at £7 a share) than BP's initial bid (£4.50) and this has forced BP to raise its bid to £5 per share at which price it seems to have successfully flushed out the Atlantic Richfield holding. If this is the case BP already has over 50% of Britoil in its pocket and will soon be able to declare the bid unconditional. As £5 a share represents an attractive price to most Britoil shareholders BP should then have little trouble obtaining the remaining Britoil shares.

Britoil appears to have recognised this reality and are now apparently seeking

what is known colloquially as a White Knight. That is, another bidder, prepared to pay more for Britoil than BP, and prepared to give Britoil a greater degree of independence. The one company Britoil seems to have in mind is British Gas but for various reasons this appears to be a vain hope. British Gas is already the subject of a MMC investigation into gas prices and the government could hardly allow British Gas to increase its monopoly position in gas under these circumstances. In addition, even a company as financially healthy as British Gas is unlikely to want to bid against BP especially since British Gas currently has no stake in Britoil and would have to build one from scratch paying well above the price at which BP built its stake. British Gas must also be aware that BP is not going to walk away from this fight. Britoil's search for a White Knight is thus doomed.

Conclusions

One of Scotland's major companies, set up to give Scotland the impression that it would have a long-term benefit from North Sea Oil, is about to go the way of most independent Scottish businesses. That is, south.

Scotland cannot depend on anyone to prevent this. The Britoil board may fight the bid but not out of any sentiment for Scotland. The board's responsibility is to its shareholders not to Scotland's economic identity. Britoil's shareholders won't prevent it. They will be happy to sell out to the highest bidder and take their capital gains. The much vaunted golden share won't prevent it because the government seems unprepared to get into a trial of strength with BP and once BP owns Britoil company law will be on its side, not the governments. Finally, it does not look at present as if the government is prepared to "save" Britoil for Scotland. Mr Rifkind, despite his fine words at the opening of Britoil's headquarters, appears to be doing little to ensure independence. Mr Parkinson, the Energy Secretary, whose responsibilities include the North Sea and the oil industry, has had nothing to say about BP's plans. Mr Lawson, the Chancellor, who privatised Britoil when he was Energy Secretary, and who is the

person who would be responsible for wielding the government's golden share, has also been silent on the issue. The issue either is an embarrassment for the government or a bore. One can only be certain that the Scottish dimension of the issue is not one which will unduly concern the present government.

If Scotland wants to keep its major independent business then Scotland will have to do it on its own. At the very least by kicking up enough fuss to ensure a reference to the Monopolies Commission so that an independent assessment of the merger is undertaken. It may well be that the merger does make sense for Britain and that the loss of Britoil will do Scotland no great harm ultimately. If the Monopolies Commission came to this conclusion after due consideration of the facts, so be it. But Scotland must ensure that such an investigation takes place before it takes this merger lying down. Otherwise proneness may become our permanent position.

Bibliography

Ashcroft B, Love J, and Scouller J
"The Economic Effects of the Inward Acquisition of Scottish Manufacturing Companies, 1965 to 1980"
(Edinburgh, Industry Department for Scotland, 1987)

Fraser of Allander Institute
"Some aspects of Britoil's Contribution of Strathclyde and Scotland" (Glasgow 1985)

Institute of Manpower Studies
"Relocating Managers and Professional Staff" (Brighton 1987)

Appendix 1

The MMC and the Scottish dimension; previous cases.

Highland Distilleries (1980): Against

"... the efficiency of the Highland business would be adversely affected by the merger"

"... The merger is likely to have an adverse effect on the limited career opportunities in Scotland"

"... there could at some time be a conflict of interest between the promotion of the `Famous Grouse` brand and the existing products of Hiram Walker (the proposed acquirer)..."

"Hiram Walker has many [products] that at some time in the future may appear to offer a better return on investment than Scottish Whisky." (which may detract from the investment in Highland)

Royal Bank (1982): Against

"We believe that an important factor in Scotland's economic difficulties has been the progressive loss of morale which the takeover of large companies has caused; and we accept that this is damaging to Scotland. Entrepreneurial spirit and business leadership depend critically on self-confidence, and on balance we believe that such self-confidence has been weakened."

the effect of the merger on, "...career prospects, initiative and business enterprise in Scotland would be damaged to the public interest in the UK as a whole."

"The damage would not be confined to the Royal Bank Group or to the financial sector in Edinburgh. Loss of Scottish control of RBSG would be seen as a significant step in the long process of centralisation and of weakening local control over local economic affairs. It would reinforce the impression of a "branch economy" and diminish confidence and morale in Scottish business."

"It would, by reducing the number of key independent positions in Edinburgh weaken public life and leadership in the city and country."

Anderson-Strathclyde (1982): Against

"It is possible that there will be a loss of morale and motivation amongst the present executive directors and senior management sufficient to have an adverse affect on the company's performance."

"...but we consider that adverse effects upon the region are to be expected from the change of status from an independent to a subsidiary company..."

"The loss of employment would not be large but would nevertheless involve a category of employment with which Scotland is none too well endowed."

Suits (1979): Not Against

"We accept it is Lonrho's intention that Suits should be a largely autonomous Scottish subsidiary operating broadly as it does now."

"We do not think therefore that the scope for management of Suits in Scotland would be materially affected by the merger."