

## Why sell UK assets abroad when the government should be.

Published: February 26, 2026, 8:01 am

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I saw this headline in [The Guardian](#) this morning:

### **France's Engie strikes deal to buy UK Power Networks for £10.5bn**

French utility to acquire owner of electricity cables and power lines across London, south-east and east of England

I did, of course, have just one thought, which is why couldn't the UK state have bought that company?

It could have done, of course.

We learned today that the UK state will issue £247 billion of bonds in the next year, which is a fall from the current year. The figure does, of course, include rolled-over debt as earlier issues are redeemed and then replaced.

So, the capacity to issue new bonds to buy assets exists. And the reality is that issuing such bonds is costless to the government. All they represent is a promise to pay in the future, which will, in practice, never be met because they will always be rolled over.

The current interest rate on government bonds in issue is below 4%. This company could more than cover the resulting interest cost from its profits, better than any third party could cover the cost. There would, as a result, have been no net cost to the UK Exchequer.

Buying this company would, therefore, have made economic sense. The government, the country, and its security would have improved; profits would not have been flowing abroad. Sterling would be protected as a result.

But it did not happen. Why, oh why, oh why?