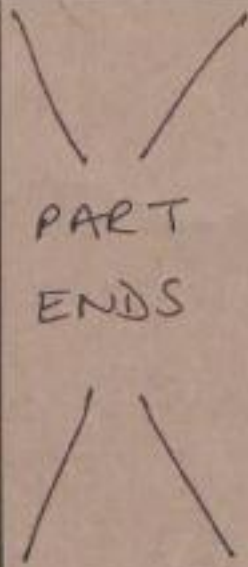


PREM 19/2988

The setting up of a European Bank of  
Reconstruction and  
Development.

EUROPEAN POLICY

December 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>14.1.90.</del>		 <p>PART ENDS</p>					
<del>18.1.90</del>							
<del>1.2.90</del>							
<del>2.2.90</del>							
<del>14.2.90</del>							
<del>15.2.90.</del>							
<del>14.2.90</del>							
<del>27.2.90</del>							
<del>1.3.90</del>							
<del>5.3.90</del>							
<del>13.3.90</del>							
<del>16.3.90</del>							
<del>23.3.90</del>							
<del>26.3.90</del>							
<del>28.3.90</del>							
<del>5.4.90</del>							
<del>10.4.90</del>							
<del>12.4.90</del>							
<del>17.4.90</del>							
<del>4.5.90</del>							
<del>8.5.90</del>							
<del>9.5.90</del>							
<del>17.5.90</del>							
<del>5.6.90</del>							
<del>17.7.90</del>							
<del>23.9.90</del>							
<del>5.10.90</del>							

PREM 19/2988

● PART 1 ends:-

CDP to HMT (GIVE) 23/9/90

PART 2 begins:-

CDP to AP 4/10/90



ca

10 DOWNING STREET  
LONDON SW1A 2AA

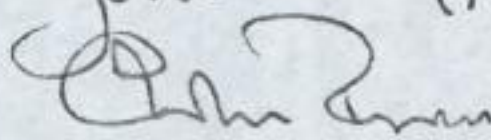
*From the Private Secretary*

23 September 1990

Dear John.

I enclose a letter from M. Attali's Private Secretary asking for a meeting with the Prime Minister between 22-24 October. I should be grateful for advice as to whether it would be appropriate for the Prime Minister to see him on this occasion.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office).

Yours sincerely,  
  
(CHARLES POWELL)

John Gieve, Esq.,  
H.M. Treasury.

ca

1260J

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Level 7, 6 Broadgate, London EC2M 2QS

22/9  
Tel (071) 496 0060

Fax (071) 638 2375

(071) 628 6088

19th September 1990

Charles Powell, Esq.  
Private Secretary to the Prime Minister  
10 Downing Street  
London SW1

Dear Mr. Powell,

The President designate of the European Bank for Reconstruction and Development, Mr. Jacques Attali, will be in London at the time of the second post-signature conference of future members on 22nd and 24th October 1990 inclusive at Lancaster House.

He would very much welcome the opportunity to call upon the Prime Minister, at her convenience, at any stage during that time to let her know of his progress in setting up the new institution and to talk about the Four Institutions Study of the USSR Economy in which the EBRD, and he personally, is involved. He would also be interested to have the benefit of her views on the current problems in Eastern Europe after her recent time there, especially in view of his own planned visits to Hungary, Poland and Czechoslovakia in October.

Perhaps you would be kind enough to let me know if and when such a meeting would be possible.

yours sincerely,

Sylvia Jay

Mrs Sylvia Jay  
Directeur Adjoint of the Cabinet of the President Designate



Foreign and Commonwealth Office

London SW1A 2AH

12 July 1990

*Jean Charles,*

EBRD: Site

You asked for a report of progress on the search for a permanent HQ for the EBRD.

ODA has appointed Knight, Frank and Rutley to help the EBRD find suitable premises. Grand Buildings remains M. Attali's favoured choice; but they have identified several possible premises in the City, one of which (60 London Wall) is felt by the EBRD Secretariat to be an attractive alternative to Grand Buildings.

The agents have been instructed by M. Attali to start negotiations with the landlord of Grand Buildings on the basis of what they reckon to be a reasonable rent in current market conditions (about £9.5 million per annum). The landlord is, however, at an advanced state of negotiation with another client (Enterprise Oil), to whom he has given first refusal at a higher rent; M. Attali's chances of securing Grand Buildings are not necessarily very good. The EBRD Secretariat are planning to get in touch with the Lord Mayor (who saw M. Attali last week) to enquire about the scope for private sector contributions if a City location were to be chosen.

The total cost of rent and fitting out will not be known until a building has been selected, though the EBRD staff continue to express doubts that the UK financial package will be adequate. M. Attali's letter to the Prime Minister of 21 June confirmed that he would prefer no public announcement of our financial package until the likely total cost of rent and refurbishment was known. The EBRD Secretariat proposed, and we have agreed, that the financial package should be handled by both sides in a low key way with no mention of figures at the first Committee Meeting of prospective Members in London on 18/19 July.

/We hope



We hope by then to be able to tell Members that the Bank will start moving into its temporary London headquarters at Broadgate in the City from 1 August.

Yours ever

A handwritten signature in dark ink, which appears to read 'R. H. T. Gozney'. The signature is fluid and cursive, with a long, sweeping tail.

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

CONFIDENTIAL

CC: IWA/IGHERO CC: PC (2)

Prime Minister

PRIME MINISTER

9 July 1990

EBRD HEADQUARTERS

A decision will be taken shortly as to the precise location of the new EBRD headquarters. Ideally, Jacques Attali would like to move into the expensive Grand Buildings in Trafalgar Square. But this would cost £60 million over three years, well above our offer of £40 million.

You will want to see this, together with the attached letter from the KCO setting out the letter strategy.

There may be a way to resolve this dilemma.

do not see any cause to interfere: various possibilities are open to the EBRD within the

Olympia and York have offered a split site to Jacques Attali. The bulk of their operation would be located in Canary Wharf at a rental of about £30 a square foot. Trafalgar square would cost twice this level.

At the same time, EBRD could take over Olympia and York's office in Great George Street, almost a stone's throw from Whitehall and Parliament. The office was refurbished to a high standard a few years ago. This office would be used as an executive suite.

money we are providing. CAB 13/7

A split site is not ideal. But more and more companies are saving money by moving a bulk of their staff - particularly administration - to lower cost areas.

According to Olympia and York, EBRD would save a net present value of £125 million over 25 years.

In addition to the significant saving, such a move would be of enormous benefit to our flagship inner city development in the docklands.

CONFIDENTIAL



CONFIDENTIAL

Action

Ask the Foreign and Commonwealth Office whether a split site option in Canary Wharf and Westminster has been considered seriously?

*Ian Whitehead*

IAN WHITEHEAD

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

6 July 1990

Dear Charles,

CDP  
11/2

Secretary General of the Council Secretariat

Niels Ersboell, the Secretary General of the Council Secretariat, has told David Hannay that Attali has offered him the post of First Vice President of the EBRD. Ersboell fears that President Mitterrand or Attali may press the idea on the Prime Minister at Houston. Ersboell, whose appointment has recently been extended for a further 4 years, does not wish to join the EBRD.

Ersboell has served us well as Secretary General. He is a helpful influence. He is now operating at maximum efficiency, and exerts considerable influence. The Prime Minister welcomed his reappointment. His presence will be very helpful in the forthcoming Intergovernmental Conferences, and French motives in encouraging him to leave are suspect.

If the subject is raised with the Prime Minister at Houston, we recommend that the Prime Minister should stress the effectiveness of Ersboell's present contribution and the importance of his expertise and continuity being available during the forthcoming Intergovernmental Conferences. We would not wish him to leave so soon after his tenure had been extended.

Jam,  
Stephe Wall

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

celu.



Treasury Chambers, Parliament Street, SW1P 3AG  
071-270 3000

22 June 1990

Myles Wickstead Esq  
PS/Minister for Overseas Development  
Overseas Development Administration  
Eland House  
Stag Place  
LONDON SW1E 5DH

CVO  
26/6

Dear Myles,

**CHANCELLOR'S DINNER WITH M. JACQUES ATTALI, PRESIDENT ELECT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

The Chancellor gave a small dinner for M. Attali in No.11 on 19 June. Mr Lankester and Mr Wicks were also present.

2. The conversation was relaxed and amiable throughout. M. Attali talked mainly about the site for the EBRD, its staff and organisation, and the appropriate response of the Economic Summit to the situation in Soviet Union. There was also a rather general discussion of EMU and the geo-political picture in Europe.

3. The Chancellor began by welcoming M. Attali. After exchanging courtesies the Chancellor said that he was glad that the Prime Minister had been able to see M Attali. He understood that she had enjoyed meeting him and he had already received an account of their discussion. M Attali responded by retailing the Prime Minister's views. Since they tallied with the account already circulated by Charles Powell, I will not replicate them here.

**EBRD: location**

4. M. Attali said that the main attraction of Grand Buildings in Trafalgar Square was its location. It was also the ideal size to house the 400 staff which he envisaged. He thought that the executive directors of the EBRD should be non-resident. Mr Wicks commented that they could easily fly in for Board meetings.



5. In response to a question from the Chancellor, M Attali outlined his thoughts on the staffing and organisation of the Bank. He did not think there should be national quotas. He thought the Bank would be organised along functional lines - he had identified twelve. Above this there would be a number of vice-presidents - he mentioned external relations with other IFIs, G24 etc., a chief economist, a treasurer, a legal adviser, an operations director and a corporate finance man to look after equity investment. He also hoped to establish operational EBRD offices in each recipient country.

6. He had not made any staff appointments other than to his own cabinet. Ernie Stern would be one of the four or so vice-presidents. It was odd that the US had insisted on an expert in lending to the public sector. But no matter: he would find a merchant banker of genius who could bring the necessary understanding of the private sector.

7. He intended to continue recruiting all summer. He hoped that the ratification of the Articles by national parliaments would be complete by the end of the year. Mr Lankester said that the UK would probably ratify by the end of July.

#### Russia

8. M Attali said that President Mitterrand would consider launching an aid package for Russia in Dublin and Houston. However, the Prime Minister had told him that she was opposed to a new EC institution and was doubtful of the value of providing aid. Germany was ready to offer perhaps \$7 billion. He had understood that our Prime Minister would be able to live with this if it was a bilateral gesture linked to German reunification and the withdrawal of Russian troops. He agreed with this, and with her suggestion that further study was needed. She had been against the establishment of a new EC institution to undertake this and had suggested that the EBRD should have a role. He was very keen to take this up.

9. Continuing, M Attali said that General Scowcroft had indicated some flexibility in the US position on the three year limit on borrowing from the EBRD by the Soviet Union.

10. The Chancellor thought that it was right to be cautious: he did not see how the USSR would be able to repay any loan. Mr Lankester added that the EBRD would need to make a judgement of the Soviet Union's creditworthiness. Mr Wicks suggested that some form of associated financing might be more appropriate. M Attali agreed that associated financing was what he had in mind, though he did not seem certain. He volunteered no opinion on the issue of creditworthiness.

11. Mr Wicks wondered whether a sectoral approach to assistance to the Soviet Union might be right. Grain storage was said to be



hugely inefficient. This was an area in which the US and Canada were expert. This seemed a promising area for, eg, project lending possibly supported by bilateral technical assistance. M Attali said he had heard rumours that Gorbachev and Ligachev would not accept changes in Soviet agriculture. He seems to think that this ruled out this avenue. The Chancellor commented that if the Russians stuck to this line they would have to do without help from the West.

12. M Attali said that Russia was anxious not to be cast in the role of debtor: he thought that Gorbachev might try to draw attention to the problems of the LDCs.

13. Mr Wicks said that, nonetheless, the question of financial assistance to Russia was bound to come up at the Summit. He thought that it would be necessary to set up some sort of task force or study in order to divert pressures for a package. M Attali agreed. Mr Wicks wondered who should be asked to undertake such a study. M Attali thought that he, Camdessus and Conable should be asked to take this on, and to report back to the shareholders of the IMF, IBRD and EBRD. Mr Wicks said that the US would see difficulties in involving the IMF: we were not keen ourselves. The IBRD had the right kind of experience, but knew little about Russia. The OECD had the right expertise too. The EBRD would not be up and running in time. Possibly an independent study group was the answer. Volcker and Ruding were mentioned.

#### GDR

14. M Attali said he was keen for the EBRD to undertake operations in the GDR. He thought there was a role for the EBRD in advising on privatisations, eg in the airline, TV, newspaper and distribution businesses. The Chancellor was doubtful: surely the FGR would be able to take on the GDR's problems? However, he saw the argument for seeking an early success for the EBRD. A suitable project in the GDR might be the answer. Mr Lankester thought that an environmental project might be worth considering. M Attali confided that he had been offered and had accepted a place on the newly established East German Denationalisation Committee.

#### German reunification, EMU etc

15. M Attali said that the motivating force behind French pressure for EMU was the fear of a united Germany which would be dominant in Europe. In particular, the fear was that Germany would acquire nuclear weapons within five or ten years time. He could imagine a world in which the G7 had been replaced by a G4 consisting of the USA, USSR, Japan and Germany.

16. The Chancellor commented on the paradox that, notwithstanding France's intense nationalism, it was prepared to surrender its monetary sovereignty in the pursuit of a single European currency.



M Attali said that the French were willing to surrender part of their sovereignty to prevent the German nightmare which he had conjured up. The UK had not, unlike France, been physically occupied. The Chancellor wondered whether French and German motivations might change, eg if French conservatives or German socialists gained power. M Attali appeared rather to doubt this. He said that the French were keen to establish a European architecture which would establish something French as universal. Frenchness was not bound up with the franc. The ambition to bind Germany closer into Europe dated from the earliest days of the European Coal and Steel Community. He did not appear to doubt that EMU was capable of securing this.

17. I am copying this letter to Charles Powell and to Stephen Wall.

*Tomasz Tarkowski*  
T TARKOWSKI  
Private Secretary

DE 87  
Guro POL:EK NO



CONFIDENTIAL FILE

MEETING RECORD

Subject a MASTER



Pro  
etc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

19 June 1990

Dear Myler,

PRIME MINISTER'S MEETING WITH THE PRESIDENT  
OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Prime Minister had a talk this evening with Monsieur Attali, the President of the European Bank for Reconstruction and Development.

The Prime Minister began by congratulating M. Attali on his appointment. She assumed he would be giving up his position as Counsellor to President Mitterrand. M. Attali said he would indeed be doing so at some point in the autumn. He did not sound entirely convinced.

Aid for the Soviet Union

M. Attali said that it had been clear from the Sherpas' discussion the previous weekend that financial assistance in the Soviet Union would be one of the main issues at the Economic Summit in Houston. The Prime Minister said that she was not convinced that substantial credit was what the Soviet Union needed. It would all too easily be dissipated on short-term purchases of consumer goods, without any lasting benefit. Moreover, we had to consider the motives for such aid. If it was largely conceived as a means to persuade the Soviet Union to be more forthcoming about German unification, and to withdraw its forces from the GDR, then it must be up to Germany itself to provide the bulk of any such assistance. M. Attali agreed with this analysis. His own information was that the Germans were thinking of a total of \$20 billion of which they would themselves contribute some \$10 billion. He thought it would be a mistake to leave the Germans as the only contributors: that would negate the point of the EBRD. He also thought it would be a mistake to set up some separate fund for this purpose, when we had only just agreed to establish the EBRD. Perhaps the best response would be to launch a study of Soviet needs. The Prime Minister agreed that this would be a sensible way to proceed. M. Attali continued that he hoped the EBRD would not be excluded from such a study, given that the Soviet Union was a member of the Bank, and that Heads of Government would not hand the whole task over to the Commission. The Prime Minister said that she took the point that the EBRD went wider than the Community and

CONFIDENTIAL

2



that was an advantage. It might also be a good idea to involve the IMF/World Bank and possibly OECD. She would be against the Commission's involvement since it would only lead to the suggestion of substantial assistance from Community funds. The Prime Minister continued that we would have to try to introduce some conditionality into any assistance given to the Soviet Union, although this would be politically sensitive.

#### Role of the EBRD

M. Attali said that his first task would be to make the EBRD a first-rate professional bank. But in the longer term he aspired to make it also a forum in which all European countries could meet to discuss economic and other issues. The Prime Minister endorsed the need for the European Community to raise its sights. Rather than become an ever more tightly-knit and inward-looking club, it should be looking to eventual enlargement, drawing in the countries of Eastern Europe.

M. Attali agreed enthusiastically that the Bank should be the embryo of a larger Europe.

#### Premises and Start-up Costs Bank

M. Attali said that he was grateful for the Prime Minister's letter of 18 June. The Prime Minister said she understood that M. Attali wanted to take the Grand Buildings in Trafalgar Square as the Bank's premises. M. Attali said he had visited them earlier in the day and thought they were first-class. The Prime Minister said we would, in that case, do our best to help the Bank acquire them. We would put in negotiators straightaway.

M. Attali asked whether we could delay any public announcement of the figure of £40 million as our contribution to the start-up costs of the Bank. He thought £10 million a year for rent would be adequate, but was concerned that the initial installation costs would be greater than we had allowed for. The Prime Minister said that we would delay any announcement to Parliament. But she could not hold out any hope at all of increasing the overall sum: it seemed extremely generous to us.

#### German Unification

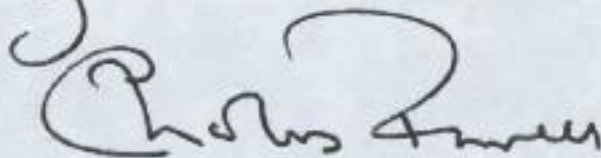
M. Attali said he wished to take the opportunity to raise two matters of great personal concern to President Mitterrand in relation to German unification. The first was his wish to see formal endorsement of the German/Polish border included in the final settlement agreed by the Two Plus Four Group. Secondly, it was politically essential for the French government to have German renunciation of nuclear, biological and chemical weapons included in the agreement. The Germans were resisting this, saying they would make a unilateral declaration once unification had taken place. But no one could say for certain what the Germans would actually do once they were united. For historical reasons, it was vital for France to have a declaration linked to the ending of quadripartite rights. The Americans were not willing to press the Germans because they did not want to cause any trouble. They were also reluctant to see defence issues included in the Two Plus Four Agreement. The Prime Minister said that she would reflect on these points. She could understand

CONFIDENTIAL

- 3 -

President Mitterrand's concerns and assumed that he would be making them known himself to Chancellor Kohl (M. Attali did not confirm this). Equally there was a great force in the view that we should not allow defence issues to be dealt with by the Two Plus Four Group. I should be grateful for advice on this point.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office) and John Gieve (HM Treasury).

Yours sincerely,  


(C. D. POWELL)

Myles Wickstead, Esq.,  
Overseas Development Administration.

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

19 June 1990

Dear Charles,

EBRD: Financial Offer

The Prime Minister will already be aware that M. Attali has reacted badly to HMG's offer of up to £40 million as a financial package for the initial costs of a headquarters building (up to £10 million for fitting out, the balance to cover up to three years rental). Your letter of 18 June records your conversation with him.

Our offer of up to £40 million was based on information about central London rental rates in general, and Grand Buildings in Trafalgar Square in particular. M. Attali's staff indicated they expected a rental bill of some £10 million and this estimate was confirmed to be reasonable from other sources. M. Attali's staff have now produced a revised estimate suggesting rental costs will amount to some £15 million. This yields a figure of £60 million for total costs over three years or some £90 million for five years.

This figure includes:

- VAT, for which we have assumed EBRD will not be liable, though Customs and Excise are examining the position;
- a larger allowance for floor space; we consider our allowance is generous;
- a service charge of 10 per cent of rent; this is a new item, not necessarily appropriate for HMG to meet;
- miscellaneous professional and other fees, which we have assumed will be included in the £10 million for refurbishment. Costs for refurbishment are very speculative at this stage.

A comparison of our own and EBRD figures is attached.

/If



If M. Attali objects that our offer is inadequate, the Prime Minister might say that the offer is based on central London rental rates for a three year period (the same period as the French Government offered). After three years the Bank should have ample income to cover its operating costs. The figure has been named to enable the Bank to manage its finances in a prudent manner. There will be many in the UK who will think it a high one.

*Yours ever*

A handwritten signature in dark ink, appearing to read "Richard Gozney". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

EBRD HEADQUARTERS COSTINGS

(i) British offer

<u>Rent</u> based on Grand Buildings, approximately 165,000 sq ft @ £60.00 per annum per sq ft = £9.9m rounded to £10m	
Cost for three years	£30 m
<u>Refurbishment</u> , fees etc, at one years's rent	£10 m
Total offer	£40 m
	===

(ii) President designate's counter-bid  
18 June 1990

<u>Rent</u> based on Grand Buildings, approximately 193,000 sq ft at £60.7 per sq ft = £11.7m p.a. for three years	£35.1m
--	--------

<u>Service charge</u> (new item) at £6.50 per sq ft for three years	£ 3.5
--	-------

<u>VAT</u> at 15% of rent and service charge for three years	£ 5.8
--	-------

<u>Solicitors and consultants costs</u> based on 5% of rent for three years (though presumably this would apply only to first year)	£ 1.8
--	-------

<u>Refurbishment</u> - one year's rent	£11.7
--	-------

<u>Fees</u> for consultants etc.	£ 1.6
----------------------------------	-------

Total	£59.5
-------	-------

Rounded up to total bid	£60.0 m
	=====

PRIME MINISTER

EBRD

You are seeing Jacques Attali next week, when he comes over on his first visit as Chairman of the EBRD. Before he comes we want to put to him a financial offer to help cover the cost of an appropriate building for the first few years of the Bank.

The attached letter suggests that you write with an offer of £40m. This is based on an assumption of three years rent at £10m. per annum, plus £10m. for fitting out and furnishing. I happen to know that Attali has his eye on the Grand Buildings in Trafalgar Square, for which the rent is about £10m. a year. This would in effect give the Bank three years rent free.

Attali being Attali is hoping for five years rent free, but this is simply not reasonable. The Bank should have plenty of income of its own after three years. You will want to make clear that the figure is not negotiable.

The best course seems to be to write ahead of your meeting on Tuesday next week to tell him what we are offering.

Agree to sign the attached letter?

C.D.P.

Charles Powell

Y  
as mb

14 June 1990

c: EBRD (MJ)

ce pp  
Back p.

Foreign and Commonwealth Office

London SW1A 2AH

18 June 1990

*Dear Charles,*

Prime Minister's Meeting with M. Jacques Attali:  
19 June 1990: 5.00pm

The Prime Minister wrote to M. Attali on 18 June offering a financial package of assistance to set up the Bank in London. It totals up to £40m over the first three years of the Bank's existence. Up to £10m of this is for fitting out the building and associated costs including acquisition. The balance would be available to contribute towards costs of rental over the first three years. We understand M. Attali is unhappy with this proposal - he had wanted a package worth £60 million or more. Should he discuss these terms further the Prime Minister could remind him that they are based on costings for a prestigious building in Central London of adequate size; and three years' cover should be enough to tide the Bank over early cash flow problems until the paid-in capital begins to generate substantial funds.

On the question of a site the ODA has arranged for excellent temporary accommodation in the city to be available from July. It would make arrangements much more efficient if the Bank's small initial team were to move in quickly.

M. Attali has expressed a strong wish thereafter to secure Grand Buildings, a site being prepared for completion in Trafalgar Square by January 1991. He telephoned you saying he hoped our decision making process would be fast enough to take a first option. We are working quickly to get a property surveyor appointed; the best professional advice is essential for an acquisition of this size. The ODA is arranging for six leading London agents to tender. The ODA thinks that competitive tender is the proper procedure, and deadlines have been cut to a minimum. M. Attali will visit the building early on 19 June. He will want to tell the Prime Minister of his impressions.

The ODA has put forward to M. Attali the names of suitable British candidates for the Bank's initial team. As the host country, we think it would be right for one member of this group to be from the UK. M. Attali may argue that Britain is already represented, albeit in his Secretariat, through Mrs Sylvia Jay (on leave from ODA, who made an extremely effective contribution to the work of the

/Secretariat



Secretariat during the negotiation of the Articles of Agreement). Whilst we are pleased that M. Attali has recognised her qualities, we do not think that this should preclude other suitably qualified UK experts from joining the initial management team.

AID TO THE SOVIET UNION.

At the 15-17 June preparatory meeting for the Houston Summit, aid to the Soviet Union was discussed, and M. Attali argued that the EBRD should be the mechanism to co-ordinate a western position. The following background may be helpful should Attali raise this with the Prime Minister.

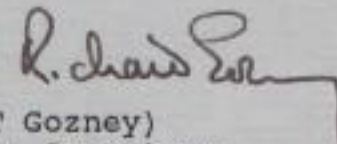
Sherpas heard that the Soviets want US\$20 billion over three years. No one advocated meeting this amount, but there was a general consensus in favour of dialogue with the Soviet Union.

In the short term, the Soviets are looking for German financial assistance, partly to pay for Soviet troops in East Germany, and partly as compensation for economic losses resulting from GDR absorption by the FRG. This is primarily a German interest which should be separated out from the medium term, where the West will wish to ensure that Soviet economic reform justifies our support. The use of medium term support will need careful consideration. The G24 and OECD may need to be involved, as well as the EBRD. The EBRD will lack expertise initially, and cannot begin until 1991. G24 consideration could begin now, but the Commission lead and there is a risk that they would soon propose EC budgetary assistance to the Soviet Union. Nor could the Commission easily negotiate macro-economic conditionality.

At the meeting, the Prime Minister might therefore respond to any Attali suggestion of an EBRD role in helping the Soviet Union in the following terms:

- Clearly EBRD would have a role. Soviet Union are after all members, although their borrowing is heavily curtailed in the first 3 years. OECD and staff of IMF would also have a key input.
- Medium term assistance to the Soviet Union would require careful preparation in order to ensure macro-economic conditionality, and that the necessary political and economic reforms in the Soviet Union actually happened.

I am copying this letter to John Gieve (HM Treasury) and Eamonn Taylor (ODA)

Yours ever,  


(R H T Gozney)  
Private Secretary

C D Powell Esq  
 10 Downing Street



RESTRICTED



File 510  
etc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

18 June 1990

EBRD

M. Attali telephoned me this afternoon to say that he was extremely distressed to receive the Prime Minister's letter citing a specific figure for the grant we were prepared to make towards the start up costs of the EBRD. It was far too early to talk about specific figures: and his researches so far had shown that a figure at least twice what we had in mind would be necessary. He had hoped very much that we would withdraw the figure, but he now understood that it was likely to be announced in a Parliamentary Question this afternoon. It would be most unfortunate to have the figure on the public record.

Our tactics have clearly worked, but M. Attali is likely to be in a considerable state when he sees the Prime Minister tomorrow. We shall need some firm counter-arguments for the Prime Minister to put to him. I should be grateful if this could be included in the briefing which you are preparing.

I am copying this letter to John Gieve (HM Treasury) and Myles Wickstead (Overseas Development Administration).

(C. D. POWELL)

Stephen Wall, Esq.,  
Foreign and Commonwealth Office.

RESTRICTED

file

PRIME MINISTER

MEETING WITH M. ATTALI

Jacques Attali is to call on your tomorrow afternoon, on his appointment as Chairman of the EBRD.

You wrote to him yesterday offering £40 million to the Bank for the first three years. Our purpose was to put a generous sum on the table and refuse to negotiate further. Attali is not pleased, realising that we have outwitted him by naming a figure and going public on it. He telephoned me to say that it was most regrettable and completely inadequate: he would need twice that amount. In fact it is a very generous offer based on our assessment of rents for a prestigious building in central London: £10 million a year for three years plus £10 million for furnishings and fittings. You should not give any hint of willingness to negotiate, but insist that it is a generous offer and fully adequate to carry the Bank over the first three years until its paid-in capital starts to generate funds.

Attali is very keen to take Grand Buildings in Trafalgar Square: he will be seeing it tomorrow morning. We will move as quickly as we can, but must get professional advice.

Attali is keen for the EBRD to co-ordinate the western position on aid/credit for the Soviet Union. It may be rather early days for them, and OECD and IMF must also be involved. But EBRD will certainly have a role.

C.P.

Charles Powell

18 June 1990

c: Attali (MJ)



10 DOWNING STREET  
LONDON SW1A 2AA

*Cole kw*  
*arw*  
*T*  
*Subject cc letter*  
*ops*

THE PRIME MINISTER

18 June 1990

**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 7,27/90**

*Jean Th. President*

Thank you for your letter last month about the European Bank for Reconstruction and Development. A decision to site the Bank in London has since been taken. I believe it will enable the Bank to start operating quickly and effectively. I note your suggestion that certain operations should be based in Prague; it will be for the Bank and its Board of Governors to determine the pattern of operations.

You wrote of your natural wish to have some other important European institution sited in Prague. I have noted carefully your recent Czechoslovak initiatives. These initiatives are a useful contribution to the debate on the future of Europe and will be extensively discussed over the next few months. As I have said before, I would be ready to look positively on bids by your Government for an institution or permanent conference which may result from these discussions.

I am greatly looking forward to my visit to Czechoslovakia in September and to meeting you once more. The visit will mark the great changes in recent months in relations between our countries. But I continue to have some doubts about the kind of special meeting you propose. I believe we should be seen to be looking forward, not backwards. But I note that you no longer suggest the anniversary of Munich for the meeting. I do not

*M*

exclude the idea entirely, if we can agree the right formula for the occasion before it is announced. The Foreign Secretary, Mr. Hurd, might discuss this with you or Mr Dienstbier during his visit at the end of July.

Kind regards

Yours sincerely

Raymond Stalter

---

His Excellency Mr. Vaclav Havel



10 DOWNING STREET  
LONDON SW1A 2AA

*File MJ*

*cc FLO  
CST  
ODA*

THE PRIME MINISTER

18 June 1990

*Dear Monsieur Attali*

Thank you for your letter of 23 May. I, too, am delighted that London has been chosen as headquarters of the European Bank for Reconstruction and Development; and I look forward to welcoming you here as its President, as well as to our meeting on 19 June.

We have given careful consideration to the scope of the financial package which the British Government has undertaken to offer towards the costs of a suitable headquarters building for the Bank. I fully agree with you that the headquarters building and its location should be one that reflects the importance of this new institution. I am pleased to be able to offer a sum of up to £40 million towards the costs of the building during the first three years. Up to £10 million of this will be available for fitting out the building in accordance with EBRD's requirements, and for professional services associated with acquisition and fitting. The balance will be available for rental of the building over the initial three years. I believe this is a generous financial package and that it should be of substantial help in stabilising the finances of the EBRD in the critical early years. You will understand that we shall need to tell Parliament what we plan to do in the next few days.

*Yours sincerely*

*Raymond Barter*

Monsieur Jacques Attali



*File M*

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

17 June 1990

**CZECHOSLOVAKIA**

Thank you for your letter of 14 June, covering a draft reply from the Prime Minister to President Havel's letter of 18 May. The Prime Minister has signed the reply and you will find it enclosed. I should be grateful if you would arrange for its delivery as soon as possible.

**C. D. POWELL**

J. S. Wall, Esq., L.V.O.,  
Foreign and Commonwealth Office

*M*



file M

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

17 June 1990

Dear Stephen,

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Thank you for your letter of 14 June proposing that the Prime Minister should write to M. Attali about the assistance with start-up costs which we are prepared to give the EBRD.

The Prime Minister agrees with the proposed tactics and has signed the letter. I should be grateful if you could arrange for its delivery in the course of 18 June.

I am copying this letter and enclosure to Carys Evans (Chief Secretary's Office) and Eamonn Taylor (Overseas Development Administration).

Yours sincerely,

C. D. POWELL

J. S. Wall, Esq., L.V.O.,  
Foreign and Commonwealth Office

M

PRIME MINISTER

MEETING WITH M. ATTALI

Jacques Attali is to call on your tomorrow afternoon, on his appointment as Chairman of the EBRD.

You wrote to him yesterday offering £40 million to the Bank for the first three years. Our purpose was to put a generous sum on the table and refuse to negotiate further. Attali is not pleased, realising that we have outwitted him by naming a figure and going public on it. He telephoned me to say that it was most regrettable and completely inadequate: he would need twice that amount. In fact it is a very generous offer based on our assessment of rents for a prestigious building in central London: £10 million a year for three years plus £10 million for furnishings and fittings. You should not give any hint of willingness to negotiate, but insist that it is a generous offer and fully adequate to carry the Bank over the first three years until its paid-in capital starts to generate funds.

Attali is very keen to take Grand Buildings in Trafalgar Square: he will be seeing it tomorrow morning. We will move as quickly as we can, but must get professional advice.

Attali is keen for the EBRD to co-ordinate the western position on aid/credit for the Soviet Union. It may be rather early days for them, and OECD and IMF must also be involved. But EBRD will certainly have a role.

*C.P.*

Charles Powell

18 June 1990

c: Attali (MJ)





Foreign and Commonwealth Office

London SW1A 2AH

14 June 1990

*Dear Charles,*

*Paul*

European Bank for Reconstruction and Development

M. Jacques Attali, President Designate of the European Bank for Reconstruction and Development (EBRD) wrote to the Prime Minister on 23 May about the headquarters of the Bank and financial assistance for the start up costs. M. Attali is visiting London on Tuesday 19 June and you are trying to arrange a meeting with the Prime Minister (your letter of 13 June).

The Foreign Secretary endorses an agreement which has been reached between Mrs Chalker and the Chief Secretary that the UK should make a generous financial offer which would not be subject to negotiation (I enclose copies of the ministerial exchange of letters). The offer would cover the rental for three years of a property of high standard in central London, plus the costs of fitting out the building to the EBRD's specifications. Central London rental rates suggest a figure of up to £40 million, of which up to £10 million would be for fitting out.

The offer could be conveyed to M. Attali before he comes to London on 19 June; the Prime Minister could do so in writing to M. Attali. An announcement of the offer could then be made in an inspired PQ on 18 June, prior to M. Attali's visit. Alternatively, we could save the good news for the Prime Minister to give M. Attali in person, when she sees him.

In case the Prime Minister wishes to write to him with the news, I enclose a draft.

*Yours,*  
*Stephe Wall*

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street



Foreign and Commonwealth Office

London SW1A 2AH

14 June 1990

Dear Charles,

Czechoslovakia: Letter from President Havel

I enclose the original and a translation (Prague telno 410) of a letter of 18 May from President Havel to the Prime Minister sent in response to the Prime Minister's letter of 10 April. I also enclose a draft reply.

The first two subjects raised by the President are the more straightforward. A decision on the European Bank for Reconstruction and Development has been reached since President Havel wrote. The draft reply repeats our offer to consider Prague as a site for some other European institution.

The last part of the President's letter is more difficult. It resurfaces the idea of the Prime Minister joining him and President Mitterrand in a symbolic gathering in Prague in late September. As you will remember he made a similar invitation during his visit in March. He has now changed it, to try to meet some of the Prime Minister's concerns. President Havel now avoids an explicit link with Munich and portrays the ceremony as one which would look forward rather than backward. It would not need to fall on the anniversary of Munich itself.

There are pros and cons in such an idea. It would obviously please President Havel and be welcomed by the Czechoslovak people. According to Mr Havel, President Mitterrand has accepted the idea and so refusal to take part might be something of a rebuff to him as well as to President Havel.

The disadvantages are obvious: the occasion could lead to raking over old coals in the UK. This debate might also be relayed back to Czechoslovakia and cause offence.

The Foreign Secretary believes the advantages of such a meeting outweigh the disadvantages. He believes it would come out well if it were carefully prepared with the French and the Czechoslovaks to ensure that it was forward looking. It could be good theatre showing France and Britain as two key countries with a leading part in helping the emergence of new

/democracies



democracies. It would play to our idea of what European unity is all about. The Foreign Secretary believes that it would be worth exploring with the Czechoslovaks (and the French) whether the three heads of Government might, for example, make a forceful joint statement about the need for a commitment by all CSCE member states to free elections in perpetuity and to respect for the rule of law in all circumstances. The Foreign Secretary's visit to Prague in late July could provide an opportunity to discuss possible arrangements.

I should be grateful to know whether you would like us to go ahead on these lines.

*Yours,*

*Stephen Wall*

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

RG4A1H

DRAFT LETTER FROM THE PRIME MINISTER  
To President Havel

Thank you for your letter last month about the European Bank for Reconstruction and Development. A decision to site the Bank in London has since been taken. I believe it will enable the Bank to start operating quickly and effectively. I note your suggestion that certain operations should be based in Prague; it will be for the Bank and its Board of Governors to determine the pattern of operations.

You wrote of your natural wish to have some other important European institution sited in Prague. I have noted carefully your recent Czechoslovak initiatives. These initiatives are a useful contribution to the debate on the future of Europe and will be extensively discussed over the next few months. As I <sup>have said before</sup> ~~said in an earlier~~ letter, I would be ready to look positively on bids by your Government for an institution or permanent conference which may result from these discussions.

*is to*  
*2/10/88*

I am greatly looking forward to my visit to Czechoslovakia and to meeting you again. <sup>once more</sup> It will mark the great changes in recent months in relations between our countries. <sup>for</sup> I continue to have some doubts about the kind of special meeting you propose. I believe we should be seen to be looking forward, not backwards. But I note that you no longer suggest the anniversary of Munich for the meeting. I do not exclude the idea entirely, if we can agree the right formula for the occasion before it is announced. The Foreign Secretary, <sup>Mr.</sup> ~~Douglas~~ Hurd, <sup>might</sup> ~~could~~ discuss this with you or Mr Dienstbier during his visit at the end of July.

*in visit*

*er...*

ps/dr/13n113.6

RESTRICTED



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt. Hon Mrs Lynda Chalker MP  
Minister for Overseas Development  
Overseas Development Administration  
Eland House  
Stag Place  
London  
SW1E 5DH

13 June 1990

*David Lynden*

EBRD

Thank you for your letter of 11 June.

2. I agree that, having secured the new European Bank for London, we must make a success of it. I am sure that it is right that the ODA should take lead responsibility for the Bank, both our membership and for doing what is necessary as the host Government to help establish the Bank here. I agree with you also that there will need to be consultative arrangements established in Whitehall. Our Departments will continue to keep in touch on all that concerns the Bank.

3. I accept that if the ODA is to take the responsibility it will need the authority and additional resources. As regards the authority, I agree that our officials should draft ODA delegations in respect of our membership, drawing on those applying to other Regional Development Banks and the World Bank group. In respect of our host functions, I propose that existing ODA delegations with regard to making new public expenditure commitments should apply.

4. The costs associated with membership are now fairly well defined and I accept the figures in the table attached to your letter, including (subject to a final check by my officials) the running cost implications. I agree with your approach to a financial contribution to the establishment of the Bank: an early cash limited offer towards fitting out and the first three years rent which provides an incentive to be economical on both. As regards the size of the offer, I was as you know prepared for you to make a cash offer of up to £35 million. I am disappointed to learn that you now think you should offer up to £40 million but if

## RESTRICTED

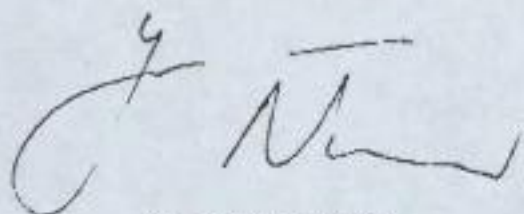
in your judgement this is absolutely necessary I will not oppose it. But this is as much as I am prepared to agree for this purpose. It will be important now that we should strike while the iron is hot and communicate our offer to M. Attali as quickly as possible. I hope you agree that it should also be announced with a considerable fanfare.

5. I am prepared to agree that ODA's PES provision should be enhanced to meet the full cost of our membership of the Bank and the reasonable cost of host activities, including an increase in running cost ceilings. For 1990/91 I agree now to an addition from the Reserve of up to £10.86 million. But this must be on the basis that the refurbishment provision is ringfenced if it is not required in full this year. Only then could I agree to roll forward any under-expenditure into 1991-92. I accept that you may need to seek additional funds from the Reserve in the Autumn once the transitional costs falling to HMG are clearer.

6. For subsequent years I accept an agreed PES bid. This would form part of the agreed ODA PES baseline and would not prejudice our PES discussions in the Autumn. The agreed additions, subject to review in the Autumn, would be:

			£m
	1991-92	1992-93	1993-94
	30.97	30.245	30.67

7. I am copying this letter to Douglas Hurd.



NORMAN LAMONT



c/foreign/wall

KW

10 DOWNING STREET  
LONDON SW1A 2AA

bc PC

*From the Private Secretary*

13 June 1990

Jacques Attali telephoned today from Paris to say that he would be in London next week and hoped to pay a brief courtesy call on the Prime Minister. We are trying to arrange this on 19 June and it would be helpful to have a short background note on the arrangements for the bank.

Attali said that they had already discovered the perfect building, that was the Grand Buildings in Trafalgar Square. He hoped very much that our decision taking process was fast enough to enable us to take a first option at least on the building: it would be a tragedy to lose it. I said that I knew nothing about all this but would enquire about the position. The Prime Minister will need to be briefed.

I am copying this letter to John Gieve (HM Treasury) and to Myles Wickstead in the Overseas Development Administration.

CHARLES POWELL

J.S. Wall LVO, Esq.,  
Foreign and Commonwealth Office

cu

MARGARET BELL/CAROLINE SLOCOCK

Monsieur Attali, the new President of the European Bank for Reconstruction and Development, wants to pay a courtesy call on the Prime Minister. He claims to have been told by someone that he is in the diary next Tuesday at 1230. Is this so? My impression was that we had something else in for that time. If that is the case, can we squeeze Attali in at 1700 for 30 minutes please?

C.P.P.

TUES 19 JUNE  

---

17.00

CHARLES POWELL  
13 June 1990

Done  
CWA

c:\wpdocs\foreign\attali\kw





Mr. Faint 2574

OVERSEAS DEVELOPMENT ADMINISTRATION  
ELAND HOUSE  
STAG PLACE LONDON SW1E 5DH

Telephone 071-273 0409

From the Minister

11 June 1990

Chief Secretary  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

*Sean Norman*

Now that the decision has been taken to locate the new European Bank in London, we need to agree urgently who is to take responsibility for both our membership and discharging HMG's obligations as the host government.

Tim Lankester and Nigel Wicks discussed this last week. They agreed that a recommendation should be put to Ministers that the ODA should take responsibility for both aspects on the basis that it was given all the necessary resources and authority to carry out those functions effectively.

Our membership of the EBRD will give rise, when the Bank is up and running, to similar policy and management issues that the ODA face with regard to the World Bank Group and other Regional Development Banks, though there will be additional EC and political dimensions, and the Bank will be much more private sector oriented than the RDBs or the IBRD (though more like the IFC). In the start up period the Bank's financial policies will have to be laid down. Our officials should draft delegations to ODA, drawing on those that apply currently in respect of the World Bank Group (including the IFC) and the Regional Banks.

The programme and running cost implications of membership can be reasonably well defined, though there is an exchange rate risk with regard to our capital subscription. Our contribution to the paid in capital is some 255 million ecu, half of which has to be paid in cash in equal instalments over five years. The balance of the paid-in element will be in the form of promissory notes to be encashed in subsequent years. At today's exchange rate our cash contribution will be some £20 million annually. We do not expect to have to make the first payment until 1991/92, though given the speed of negotiations so far a payment this financial year cannot entirely be ruled out.

/To manage our

RESTRICTED



To manage our on-going membership of EBRD we shall need a new section in ODA's International Division of five staff, headed by a G7. In a full year and at today's prices this would cost £150,000 annually.

Assisting Attali establish the Bank successfully in London is a very different matter. Having made such a strong pitch to get the Bank for London, the Government must now make a success of it. The French have set high standards both in terms of effectiveness and generosity over the last few months. Those that have lost out on the siting of the Bank will be only too quick to point to any shortcomings on our part and Attali will retain his hotline to Mitterrand.

There is no doubt that this operation will cost us money and will require a small but professional team to manage it. I am content that the ODA should take this task on, but it must be given the authority to get on with the job, take decisions and commit funds. There will need to be consultative arrangements established in Whitehall, but there must be no doubt who has the responsibility and therefore the authority. We shall need to agree financial arrangements accordingly.

The costs to HMG of having the Bank in London are uncertain at this stage. I see them falling into four phases. We must find quickly a suite of offices that will allow Attali's secretariat to work in London whenever they want over the next three months or so. It looks as though the Bank of England will be able to provide the necessary facilities without payment. Secondly, we shall need to provide as soon as possible and pay for office accommodation for the transitional team; and we would need some professional advice in finding and fitting out this accommodation. Alongside this there will be other costs associated with seconding staff to the transitional team and hosting meetings prior to the establishment of the Bank.

Thirdly, we shall need to decide how to fulfil our offer of a financial package towards the establishment of the Bank itself. We shall be expected to pay for the refurbishment of a building and to make a reasonably generous offer towards the rent of a building for, say, the first three years. My strong preference would be for making an early offer of financial support and encouraging Attali to take the responsibility for finding a building and making all the necessary contractual and refurbishing arrangements. This would avoid uncertainty as to who is responsible for what and possible acrimony if anything goes wrong. Our officials had agreed to recommend a total financial package of £35 million of which £10 million would be for fittings. The balance would be available to pay rental for a period of up to three years: this was based on appropriate accommodation for about 600 staff at current city rents (ie, £7-8 million per year). The split between fitting out and rental would perform two functions. It would provide Attali with an incentive to economise on fitting out, while avoiding us getting into negotiations with him about the level of fitting out necessary. Second, the ceiling on our contribution overall would encourage him to strike the best possible deal on the rent.

/We have never



We have never had any doubts that Attali would want a fairly prestigious headquarters for the Bank. In his recent letter to the Prime Minister he said that he wanted a "headquarters in the City worthy of its task." However last Friday officials learned that Attali was setting his sights on a prestigious building off Trafalgar Square and expected the annual rent to be about £10 million. My officials used informal contacts to confirm that the Bank of England's property advisers had indicated to Attali's staff that the annual rent would be of that order of magnitude.

Attali's staff have also indicated that he wants an offer that will cover five years rent. I see no case for that, partly because the Bank's income should be sufficient before then to cover its outgoings including rent, and partly because the French only offered three years rent when they were bidding to have the Bank in Paris. Very reluctantly though I propose that we offer £40 million which Attali can perceive as being sufficient to cover three years rental.

I suggest that we recommend to the Prime Minister that she replies to Attali's letter, in which he effectively invited an offer, setting out our financial contribution to the establishment of the Bank before Attali comes to London next week.

There are of course many other issues related to establishing an international body in London which only other departments can handle, including privileges and immunities, exemption from the business rate, tax free salaries, etc. To handle all these matters, as well as the accommodation and other issues, we shall need to augment the staffing of the ODA section this year and next.

Fourthly, we shall incur additional costs annually related to hosting events during annual meetings and providing security.

... The attached table shows estimated programme expenditure and running cost requirements for 1990/91 and the new Survey period, in so far as they can be identified at this stage. However I must stress that these estimates are highly tentative.

If we are to take over responsibility now, and clearly a very early start is needed, we need to agree the financial provision. The costs associated with both aspects of our responsibilities must be found from additional resources. We should agree now an allocation from the Reserve for 1990/91, recognising that if in fact the costs this year prove to be higher there will need to be a further agreed allocation from the Reserve at a later date. I suggest that we agree now a figure for 1990/91 of £10.860 million, though part of the refurbishment costs may fall into next financial year, in which case they will need to be rolled forward by way of an agreed claim on the 1991/92 Reserve.

For future years I propose that we establish now an agreed PES bid, including running costs, as follows:

/£ thousands



f thousands

1991/92	1992/93	1993/94
30,970	30,245	30,670

These figures will need to be reviewed in the Autumn in the light of developments between now and then, and adjustments made to the agreed bid as necessary. Our officials will also need to discuss the running cost component of the additions.

I am copying this letter to Douglas Hurd.

*Yours ever*  
*Lynda*  
LYNDA CHALKER

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Table of Estimated Expenditure

	<u>£1000s</u>			
	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>	<u>1993/94</u>
<u>Membership Costs</u>				
(i) subscriptions to capital		19,360	19,510	19,810
(ii) British member of 'experts' group	30			
(iii) ODA staff	75	170	190	210
(iv) Director's office		40	45	50
<u>Host Country Costs</u>				
(i) Refurbishment	10,000			
(ii) Rent subsidy		10,000	10,000	10,000
(iii) Accommodation for experts group and services	540	400		
(iv) Miscellaneous	15			
(v) 4 committee meetings	200			
(vi) Inaugural and Annual meetings		1,000	500	600
Totals	<u>10,860</u>	<u>30,970</u>	<u>30,245</u>	<u>30,670</u>



98  
97

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

5 June 1990

EBRD

I enclose a copy of a letter to the Prime Minister from Jacques Attali asking for a headquarters in the City for the EBRD and suggesting, politely but unmistakably, that we should be offering some very favourable financial conditions for it. I should be grateful for advice and a draft reply.

I am copying this letter and enclosure to Stephen Wall, Foreign and Commonwealth Office.

CHARLES POWELL

John Gieve Esq  
Treasury

KWJ

PRIME MINISTER'S  
PERSONAL MESSAGE



FILE DA

CC FCO  
HMT

SERIAL No. T/116A/90 10 DOWNING STREET

SUBJECT CC MASTER  
OPS

LONDON SW1A 2AA

THE PRIME MINISTER

5 June, 1990.

*Dear Prime Minister,*

Thank you for your letter of 18 May.

I am most grateful to your Government for its support for London as the site of the European Bank for Reconstruction and Development. We are looking forward to finding a home for the new Bank. I share your hope that the close co-operation we have enjoyed in drafting the Bank's Articles of Agreement will continue and deepen when we begin to manage the operations of the EBRD.

*Yours sincerely*  
*Rajawadeh*

His Excellency Mr. Toshiki Kaifu, K.B.E.

J0/KK

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

1st June 1990

N° 1297

*Dee Pitt Rivers*

I have just received through the  
diplomatic bag a letter addressed to you  
by Monsieur Jacques ATTALI.

I enclose it herewith.

*Yours ever*

*Luc de La Barre*

Luc de La Barre de Nanteuil

The Rt.Hon.Mrs Margaret THATCHER, FRS, MP  
Prime Minister  
10 Downing Street  
LONDON



HM Treasury



Parliament Street  
London SW1P 3AG  
Telephone 071-270 4369

*cc/c*

N L Wicks CVO CBE  
Second Permanent Secretary

C D Powell Esq  
10 Downing Street  
LONDON  
SW1

1 June 1990

*Dear Charles,*

EBRD

Thank you for your letter of 21 May <sup>just</sup> enclosing a letter from Kaifu to the Prime Minister. You requested a draft reply which I attach. It has been agreed with the FCO.

*Truly  
Yours  
Neil*

N L WICKS

DRAFT LETTER FRO THE PRIME MINISTER TO SEND TO

Toshiki Kaifu  
Prime Minister for Japan

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Thank you for your letter of 18 May.

I am most grateful to your Government for its support for London as the site of the European Bank for Reconstruction and Development. We are looking forward to finding a home for the new Bank. I share your hope that the close co-operation we have enjoyed in drafting the Bank's Articles of Agreement will continue and deepen when we begin to manage the operations of the EBRD.

CD

*CAF*

EMBASSY OF JAPAN  
LONDON

29th May 1990

*CAF*  
*395.*

Dear Prime Minister,

*Plae* I would like to refer to my letter of 18th May 1990 and to send you, herewith enclosed, the original letter, together with the official English translation, from Mr. Toshiki Kaifu, Prime Minister of Japan.

*Yours sincerely,*

*Kazuo Chiba*

Kazuo Chiba  
Ambassador

The Rt.Hon. Margaret Thatcher, MP,  
Prime Minister and First Lord of the Treasury,  
10, Downing Street,  
LONDON, S.W.1.

SUBJECT CC MASTER  
OPS

Jan

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T1098/90



file

10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

25 May 1990

Dear Mr. President,

Thank you for your letter asking who will be representing the United Kingdom at the signing ceremony on 29 May. I have asked the Chancellor of the Exchequer and the British Ambassador to France to perform this role.

I am very pleased that this ceremony is taking place so soon after our agreement in principle to establish a Bank of this kind. And I am sure that the decisions taken by the membership on both location and Presidency were very wise ones. I look forward to seeing Monsieur Attali and the EBRD working from London in the very near future.

Yours sincerely  
Nayana Shakti

His Excellency Monsieur le President Mitterrand, GCB

W

Jacques ATTALI

Paris, 23 May 1990

Dear Prime Minister,

The founding members of the European Bank for Reconstruction and Development have chosen London as the Headquarters of this new international institution. I am absolutely delighted. If I may say so, I am also sure that the arguments you put forward played an essential role in the choice.

As you know, this new institution will have the task of helping the Central and Eastern European countries evolve towards market economies, will help towards the development of a private sector in these countries and will help attract to them both foreign capital and know-how.

To enable the Bank both to start up under the best possible circumstances and to have the closest possible relations with the financial community in London, it should have a Headquarters in the City, worthy of its task. The financial conditions offered by the host country to help it to become established and to start functioning will also play an essential role in its success.

I hope that you will permit me therefore to draw your attention, and that of your government, to these material details, which you yourself mentioned in your brochure advocating London as the site, so that they can be quickly resolved in a satisfactory manner in the interests both of London and of the new institution.

Please accept, Prime Minister, the assurance of my very best regards and of my deepest respect.

  
Jacques ATTALI

The Rt. Hon. Mrs Margaret THATCHER, F.R.S., M.P.  
Prime Minister of the United Kingdom of Great Britain  
and Northern Ireland

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

23rd May 1990

N° 1239

Alberty all  
R

Des Sines le matin

of 2 May.

I have just received through the  
diplomatic bag a letter addressed to you  
by Monsieur François MITTERRAND, Président  
de la République Française.

I enclose it herewith,

Yours ever

Luc de La Barre

Luc de La Barre de Nanteuil

The Rt.Hon.Margaret THATCHER, MP  
Prime Minister  
10 Downing Street  
LONDON S.W.1

*etc*



Treasury Chambers, Parliament Street, SW1P 3AG  
071-270 3000

23 May 1990

Charles Powell Esq  
10 Downing Street  
LONDON  
SW1

*Dear Charles,*

**EBRD: SIGNING CEREMONY**

*at frap*

Thank you for your letter of 18 May enclosing one from President Mitterrand to the Prime Minister.

The Chancellor will be representing the UK at the EBRD ceremony on 29 May and will sign the Articles of Agreement. Foreign and Commonwealth Office treaty procedure also requires the signature of our Ambassador in France.

... I attach a draft reply agreed with the FCO.

I am copying this letter to Stephen Wall (FCO).

*Tancred Tarkowski*

**T TARKOWSKI**  
Private Secretary

DRAFT LETTER FROM THE PRIME MINISTER TO PRESIDENT MITTERRAND

Thank you for your letter asking who will be representing the UK at the signing ceremony on 29 May. I have asked the Chancellor of the Exchequer and the British Ambassador to France to perform this role.

I am very pleased that this ceremony is taking place so soon after our agreement in principle to establish a Bank of this kind. And I am sure that the decisions taken by the membership on both location and presidency were very wise ones. I look forward to seeing M Attali and the EBRD working from London in the very near future.

Ch



Erko Pol: European

Bank

Dec 8



Subjectce *MASTER*  
*ep*

CONFIDENTIAL  
FM PRAGUE  
TO IMMEDIATE FCO  
TELNO 410  
OF 221245Z MAY 90

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T107A/90

MY TELNO 404: EBRD

1. THE FOLLOWING IS A TRANSLATION IN FULL OF PRESIDENT HAVEL'S LETTER TO THE PRIME MINISTER. THE REFERENCE TO THE 'TWO PEOPLES' AND THE 'TWO NATIONS' IN THE FIFTH PARAGRAPH ARE TO THE CZECHS AND SLOVAKS AND TO THE CZECH AND SLOVAK NATIONS RESPECTIVELY.

BEGINS. DEAR MRS PRIME MINISTER (IN ENGLISH)

'THANK YOU FOR YOUR LETTER WHICH PLEASED ME VERY MUCH. I ALSO RECALL WITH PLEASURE MY RECENT VISIT TO LONDON WHICH I FIRMLY BELIEVE HAS HELPED TO OPEN A NEW CHAPTER IN BILATERAL RELATIONS BETWEEN OUR TWO COUNTRIES.

EUROPE FINDS ITSELF TODAY IN A PROCESS OF REVOLUTIONARY CHANGE AND CZECHOSLOVAKIA, NOT ONLY BECAUSE OF ITS GEOGRAPHICAL POSITION BUT ALSO BECAUSE OF ITS RECENT HISTORY, WOULD LIKE TO TAKE A WORTHY POSITION IN THIS NEW EUROPE. YOU WILL SURELY UNDERSTAND THEREFORE THAT PRAGUE, WHICH IS SITUATED IN THE VERY CENTRE OF EUROPE, IN WHICH FOR VERY UNDERSTANDABLE REASONS NOT MANY INTERNATIONAL INSTITUTIONS ARE LOCATED AND WHICH HAS BEEN A FORGOTTEN CITY IN RECENT DECADES, WOULD WELCOME ITS ONE TIME GLORY BEING RECALLED BY BECOMING THE CENTRE OF AT LEAST ONE MAJOR EUROPEAN INSTITUTION. THAT IS WHY IT WOULD BE A SUITABLE LOCATION FOR THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT. IT IS ALSO THE REASON WHY WE PROPOSE THAT THE PROPOSED EUROPEAN SECURITY COMMISSION SHOULD BE LOCATED IN PRAGUE. THERE IS HOWEVER A GENERAL REASON WHICH CONCERNS OUR NEIGHBOURS TOO. IF A WEST EUROPEAN INSTITUTION IS TO BE CHANGED INTO AN INSTITUTION FOR THE WHOLE OF EUROPE IN FUTURE, IT IS NECESSARY THAT SOME VISIBLE PART OF IT BE MOVED TO THE COUNTRIES OF SO-CALLED EASTERN EUROPE. THIS WOULD HELP TO RESTORE THEIR LOST SELF-ESTEEM, TO DEVELOP THEIR ECONOMIC INFRASTRUCTURE, THEIR INFORMATION AND TRANSPORT NETWORKS AND SO ON. IT WOULD HELP WITH THE INTEGRATION, OR AS IT IS CALLED TODAY 'THE RETURN' TO EUROPE.

OF COURSE WE ACKNOWLEDGE ALL THE PRACTICAL REASONS WHICH ARGUE IN FAVOUR OF THE EBRD BEING SITUATED IN LONDON, WHICH HAS ALL THE NECESSARY FACILITIES FOR THE EBRD'S OBJECTIVES, RATHER THAN IN PRAGUE WHICH, ALTHOUGH ATTRACTIVE, IS TECHNICALLY AND COMMERCIALY BACKWARD. WE ARE THEREFORE PREPARED TO WITHDRAW OUR OWN CANDIDATURE AT THE RIGHT MOMENT AND AT THE RIGHT MOMENT TO SUPPORT IN PRACTICE THE BETTER PREPARED CANDIDATURE OF LONDON. AT THE SAME TIME WE WOULD WELCOME IT IF, SAY, THE LONDON HEADQUARTERS OF THE ABOVE MENTIONED BANK HAD ITS CENTRAL EUROPEAN OPERATIONS MANAGED FROM PRAGUE AS CERTAIN OTHER WORLD BANKS ARE CONSIDERING. PRAGUE WOULD BE GLAD TO HAVE ITS OWN, ADMITTEDLY MORE MODEST 'CITY'

WHICH WOULD THEREBY HELP ITS ECONOMIC AND COMMERCIAL DEVELOPMENT.

WE WOULD ALSO WELCOME IT IF THE UNITED KINGDOM WERE ABLE TO ENCOURAGE THE IDEA THAT CZECHOSLOVAKIA BECOME THE SEAT OF ANOTHER IMPORTANT EUROPEAN INSTITUTION OR PERMANENT CONFERENCE. I HAVE IN MIND ABOVE ALL CERTAIN RECENT CZECHOSLOVAK INITIATIVES IN THIS CONTEXT.

AT THE SAME TIME I WOULD LIKE TO ALLOW MYSELF TO REMIND YOU OF THE SUBJECT WHICH I MENTIONED DURING OUR PERSONAL MEETING. THAT IS THE SUBJECT OF YOUR VISIT TO PRAGUE. YOU ARE EXTRAORDINARILY POPULAR AMONGST THE PUBLIC HERE. I AM CONFIDENT THAT THE CZECH AND SLOVAK PEOPLES WOULD BE GREATLY ENCOURAGED IF YOU WERE TO MAKE A STATE VISIT TO OUR COUNTRY. I WOULD ALSO BE VERY PLEASED, IF YOU WERE TO CONSIDER ONCE AGAIN THE IDEA WHICH I ALLOWED MYSELF TO CONVEY TO YOU. PERHAPS YOU WILL RECALL WHAT THIS WAS. I AM EXPECTING TWO SEPARATE STATE VISITS AT THE END OF SEPTEMBER OF THIS YEAR TO CZECHOSLOVAKIA - YOURS AND PRESIDENT MITTERAND'S. THE PROGRAMME, COURSE AND CONTENTS OF BOTH VISITS WILL CLEARLY NEED TO BE DEALT WITH THROUGH DIPLOMATIC CHANNELS. THEIR SPECIAL FEATURE WOULD OF COURSE BE THAT THE TWO SEPARATE VISITS WOULD OVERLAP BY TWO OR THREE HOURS. DURING THESE TWO OR THREE HOURS WE WOULD ORGANISE A FORMAL GATHERING IN THE MOST BEAUTIFUL HALL IN PRAGUE CASTLE AT WHICH WOULD BE PRESENT THE PRINCIPAL CZECH AND SLOVAK POLITICAL PERSONALITIES TOGETHER WITH REPRESENTATIVES FROM THE CULTURAL AND SCIENTIFIC SPHERES AND DURING WHICH WE - YOURSELF, PRESIDENT MITTERAND AND MYSELF - IF I AM STILL PRESIDENT - WOULD MAKE SHORT SPEECHES. THESE SPEECHES WOULD NOT OF COURSE NEED TO TOUCH DIRECTLY ON THE THEME OF MUNICH. IT WOULD BE MORE CONSTRUCTIVE CERTAINLY IF WE WERE TO EXPRESS OUR THREE COUNTRIES' VISIONS OF THE FUTURE INTEGRATION

OF EUROPE, AND ON THE POSSIBLE SECURITY, POLITICAL AND ECONOMIC ARRANGEMENTS. WE WOULD FOLLOW UP WITH MENTION OF THE LONG FRIENDSHIP BETWEEN OUR COUNTRIES AND PEOPLES. AND ONLY SUBCONSCIOUSLY - THANKS TO THE PLACE OF OUR MEETING - WOULD WE SYMBOLICALLY BE HEALING THE WOUND FOR WHICH NONE OF US CARRIES ANY PERSONAL BLAME BUT WHICH, UNFORTUNATELY WAS ONE OF THE REASONS WHICH LED TO THE SECOND WORLD WAR AND WHICH - THIS IS THE MAIN POINT - WAS THE BEGINNING OF THE MODERN TRAGEDY OF THE TWO PEOPLES. I DID SOMETHING SIMILAR, AS I TOLD YOU, WITH PRESIDENT WEIZSACHER AND DESPITE THIS BEING INCOMPARABLY A MORE DIFFICULT AND DANGEROUS STEP, IT WAS HIGHLY SUCCESSFUL. I FIRMLY BELIEVE THAT A SIMILAR SYMBOLIC ACT, TAKING PLACE ON CZECHOSLOVAK SOIL, WOULD IMMENSELY STRENGTHEN THE SELF-ESTEEM OF THE PEOPLES HERE AND CONTRIBUTE TO THEIR MORAL RECONSTRUCTION, FOR THE MORAL TRAUMA AND LATER THE SUDDEN CAPITULATION OF THE TWO NATIONS BEFORE COMMUNIST TOTALITARIANISM HAVE THEIR HIDDEN SOURCE IN THE MUNICH CAPITULATION.

AS YOU KNOW I DO NOT ASK FOR YOUR IMMEDIATE RESPONSE. I ADD ONLY THAT PRESIDENT MITTERAND ACCEPTED THIS IDEA, AT ONCE AND WITH ENTHUSIASM, AND I WOULD BE VERY HAPPY IF YOU WOULD THINK ONCE MORE ABOUT MY PROPOSAL.

WITH ALL GOOD WISHES

VACLAV HAVEL '' ENDS.

O'KEEFFE

YYYY

DISTRIBUTION 231

MAIN 230

.FRAME EXTERNAL  
ECD (E) [-]

EED  
MR TAIT

ADDITIONAL 1

FRAME

NNNN

PAGE 3  
CONFIDENTIAL

*Jim Martin* (2)

*To see the*

FROM: J O Kerr  
DATE: 21 May 1990  
cc: PS/Ministers

*Detail of  
our results*

PS/PUS  
DUSS  
AUSS  
Mr Jones Parry  
Mr Mower

*CDP  
2/1/5*

PS

**EBRD**

1. The final results on Saturday night were:

	<u>Countries</u>		<u>Percentage of voting power</u>
(a) Presidency:	Attali	32	86%
	Ruding	8	8%
(b) Site:	London	23	71%
	Amsterdam	5	7%
	Copenhagen	5	6%
	Vienna	2	3%
	Ljubjana	2	1.76%
	Prague	1	1.3%
	Dublin	1	0.3%

Berlin, Brussels and Luxembourg obtained no votes.

(By prior agreement, the European Commission and European Investment Bank representatives abstained in both ballots; Spain abstained in ballot (b).)

2. Details of how each country voted were not published; but our reconstruction, and a brief analysis, is attached.

*J O Kerr*

BR5AGM/1 /YK

J O Kerr

## CONFIDENTIAL

## I: THE OUTCOME

<u>London</u>		<u>Copenhagen</u>		<u>Amsterdam</u>	
France	8.5	Denmark	1.2	Netherlands	2.5
FRG	8.5	Finland	1.2	Belgian	2.3
UK	8.5	Iceland	0.1	Luxembourg	0.2
Italy	8.5	Sweden	2.3	Israel	0.65
Portugal	0.4	Norway	1.2	GDR	1.55
Greece	0.65				
Switzerland -	2.3	(5)	6.0	(5)	7.2
Liechtenstein	0.02				
Malta	0.01	<u>Vienna</u>		<u>Ljubiana</u>	
Cyprus	0.1	Austria	2.3	Yugoslavia	1.28
Turkey	1.15	Bulgaria	0.8	Romania	0.48
Morocco	0.1				
Korea	0.65	(2)	3.1	(2)	1.76
Hungary	0.8				
Poland	1.3	<u>Dublin</u>		<u>Prague</u>	
Soviet Union	6.0	Ireland	0.3	Czechoslovakia	1.3
Australia	1.0				
Canada	3.4	<u>Abstained</u>			
Egypt	0.1	Spain			
Japan	8.5	Commission			
Mexico	0.3	EIB			
New Zealand	0.1				
US	10.0	(3)			
(23)	70.9				



10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

21 May 1990

*Dear Nigel,*

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

I enclose a copy of a letter to the Prime Minister from the Japanese Prime Minister dated 18 May promising Japan's support to London headquarters of the EBRD. With typical Japanese caution it was delivered to No.10 today, once the decision had been safely made. Even so I suppose it deserves a reply. I should be grateful for a draft in due course.

I am copying this letter and enclosure to John Gieve (HM Treasury) and to Richard Gozney (Foreign and Commonwealth Office).

*Yours sincerely,*  
*Chris Powell*

(C. D. POWELL)

Nigel Wicks, Esq., C.B.E., C.V.O.  
HM Treasury.

EMBASSY OF JAPAN  
LONDON

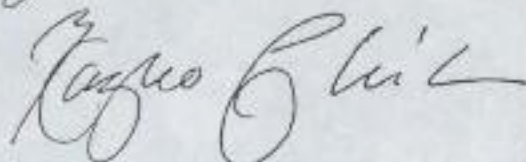
18th May 1990

*Dear Prime Minister,*

I have been asked by Prime Minister  
Toshiki Kaifu to transmit the text of a letter he has  
written to you.

I have pleasure in attaching this  
herewith. The actual letter will be forwarded to you as  
soon as it arrives in London.

*Yours sincerely,*



Kazuo Chiba  
Ambassador

The Rt.Hon. Margaret Thatcher, MP,  
Prime Minister and First Lord of the Treasury,  
10, Downing Street,  
LONDON, S.W.1.



Subject cc MASTER  
ops

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 7103/90

( T E X T )

18th May 1990

Dear Prime Minister,

I thank you for your letter dated 5th April concerning your suggestion that London be the headquarters of the European Bank for Reconstruction and Development.

Having given careful consideration to this matter, the Government of Japan has decided to give its support to locating the headquarters of the EBRD in London, recognizing that London meets many of the essential conditions required for an international financial centre. We also have taken into account the traditional cordial relations existing between our two countries as well as our close cooperation in the process of drafting the Agreement establishing the Bank.

I hope that this close cooperation between our Governments will continue and deepen even further in managing the operations of the Bank after its establishment.

I very much look forward to seeing you in the near future.

Yours sincerely,

Toshiki Kaifu  
Prime Minister of Japan

The Rt.Hon. Margaret Thatcher, MP,  
Prime Minister and First Lord of the Treasury  
10, Downing Street  
LONDON, S.W.1.

親愛なる閣下

欧州復興開発銀行本部に関する四月五日付貴首相書簡を頂いたことに感謝します。

我が国としましては、貴首相の要請を十分考慮した結果、また、ロンドンが国際金融マーケットとして必要な多くの条件を満たしていること、貴国と我が国の伝統的な友好関係、欧州復興開発銀行設立協定交渉における貴国との良好な協力関係にも鑑み、同銀行本部所在地として、ロンドンを支持することを決定したことをお伝えします。

今後とも欧州復興開発銀行の運営に関し、貴国と緊密に協力していくことを期待します。

近い将来の貴首相との再会を楽しみにしております。

敬具

平成二年五月十六日

日本国内閣総理大臣

海軍復興

連合王国首相

マーガレット・サッチャー

閣下

P R E Z I D E N T  
ČESKÉ A SLOVENSKÉ FEDERATIVNÍ REPUBLIKY

V Praze dne 18. května 1990

Dear Mrs. Prime Minister,

děkuji Vám za Váš dopis, který mne velice potěšil. Také já s radostí vzpomínám na nedávnou návštěvu Londýna, která - jak pevně věřím - napomohla otevřít novou kapitolu ve vzájemných vztazích našich dvou zemí.

Evropa se dnes ocitá v procesu převratných změn a Československo by - nejen díky svému geografickému postavení, ale i s ohledem na čávné tradice - rádo zaujímalo v této nové Evropě důstojné postavení. Zajisté proto chápete, že Praha, která se nachází v samém středu Evropy, ve které ovšem z pochopitelných důvodů žádná větší mezinárodní instituce nesídlí a která se v posledních desetiletích stávala spíš "městem zapomnění", by přivítala, kdyby se mohla rozvzpomenout na svou někdejší slávu a stát se střediskem alespoň jedné významné evropské instituce. To je také důvod, proč se uchází o sídlo Mezinárodní banky pro obnovu a rozvoj, to je i důvod, proč navrhujeme, aby v Praze sídlila námi navržená Evropská bezpečnostní komise. Existuje však ještě jeden všeobecnější důvod, který se dotýká i našich sousedů. Mají-li se některé, dosud jen západoevropské instituce proměňovat v budoucnosti v instituce skutečně celoevropské, je třeba, aby se jejich některé části viditelně přesouvaly do zemí tzv. východní Evropy. Napomohlo by to ke vzkříšení jejich ztraceného sebevědomí, k rozvoji jejich ekonomické infrastruktury, informační a dopravní sítě a pod. Napomohlo by to k jejich integraci nebo jak se dnes říká "návratu" do Evropy.

Dobře ovšem chápeme všechny praktické důvody, které hovoří pro to, aby nová Mezinárodní banka pro obnovu a rozvoj sídlila spíše v Londýnském City, které má pro tento účel veškeré potřebné

vybavení, než v sice půvabné, ale techniky a obchodně zaostalé Praze. Jsme proto samozřejmě ochotni v pravou chvíli se vlastní kandidatury vzdát a v pravou chvíli případně podpořit lépe připravenou kandidaturu Londýna. Zároveň bychom ale uvítali, kdyby např. Londýnské centrum oné banky zřídilo v Praze svou "středoevropskou pobočku" jak o tom uvažují i některé další světové banky. Vždyť i Praha by ráda měla své vlastní, jistěže menší "City", které by tolik napomohlo jejímu hospodářskému a obchodnímu rozvoji.

Uvítali bychom také, kdyby se Spojené království mohlo zasadit o to, aby se Československo stalo sídlem jiné důležité evropské instituce či stálé konference. Mám zde především na mysli některé nedávné československé iniciativy v tomto směru.

Zároveň bych si dovolil připomenout Vám téma, o kterém jsem se již zmínil při našem osobním setkání. Totiž téma Vaší návštěvy v Praze. Jste v naší veřejnosti neobyčejně populární. Domnívám se, že český a slovenský národ by velice povzbudilo, kdybyste vykonala státní návštěvu naší země. Byl bych také velmi rád, kdybyste ještě jednou zvážila myšlenku, kterou jsem si dovolil Vám přednést. Snad si vzpomínáte, o kterou myšlenku jde. Mám představu, že koncem září tohoto roku by se v Československu uskutečnily dvě na sobě nezávislé státní návštěvy - Vaše a pana prezidenta Mitterranda. Program, průběh i charakter obou návštěv by byl jistě hladce sjednán diplomatickou cestou. Jejich zvláštností by ovšem bylo, že obě oddělené návštěvy by se na dvě nebo tři hodiny překryly. Během těchto dvou nebo tří hodin bychom v nejkrásnějším sále Pražského hradu uspořádali slavnostní setkání, kterému by byla přítomna hlavní česká a slovenská politická reprezentace, jakož i zástupci kulturní a vědecké obce, a během kterého bychom - Vy, pan prezident Mitterrand i já - budeli prezidentem - přednesli krátké projevy. Tyto projevy by se samozřejmě nemusely bezprostředně dotýkat tématu "Mnichova". Bylo by určitě prospěšnější, kdyby vyjádřily pohled našich tří zemí na budoucnost integrující se Evropy, na její možné bezpečnostní, politické a hospodářské uspořádání. Navázali bychom tím také na dávné přátelství našich zemí a našich národů.

A jen mimoděk - díky termínu našeho setkání - bychom symbolicky udělali definitivní tečku za jistou kaňkou, na které nikdo z nás nenese osobní vinu, ale která, bohužel, byla jednou z příčin, které umožnily druhou světovou válku, a která, a to hlavně, byla začátkem moderní tragédie našich dvou národů. Něco analogického, jak jsem Vám vyprávěl, jsme již učinili s panem prezidentem Weiszäckerem, a přestože to byl krok nepoměrně obtížnější a nebezpečnější, velice se nám vydařil. Pevně věřím, že podobný symbolický počín tím, že by se odehrál na československé půdě, by nesmírně posílil sebevědomí našich národů a přispěl k jejich mravní rekonstrukci, neboť morální trauma a později tak rychlá kapitulace našich dvou národů před komunistickou totalitou mají své skryté zdroje právě v kapitulaci pomnichovské.

Nežádám, jak víte, Vaši okamžitou odpověď. Připomínám jen, že pan prezident Mitterrand tuto myšlenku okamžitě a s nadšením přijal, a byl bych velice šťasten, kdybyste se nad mým návrhem ještě jednou zamyslela.

S přáním všeho dobrého

Václav Havel

Její Excelence  
Margaret Thatcherová  
ministerská předsedkyně  
Velká Británie  
-----



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

18 May 1990

FILE  
DA.  
cc PE

*Dear John,*

I enclose a copy of a message to the Prime Minister from President Mitterrand asking her to nominate someone to represent the UK at the signature of the Charter of the EBRD in Paris on 29 May. I should be grateful for a draft reply.

I am copying this letter and enclosure to Stephen Wall (Foreign and Commonwealth Office).

*Yours sincerely,*

CHARLES POWELL

John Gieve, Esq.,  
HM Treasury.

*dg*

20

cc/jpc

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

May 18, 1990

N° 1167

De la Barre

I have just received the text of  
a letter addressed to you by Monsieur  
François MITTERRAND, Président de la  
République.

I enclose it herewith.

Yours ever

Luc de La Barre

Luc de La Barre de Nanteuil

The Rt.Hon.Margaret THATCHER, M.P.  
Prime Minister  
10 Downing Street  
LONDON S.W.1



Madame le Premier Ministre,

Les statuts de la Banque Européenne pour la reconstruction et le développement ont pu être établis avec une rapidité sans précédent dans l'histoire des institutions financières internationales, grâce à l'exceptionnelle mobilisation des pays fondateurs, dont le vôtre.

Afin de permettre la ratification par les différents parlements et l'entrée en fonction de cette institution, je vous serais reconnaissant de bien vouloir désigner les autorités qui représenteront votre pays, le 29 mai, à la signature de l'acte constitutif, qui aura lieu au Palais de l'Élysée à Paris.

Je vous prie de croire, Madame le Premier Ministre, à l'assurance de ma haute considération.

François Mitterrand

CONFIDENTIAL  
FM THE HAGUE  
TO DESKBY 171745Z FCO  
TELNO 189  
OF 171720Z MAY 90  
INFO IMMEDIATE UKREP BRUSSELS  
INFO PRIORITY OTHER EC POSTS

FRAME ECONOMIC  
FRAME EXTERNAL

UKREP BRUSSELS TELNO 1385 : EBRD

SUMMARY

1. DUTCH MINISTERS STILL EXTREMELY UPSET OVER THE G7 CONSENSUS. DUTCH MAY WELL TRY TO BLOCK COMMUNITY SIGNATURE AT G42 MEETING. OLD RESENTMENTS OVER G7 REVIVED. SOME REALISATION THAT THEY HAVE MISHANDLED THEIR TWO CANDIDATURES (RUDING AND AMSTERDAM), BUT NO PUBLIC CRITICISM OF THEIR OWN PERFORMANCE AS YET.

DETAIL

2. THERE HAS BEEN MORE EMOTION THAN CLARITY OF THOUGHT IN THE HAGUE OVER THE PAST 24 HOURS ON THE ISSUES OF THE EBRD. NO-ONE IS PREPARED TO BE DRAWN ON THE DUTCH BOTTOM LINE AS REGARDS THE SCHEDULED SPECIAL COREPER MEETING ON 18 MAY OR INDEED TACTICS FOR THE G42 MEETING. WHEN I MET HIM LAST NIGHT, VAN DEN BROEK MADE VERY CLEAR THAT HE DID NOT WISH TO DISCUSS THE QUESTION WITH ME. OFFICIALS HAVE TOLD US THAT MINISTERS HAVE BEEN TELEPHONING A NUMBER OF EC COLLEAGUES CLEARLY WITH THE OBJECTIVE OF RALLYING AS MANY AS POSSIBLE OF THE NON-G7 EC MEMBER STATES TO OPPOSING COMMUNITY SIGNATURE.

3. STECK (FINANCE MINISTRY) TOLD DHM TODAY THAT THE DUTCH REMAIN INCENSED AT WHAT HAD HAPPENED IN WASHINGTON. THE G7 HAD NO RIGHT TO HANDLE MATTERS AS A "DIRECTORY" FOR THE HEADS OF THE SMALLER COUNTRIES. IT WAS INCOMPREHENSIBLE THAT THE FRENCH SHOULD BE GIVEN YET ANOTHER KEY POSITION AND ATTALI WAS TOTALLY UNSUITED TO BE PRESIDENT OF THE EBRD.

4. STECK ALSO SAID THAT IN HIS VIEW THE DUTCH WOULD HENCEFORTH BE MORE INCLINED TO BLOCK ACTION WHICH THEY DID NOT LIKE BY EXPLOITING THE NEED FOR UNANIMITY WITHIN THE COMMUNITY. THIS WOULD INCLUDE BUT WOULD NOT NECESSARILY BE LIMITED TO THE QUESTION OF THE EBRD. THEY

HAD NOT YET GIVEN UP THE FIGHT FOR RUDING AND/OR AMSTERDAM BUT THESE WERE SECONDARY MATTERS COMPARED WITH THE NEED TO STAND UP FOR THE INTERESTS OF THE SMALLER COUNTRIES.

5. VAN LENNEP ( A COUNSELLOR OF STATE AND CLOSE TO LUBBERS AND VAN DEN BROEK) HAS ALSO TOLD ME THAT DUTCH IRE IS MAINLY DIRECTED AT THE G7. THE DUTCH CORDIALLY DISLIKED MEETINGS OF THIS GROUP AND VAN LENNEP HIMSELF HAD ADVISED DUTCH MINISTERS TO WAIT UNTIL IT OVER-REACHED ITSELF AND THEN MAKE A SUBSTANTIAL GESTURE OF PROTEST. THIS WAS WHAT THEY WERE NOW DOING. WE SHOULD SEE DUTCH MOTIVATION AS BEING ESSENTIALLY AN ATTEMPT TO RALLY THE SMALLER MEMBERS OF THE EC AGAINST THE G7, RATHER THAN AS AN ANTI-BRITISH MOVE.

6. THE DISMAY OF MINISTERS IS, I BELIEVE, ALSO ATTRIBUTABLE TO A GROWING REALISATION THAT THEY HAVE MISHANDLED THE EBRD ISSUE. BY DECLINING TO MAKE A CHOICE BETWEEN RUDING AND AMSTERDAM THEY WERE UNABLE TO BRING EFFECTIVE PRESSURE TO BEAR IN FAVOUR OF EITHER. VAN LENNEP TOLD ME THAT HE HAD MADE THIS POINT TO LUBBERS AT THE BEGINNING OF MAY BUT LUBBERS HAD INSISTED ON THE DIFFICULTY OF APPEARING TO DROP AMSTERDAM. THERE WAS NO DOUBT THAT THE GOVERNMENT HAD UNDERESTIMATED THE DANGER OF THE G7 MEETING REACHING AN UNDERSTANDING UNFAVOURABLE TO THE DUTCH. STECK ALSO TOLD US THAT HE BELIEVED THEY HAD FAILED TO ACCEPT WHAT, WITH HINDSIGHT, APPEARED TO BE AN OFFER OF A DEAL FROM THE GERMANS.

7. THE DUTCH PRESS HAVE NOT YET CRITICISED THEIR OWN GOVERNMENT BUT I WOULD NOT EXCLUDE PRESS AND PARLIAMENT TURNING AGAINST THEM AS THE FACTS BECOME MORE GENERALLY KNOWN. FOR THE MOMENT THE PRESS CONTINUES TO PUT US SQUARELY IN THE FIRING LINE ON THE GROUNDS THAT, HAVING COMMITTED OURSELVES TO RUDING WE PROCEEDED TO DO A BILATERAL DEAL WITH THE FRENCH. I HAVE MADE THE POINT TO EVERY INTERLOCUTOR THAT IN FACT WE MADE REPEATED EFFORTS TO HAVE THE QUESTION DISCUSSED WITHIN THE 12 IN APRIL SO THAT AN EC CONSENSUS COULD BE FOUND. BUT FOR THE MOMENT THERE IS LITTLE INCLINATION TO LISTEN TO REASONED ARGUMENT..

JENKINS

YYYY

CONFIDENTIAL



BRITISH EMBASSY  
MOSCCW

17 May 1990

C D Powell Esq  
Number 10 Downing Street

*CDP 18/5*

*Dear Charles,*

**EBRD AND CHERNYAYEV**

1. You telephoned this morning, when the Ambassador was in Leningrad and I was closeted with the Ambassadors of the Twelve to ask whether it would be worth using the Chernyayev link for our final pitch to the Russians on EBRD. You should by now have seen our telegram reporting lobbying.

2. Many thanks for the thought. Had we received the lobbying instructions before Monday afternoon, the Ambassador's meeting that day with Chernyayev would have been the ideal opportunity to put in a plug. But I decided not to try Chernyayev this afternoon, mainly because he had made it clear that he was going to be very highly tied up for the remainder of this week; and because, as you recognised, we need to avoid over loading this circuit. But I made use of your telephone call in a different way, as it enabled me to say to the MFA with credibility that the Prime Minister was giving this matter her personal attention, that Number 10 Downing Street had just telephoned us about it, and that she would undoubtedly be appreciative if President Gorbachev could give London his blessing. The MFA will have passed on the message: the point was clearly taken on their side.

3. I do not know how the voting will be conducted on 19 May. However, if it is clear that the Russians have come down in support of London, we ought perhaps to ensure that the Prime Minister says a short word of thanks to Gorbachev next month.

*yours ever,*  
*Andy Tucker*  
pp. R M J Lyne

cc: S N P Hemans Esq, Soviet Department, FCO

CONFIDENTIAL

10

cgja

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

17 May 1990

n° 1162

CGJA  
15/5

See below herewith

I have just received through the  
diplomatic bag a letter addressed to you  
by Monsieur Michel Rocard, Premier Ministre.

I enclose it herewith.

Yours  
Luc de La Barre de Nanteuil

Luc de La Barre de Nanteuil

The Rt. Hon. Margaret Thatcher, M.P.  
Prime Minister  
10 Downing street  
London SW1

OFFICE OF THE PRIME MINISTER  
TOKYO



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T102A190

SUBJECT cc Master  
OPS  
May 16, 1990

(Translation)

Dear Prime Minister,

I thank you for your letter dated 5 April concerning your suggestion that London be the headquarters of the European Bank for Reconstruction and Development.

Having given careful consideration to this matter, the Government of Japan has decided to give its support to locating the headquarters of the EBRD in London, recognizing that London meets many of the essential conditions required for an international financial centre. We also have taken into account the traditional cordial relations existing between our two countries as well as our close cooperation in the process of drafting the Agreement establishing the Bank.

I hope that this close cooperation between our Governments will continue and deepen even further in managing the operations of the Bank after its establishment.

I look very much forward to seeing you in the near future.

Yours sincerely,

Toshiki Kaifu  
Prime Minister of Japan

Her Excellency  
Mrs. Margaret Thatcher  
Prime Minister of  
the United Kingdom

親愛なる閣下

欧州復興開発銀行本部に関する四月五日付貴首相書簡を頂いたことに感謝します。

我が国としましては、貴首相の要請を十分考慮した結果、また、ロンドンが国際金融マーケットとして必要な多くの条件を満たしていること、貴国と我が国の伝統的な友好関係、欧州復興開発銀行設立協定交渉における貴国との良好な協力関係にも鑑み、同銀行本部所在地として、ロンドンを支持することを決定したことをお伝えします。

今後とも欧州復興開発銀行の運営に関し、貴国と緊密に協力していくことを期待します。

近い将来の貴首相との再会を楽しみにしております。

敬具

平成二年五月十六日

日本国内閣総理大臣

海軍大臣

連合王国首相

マーガレット・サッチャー

閣下



CONFIDENTIAL



file who  
6008 PC  
c:1 EBRD

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

16 May 1990

EBRD

Thank you for your letter of today's date about your telephone conversation with Jacques Attali. I have spoken to him again on the lines you suggest. He shares the aim of keeping discussions in COREPER on Friday in a low key. He said that the French were speaking to everyone, but would pay particular attention to the Spanish and Greeks.

I am copying this letter to John Gieve (H.M. Treasury), Richard Gozney and John Kerr (Foreign and Commonwealth office).

CHARLES POWELL

N. L. Wicks, Esq., C.V.O., C.B.E.

CONFIDENTIAL

CONFIDENTIAL

*CCP*

HM Treasury



Parliament Street  
London SW1P 3AG  
Telephone 071-270 4369

N L Wicks CVO CBE  
Second Permanent Secretary

C D Powell Esq  
10 Downing Street  
LONDON  
SW1

16 May 1990

*Dear Charles,*

EBRD

Thank you for your letter of today <sup>TOP END.</sup> reporting your telephone conversation with Jacques Attali.

We too had picked up information that the smaller EC countries were upset. Indeed, there have been some suggestions that the Dutch are now lobbying the 8 non-G7 members of the Community with a view to procuring a vote in favour of Amsterdam (and presumably Attali) at the meeting of COREPER on Friday. We are in touch with both the Portuguese and Danes to try to detach them from this effort and are suggesting to the French that they should speak similarly to the Spanish and Greeks with whom they enjoy particularly close relations. You might encourage Attali too to see that the French deploy their influence with the Spanish and Greeks to try to ensure that COREPER on Friday passes without votes and in as low key as possible. If France can persuade the Spanish and Greeks to vote for the Attali/London ticket, so much the better! We have spoken to the Irish Presidency, through Finance Ministry channels, to encourage them to keep the COREPER discussion on 18 May as short and formal as possible and to avoid votes. This is certainly their intention. This message will be reinforced through Foreign Ministry channels.

You will have seen FCO Tel No 154 to Nicosia which instructed certain posts to make further representations regarding London. We have already had a number of affirmative replies including from Hungary, Switzerland and Austria (although it would probably be better not to mention particular names to Attali at this stage).

You could tell Attali that we agree that we should stick firmly to the agreement that there should be a simultaneous vote.

Finally, it is mystifying to hear from Attali that the Netherlands are still saying that the UK would still be voting for Ruding. As

CONFIDENTIAL

Switchboard 071-270 3000

Fax 071-270 5653

Telex 9413704

CONFIDENTIAL

you say, the Chancellor of the Exchequer has written to the Netherlands Finance Ministry and John Kerr tells me that he has evidence from contacts with the Dutch Embassy here in London that that letter had been received in the Dutch Finance Ministry by Thursday last week.

I am sending a copy of this letter to John Gieve, Richard Gozney and John Kerr (FCO).

*Yours truly*  
*N L Wicks*

N L WICKS

CONFIDENTIAL

CONFIDENTIAL



9 / Honey / Wicks  
alc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

16 May 1990

EBRD

This is just to confirm our telephone conversation this morning.

Jacques Attali telephoned me earlier today from Paris about the forthcoming meeting to settle the site and presidency of the EBRD. His first point was that a number of the smaller EC countries were "furious" at the way a deal had been stitched up at the Group of Seven meeting. The particular ones he mentioned were Belgium, Denmark and Spain. They were threatening not to attend the meeting, to spoil their ballot papers and various other steps. He wondered whether there was anything we could do, on the Finance Minister net, to calm them down and make them see reason.

Attali continued that the Netherlands were also indignant, but were telling everyone that the UK would still be voting for Ruding. I said that I found it hard to see how this could be the case, since the Chancellor of the Exchequer had written to the Netherlands Finance Minister explaining the position. You and I agreed that an urgent check needed to be made that the letter had indeed been received.

Attali said that London still did not have the support of a number of East European countries. He urged us to make further efforts among them to explain the importance of a large vote in favour of London. There seemed a risk that while London was assured of a majority of votes, it would not have a majority of countries and this would be a very bad start. It was reported that the Netherlands were now calling for separate votes on the site and the presidency, in order to show there was no majority of countries in favour of London. They would then argue that the issue should be postponed to the Dublin European Council. Attali said that we must should firmly to our agreement that there should be a simultaneous vote.

I told Attali that much of this sounded to me as though it was last minute thrashing around by some of the smaller countries. But you will want to consider whether there is any further action we ought to take in these final days to ensure the best possible turn out of countries for London.

CONFIDENTIAL

CONFIDENTIAL

- 2 -

I am copying this letter to John Gieve, Richard Gozney and John Kerr (Foreign and Commonwealth Office).

(C. D. POWELL)

Nigel Wicks, Esq., C.V.O., C.B.E.

CONFIDENTIAL

CONFIDENTIAL

FM UKREP BRUSSELS

TO DESKBY 160900Z FCO

TELNO 1385

OF 151810Z MAY 90

INFO PRIORITY EUROPEAN COMMUNITY POSTS, WASHINGTON, TOKYO, OTTAWA

FRAME ECONOMIC

FRAME EXTERNAL

COREPER (AMBASSADORS): 15 MAY:

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

## SUMMARY

1. PROTEST BY NON-G7 EC MEMBER STATES AT BEING PRESENTED WITH A FAIT ACCOMPLI ON EBRD PRESIDENCY AND SITE BY THE G7. AT REQUEST OF DUTCH AND OTHERS, FURTHER COREPER MEETING ON 18 MAY IN THEORY TO DISCUSS AGAIN A JOINT COMMUNITY POSITION. A NUMBER OF DELEGATIONS MAINTAIN RESERVES ON AUTHORISING THE COMMUNITY TO SIGN ARTICLES OF AGREEMENT.

## DETAIL

2. CAMPBELL (PRESIDENCY) SAID THAT THE PURPOSE OF THIS DISCUSSION WAS FOR THE COUNCIL TO AUTHORISE COMMUNITY SIGNATURE OF THE EBRD ARTICLES OF AGREEMENT. SIGNATURE IN NO WAY PREJUDGED THE CONTENT OF THE COUNCIL DECISION ON COMMUNITY RATIFICATION OF THE AGREEMENT ON WHICH THE COMMISSION HAD PUT FORWARD A PROPOSAL. THE PROPOSAL WOULD BE DISCUSSED IN DUE COURSE WHEN THE EUROPEAN PARLIAMENT HAD DELIVERED ITS OPINION.

3. NIEMAN (NETHERLANDS) SAID THAT THE DUTCH HAD A RESERVE ON THE QUESTION OF COMMUNITY SIGNATURE. THIS WAS BECAUSE OF THE RECENT G7 DEAL ON THE EBRD SITE AND PRESIDENCY IN WHICH FOUR EC MEMBER STATES HAD PARTICIPATED. THIS WAS TOTALLY UNACCEPTABLE. OTHER EC MEMBERS HAD NOT BEEN CONSULTED. EC COORDINATION HAD BEEN UNDERMINED. THE IRISH PRESIDENCY HAD FAILED IN ITS DUTY. THE DUTCH STILL FELT THAT FURTHER EFFORTS SHOULD BE MADE TO REACH A COMMON EC POSITION ON THE TWO OUTSTANDING ISSUES.

4. DE SCHOUTHEETE (BELGIUM) SUPPORTED. THE G7 PRE-ARRANGEMENT WAS UNACCEPTABLE. THE IRISH PRESIDENCY HAD NOT TAKEN THE NECESSARY INITIATIVES TO REACH A COMMON EC POSITION. BELGIUM WAS NOW RE-EXAMINING WHETHER IT SHOULD PARTICIPATE IN THE BANK. IN VIEW OF THIS, IT COULD CLEARLY NOT AUTHORISE COMMUNITY SIGNATURE OF THE

AGREEMENT AT PRESENT.

5. WESTENDORP (SPAIN) AGREED THAT THE G7 DEAL REPRESENTED A DANGEROUS PRECEDENT. HE RESERVED HIS POSITION ON COMMUNITY SIGNATURE OF THE ARTICLES OF AGREEMENT. ADDITIONALLY IT WAS CLEARLY INAPPROPRIATE FOR THE 19 MAY HIGH LEVEL GROUP MEETING TO TAKE A DECISION OF THE EBRD PRESIDENCY. THE ARTICLES STATED THAT THIS WAS A DECISION FOR THE BOARD OF GOVERNORS. NIEMAN AND DE SCHOUTHEETE SUPPORTED THIS POINT. RYTTER (DENMARK), LYBEROPOULOS (GREECE), COELHO (PORTUGAL) AND THE LUXEMBOURG REPRESENTATIVE ALSO PROTESTED ABOUT THE ALLEGED G7 DEAL.

6. VIDAL (FRANCE) UNDERTOOK TO PASS DELEGATIONS COMMENTS TO HIS AUTHORITIES. HE WAS SURPRISED TO HEAR CRITICISM OF THE PRESIDENCY. IN SPITE OF MUCH EFFORT, THE ATTEMPT TO REACH A JOINT EC POSITION HAD FAILED. HIS MINISTER HAD THEREFORE DRAWN THE CONCLUSION THAT THE DECISION ON THE PRESIDENCY AND SITE SHOULD NOW BE TAKEN BY THE G42. ALL EC MEMBER STATES WOULD HAVE A CHANCE TO EXPRESS THEIR VIEW IN THAT FORUM. WHATEVER MIGHT HAVE HAPPENED AT G7 LEVEL, THE G7 DID NOT HAVE THE POWER TO TAKE DECISIONS ON BEHALF OF THE EC 12 OR THE G42.

7. I SAID THAT I WOULD REPORT DELEGATIONS' VIEWS TO MY AUTHORITIES. THE UK HAD MADE EVERY EFFORT TO HELP THE PRESIDENCY ACHIEVE COMMUNITY AGREEMENT. WE HAD TRIED TO GET THE ISSUE ON EVERY RELEVANT COUNCIL AGENDA. SOME OF THOSE WHO HAD PROTESTED TODAY COULD NOT SAY THE SAME ABOUT THEMSELVES. AT THE APRIL ECOFIN THE PRESIDENCY HAD REPORTED ON WHAT OUTCOME WAS MOST LIKELY TO BE SUPPORTED BY AN EC CONSENSUS. THIS OUTCOME WAS WHAT THE PRESS HAD REPORTED HAD BEEN AGREED BY THE G7. THE OUTCOME REPORTED IN THE PRESS WAS ALSO IN LINE WITH THE AGREED EC POSITION THAT THERE SHOULD BE A COMMUNITY SITE AND PRESIDENT.

8. CAMPBELL RECOUNTED THE EFFORTS THAT HAD BEEN MADE TO REACH COMMUNITY AGREEMENT ON SITE AND PRESIDENT. AFTER FURTHER PRESSURE FROM NIEMAN AND OTHERS, INCLUDING FOR A VOTE ON THE TWO ISSUES, HE AGREED TO CONSIDER (AND HAS SUBSEQUENTLY SCHEDULED) A COREPER DISCUSSION ON 18 MAY TO DISCUSS FURTHER THE QUESTION OF A JOINT COMMUNITY POSITION.

9. PIRIS (COUNCIL LEGALS SERVICES) COMMENTED THAT WESTENDORP WAS RIGHT TO SAY THAT THE EBRD PRESIDENT COULD ONLY BE ELECTED BY THE BOARD OF GOVERNORS. THUS ON 19 MAY THERE WOULD MERELY BE THE CHOICE OF A PRESIDENT-DESIGNATE. THIS WAS AS PLANNED BY THE EBRD SECRETARIAT.

## COMMENT

10. YOU MAY WISH TO CONSIDER MAKING A HIGH LEVEL APPROACH TO THE IRISH PRESIDENCY TO ENCOURAGE THEM TO KEEP THE COREPER DISCUSSION ON 18 MAY AS SHORT AND FORMAL AS POSSIBLE. A LENGTHY DISCUSSION OR ANY ATTEMPT TO VOTE ON THE SUBSTANTIVE ISSUES CAN SERVE NO USEFUL PURPOSE AND WILL ONLY MAKE FOR MORE BAD BLOOD. GRATEFUL FOR A LINE TO TAKE FOR COREPER ON 18 MAY INCLUDING ON THE SPANISH POINT ABOUT ELECTION OF THE PRESIDENT BY THE BOARD OF GOVERNORS.

HANNAY

YYYY

DISTRIBUTION

275

MAIN 274.FRAME ECONOMIC  
FRAME EXTERNAL  
ECD (I) [-]NAD  
MR MCLARENADDITIONAL 1

FRAME

NNNN



CONFIDENTIAL

FM THE HAGUE

TO DESKBY 091200Z FCO

TELNO 175

OF 090940Z MAY 90

INFO IMMEDIATE WASHINGTON, UKDEL WASHINGTON, BONN, PARIS

INFO ROUTINE EC POSTS

YOUR TELNO 66 : EBRD

1. TODAY'S DUTCH PRESS PROMINENTLY REPORTS THAT THE G7 HAVE REACHED A CONSENSUS FOR LONDON AS THE SITE OF THE EBRD AND FOR ATTALI AS THE PRESIDENT, ON THE BASIS ESSENTIALLY OF AN ANGLO-FRENCH DEAL. THERE IS AS YET NO EDITORIAL COMMENT BUT ONE LEADING DAILY SAYS THAT 'THE BRITISH ROLE HAS BEEN A CURIOUS ONE. TO THE EXTENT THAT LONDON HAS MADE A FIRM COMMITMENT TO PARIS, THE DUTCH GOVERNMENT HAS EVERY RIGHT TO FEEL BADLY LET DOWN'.

2. VAN DEN BROEK SPOKE TO ME PRIVATELY LAST NIGHT AT A DINNER FOR THE DIPLOMATIC CORPS, ABOUT THE EBRD. HE REHEARSED THE LINE HE HAD TAKEN WITH YOU. HE ADDED THAT HE WOULD BE TRYING TO SPEAK TO BAKER ON THE TELEPHONE TODAY AND THAT LUBBERS WAS SEEKING TO HAVE A WORD WITH THE PRIME MINISTER. HE ALSO THOUGHT THAT THE 12 SHOULD TRY TO REACH A CONSENSUS ON A CANDIDATE BEFORE 19 MAY. MEANWHILE THE DUTCH WERE NOT PREPARED TO GIVE UP RUDING WITHOUT A FIGHT. I SAID THAT, AS VAN DEN BROEK WOULD KNOW, WE HAD MADE OUR PREFERENCE FOR RUDING CLEAR THROUGHOUT HIS CANDIDACY.

## COMMENT

3. SENIOR MINISTERS WILL UNDOUBTEDLY BE UPSET AT RUDING'S FAILURE TO GET THE EBRD PRESIDENCY. RUDING IS A CLOSE FRIEND AND FORMER COLLEAGUE OF LUBBERS AND VAN DEN BROEK AND THEY WILL NOT RELISH HAVING LET HIM DOWN. MOREOVER DUTCH PRESTIGE WILL BE SEEN BY THE PRESS AS HAVING TAKEN A SERIOUS KNOCK. THE GOVERNMENT WILL NO DOUBT BE SIMULTANEOUSLY CRITICISED FOR NOT HAVING DONE ENOUGH TO LOBBY FOR HIM AT AN EARLIER STAGE, AND FOR HAVING SUBSEQUENTLY TAKEN TOO HIGH A PROFILE ON AN ISSUE WHERE, ONCE THE FRENCH APPLIED SERIOUS PRESSURE, THEY COULD NOT WIN.

4. IT WILL BE DIFFICULT TO DISPEL THE IMPRESSION THAT AT THE END OF THE DAY WE HAVE STRUCK A DEAL WITH THE FRENCH, DESPITE OUR EARLIER COMMITMENT TO RUDING, IN ORDER TO SECURE THE BANK FOR LONDON. I HOPE WE WILL BEAR IN MIND IN THE WAY WE PLAY THE HAND BETWEEN NOW AND 19

MAY OUR WIDER INTEREST IN KEEPING THE DUTCH WITH US AS FAR AS POSSIBLE ON A RANGE OF IMPORTANT EC ISSUES.

5. PLEASE ADVANCE TO KERR, AUSS.

JENKINS

YYYY

DISTRIBUTION

15

ADVANCE

*15 B.*

.BERLIN/INNER-GERMAN RELATIONS  
. (WIDE)  
PS  
PS/PUS  
MR P J WESTON  
MR GREENSTOCK *MR TAIT*  
MR KERR  
HD/WED

HD/SOVIET D  
HD/NEWS  
~~RESIDENT CLERK~~  
MR S MCCARTHY SEC(NATO/UKP)MOD  
WG CDR LEIGH DCTS NATO MODUK  
PRESS SECRETARY NO 10  
MR WOOD, LEGAL ADVISERS

NNNN

File



a: jebred.dtg

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

9 May 1990

EBRD

I enclose a letter to the Prime Minister from Monsieur Rocard supporting the candidature of Jacques Attali for the EBRD. It has been rather overtaken by subsequent events.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office).

Charles Powell

John Gieve, Esq.,  
H. M. Treasury.

PS

Seen by PM  
CDP, 07/15



Treasury Chambers, Parliament Street, SW1P 3AG  
071-270 3000

9 May 1990

Wim Kok Esq  
Minister for Finance

cc: Charles Powell (No 10)  
Stephen Wall (FCO)

*Dear Wim,*

Douglas Hurd has told me, on my return from Washington, about Hans Van den Broek's talk with him yesterday about the EBRD Presidency. I thought I would let you know the results of our soundings on the Presidency and on the site of the EBRD.

As you know, Mrs Thatcher indicated to Prime Minister Lubbers at an early stage that we favoured Onno Ruding for the Presidency. But it is now clear to us that Jacques Attali's subsequent candidacy is making overwhelming headway. Indeed our soundings suggest that he is well ahead, both in the Community and in wider G42 circles (as my own soundings, most recently in Washington this week, have confirmed).

If it is clear, as it seems to be, that Attali will win, we believe it would be better for him to start his Presidency on the basis of a unanimous vote of confidence. This would strengthen the institution in its critical early years.

These are difficult circumstances. The Bank was a French initiative and I have no doubt that they will obtain either the Presidency or the site. Their clear priority, as was evident at ECOFIN, is the Presidency and this has maximised support for Attali. We now believe that, to all intents and purposes, he has a majority and that there is compelling support for London as the site.

I know how disappointing for you and Onno Ruding all this must be. But that is the position as we believe it to be. In the circumstances I have to tell you that, if necessary, we shall be



ready to make clear that we are prepared to join the majority support which Attali's candidature plainly has secured. I hope you will understand.

*Your Faithful,  
John*

JOHN MAJOR

*Handwritten note in purple ink, possibly a date or reference number, partially obscured by a faint rectangular stamp.*

MEETING RECORD

SUBJECT MASTER

CONFIDENTIAL



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

file DT  
(C: FOREIGN)  
EBRD, DT  
bc: PC

9 May 1990

EBRD

The Prime Minister and the Foreign Secretary had a brief discussion this evening about Dutch concerns that we had reneged on our undertaking to support Ruding to be President of the EBRD. It was noted that Mr Lubbers had intended to telephone the Prime Minister but had now withdrawn his request. The Prime Minister indicated that she thought the next step should be for the Chancellor of the Exchequer to send a very early message to the Dutch Finance Minister explaining exactly what had happened in the G7 and underlining the apparent consensus in favour of M. Attali. In the face of this, we could hardly be expected to sacrifice securing the EBRD for London. Nonetheless, there was clearly some fence mending to be done with the Dutch. The Foreign Secretary should speak again to Mr van den Broek tomorrow once the Chancellor's message had been despatched.

I am copying this letter to John Gieve (HM Treasury).

C. D. POWELL

Stephen Wall, Esq., L.V.O.  
Foreign and Commonwealth Office

CONFIDENTIAL

PRIME MINISTER

*Over the*

EBRD

Mr Lubbers' office telephoned this afternoon, saying that he wanted to speak to you about reports in the Financial Times on the EBRD. I said it would be very difficult for you to speak to him this evening. Anyway I knew that Mr Van den Broek had already spoken to the Foreign Secretary on the subject and I doubted whether you would be able to add anything to that. Mr Lubbers' Private Secretary said he would report this back. If Mr Lubbers wished to pursue the question of a telephone call, he would come back to me tomorrow morning.

I understand the Foreign Secretary told Mr Van den Broek that a consensus was clearly emerging in favour of Mr Attali. All those attending the G7 meeting had said they would be supporting him; only the UK had remained silent.

If the Dutch are sensible they will read the signals and withdraw Ruding's candidature before it is put to a vote and he is defeated. That would, of course, save us the embarrassment of having to cast a vote.

*C.P.*

Charles Powell

8 May 1990

c: ebrd (MJ)

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

May 7th, 1990

*Dear Sir,*

I have just received the text of a  
letter addressed to you by Monsieur Michel  
ROCARD, Premier Ministre.

I enclose it herewith,

*Yours*

*Luc de La Barre*

Luc de La Barre de Nanteuil

The Rt.Hon.Margaret THATCHER, MP  
Prime Minister  
10 Downing Street  
LONDON S.W.1



*Le Premier Ministre*

PARIS, le 5 mai 1990

Madame le Premier Ministre,


Le moment approche où les statuts de la Banque Européenne pour la Reconstruction et le Développement, agréés récemment, seront signés par vos représentants.

C'est pourquoi je me permets d'attirer de nouveau votre attention sur l'importance que la France attache au choix du Président de cette institution.

Vous connaissez la candidature française, celle de M. Jacques ATTALI, Conseiller Spécial auprès du Président de la République, qui a présidé avec succès la Conférence Internationale de négociation des statuts. L'expérience qu'a M. Jacques ATTALI des relations économiques internationales me parait être une garantie pour la réussite de la BERD dans la phase initiale de ses activités.

C'est pourquoi j'espère vivement que vous voudrez bien accorder le soutien de votre pays à cette candidature lors de l'élection à venir.

Je vous prie de croire, Madame le Premier Ministre, l'expression de mes respectueux hommages.



Michel ROCARD

Madame Margaret THATCHER  
Premier Ministre du Royaume-Uni

CONFIDENTIAL

FILE

C:\WPDOCS\FORIGN\EBRD (MEL)

cc

SEE FRANCE: VISITS  
of President Mitterrand



bcc PC

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

4 May 1990

ANGLO-FRENCH SUMMIT: EBRD/IMF

The Prime Minister and President Mitterrand had an exchange on the linked issues of the EBRD and IMF Quotas during the Anglo-French Summit at Waddesdon today. I am recording this separately from the main account of their talks.

The subject was raised by President Mitterrand towards the end of the meeting. He had no wish to embarrass the Prime Minister. But he had to say that France simply could not accept being pushed into fifth place in the IMF. It was a question of reputation. It was no fault of Britain or of France that the problem had arisen: it all stemmed from Japan's promotion in the rankings. But France was not prepared to be made the victim. Equally he did not wish to be on bad terms with Britain or to supplant us in the IMF rankings. He was seeking equality with Britain. He understood that the matter would be discussed over the next few days in the IMF.

There was also the question of the EBRD. There were two contenders for the Presidency: Ruding and Attali. Unfortunately the UK and the US had declared for Ruding. That threatened to upset Attali's prospects. Attali was his closest assistant and had done much of the work on setting up the Bank. If Attali could have the Presidency, France would not of course press to have the Bank in Paris. He would be happy to see it in London. But if Attali was pushed aside, he would feel compelled to push hard for Paris as the site of the Bank. He wanted to avoid a conflictual situation and looked to the Prime Minister for help. The two of them should try to find a way out of the situation.

The Prime Minister said that we had supported Ruding before we knew that Attali would be a candidate. (President Mitterrand acknowledged that.) We certainly had no objection to Attali and would not stand in his way. We had hoped that the matter could be sorted out by achieving a consensus within the European Community for Attali as the President, with London as the site. Surely the Community had to take up a position: indeed we had been surprised by the failure to do so at ECOFIN. We understood that Attali had a majority among the Twelve and in the wider forum. It would make it much easier for us if it could be demonstrated that Ruding did not enjoy sufficient support.

CONFIDENTIAL

President Mitterrand repeated that he did not want a Franco-British conflict. But he could not be left without the Bank or the Presidency. The Prime Minister said that she did not want a quarrel either. It seemed to her that she and the President were agreed on the objectives: London as the site and Attali as the President. It was simply a question of sorting out the tactics. President Mitterrand agreed, adding that some other post should be found for Ruding.

Turning to the IMF, the Prime Minister said that we had already given up some of our quota to Japan and could not be expected to surrender any more. Other countries would have to give up some of their share if France was to have more. We did not have any problem about being fourth equal, but it was not something which she could bring about on her own. She had been surprised, indeed affronted, by the tone of M. Beregevoy's note: it was not as though Britain was being difficult. She would talk to the Chancellor of the Exchequer about what might be done. President Mitterrand said that it was an absurd situation. France had made substantial economic progress and could not be expected just to step down in the IMF ranking. If necessary they would have to block the new quota arrangements altogether.

The Prime Minister repeated that she and the President were agreed on the objectives - London, Attali, fourth equal in the IMF - and should instruct their respective Ministers to consult on the necessary steps and tactics. President Mitterrand commented that London would be getting a good deal: the EBRD and the NATO Summit. The Prime Minister reeled off the institutions and posts which France already held.

The Chancellor will no doubt pursue these matters with M. Beregevoy in Washington. The Prime Minister would welcome advice on how to extract ourselves from our commitment to Ruding, with the least possible damage.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Martin Stanley (DTI) and Sonia Phippard (Cabinet Office).

CHARLES POWELL

John Gieve,  
HM Treasury



Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

3 May 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

Dear Charles,

#### EBRD

There are three meetings in the next few days when the issue of the site for the EBRD may come up: the Anglo-French Summit this Friday; the G7 and IMF meetings on Sunday and Monday; and the FAC on Monday. This letter sets out the Chancellor's views on the line to take at these meetings. The French Secretariat who have been coordinating the preparation of the EBRD Articles have called a meeting in Paris on 19 May at which all the countries involved will be expected to vote for both the Presidency and the site.

#### Anglo-French Summit

When the Prime Minister sees President Mitterrand on Friday, we suggest that the main objective should be to continue to press the case for London. On the Presidency, the Prime Minister could say that, as President Mitterrand will know, we committed ourselves to Ruding before Attali had entered the ring. We now have two well qualified candidates, and we would be ready to join a Community consensus for Attali if one emerged.

If President Mitterrand does raise the question of a "deal" involving IMF quotas and the EBRD site, the Chancellor suggests that the Prime Minister should say that discussions on IMF quotas ought to be concluded on Sunday and Monday in Washington, whereas the decisions on the site and presidency of the EBRD will be settled at the meeting the French have called for 19 May. We would of course welcome it if a common Community position on the



site and presidency could be reached before 19 May, and (see below) will be pressing this again at the FAC on Monday. But the timing makes difficult any deal on quotas and the site. However, if the French have specific proposals we will obviously consider them, though we are very doubtful whether a deal is possible.

#### G7/IMF meetings

The US "deal" has now fallen apart: the French were adamant in refusing to accept US support for Attali in exchange for agreement that Camdessus would not stand for re-election, and the US will now support Ruding. Even though the US say they will continue to support London as the site against Paris, the difficulties of delivering a satisfactory deal are very great. It will be a close call between Ruding and Attali for the presidency, and if Ruding succeeds, we doubt whether London would prevail over Paris, even with US support. There will be a lot of countries who feel that the French "deserve" something for having launched the initiative and having put in a lot of work organising a series of meetings on the Bank's Articles etc. So if the French lose out on the Presidency, they will probably get the site in Paris as compensation. In these circumstances, it would be most unsafe to give up our position on Fund quotas as part of a deal.

However the Canadians, in their capacity as Chairman of the Interim Committee, are trying to resurrect the deal whereby we get the EBRD headquarters in exchange for allowing the French equal fourth ranking in the Fund. The timing problems described above make the modalities of securing such a deal very difficult, but it cannot be completely ruled out.

The line the Chancellor therefore intends to take in Washington - and which he recommends that the Prime Minister should take with President Mitterrand if necessary - is as follows:

- (i) the "problem" of French ranking is nothing to do with the UK: even without a special quota increase for Japan, France would fall to fifth place (and Japan move to fourth); Japan's special quota increase simply moves her to second, above the UK and Germany.
- (ii) we have made a generous offer to help finance Japan's special quota increase, with the result that our quota share will fall from 6.9 per cent to 6.0 per cent. We are not willing to make any further concessions.
- (iii) we are not rigidly insisting on being in fourth place in our right rather than sharing with France: if it were possible for France to secure agreement to a special quota increase to move its share up from 5.0 per cent to 6.0 per cent, we would have no objection. But it is clear that France cannot achieve that.



- (iv) our position is entirely consistent with the "rules of the game" in the IMF. Regret the problems this causes for France, but do not see any other solution.

If a deal on IMF rankings and EBRD site is proposed, the Chancellor would not rule it out, but would make plain, as we have done from the outset, that it would be acceptable only if there was a clear and settled consensus that the site should come to London, and if our other conditions (for example on the duration of the deal) were met.

#### FAC

The FAC on Monday will be the last Community meeting before the issues of EBRD site and presidency come to a vote. (In theory, the subject could go to the informal FAC which is being held the same weekend as the proposed vote on the EBRD, but the timing makes that look impossible.) The EBRD is not on the FAC agenda for Monday, but there will clearly be opportunity to raise it.

If it were possible, it looks as if it would be in our interests to get a common Community position ahead of the EBRD vote, since that would be more likely to produce consensus for Attali and London - though the Dutch, for this reason, would no doubt resist an attempt to settle the issue in this way. The Irish Presidency have shown little sign of willingness to grasp this nettle, but the FAC does provide another opportunity, and the Chancellor hopes the Foreign Secretary will use it.

Apart from the issue of the site and Presidency, there is also the procedural point about how the Commission and EIB would vote in any ballot. We think they could not vote for one Community candidate against another for either the Presidency or the site. But if the final choice was between a Community site and one outside the Community, they should back the Community site. This really should be settled by a remit from the Council. That remit ought to be given by Monday's FAC.

I am copying this letter to Stephen Wall (FCO) and to Paul Tucker (Bank of England).

*Tomasz Tarkowski*

T TARKOWSKI  
Private Secretary

PRÉSIDENT DE LA RÉPUBLIQUE

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 93A/90

No English translation

SUBJECT  
CE MASTER  
OPS.

Paris le 2 mai 1990

Madame le Premier Ministre,

Les statuts de la Banque Européenne pour la Reconstruction et le Développement ont pu être établis avec une rapidité sans précédent dans l'histoire des institutions financières internationales, grâce à l'exceptionnelle mobilisation des pays fondateurs, dont le vôtre.

Afin de permettre la ratification par les différents parlements et l'entrée en fonction de cette institution, je vous serais reconnaissant de bien vouloir désigner les autorités qui représenteront votre pays, le 29 Mai, à la signature de l'Acte constitutif, qui aura lieu au Palais de l'Elysée à Paris.

Je vous prie de croire, Madame le Premier Ministre, à l'assurance de ma haute considération.

*et de ma fidèle pensée*

*François Mitterrand*

\_\_\_\_\_  
François MITTERRAND

Son Excellence Madame Margaret THATCHER  
Premier Ministre du Royaume Uni de Grande Bretagne  
et d'Irlande du Nord

no

alp

KONGELIG DANSK AMBASSADE  
ROYAL DANISH EMBASSY  
LONDON

Booklets sent to Hunt  
28/5 20/4

Mr. C. D. Powell  
Private Secretary to  
the Prime Minister  
No 10 Downing Street  
London SW1

65 SLOANE STREET, LONDON SW1X 0SR  
TELEGRAPH ADDRESS: AMBADADE, LONDON  
TEL: 01 235 1255  
TELEX: 28103  
TELEFAX: 01 235 9321

Please send  
to Treasury  
e fco  
CDD  
25/4

1 encl.

Ref.: 400.E.9/EBRD

17 April 1990

Dear C. D. Powell

Please find attached a letter from the Danish Prime Minister as well as information material concerning the advantages of selecting Copenhagen as the location for the European Bank for Reconstruction and Development.

Yours Sincerely

Svend Roed Nielsen

Svend Roed Nielsen  
Minister Counsellor







THE PRIME MINISTER

Copenhagen, April 1990

From the very outset, Denmark has backed President Mitterrand's proposal to establish the European Bank for Reconstruction and Development. The Danish Government believes the Bank will be an important instrument in supporting the reform process taking place in the Central and Eastern European countries.

The Bank should be sited in a city which geographically is well-situated. Copenhagen is at the crossroads of the EC countries, the Nordic countries and Eastern European countries. This is an ideal base for the operation and activities of the Bank. Furthermore, the Bank should be located in a city with the facilities and infrastructure necessary for the efficient functioning of the Bank. Copenhagen fully meets these requirements, as will be seen from the enclosed documentation.

As headquarters for the Bank, the Danish Government offers a building located on the harbourfront only ten minutes from the international airport and five minutes from Town Hall Square, with all modern facilities and equipment, paid for by the Danish state.

I hope the governments of the founding members of the Bank will give serious consideration to our offer to host the headquarters of the Bank in Copenhagen.

  
Poul Schlüter

The Danish reply to the Secretariat's questionnaire concerning the location of the headquarters of the European Bank for Reconstruction and Development.

## The Case for Copenhagen

### I. GENERAL CONDITIONS

#### 1. General presentation

The EBRD should be located in a city which geographically is well-situated. Copenhagen meets this requirement since it is at the crossroads of the Nordic countries, the EC countries and several Eastern European countries. Furthermore, Copenhagen has a long tradition as the gateway to the Baltic Sea.

Greater Copenhagen, with almost 2 million inhabitants, is in many ways considered as an attractive city by foreigners. It offers an abundance of cultural and leisure activities, comprising, among others, museums, the Tivoli Gardens, and a rich variety of musical activities, including the Royal Ballet and Opera. The picturesque quarters, large luxurious department stores, boutiques and many parks in the centre of Copenhagen add to the popularity of the city. Copenhagen has hosted several international conferences, including annual meetings of the World Bank and the IMF. Copenhagen has easy access to vast recreational areas with excellent possibilities for sports such as golf, sailing and tennis. Also the city's near-by beaches within 30-minutes drive from the centre are very popular in the summer time.

Copenhagen has many international hotels with a high standard and rooms and services at reasonable rates.

Copenhagen offers plenty of high-quality, spacious apartments and houses. Rental costs are among the lowest compared with other major European cities.

In addition to a large number of public schools and several universities and other scientific institutions there are a number of excellent international schools (and kindergartens) offering instruction in English, French, German, Japanese, and other languages.

The labour force, which generally speaks and understands English as well as German, is considered very efficient. Inflation has been brought down and the rate is below the OECD average. Denmark has been a member of the European Monetary System since its inception in 1979.

Working conditions in Denmark are considered to be among the most favourable in the world. A five-day, 38-hour week is stipulated for wage earners. And employees are entitled to five weeks annual holiday.

A few years ago, an independent international research team (University of Pennsylvania) rated 124 countries on factors ranging from per capita income to political freedom, educational and health standards. Denmark was found to be the best in the sense of "quality of life". Denmark has one of the world's most developed health care systems and high environmental standards.

## 2. External and domestic communications

The infrastructure in Copenhagen is significantly advanced compared with other European cities. Modern telecommunication systems are available at the lowest charges in Europe. Copenhagen Airport is a modern and efficient airport, which is a centre for traffic between Scandinavia and the rest of the world with daily direct flights to almost all other capitals in Western and Eastern Europe as well as to Japan and USA. The airport is only 15 minutes drive from the centre of Copenhagen.

Copenhagen has a comprehensive and efficient bus and railway system. The roads in Denmark are well developed and of high standard.

## 3. Activities related to EBRD's mandate

### a) Generally

Denmark has a well advanced and efficient capital market. For many years Denmark has had a relatively liberal regime for foreign capital transactions. Leftover capital restrictions were abolished in October 1988, almost two years prior to the capital liberalizations agreed to in the European Community.

Copenhagen has a dynamic stock market, one of the world's leading bond markets and is an important financial market in Northern Europe. Circulating bonds amounted to approximately 180 billion US\$ in 1989. Bonds issued by foreign and international institutions (e.g. IBRD and EIB), and foreign currency denominated bonds are quoted on the Copenhagen Stock Exchange. Issue costs are generally considered very low. Bond trading is performed entirely by electronic means. The Copenhagen capital market fulfils all the conditions mentioned in the "Group of Thirty" report for an effective clearance and settlement system in the world's securities markets.

Also transactions in foreign exchange are very important in Copenhagen. Thus, Copenhagen is the fourth largest centre of foreign exchange in the European Community.

Denmark has several large banks of international standard which provide all financial instruments and services. The largest Danish banks have branches in the major financial centres of the world.

The level of automation in banking is high and money transmission is executed electronically. Household and retail sectors are, inter alia, served by nationwide electronic point-of-sale terminals, ATM's, international credit-card facilities and arrangements with fully automated account-to-account transactions. The price level of Danish banking services is low in a European perspective, and the Danish banking sector is effective and competitive. Foreign banks have been free to open subsidiaries and branches in Denmark since the early 1970s.

Denmark has several important insurance companies, which have established connections with some of the largest European insurance companies through cross-share holdings and cooperation agreements. The major Danish insurance companies offer all kinds of services at a price level among the lowest and most competitive among the major European countries.

Copenhagen hosts branches of UN-organizations (UNIPAC, WHO, IAPSO, UNICEF). Furthermore, the headquarters of the Nordic Council of Ministers is located in Copenhagen as well as an office of the Nordic Investment Bank (NIB).

Several institutions are involved in EBRD related subjects. The universities of Copenhagen and Aarhus as well as other university centres carry out research on issues of the political and economic developments in Eastern Europe.

#### b) Activities towards Eastern Europe

The Danish financial sector has in recent years intensified its contacts with the Eastern European countries. Major banks offer their services through partner banks in these countries and are in the process of establishing themselves in several of these countries.

Denmark has launched a major bilateral programme aiming to support the restructuring of the economies in Eastern Europe.

With regard to international organizations: the Nordic Investment Bank (NIB), the Nordic Project Export Fund and the Industrialization Fund for Developing Countries (IFU) execute several projects in the Eastern European countries.

The above-mentioned university centres as well as other research institutions are involved in studies and seminars on Eastern Europe.

#### 4. Others

The reasons for locating in Denmark are already appreciated by many foreign companies. More than 2000 foreign-owned companies are established in Denmark. Around 15 percent of industrial turnover is provided by foreign-owned firms and foreign investment in Denmark has been increasing sharply during the 1980s. Danish officials and companies have substantial international experience in development projects and problems. This is due partly to the significant Danish foreign aid (according to OECD's Development Assistance Committee (DAC): 0.91 percent of GDP).

## II. SPECIFIC CONDITIONS FOR EBRD HEADQUARTERS

### 1. Legal status, privileges and immunities

Denmark would enter into a host agreement with EBRD as regards legal status, privileges and immunities, no less favourable than is the case with similar host agreements between Denmark and international organizations such as IAPSO, UNICEF, WHO etc. This implies that the provisions in the charter of the Bank, i.e. chapter VIII, will be more than fully respected. Reference to the corresponding provisions in the host agreement between Denmark and WHO is given in the attached annex.

It will be understood that full immunity and security of office space will be granted in Denmark and that publication policies will be subject to no restrictions at all.

### 2. Bank offices

Copenhagen provides attractive buildings for the location of the Bank. As headquarters for the Bank the Danish Government offers a building located on the harbourfront, only ten minutes from the airport and five minutes from Town Hall Square by car, with all modern facilities and equipment, paid by the Danish State. The building will be equipped with modern furniture in consultation with the Bank.

### 3. Operating costs

Within the scope of its official activities the Bank, its assets, property and income will be fully exempted from all direct taxes and value-added tax. Duties on purchase of services and goods necessary for the exercise of the official activities of the Bank will be fully reimbursed. Purchase of official cars and gas coupons will be fully exempted from taxes.

### 4. Staff privileges

The Danish state will assist in finding housing and other facilities for the Bank's staff and will extend the same privileges as is given to staff members in other international organizations located in Copenhagen.

## ANNEX

To quote the agreement with WHO, art. IV, sect. 11 "The Organization and its property and assets located in Denmark shall enjoy immunity from any form of legal process. The organization, its assets, income and other property, shall be a) exempt from all direct and indirect taxes". Art. V, sect. 13 "The Organization shall enjoy in Denmark for its official communications treatment not less favourable than that accorded by the Government of Denmark to any other Government, including its diplomatic missions...". Art. VIII, sect. 22 "Officials of the Organization, irrespective of nationality shall a) be immune from legal process in respect of words spoken or written and all acts performed by them in their official capacity, b) be exempt of taxation in respect of the salaries and emoluments paid to them by the Organization. 2) Moreover, those who are not of Danish nationality shall be a) immune from immigration restrictions and aliens registration, b) accorded the same privileges in respect of exchange facilities that are accorded to officials of comparable rank of diplomatic missions to Denmark, c) be given the same repatriation facilities in time of international crisis, d) have the right to import free of duty their furniture and effects, e) have the right, once every three years, to import free of customs and exice duties a motor vehicle...".

END TFC LCB445

Transmitted to  
Alex Allan 1620.

12/10

ZCZCLCB446

AAAA

121413Z APR 90

FM AIRBORNE

TO CABINET OFFICE 002 IMMEDIATE

BT

SECRET

FM AIRBORNE P.M.

TO IMMEDIATE CABINET OFFICE

TEL NO 002 AIRBORNE P.M.

OF 121413Z APR 90

FOR NUMBER 10

FROM CHARLES POWELL AIRBORNE.

YOUR TEL AIRBORNE 004.

PLEASE TELL JOHN GIEVE THAT THE P.M. IS PREPARED TO GO ALONG WITH THE PACKAGE PROPOSED ON IMF RANKING AND EBRD, THOUGH WITH SOME MISGIVINGS. SHE WILL MENTION THE EBRD ASPECT (ONLY) TO THE PRESIDENT TOMORROW.

GRS 00070

NNNN

EMFC LCB442

ZCZCCBL970

AAAA

121200Z APRIL 90

FM CABINET OFFICE LONDON

TO AIRBORNE 004 IMMEDIATE

BT

C O N F I D E N T I A L

AIRBORNE 004

FROM DUTY CLERK NO 10

TO IMMEDIATE CHARLES POWELL PM'S AIRCRAFT

JOHN GIEVE NEEDS TO KNOW URGENTLY THE PRIME MINISTER'S RESPONSE TO HIS LETTER TO YOU OF 11 APRIL ON IMF RANKING AND THE SITE OF THE EBRD.

GRS 100

NNNN





Foreign and Commonwealth Office

London SW1A 2AH  
covering CONFIDENTIAL

10 April 1990

*Spoken. N.J.*

*AD 10/4*

*Jan Archer*

European Bank for Reconstruction and Development (EBRD)

Thank you for your letter of 10 April enclosing the signed copies of the Prime Minister's letters of today's date to President Bush, President Gorbachev and other Eastern European leaders.

We have had the welcome news overnight from Paris that an agreement has been reached on all outstanding issues of the Bank except the site and the Presidency. In particular it is a welcome development that the Soviet Union and the United States were able to agree a compromise formula on the extent of Soviet borrowing. This point was alluded to in the Prime Minister's messages to Gorbachev and Bush.

We would therefore suggest two amendments which are sidelined in the enclosed texts. You may wish to put revised drafts to the Prime Minister. I am sending a copy of this letter to John Gieve (HM Treasury).

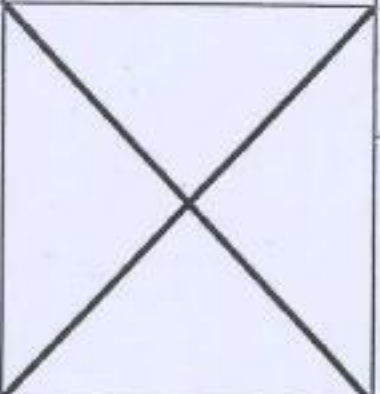
*Yours ever*

*R N Peirce*

(R N Peirce)  
Private Secretary

C D Powell Esq  
10 Downing Street

covering CONFIDENTIAL

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>2988</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Draft letter (amended T730/90)          from Prime Minister to US President          enclosed with letter from Pierce to          Powell dated 10 April 1990</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>31 October 2016          @Wayland</i>
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

CONFIDENTIAL

Draft Letter from the Prime Minister to  
President Gorbachev

We are approaching the final stage of negotiation of the European Bank for Reconstruction and Development (EBRD). I welcome the speed with which this important institution is being established. I am glad that the meetings on 8/9 April were able to settle the outstanding issues, leaving only the site and Presidency for Ministers. I believe that the Bank will become an important source of finance and expertise relevant to the development of the economies of Eastern Europe and the Soviet Union.

As to the question of the site, we believe that to be effective, the Bank should be located in a major international financial centre where it can both lend and borrow most efficiently. London is the obvious candidate, given its large banking sector, its pre-eminence in European foreign exchange markets and its experience of East European banking. I was pleased to note that Mr Konychev of the Moscow Narodny Bank in London agrees.

I very much hope that the Soviet Union will be able to support London as the site of the proposed Bank.

CONFIDENTIAL

Euro Pa - Euro Bank, Dec 89






10 DOWNING STREET

Prime Minister

Here are messages  
to President Bush,  
President Gorbachev  
and Eastern European  
Heads of Government  
about the site  
of the European Bank  
for Reconstruction and  
Development. CBP.

# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>2988</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Letter from Prime Minister          to US President dated          10 April 1990 (T.73/90)</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>31 October 2016          @Wayland</i>
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	



PRIME MINISTER  
PERSONAL MESSAGE  
10 DOWNING STREET  
SERIAL No. 172490  
LONDON SW1A 2AA

FILE  
DA  
cc Flo  
HMT

THE PRIME MINISTER

SUBJECT cc Market  
OPS

10 April 1990

Dear President Havel.

It was a pleasure to welcome you to London last month and our discussions were encouraging. You may have heard that we have since suggested to our EC partners that we should speed up liberalisation of quantitative restrictions on exports from Czechoslovakia to the Community: we shall continue to work for this.

We are also working for the early establishment of the new European Bank for Reconstruction and Development. I believe that it should be able to play a major role in the development of the Czechoslovak economy. But I would like to explain my reasons for thinking that it should be established not in Prague but in London.

My basic concern is for the Bank's efficiency. I believe that a market-based financial institution will work best if based in a financial market. It will after all be a borrower as well as a lender. Among the candidate sites, London is by far the biggest international financial centre. Choosing London would be the best means of ensuring that the new Bank starts operating quickly and effectively.

I recognise the importance you attach to Prague becoming the site of a major international institution. I agree with you, and I would be ready to consider positively future bids by

da

your Government for other international institutions. But I think that for the Bank the practical arguments have to outweigh the symbolic ones.

I wanted to explain this so that there should be no misunderstanding between us. If in the end you were to conclude that Prague's candidacy would not gain sufficient support, I hope you would consider supporting the case for London.

Yours sincerely

Nayansh Chandra

His Excellency Mr. Vaclav Havel



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 71190



10 DOWNING STREET  
LONDON SW1A 2AA

file  
JA  
cc Ho  
HMT

THE PRIME MINISTER

*Subject a Marker + OPS*

10 April 1990

*Dear President Gorbachev,*

We are approaching the final stage of negotiation of the European Bank for Reconstruction and Development (EBRD). I welcome the speed with which this important institution is being established. There are important questions of substance which still need to be settled but I believe that consensus is achievable and that the Bank will become an important source of finance and expertise relevant to the development of the economies of Eastern Europe and the Soviet Union.

As to the question of the site, we believe that to be effective, the Bank should be located in a major international financial centre where it can both lend and borrow most efficiently. London is the obvious candidate, given its large banking sector, its pre-eminence in European foreign exchange markets and its experience of East European banking. I was pleased to note that Mr. Konychev of the Moscow Narodny Bank in London agrees.

I very much hope that the Soviet Union will be able to support London as the site of the proposed Bank.

*Kind regards,*

*Yours sincerely*  
*Nargis Khan*

His Excellency Mr. M.S. Gorbachev

*JA*

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 70190



file  
DA  
cc Ro  
HMT

10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

*Subject cc Markes  
opc*

10 April 1990

*Dear President Ilescu,*

We are approaching the final stage of negotiation of the European Bank for Reconstruction and Development (EBRD). I welcome the speed with which this important institution is being established. I hope that it will become an important source, not only of finance, but also of expertise relevant to the development of Romania's economy.

I know that your authorities have offered Bucharest as the site for EBRD; and I would like to explain my view that it would be more effective if sited in London. We believe that to operate successfully, the EBRD should be located in a major international financial centre where it can both lend and borrow most efficiently. As we see it, London is the obvious candidate, given its large banking sector, its pre-eminence in European foreign exchange markets, and its experience of East European banking. The arguments are set out in the enclosed brochure.

If you were in the end to decide that your bid would not attract sufficient support, I hope that you would consider supporting the practical case for London.

*Yours sincerely*

*Rajiv Gandhi*

His Excellency Mr. Ion Ilescu

*dl*

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 179/90



10 DOWNING STREET  
LONDON SW1A 2AA

file  
DA  
cc Fro  
HMT

THE PRIME MINISTER

SUBJECT cc Manku 10 April 1990  
of

Dear President Mladenov,

We are approaching the final stage of negotiation of the European Bank for Reconstruction and Development (EBRD). I welcome the speed with which this important institution is being established. I hope that it will become an important source, not only of finance, but also of expertise relevant to the development of Bulgaria's economy.

We believe that to be effective, the EBRD should be located in a major international financial centre where it can both lend and borrow most efficiently. London is the obvious candidate, given its large banking sector, its pre-eminence in European foreign exchange markets, and its experience of East European banking.

The arguments are set out most clearly in the enclosed brochure. I hope very much that you will feel able to support London as the Bank's site.

Yours sincerely  
Nayanshalita

His Excellency Mr. Petar Mladenov

de



10 DOWNING STREET  
LONDON SW1A 2AA

FILE  
DA.  
cc Ho  
Hnat

THE PRIME MINISTER

10 April 1990

*Dear Prime Minister,*

I greatly enjoyed our talks here in mid-February. We then referred briefly to the establishment of the European Bank for Reconstruction and Development.

We are now entering the final stage of negotiations of the Bank. I very much welcome the speed with which this important institution is being established. I hope that it will become an important source, not only of finance but also of expertise relevant to the development of Poland's economy.

I know that your authorities have offered Warsaw as the site for EBRD; and I would like to explain my view that it would be more effective if sited in London. We believe that to operate successfully, the EBRD should be located in a major international financial centre where it can both lend and borrow most efficiently. As we see it, London is the obvious candidate, given its large banking sector, its pre-eminence in European foreign exchange markets and its experience of East European banking.

If you were in the end to decide that your bid would not attract sufficient support, I hope that you would consider supporting the practical case for London.

*Yours sincerely*

*Margaret Thatcher*

His Excellency Mr. Tadeusz Mazowiecki

*JK*



10 DOWNING STREET  
LONDON SW1A 2AA

file  
DA  
cc fco  
HMET

THE PRIME MINISTER

10 April 1990

*Dear Prime Minister,*

We are approaching the final stage of negotiation of the European Bank for Reconstruction and Development (EBRD). I very much welcome the speed with which this important institution is being established. I hope that it will become an important source, of both finance and expertise relevant to the development of Yugoslavia's economy.

I know that your authorities have offered to provide a site for EBRD; and I would like to explain my view that it would be more effective if sited in London. We believe that to operate successfully the EBRD should be located in a major international financial centre where it can both lend and borrow most efficiently. As we see it, London is the obvious candidate, given its large banking sector, its pre-eminence in European foreign exchange markets, and its experience of East European banking. The arguments are set out in the enclosed brochure.

If you were in the end to decide that your bid would not attract sufficient support, I hope that you would consider supporting the practical case for London.

*Yours sincerely*  
*Margaret Thatcher*

His Excellency Mr. Ante Markovic



FILE  
DA

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

10 April 1990

*Dear Sir,*

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Prime Minister has signed messages to President Bush, President Gorbachev and various Eastern European Heads of Government seeking support for London as the site of the EBRD. I enclose them with this letter, and should be grateful if you could arrange for their despatch, initially by telegram.

I am copying this letter and enclosures to John Gieve (HM Treasury).

*Yours faithfully*  
*C.D. Powell*

(C.D. POWELL)

R.N. Peirce, Esq.,  
Foreign and Commonwealth Office.

*RF*



Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

9 April 1990

*ccpk*

*Dear Andrew*

*GR*  
*Place run off of all these letters for priv; signature of*

European Bank for Reconstruction and Development (EBRD)

In your letter of 26 March, about the Prime Minister's talk with M. Rocard, you asked for advice on how to pursue the question of the EBRD site with East European governments.

The Foreign Secretary recommends that the Prime Minister send messages to East European leaders. I now enclose draft letters to President Gorbachev, President Havel, President Mladenov, President Iliescu, Prime Minister Markovic, and Prime Minister Mazowiecki. Messages to the GDR and Hungary should await the formation of new governments in both countries.

I also enclose a draft letter for the Prime Minister to send to President Bush, in reply to his letter of 6 March supporting Prague as the site for the Bank. We and HM Treasury see advantage in a written reply before the talks in Bermuda.

I am sending a copy of this letter to John Gieve (HM Treasury). All the drafts have been agreed with the Treasury.

*Yours ever*

*Bob*

*RP* (R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street



DCA

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T67190

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

SUBJECT cc Master  
cc OPS

cc FCO  
ODA  
HNT

5 April 1990

Your Prime Minister.

As you know, we have proposed that the European Bank for Reconstruction and Development should be sited in London. I hope a decision will be taken soon, perhaps in Paris at the Ministerial meeting provisionally arranged for 11 May. I hope your Government will support our proposal.

London has considerable advantages as a banking centre and a major European city, and excellent communications both to Eastern European countries and to all other potential members.

There is considerable advantage to the Bank being sited in Europe's major banking centre, part of a community sharing its concerns and able to work closely with it. That London has this status is beyond doubt:

- London is the largest centre for international banking in Europe (about a fifth of the total world market (measured by outstanding claims)).
- London houses the most international banking community of major European nations: foreign banks enjoy over 80 per cent of the UK's international business, a substantially higher percentage than in any other major European country. 520 foreign banks are represented in London.

cu



- London leads in the eurobond market. Where home authorities allow bonds to be issued abroad, most primary issues have occurred in London in recent years. Most secondary trading in eurobonds also takes place in London: for example, some three quarters of dollar business.
- London has the largest equity market in Europe, with a market valuation of domestic equity over 3 times its nearest European rival. Well over 500 non-UK companies are listed on the London stock exchange.
- London is the world's largest foreign exchange market, with a net daily turnover estimated during April 1989 to be \$187 billion.
- Trading on London's various futures and options exchanges amounted, in total, to slightly more than that on all exchanges in other European countries together, in the first half of 1989.
- London banks do more business with Eastern Europe than the banks in any other Western European country.
- No other Western European banking centre has a better representation of Eastern European banks than London. Every East European country likely to join the Bank is represented in London.

A wide range of financial businesses and institutions is represented here. As a result, London can offer deep and liquid markets, competitive prices for financial services, a wealth of expertise and extensive supporting services. The huge local labour market can offer an ample supply of every variety of skill and expertise that the Bank is likely to need.

As one of the major cities of the world, London has a wealth of advantages to the Bank and its employees:

- served by major international airports, it has excellent communications to Eastern Europe and the other countries likely to have dealings with the Bank: there are direct flights from London to every country likely to join the Bank, including all those in Eastern Europe.
  
- It has art collections, theatres, concert halls and all the facilities needed to attract high calibre staff to work in the Bank.

So I very much hope that you can support London as headquarters for this important venture.

Yours sincerely

Nagendra Chandra

His Excellency Mr. Toshiki Kaifu, K.B.E.



Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

3 April 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

*Dear Charles,*

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

We have heard from the Japanese Embassy here that the Japanese Government intends shortly to take a decision on the siting of the EBRD. The Finance Minister is said to favour London, but the final decision will be taken by the Prime Minister. But they are puzzled that Kaifu has not received a letter from the Prime Minister. He did in fact receive a side copy of the Prime Minister's teletype of 31 January to Mitterrand. But if a signed letter will bring the Japanese on board, the Chancellor thinks that it is a price worth paying. He will also write to Hashimoto.

... I attach a draft letter. It could be sent by telegram, with a signed original to follow.

I am copying this letter to Stephen Wall (FCO) and Myles Wickstead (ODA).

*Tarcew Tarkowski*

**T TARKOWSKI**  
Private Secretary

SCANNED *istud**4/4*

## DRAFT LETTER FROM PRIME MINISTER TO KAIFU

As you know, we have proposed that the European Bank for Reconstruction and Development should be sited in London. I hope a decision will be taken soon, perhaps in Paris at the Ministerial meeting provisionally arranged for 11 May. I hope your Government will support our proposal.

London has considerable advantages as a banking centre and a major European city, and excellent communications both to Eastern European countries and to all other potential members.

There is considerable advantage to the Bank being sited in Europe's major banking centre, part of a community sharing its concerns and able to work closely with it. That London has this status is beyond doubt:

- London is the largest centre for international banking in Europe (about a fifth of the total world market (measured by outstanding claims)).
- London houses the most international banking community of major European nations: foreign banks enjoy over 80 per cent of the UK's international business, a substantially higher percentage than in any other major European country. 520 foreign banks are represented in London.
- London leads in the eurobond market. Where home authorities allow bonds to be issued abroad, most primary issues have occurred in London in recent years. Most secondary trading in eurobonds also takes place in London: for example, some three quarters of dollar business.
- London has the largest equity market in Europe, with a market valuation of domestic equity over 3 times its

nearest European rival. Well over 500 non-UK companies are listed on the London stock exchange.

- London is the world's largest foreign exchange market, with a net daily turnover estimated during April 1989 to be \$187 billion.
- Trading on London's various futures and options exchanges amounted, in total, to slightly more than that on all exchanges in other European countries together, in the first half of 1989.
- London banks do more business with Eastern Europe than the banks in any other Western European country.
- No other Western European banking centre has a better representation of Eastern European banks than London. Every East European country likely to join the Bank is represented in London.

A wide range of financial businesses and institutions is represented here. As a result, London can offer deep and liquid markets, competitive prices for financial services, a wealth of expertise and extensive supporting services. The huge local labour market can offer an ample supply of every variety of skill and expertise that the Bank is likely to need.

As one of the major cities of the world, London has a wealth of advantages to the Bank and its employees:

- served by major international airports, it has excellent communications to Eastern Europe and the other countries likely to have dealings with the Bank: there are direct flights from London to every country likely to join the Bank, including all those in Eastern Europe.

- It has art collections, theatres, concert hall and all the facilities needed to attract high calibre staff to work in the Bank.

So I very much hope that you can support London as headquarters for this important venture.

CONFIDENTIAL  
FM WASHINGTON  
TO IMMEDIATE FCO  
TELNO 722  
OF 280046Z MARCH 90  
INFO IMMEDIATE TREASURY, BANK OF ENGLAND, ODA, PARIS, THE HAGUE

EBRD

1. THE MINISTER TOOK ADVANTAGE OF A CALL ON ZOELICK ON 27 MARCH TO URGE THE AMERICANS TO COME OFF THE FENCE ON EBRD BE SITING IN FAVOUR OF LONDON. HE SUGGESTED THAT A BODY OF OPINION COULD BE BUILDING UP IN FAVOUR OF ATTALI AS OPPOSED TO RUDING. PERHAPS THE TIME HAD COME FOR THE AMERICANS TO MAKE THEIR PREFERENCES KNOWN. ZOELICK SAID BAKER'S SUPPORT FOR PRAGUE WAS FIRM. IT SEEMED WHOLLY PROPER TO THE AMERICANS THAT A BANK DEALING PRIMARILY WITH CENTRAL AND EASTERN EUROPEAN QUESTIONS SHOULD BE LOCATED IN THE AREA. HE ADDED AS A PERSONAL ASIDE, THAT THERE WERE OBVIOUS PROBLEMS FOR THE AMERICANS IN CHOOSING AMONG THE VARIOUS COMMUNITY CONTENDERS. HE WENT ON TO MAKE IT CLEAR THAT THE AMERICANS WOULD BE UNHAPPY WITH A DECISION IN FAVOUR OF ATTALI.
2. ZOELICK ADDED THAT THE SITUATION IN LITHUANIA REINFORCED THE US VIEW ON SOVIET BORROWING. THE POSITION REACHED BY G7 FINANCE MINISTERS ON THIS ATCORE WAS PLAINLY THE RIGHT ONE.

ACLAND

YYYY

DISTRIBUTION 226

MAIN 225

.FRAME EXTERNAL ECD (E) [-]

ADDITIONAL 1

FRAME

NNNN



*W. H. M.  
all*

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

26 March 1990

EUROPEAN BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

I enclose President Bush's rather unhelpful reply to the Prime Minister's message of 2 February about the site for the European Bank for Reconstruction and Development.

I am copying this letter and enclosure to Stephen Wall (Foreign and Commonwealth Office).

C. D. POWELL

John Gieve, Esq.,  
H.M. Treasury.

*MEM*



get (2)

*ms*

EMBASSY OF THE UNITED STATES OF AMERICA  
LONDON

*Rich Hunter*

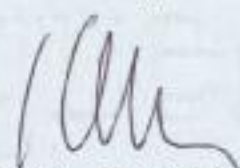
March 26, 1990

Not very helpful  
CBB 20/13

Dear Prime Minister:

I have the honor to deliver the attached message to you from President Bush. It was received at the Embassy early this morning.

Sincerely,




Henry E. Catto  
Ambassador

Enclosure:

As stated

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister,  
10 Downing Street,  
London, S.W. 1

# A The National Archives

DEPARTMENT/SERIES ..... <i>PREM19</i> ..... PIECE/ITEM ..... <i>2988</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Message from US President to          Prime Minister (T.60/90) dated          26 March 1990</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>31 October 2016          Mayland</i>
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	



cite M

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

23 March 1990

I enclose the Prime Minister's reply to M. Rocard's letter. I should be grateful if the text could be telegraphed to Paris for delivery today.

C. D. POWELL

Richard Gozney, Esq.,  
Foreign and Commonwealth Office



*file MM*

*cefw  
HMT*

10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

23 March 1990

*Dear Prime Minister,*

Thank you for your letter of 6 March about M. Attali's candidature for the Presidency of the European Bank for Reconstruction and Development. I look forward to discussing this with you on 26 March.

*Yours sincerely  
Margaret Thatcher*

Monsieur le Premier Ministre Michel Rocard

*M*

CONFIDENTIAL

FM PARIS

TO PRIORITY FCO

TELNO 339

OF 211552Z MARCH 90

INFO ROUTINE OTHER EC POSTS, WASHINGTON, OTTAWA, TOKYO

INFO ROUTINE OTHER EAST EUROPEAN POSTS, VIENNA

YOUR TELNO.172 : EBRD SITE AND PRESIDENCY.

## SUMMARY

1. TOO EARLY TO JUDGE THE LEVEL OF SUPPORT FOR ATTALI AS PRESIDENT BUT THE FRENCH WILL EXPECT WIDESPREAD SUPPORT EITHER FOR ATTALI OR FOR PARIS AS THE SITE OR FOR BOTH.

## DETAIL

2. AFTER A SLOW START THE FRENCH ARE NOW LOBBYING HARD FOR ATTALI AS PRESIDENT: E.G DUMAS LETTER TO FOREIGN MINISTERS AND ROCARD'S RECENT LETTER TO THE PRIME MINISTER. BUT WE DOUBT IF THEY YET HAVE ANY CLEAR IDEA OF THE SUPPORT ATTALI MAY GET. THEY WILL EXPECT PEOPLE TO KEEP THEIR POWDER DRY UNTIL THE NEGOTIATIONS ON THE LINKED QUESTIONS OF SITE AND PRESIDENCY COME TO A HEAD AT OR BEFORE THE MINISTERIAL MEETING PLANNED FOR 11 MAY. THEY WILL, HOWEVER, EXPECT WIDESPREAD SUPPORT FOR EITHER ATTALI AS PRESIDENT OR FOR PARIS AS THE SITE, AS A REWARD FOR ALL THE EFFORT THEY HAVE PUT INTO THE EBRD, AND THEY PROBABLY STILL DO NOT ENTIRELY EXCLUDE GETTING BOTH. THEY ARE LIKELY TO SEE THEIR STRONGER SUPPORTERS FOR EITHER PRESIDENT OR SITE AS BEING THE EAST EUROPEANS AND THE SOUTHERN E.C STATES (E.G SPAIN AND ITALY). THEY WILL WORK HARD TO GET GERMAN SUPPORT FOR ATTALI, BUT PROBABLY NOT AT THE EXPENSE OF SITING THE BANK IN BERLIN. THEY WILL HOPE FOR AMERICAN SUPPORT, WITH THE JAPANESE IN TOW. THEY WILL NOT EXPECT THE BENELUX COUNTRIES TO DESERT RUDING, BUT MIGHT HOPE TO ATTRACT SCANDINAVIAN SUPPORT FOR ATTALI IN RETURN FOR POSSIBLE FRENCH SUPPORT FOR COPENHAGEN AS A SITE.

3. FOR WHAT IT'S WORTH, THE AUSTRIAN AMBASSADOR TO THE OECD, WHO HAS BEEN ATTENDING SOME OF THE PRELIMINARY EBRD MEETINGS HERE, TOLD US LAST NIGHT THE AUSTRIANS DID NOT LIKE RUDING (TOO SCHOOL-MASTERLY) OR ATTALI, (WHO WAS MAKING A MESS OF THE PRELIMINARY MEETINGS), WOULD PROBABLY SUPPORT ATTALI IF IT CAME TO A DIRECT

CHOICE, BUT HAD NOT RULED OUT THE EMERGENCE OF A THIRD CANDIDATE,  
E.G RUGGIERO.

4. WE HAVE BEEN LOBBYING CONSISTENTLY AND AT ALL LEVELS FOR LONDON AS THE SITE, BOTH ON SPECIFIC (THE FACILITIES) AND ON GENERAL GROUNDS (THE IMPORTANCE OF ENHANCING THE ONE COMMUNITY FINANCIAL CENTRE WHICH CAN COMPETE EFFECTIVELY WITH TOKYO AND NEW YORK). IT IS NOT BY ANY MEANS PLAIN SAILING, EVEN WITH NON-FRENCH CONTACTS. AS FAR AS THE SPECIFIC CASE IS CONCERNED, THE DISTINCTION HAS BEEN MADE (E.G TO ME LAST NIGHT BY THE OECD SECRETARY GENERAL) BETWEEN WHAT IS REQUIRED FOR A NEW FINANCING ROLE AND WHAT FOR A LENDING ROLE, WITH THE WEIGHT PUT ON THE LATTER TENDING AWAY FROM LONDON, AND QUESTIONS ASKED ABOUT LONDON'S EXTRA DISTANCE FROM THE EASTERN EUROPEAN COUNTRIES. AS FOR THE LATTER, WE SHOULD NOT UNDER-ESTIMATE THE STRENGTH OF LOCAL JEALOUSIES WHICH SAP THE OTHERWISE OBVIOUSLY LOGICAL CLAIMS OF LONDON.

FERGUSSON

YYYY

DISTRIBUTION 224

MAIN 222

.FRAME EXTERNAL ECD (E)

ADDITIONAL 2

FRAME MR WANLESS, HMT

NNNN



Foreign and Commonwealth Office

London SW1A 2AH

21 March 1990

*Dear Charles,*

*plot*  
European Bank for Reconstruction and Development (EBRD)

In your letter of 16 March to John Gieve in the Treasury, you asked for a draft reply to M. Rocard's letter of 6 March. The enclosed draft has been agreed with HM Treasury.

In view of the Prime Minister's talks with M. Rocard on 26 March we believe it would be best to send a holding reply which does not go into detail. The Foreign Secretary is replying separately to a similar letter from M. Dumas.

If the Prime Minister is to reply to M. Rocard's letter before his departure from Paris we shall need to send instructions to our Ambassador in Paris on Thursday 22 March.

*Yours ever,*

*Richard Gozney*

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

DRAFT LETTER FROM THE PRIME MINISTER

TO M. MICHEL ROCARD

Thank you for your letter of 6 March about  
M. Attali's candidature for the Presidency of the  
European Bank for Reconstruction and Development. I  
look forward to discussing this with you on 26 March.

CM



BULO Pa: Eumpan Bawle  
Dec 89



100

CONFIDENTIAL  
FM BONN  
TO PRIORITY FCO  
TELNO 345  
OF 201109Z MARCH 90  
INFO PRIORITY PARIS  
INFO ROUTINE OTHER EC POSTS

FRAME INSTITUTIONAL

FCO TELNO 172 TO PARIS: EBRD

SUMMARY

1. THE GERMANS HAVE NOT YET DECIDED WHETHER TO SUPPORT RUDING OR ATTALI.

DETAIL

2. THE AUSWAERTIGES AMT SAY THAT THEIR POSITION REMAINS UNDECIDED AND THAT A FINAL DECISION WILL ONLY BE TAKEN AT THE HIGHEST POLITICAL LEVEL AS PART OF AN OVERALL PACKAGE WHICH INCLUDES THE SITE OF THE EBRD AND POSSIBLY OTHER INSTITUTIONS. KOHL AND GENSCHER HAVE BOTH MADE SYMPATHETIC NOISES ABOUT RUDING, WHO IS REGARDED IN BONN AS HAVING EXCELLENT QUALIFICATIONS, BUT THAT WAS BEFORE ATTALI'S CANDIDATURE WAS ANNOUNCED, AND SOME OF GENSCHER'S ADVISERS ARE NOW APPARENTLY HAVING SECOND THOUGHTS.

3. WE HAVE NO HARD INFORMATION, BUT DO NOT EXCLUDE THAT THE GERMANS WILL SEEK A DEAL WITH THE FRENCH IN WHICH THEY SUPPORT ATTALI IN EXCHANGE FOR FRENCH SUPPORT FOR BERLIN. (IT HAS NOT ESCAPED GERMAN ATTENTION THAT A SIMILAR DEAL (AS OUTLINED IN PARA 6 I OF PARIS TELNO 309) COULD HAVE ATTRACTIONS FOR THE UK IN SUPPORT OF LONDON.) FRANCO-GERMAN RELATIONS HAVE BEEN GOING THROUGH A BAD PATCH: A DEAL OVER THE EBRD COULD BE A NEAT WAY OF HELPING MEND FENCES.

MALLABY

YYYY

*A timely warning.  
This may come up  
in your telephone  
talk with Lubbers  
tomorrow.*

CONFIDENTIAL -

102463  
MDLIA 7770

DISTRIBUTION 144

MAIN 142

FRAME INSTITUTIONAL ECD(I)

ADDITIONAL 2

FRAME MR WANLESS, HMT

NNNN

PAGE 2  
CONFIDENTIAL

(i)



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

Briefing on the  
main issue which Mr.  
Lubbers is likely to raise with  
you on the telephone tomorrow. The Dutch  
offer over we will renege on Ruding  
Dear Charles, & support Attali, in return for

20 March 1990

European Bank for Reconstruction and Development

You asked for briefing for the Prime Minister on the UK approach to Dr Ruding's candidature as President of the Bank in advance of Mr Lubbers' telephone call on 21 March.

French support for London. CB 20/3

The negotiation of the EBRD Articles of Association is going well. Officials of the 39 participating countries, the Commission and the EIB are to meet again on 8-9 April; outstanding issues are likely to be referred to a meeting of Finance Ministers on 11 May, at which it should be possible to complete the negotiation. Issues for settlement by Ministers are likely to include the Presidency of the Bank, where Dr Ruding and M. Attali, President Mitterrand's adviser, are so far the only candidates, and the site of the Bank, where at least nine cities have been proposed, including London.

On site, we are taking every opportunity to lobby for London and the brochure with the Prime Minister's foreword has been well received. In our view, Paris and Berlin remain the greatest threats to London's bid. The French have hinted that they would support London if we endorsed Attali. (The Dutch have as yet made no similar offer: they are campaigning for Amsterdam, and against London, as the site.) The French have also unhelpfully (and perhaps only temporarily) linked the question of the EBRD site with the need they see to reaffirm Strasbourg as the European Parliament's site. The Foreign Secretary is sending Dumas a message stressing that HMG has no interest in changing the status quo on sites of EC institutions, (i.e. that we will not stir up pressure for Brussels, not Strasbourg, as the EP site). The Prime Minister has agreed that we should support Paris for the CSCE Summit in return for support for London (your letter of 18 March refers).

In January, Dr Lubbers sought UK support for Ruding's nomination. On 30 January the Prime Minister wrote to Mr Lubbers confirming that we would be happy to support his candidacy. ECOFIN Ministers are likely to have a first

/discussion



discussion on 31 March and Heads of Government will probably need to address the issues in Dublin on 28 April. The Twelve Member States would be expected to rally to a majority position on both site and Presidency. We are trying to get more information on the position which member states are likely to take. The Dutch believe that Belgium, Luxembourg and Greece also support Ruding. We are not in a position to consider any deals or to consider withdrawing our support for Ruding. But there has been press speculation, no doubt French-inspired, that there has been an Anglo-French deal, in favour of Attali and London. These reports, which are wholly unfounded, could be the reason for Mr Lubbers' call.

We, and HM Treasury, suggest that the Prime Minister might take the following line with Mr Lubbers; HMT concur:

- a) I wrote to you on 30 January confirming my support for Dr Ruding's candidacy.
- b) We believe that the President (like the site) should come from a Community country.
- c) We assume that to maximise the chances, the EC will identify a single Community candidate, perhaps at the Informal ECOFIN on 31 March, at the latest in Dublin on 28 April. If the Community speaks with a single voice, that voice should prevail.
- d) We think Ruding is a first class candidate with an excellent reputation in international financial circles. Will support him in Community discussion.
- e) Only if it becomes clear that he does not command majority Community support would we consider supporting an alternative.
- f) Appreciate that you have proposed Amsterdam as the site. Hope you could rally to London. John Major has written to Mr Kok about London's case.

I am sending a copy of this letter to Tancred Tarkowski (Treasury).

Yours ever,

*Richard Gozney*  
(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street



File  
as/foreign/site  
MEM  
bcc AC

10 DOWNING STREET  
LONDON SW1A 2AA

18 March 1990

*From the Private Secretary*

EBRD SITE/CSCE SUMMIT SITE

Thank you for your letter of 15 March setting out the tactics we might use for M. Rocard's visit on the Chairmanship and site of the European Bank for Reconstruction and Development. The Prime Minister is content with this.

CHARLES POWELL

Richard Gozney, Esq.,  
Foreign and Commonwealth Office

file DTJ



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

16 March 1990

I enclose a copy of a message to the Prime Minister from M. Rocard about the European Bank for Reconstruction and Development, in which he formally puts forward the candidature of Mr Attali to be President of the Bank. I should be grateful for advice and a draft reply.

I am copying this letter and enclosure to Stephen Wall (Foreign and Commonwealth Office) and Sonia Phippard (Cabinet Office).

C. D. POWELL

John Gieve, Esq.  
H.M. Treasury

A handwritten signature, possibly 'JG', written in dark ink.



Foreign and Commonwealth Office

London SW1A 2AH

15 March 1990

*ccpk*  
*1*  
*R. Smith*

*Agree with  
this tactic?*

*CM*

*Dear Charles,*

EBRD Site/CSCE Summit Site

We continue to lobby actively for London as the site for EBRD. The French are key players and M. Rocard's visit on 26 March provides a good opportunity for the Prime Minister to try to secure their support.

The French have not themselves bid openly for the site (though they may hope that Paris will emerge as a compromise or "provisional" choice). Their main aim at present is to promote Attali for the EBRD Presidency. They have hinted at support for London if we support Attali. Given our commitment to Dr Ruding we cannot now do such a deal (and the Dutch may already suspect us of doing a deal with the French behind their backs to the disadvantage of Dr Ruding). But the Foreign Secretary believes we should improve our negotiating hand by offering active UK support for Paris as the site for the CSCE Summit later this year, provided the French do not actively oppose London as the EBRD site.

The two leading candidates to host the CSCE Summit are Paris and Vienna. We have at no stage stated any interest in holding the Summit in London. (A London bid at this stage would not be taken seriously.) We have so far remained neutral between the two bids. Either Paris or Vienna should be a suitable Summit venue. We judge that the Austrians, though disappointed, would not react badly to a UK decision to support Paris. *Why not Helsinki?*

Offering M. Rocard our (conditional) support for Paris/CSCE would, therefore, be a cost-free addition to our bargaining hand. By itself, it is probably too slight an inducement to clinch French support for London as the EBRD site. But it might deter the French from committing their support to another candidate site (eg Berlin), or transferring the weight of their campaign to the promotion of Paris as the site.

/The





The Foreign Secretary believes it is a gambit we should deploy, starting with M. Rocard. If the Prime Minister agrees, we shall include a suitable line, covering site, Presidency, and Paris/CSCE Summit, in the briefing for M. Rocard's visit.

Yours ever,

Richard Gozney

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

5/10

~~cell~~

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR  
N° 666

15 March 1990

*Dear Sir*

I have just received through the diplomatic bag a letter addressed to you by Monsieur Michel Rocard, Premier Ministre.

I enclose it herewith.

*Yours*

*Luc de La Barre*

Luc de La Barre de Nanteuil

The Rt. Hon. Margaret Thatcher, M.P.  
Prime Minister  
10 Downing street  
London SW1

Madame le Premier Ministre,

Votre pays dès l'origine a répondu favorablement à la décision du Conseil Européen de créer une Banque Européenne pour la Reconstruction et le Développement, et a pris depuis lors une part active à la négociation de mise en place de cette institution.

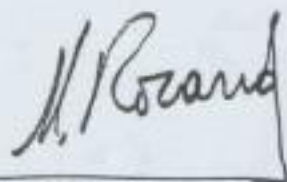
La France qui est à l'origine de cette initiative et qui assure la Présidence de la Conférence vous exprime ses plus vifs remerciements pour le soutien, l'implication et la contribution éminente que votre pays apporte dans ce processus.

La Direction de la nouvelle institution sera déterminante dans la phase initiale de lancement de ses activités. Elle aura à mettre en oeuvre les orientations fondamentales de sa contribution à la reconstruction et au développement des pays d'Europe Centrale et Orientale. Elle posera aussi les bases de sa collaboration avec les autres institutions internationales et les Gouvernements désireux de participer à l'essor de ces pays.

M. Jacques ATTALI, Conseiller spécial auprès du Président de la République, de par sa connaissance et son expérience de l'économie et des relations internationales, me paraît un candidat tout particulièrement désigné pour la tâche que nous voulons assigner tous ensemble au Président de cette nouvelle institution.

Je tiens à vous remercier personnellement du rôle que vous jouez dans la réalisation de ce projet qui porte tant d'espérance, et je formule l'espoir que vous accorderez à cette candidature une bienveillance particulière.

Je vous prie de bien vouloir agréer, Madame le Premier Ministre, l'expression de mes hommages respectueux.



Michel ROCARD

Madame Margaret THATCHER  
Premier Ministre du Royaume Uni

Euro POL: European Bank  
(separate)



lite  
DAS  
cefw

10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

15 March 1990

*Dear Charlotte*

Thank you for your letter of 14 February about Vienna's bid to have the site of the European Bank for Reconstruction and Development (EBRD).

I agree with you about the importance of the EBRD for encouraging the growth of the private sector in Eastern European countries. This sector will be the key to the successful development of these countries' economies. I am glad that we seem to be making progress on the Bank's establishment.

To ensure that the Bank plays its full role, I believe it should be sited in London. Close access to major markets and London's large banking sector, including the largest representation of Eastern European banks in Western Europe, will allow the Bank to establish itself quickly and operate effectively. On practical grounds, London's case is unrivalled.

If you decide in the end not to pursue your bid for Vienna, I hope you will bear in mind the strong arguments in favour of London.

I look forward to seeing you when you come to London in May.

*Kind regards,*

*Yours sincerely*

His Excellency Dr. Franz Vranitzky

*Nargant Shalita*

*JD/SH*



Foreign and Commonwealth Office

London SW1A 2AH

13 March 1990

*Dear Charles,*

European Bank for Reconstruction and Development (EBRD):  
Letter from the Austrian Chancellor

In our letter of <sup>Mar</sup> 5 March, we promised a draft reply to the Austrian Chancellor's letter of 14 February. I now enclose a draft from the Prime Minister, agreed with HM Treasury.

*Yours ever,*

*Richard Gozney*

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

Draft Reply from the Prime Minister

To: His Excellency Mr Franz Vranitzky  
Federal Chancellor of Austria

C: 1/10/81  
(das)

Thank you for your letter of 14 February about Vienna's bid to have the site of the European Bank for Reconstruction and Development (EBRD).

I agree with you about the importance of the EBRD for encouraging the growth of the private sector in Eastern European countries. This sector will be the key to the successful development of these countries' economies. I am glad that we seem to be making progress on the Bank's establishment.

To ensure that the Bank plays its full role, I believe it should be sited in London. Close access to major markets and London's large banking sector, including the largest representation of Eastern European banks in Western Europe, will allow the Bank to establish itself quickly and operative effectively. On practical grounds, London's case is unrivalled.

If you decide in the end not to pursue your bid for Vienna, I hope you will bear in mind the strong arguments in favour of London.

I look forward to seeing you when you next come to London & in any case (M. de la Roche)  
8 May  
12 noon

ovo



copy (4)  
Ric Pinto  
COP  
9/3

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

8 March 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

Spoken to Nigel  
Wicks & suggested that  
this agency should  
not be used again.  
COP 12/3

Dear Charles

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Prime Minister may wish to see the final version of the brochure setting out the case for the EBRD to be sited in London. It is enclosed. The Chancellor is sending copies to his fellow G41 Finance Ministers. The Treasury, the FCO and the Bank of England are also sending the brochure to a large number of other interested organisations.

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Minister for Overseas Development and the Secretary of State for Trade and Industry. If departments require additional copies they may be obtained from Justin Wray on 270 4887.

Note a very good brochure. Poor photographs upon presentation

Tancred Tarkowski

T TARKOWSKI







10 DOWNING STREET  
LONDON SW1

THE PRIME MINISTER



I welcome this opportunity to introduce the brochure on our offer to give the European Bank for Reconstruction and Development a home in London. This symbolises the United Kingdom's commitment to helping the emerging democracies of Eastern and Central Europe. We have all been stirred by the courageous and far-sighted events of the last year. After four lost decades, the people of Eastern Europe are at last embarking on the road to democracy and a market economy so many of their fellow Europeans took long ago. The Bank can help them in that journey, with its mission to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative.

London is the natural choice for the home of the Bank. It is one of the major banking centres of the world. It is the major banking centre of Europe. The new Bank would therefore be joining a thriving large, banking community, with all the advantages that would bring. The skills and resources the Bank will need are available in plenty. As a capital city, London has excellent communications with every country likely to join the Bank, including prospective members in Eastern and Central Europe. It has all the facilities needed to attract and retain the high quality staff the Bank will need: from opera to athletics, from good restaurants to good music.

The following pages expand upon these arguments. When you have read them, you will be as convinced as I that London should be the site for the European Bank for Reconstruction and Development.

February 1990

C'est un plaisir pour moi de pouvoir présenter cette brochure sur notre offre d'accueillir à Londres le siège de la Banque européenne pour la reconstruction et le développement. Cette offre symbolise l'engagement du Royaume-Uni à aider les démocraties naissantes d'Europe centrale et de l'Est. Nous avons tous été émus par le courage et la vision qui ont marqué les événements de l'année écoulée. Après quatre décennies de pertes, les peuples d'Europe de l'Est s'engagent enfin sur le chemin de la démocratie et de l'économie de marché, un chemin pris il y a longtemps par tant d'autres nations d'Europe. La Banque peut les aider dans leur parcours: elle a pour mission de favoriser la transition vers des économies libres orientées vers le marché et de promouvoir l'initiative privée et l'esprit d'entreprise.

Londres est le choix naturel pour le siège de la Banque. C'est l'une des principales places bancaires du monde. En Europe, c'est le tout premier. La nouvelle Banque se trouverait donc joindre une communauté bancaire vaste et florissante, avec tous les avantages que cela comporte. Les compétences et les ressources dont la Banque aura besoin sont disponibles en abondance. En tant que capitale, Londres possède d'excellentes communications avec tous les pays susceptibles d'adhérer à la Banque, notamment les futurs membres en Europe centrale et de l'Est. On y trouve tous les avantages nécessaires pour attirer et garder le personnel de haute qualité dont la Banque aura besoin: opéras et centres d'athlétisme, bons restaurants et bonne musique...

Les pages qui suivent présentent ces arguments plus en détail. Lorsque vous aurez lu ces pages, vous serez aussi convaincus que moi que Londres doit être le choix pour le siège de la Banque européenne pour la reconstruction et le développement.

Février 1990

Es ist mir eine Freude, die Broschüre über das Angebot Großbritanniens vorzustellen, der Europäischen Bank für Wiederaufbau und Entwicklung in London ihren Sitz zu geben. Hierin spiegelt sich die Verpflichtung Großbritanniens, die entstehenden Demokratien in Ost- und Mitteleuropa zu unterstützen. Die von Mut und Weitsicht zeugenden Ereignisse des letzten Jahres haben uns alle tief berührt. Nach vier verlorenen Jahrzehnten beginnen die Völker Osteuropas nun endlich, den Weg zu Demokratie und Marktwirtschaft einzuschlagen, den so viele ihrer Mitteleuropäer schon vor langer Zeit beschritten haben. Die Bank, deren Aufgabe es ist, den Übergang zu offenen, marktorientierten Wirtschaftsformen zu unterstützen und private unternehmerische Initiative zu fördern, kann ihnen auf diesem Weg behilflich sein.

Für den Sitz der Bank fällt die natürliche Wahl auf London. Es ist eins der wichtigsten Bankzentren der Welt und das wichtigste in Europa. Die neue Bank würde daher in eine blühende, große Bankengemeinschaft eintreten, mit allen damit verbundenen Vorteilen. Die Fähigkeiten und Ressourcen, die die Bank benötigen wird, sind reichlich vorhanden. Als Hauptstadt hat London ausgezeichnete Verbindungen zu allen Ländern, die der Bank wahrscheinlich beitreten werden, unter anderem auch zu möglichen zukünftigen Mitgliedsländern in Ost- und Mitteleuropa. London hat alles zu bieten, was eine Stadt für die hochqualifizierten Mitarbeiter, die die Bank benötigen wird, attraktiv macht: von der Oper bis hin zur Leichtathletik, von guten Restaurants bis hin zu guten Konzerten.

Auf den nachfolgenden Seiten sollen diese Argumente eingehender erörtert werden. Wenn Sie sie gelesen haben, werden Sie ebenso wie ich davon überzeugt sein, daß London der Standort der Europäischen Bank für Wiederaufbau und Entwicklung werden sollte.

Februar 1990

## London: A Financial Focal-Point

London is the natural site for the European Bank for Reconstruction and Development.

Historically, the city has been a centre of European trade and finance. Just a glimpse at any map of London illustrates this: Baltic Street, Lombard Street, Poland Street, Portugal Street, Petty France and Moscow Road are prominent reminders of that cosmopolitan past.

London's present-day role is more important still. The city is recognised as one of the major banking communities of the world. As such, it is a magnet for financial activity:

- London is Europe's largest centre for international banking, accounting for about a fifth of the total world market. See Chart 1.
- More than 500 foreign banks are represented in London – a figure unsurpassed by any other European city. These foreign banks enjoy more than 80 percent of the UK's international business. This proportion is unequalled in any other major city in Europe. Britain's Community partners, taken together, do as much international business in the UK as British banks.
- London is the leader in the Eurobond market; the preferred location for primary issues as well as secondary trading. In the secondary market, the City accounts for some three quarters of dollar business. See Chart 2.
- London is home to Europe's largest equity market, with a

market valuation of domestic equity over three times its nearest European rival. More than 500 non-UK companies are listed on the London Stock Exchange.

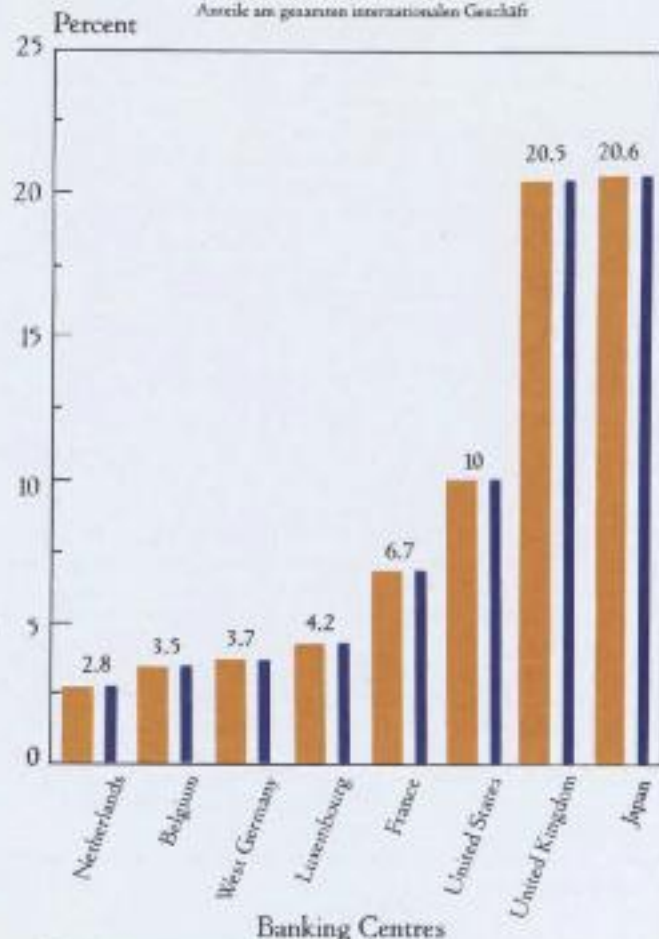
- The world's largest foreign exchange market can be found in London, with latest figure for daily net turnover estimated to be \$187 billion.
- Trading on London's various futures and options exchanges in the first half of 1989 amounted to more than the cumulative figure for the exchanges in all other European countries.
- London is a major centre for international insurance. It is also a major world market for re-insurance, with Lloyd's among the foremost in the business.
- London's pre-eminence in finance and other market activities guarantees the ready availability of the skills and services – lawyers, accountants, security printers, computer programmers and consultants – essential for effective operations.

London's position as Europe's major financial centre is already unrivalled.

It will be enhanced even further by the attainment of the single market for financial services in the European Community. When that target is achieved, London, as a cost-effective supplier of many financial services (as cited in a European Commission report *The Economics of 1992*), will be ideally placed to benefit from the expected growth in foreign activity.

Chart 1. Size of International Banking Centres  
Shares of total international business

Schéma 1. Importance des centres bancaires internationaux  
Part des activités internationales  
Diagramm 1. Die Größe der internationalen Bankzentren  
Anteil am gesamten internationalen Geschäft

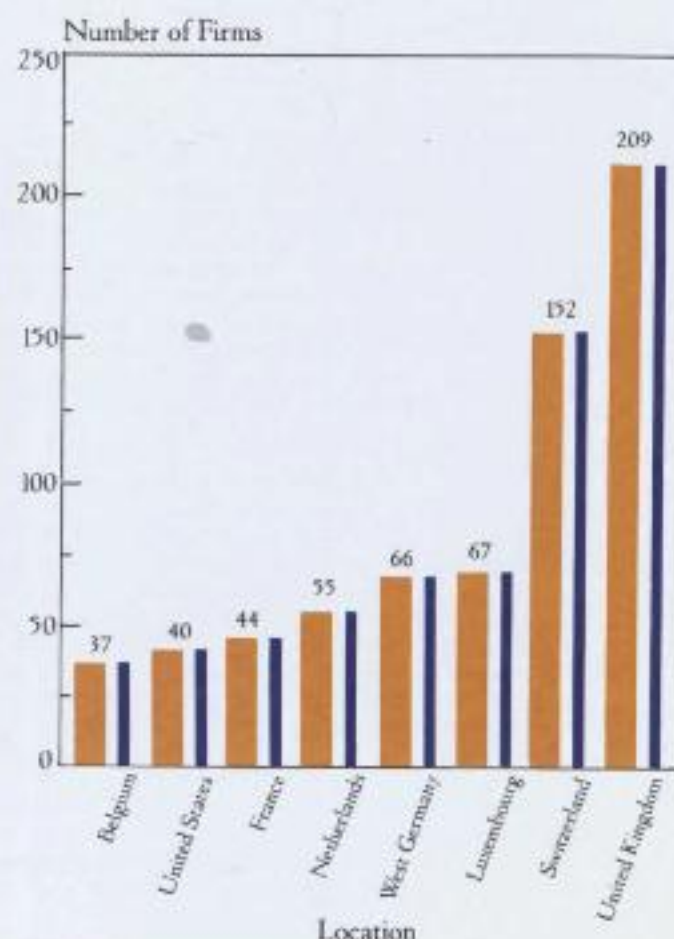


Source: BIS June 1989

Chart 2. Eurobond Dealers

Schéma 2. Maisons opérant sur Euro-obligations

Diagramm 2. Eurobondhändler



Source: AIBD Handbook, January 1989

## London – ein Mittelpunkt des Finanzwesens

London ist der natürliche Standort für die Europäische Bank für Wiederaufbau und Entwicklung.

Die Stadt ist eins der historischen Zentren der europäischen Handels- und Finanzwelt. Ein Blick auf den Stadtplan Londons genügt: Baltic Street, Lombard Street, Poland Street, Portugal Street, Petty France und Moscow Road zeugen eindringlich von der kosmopolitischen Vergangenheit.

Heute spielt London eine noch wichtigere Rolle. Die City gilt allgemein als eins der Hauptzentren des internationalen Bankwesens. Als solches ist sie Anziehungspunkt für Finanzgeschäfte aller Art:

- London ist Europas größtes internationales Bankzentrum. Etwa ein Fünftel des gesamten weltweiten Bankverkehrs wird in London abgewickelt – siehe Diagramm 1.
- Über 500 ausländische Banken sind in London niedergelassen – mehr als in jeder anderen europäischen Stadt. Der Anteil der ausländischen Banken am internationalen Bankverkehr Großbritanniens liegt bei über 80%; in keinem anderen Bankenzentrum Europas wird ein so hoher ausländischer Anteil erreicht. Die EG-Partner Großbritanniens tätigen zusammen genommen einen ebenso großen Anteil am internationalen Geschäft in Großbritannien wie die britischen Banken.
- Auf dem Eurobond-Markt ist London führend als bevorzugter Platz für Neuemissionen und Sekundärhandel. Was den Sekundärmarkt betrifft, stellt die City etwa drei Viertel des Dollargeschäfts – siehe Diagramm 2.
- In London befindet sich Europas größter Aktienmarkt. Der Kurswert der hier gehandelten inländischen Aktien ist mehr als dreimal so hoch wie am nächst kleineren europäischen Börsenplatz. Über 500 ausländische Firmen sind an der Londoner Börse notiert.
- Der Londoner Devisenmarkt ist der größte der Welt. Laut neuesten Schätzungen beträgt sein Nettotagesumsatz \$187 Milliarden.
- In der ersten Jahreshälfte 1989 lag der Gesamtumsatz der verschiedenen Londoner Termin- und Optionsbörsen höher als der kumulative Wert der Transaktionen an allen anderen europäischen Börsen.
- London ist ein wichtiges internationales Versicherungszentrum und einer der bedeutendsten Rückversicherungsmärkte der Welt.

Lloyd's London zählt zu den prominentesten Unternehmen auf diesem Sektor.

London's führende Stellung auf dem Finanzmarkt und anderen Märkten bietet die Gewähr für die unmittelbare Verfügbarkeit von qualifizierten Kräften und Dienstleistungen, die für einen effizienten Betrieb unerlässlich sind: Rechtsanwälte, Wirtschaftsprüfer, Wertpapierdruckereien, Computerprogrammierer und Consultants.

London's Stellung als Europas wichtigstes Finanzzentrum ist schon jetzt unbestritten.

Diese Position wird durch die Vervollendung des Binnenmarktes für finanzielle Dienstleistungen in der Europäischen Gemeinschaft noch weiter gestärkt werden. Wenn dieses Ziel erreicht ist, wird London als preiswerter Anbieter zahlreicher finanzieller Dienstleistungen (siehe den Bericht "Europas Zukunft - Binnenmarkt 1992" der EG-Kommission) hervorragend platziert sein, um den zu erwartenden Zuwachs des Außenhandels zu nutzen.

The City of London



## Londres: un centre de la finance

Londres est l'emplacement naturel de la Banque européenne pour la reconstruction et le développement.

Historiquement, la ville a toujours été un centre de la finance et du commerce européens. Un coup d'œil sur n'importe quelle carte de Londres le confirmera: Baltic Street, Lombard Street, Poland Street, Portugal Street, Petty France et Moscow Road, des noms qui rappellent ostensiblement ce passé cosmopolite.

Aujourd'hui, le rôle de Londres est encore plus important. La ville est reconnue comme étant l'une des plus grandes communautés bancaires du monde. En tant que telle, elle est un pôle d'attraction de l'activité financière:

- Londres est le premier centre européen pour les opérations bancaires internationales et représente environ un cinquième de l'ensemble du marché mondial. Voir Schéma 1.
- Plus de 500 banques étrangères sont représentées à Londres, un chiffre atteint par nulle autre ville européenne. Ces banques étrangères jouissent de plus de 80 pour cent des activités internationales du Royaume-Uni. Cette proportion n'est égale par aucune autre des grandes villes d'Europe. Les partenaires communautaires de la Grande-Bretagne font, conjointement, autant d'affaires internationales dans ce pays que les banques britanniques.
- Londres est en tête de pont du marché des euro-obligations: c'est le lieu privilégié des émissions primaires comme des transactions secondaires. Sur le marché secondaire, la City représente environ les trois quarts de l'activité en dollars. Voir Schéma 2.
- C'est à Londres que se trouve le plus grand marché européen

des actions, avec une valeur boursière des actions intérieures plus de trois fois supérieure à son

plus proche rival européen. Plus de 500 sociétés non britannique sont cotées à la Bourse de Londres.

- Le plus grand marché des changes du monde est aussi à Londres: les dernières statistiques donnent un chiffre d'affaires net journalier d'environ 187 milliards de dollars.
- Le montant des transactions effectuées sur les divers marchés à terme et à options de Londres au cours du premier semestre de 1989 était supérieur au chiffre cumulé pour les bourses de tous les autres pays européens.
- Londres est par ailleurs l'un des centres principaux pour le marché international des assurances. C'est aussi un grand marché mondial de la réassurance, Lloyd's étant l'un des noms prééminents de ce secteur.
- La domination de Londres dans les activités financières et sur les autres marchés garantit la disponibilité facile des compétences et services nécessaires pour assurer des opérations efficaces, à savoir avocats, comptables, imprimeurs de titres, programmeurs et experts-conseils, etc.

La position de Londres comme plus grand centre financier d'Europe apparaît donc déjà comme inégalée.

Cette position sera encore renforcée avec l'avènement du grand marché intérieur des services financiers dans la Communauté européenne. Une fois cet objectif atteint, en tant que fournisseur rentable de nombreux services financiers (comme l'indique le rapport de la Commission européenne intitulé "1992: La nouvelle économie européenne"), Londres sera parfaitement placé pour profiter de la croissance prévue des activités extérieures.

## London and the Banks of Eastern Europe

There is nothing new about London's links with the banks of the USSR and Eastern Europe. As long ago as the late 1950s, the Moscow Narodny Bank was one of the first foreign banks to deposit dollars in the London market. Other banks participated as well, contributing to the development of a London external currency market and forming the basis of what was to become known as the Euro-currency market.

Today, London banks do more business with Eastern Europe than the banks of any other Western European nation. Loans outstanding from London total around \$25 billion. Not surprisingly, the banks of every country in Eastern Europe are represented in London, where they are active in a number of markets.

More recently, this traffic has begun to flow in two directions: British banks are beginning to develop

reciprocal links in Eastern Europe. Moscow alone is now host to seven of these London representatives.

Commodity trading is also a growth area. A number of Eastern European firms enjoy long-standing connections with the London markets – both in physical goods and in futures.

To facilitate Eastern European trade, London was one of the pioneers in the development of forfaiting – a financing technique developed in the 1960s to ease transactions between western exporters and the countries of Eastern Europe. Today, London retains its forfaiting leadership, with the technique now also used to finance trade with other nations as well. As trade with the region grows, the London forfaiting market is poised to grow with it.



Tate Gallery



Housing in London

## London und die Banken Osteuropas

London unterhält schon seit langem Beziehungen zu den Banken in der UdSSR und in Osteuropa. Bereits gegen Ende der 50er Jahre hat die Moskauer Narodny-Bank als eine der ersten ausländischen Banken Dollars auf dem Londoner Markt hinterlegt. Andere Banken hinterlegten ebenfalls Devisen in London und trugen zu der Entwicklung eines Londoner Devisenmarktes bei. Auf dieser Grundlage entstand im Laufe der Zeit der sogenannte Eurowährungsmarkt.

Die Londoner Banken haben heute einen regeren Kontakt zu den osteuropäischen Banken als alle anderen westeuropäischen Länder. Der Wert der von London vergebenen Anleihen beträgt etwa \$25 Milliarden. Es ist daher keineswegs erstaunlich, daß die Banken aller osteuropäischen Länder in London vertreten und in einer Reihe von Märkten tätig sind.

Seit einigen Jahren bewegt sich der Bankverkehr auch in der entgegengesetzten Richtung. Britische Banken entwickeln allmählich auf Gegenseitigkeit beruhende Beziehungen zu

Osteuropa. In Moskau allein finden sich heute sieben Vertretungen Londoner Banken.

Auch der Warenhandel ist im Aufschwung begriffen. Mehrere osteuropäische Unternehmen stehen bereits seit vielen Jahren mit den Londoner Märkten in Verbindung, und dies gilt sowohl für Loko- als auch für Termingeschäfte.

London spielte eine bahnbrechende Rolle in der Entwicklung des Forfaitierungsgeschäftes und somit in der Förderung des Handels mit Osteuropa. Bei der Forfaitierung handelt es sich um eine in den 60er Jahren entwickelte Finanzierungsmethode, die Transaktionen zwischen westlichen Exporteuren und den Ländern von Osteuropa erleichtert. Auch heute noch ist London in dieser Hinsicht führend, doch wird die Forfaitierung nun auch bei der Finanzierung des Handels mit anderen Ländern angewandt. Indem der Handel mit den östlichen Ländern zunimmt, wird auch der Londoner Forfaitierungsmarkt wachsen.



Jugobank



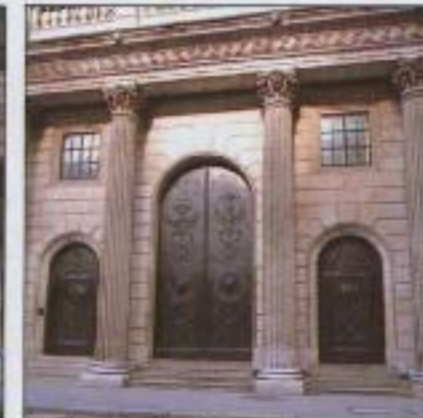
Zivnostenska Banka



Bulgarian Foreign Trade Bank



Moscow Narodny Bank



Bank of England



Hungarian International Bank



Bank Handlowy w Warszawie



Deutsche Aussenhandelsbank



Anglo Romanian Bank

## Londres et les banques d'Europe de l'Est

Les liens de Londres avec les banques d'URSS et d'Europe de l'Est n'ont rien de nouveau. Dès la fin des années 1950, la Banque Narodny de Moscou était l'une des premières banques étrangères à déposer des dollars sur le marché de Londres. D'autres banques ont également participé et contribué ainsi au développement d'un marché londonien des devises extérieures, base de ce qui allait s'appeler le "marché des eurodevises".

Aujourd'hui, les banques de Londres font plus d'affaires avec l'Europe de l'Est que les banques de toute autre nation d'Europe occidentale. L'encours des prêts générés à Londres s'élève à quelque 25 milliards de dollars. Il n'est donc pas étonnant que les banques de tous les pays d'Europe de l'Est soient représentées à Londres, où elles sont actives sur un certain nombre de marchés.

Plus récemment, ce trafic a commencé à s'orienter dans deux directions: les banques britanniques commencent à développer des liens réciproques en Europe de l'Est. A elle seule,

la ville de Moscou accueille aujourd'hui sept de ces représentants de Londres.

Le commerce des produits de base est aussi un secteur en croissance. Un certain nombre de sociétés d'Europe de l'Est entretiennent depuis longtemps des relations avec les marchés de Londres, qu'il s'agisse de biens matériels ou d'opérations à terme.

Pour faciliter les transactions avec l'Europe de l'Est, Londres a été l'un des pionniers de la technique de l'affacturage à forfait, une technique financière créée dans les années 1960 pour rendre les opérations entre les exportateurs occidentaux et les pays d'Europe de l'Est plus aisées. Aujourd'hui, Londres reste en tête dans le domaine de l'affacturage à forfait et cette technique sert aussi maintenant à financer le commerce avec d'autres pays. A mesure que le commerce avec la région s'accroît, le marché londonien de l'affacturage à forfait est prêt à croître en même temps.

## Communications

Essential to the success of the European Bank for Reconstruction and Development are:

- good air links to both its customers and members;
- rapid and reliable telecommunications. London can supply both.

### Air Links

Together, London's three major international airports provide more flights to more destinations than any other city in the world. Prague is a mere two hours away. The journey to Budapest and Warsaw is little longer, while the rest of Eastern Europe is little more than four hours' flying time from London.

The London airports themselves are all within easy reach of Central London and each other via good road, rail

and underground services. Helicopters can accommodate those in a greater hurry to catch their flights.

### Telecommunications

London is fast emerging as one of the most important centres of global communications. As such, it can meet the Bank's every telecommunication need, from the basic low-cost telephone and teletext services to the more sophisticated requirements such as video conferencing and satellite communication. State-of-the-art fibre optic technology can transfer data quickly and securely to any location. In short, information in any form – voice, video, data or image – can be instantly transmitted to anywhere in the world over the comprehensive international networks that use London as one of their main staging posts.

## Fernverkehr und Fernmeldewesen

Für den Erfolg der Europäischen Bank für Wiederaufbau und Entwicklung sind:

- gute Flugverbindungen für Kunden und Mitarbeiter
- ein schnelles und zuverlässiges Fernmeldewesen unerlässlich. London entspricht beiden dieser Erfordernisse.

### Flugverbindungen

Von den drei internationalen Großflughäfen Londons gehen insgesamt mehr Flüge aus als von irgendeiner anderen Stadt der Welt, und auch die Anzahl der von London erreichbaren Bestimmungsorte ist größer. Prag ist nur zwei Stunden entfernt. Nach Budapest und Warschau dauert die Reise ein wenig länger, und die durchschnittliche Dauer eines Fluges von London nach Städten in Osteuropa beträgt wenig mehr als vier Stunden.

Die Londoner Flughäfen selbst lassen sich dank guter Straßen-, Zug- und U-Bahnverbindungen leicht vom Stadtzentrum und voneinander aus erreichen. Für Personen, die den Flughafen besonders schnell erreichen müssen, sind Hubschrauberdienste verfügbar.

### Fernmeldewesen

London entwickelt sich schnell zu einem der wichtigsten Zentren des globalen Fernmeldewesens. Die hier verfügbaren

Einrichtungen sind daher in der Lage, allen erdenklichen Fernmeldeerfordernissen der Bank zu entsprechen – von

einfachen, kostengünstigen Fernsprech- und Teletextdiensten bis zu anspruchsvolleren Videokonferenzen und zur Satellitenkommunikation. Modernste Faseroptiktechnologie ermöglicht schnelle, sichere Datenübertragung an jeden Ort. Informationen in gesprochener, Video-, Daten- oder Bildform können dabei über die umfassenden internationalen Netze, in denen London einen der Hauptknotenpunkte bildet, augenblicklich an jeden beliebigen Ort der Welt übertragen werden.

Lloyd's of London



London City Airport



## Communications

Deux choses sont essentielles au succès de la Banque européenne pour la reconstruction et le développement:

- de bonnes liaisons aériennes avec ses clients et ses membres;
- des télécommunications rapides et fiables. Londres peut assurer les deux.

### Liaisons aériennes

Conjointement, les trois principaux aéroports internationaux de Londres assurent plus de vols vers davantage de destinations que toute autre ville du monde. Prague n'est qu'à deux heures de Londres. Le voyage à Budapest ou à Varsovie n'est guère plus long et le reste de l'Europe de l'Est n'est guère plus qu'à quatre heures de vol de Londres.

Les aéroports de Londres eux-mêmes sont tous très faciles d'accès depuis le centre de la ville et très bien reliés les uns aux autres, cela grâce à de bons services routiers, ferroviaires et

de métro. Un transport à l'aéroport par hélicoptère est possible pour les plus pressés.

### Télécommunications

Londres apparaît de plus en plus comme l'un des centres les plus importants des communications globales. En tant que tel, la ville peut répondre à tous les besoins de la Banque en matière de télécommunications, depuis les plus simples services de téléphone et de téletexte à bon marché jusqu'aux besoins plus sophistiqués comme la vidéoconférence et les communications par satellite. La technologie de pointe de la fibre optique permet de transmettre rapidement et en toute sécurité des données vers n'importe quelle destination. En bref, l'information sous toutes ses formes – voix, vidéo, données ou images – peut être transmise instantanément n'importe où dans le monde par le biais des grands réseaux internationaux dont Londres est l'un des relais principaux.

## Living and Working in London

A first class bank needs first class employees. First class employees can work anywhere in the world they choose. Many of them choose to work in London. Many more would like to. They have good reason.

London is not merely the capital of the United Kingdom. It is a world class metropolis, with all the benefits that implies.

Culturally, it is unsurpassed with two major opera houses, two leading ballet companies and no fewer than five famous symphony orchestras. Fifty full-sized theatres, together with many more smaller theatres and theatre clubs justify London's reputation as the world capital of the stage. Around 25 cinemas in Central London alone provide ample opportunities to enjoy first-run or classic repertoire films.

As far as the visual arts are concerned, the collections of the National Gallery, the Tate Gallery, the Victoria & Albert Museum, the Courtauld Institute and the Wallace Collection are universally recognised as among the best. Many less well known but no less fascinating museums await discovery.

Other interests are well catered for. Health clubs and sporting facilities abound, with many up to international level. Shopping is legendary, ranging from the

grandeur of Harrods to the friendly little shop on the corner. Dining out (justifiably maligned in London's past) is now an important part of city life, with

superb restaurants offering cuisines as diverse as Japanese, French, Polish and Texan.

London housing caters to every taste, from the typically charming Georgian or Victorian terrace house to the most contemporary of penthouse flats.

Though London is a huge city, it is built to human scale, with a wide range of transport cutting distances to just a few minutes' travel: nine underground lines span the city and are supplemented by a variety of train and bus services. London taxis are the envy of every other city.

As for getting away from it all, the tranquillity of open spaces is never more than a few moments away. A carefully-planned network of parks brings nature to the city, and the famed beauties of the English countryside are always within easy reach, either for commuting or recreation.

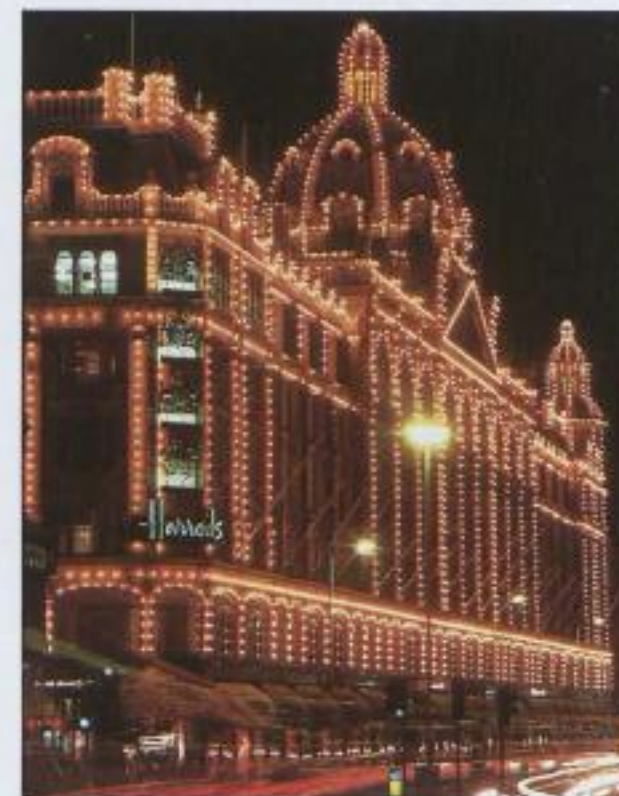
The European Bank for Reconstruction and Development will expect its employees to work hard in their important tasks. Life in London will help them in their work and reward them in their leisure.



Covent Garden Opera House



Wodka – native Polish restaurant



Harrods Department Store



World Class tennis tournaments

## Das Leben und Arbeiten in London

Eine erstklassige Bank benötigt erstklassige Mitarbeiter. Mitarbeiter dieses Kalibers sind in allen Teilen der Welt gesucht. Viele jedoch arbeiten am liebsten in London, und viele andere würden sich ihnen gern anschließen. Dafür bestehen gute Gründe.

London ist nicht nur die Hauptstadt des Vereinigten Königreichs, sondern eine Weltstadt mit allen Vorteilen, die dieser Status bedingt.

In kultureller Hinsicht ist London unübertroffen. Es gibt hier zwei Opernhäuser von Weltruf, zwei führende Ballettruppen und nicht weniger als fünf berühmte Sinfonieorchester. London besitzt fünfzig große und zahlreiche kleinere Theater und Theaterklubs und gilt somit mit Recht als die internationale Hauptstadt der Bühnenkunst. Etwa 25 Kinos in der Innenstadt allein bieten reichlich Gelegenheit zum Besuch von Filmpremierer und klassischen Filmen.

Im Bereich der bildenden Künste zählen die Sammlungen der Nationalgalerie, der Tate-Galerie und des Victoria & Albert Museums, des Courtauld Instituts und der Wallace Collection allgemein zu den besten der Welt. Viele weniger bekannte aber keineswegs weniger interessante Museen haben ebenfalls manches zu bieten.

Auch anderen Interessen ist Rechnung getragen. Es gibt zahllose Fitnessklubs und Sportanlagen, von denen viele internationalen Rang genießen. Die Einkaufsmöglichkeiten – von dem prunkvollen Warenhaus Harrods bis zu freundlichen kleinen

Läden – sind einmalig. Die Londoner Restaurants (früher nicht zu Unrecht verschmäht) bilden nun einen wichtigen

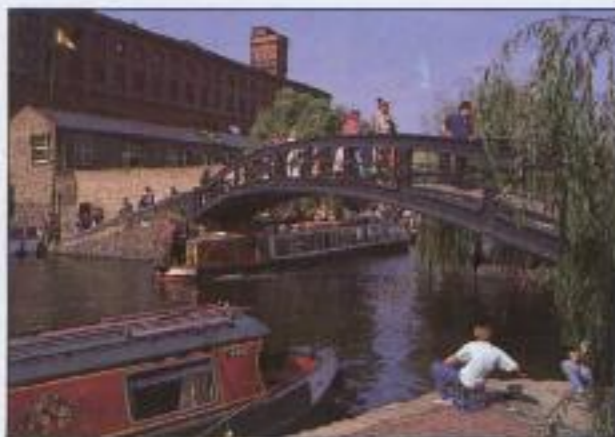
Aspekt des Stadtlebens, und es gibt auch vorzügliche Speiselokale der internationalen Küche – z.B. japanische, französische, polnische oder texanische.

Das Wohnungsangebot in London bietet für jeden Geschmack etwas und erstreckt sich von den typischen charmanten Stadthäusern im georgianischen oder viktorianischen Stil bis zu den modernsten Penthousewohnungen.

Obgleich London eine riesige Stadt ist, sind seine Proportionen in keiner Hinsicht befremdend. Die verschiedenen Verkehrsmittel ermöglichen es, in wenigen Minuten von einem Punkt zu anderen zu gelangen. Neun U-Bahnstrecken verbinden die einzelnen Bezirke der Stadt und dazu kommen noch verschiedene Eisenbahn- und Buslinien. Um seine Taxis wird London von vielen Städten beneidet.

Wer all dem entfliehen will, wird stets in ein paar Minuten Ruhe und Erholung finden. Ein sorgfältig geplantes Netz von Parkanlagen bringt die Natur in die Stadt, und die herrliche englische Landschaft ist stets in bequemer Reichweite, sowohl für den Pendler als auch für den Erholungsuchenden.

Die Europäische Bank für Wiederaufbau und Entwicklung wird von ihren Mitarbeitern erwarten, daß sie sich ihren wichtigen Aufgaben mit Herz und Seele widmen. Das Leben in London wird ihnen die Arbeit erleichtern und ihnen manche schöne Stunde bieten.



Camden Lock



Savoy Hotel

## Vivre et travailler à Londres

Une banque de premier ordre a besoin d'employés de première qualité.

De tels employés peuvent travailler où ils veulent dans le monde. Beaucoup choisissent de venir à Londres. Beaucoup d'autres le voudraient bien. Ils ont pour cela de bonnes raisons.

Londres est non seulement la capitale du Royaume-Uni, mais c'est aussi une métropole d'envergure mondiale, avec tous les avantages que cela implique.

Du point de vue culturel, la ville n'est surpassée par aucune autre, avec deux grands opéras, deux troupes de ballet de premier plan et pas moins de cinq orchestres symphoniques célèbres. Cinquante grands théâtres, plus de nombreux autres de moindre dimension et cafés-théâtres, justifient la réputation de Londres comme capitale mondiale de la scène. Quelque 25 cinémas, pour le centre de Londres seulement, donnent toutes occasions de voir les films nouveaux ou du répertoire classique.

En ce qui concerne les arts plastiques, les collections de la National Gallery, de la Tate Gallery, du Victoria & Albert Museum, du Courtauld Institute et de la Wallace Collection sont universellement reconnues comme étant parmi les meilleures. On pourra par ailleurs découvrir de nombreux autres musées moins connus mais tout aussi fascinants.

Londres pourvoit bien aussi aux autres intérêts. Clubs de santé et installations sportives abondent, et beaucoup sont de niveau international. Le shopping à Londres est aujourd'hui

légendaire : de la pompe de Harrods au sympathique petit magasin du coin.

Dîner au restaurant (autres justes ment dénigré à Londres) est aujourd'hui un des aspects importants de la vie londonienne. De superbes restaurants offrent des cuisines aussi variées que japonaise, française, polonaise ou texanne.

On trouve à Londres des logements pour tous les goûts : des maisons attenantes de style victorien ou georgien au charme typique jusqu'aux appartements de terrasse les plus contemporains.

Bien que Londres soit une ville gigantesque, elle est bâtie à l'échelle humaine, avec d'importants moyens de transport qui ramènent les distances à quelques minutes de trajet : neuf lignes de métro sillonnent la ville, auxquelles s'ajoutent de nombreux services de trains et d'autobus. Les taxis de Londres, pour leur part, font l'envie de toutes les villes.

Pour s'échapper, la tranquillité des espaces verts n'est jamais très loin. Grâce à un réseau de parcs soigneusement planifié, la nature vient à la ville et la campagne anglaise à la beauté légendaire est très vite accessible, que ce soit pour y habiter ou pour aller s'y détendre.

La Banque européenne pour la reconstruction et le développement attendra de ses employés qu'ils travaillent dur à leurs tâches importantes. La vie à Londres les aidera dans leur travail et les récompensera dans leurs loisirs.





10 DOWNING STREET

LONDON SW1A 2AA

5 March 1990

*From the Private Secretary*

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

I enclose the Prime Minister's reply to Chancellor Kohl's message about the site of the European Bank for Reconstruction and Development.

I am copying this letter to John Gieve (Treasury).

CHARLES POWELL

R H T Gozney Esq  
Foreign and Commonwealth Office



PRIME MINISTER -  
PERSONAL MESSAGE  
SERIAL No. T466/90



SUBJECT  
CC MASTER  
OP.

Rep  
Srew

10 DOWNING STREET  
LONDON SW1A 2AA

cc FLO  
HMT

THE PRIME MINISTER

5 March 1990

Dear Helmut,

Thank you for your letter of 7 February. I was interested to read your suggestion that the European Bank for Reconstruction and Development should be sited in West Berlin.

I recognise Berlin's excellent transport links with parts of Europe and that it has scientific, educational and research institutions of a high standard. I am sure these advantages will weigh heavily in the siting of other Community institutions, such as the Training Foundation. But I hope that you will agree that, for the reasons set out in my letter of 31 January, the practical arguments point clearly to siting the Bank in London. Only London can offer the range and depth of existing banking facilities and financial expertise which will be essential to the Bank's smooth establishment and efficient operation.

Yours  
sincerely

Raymond

His Excellency Dr. Helmut Kohl

29



Foreign and Commonwealth Office

London SW1A 2AH

5 March 1990

*CB 15/3.*

*Ica Charles.*

*Abel 14/2.*

European Bank for Reconstruction and Development

The Austrian Ambassador called on 5 March to deliver the enclosed letter, dated 14 February, from Chancellor Vranitzky to the Prime Minister, making a case for siting the EBRD in Vienna. Dr Magrutsch was left in no doubt about the strength of the case for the Bank to be sited in London.

I shall send a draft reply after we have consulted the Treasury.

I copying this letter to Tancred Tarkowski (HMT).

*Yours,  
Stephen Wall*

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street



Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

1 March 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

*Dear Charles,*

*not*  
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

You sent me on 19 February a message from Chancellor Kohl to the Prime Minister about the site of the European Bank for Reconstruction and Development.

... I attach a draft reply for the Prime Minister to send. This has been approved by the Chancellor.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

*Tarced Tarkowski*

T TARKOWSKI  
Private Secretary

Sho  
ac (foreign)  
Jed

DRAFT LETTER FROM PRIME MINISTER TO CHANCELLOR KOHL

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Thank you for your letter of 7 February. I was interested to read your suggestion that the European Bank for Reconstruction and Development should be sited in West Berlin.

I recognise Berlin's excellent transport links with parts of Europe and that it has scientific, educational and research institutions of a high standard. I am sure these advantages will weigh heavily in the siting of other Community institutions, such as the Training Foundation. But I hope that you will agree that, for the reasons set out in my letter of 31 January, the practical arguments point clearly to siting the Bank in London. Only London can offer the range and depth of existing banking facilities and financial expertise which will be essential to the Bank's smooth establishment and efficient operation.

CD

Euro Pol. Euro Bank Dec 89



CONFIDENTIAL

ed



file

bc pc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

27 February 1990

**EBRD: LOBBYING FOR LONDON AS A SITE**

Thank you for your letter of 23 February suggesting a lobbying line to take, to increase the chances of securing support for London as the site of the EBRD. I am sure the Prime Minister will be content with this.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office).

(CHARLES POWELL)

Tancred Tarkowski, Esq.,  
Department of Trade and Industry.

CONFIDENTIAL

DTS

①  
self



Tim Austin

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

Agree to  
this line?

CM  
23/2

23 February 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

Yes no

Dear Charles,

**EBRD: LOBBYING FOR LONDON AS A SITE**

Our efforts to secure London as the site for the EBRD will depend to a considerable extent on the French, who have (rather half heartedly so far), put forward Attali as a candidate. A French declaration for Berlin would do serious damage to London's chances.

If Ruding's candidature (which we have strongly supported) looks like failing, then we could face a choice between: Attali in Berlin, and Attali in London. The Chancellor feels the latter is obviously better, and that we should be prepared to give a hint now to the French by lobbying on the following lines:

- (a) we have no present plans to put forward a candidate of our own;
- (b) we had of course indicated support for Ruding before learning of Attali's possible interest;
- (c) we believe that the President (like the site) should come from a Community country;
- (d) we assume that - to maximise the chances - the EC will identify a Community candidate, perhaps at the informal ECOFIN on 31 March;
- (e) we think Ruding is a first class candidate with an excellent reputation in international financial circles. But

**CONFIDENTIAL**



if it became clear that he does not command majority Community support, our attitude would inevitably be coloured by our concern to secure London as a site.

The Chancellor would be grateful for the Prime Minister's agreement to this line.

I am copying this letter to Stephen Wall in the FCO.

*Tomer Tarkowski*

**T TARKOWSKI**  
Private Secretary





FILE KK  
c/Foreign Bank  
DC PC.

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

22 February 1990

**EUROPEAN BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

I enclose a copy of the Taoiseach's reply to the Prime Minister's recent message, in which she set out the case for siting the European Bank for Reconstruction and Development in London.

I am copying this letter and enclosure to Richard Gozney (Foreign and Commonwealth Office), Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

(C. D. POWELL)

John Gieve, Esq.,  
HM Treasury.



FG  
EM  
C: Foreign  
ERKO

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

19 February 1990

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

I enclose a copy of a message to the Prime Minister from Chancellor Kohl about the site of the European Bank for Reconstruction and Development.

I am copying this letter and enclosure to Stephen Wall (Foreign and Commonwealth Office), Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

CHARLES POWELL

John Gieve Esq  
Treasury

MCM



Foreign and Commonwealth Office

London SW1A 2AH

19 February 1990

*Aza Chouls,*

*CDP*

EBRD

The German Minister, Herr Wegner, delivered on 16 February the enclosed letter to the Prime Minister from Chancellor Kohl making the case for Berlin as the EBRD site. He was left in no doubt of the strength of our bid for London as the site.

We shall shortly submit advice on a draft reply, in consultation with HM Treasury.

I am copying this letter to John Gieve (HMT) and Sonia Phippard (Cabinet Office).

*Yours,*  
*Stephen Wall*

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

Translation

Federal Republic of Germany  
The Federal Chancellor

Bonn, 7. February 1990

Dear Prime Minister,

The work involved in setting up a European Bank for Reconstruction and Development is making swift progress. I strongly welcome this. In view of the developments in Central and Eastern European countries, additional funds have to be made available soon to support the reform process and the transition to a market economy in those countries.

A decision has not yet been taken on the location of the Bank. At the International Conference in Paris on 15/16 January 1990, the head of our delegation proposed Berlin (West).

No other city symbolizes better the overcoming of Europe's division and the new commitment to East-West cooperation. Berlin, situated in the heart of Europe at the former dividing line between West and East, is virtually predestined to perform the functions emerging.

Berlin possesses excellent locational features. It has good transport links with Central, Eastern and South-Eastern Europe and is well integrated in the international transport system. It

The Rt. Hon. Margaret Thatcher, M.P.  
Prime Minister of the United Kingdom  
of Great Britain and Northern Ireland  
London

also possesses many scientific, research, educational and cultural institutions of a high standard. Berlin is able to make available at short notice suitable buildings for accommodating the Bank.

I would be most grateful if you could take account of these arguments in your decision on the siting of the European Bank and could support Berlin's candidature.

Yours sincerely,  
(sgd) Helmut Kohl

SUBJECT "Market  
OPS

Site P413

cc. Flo

T

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL NO. T 36/90



10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

19 February, 1990.

Dear Brian,

Douglas Hurd has told me that you have offered to support our bid to have London as the site of the EBRD. I am very grateful.

Thank you too for all the help you have been giving us over Hong Kong. I really do appreciate it.

Warm regards,

*Lawson*

*Rayner*

The Rt. Hon. Brian Mulroney

Sp 1-2



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

18 February 1990

I enclose a short message from the Prime Minister to the Canadian Prime Minister and should be grateful if it could be delivered as soon as possible.

C.D. POWELL

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

25

DER BOTSCHAFTER  
DER BUNDESREPUBLIK DEUTSCHLAND  
Baron Hermann von Richthofen

London, 15 February 1990

NB The translation is  
filed and "T" 'd at  
7/2/90

Dear Prime Minister,

I have the honour to transmit to you the enclosed letter from Herr Dr Helmut Kohl, Chancellor of the Federal Republic of Germany, concerning the Bank for Reconstruction and Development.

A courtesy translation is attached.

I have the honour to be, dear Prime Minister,

Yours sincerely  
Hermann Richthofen

The Rt. Hon. Margaret Thatcher, MP  
Prime Minister, First Lord of the Treasury  
and Minister for the Civil Service  
10 Downing Street  
London SW1



Bonn, den 7. Februar 1990

Ihrer Exzellenz  
Frau Margaret Thatcher, MP  
Premierminister des Ver-  
einigten Königreichs Groß-  
britannien und Nordirland  
London

Sehr geehrte Frau Premierminister,

die Arbeiten zur Gründung einer Europäischen Bank für Wiederaufbau und Entwicklung kommen zügig voran. Ich begrüße dies nachdrücklich. Die Entwicklung in den mittel- und osteuropäischen Staaten macht es notwendig, daß schon bald zusätzliche Mittel zur Unterstützung des Reformprozesses und des Übergangs zur Marktwirtschaft in diesen Ländern bereitgestellt werden.

Über den Sitz der Bank ist noch nicht entschieden worden. Auf der Internationalen Konferenz am 15. und 16. Januar 1990 in Paris hat der Leiter unserer Delegation Berlin (West) vorgeschlagen.

Keine andere Stadt als Berlin hat mehr Symbolkraft für die Überwindung der Teilung Europas und für den neuen Willen zur Zusammenarbeit zwischen West und Ost. Zur Erfüllung der anstehenden Aufgaben ist Berlin im Zentrum Europas und an der bisherigen Nahtstelle zwischen West und Ost geradezu prädestiniert.

Berlin verfügt über hervorragende Standortqualitäten. Diese kommen in den günstigen Verkehrswegen nach Mittel-, Ost- und Südosteuropa zum Ausdruck, sowie in der guten Anbindung an das internationale Verkehrsnetz, aber auch in dem hohem Standard zahlreicher Einrichtungen für Wissenschaft, Forschung, Bildung und Kultur. Berlin ist in der Lage, kurzfristig angemessene Gebäude für die Unterbringung der Bank zur Verfügung zu stellen.

Ich wäre Ihnen sehr dankbar, wenn Sie diese Argumente bei Ihrer Entscheidung über den Sitz der Europäischen Bank miteinbeziehen könnten und die Kandidatur Berlins unterstützen würden.

Mit freundlichen Grüßen

Je  
L. J. J.

EDS. AIR POST

MAYSPRING



Foreign and Commonwealth Office

London SW1A 2AH

15 February 1990

*Jean Charles,*

Site of the EBRD

The Prime Minister sent a message to President Mitterrand on 31 January setting out our case for London as the site of the EBRD. Posts, including Ottawa, were asked to pass a copy of the message to their Head of Government.

Mr Mulroney told the Foreign Secretary in Ottawa this week that Canada would be happy to support us. The Prime Minister might like to thank him. I enclose a draft.

*Jans.*  
*Stephen Wall*  
(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

*Mr Foreign Secretary*

DRAFT LETTER FROM THE PRIME MINISTER

Douglas Hurd has told me that you have offered to support our bid to have London as the site of the EBRD. I am very grateful.

Thank you too for all the help you have been giving us over Hong Kong. I really do appreciate it.

*CM*

The Right Honourable Brian Mulroney PC MP



10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

*me all*

*cc HMT  
to  
ODA  
GO  
B/Eng*

I welcome this opportunity to introduce the brochure on our offer to give the European Bank for Reconstruction and Development a home in London. This symbolises the United Kingdom's commitment to helping the emerging democracies of Eastern and Central Europe. We have all been stirred by the courageous and far sighted events of the last year. After four lost decades, the people of Eastern Europe are at last embarking on the road to democracy and a market economy so many of their fellow Europeans took long ago. The Bank can help them in that journey, with its mission to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative.

London is the natural choice for the home of the Bank. It is one of the major banking centres of the world. It is the major banking centre of Europe. The new Bank would therefore be joining a thriving large, banking community, with all the advantages that would bring. The skills and resources the Bank will need are available in plenty. As a capital city, London has excellent communications with every country likely to join the Bank, including prospective members in Eastern and Central Europe. It has all the facilities needed to attract and retain the high quality staff the Bank will need: from opera to athletics, from good restaurants to good music.

*R*

The following pages expand upon these arguments. When you have read them, you will be as convinced as I that London should be the site for the European Bank for Reconstruction and Development.

*Rogant Shalke*

---

February 1990



Republic of Austria  
THE FEDERAL CHANCELLOR

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 30 A 190

SUBJECT u  
MASTER  
OM

Vienna, February, 14, 1990

Dear Prime Minister,

The political changes in the countries of Central and Eastern Europe are confronting us with new challenges in many areas. In facing them, we find that conventional wisdom is not enough for many of these tasks.

In order to permit this politically difficult phase to proceed through orderly channels, it is necessary to look for specific new solutions which we all - in the West and in the East - have to work out in joint discussions.

If the transition from planned economies to market economies envisaged by the reform governments of Central and Eastern Europe is to be successful, it will require a great deal of effort as well as a considerable measure of know-how. I expect that - like the World Bank which has become a pool of know-how on development problems - the European Bank for Reconstruction and Development proposed by President Mitterrand and soon to be established will turn into the pool of know-how for this new type of adaptation process.

./.

H.E.  
The Rt.Hon.Margaret Thatcher

Prime Minister of  
the United Kingdom

London



Situated in the centre of Europe and a neighbour of some of the potential project countries, Austria strongly supports the creation of this Bank and is prepared to play a significant role in its operations. Hence Austria hopes to contribute a substantial share of the Bank's capital and is able to offer the services of many experts with long experience in potential project countries.

On objective criteria, therefore, the unique combination of the following three factors which are of essential interest to the Bank makes Vienna the ideal seat of such an institution:

Vienna is very close to most project countries of the Bank and is the only city which would offer the advantage of headquarters in a neutral country combined with short distances to cover on business trips to the Bank's operational areas.

Vienna is, moreover, a city with an excellent infrastructure and a high quality of life, which should make it easy for the Bank to attract highly qualified staff on acceptable terms.

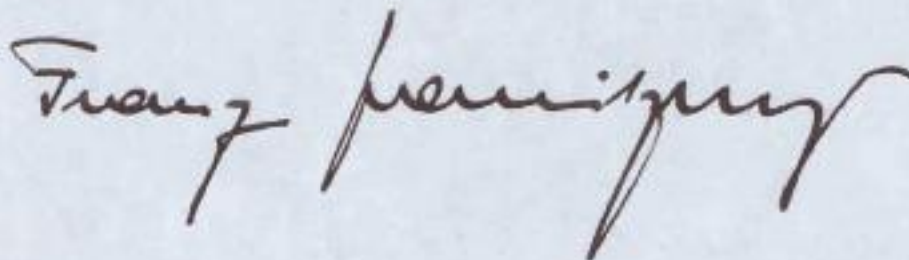
Not least, Vienna is situated at the crossroads between East and West has a large number of experts, banks and other services as well as manufacturing companies with East-West expertise. Together with the high Western-type standards of office infrastructure, these would considerably facilitate the Bank's work, especially in the initial stages.



For your information, I enclose a memorandum which outlines the favourable conditions for the Bank's work in Vienna.

I am convinced that these considerations are persuasive arguments for a decision to establish the Bank's headquarters in Vienna, and I would therefore ask you to support Vienna's candidacy.

With the assurances of my highest consideration,

A handwritten signature in cursive script, reading "Franz Vranitzky". The signature is written in dark ink and is centered on the page.

(Franz Vranitzky)

## MEMORANDUM

in Support of Vienna's Candidacy as the Seat of the  
European Bank for Reconstruction and Development, 1990

Austria's history is closely associated with the history of the countries of Eastern Europe. We are aware of the responsibilities resulting from these ties and will be glad to take our share in modernising the economic structure of Eastern Europe.

One contribution is Austria's offer to house the EBRD in its federal capital. This candidacy is the result of careful consideration with respect to the most suitable location for the proposed Bank.

The decisive point in favor of Vienna is its unique geopolitical position. The city therefore offers substantial locational advantages to a bank oriented towards Eastern Europe.

### 1. Transport

Vienna's central location favors contacts with Eastern and Western Europe.

There are regular direct flights to the capitals as well as business and financial centres in East and West.

The proposed extension of Vienna-Schwechat Airport will intensify these transport links.

The area's close-knit and highly developed modern railway and road network is another advantage, especially in case of difficulties with air traffic.

Expected transport route developments in Eastern Europe could lead to their link-up with the Austrian road network.

Vienna's urban transport facilities are modern, time-saving and user-friendly.

In view of the proposed World Fair in 1995, additional infrastructural developments will be undertaken throughout Austria.

2. Up-to-date communications

Vienna has a modern telecommunication and information system. Communications with the countries of Eastern Europe are being improved with the latest digital technologies.

3. Vienna as a conference city

On a world scale, Vienna ranks 8th as a venue for international conventions and meetings.

All the necessary infrastructure (conference centres) is available.

Vienna has special experience in hosting meetings on East-West topics.

Vienna offers a large choice of well-known first-class hotels.

Austrian restaurant expertise is highly reputed throughout the world and the typical Viennese cuisine is one of its notable features.

The city's housing market offers the Bank's foreign staff a supply of homes corresponding to the standards of international civil servants.

4. International organisations

Vienna is the seat of numerous international organisations and research institutions, of which UNIDO, IAEA, OPEC, the OPEC Fund and IIASA might be of special interest to the Bank's work.

5. Office accommodation

Suitable headquarters buildings could be offered to the Bank in Vienna either in the city centre or at the periphery.

6. Education

In addition to a large number of public schools and a wide spectrum of universities and other scientific and scholarly institutions, there are a number of international schools (Lycée Français, Vienna International School, American International School) as well as several schools run by embassies (such as the USSR, the CSSR and Japan).

7. Labour market

Vienna is Austria's financial centre.

Hence Austria can readily meet the requirements of a large international bank by offering highly qualified personnel with technical knowledge and linguistic proficiency (in East and West European languages) as well as international experience and contacts.

Austria also has a large reservoir of well-trained workers in the services sectors and in all other fields relevant to business operations.

Thanks to its institutionalised social partnership, Austria is among the most stable countries in social terms with a low rate of inflation by all standards and consequently a very moderate upward trend of wages and salaries.

#### 8. History

In the past, we have acquired special experience in East-West cooperation. This includes not only the cultural, humanitarian and scientific spheres but especially also the economic field.

This experience is very much alive in Austria. It could be tapped by the EBRD as a special resource.

#### 9. Culture and leisure

Culture has always been one of Vienna's greatest attractions.

With its wide and rich range of cultural resources and its historic aura, Vienna is one of the foremost destinations of city tourism in Europe.

Vienna also offers a wide selection of modern leisure and sports facilities.

The choice of leisure activities does not end at the city's boundaries.

Austria as a whole has become well-known as a venue for summer and winter sports. The best known sports centres can be reached from Vienna in a few hours' time.



*M. L. M.*

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

14 February 1990

EUROPEAN BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Thank you for your letter of 14 February enclosing a draft foreword for the brochure singing London's praises as the site for the EBRD. The Prime Minister has signed this and I enclose the text.

I am copying this letter and enclosure to Stephen Wall (Foreign and Commonwealth Office), Myles Wickstead (Overseas Development Administration), Sonia Phippard (Cabinet Office) and Paul Tucker (Bank of England).

C. D. POWELL

Tancred Tarkowski, Esq.,  
H.M. Treasury.

*C.P.C.*



Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

14 February 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

*Dear Charles*

*slap*

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)**

The Prime Minister's letter of 31 January to other Heads of Government and the Presidents of the Commission and the European Investment Bank launched our bid for the EBRD to be sited in London. It is clear from initial responses that we will face some stiff competition, not least from West Berlin. Mr Baker announced the United States' support for Prague last week. But reports from posts to date indicate a widespread recognition of the strength of the case for London.

To help follow up the Prime Minister's letter, the Treasury is preparing a brochure, for distribution at high level meetings of officials scheduled for 10 and 11 March. It will also be used in other lobbying, for instance by posts. The brochure will be glossy, in three languages, with colour photographs, angled at those who will be involved in negotiations about the site.

The Chancellor thinks it would be helpful for the Prime Minister to sign a foreword, in terms of the attached draft, to help emphasise the United Kingdom's commitment to London at the highest level.

Because of the short time available, and the work that needs to be done on preparing and printing the brochure, text needs to be finalised in the next few days. It would be helpful, if possible, to have your reply within the next 24 hours.



... I attach a rough draft of the text of the rest of the booklet. I do not suggest you study it, but I thought you would like to have it for reference. You will see that the material, particularly the discussion of London as a financial centre, in general and in relation to Eastern Europe, follows the same line of argument as the Prime Minister's letter, with some extra detail.

I am copying this letter to Stephen Wall (FCO), Miles Wickstead (ODA), Sonia Phippard (Cabinet Office) and Paul Tucker (Bank of England).

*Tancred Tarkowski*

**T TARKOWSKI**  
Private Secretary



DRAFT FOREWORD BY THE PRIME MINISTER

ANNEX A

<sup>welcome</sup>  
I ~~relish~~ this opportunity to introduce the brochure on our offer to give the European Bank for Reconstruction and Development a home in London. This symbolises the United Kingdom's commitment to helping the emerging democracies of Eastern and Central Europe. We have all been stirred by the courageous and far sighted events of the last year. After four lost decades, the people of Eastern Europe are at last embarking on the road to democracy and a market economy so many of their fellow Europeans took long ago. The Bank can help them in that journey, with its mission to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative.

London is the natural choice for the home of the Bank. It is one of the major banking centres of the world. It is the major banking centre of Europe. The new Bank would therefore be joining a thriving large, banking community, with all the advantages that would bring. The skills and resources the Bank will need are available in plenty. As a capital city, London has excellent communications with every country likely to join the Bank, including prospective members in Eastern and Central Europe. It has all the facilities needed to attract and retain the high quality staff the Bank will need: from opera to athletics, from good restaurants to good music.

The following pages expand upon these arguments. When you have read them, you will be as convinced as I that London should be the site for the European Bank for Reconstruction and Development.

PAGES 2-3

LONDON AS A MAJOR INTERNATIONAL FINANCIAL CENTRE

The Bank would derive enormous advantages from working in an international banking community. London is one of the major banking communities of the world. Indeed, it is more than that: it is a major financial centre, with a high degree of expertise in many sectors:

- London is the largest centre for international banking in Europe. As chart indicates, it has about a fifth of the total world market.
- London houses the most international banking community of the major European nations. Foreign banks enjoy over 80 per cent of the UK's international business, substantially higher than any other major country in Europe. Other Community countries, taken together, do as much international business in the UK as British banks. 520 foreign banks are represented in London.
- London leads in the eurobond market. Where home authorities allow bonds to be issued abroad, most primary issues have occurred in London in recent years. Most secondary trading in eurobonds also takes place in London, for example some three quarters of dollar business. Chart 2 indicates London's importance in this market.
- London has the largest equity market in Europe, with a market valuation of domestic equity over 3 times its nearest European rival. Well over 500 non-UK companies are listed on the London stock exchange.

- London is the world's largest foreign exchange market, with a net daily turnover estimated during April 1989 (the latest figure available) to be \$187 billion.
- Trading on London's various futures and options exchanges amounted, in total, to slightly more than that on all exchanges in other European countries together, in the first half of 1989;
- London is a major centre for international insurance while various companies, both domestic and foreign, as well as Lloyds, provide a major market for re-insurance in London;
- London not only provides a large concentration of financial institutions as well as a wide range of different market activities, but also a readily available supply of skilled and specialised services which are essential to the smooth running of financial institutions. These include lawyers, accountants, security printers, computer programmers and consultants.

London's position as a major financial centre should be strengthened by the attainment of the single market for financial services in the European Community. Not only is there a large degree of foreign involvement in UK markets already, but the UK is already a low cost supplier of many financial services, according to a European Commission report (the Economics of 1992), and thus well placed to benefit from the expected growth in this area.

LONDON AND THE BANKS OF EASTERN EUROPE

London has developed as a major international financial centre over many years, and during this time has developed important banking links with the USSR and Eastern Europe. For example, the Moscow Narodny Bank was one of the first banks to deposit dollars in the London market in the late 1950's, thus contributing to the development of an external currency market in London, which ultimately became known as the euro-currency market.

London banks do more business with Eastern Europe than the banks of any other Western European countries.

The banks of every country in Eastern Europe are represented in London.

As Eastern Europe joins the international financial community, British banks are beginning to develop their links in Eastern Europe. Seven are already represented in Moscow.

London is thought to be the largest centre in Europe for forfaiting - a financing technique developed in the 1960's to facilitate transactions between western exporters and the countries of Eastern Europe. Although the technique is now used also to finance trade with other countries, institutions in the forfait market in London are well placed to accommodate any increase in trade related financing as trade with East Europe grows.

The countries of Eastern Europe also do business in other markets located in London: for example, the gold market.

PAGE 5

### COMMUNICATIONS

For the Bank, two kinds of communication are particularly important:

- it needs good air links to its customers and its members;
- it needs rapid and reliable telecommunications.

London can supply both in plenty.

#### Air links

London is served by three major airports. Together they provide more flights than any other city in the world. Bank employees can reach Prague in 2 hours, Budapest and Warsaw is not much longer: the rest of Eastern Europe in around 4 hours. There are also regular services to every other country likely to join the Bank at its inception.

All three airports are within easy reach of central London: by helicopter if necessary! There are good rail and underground services.

#### Telecommunications

London can provide every kind of telecommunication service the Bank will need: from sophisticated services such as video conferencing and satellite communication to more basic low cost telephone and teletext services. The latest in fibre optic technology can transfer data rapidly and securely around the world. Every form of information (voice, video, data and image) can be transmitted over the comprehensive international networks available in London. It is fast emerging as one of the most important centres of global communications.

LONDON AS A PLACE TO LIVE AND WORK

A first class bank needs first class employees. To attract and retain such people, the Bank needs to be located in a city that offers an attractive way of life. London has in abundance all the facilities of a major world city:

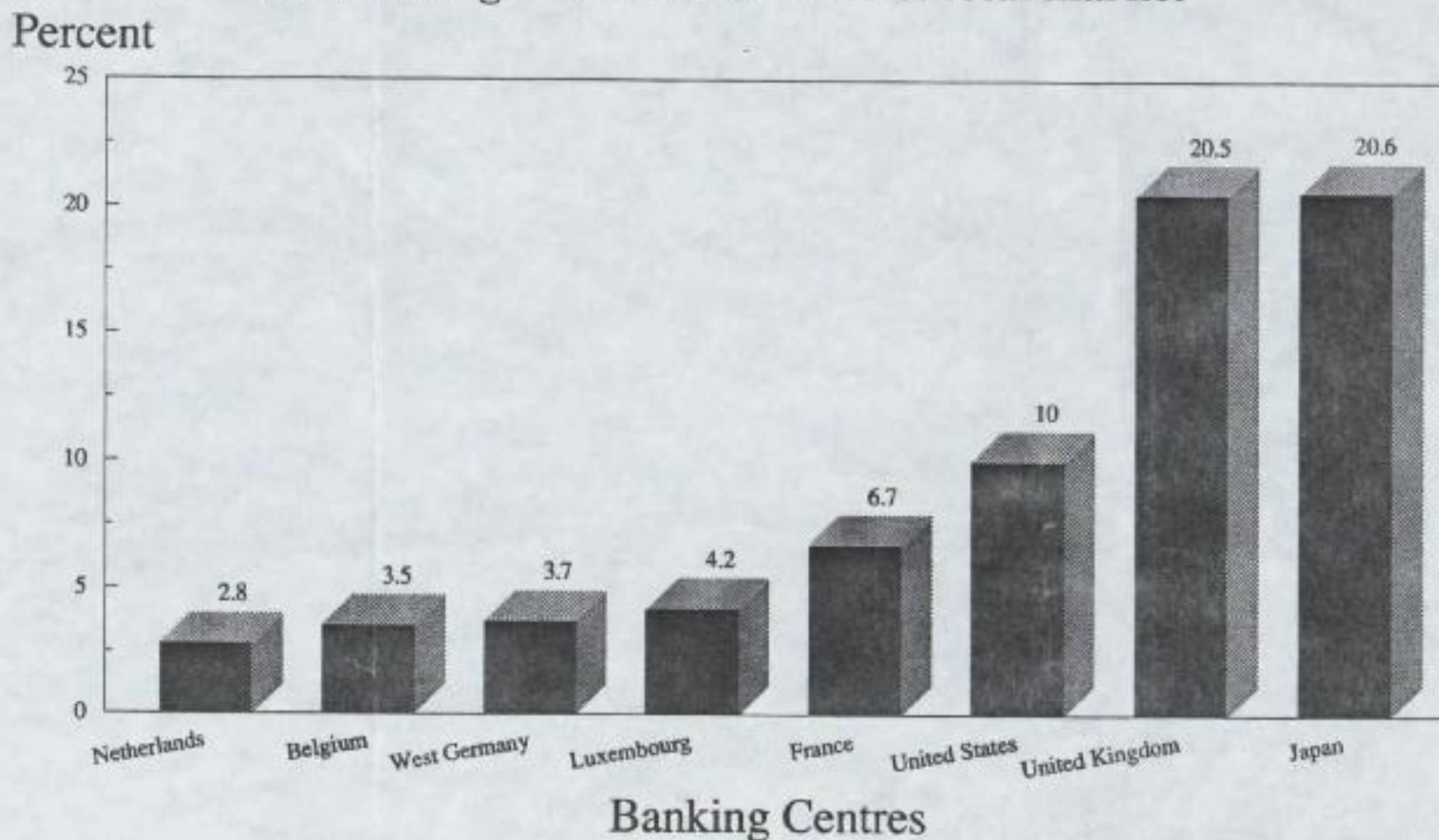
- two opera houses, two leading ballet companies and five famous symphony orchestras;
- world famous art galleries and museums (the National Gallery, the Tate, the British Museum and many more);
- around 50 theatres in central London, with many smaller theatres and theatre clubs elsewhere in the city;
- about 25 cinemas (many of them multi-screen) in central London, and many more local cinemas;
- a wide range of sporting facilities, to international level;
- a host of other activities, to cater for every taste and interest;
- a wide variety of high quality housing;
- an enormous range of shops from Harrods to the smallest corner shop; restaurants that provide food from every part of the globe, from French to Texan, from Polish to Japanese;
- a wide range of transport: nine underground lines which span the city, a huge variety of train and bus services. These can also be used to get out quickly to the surrounding countryside, where many who work in London

chose to live. There are also good road, rail, sea and air links to the rest of the British Isles, Europe and the world.



# Chart 1. Size of International Banking Centres

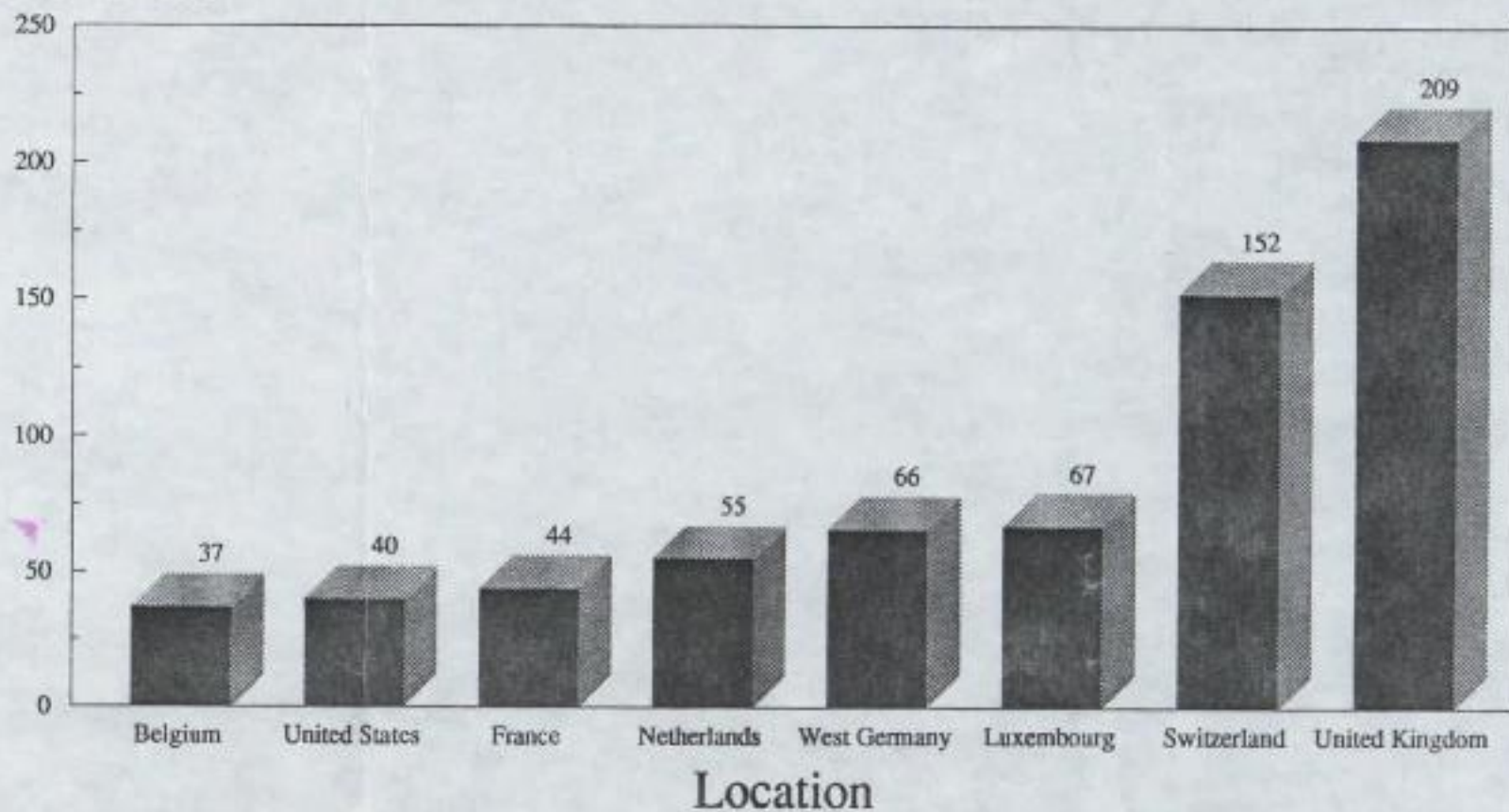
Outstanding Claims as % share of total market



Source: BIS

## Chart 2. Eurobonds

Number of Firms



Source: Bank of England - Figures on location of AIDB members

EURO POL:  
European Bank Dec '89



SUBJECT cc MANKU  
OPS

EURO POL: Euro Bank  
Dec '89.



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 724/a/90

Oifig an Taoisigh  
Office of the Taoiseach  
8 February, 1990.

The Right Honourable  
Mrs. Margaret Thatcher, M.P., F.R.S.,  
Prime Minister,  
10 Downing Street,  
London.

Dear Margaret,

Aor

I am grateful to you for copying to me your letter to President Mitterrand setting out the case for siting in London the new European Bank for Reconstruction and Development. You might recall from the discussion in Paris and Strasbourg that I also fully supported this proposal and I am particularly anxious that we do all we can to ensure that the Bank is established as quickly as possible.

I have taken careful note of your proposal that London be chosen for the Bank's headquarters. I know you will not be surprised when I say that we too have an interest in providing a headquarters for the Bank, possibly in the new Financial Services Centre in Dublin.

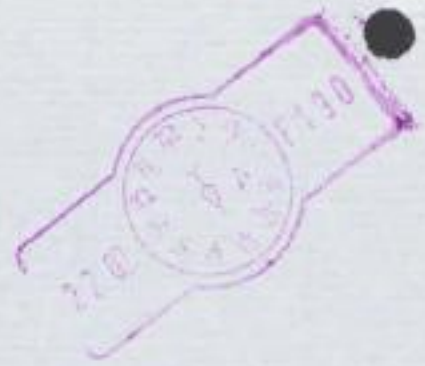
At the meeting of officials which Ireland convened to coordinate a Community position for the International Conference in Paris last month, it was decided to reserve discussions on the Bank's location for Ministers. You can be assured that we will ensure that your proposal is given every consideration, taking into account all the circumstances, and I have already been in touch to this effect both with the Minister for Finance here, Mr. Albert Reynolds, T.D., and the Minister for Foreign Affairs, Mr. Gerard Collins, T.D.

With kind personal regards.

Yours sincerely,

Frankie Lynam

Exlo for Euro Game, Dec 89,





Oifig an Taoisigh  
Office of the Taoiseach 2.

*cell.*  
1 3 copies for Mr George to  
take back for:  
Mr Powell, No 10  
BCO  
RIB

DHM  
Mr Tolhurst

*DF*  
*9/11*

8 February, 1990.

His Excellency, Sir Nicholas Fenn, KCMG,  
British Embassy,  
Dublin.

*DF*

Dear Ambassador,

*HOP*

I have been asked by the Taoiseach to thank you for your letter of  
1 February, enclosing a copy of a letter addressed to President Mitterrand  
by your Prime Minister, on the case for siting the European Bank for  
Reconstruction and Development. The Taoiseach's reply to the Prime Minister  
is being transmitted through our Embassy in London. I am pleased to enclose  
a copy for your information.

Yours sincerely,

*Aisling Morgan*

Private Secretary  
to the Taoiseach.

February, 1990.

The Right Honourable  
Mrs. Margaret Thatcher, M.P., F.R.S.,  
Prime Minister,  
10 Downing Street,  
London.

I am grateful to you for copying to me your letter to President Mitterrand setting out the case for siting in London the new European Bank for Reconstruction and Development. You might recall from the discussion in Paris and Strasbourg that I also fully supported this proposal and I am particularly anxious that we do all we can to ensure that the Bank is established as quickly as possible.

I have taken careful note of your proposal that London be chosen for the Bank's headquarters. I know you will not be surprised when I say that we too have an interest in providing a headquarters for the Bank, possibly in the new Financial Services Centre in Dublin.

At the meeting of officials which Ireland convened to coordinate a Community position for the International Conference in Paris last month, it was decided to reserve discussions on the Bank's location for Ministers. You can be assured that we will ensure that your proposal is given every consideration, taking into account all the circumstances, and I have already been in touch to this effect both with the Minister for Finance here, Mr. Albert Reynolds, T.D., and the Minister for Foreign Affairs, Mr. Gerard Collins, T.D.

With kind personal regards.

Europa  
European Bank  
DEC 1989



Subject cc MASTER  
ops

celc.

Translation

Federal Republic of Germany  
The Federal Chancellor

PRIME MINISTER

PERSONAL MESSAGE

SERIAL No. T23 bii/90

Bonn, 7. February 1990

Dear Prime Minister,

The work involved in setting up a European Bank for Reconstruction and Development is making swift progress. I strongly welcome this. In view of the developments in Central and Eastern European countries, additional funds have to be made available soon to support the reform process and the transition to a market economy in those countries.

A decision has not yet been taken on the location of the Bank. At the International Conference in Paris on 15/16 January 1990, the head of our delegation proposed Berlin (West).

No other city symbolizes better the overcoming of Europe's division and the new commitment to East-West cooperation. Berlin, situated in the heart of Europe at the former dividing line between West and East, is virtually predestined to perform the functions emerging.

Berlin possesses excellent locational features. It has good transport links with Central, Eastern and South-Eastern Europe and is well integrated in the international transport system. It

The Rt. Hon. Margaret Thatcher, M.P.  
Prime Minister of the United Kingdom  
of Great Britain and Northern Ireland  
London

also possesses many scientific, research, educational and cultural institutions of a high standard. Berlin is able to make available at short notice suitable buildings for accommodating the Bank.

I would be most grateful if you could take account of these arguments in your decision on the siting of the European Bank and could support Berlin's candidature.

Yours sincerely,  
(sgd) Helmut Kohl

RESTRICTED  
 FM PARIS  
 TO IMMEDIATE FCO  
 TELNO 138  
 OF 021835Z FEBRUARY 90  
 AND TO PRIORITY UKREP BRUSSELS  
 INFO SAVING WASHINGTON, TOKYO, BONN, OTTAWA, OTHER EC POSTS

*This is a  
 real try-on!  
 Yes - but something to  
 work*

YOUR TELNO 062: EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT  
 (EBRD)

*on  
 no*

## SUMMARY

1. THE PRIME MINISTER'S MESSAGE TO PRESIDENT MITTERRAND HAS BEEN DELIVERED. I HAVE LOBBIED DUMAS, WHO SPECULATED THAT THE FRENCH MIGHT BE READY TO SUPPORT LONDON IF WE WERE TO JOIN THEM IN RESISTING US PRESSURE TO LIMIT THE SCOPE AND IMPORTANCE OF THE NEW INSTITUTION.

## DETAIL

2. THE PRIME MINISTER'S LETTER TO PRESIDENT MITTERRAND WAS SENT TO THE ELYSEE ON 1 FEBRUARY. WHEN I CALLED ON DUMAS TODAY I HANDED OVER A COPY AND STRESSED OUR HOPE THAT THE FRENCH COULD AGREE THAT THE EBRD BE SITED IN LONDON.

3. DUMAS SAID IMMEDIATELY THAT HE WONDERED WHETHER THERE WAS ANY ROOM FOR AN ANGLO-FRENCH DEAL ON THIS QUESTION. HE THOUGHT THE FRENCH MIGHT BE WILLING TO LOOK WITH FAVOUR ON THE PROPOSAL THAT THE EBRD BE SITED IN LONDON, PROVIDING THE BANK IN QUESTION WAS A SUFFICIENTLY IMPORTANT INSTITUTION, ONE WORTHY OF THE GREATER EUROPE THAT WAS IN THE PROCESS OF EMERGING. THE FRENCH WERE STRONGLY ATTACHED TO THE ORIGINAL CONCEPTION OF A BANK MODELLED ON THE IBRD AND THEY FOUND THE CONSTRAINTS THAT THE AMERICANS WERE NOW SEEKING TO IMPOSE VERY RESTRICTIVE. DUMAS REPEATED THAT HE THOUGHT THAT LONDON MIGHT BE A BETTER SITE FOR THE EBRD THAN, SAY, PRAGUE BUT THAT THE BANK ITSELF NEEDED TO BE WORTHY OF BEING IN LONDON.

4. I SAID THAT WE WERE VERY CONCERNED TO MAINTAIN US AND CANADIAN INVOLVEMENT IN THE EBRD. I TOOK NOTE OF WHAT HE HAD SAID. HE CAUTIONED THAT THEY WERE SIMPLY PROVISIONAL COMMENTS.

5. AT 1900 HOURS LOCAL TIME, DUMAS TELEPHONED ME TO SAY THAT HE HAD NOW READ THE PRIME MINISTERS LETTER. HE FOUND THE CASE OVERWHELMINGLY STRONG - FOR THE ARGUMENT WHICH HE HAD PUT TO ME BEFORE. IF THE BANK WERE TO BE IN SUCH A WELL-QUALIFIED SITE AS

LONDON IT HAD TO BE OF APPROPRIATE CALIBRE. HE ADDED THAT THE FRENCH HAD A STRONG CANDIDATE (HE DID NOT QUOTE HIS NAME BUT IT WAS OBVIOUS THAT HE WAS REFERRING TO JACQUES ATTALI). HE THOUGHT THAT THERE WAS NOW SCOPE FOR A BIG BANK WITH A STRONG DIRECTOR TO BE LOCATED IN AN IMPORTANT CAPITAL. I SAID ONLY THAT HE WOULD KNOW THAT THERE WAS A GOOD DUTCH CANDIDATE IN THE FIELD. HE CLEARLY DID.

6. A COPY OF THE PRIME MINISTER'S LETTER HAS ALSO BEEN SENT TO THE TRESOR (SAMUEL LAJEUNESSE) AND WE HAVE GONE OVER WITH THEM ORALLY THE ARGUMENTS IN FAVOUR OF LONDON.

FERGUSSON

YYYY

DISTRIBUTION 261

MAIN 247

.FRAME EXTERNAL  
ECD (E)  
WED  
FED

NAD  
MR BEAMISH  
MR RATFORD

ADDITIONAL 1

FRAME

SAVING 13

WASHINGTON  
TOKYO  
BONN

OTTAWA  
EC POSTS

NNNN

RESTRICTED



10 DOWNING STREET  
LONDON SW1A 2AA

RC  
EAM

C: Foreign/  
Attali

cc RC

*From the Private Secretary*

1 February 1990

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Monsieur Attali telephoned me this morning to tell me in confidence (at this stage) that he would in due course be a candidate to be President of the European Bank for Reconstruction and Development. He wanted us to be aware of this before committing ourselves firmly to any candidate. I simply said that I took note and would make sure that those concerned were aware.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Neil Thornton (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

CHARLES POWELL

John Gieve Esq  
HM Treasury

RESTRICTED

KK

RESTRICTED

80

072142  
MDHOAN 2181

RESTRICTED  
FM FCO  
TO IMMEDIATE PARIS  
TELNO D62  
OF 312030Z JANUARY 90

mxg 102/1		
RECEIVED		
-2 FEB 70		
DESK OFFICER		REGISTRY
INDEX	FILE	Action Taken

OP COPY  
Q DIST ?

AND TO IMMEDIATE WASHINGTON, TOKYO, BONN, ROME, OTTAWA, BRUSSELS  
AND TO IMMEDIATE BERNE, STOCKHOLM, VIENNA, OSLO, REYKJAVIK  
AND TO IMMEDIATE HELSINKI, DUBLIN, MADRID, LUXEMBOURG, ATHENS  
AND TO IMMEDIATE LISBON, ANKARA, CANBERRA, WELLINGTON, BELGRADE  
AND TO IMMEDIATE MOSCOW, BUDAPEST, WARSAW, EAST BERLIN, PRAGUE  
AND TO IMMEDIATE BUCHAREST, NICOSIA, VALLETTA, UKREP BRUSSELS  
INFO IMMEDIATE COPENHAGEN, THE HAGUE

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

1. HMG HAS LAUNCHED A BID FOR LONDON TO BECOME THE SITE OF THE  
EBRD. THERE ARE AT LEAST SEVEN OTHER CANDIDATES, INCLUDING  
PRAGUE, VIENNA, BERLIN, COPENHAGEN AND STRASBOURG. THE PRIME  
MINISTER HAS WRITTEN TO PRESIDENT MITTERRAND TO UNDERLINE THE  
STRENGTH OF THE UK'S BID. TEXT IN MIFT.

FOR PARIS

2. GRATEFUL IF YOU WOULD ARRANGE FOR DELIVERY OF THE TEXT AS  
SOON AS POSSIBLE. THERE WILL BE NO (NO) SIGNED ORIGINAL.

3. OTHER POSTS SHOULD TRANSMIT A COPY OF THE MESSAGE TO THE  
HEAD OF GOVERNMENT. UKREP BRUSSELS SHOULD GIVE THE TEXT OF THE  
MESSAGE TO DELORS. LUXEMBOURG SHOULD GIVE THE MESSAGE TO SAUTER  
AND TO THE PRESIDENT OF THE EUROPEAN INVESTMENT BANK.

FOR THE HAGUE/COPENHAGEN

4. MY 2 IFT AND 3 IFT (COPIED ONLY TO PARIS AND UKREP BRUSSELS)  
CONTAIN INDIVIDUAL MESSAGES TO LUBBERS AND SCHLUETER. IN  
ADDITION YOU SHOULD GIVE COPIES OF THE PRIME MINISTER'S LETTER  
TO MITTERRAND TO LUBBERS' AND SCHLUETER'S PRIVATE SECRETARIES.

FOR ALL POSTS

5. PLEASE DRAW ON THE CONTENTS OF THE PRIME MINISTER'S MESSAGE  
IN LOBBYING SENIOR OFFICIALS IN THE FOREIGN AND FINANCE  
MINISTRIES.

6. GRATEFUL FOR ANY RESPONSES BY TELEGRAM BY 7 FEBRUARY.

HURD

YYYY

DISTRIBUTION 223

MAIN 222

.FRAME EXTERNAL ECD (E)

ADDITIONAL 1

FRAME

NNNN

PRIME MINISTER'S RESTRICTED

PERSONAL MESSAGE

SERIAL No. T17D190

RESTRICTED  
FM FCO  
TO IMMEDIATE PARIS  
TELNO 063  
OF 312035Z JANUARY 90

RECEIVED	
-2 FEB 1990	
DESK OF	REGISTRY
INDEX	Section Taken

TOP COPY  
DIST ?

SUBJECT cc MASSA  
Mr Noble  
Many thanks  
072123  
MDHOAN 2180  
18/11

AND TO IMMEDIATE WASHINGTON, TOKYO, BONN, ROME, OTTAWA, BRUSSELS  
AND TO IMMEDIATE BERNE, STOCKHOLM, VIENNA, OSLO, REYKJAVIK  
AND TO IMMEDIATE HELSINKI, DUBLIN, MADRID, LUXEMBOURG, ATHENS  
AND TO IMMEDIATE LISBON, ANKARA, CANBERRA, WELLINGTON, BELGRADE  
AND TO IMMEDIATE MOSCOW, BUDAPEST, WARSAW, EAST BERLIN, PRAGUE  
AND TO IMMEDIATE BUCHAREST, NICOSIA, VALLETTA, UKREP BRUSSELS  
INFO IMMEDIATE COPENHAGEN, THE HAGUE

MIPT - EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

1. TEXT OF PRIME MINISTER'S LETTER TO PRESIDENT MITTERRAND AS FOLLOWS:

'AS YOU MAY KNOW, OUR REPRESENTATIVE AT THE RECENT MEETING IN PARIS OF THE GROUP OF 34 COUNTRIES, THE COMMISSION AND THE EUROPEAN INVESTMENT BANK TO DISCUSS THE SETTING UP OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT PROPOSED THAT THE BANK SHOULD BE SITED IN LONDON. LONDON HAS CONSIDERABLE ADVANTAGES AS A BANKING CENTRE AND A MAJOR EUROPEAN CITY, AND EXCELLENT COMMUNICATIONS BOTH TO EASTERN EUROPEAN COUNTRIES AND TO ALL OTHER POTENTIAL MEMBERS. THERE IS CONSIDERABLE ADVANTAGE TO THE BANK BEING SITED IN EUROPE'S MAJOR BANKING CENTRE, PART OF A COMMUNITY SHARING ITS CONCERNS AND ABLE TO WORK CLOSELY WITH IT. THAT LONDON HAS THIS STATUS IS BEYOND DOUBT:

- LONDON IS THE LARGEST CENTRE FOR INTERNATIONAL BANKING IN EUROPE (ABOUT A FIFTH OF THE TOTAL WORLD MARKET (MEASURED BY OUTSTANDING CLAIMS).
- LONDON HOUSES THE MOST INTERNATIONAL BANKING COMMUNITY OF MAJOR EUROPEAN NATIONS: FOREIGN BANKS ENJOY OVER 80 PER CENT OF THE UK'S INTERNATIONAL BUSINESS, A SUBSTANTIALLY HIGHER PERCENTAGE THAN IN ANY OTHER MAJOR EUROPEAN COUNTRY. 520 FOREIGN BANKS ARE REPRESENTED IN LONDON.
- LONDON LEADS IN THE EUROBOND MARKET. WHERE HOME AUTHORITIES ALLOW BONDS TO BE ISSUED ABROAD, MOST PRIMARY



ISSUES HAVE OCCURRED IN LONDON IN RECENT YEARS. MOST SECONDARY TRADING IN EUROBONDS ALSO TAKES PLACE IN LONDON: FOR EXAMPLE, SOME THREE QUARTERS OF DOLLAR BUSINESS.

- LONDON HAS THE LARGEST EQUITY MARKET IN EUROPE, WITH A MARKET VALUATION OF DOMESTIC EQUITY OVER 3 TIMES ITS NEAREST EUROPEAN RIVAL. WELL OVER 500 NON-UK COMPANIES ARE LISTED ON THE LONDON STOCK EXCHANGE.

- LONDON IS THE WORLD'S LARGEST FOREIGN EXCHANGE MARKET, WITH A NET DAILY TURNOVER ESTIMATED DURING APRIL 1989 TO BE DOLLARS 187 BILLION.

- TRADING ON LONDON'S VARIOUS FUTURES AND OPTIONS EXCHANGES AMOUNTED, IN TOTAL, TO SLIGHTLY MORE THAN THAT ON ALL EXCHANGES IN OTHER EUROPEAN COUNTRIES TOGETHER, IN THE FIRST HALF OF 1989.

- LONDON BANKS DO MORE BUSINESS WITH EASTERN EUROPE THAN THE BANKS IN ANY OTHER WESTERN EUROPEAN COUNTRY.

- NO OTHER WESTERN EUROPEAN BANKING CENTRE HAS A BETTER REPRESENTATION OF EASTERN EUROPEAN BANKS THAN LONDON. EVERY EAST EUROPEAN COUNTRY LIKELY TO JOIN THE BANK IS REPRESENTED IN LONDON.

A WIDE RANGE OF FINANCIAL BUSINESSES AND INSTITUTIONS IS REPRESENTED HERE. AS A RESULT, LONDON CAN OFFER DEEP AND LIQUID MARKETS, COMPETITIVE PRICES FOR FINANCIAL SERVICES, A WEALTH OF EXPERTISE AND EXTENSIVE SUPPORTING SERVICES. THE HUGE LOCAL LABOUR MARKET CAN OFFER AN AMPLE SUPPLY OF EVERY VARIETY OF SKILL AND EXPERTISE THAT THE BANK IS LIKELY TO NEED.

AS ONE OF THE MAJOR CITIES OF THE WORLD, LONDON HAS A WEALTH OF ADVANTAGES TO THE BANK AND ITS EMPLOYEES:

- SERVED BY MAJOR INTERNATIONAL AIRPORTS, IT HAS EXCELLENT COMMUNICATIONS TO EASTERN EUROPE AND THE OTHER COUNTRIES LIKELY TO HAVE DEALINGS WITH THE BANK: THERE ARE DIRECT FLIGHTS FROM LONDON TO EVERY COUNTRY LIKELY TO JOIN THE BANK, INCLUDING ALL THOSE IN EASTERN EUROPE.

- IT HAS ART COLLECTIONS, THEATRES, CONCERT HALLS AND ALL THE OTHER FACILITIES NEEDED TO ATTRACT HIGH CALIBRE STAFF TO WORK IN THE BANK.

RESTRICTED

072123  
MDHOAN 2180

I HOPE YOU WILL SUPPORT OUR PROPOSAL''.

HURD

YYYY

DISTRIBUTION

223

MAIN 222

.FRAME EXTERNAL

ECD (E)

ADDITIONAL 1

FRAME

NNNN

RESTRICTED

SUBJECT CC MASTER  
OPS

072175

MDHOAN 2183

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T17c/90

RESTRICTED

FM FCO

TO IMMEDIATE COPENHAGEN

TELNO 13

OF 312040Z JANUARY 90

INFO IMMEDIATE UKREP BRUSSELS, PARIS

MY TELNO 062 AND 063 TO PARIS AND TELNO 008 TO THE HAGUE

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(EBRD)

1. TEXT OF PRIME MINISTER'S LETTER TO SCHLUETER AS FOLLOWS:

QUOTE 'FURTHER TO MY LETTER OF 22 JANUARY, I AM WRITING TO YOU ABOUT THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT. AS YOU MAY KNOW, OUR REPRESENTATIVE AT THE RECENT MEETING IN PARIS OF THE GROUP OF 34 COUNTRIES, THE COMMISSION AND THE EUROPEAN INVESTMENT BANK TO DISCUSS THE SETTING UP OF THE BANK PROPOSED THAT IT SHOULD BE SITED IN LONDON. LONDON HAS CONSIDERABLE ADVANTAGES AS A BANKING CENTRE AND A MAJOR EUROPEAN CITY, AND EXCELLENT COMMUNICATIONS BOTH TO EASTERN EUROPEAN COUNTRIES AND TO ALL OTHER POTENTIAL MEMBERS.

THERE IS CONSIDERABLE ADVANTAGE TO THE BANK BEING SITED IN EUROPE'S MAJOR BANKING CENTRE, PART OF A COMMUNITY SHARING ITS CONCERNS AND ABLE TO WORK CLOSELY WITH IT. THAT LONDON HAS THIS STATUS IS BEYOND DOUBT:

- LONDON IS THE LARGEST CENTRE FOR INTERNATIONAL BANKING IN EUROPE (ABOUT A FIFTH OF THE TOTAL WORLD MARKET (MEASURED BY OUTSTANDING CLAIMS).

- LONDON HOUSES THE MOST INTERNATIONAL BANKING COMMUNITY OF MAJOR EUROPEAN NATIONS: FOREIGN BANKS ENJOY OVER 80 PER CENT OF THE UK'S INTERNATIONAL BUSINESS, A SUBSTANTIALLY HIGHER PERCENTAGE THAN IN ANY OTHER MAJOR EUROPEAN COUNTRY. 520 FOREIGN BANKS ARE REPRESENTED IN LONDON.

- LONDON LEADS IN THE EUROBOND MARKET. WHERE HOME AUTHORITIES ALLOW BONDS TO BE ISSUED ABROAD, MOST PRIMARY ISSUES HAVE OCCURRED IN LONDON IN RECENT YEARS. MOST SECONDARY TRADING IN EUROBONDS ALSO TAKES PLACE IN LONDON: FOR EXAMPLE, SOME THREE QUARTERS OF DOLLAR BUSINESS.

PAGE 1  
RESTRICTED

- LONDON HAS THE LARGEST EQUITY MARKET IN EUROPE, WITH A MARKET VALUATION OF DOMESTIC EQUITY OVER 3 TIMES ITS NEAREST EUROPEAN RIVAL. WELL OVER 500 NON-UK COMPANIES ARE LISTED ON THE LONDON STOCK EXCHANGE.
- LONDON IS THE WORLD'S LARGEST FOREIGN EXCHANGE MARKET, WITH A NET DAILY TURNOVER ESTIMATED DURING APRIL 1989 TO BE DOLLARS 187 BILLION.
- TRADING ON LONDON'S VARIOUS FUTURES AND OPTIONS EXCHANGES AMOUNTED, IN TOTAL, TO SLIGHTLY MORE THAN THAT ON ALL EXCHANGES IN OTHER EUROPEAN COUNTRIES TOGETHER, IN THE FIRST HALF OF 1989.
- LONDON BANKS DO MORE BUSINESS WITH EASTERN EUROPE THAN THE BANKS IN ANY OTHER WESTERN EUROPEAN COUNTRY.
  - NO OTHER WESTERN EUROPEAN BANKING CENTRE HAS A BETTER REPRESENTATION OF EASTERN EUROPEAN BANKS THAN LONDON. EVERY EAST EUROPEAN COUNTRY LIKELY TO JOIN THE BANK IS REPRESENTED IN LONDON.

A WIDE RANGE OF FINANCIAL BUSINESSES AND INSTITUTIONS IS REPRESENTED HERE. AS A RESULT, LONDON CAN OFFER DEEP AND LIQUID MARKETS, COMPETITIVE PRICES FOR FINANCIAL SERVICES, A WEALTH OF EXPERTISE AND EXTENSIVE SUPPORTING SERVICES. THE HUGE LOCAL LABOUR MARKET CAN OFFER AN AMPLE SUPPLY OF EVERY VARIETY OF SKILL AND EXPERTISE THAT THE BANK IS LIKELY TO NEED.

AS ONE OF THE MAJOR CITIES OF THE WORLD, LONDON HAS A WEALTH OF ADVANTAGES TO THE BANK AND ITS EMPLOYEES:

- SERVED BY MAJOR INTERNATIONAL AIRPORTS, IT HAS EXCELLENT COMMUNICATIONS TO EASTERN EUROPE AND THE OTHER COUNTRIES LIKELY TO HAVE DEALINGS WITH THE BANK: THERE ARE DIRECT FLIGHTS FROM LONDON TO EVERY COUNTRY LIKELY TO JOIN THE BANK, INCLUDING ALL THOSE IN EASTERN EUROPE.
- IT HAS ART COLLECTIONS, THEATRES, CONCERT HALLS AND ALL THE OTHER FACILITIES NEEDED TO ATTRACT HIGH CALIBRE STAFF TO WORK IN THE BANK.

I AM WRITING IN SIMILAR TERMS TO THE OTHER HEADS OF GOVERNMENT WHO WERE REPRESENTED IN PARIS AND TO THE PRESIDENTS OF THE

COUNCIL, THE COMMISSION AND THE EUROPEAN INVESTMENT BANK.  
UNQUOTE.

2. THERE WILL BE NO (NO) SIGNED ORIGINAL.

HURD

YYYY

DISTRIBUTION

233

MAIN 232

.FRAME EXTERNAL  
ECD (E)

WED  
MR RATFORD

ADDITIONAL 1

FRAME

NNNN

RESTRICTED

072200  
MDHOAN 2184

ALREADY "Ted"

82

RESTRICTED  
FM FCO  
TO IMMEDIATE THE HAGUE  
TELNO 8  
OF 312040Z JANUARY 90  
INFO IMMEDIATE UKREP BRUSSELS, PARIS

TOP COPY  
Q DIST ?

MY TELNO 062 AND TELNO 063 TO PARIS

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(EBRD)

1. TEXT OF PRIME MINISTER'S LETTER TO LUBBERS AS FOLLOWS:

"DEAR RUUD,  
THANK YOU FOR YOUR MESSAGE WHICH YOUR AMBASSADOR PASSED TO ME  
ABOUT THE CREATION OF THE EUROPEAN BANK FOR RECONSTRUCTION AND  
DEVELOPMENT, TOGETHER WITH YOUR PROPOSAL THAT DR RUDING SHOULD  
BE NOMINATED AS ITS PRESIDENT.

THE CREATION OF THE BANK IS AN IMPORTANT STEP IN OUR SUPPORT FOR  
THE EMERGING DEMOCRACIES OF EASTERN EUROPE, AND I VERY MUCH  
AGREE WITH YOU ON THE IMPORTANCE OF HAVING SOMEONE OF SUITABLE  
INTERNATIONAL STANDING AND EXPERIENCE TO BE THE PRESIDENT.  
DR RUDING IS, AS YOU SAY, EMINENTLY SUITED AND, IN VIEW OF YOUR  
COMMENT, I WILL BE HAPPY TO SUPPORT HIS CANDIDACY. I HOPE YOU  
WILL FEEL ABLE TO SUPPORT LONDON AS THE SITE OF THE BANK.  
YOURS EVER, MARGARET."

2. SIGNED ORIGINAL FOLLOWS BY BAG.

HURD

YYYY

DISTRIBUTION

223

MAIN 222

.FRAME EXTERNAL

ECD (E)

ADDITIONAL 1

FRAME

NNNN

PAGE 1  
RESTRICTED

RECEIVED IN REGISTRY - 2 FEB 1990		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

SUBJECT CC  
MASTER  
+ OPS.



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. CC 17A/90

TSy

10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

30 January 1990

Dear Ruud.

Thank you for your message which your Ambassador passed to me about the creation of the European Bank for Reconstruction and Development, together with your proposal that Dr. Ruding should be nominated as its President.

The creation of the Bank is an important step in our support for the emerging democracies of Eastern Europe, and I very much agree with you on the importance of having someone of suitable international standing and experience to be the President. Dr. Ruding is, as you say, eminently suited and, in view of your comment, I will be happy to support his candidacy. I hope you will feel able to support London as the site of the Bank.

Yours ever  
Margaret

His Excellency Dr. S. Ruud F. Lubbers



Shw  
a - / Foreign / European  
etc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

30 January 1990

Dear Tancred,

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Thank you for your letter of 30 January enclosing revised drafts of the proposed letter for the Prime Minister to other Heads of Government urging the choice of London as the site for the new bank. I judge the Prime Minister would be well satisfied with the revised version and it may issue in her name, with the variations which you propose for Mr. Schluter and Mr. Lubbers.

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Minister for Overseas Development and the Governor of the Bank of England and to Sir Robin Butler.

Yours sincerely,

(C. D. POWELL)

Tancred Tarkowski, Esq.,  
HM Treasury.

2





file 1/10  
cc 1/10

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

30 January 1990

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Thank you for your letter of 29 January covering a draft reply to Mr. Lubbers' message seeking support for Dr. Ruding's candidature for the post of President of the new European Bank for Reconstruction and Development. The Prime Minister has agreed to send a message but thinks it would be better to add a sentence on the end asking for Netherlands support for London as the site of the Bank.

I am sending the top copy of the letter to Stephen Wall (Foreign and Commonwealth Office) for transmission to the Hague. Could you first confirm with him that the Chancellor is content with the addition?

CHARLES POWELL

John Gieve, Esq.,  
H.M. Treasury.

to



*ccpk*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

30 January 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

*Dear Charles,*

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

... Thank you for your letter of <sup>*28*</sup> 28 January. I enclose a revised draft of the Prime Minister's letter to other Heads of Government (including one for Mr Schluter, taking account of previous correspondence), as requested in your letter of 28 January.

In the letter for the Netherlands, the Prime Minister might like to add at the end "I look forward to Dr Ruding working in London!"

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Minister for Overseas Development and the Governor of the Bank of England and to Sir Robin Butler.

*Tomasz Tarkowski*

T TARKOWSKI  
Private Secretary

DRAFT LETTER FROM PRIME MINISTER TO PRESIDENT MITTERRAND

cc G36 (as listed at Annex A except Denmark)

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

As you may know, our representative at the recent meeting in Paris of the group of 34 countries, the Commission and the European Investment Bank to discuss the setting up of the European Bank for Reconstruction and Development proposed that the Bank should be sited in London. London has considerable advantages as a banking centre and a major European city, and excellent communications both to Eastern European countries and to all other potential members.

There is considerable advantage to the Bank being sited in Europe's major banking centre, part of a community sharing its concerns and able to work closely with it. That London has this status is beyond doubt:

- London is the largest centre for international banking in Europe (about a fifth of the total world market (measured by outstanding claims)):
- London houses the most international banking community of major European nations: foreign banks enjoy over 80 per cent of the UK's international business, a substantially higher percentage than in any other major European country. 520 foreign banks are represented in London;
- London leads in the eurobond market. Where home authorities allow bonds to be issued abroad, most primary issues have occurred in London in recent years. Most secondary trading in eurobonds also takes place in London: for example, some three quarters of dollar business;
- London has the largest equity market in Europe, with a market valuation of domestic equity over 3 times its

nearest European rival. Well over 500 non-UK companies are listed on the London Stock Exchange;

- London is the world's largest foreign exchange market, with a net daily turnover estimated during April 1989 to be \$187 billion;
- trading on London's various futures and options exchanges amounted, in total, to slightly more than that on all exchanges in other European countries together, in the first half of 1989;
- London banks do more business with Eastern Europe than the banks in any other Western European country;
- No other Western European banking centre has a better representation of Eastern European banks than London. Every East European country likely to join the Bank is represented in London.

A wide range of financial businesses and institutions is represented here. As a result, London can offer deep and liquid markets, competitive prices for financial services, a wealth of expertise and extensive supporting services. The huge local labour market can offer an ample supply of every variety of skill and expertise that the Bank is likely to need.

As one of the major cities of the world, London has a wealth of advantages to the Bank and its employees:

- served by major international airports, it has excellent communications to Eastern Europe and the other countries likely to have dealings with the Bank; there are direct flights from London to every country likely to join the Bank, including all those in Eastern Europe.

- it has art collections, theatres, concert halls, and all the other facilities needed to attract high calibre staff to work in the Bank.

I hope you will support our proposal.

DRAFT LETTER FROM PRIME MINISTER TO MR SCHLUTER, PRIME MINISTER OF DENMARK

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Further to my letter of 22 January, I am writing to you about the European Bank for Reconstruction and Development. As you may know, our representative at the recent meeting in Paris of the group of 34 countries, the Commission and The European Investment Bank to discuss the setting up of the Bank proposed that it should be sited in London. London has considerable advantages as a banking centre and a major European city, and excellent communications both to Eastern European countries and to all other potential members.

There is considerable advantage to the Bank being sited in Europe's major banking centre, part of a community sharing its concerns and able to work closely with it. That London has this status is beyond doubt:

- London is the largest centre for international banking in Europe (about a fifth of the total world market (measured by outstanding claims)):
- London houses the most international banking community of major European nations: foreign banks enjoy over 80 per cent of the UK's international business, a substantially higher percentage than in any other major European country. 520 foreign banks are represented in London;
- London leads in the eurobond market. Where home authorities allow bonds to be issued abroad, most primary issues have occurred in London in recent years. Most secondary trading in eurobonds also takes place in London: for example, some three quarters of dollar business;

- London has the largest equity market in Europe, with a market valuation of domestic equity over 3 times its nearest European rival. Well over 500 non-UK companies are listed on the London Stock Exchange;
- London is the world's largest foreign exchange market, with a net daily turnover estimated during April 1989 to be \$187 billion;
- trading on London's various futures and options exchanges amounted, in total, to slightly more than that on all exchanges in other European countries together, in the first half of 1989;
- London banks do more business with Eastern Europe than the banks in any other Western European country;
- No other Western European banking centre has a better representation of Eastern European banks than London. Every East European country likely to join the Bank is represented in London.

A wide range of financial businesses and institutions is represented here. As a result, London can offer deep and liquid markets, competitive prices for financial services, a wealth of expertise and extensive supporting services. The huge local labour market can offer an ample supply of every variety of skill and expertise that the Bank is likely to need.

As one of the major cities of the world, London has a wealth of advantages to the Bank and its employees:

- served by major international airports, it has excellent communications to Eastern Europe and the other countries likely to have dealings with the Bank; there are direct flights from London to every country likely to join the Bank, including all those in Eastern Europe.

- it has art collections, theatres, concert halls, and all the other facilities needed to attract high calibre staff to work in the Bank.

I am writing in similar terms to the other Heads of Government who were represented in Paris and to the Presidents of the Council, the Commission and the European Investment Bank.



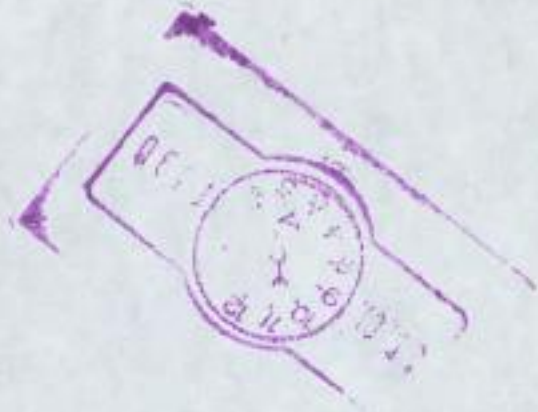
G36 GROUP

- United Kingdom (1)
- United States
- Japan
- Germany (1)
- France (1)
- Italy (1)
- Canada
- Belgium (1)
- Netherlands (1)
- Switzerland (2)
- Sweden (2)
- Denmark (1)
- Austria (2)
- Norway (2)
- Iceland (2)
- Finland (2)
- Ireland (1) [no need to write, since Ireland holds presidency of EC Council]
- Spain (1)
- Luxembourg (1)
- Greece (1)
- Portugal (1)
- Turkey
- Australia
- New Zealand
- Yugoslavia
- USSR
- Hungary
- Poland
- GDR
- Czechoslovakia
- Romania
- Bulgaria
- Cyprus
- Malta
- Presidency of Council of European Community
- European Commission
- European Investment Bank

Notes (1) EC  
 (2) EFTA



Euro for: Euro Bank, Dec 2009





Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

29 January 1990

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

*Dear Charles*

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

The Dutch Ambassador's letter of 17 <sup>Jan</sup> January passed on a message from Mr Lubbers seeking support for Dr Onno Ruding's candidature for the post of President of the new European Bank for Reconstruction and Development.

The Chancellor has considered whether we should put forward a UK candidate, and, if not, whether we should support Dr Ruding. He believes that it would be a mistake to oppose Ruding, given that we will be looking for Dutch support on several important issues in the international financial field. He feels, in any case, that Ruding would be an excellent choice to run the Bank. We should not, therefore, seek to put forward a UK candidate and should support Ruding. But in return we should seek Dutch support on other issues, such as the site and, later, securing good UK representation on the staff in the Bank. If, subsequently, it became clear that Ruding was not acceptable to others, we should reconsider putting forward a British candidate.

... I attach a draft reply to Mr Lubbers message. It has been agreed with the FCO.

I am copying this letter to Stephen Wall (FCO).

*Y.S.*

*JG*

JOHN GIEVE  
Principal Private Secretary

DRAFT LETTER FROM THE PRIME MINISTER TO MR RUUD LUBBERS,  
PRIME MINISTER, NETHERLANDS

*Thank you for your message which  
you I think passed to me*  
 Your Ambassador Jankman passed to me on 17 January your  
 message about the creation of the European Bank for  
 Reconstruction and Development, *together with your proposal for*  
 and your nomination of  
 Dr Ruding to be its President.

*should  
be  
nominated  
as*

The creation of the Bank is an important <sup>step</sup> element in our  
 support for the emerging democracies of Eastern Europe,  
 and I very much agree with you on the importance of  
 having someone of suitable international standing and  
 experience to be the President. Dr Ruding is, as you  
 say, eminently suited and, in view of your comment, I  
 will be happy to support his candidacy.

*I hope you  
will feel able to bypass London as the  
site of the Bank's*  
 Q2.

Eulo Pol: Eno Lane Pasa.





file  
a: Foreign banks  
mem  
bcc PC

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

28 January 1990

Dear Tancred,

EUROPEAN BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Thank you for your letter of 25 January enclosing messages from the Prime Minister to other Heads of Governments, presenting the case for London as the headquarters of the European Bank for Reconstruction and Development. The Prime Minister thinks that a summary of London's strengths as an international banking centre should go in the body of the letter itself, and this will greatly strengthen the presentation of our case. I should be grateful if you could let me have a revised draft.

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Minister for Overseas Development and the Governor of the Bank of England, and to Sir Robin Butler.

*Yours sincerely  
Charles Powell*

CHARLES POWELL

Tancred Tarkowski, Esq.,  
HM Treasury

MEM



Prime Minister

The letter is too short I feel

Agree to send a

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

that a summary of London as a banking centre should go in the letter itself

message in the terms prepared, putting the

25 January 1990

can do London to

C D Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

to the HQ of  
the new European  
Bank?

CD 20/1

get to the answer

Dear Charles,

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

As the Prime Minister and the Chancellor agreed, we announced our bid for the EBRD to be sited in London at the meetings in Paris last week. The next step is to put our bid in writing. It would also be useful to take the opportunity to begin lobbying other interested governments.

To emphasise the UK's commitment to our bid, the Chancellor feels it would be highly desirable for the Prime Minister to write to the other Heads of Governments involved, in terms of the enclosed draft. Recent letters from others about the site and presidency of the Bank have all been at Head of Government level. The French and at least seven other Governments have indicated they will put in bids, so we will face tough competition. The summary of our case, which we suggest should go with the letter, draws on material prepared by the Bank of England. The FCO suggest that, because of the number of addressees, the letter would best go as a telegram, to be delivered by posts. The draft letter and summary have been agreed with the FCO, ODA and Bank of England.

As you will see, our case rests on London's advantages as a banking centre. It does not at this stage offer any financial inducements to site the Bank here. Other governments may offer inducements such as a free building, or one at a peppercorn rent. In Paris some Governments indicated their intention to do so. If they do, we can consider whether we want to join the bidding and what the costs would be, or whether we should rest on London's considerable advantages as a banking centre and a major world city.



We will be writing separately about the presidency of the Bank.

I am copying this letter to the Private Secretaries of the Foreign Secretary, Minister for Overseas Development, the Governor of the Bank of England and Sir Robin Butler.

*Tancred Tarkowski*

T TARKOWSKI  
Private Secretary



DRAFT LETTER FROM PRIME MINISTER TO PRESIDENT MITTERAND

cc G36 (as listed at Annex A except Denmark)

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

As you may know, our representative at the recent meeting in Paris of the group of 34 countries, the Commission and the European Investment Bank to discuss the setting up of the European Bank for Reconstruction and Development proposed that the Bank should be sited in London. London has considerable advantages as a banking centre and a major European city, and excellent communications both to Eastern European countries and to all other potential members. The enclosed note sets out the background to our proposal. I hope you will support it.

I am writing in similar terms to the other Heads of Government who were represented in Paris and to the Presidents of the Council, the Commission and the European Investment Bank.

DRAFT LETTER FROM PRIME MINISTER TO MR SCHLUTER, PRIME MINISTER OF DENMARK

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Further to my letter of 22 January, I am writing to you about the European Bank for Reconstruction and Development. As you may know, our representative at the recent meeting in Paris of the group of 34 countries, the Commission and the European Investment Bank to discuss the setting up of the Bank proposed that it should be sited in London. London has considerable advantages as a banking centre and a major European city, and excellent communications both to Eastern European countries and to all other potential members. The enclosed note sets out the background to our proposal.

I am writing in similar terms to the other Heads of Government who were represented in Paris and to the Presidents of the Council, the Commission and the European Investment Bank.

G36 GROUP

United Kingdom (1)  
United States  
Japan  
Germany (1)  
France (1)  
Italy (1)  
Canada  
Belgium (1)  
Netherlands (1)  
Switzerland (2)  
Sweden (2)  
Denmark (1)  
Austria (2)  
Norway (2)  
Iceland (2)  
Finland (2)  
Ireland (1) [no need to write, since Ireland holds presidency of  
EC Council]  
Spain (1)  
Luxembourg (1)  
Greece (1)  
Portugal (1)  
Turkey  
Australia  
New Zealand  
Yugoslavia  
USSR  
Hungary  
Poland  
GDR  
Czechoslovakia  
Romania  
Bulgaria  
Cyprus  
Malta  
Presidency of Council of European Community  
European Commission  
European Investment Bank

Notes (1) EC  
(2) EFTA

## WHY LONDON SHOULD BE THE SITE OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

London is Europe's major banking centre. As such, it has a number of advantages from the point of view of the Bank, its members and its clients. It also affords all the facilities of a major city that are likely to be needed by the Bank and its employees.

### London as a banking centre

There is considerable advantage to the Bank being sited in Europe's major banking centre, part of a community sharing its concerns and able to work closely with it. That London has this status is beyond doubt:

- London is the largest centre for international banking in Europe (about a fifth of the total world market (measured by outstanding claims));
- London houses the most international banking community of major European nations: foreign banks enjoy over 80 per cent of the UK's international business, a substantially higher percentage than in any other major European country. 520 foreign banks are represented in London;
- London leads in the eurobond market. Where home authorities allow bonds to be issued abroad, most primary issues have occurred in London in recent years. Most secondary trading in eurobonds also takes place in London: for example, some three quarters of dollar business;
- London has the largest equity market in Europe, with a market valuation of domestic equity over 3 times its nearest European rival. Well over 500 non-UK companies are listed on the London Stock Exchange;

- London is the world's largest foreign exchange market, with a net daily turnover estimated during April 1989 to be \$187 billion;
- trading on London's various future and options exchanges amounted, in total, to slightly more than that on all exchanges in other European countries together, in the first half of 1989;
- London banks do more business with Eastern Europe than the banks in any other Western European country;
- no other Western European banking centre has a better representation of Eastern European banks than London. Every East European country likely to join the Bank is represented in London.

Against this background, it is clear that London is the leading European financial centre. A wide range of financial businesses and institutions is represented here. As a result, London can offer deep and liquid markets, competitive prices for financial services, a wealth of expertise and extensive supporting services. The huge local labour market can offer an ample supply of every variety of skill and expertise that the Bank is likely to need, from secretaries to computer scientists, from lawyers to management consultants.

As one of the major cities of the world, London has a wealth of advantages to the Bank and its employees:

- served by major international airports, it has excellent communications to Eastern Europe and the other countries likely to have dealings with the Bank; there are direct flights from London to every country likely to join the Bank, including all those in Eastern Europe.

- it has art collections, theatres, concert halls, and all other facilities needed to attract high calibre staff to work in the Bank.

PRIME MINISTER'S  
PERSONAL MESSAGE



SERIAL No. T.11/90

10 DOWNING STREET  
LONDON SW1A 2AA

SUBJECT  
CC MASTER OPS

THE PRIME MINISTER

22 January 1990

'T' DAS.  
file  
af

Jean Poul.

Thank you for your letter of 5 January about the European Bank for Reconstruction and Development.

I have noted the case you have made for Copenhagen as the site for the headquarters of the Bank. You will know that we have also registered the case for London, as the Community's major financial and banking centre. So I can at least agree wholeheartedly with your point that the headquarters should be in a Community Member State!

Yours sincerely

Rogers

His Excellency Mr. Poul Schluter

6



Seen by [unclear] also  
CDP  
20/1/80  
Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

PRIME MINISTER

Useful progress,  
above all in  
getting the Bank to  
focus on the  
private sector.  
CDP  
19/1

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The first round of official level meetings about the proposed European Bank for Reconstruction and Development was held in Paris earlier this week. The UK delegation included representation from the Treasury, the Foreign Office and ODA. There were meetings of the EC countries, the G24 (industrial) countries, and finally the full prospective membership including the Soviet Union and all the Eastern European countries. President Mitterrand addressed the full meeting and is personally much committed to the Bank. You might therefore like a report on the state of play before you see him this weekend.

In general, it was a successful meeting from our point of view. There was widespread agreement that the focus of the Bank should be on assisting Eastern European countries in their transition to market economies, in particular by helping the nascent private sector develop - it was feared that the Bank would focus too much on financing large-scale public sector projects or programmes that had led initially us to oppose the new Bank. A good start was made in discussing the other issues, and the programme for future meetings is now appropriately demanding without being too rushed.

The French had started with very ambitious plans for these meetings, including detailed negotiations on the draft articles of agreement they had prepared, but in the event recognised that they were trying to force the pace too fast. The discussion in the full group was therefore confined to the general principles and





objectives of the Bank, followed by a presentation by each of the Eastern European countries and the Soviet Union of the current situation of their economies. This was in itself a unique occasion, the first time that representatives of all the industrial and Eastern European countries have discussed the process of economic reform.

The most important issue which emerged at the meetings was whether the Soviet Union should be a member of the Bank. The French had invited them to the meeting and clearly expected them to join. We had felt it appropriate that they should be members, and hence involved in the Bank, provided they were not - at least for the time being - eligible to borrow from the Bank: not only would that swamp the resources of the Bank, but the Soviet Union does not yet in any case meet the tests of political and economic reform - including a commitment to a market economy - which we would want to insist on as a condition for lending to other Eastern European countries. This view was shared by some other European countries. France, Germany and Italy were inclined to accept limited Soviet borrowing, but the US and Japan emphasised that this would call into question their participation in the Bank. Douglas Hurd will be trying to stiffen EC member states on this point at the meeting of Foreign Ministers in Dublin on 20 January.

The other issues which emerged were:

- (i) there was strong support from the US, Japan and many others for our line that the primary and distinctive role of this Bank should be to encourage the private sector in the Eastern European countries. We shall probably have to accept that limited assistance should be available for some public sector bodies before they are privatised, and that the Bank should be able to finance some infrastructure investment which will



directly help the private sector. But there was no support for major programmes of public sector loans.

- (ii) there is much negotiation still to be done on the size of individual countries' shareholdings. It is accepted by all that European Community countries (plus the Commission and the EIB) should hold a majority stake. But the distribution between non-EC countries - for example the size of the shareholdings of the US and the Soviet Union - may be difficult to settle. There are also tricky issues over the size of the Board of Directors, and its composition.
- (iii) the US, with some support from other non-EC countries, objected to the EIB being a member. The Strasbourg conclusions specifically include the EIB (and the Commission) as members and the EC has been solid in support of this. We ourselves have, however, argued that both the EIB and the Commission should have only nominal shareholdings, and this may be where the compromise lies.
- (iv) there was no substantive discussion of the location of the EBRD at these meetings. We put forward London as a candidate, as you had agreed. The most striking bid was from Czechoslovakia who offered the now unneeded museum of Marxism and Leninism in Prague!
- (v) there was a general agreement that concessional lending was an inappropriate function for the Bank, though it could administer concessional funds if some wished to donate them.



- (vi) the French had proposed that the initial capital of the Bank should be 15 billion ECU. We and the US had argued for a much smaller amount, 5 billion ECU. It looks as if a compromise will be reached at 10 billion ECU. There are still some difficulties for the US in accepting that their subscriptions should be denominated in ECU.

There will now be a series of Working Group meetings to get down to the detailed drafting of the text of the Articles, and another meeting of the G24 at official level on 9 February, followed by a meeting of the full group in early March. My officials will be working closely with the Foreign Office, ODA and the Bank of England to prepare for these meetings.

I am copying this minute to the Foreign Secretary, the Minister for Overseas Development, the Governor of the Bank of England and Sir Robin Butler.

*P. Parkin*

[J.M]

19 January 1990

*[Approved by the Chancellor of the Exchequer and signed on his behalf]*



Foreign and Commonwealth Office

London SW1A 2AH

18 January 1990

*cc PE*

*Jean Chanut,*

European Bank for Reconstruction and Development:  
Letter from the Danish Prime Minister *Hub*

Thank you for your letter of 8 January. I enclose a draft reply from the Prime Minister to the letter from the Danish Prime Minister of 5 January which put Copenhagen's case as the future site for the European Bank for Reconstruction and Development (EBRD). *Ref.*

Our reply is non-committal since we are making a bid ourselves. Discussions on the formation of the Bank are taking place in Paris, and the French envisage Ministerial agreement before Easter.

The Treasury and the Cabinet Office have agreed to the terms of the draft reply.

I am copying this letter to John Grieve (HM Treasury) and Sonia Phippard (Cabinet Office).

*John Grieve,*

*Richard Gozney*

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

DRAFT LETTER FROM THE PRIME MINISTER

His Excellency  
Mr Poul Schluter  
Prime Minister of Denmark

Scanned

C:\foreign\1  
Schluter.doc

Thank you for your letter of 5 January about the  
European Bank for Reconstruction and Development.

I have noted the case you have made for Copenhagen  
as the site for the headquarters of the Bank. You will  
know that we have also registered the case for London,  
as the Community's major financial and banking centre.  
So I can at least agree wholeheartedly with your point  
that the headquarters should be in a Community member  
state!

Cor.

EURO POL: European Bank, Dec 89





FILE  
DA

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

17 January 1990

I enclose a copy of a message which the Prime Minister has received from Mr. Lubbers.

I should be grateful if you would provide an early draft reply for the Prime Minister's signature.

I am copying this letter and enclosure to Tancred Tarkowski (HM Treasury).

(C.D. POWELL)

DS

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

010  
Netherlands Ambassador



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T9/90

SUBJECT cc Matter + OPS

17th January, 1990

*Dear Prime Minister,*

I have been asked to pass the following message of Prime Minister Lubbers urgently on to you.

q u o t e

The Conference held on January 15 and 16 in Paris on the creation of a European Bank for Reconstruction and Development has made it clear that the creation of such a Bank is generally regarded as a matter of the highest priority in response to the recent developments in Central and Eastern Europe. In order to ensure not only an early start of the operations of this Bank, but also an efficient and effective operation of this new institution, it is necessary to agree as soon as possible on a person to head it. Such a person should be of the highest international standing, with extensive experience in international finance and development. I am, therefore, calling your attention to the person of Dr. H. Onno Ruding, until the recent change of government Minister of Finance of The Netherlands and Chairman of the Interim Committee of the IMF. In my view, Dr. Ruding is most eminently suited to fill the position of President of the new institution, as may be clear from the attached resumé. I would greatly appreciate your support for his nomination for this position.

Ruud Lubbers  
Prime Minister of the Netherlands

u n q u o t e

I will send a copy of this letter to your Foreign Secretary as well as to the Chancellor of the Exchequer.

*Yours sincerely,*

(P.J.H. Jonkman)

The Rt Hon Margaret Thatcher, MP  
Prime Minister  
10 Downing Street  
London SW1



## RESUMÉ DR. ONNO RUDING

Name Herman Onno Christiaan Rudolf RUDING  
Date of birth August 15, 1939  
National of The Netherlands  
Marital status Married to Renée Hekking, two children  
Education Netherlands School of Economics (now Erasmus University) in Rotterdam;  
M.A. (Economics), 1964;  
Ph.D. Cum Laude (Economics), 1969;  
Thesis entitled "Towards an Integrated European Capital Market?"

### Professional Career

1965 - 1976 Professional experience within the civil service in the Ministry of Finance and the private banking community.

1977 - 1980 Executive Director, International Monetary Fund, Washington D.C.  
In this capacity Dr. Ruding had extensive contacts with and acquired valuable knowledge of East European countries, in particular those he represented within the I.M.F.

1981 - 1982 Member of the Board of Managing Directors of one of the largest international operating banks in The Netherlands, the Amsterdam-Rotterdam Bank N.V., Amsterdam.

1982 - 1989 Minister of Finance of the Kingdom of The Netherlands.  
In his capacity of Minister of Finance Dr. Ruding was Governor of the World Bank Group, of the Asian Development Bank, the Inter-American Development Bank, the European Investment Bank and the African Development Bank Group.

From January 1985 until he resigned as a Minister Dr. Ruding served as Chairman of the Interim Committee of the I.M.F., the main policy-making body of this institution.

In 1983-1984 Dr. Ruding served as Chairman of the Board of Governors of the Asian Development Bank and during the same period as Chairman of the Board of Governors of the European Investment Bank.

During 1985-1986 Dr. Ruding served as Chairman of the Group of Ten (industrialised countries).

From 1989 until he resigned in November 1989 as Minister of Finance he served as the Chairman of the Board of Governors of the Inter-American Development Bank.

**Other Experience** Dr. Ruding published widely and held many lectures on international monetary subjects, European integration, Dutch and international capital markets, and on corporate finance.



*File to  
C: bank*

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

16 January 1990

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Thank you for your letter of 15 January suggesting that we should argue for the European Bank for Reconstruction and Development to be sited in London. The Prime Minister agrees that we should go for this.

I am sending copies of this letter to Stephen Wall (Foreign and Commonwealth Office), Myles Wickstead (Overseas Development Administration) and Sonia Phippard (Cabinet Office).

C.D. POWELL

T. Tarkowski, Esq.,  
HM Treasury.

*h*

010



CCPC (1)

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

15 January 1989

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

*Eric Ashwin*

*Yes not*

*Agree to press  
for the Bank to be  
sited in London?*

*CD 157i*

Dear Charles,

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

As you may know, Nigel Wicks is attending meetings in Paris today and tomorrow about the setting up of the new European Bank for Reconstruction and Development. One subject almost certain to be raised is the possible site of the Bank. There is likely to be a good deal of competition: seven possible sites were mentioned at a Community meeting in Brussels last week; other countries are also likely to join the race. At a meeting in the Cabinet Office on Friday attended by Sir David Hannay, the FCO and the Treasury agreed that, if we were going to make a bid, we should act as soon as possible.

Mr Wicks would like to be able to say that the Prime Minister and the Chancellor want the Bank to be sited in London. The Chancellor is content. It would be helpful if you could let me have the Prime Minister's reaction as soon as possible, and no later than 10.30am tomorrow morning.

I am copying this letter to Stephen Wall, Myles Wickstead and Sonia Phippard.

*Tomasz Tarkowski*

T TARKOWSKI  
Private Secretary



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

14 January 1990

I enclose a copy of a letter to the Prime Minister from the Danish Prime Minister about the site of the proposed European Bank for Reconstruction and Development. I should be grateful for advice and a draft reply.

I am copying this letter and enclosure to John Gieve (H.M. Treasury) and David Hadley (Cabinet Office).

(CHARLES POWELL)

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

ea



Foreign and Commonwealth Office

London SW1A 2AH

8 January 1990

Already received  
CDD  
9/i

Jean Charles,

European Bank for Reconstruction and Development:  
Message to the Prime Minister from the Danish Prime Minister

The Danish Embassy have handed us the enclosed text of a letter from Mr Schlueter to the Prime Minister about the European Bank for Reconstruction and Development. Mr Schlueter lobbies in favour of siting the Bank in Copenhagen. The message was delivered today. We shall send you advice and a draft reply shortly.

Yours ever,

Richard Gozney

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

Copenhagen, January 1990

Dear Prime Minister,

With reference to President Mitterrand's invitation to participate in an international meeting in Paris on 15-16 January 1990 to discuss a convention on the establishment of a European bank for reconstruction and development, I would like to draw your attention to the following:

From the very outset, Denmark has taken a highly positive stand on the French proposal to establish a European bank for reconstruction and development. The Danish Government believes that such a bank might be a vital instrument to support the reform process taking place in the Central and Eastern European countries, as well as in the Soviet Union.

I am also of the opinion that it is extremely important that all the G-24 countries as well as the Central and Eastern European countries concerned, together with the Soviet Union, are offered the possibility of joining the bank.

Denmark attaches great importance to having the headquarters of such a bank located in one of the EC member states. It is essential that the bank is located in a city which geographically is well-situated and in a position to provide the facilities necessary for the functioning of the bank.

Copenhagen fully meets these requirements, and I therefore take the liberty of proposing that Copenhagen be chosen as headquarters for the bank. Copenhagen is situated at the central point in Europe where the European community, the Nordic EFTA countries and several Eastern European countries converge. Furthermore, I would like to draw your attention to the fact that Denmark today is the only member state of the former nine EC-members which has no European institution in her territory.

I therefore ask you to take a sympathetic attitude to the proposal that Copenhagen be chosen as headquarters for the bank.

Yours sincerely,

Poul Schlueter

The Right Honourable Margaret Thatcher  
Prime Minister of the United Kingdom  
London



10 DOWNING STREET  
LONDON SW1A 2AA

to ack-by request of CDP

T

*From the Private Secretary*

8 January 1990

I enclose a copy of a letter which the Prime Minister has received from Mr Poul Schlüter, Prime Minister of Denmark.

I should be grateful if you would let me have a draft reply for the Prime Minister's signature, to reach this office by Monday, 22 January.

Please could you co-ordinate your reply with John Gieve (HM Treasury) and Sonia Phippard (Cabinet Office), to whom I am copying this correspondence.

CHARLES POWELL

R N Peirce Esq  
Foreign and Commonwealth Office

LB





55, SLOANE STREET,  
LONDON, SW1X 9SR.

8 January 1990.

THE AMBASSADOR

Dear Mr. Powell,

Please find enclosed a letter of 5 January 1990 from Prime Minister Poul Schlüter to The Rt Hon Margaret Thatcher proposing Copenhagen to be chosen as headquarters for the planned European Bank for Reconstruction and Development.

A copy of the letter is being passed on to the European Community Department (External).

Yours sincerely  
R. Thorning-Petersen

R. Thorning-Petersen

Mr Charles Powell  
Private Secretary to the Prime Minister  
10 Downing Street  
London SW1

SUBJECT CC MASTER  
OPS

ROYAL DANISH EMBASSY

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T2a/90

Copenhagen, January 5 1990

Dear Prime Minister,

With reference to President Mitterrand's invitation to participate in an international meeting in Paris on 15-16 January 1990 to discuss a convention on the establishment of a European bank for reconstruction and development, I would like to draw your attention to the following:

From the very outset, Denmark has taken a highly positive stand on the French proposal to establish a European bank for reconstruction and development. The Danish Government believes that such a bank might be a vital instrument to support the reform process taking place in the Central and Eastern European countries, as well as in the Soviet Union.

I am also of the opinion that it is extremely important that all the G-24 countries as well as the Central and Eastern European countries concerned, together with the Soviet Union, are offered the possibility of joining the bank.

Denmark attaches great importance to having the headquarters of such a bank located in one of the EC member states. It is essential that the bank is located in a city which geographically is well-situated and in a position to provide the facilities necessary for the functioning of the bank.

Copenhagen fully meets these requirements, and I therefore take the liberty of proposing that Copenhagen be chosen as headquarters for the bank. Copenhagen is situated at the central point in Europe where the European community, the Nordic EFTA countries and several Eastern European countries converge. Furthermore, I would like to draw your attention to the fact that Denmark today is the only member state of the former nine EC-members which has no European institution in her territory.

I therefore ask you to take a sympathetic attitude to the proposal that Copenhagen be chosen as headquarters for the bank.

Yours sincerely,

Poul Schlueter  
(signed)

The Right Honourable Margaret Thatcher  
Prime Minister of the United Kingdom  
London

13 JAN 1990

Copenhagen, January 5, 1990



THE PRIME MINISTER

Dear Prime Minister,

With reference to President Mitterrand's invitation to participate in an international meeting in Paris on 15-16 January 1990 to discuss a convention on the establishment of a European Bank for Reconstruction and Development, I would like to draw your attention to the following:

From the very outset, Denmark has taken a highly positive stand on the French proposal to establish a European Bank for Reconstruction and Development. The Danish Government believes that such a bank might be a vital instrument to support the reform process taking place in the Central and Eastern European countries, as well as in the Soviet Union.

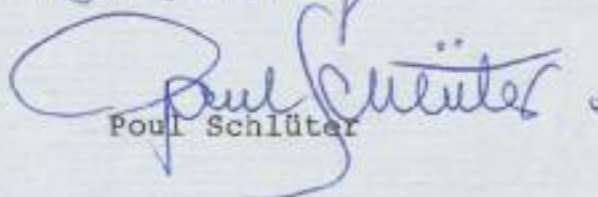
I am also of the opinion that it is extremely important that all the G-24 countries as well as the Central and Eastern European countries concerned, together with the Soviet Union, are offered the possibility of joining the bank.

Denmark attaches great importance to having the headquarters of such a bank located in one of the EC Member States. It is essential that the bank is located in a city which geographically is well-situated and in a position to provide the facilities necessary for the functioning of the bank.

Copenhagen fully meets these requirements, and I therefore take the liberty of proposing that Copenhagen be chosen as headquarters for the bank. Copenhagen is situated at the central point in Europe where the European Community, the Nordic EFTA countries and several Eastern European countries converge. Furthermore, I would like to draw your attention to the fact that Denmark today is the only Member State of the former nine EC Members which has no European institution in her territory.

I therefore ask you to take a sympathetic attitude to the proposal that Copenhagen be chosen as headquarters for the bank.

Yours sincerely

  
Poul Schlüter

The Right Honourable Margaret Thatcher  
Prime Minister of the United Kingdom  
London

Subject cc Thatcher *cc Ho*  
Qps

LE PRÉSIDENT DE LA RÉPUBLIQUE

Paris, le 14 décembre 1989

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T218C/89

Madame le Premier Ministre,

Nous avons décidé les 8 et 9 décembre 1989 la création de la Banque Européenne pour la Reconstruction et le Développement et souhaité que les dispositions nécessaires fussent prises pour que les négociations s'ouvrent dès le mois de janvier 1990.

Je propose donc qu'une première réunion internationale se tienne les 15 et 16 janvier prochains pour définir les grandes lignes de l'acte constitutif de la future Banque Européenne et esquisser la composition de son capital. Je vous propose qu'elle ait lieu à Paris. Une seconde réunion pourrait se tenir en février pour permettre la signature de l'acte constitutif et le lancement des processus législatifs de ratification.

La délégation française sera conduite par mon Conseiller Spécial, Monsieur Jacques ATTALI. Monsieur Jean-Claude TRICHET, Directeur du Trésor prendra contact avec son homologue dans votre pays et lui adressera très prochainement les documents techniques préparatoires à cette réunion internationale.

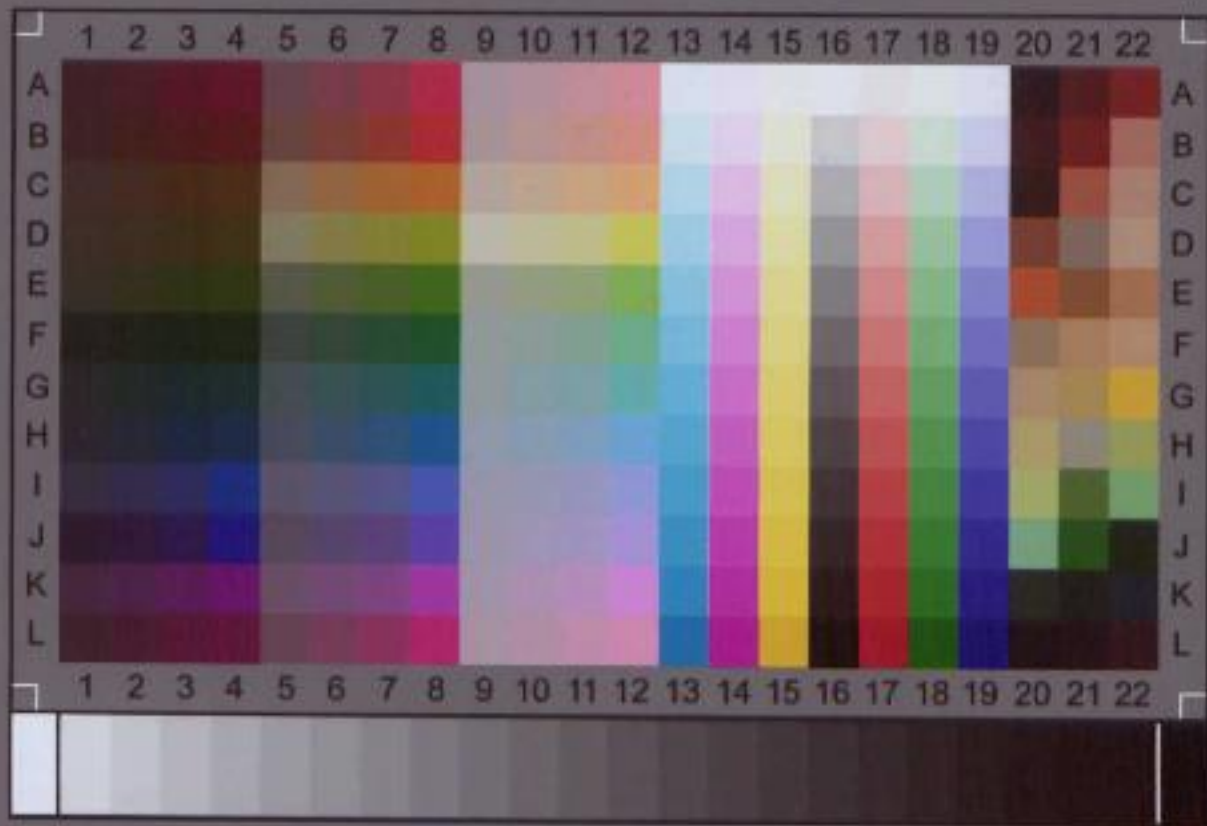
J'adresse bien entendu la même invitation aux Chefs d'Etat et de Gouvernement des pays dont nous avons ensemble considéré qu'il serait souhaitable qu'ils soient associés au capital de cette institution.

Je vous prie d'agréer, Madame le Premier Ministre, l'expression de ma haute considération *de mes fideles sentiments*

*François Mitterrand*

François MITTERRAND

Son Excellence Mme Margaret THATCHER  
Premier Ministre du Royaume-Uni de  
Grande-Bretagne et d'Irlande du Nord



IT8.7/2-1993  
2009:02

Image  
Access

IT-8 Target

Printed on Kodak Professional Paper  
Charge: R090212