

Confidential Filing

Appointment of Vice-President of
The European Investment Bank.

ECONOMIC POLICY

Appointment of Director,
Visits of the Chairman.

JUNE 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
14.6.82							
3.12.82							
20.2.89							
12.12.92							
PREM 19/3665							
CLOSED							

PART JUNE 1982 ends:-

PS/LPS to PS/CWEX 27.11.92

PART _____ begins:-

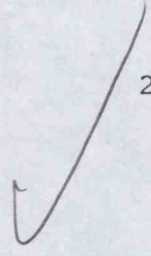
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~~cc-RB~~



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

27 November 1992



Dear Jeremy

CHAIRMAN OF THE EUROPEAN INVESTMENT BANK (EIB)

The Chairman of the EIB paid a short courtesy call on the Lord Privy Seal on 26 November. The discussion covered matters relating to the current negotiations on a capital investment package for the Community, and Herr Bröder indicated that the EIB had some important concerns about the way things were developing. Lord Wakeham therefore asked me to let you and other interested colleagues see the attached note of the meeting.

I am copying this letter to Stephen Wall (No. 10), Richard Gorney (Foreign Secretary's Office) and Melanie Leech (Sir Robin Butler's office).

RWS ewr

JMB

MRS J M BAILEY
Private Secretary

Jeremy Heywood Esq
PS/Chancellor of the Exchequer



MR OWEN

FROM: Mrs J M Bailey
DATE: 27 November 1992

CC: Mr Hadley

VISIT FROM HERR BRÖDER, CHAIRMAN OF THE EUROPEAN INVESTMENT BANK (EIB)

You were present when Herr Bröder, Chairman of the EIB accompanied by Mr Francis Carpenter and Mr Roger Lavelle, paid a courtesy call on the Lord Privy Seal on 26 November.

Herr Bröder reported that discussions were continuing on the question of EIB participation in the Jubilee Line Extension (JLE) financing arrangements. The EIB were, however, in the light of the difficulties they faced because their earlier loan to Olympia and York was unsecured, anxious to improve the security for any finance they put into the present financing scheme. In general they were becoming less enthusiastic about investing in infrastructure schemes that did not benefit from some form of Government guarantee. In this particular case, they were looking for some sign of positive Government support, possibly through a commitment to move civil servants to Canary Wharf/Docklands.

Lord Wakeham explained that the Government saw the financing of the JLE and the relocation of civil servants as entirely separate issues. There was no firm programme or policy for moving departmental staff to Docklands, and decisions had to be made on their merits bearing in mind the current restraints on public expenditure and the present state of the property market. Nevertheless, a number of departments were actively looking at the possibility of moving some staff to Docklands.

The EIB representatives mentioned discussions currently in train in Europe about a capital investment package to help bring Community economies out of recession. The Commission's proposals involved large sums of expenditure. Although it was not yet clear how the proposals would fare in discussion at the Edinburgh Summit, it would be important to be clear in advance what role was envisaged in the infrastructure package for the EIB, and the implications of such a package for, for example, present limits on borrowing by agencies. In their Presidency role, the UK should ensure that the detailed framework for financing capital projects was settled and fully understood before negotiations began in earnest at the Summit.

The EIB were particularly concerned that the scale of the Commission's proposals, and their intention to focus on a package of investment rather than looking at properly appraised individual projects, would further extend an existing trend to spend on infrastructure whether or not this was good value for money. This had important implications for the role of the EIB, and could, in the extreme analysis, lead to the discipline currently injected by EIB involvement being lost. There was a risk that the Bank would become an instrument of the Commission, a means of dispensing available finance, rather than a body capable of making objective assessments of the cases put for particular capital projects.

The Lord Privy Seal said that he did not know how negotiations on the package were proceeding. The Autumn Statement had made clear, however, that the Government were prepared to take a more flexible attitude than hitherto to the financing of public sector projects. He felt that Treasury Ministers were therefore likely to welcome constructive suggestions for novel approaches to financing infrastructure projects, particularly joint ventures. The EIB were probably more experienced than many private sector institutions in formulating such arrangements. He did not believe that the Commission's present centralised approach was likely to find favour with the UK Government: they were likely to wish to adopt in the European context an approach similar to that outlined by the Chancellor in his Autumn Statement for domestic investment. He would expect the UK Government to favour an approach which included proper appraisal of individual projects.

J M Bailey

MRS J M BAILEY
Private Secretary

slw



appt

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

**UK VICE-PRESIDENT OF EUROPEAN INVESTMENT
BANK**

The Prime Minister has seen your minute of 16 February. She is content with your recommendation that Mr. Roger Lavelle should be nominated for the UK Vice Presidency of the European Investment Bank. She also agrees that Mr. Hadley would be a good replacement for Mr. Lavelle.

(ANDREW TURNBULL)
20 February 1989

AA



ms

10 DOWNING STREET

Prime Minister

I think the European Investment Bank would be just right for Roger Larell. It is an important job but a slightly delicate one.

I also think David Hadley would be an excellent replacement for him in the Cabinet office. He served you very well at two crucial European Councils.

COP 17/2

Ref. A089/471

MR TURNBULL

UK Vice-President of European Investment Bank

Mr C R Ross, the UK Vice-President at the European Investment Bank reaches age 65 in March 1989 and the time has come when we need to consider whom we should nominate as his successor.

2. The European Investment Bank is a community institution with headquarters in Luxembourg. Its function is to make loans and guarantees to public and private undertakings within the European Community or the associated states. The day-to-day control of the Bank is under the control of a President and four Vice-Presidents, one of whom comes from the United Kingdom. Mr Ross was appointed initially in 1978 and was reappointed last June for a further two years on the basis that he would resign earlier at our request provided we gave him three months' notice. Although the appointment of the UK Vice-President is in practice a matter for the Prime Minister, it is formally made by the Governors of the EIB (the EEC Ministers of Finance).

3. The Treasury have proposed, following consultation with other interested parties (FCO, ODA, DTI and the Bank of England) that we should nominate Mr Roger Lavelle, the Deputy Secretary at present heading the European Secretariat in the Cabinet Office. I have consulted my colleagues on the Senior Appointments Selection Committee and there is general agreement that he would be a good choice for the post given his previous experience in the Treasury which was primarily on the overseas finance side. He was attached to the Foreign and Commonwealth Office as Special Assistant to the Lord Privy Seal for the EEC negotiations 1961-63 and was a Private Secretary to the

Agreed both
 Mr Lavelle and
 Mr Hadley
 mb



Chancellor of the Exchequer 1966-68. He is well qualified for the Vice-President post and enjoys good relationships with colleagues at home and abroad. I know that he would very much like the post.

4. I should be very happy to recommend Mr Lavelle's nomination for approval by the Prime Minister, subject to replacing him satisfactorily here as Head of the European Secretariat and subject also to timing. I do not want to release him until we have got through the French Presidency which is likely to cause considerable problems for us. I have already told the Prime Minister that we hope to keep together the present European team which acts as her principal advisers for the European Councils until the December Council meeting is out of the way. It follows that I would not want to release Mr Lavelle before the end of this year.

5. The other condition for releasing Mr Lavelle is that I should be able to replace him satisfactorily as Head of the European Unit. I am not ready to make a firm recommendation about this. But the leading candidate is Mr David Hadley, the Deputy Secretary at MAFF with responsibility for European and External Relations. He has a thorough understanding of the intricacies of the CAP and trade generally. He played an important role in the success of the European Council last February when he attended as one of the Prime Minister's advisers and I am sure that the Prime Minister will remember him. He is highly respected in Whitehall for his ability and the depth of his knowledge and understanding and for the quality of his advice.

6. I should also have been glad to consider Mr Geoffrey Fitchew, who is at present serving with the European Commission as Director General of Financial Services. He was previously on the Overseas Finance side of the Treasury where he commanded great respect and liking among colleagues in Whitehall, with



outside contacts and with foreign colleagues. Sir David Hannay has argued strongly, however, that he could not be withdrawn from the European Commission before mid-1991 without adversely affecting British interests. We might well lose his post and he might be replaced by someone who is amenable to member states with a more regulatory approach. At this crucial stage of the development of the Single Market, I acknowledge that these are powerful arguments.

7. As I have said, I am not ready to make a firm proposal to the Prime Minister for Mr Lavelle's successor. But provided that I know that I have at least one candidate who would be acceptable to her, in the form of Mr Hadley, I am content to recommend Mr Lavelle for the UK Vice-Presidency of the European Investment Bank so that the Treasury can start making the preliminary moves. Could you let me know whether the Prime Minister would be content with Mr Lavelle's nomination for the European Investment Bank on this basis.

R.R.B.

ROBIN BUTLER

16 February 1989

Beam Pdf

SENIOR APPOINTMENTS IN CONFIDENCE

file

BPP



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

EUROPEAN COMMUNITY APPOINTMENT: DIRECTOR,
EUROPEAN INVESTMENT BANK

The Prime Minister has seen and approved the suggestion in your minute of 2 December that Mr. Leslie Dicks-Mireaux should be put forward for the post of Director of Research at the European Investment Bank.

F.R.B.

3 December 1982

BPP



Prime Minister
Agree that we
should put forward
Mr. Dicks - Mireaux?

SENIOR APPOINTMENTS IN CONFIDENCE

PRIME MINISTER

Yes not FERB
2.12.

European Community Appointment: Director,
European Investment Bank

The post of Director of Research at the European Investment Bank (EIB), which is equivalent to an A1 post of Director General in the European Commission (ie Deputy Secretary/Permanent Secretary level), will become vacant in March 1983 on the retirement of the current incumbent, Mr. John Williams. The post is responsible for macro-economic analysis of the countries to which the EIB lends and for the analysis of capital and commodity markets. It requires some familiarity with the European Community and experience in the World Bank, the Organisation for Economic Co-operation and Development (OECD), or such organisations is considered valuable. It would be both useful and appropriate if we could secure a British successor, as the remaining Director posts at the EIB are held by other members of the Community.

2. The job description suggests that Government or central banking service would be particularly relevant. Nonetheless in seeking a suitable British candidate we have looked at a wide field: in addition to the public service, we have considered possible candidates from the Bank of England, the commercial banks and the academic world. I have discussed the resulting list with my Permanent Secretary colleagues most closely concerned and with the Deputy Governor of the Bank of England. We concluded that, in order to have the greatest prospect of securing the succession, we should put our weight behind a single candidate and that the best-qualified candidate contender was Mr. Leslie Dicks-Mireaux, currently Head of the Economic Division at the Bank of England.

3. Mr. Dicks-Mireaux, who is bilingual in English and French, is 58. After taking a BSc in Maths and Physics at Kings College, London, ^{he} began his career in 1949 with the Anglo-Iranian Oil Company. He subsequently worked on economic research for the Economic Commission of Europe and the National Institute of Economic and



SENIOR APPOINTMENTS IN CONFIDENCE

Social Research before joining the National Economic Development Office as Senior Economist in 1962. In 1966 he became Head of the Short-term Economic Forecasting Division in the OECD before taking up his present post at the Bank of England which he has held since 1967. Mr. Dicks-Mireaux is highly thought of as an economist, particularly strong in the area of macro-economic assessments, well-respected and personable with the right sort of personal qualities for handling the sometimes complex and difficult relationships that can arise in this European institution.

4. I believe that this, combined with the background I have described, would give us the strongest chance of securing the succession to this post, and I should be grateful to know that you are content for us to put him forward.

REA

Robert Armstrong

2nd December 1982



10 DOWNING STREET

Press Notice

At a meeting today of the Governors of the European Investment Bank, attended for the UK by the Chancellor of the Exchequer, Mr C R Ross was reappointed as Vice-President of the Bank. Mr Ross has held this post since 1978 when he succeeded Sir Raymond Bell on the latter's retirement.

14 June 1982

NOTES FOR EDITORS

1. Biographical Note

Mr Ross, 58, was educated at Ardingly College and Hertford College, Oxford. After war service he returned to Oxford and in 1951 was elected Fellow of Hertford College and University lecturer in economics. From 1952-55 he worked in the Treasury as an economic adviser. In 1955 he resumed his Oxford posts, becoming in addition Bursar of Hertford College in 1959. In 1963 he was appointed Dean of the School of Social Studies and Professor of Economics at the University of East Anglia. From end-1968 to early 1971 he was a special consultant to the-OECD. He has undertaken economic and consultancy assignments in a number of developing countries. He was a member of the East Anglia Regional Economic Planning Council from 1966 to 1969, and Deputy Chairman from 1967 to 1969. In February 1971 he was appointed Deputy Secretary in the newly established Central Policy Review Staff in the Cabinet Office. He became a Vice-President of the European Investment Bank in July 1978, in succession to Sir Raymond Bell, who retired.

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Telephone 01-930 4433

2. The European Investment Bank (EIB)

The EIB is a development bank with headquarters in Luxembourg. It makes loans and gives guarantees to public or private undertakings within the Community for regional development and industrial modernisation. It also provides assistance to a number of developing countries which are associated with the Community. Since the United Kingdom joined the European Economic Community in 1973 the Bank has made loans in the United Kingdom totalling about £2,000 million.

The EIB is managed by a Committee comprising the President and, as from 15 June this year, 5 (previously 4) Vice-Presidents. The Management Committee is appointed en bloc by the EIB's Board of Governors every six years.

of Press Office

Prime Minister 1



Content for Mr Ross to be reappointed as a Vice President of the EIB on the basis set out in paragraphs 4 and 5.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Wh
11/6

Yes
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PRIME MINISTER

APPOINTMENT OF VICE-PRESIDENT OF THE EUROPEAN INVESTMENT BANK

Unless you see objection, I propose to nominate Mr. Richard Ross for re-appointment, as the United Kingdom nominee, as one of the Vice-Presidents of the European Investment Bank.

2. The Management Committee of the Bank, the President and five Vice-Presidents (previously four), are appointed every six years and the next round of appointments will be made at the Annual Meeting of the Board of Governors which I shall be attending in Luxembourg on Monday. The United Kingdom is entitled to one nomination.

..... 3. Mr. Ross, whose career is summarized in the attached draft press notice, was appointed as Vice-President in July 1978 when his predecessor retired. He has served the Bank, and UK interests in it, well. He is 58 and I have no doubt that it is appropriate to re-appoint him.

4. My very late approach to you results from the following difficulty. The Presidency is likely to become vacant around 1984, when the present French incumbent is hoping to retire. The Germans would like the succession, but have not found an acceptable candidate yet. We have been prepared to support a good German candidate, but wanted also to reserve the right to find a British one if they lost interest. We have only very recently heard that the Germans are determined to find a good candidate for 1984, and have made arrangements for their present man to retire then.

STAFF IN CONFIDENCE



5. This is helpful, but just in case of accidents it is proposed to tell Mr. Ross clearly that his re-appointment has a good chance of lasting for six years but that, if circumstances arise which cause the UK Government to ask for his retirement earlier, in not less than two years (when he will be 60), he must be prepared to accept that.

6. I would be grateful if the No.10 Press Office could arrange to issue the attached notice in the late afternoon of 14 June. My officials will be in touch with the EIB about this arrangement and will let the Press Office at No.10 know if any difficulties arise.

7. I am sending copies of this minute to the Foreign Secretary and to Sir Robert Armstrong.

G.H.

10 June 1982

DRAFT PRESS ANNOUNCEMENT

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14 June 1982
10 Downing Street, London SW1

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