

Movements in Volume of Trade by Commodity

International Tin Council

UK Commodity Policy

TRADE

At 1 January 1985

At 5 February 1989

| Referred to | Date | Referred to | Date | Referred to | Date | Referred to | Date |
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PREM 19/3956

90

cc/RS



Foreign & Commonwealth Office

London SW1A 2AH

6 July 1992

Car Stephen

*Steps of
Told Simon Gass to go
ahead as planned
file
2/9/92*

The Nicaraguan Ambassador in London has forwarded the enclosed letter of 5 June from the Presidents of Nicaragua, Costa Rica, Honduras, El Salvador, Guatemala and Panama, to the Prime Minister. Although an original was promised, none has been forthcoming, and the transcription bears all the hallmarks of a circular letter with a wide distribution. It expresses concern over the state of the international coffee market and urges our participation in negotiations to secure a new International Coffee Agreement (ICA).

The Prime Minister discussed coffee with President Gaviria of Colombia in June in Cartagena. We are opposed to commodity agreements with market intervention provisions. The International Coffee Agreement, in force since 1986, has such provisions, but these were suspended in 1989. Our position on the new ICA is constrained by a Community Heads of Government declaration in Strasbourg in December 1989 which reaffirmed the need for a new coffee agreement to protect the income of producers. We therefore aim to minimise intervention in the market, rather than oppose such measures outright.

The letter does not require a response, and our position on the new International Coffee Agreement is well-known. We propose that instead of a reply from the Prime Minister we should speak at Head of Department level to the Nicaraguan Ambassador, and reassure the Ambassador that we will play a full part in the negotiations for a new Agreement. ✓

I am sending a copy of this letter to David Rossington (MAFF).

Lawson
[Signature]
(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

PO3AAD



EMBAJADA DE NICARAGUA
GRAN BRETAÑA

308/92

16th June 1992

Dear Andrew, O/V

- ... I attach (a) transcription of the letter of 5th June 1992 addressed and signed by their Excellencies, the Presidents of Panama, Costa Rica, El Salvador, Honduras, Guatemala and Nicaragua, to the Rt. Hon. Mr. John Major, Prime Minister ;
- ... (b) a translation (unofficial) of this letter.

You note that it relates to the urgent need to draw up a new international coffee agreement.

As you know, the Secretariat of the Summit of Central American Presidents is in Nicaragua (as from early June for the next six months). For this reason, I would be extremely grateful if you would kindly ensure the Prime Minister receives the transcript of the letter (and the translation, if you see fit), the original of which is on its way. I shall remit it to you as soon as we receive it, but in the meantime, I should like the British Government to be aware of the wishes of the Presidents of Central America.

Thank you for your attention to this urgent matter.

Yours sincerely,

Roberto Parrales
Ambassador

Andrew Murray, Esq.,
Head,
Latin American Department,
Foreign and Commonwealth Office,
London S.W.1

UNOFFICIAL TRANSLATION of letter of 5th June 1992 from Their Excellencies, the Presidents of Nicaragua, Costa Rica, El Salvador, Honduras, Guatemala and Panama addressed to the Rt. Hon. John Major, Prime Minister

As Your Excellency is aware, the current situation on the international coffee market is very worrying due to the dramatic drop in international prices, which has important economic consequences for our countries because of the resultant reduction in employment generation of currency, as well as of fiscal revenue. This situation has grave political and social consequences for our countries, as well.

For this reason, it is extremely urgent that the necessary efforts are made to secure a new international coffee agreement, so that there is a satisfactory level, which avoids imbalances caused by unexpected increases in and sudden reductions of prices. Both exporting and importing countries are concerned by this matter and we are prepared to make consideration efforts to promote the negotiation of a new system of international coffee marketing during the meeting of the negotiating groups at the International Coffee Organisation.

We are sure that the participation of Your Excellency's Government in establishing the appropriate structure and the procedures necessary for the negotiation of such an agreement will contribute to achieving an equitable solution to the grave problems which afflict our countries. Thus, we hope that a date can be set in the near future so that a timely solution to this problem can be found.

We reiterate to Your Excellency the assurances of our highest consideration.

TRANSCRIPTION of text of letter of 5th June 1992 from Their Excellencies, the Presidents of Nicaragua, Costa Rica, El Salvador, Honduras, Guatemala and Panama addressed to the Rt. Hon. John Major, Prime Minister

" Como es del conocimiento de Vuestra Excelencia la situación actual por la que atraviesa el mercado internacional de café, es preocupante por el dramático descenso en los precios internacionales, que está significando graves perjuicios económicos por la disminución en el empleo y en la generación de divisas, así como en la captación de ingresos fiscales. Esta situación tiene graves implicaciones políticas y sociales para nuestros países.

En tal sentido, es de suma urgencia que se hagan los esfuerzos necesarios para lograr un nuevo convenio internacional del café, de tal manera que se llegue a un satisfactorio equilibrio que evite los desajustes provocados por las alzas inmoderadas y las caídas abruptas de los precios. En este esfuerzo compartido tanto de los países exportadores como importadores, estamos dispuestos a desarrollar sustanciales esfuerzos para impulsar la negociación del nuevo sistema de comercialización internacional del café en las reuniones del grupo de negociación de la O.I.C.

Confiamos que la participación del Gobierno de Vuestra Excelencia en el establecimiento de la estructura y el procedimiento para la negociación de un nuevo convenio, contribuirá a lograr una solución equitativa a los graves problemas que aquejan a nuestros países. Así mismo, esperamos que para la negociación se adopte un calendario razonable para dar una solución oportuna a esta problemática.

Reiteramos a Vuestra Excelencia las muestras de nuestra más alta y distinguida consideración."





Treasury Chambers, Parliament Street, SW1P 3AG

copy

The Rt Hon Robin Leigh-Pemberton
Governor of the Bank of England
Bank of England
Threadneedle Street
London
EC2R 8AH

4 January 1991

Dear Governor,

INTERNATIONAL COMMODITY ORGANISATIONS IN LONDON

Thank you for your letter of ~~20~~ December.

2. I note your concern about the possible relocation of the International Coffee and Cocoa Organisations. As you point out, the Organisations' intentions are unclear, and we have seen no firm competing bids as yet. On that basis of course I have no problem with keeping our options open.

3. However, I must reiterate the view of my predecessor that the presumption must be against a Government subsidy in these cases. A strong argument would have to be made in order for a subsidy to be considered. I would want to see a quantification of the benefits to the UK which would be foregone if the Organisations moved, as well as an explanation as to why the private sector, the main direct recipient of those benefits, would not be willing to meet the cost of maintaining these Organisations in London.

4. I would have thought it unlikely that firms involved in commodity trading would decide where to transact their business on the basis of the location of the relevant commodity organisations. Plenty of commodities are traded in London, but only a handful of Organisations are headquartered here. It was reported in the Financial Times on 12 December that the introduction by London Fox of screen-based trading for sugar had recovered business lost to Paris. This would seem to indicate that, as one might expect, participants in the trade base their decisions on the market facilities available rather than anything else.

5. As you say, we will have to revisit this issue at such time as the position of the Organisations is clearer. Another factor will be Sir Leon Brittan's response to John Redwood's letter about these unpleasant intra-Community subsidy battles.

6. I am copying this letter to the Prime Minister, Douglas Hurd, John Gummer, John Redwood and Sir Robin Butler.

Yours sincerely

Steph Bowd

DAVID MELLOR

[approved by the Child Secretary
and signed in his absence]

TRADE : Mouvements in Volume ITS



Copies to: The Prime Minister
The Rt Hon Douglas Hurd
The Rt Hon John Selwyn Gummer
Sir Robin Butler
Mr John Redwood

Bank of England
London EC2R 8AH

The Governor

20 December 1999

The Rt Hon David Mellor QC MP
Chief Secretary
HM Treasury
Parliament Street
London
SW1P 3AP

DM

Dear David,

INTERNATIONAL COMMODITY ORGANISATIONS IN LONDON

I have read with interest the recent correspondence on the international commodity organisations.

I share the unease about public sector financial support for the organisations, especially where there is a flavour of the organisations auctioning off their location to the highest bidder. I agree also that we should try to build a consensus against public sector involvement in such bids. I have to say, however, that the prospects of success in this seem to me slight; indeed the result could be perverse insofar as overt subsidies now could become covert subsidies in future, and therefore more difficult to identify and expose. I am glad, nevertheless, that the exercise mounted in support for the International Sugar Organisation and International Wheat Council has been successfully concluded with a public sector contribution which, though larger than we may have wished, was only a fraction of what the French put on the table as an opening bid.

So far as the International Coffee Organisation and International Cocoa Organisation are concerned, I believe that many of the considerations set out in my letter of 28 March 1989 to Lord Young continue to apply (I am enclosing a copy). Indeed the volume of trading in coffee and cocoa is substantially larger than in sugar and wheat and the potential impact of the organisations' departure correspondingly greater. The impact would be partly direct but very likely and more importantly indirect through a drift of firms away from London - with the consequences of employment, tax revenue and the City's "critical mass" which that would involve.

I understand that we are not, as yet, entirely clear about the organisations' intentions nor about the terms of the competing offers. It seems difficult at this stage therefore to weigh the balance of advantage - or indeed the need - for UK support. I would welcome an opportunity to revisit the issues when we know the position in more detail. In the meantime I hope that we can, and can be seen to, keep the options open.

I am copying this letter to the Prime Minister, Douglas Hurd, John Gummer, John Redwood and Sir Robin Butler.

Yours sincerely,
Robin

The Governor

Bank of England
London EC2R 8AH

28 March 1989

The Rt Hon Lord Young of Graffham PC
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
London
SW1H 0ET

Dear David,

COMMODITY ORGANISATIONS IN LONDON

I think that you may know that an issue has arisen over the future location of the headquarters of a number of international commodity organisations. The most immediate questions arise over the International Sugar Organisation and the International Wheat Council; but it seems possible that a similar situation could arise in future in relation to the cocoa and coffee organisations. I expect that your officials will be briefing you on the details, but what it boils down to is that these organisations, faced with sharply higher costs (especially rent) in London, and designedly attractive and officially-inspired offers from a number of other European centres (notably Paris), seem quite likely to leave.

You will not be surprised to learn that I have received a number of vigorous representations from the commodity markets on this issue, to the general effect that loss of the headquarters from

London would have significant direct impact and potentially a much more serious indirect impact through a gradual shift of trading out of London to whichever centre (or centres) might in future act as host. These indirect effects would be likely to extend well beyond the commodity markets to banking, insurance, the legal profession and so on. To these worries I think one might add a concern about the cumulative effect on London markets of a number of recent developments, notably the introduction of what is still perceived by many as an unsympathetic regulatory environment and intensified competition from overseas exchanges.

It is unfortunately difficult to quantify the effects that the departure of the organisations from London might have. Nor am I clear what additional incentives, if any, might be needed to keep them here - though the extent of the lobbying suggests that they must have something in mind. But it does seem to me that the issues deserve careful consideration, and I have asked my officials to be in touch with yours to see whether there is anything that we might be able to contribute.

I am copying this letter to the Secretary of State for Agriculture.

Yours ever,
Robin

RESTRICTED

C.P.U.
n.b.P.M.

BHP

23/11

Treasury Chambers, Parliament Street, SW1P 3AG

John Redwood Esq MP
Parliamentary Under Secretary of State
for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

23 November 1990

**LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR
AND WHEAT ORGANISATIONS**

Thank you for your letter of 13 November, in which you informed colleagues that the negotiations on new accommodation for the International Sugar Organisation and International Wheat Council are now complete.

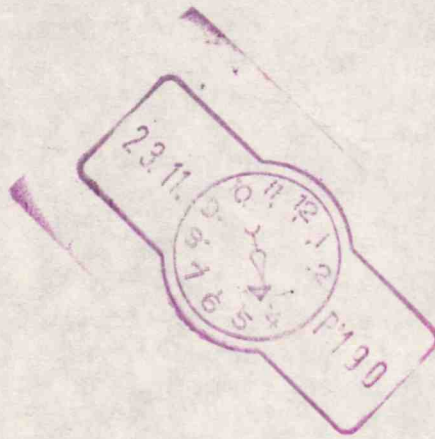
2. Whilst I am pleased that these organisations will be staying in London, I share your disappointment that it took £650,000 of Government money to persuade them to do so. I am also, as I have told you in previous correspondence, concerned that this will be seen as a precedent. Indeed, the International Coffee and Cocoa Organisations have already signalled their intention to seek a Government subsidy. I should like to take this opportunity to reiterate that I believe the presumption should be against subsidising the ICO and ICCO.

3. I should be interested to learn what progress has been made with other Member States on the question of subsidy bids.

4. I am copying this letter to the Prime Minister, John Gummer, Douglas Hurd, Robin Leigh-Pemberton and Sir Robin Butler.

NORMAN LAMONT

TRADE: Movements
Volume Pt 5



010
dti

the department for Enterprise

scf
n.b.P.M.

STP

14/11

The Rt Hon N Lamont Esq MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071-215 4417

Our ref BK5.127

Your ref

Date 13 November 1990

Dear Norman,

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

It was agreed, in June 1989, that the DTI should contribute towards a financial package, put together by the London Chamber of Commerce and Industry, and supported by the Bank of England and the private sector, for securing the continued location of the International Sugar Organisation and International Wheat Council in London. Negotiations have now successfully concluded; the organisations have signed ten-year leases with Olympia and York, for offices in Canary Wharf, and lease extensions for their current offices with Land Securities while Canary Wharf is completed and fitted-out.

You will recall that initially we had committed ourselves to contributing £300,000 to the package, matching the figure put forward by the private sector, but when it became apparent that this would not be enough you agreed, in your letter to me of 19 February, that HMG's contribution could be increased to a maximum figure of £650,000, a potential increase of £350,000 in our original offer.

After protracted negotiations between HMG, the Bank of England and the two organisations, a deal has been concluded which enables the organisations to remain in London. This is a satisfactory outcome, though it was disappointing that it proved necessary to use the full government cash allocation to achieve it.



the department for Enterprise

We will now continue to benefit from the direct and indirect income, and the prestige, that these organisations bring to the City. Success in retaining them will also strengthen London's position as an international commodity centre and increase its attraction as a continuing location for other international commodity organisations.

I am copying this letter to the Prime Minister, John Gummer, Douglas Hurd, the Governor of the Bank of England and Sir Robin Butler

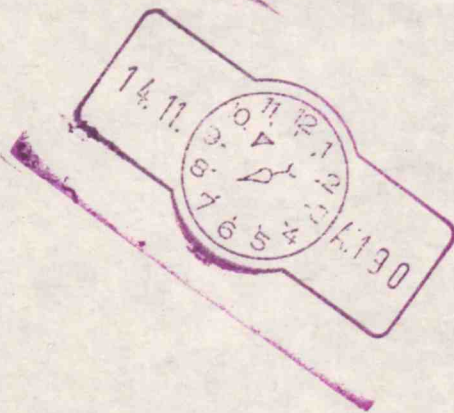
Yours ever

A handwritten signature in cursive script, which appears to read 'John', is located below the closing phrase.

JOHN REDWOOD



Recycled Paper



dti

the department for Enterprise

CEPU

The Rt. Hon. Peter Lilley MP
Secretary of State for Trade and Industry

CONFIDENTIAL

The Rt Hon John Major MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

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Direct line 071 215 5623
Our ref PB4ARI
Your ref
Date 31 July 1990

*CDO
3/7*

Sec Chancellor of the Exchequer

TIN: FINAL ACT

at hand

Nicholas Ridley wrote to you on 30 March 1990 with news of the successful conclusion that day of the settlement between the International Tin Council and its creditors.

I am now pleased to be able to tell you that earlier today the Council itself went out of existence when, having formally terminated its Headquarters Agreement with the UK Government, it adopted a Resolution declaring itself "dissolved with immediate effect, today 31 July 1990".

The Council had not traded in tin since its buffer stock operations collapsed in October 1985; and the litigation brought by the creditors led inter alia to the cessation of its statistical and study activities in June 1988. Moreover the Sixth International Tin Agreement (ITA6), under which the Council was constituted, expired on 30 June 1989. No successor Agreement having been negotiated, the Council remained in being only to complete the winding up of its affairs under the termination procedures of ITA6 - the major component of which was a requirement to liquidate the buffer stock. With this responsibility considered discharged through the settlement, it was logical that the Council should move swiftly to dissolution rather than to maintain an existence as a legal entity in name alone against the extremely doubtful prospect of an action being brought by a secondary creditor.

I therefore welcome today's events, which also brought a small windfall. Recent receipts of some members' outstanding budget contributions left the Council's Administrative Account in surplus to the tune of some £90,000. As required under ITA6





the department for Enterprise

CONFIDENTIAL

the surplus has been distributed on a proportionate basis to all the members. Accordingly our delegation today received a banker's order for some £3,600 ϕ , the benefit of which will find its way to the Treasury in due course.

I am copying this to the Prime Minister, Douglas Hurd, James Mackay and Sir Patrick Mayhew and to Sir Robin Butler.

Your sincerely

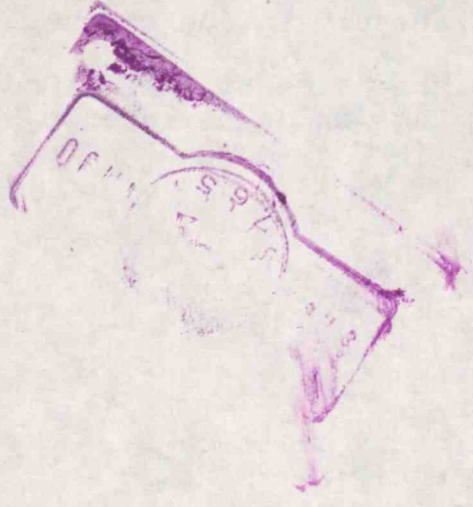
for Stewart -

(Approved by the Secretary of State
and signed in his absence.)



Recycled Paper

TRADE: TW AS



GCPIH



n.b. PM.

JHP

Treasury Chambers, Parliament Street, SW1P 3AG

20/4

The Hon Douglas Hogg MP
Minister for Industry and Enterprise
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

18 April 1990

Dear Minister

CORNISH TIN MINES

[Handwritten signature]

Thank you for your letter of 3 April 1990.

2 Given the position which the company faces, and the structure of the existing assistance package, I am willing to agree that DTI may bring forward payment of part of the remaining loans tranche as set out in your letter provided that you are satisfied before each payment is made that the expenditure is not likely to be nugatory and that Carnon has a real prospect of obtaining new private sector finance. I note that you still require a firm prospect of new private sector money before finalising the loans restructuring.

3 However, DTI should continue to make clear to the company that there can be no question of further assistance beyond the £25 million package that was agreed in 1988. It is now for the company to respond to the market as best it can.

4 I am copying this letter to the Prime Minister and to Sir Robin Butler.

Yours sincerely

Norman Lamont

NORMAN LAMONT

*approved by the Chief Secretary
and signed on his behalf*

TRADE: Jui PT5.



MR GRAY

4 April 1990

CORNISH TIN: CARNON HOLDINGS LTD (CHL)

Mr Hogg proposes that the DTI should only make an accelerated payment of its half yearly loan instalment to help CHL with its cash-flow problem if there is a 'reasonable' chance of CHL securing long term funds from the private sector or from a property deal. That must be right.

Louise Ashton
for/

HOWELL HARRIS HUGHES

ccp/h

The Hon. Douglas Hogg MP
Minister for Industry and Enterprise

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

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01-215 5000

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Fax 01-222 2629

COMMERCIAL IN CONFIDENCE

Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1

*Pric Mike ?
Seems a sensible
approach.*

Direct line 215 5147
Our ref
Your ref
Date 3 April 1990

*Rec 6
4/4*

mf

Dear Norman

CORNISH TIN: CARNON HOLDINGS LTD (CHL)

As

Since we exchanged letters about this company in February, officials have been in discussion with CHL and RTZ about the arrangements to be made, and CHL has begun discussions with prospective sources of new finance for the tin business. However, it will be some time before the outcome is known, one way or the other. CHL have also been pursuing the possibility of external finance for non-mineral property assets and it looks as though this may come up with a firm proposal by the end of April.

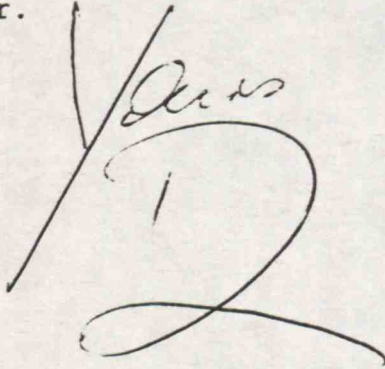
While I still require the emergence of a firm prospect of new money before finalising the restructuring of our loans, an earlier decision is needed to deal with CHL's temporary cashflow problem mentioned in my letter of 7 February. CHL's mid-March projection of weekly cashflow shows a cash shortfall at the end of April, followed by positive balances until end-May. The shortfall then returns and continues to end-June when, other things being equal, the usual half-yearly payments of loan instalments (by us and RTZ) would put CHL the right side into 1991.

RTZ have agreed to meet half of the amount required for accelerated payments. On CHL's present estimates we and RTZ would each provide £150k in April and, if the property deal does not mature in time, £120k in May. This would leave us with a balance of about £990k to pay at the end of June.



In all the circumstances, this seems to me a reasonable arrangement. RTZ's participation alongside us is helpful. * Before making a final decision, I will need to be satisfied that CHL has a reasonable prospect of securing the private sector funding it needs if it is to continue to trade for the foreseeable future. I will make that judgment in the light of a written statement by each party with whom CHL is in contact of that party's current position. I look forward to your early confirmation that we should go ahead on this basis.

I am copying this letter to the Prime Minister and Sir Robin Butler.

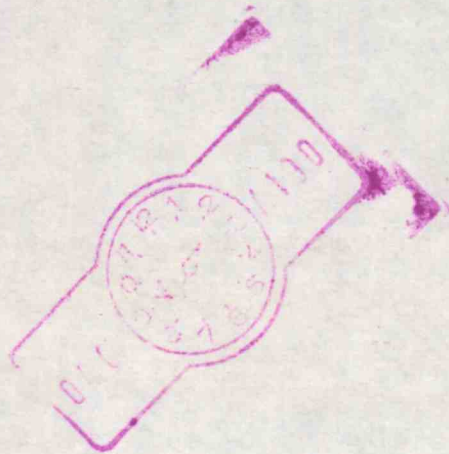


DOUGLAS HOGG

ING2219

* ie. no reasonable prospect
no accelerated payment!

TRADE : Volume of Trade PTS





01-936 6201

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

WPC



The Rt. Hon. Nicholas Ridley, MP,
Secretary of State for Trade and Industry,
Department of Trade and Industry,
1 Victoria Street,
London,
SW1H 0ET.

com. 4/4.

3 April 1990

Dear Nicholas:

TIN : SETTLEMENT

copy attached

Thank you for copying to me your letter of 30 March to John Major.

I was very glad to read that the Tin Settlement had been implemented without any last minute hitch. I agree with you that this is a very satisfactory result.

I wrote some time ago to the Government's Counsel, thanking them for their help in the lengthy litigation which has now been brought to an end. I think that your own legal advisers and other officials are also to be particularly congratulated for all the work they have had to put in to this litigation over the years.

I am copying this letter to the Prime Minister, James Mackay, Douglas Hurd, John Major and to Sir Robin Butler.

Lawson.

A. K. 26



TRADE
MOVEMENTS in Volume
M S

dti

the department for Enterprise

cepe.
②

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

The Rt Hon John Major MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1

Department of
Trade and Industry

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Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629



Bin Hunter

CA 35/3

Direct line 01 215 5622
Our ref PB4ALJ
Your ref
Date 30 March 1990

Dear John

mf

TIN: SETTLEMENT

I am very pleased to be able to tell you that earlier today a settlement was finally concluded between the International Tin Council and its creditors. Thus in exchange for payment of £182.5 million all 36 creditors have provided the Council and its members with Deeds of Release extinguishing all rights of claim against them arising out of each creditor's dealings with the ITC and the suspension of buffer stock operations in October 1985.

This settlement will not bring all ITC activity to an end since there are some residual matters for the Council to deal with including supervision and acceptance of final accounts, and consideration of the timing of the formal dissolution of the ITC. With or without formal dissolution the Council will probably cease during the summer to have any presence in the UK.

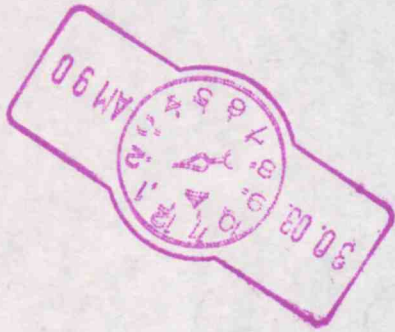
Bearing in mind the history we can regard today's event as a very satisfactory result. Not the least achievement was to succeed in keeping the UK out of a public lead on a problem where the risk to our financial interests were perhaps greater than those facing any other ITC member. I hope therefore that you and the other recipients of this letter will convey our sincere thanks the appreciation of their efforts to those of your officials who have been involved in this exercise.

As usual, copies go to the Prime Minister, Douglas Hurd, James Mackay and Patrick Mayhew and to Sir Robin Butler.

John
Nicholas



Recycled Paper



TRADE
MOVEMENTS IN VOLUME



Treasury Chambers, Parliament Street, SW1P 3AG

The Hon Douglas Hogg MP
Minister for Industry and Enterprise
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

NBM to the
stage.
RCCG
rdr

26 February 1990

Dear Douglas

CORNISH TIN MINES

Thank you for your letter of 7 February 1990.

2 The Prime Minister made clear on 9 March 1988 that there can be no question of the company coming back for further assistance. We should operate to minimise the risks of the Government loans not being repaid. Given the difficult position which the company faces, I agree with you that this risk may be less if the loan package is restructured on condition of raising new private sector finance rather than accepting the alternative of liquidation, in which case of course there would be no profits to repay the loans.

3 I would ask you however, to explore carefully whether under the terms of the agreement it would be justifiable to withhold payment of the last tranche of the DTI loans so as to minimise the risk of nugatory expenditure if the company is in jeopardy.

4 More generally, while I appreciate that redundancies will be most unwelcome, unemployment in the areas has fallen by 30 per cent over the last two years. Having settled a package of assistance in 1988, it is now for the company to adjust as necessary to changing market conditions.

5 Copies of this letter go to the Prime Minister and to Sir Robin Butler.

Norman Lamont

NORMAN LAMONT

TRADE: Morenets →
Volume 25



cel. J.



Treasury Chambers, Parliament Street, SW1P 3AG

John Redwood Esq MP
Parliamentary Under Secretary of State
for Corporate Affairs
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

*am
2/2*

19 February 1990

Dear Minister

**LOCATION OF HEADQUARTERS OF THE INTERNATIONAL
SUGAR AND WHEAT ORGANISATIONS**

Thank you for your letter of 7 February.

2. I share your reluctance to contemplate further funding to these organisations, particularly as they appear to have gained the impression that there is no ceiling on the Government's contribution to their rent subsidy. As John Major said in his letter of 22 June 1989 to Francis Maude, the original £300,000 figure agreed was to be an absolute ceiling on any Government contribution.

3. However, I accept that the additional sum of money involved may be a necessary price to pay to secure the agreed objective of keeping these organisations in London. Thus, I am prepared to agree that your Department should be free to provide an additional contribution. I must urge you though to do everything possible to limit the size of any additional contribution both by searching for a cheaper solution and by seeking further contributions from the private sector. Our objective must be to prevent the Government's contribution from becoming any larger than that provided by the private sector, otherwise this will no longer be a private sector led initiative. Leaving aside the Bank's present contribution, this would mean that our total contribution should be restricted to a maximum of £525,000. We should only move to the higher figure of £650,000 if this lower amount proves to be inadequate.

4. Lastly, it must be made clear to these organisations that any additional Government contribution agreed in the negotiations with them is the final level of support which they will receive.

5. I am copying this letter to the Prime Minister, John Gummer, Francis Maude, Robin Leigh-Pemberton and Sir Robin Butler.

Yours sincerely

Aileen Campbell

NORMAN LAMONT

*Approved by the Chief Secretary
and signed in his absence*

TRADE: Monuments w volume

Pr 5





Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

John Redwood Esq MP
Parliamentary Under Secretary of
State for Corporate Affairs
Department of Trade and Industry
1-19 Victoria Street
London
SW1H 0ET

CM 1972

17 February 1990

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

Thank you for sending me a copy of your letter of 7 February to Norman Lamont. *at flap*

I agree with your analysis. Though it is unfortunate that rental costs have escalated, the sum which now appears necessary to secure the continued presence of these organisations in London is still small set against the benefits they bring to the United Kingdom. I am also quite sure that, if we were to let the ISO and IWC move away from London, we would be most unlikely to prevent the much bigger Coffee and Cocoa Organisations, whose leases expire next year, from following them, probably to Paris.

I am therefore happy to endorse your proposal to find the additional sum needed.

I am copying to recipients of your letter; the Prime Minister, Norman Lamont, Francis Maude, The Governor of the Bank of England and Sir Robin Butler.

Your ever

JOHN GUMMER

GRADE: Moremarts in
Transport P.S.



Copy to: The Rt Hon Margaret Thatcher MP
The Prime Minister

ccjd

Bank of England
London EC2R 8AH

The Governor

16 February 1990

J Redwood Esq MP
Parliamentary Under Secretary
of State for Corporate Affairs
Department of Trade and Industry
1-19 Victoria Street
London
SW1H 0ET

CDP
16/2

Dear John,

INTERNATIONAL SUGAR ORGANISATION AND INTERNATIONAL WHEAT COUNCIL

Thank you for copying me your letter of 7 February to
Norman Lamont.

I am writing to say that I fully endorse your view that the reasons for seeking to retain these Organisations in London remain valid - indeed, if anything, I believe the pressures on London's position as a centre for commodities trading have increased since last June. I therefore share your conclusion that it would be a pity to waste the considerable progress already made by withdrawing at this stage since I believe it would indeed be taken as a signal to the French and others to reactivate their offers.

My officials stand ready to assist yours in whatever practical way would be helpful. You raise the question of additional contributions from the private sector and the Bank. Our strong

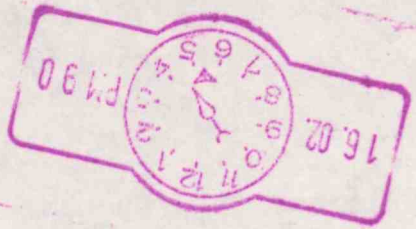
impression is that there is little more which can be drawn from private sector resources. However, the Bank would be prepared to contemplate contributing a further £50,000 to the package if this were needed to secure an agreement.

I am copying this letter to the Prime Minister, John Gummer, Norman Lamont, Francis Maude and Sir Robin Butler.

Yours ever,

Robin

TRADE: TIM PRS





Foreign and Commonwealth Office

London SW1A 2AH

13 February 1990

From The Minister of State

The Hon Francis Maude MP

The Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
London
SW1P 3AG

CA 14/2

See Maude

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

John Redwood copied to me his letter of 7 February to you.

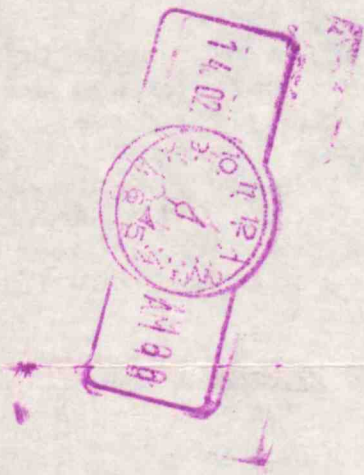
I am glad that the DTI is able to increase its contribution so as to secure the continued location of these two organisations in London. I hope the private sector and the Bank can also be persuaded to increase their share. If agreement is not reached soon, the wheat and sugar organisations may well move to another European location, probably Paris. This would encourage the French and others to try the same thing again; and would be a blow to London's position as one of the world's major commodity trading centres, with all the financial benefits that brings.

I am copying this letter to the **Prime Minister**, John Redwood, John Gummer, the Governor of the Bank of England, and Sir Robin Butler.

Francis Maude

Francis Maude

TRADE: Commodities PRS



010



the department for Enterprise

cc P/U.

John Redwood MP
Parliamentary Under Secretary of State for
Corporate Affairs

The Rt Hon N Lamont Esq MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

NRMM
00
8/2

Direct line 215 4417

Our ref

Your ref

Date

7 February 1990

Dear Norman,

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

Last year two international commodity organisations, the International Sugar Organisation and the International Wheat Council, were offered attractive officially-subsidised inducements to move their headquarters to Paris or Amsterdam when the leases on their London premises expired. Faced with this prospect, our predecessors and other colleagues agreed last June that we should, together with the private sector, offer financial support to secure the continued location of the Organisations in London. The sum required to bridge the difference between their existing rent and that for new premises at Canary Wharf in Docklands was estimated to be about £600,000. About half of that sum was expected to be found from business sources, and the government agreed to match private sector contributions up to £300,000.

The basis on which these figures were calculated included the best available estimates of the rental costs of the organisations staying in their current premises before the new Docklands premises were ready in 1991. Changes in the marketplace and in the landlord's commercial plans for the building have necessitated a substantial revision of these estimates : while some uncertainty remains, as new rents have not yet been set, it is likely that the total sum required will be in the order of £1,150,000. Funds currently available stand at about £800,000 (£300,000 from the government, £400,000 from the private sector and £100,000 from the Bank of England). There is thus a shortfall of around £350,000.



Recycled Paper



the department for Enterprise

I am naturally reluctant to contemplate further funding when we believed the £300,000 agreed last year would be sufficient. However I believe that the reasons for seeking to retain these Organisations in London which were set out in Francis Maude's letter to John Major of 19 June 1989 are as valid now as they were when we decided to offer financial support. The loss of these organisations would involve the loss of direct financial benefits to London estimated at around £30m per year, as well as putting at risk London's position as a centre of commodities trade, and the much more valuable business that goes with it. Moreover, relocation to Paris would be seen as a victory for French intervention, and a significant step towards France's aim of establishing Paris as the leading European commodity and financial centre.

I therefore believe that we should maintain our objective of keeping these organisations in London and be prepared to make available the additional £350,000 necessary to achieve this. I would be prepared to find the money from this Department's provision. This is a small sum compared with the benefits to London and the UK which would otherwise be lost : and to refuse to make it available would not only waste the considerable progress already made, but would forfeit the goodwill of the Organisations and their member governments, and give a signal to the French and others that they can buy business away from London.

We shall continue to do everything possible to achieve our objective for less than this sum, by negotiation and a search for the most economical solution (for example there might possibly be scope for finding accommodation which the organisations could take over earlier than that currently planned at Canary Wharf). I would also hope additional contributions might be secured from the private sector and the Bank. But we cannot afford to tie our hands in advance by setting unrealistically tight limits; if we are to succeed, we need to retain negotiating flexibility. I should be grateful for your agreement to my proceeding on this basis.

I am copying this letter to the Prime Minister, John Gummer, Francis Maude, the Governor of the Bank of England, and Sir Robin Butler.

Your ever

JOHN REDWOOD



Recycled Paper

dti

the department for Enterprise

CCPX

RA

The Hon. Douglas Hogg MP
Minister for Industry and Enterprise

Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AQ

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET
Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Prime Minister
*You will wish to be
aware of these latest
developments. (My minute of your
1988 discussion is attached)*

Direct line 215 5147

Our ref

Your ref

Date

7 February 1990

*Rec 6
7/2*

Dear Norman,

CORNISH TIN MINES

see HoP, part 4.

In March 1988 the Prime Minister discussed with John Major and Kenneth Clarke support for a management buyout (MBO) of RTZ's two Cornish tin mines. The primary objective was to preserve jobs in an area of high unemployment. I enclose for ease of reference a copy of the letter recording the conclusion reached. This was the basis for an agreement between the DTI and RTZ as lenders and the MBO company, Carnon Holdings Ltd (Carnon). I am writing now to inform you of recent developments.

It was recognised at the time of the buyout that its success depended on the tin price. In fact the average price over the first year and a half was over 20% higher than the forecast, but this conceals considerable fluctuations. The price has been at an uncomfortably low level for Carnon for the last few months, and Carnon's problems have been compounded by the strength of sterling. The Directors are now looking at the implications of these low prices continuing throughout 1990 and 1991, especially as their advice (from Warburgs) that sterling would fall substantially against the dollar has not been realised.

I believe Carnon is acting prudently in planning for continuing low prices, although, as events have shown, fluctuations - either way - can be marked and rapid.



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the department for Enterprise

Recognising their position, Carnon have already announced 90 redundancies and intend to close the higher cost mine (Wheal Jane), by mid-1991 with a further 100 job losses. This is 18 months earlier than envisaged in 1988 as the earliest date for Wheal Jane to close.

Assuming payment of the final loan instalments of £2m by DTI and £3m by RTZ, Carnon should have sufficient cash to see it through to the Spring of next year, but the Directors say they are not willing to postpone liquidation of the business unless they are free to raise funds in the City. They argue that to succeed with this the DTI and RTZ loans (for £25 and £10 million respectively) must be written off immediately. RTZ have indicated informally that they would expect to follow the DTI lead, neither of us being willing to advance fresh money.

Our underlying aim is to preserve 300 jobs at the South Crofty mine. My view is that we have to recognise that low tin prices may continue. We have at best little chance of seeing the bulk of our money back (as we knew in 1988). We probably have no chance unless the company can raise more money, though that will be difficult. I have, therefore, told Carnon that we will consider restructuring our loans (but not changing the arrangements for paying the last £2m remaining against capital expenditure) but only as part of a firm arrangement to obtain from the private sector the new funding projected to be needed. It remains to be seen whether writing off our loans will be a necessary part of the package; at this stage I do not rule it out. Officials here are in touch with yours. Carnon are now considering their position and will come forward with proposals.

I am copying this letter to the Prime Minister and Sir Robin Butler.

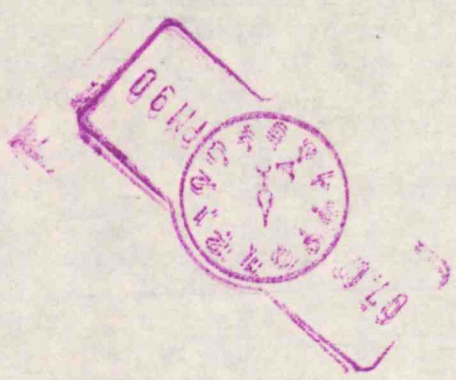
DOUGLAS HOGG

ING1544



Recycled Paper

TRADE
Movements in Volume
Pt 5.



Tom

dti

the department for Enterprise

CCPE
②

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Eric Austin

PRIME MINISTER

TIN: SETTLEMENT

Flap

CAF
12/1


In my minute of 18 December I recommended that you should approach the Belgian Prime Minister concerning the Belgian contribution to the funding of the £182.5 million package for the settlement of the indebtedness of the International Tin Council.

Douglas Hurd subsequently advised, in the light of a conversation with the Belgian Foreign Minister later on 18 December, that it was not necessary for you to write. The letter I had proposed was not sent.

I am now able to record that the discussions within the Belgian government on 22 December produced the positive decision which we had been seeking. The ITC announced its intention to effect the settlement with its creditors.

I am copying this minute to John Major, Douglas Hurd, James Mackay and Patrick Mayhew and to Sir Robin Butler.

nr



N R

12 January 1990

DEPARTMENT OF TRADE AND INDUSTRY

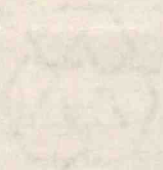
JW4AGD



TRADE: ITC P+S



CONSERVATION





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

21 December 1989

Rt Hon Nicholas Ridley MP
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

CDP 27/12/89

Dear Nick,

TIN: SETTLEMENT

Thank you for your letter of 18 December. I am grateful to you for keeping me in touch about this. Things seem to be progressing satisfactorily towards a payment on 30 March.

I am sending a copy of this letter to the Prime Minister, Douglas Hurd, James Mackay, Patrick Mayhew and to Sir Robin Butler.

Yours Ever,
John
JOHN MAJOR

Trade : ITC PL S



Note



Told DTI

The message
had been held
up, and advised

10 DOWNING STREET

Rem to liaise with the

Fro on each steps.

Re:6

19/12

Paul

I have told

F.C.O. to suspend

the message to

Flatters for now.

He Re Belgium FM

told Howard last

night that all would

probably be well

after the Belgian Cabinet
meets on Friday. CDP



Foreign and Commonwealth Office

London SW1A 2AH

19 December 1989

010
Jean Charles,

Race
19/12

ccfc
R. Gray

19/12

International Tin Council Settlement:
Message from the Prime Minister to
the Belgian Prime Minister

We spoke this morning about the Prime Minister's message of 19 December to Mr Martens, urging Belgium to lift her reserve on the International Tin Council settlement.

The Foreign Secretary raised this issue with the Belgian Foreign Minister, Mr Eyskens, in the margins of the Foreign Affairs Council on the evening of 18 December. Mr Eyskens said that his key cabinet colleague had been away when the Belgian Cabinet had considered the matter on 15 December. But he would be back for the next Cabinet meeting (which I understand is on 20 December) and Mr Eyskens was fairly confident that the Belgian Cabinet would then accept the need for Belgium to pay her share, thereby allowing the Government to lift their reserve.

In the light of this conversation with Mr Eyskens yesterday evening, the Foreign Secretary advises against a message from the Prime Minister to Mr Martens; he believes that we have exerted all the pressure we reasonably can. / I enclose the top copy of the Prime Minister's message.

I am copying this letter to Neil Thornton in the DTI.

Johns ever,

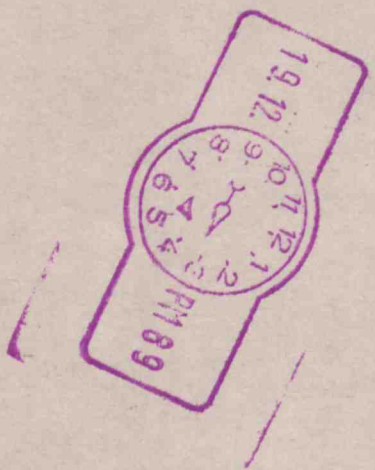
Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

Postage and Fees Paid

Postage and Fees Paid





10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

19 December 1989

Dear Prime Minister,

I have been following with interest the progress towards this over the past 18 months. I am disturbed by the latest reports, which suggest that the hard won deal might now be at risk for want of your Government's clear support.

The ITC has adopted a resolution approving the creditors' proposal, and committing members to funding payment of £182.5 million by 30 March in amounts previously agreed. The Belgian contribution of £3.6 million has been subject to a reserve for several weeks and this was maintained when the formal resolution was adopted by the ITC on 12 December.

The ITC was led to believe that the reserve should be lifted over the weekend. But this has not happened. Our information is that, although you and your colleagues agree in principle to the settlement and the Belgian contribution, the Belgian reserve has not been lifted. A decision is now indicated for 22 December.

This delay is most unfortunate. The Indonesians were already wavering over their contribution and any delay beyond today in confirming Belgium's position heightens the risk of Indonesian slippage. If this were to happen it could bring down the delicately balanced funding scheme, and jeopardise the whole deal, not just the 30 March 1990 payment date. The blame for this would clearly be laid on Belgium.

Failure to lift the reserve at the beginning of this week also prevents practical steps being taken before Christmas in response to the ITC resolution. Creditor undertakings cannot come into force until the ITC resolution is fully effective, nor can a Court of Appeal hearing in London scheduled for March be cancelled before Christmas as was intended, thereby saving legal costs. Confirmation of the resolution early this week is also needed to enable other governments to make progress with their arrangements for effecting their payment of their contribution.

I have explained in some detail the position as I understand it. I hope you will be able to authorise very quickly the lifting of the Belgian reserve on the ITC resolution. The international angle will then be settled. The ITC and its members will then be able to push ahead with the various detailed matters remaining to be put in place in the short time available, some of which need to be done before Christmas.

Yours sincerely

Nagendra Shastri

His Excellency De Heer Wilfried Martens.



the department for Enterprise

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

The Rt Hon John Major MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 01 215 5622
Our ref PB1AFZ
Your ref
Date 18 December 1989

Dear Chancellor

TIN: SETTLEMENT

I am writing to bring you up to date on this.

The International Tin Council met earlier this month to carry the matter forward. An unexpected but most welcome development was announced during the meeting: the two creditor companies not previously supporting the proposal have now decided to do so. Thus the strong wish of Governments for full creditor participation in the settlement has been satisfied.

This development opened the way for the ITC to adopt a resolution approving the settlement and calling on members to provide their contributions in time for payment to be effected on 30 March 1990. There is still no firm news from Zaire concerning a contribution of new money, which would lead to an offsetting reduction in our contribution from the £31.7891 million reported in my letter of 9 November. It is recognised within the ITC that there may be an adjustment of the Zaire and UK contributions. I hope the position will be clear before we have to finalise the figures in the Spring Supplementary Estimates.



Recycled Paper



the department for Enterprise

The ITC resolution was subject to a Belgian reserve which was expected to be lifted on 15 December. However, the decision was deferred, and this is causing considerable anxiety over the Indonesian position. I am writing separately to the Prime Minister about this.

There are some practical details to be settled on the formal documentation and the payment procedures. Leading counsel has reviewed the documentation for us, and officials have followed up his advice through the ITC. The Bank of England is to be the centre of the payment process, and its relationships with other central banks may be helpful in pulling all the arrangements in place. Officials will be taking part in the monitoring of progress.

I am arranging for a Parliamentary answer announcing our maximum contribution.

I am copying this letter to the Prime Minister, Douglas Hurd, James Mackay and Patrick Mayhew, and to Sir Robin Butler.

Yours sincerely
Rosalind CBE.

[approved by the Secretary of State and
signed in his absence]



Recycled Paper



the department for Enterprise
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ce/jh

PRIME MINISTER

TIN: SETTLEMENT

I attach your copy of my latest letter to John Major on this subject.

The Belgian position, mentioned briefly in the letter is causing considerable concern. Confirmation of the putative Belgian contributions has long been promised to the ITC but the matter appears not to have come before the Belgian Council of Ministers until 15 December. Despite approaches by several governments, including one by Douglas Hurd, to Mark Eyskens, the Belgian decision was deferred, apparently because of problems about the internal funding of the £3.6 million contribution rather than because of objections in principle to the settlement.

The inability of Belgium to confirm its contribution risks the withdrawal of Indonesia, which had to be stiffened to maintain its contribution in full before the resolution was adopted. It would not take much to put the matter back in the melting pot. It also impedes progress by governments and the ITC with their arrangements to effect payment.

Diplomatic efforts are continuing through our Embassy in Brussels, and Douglas Hurd is expected to raise the matter again in the margins of the Foreign Affairs Council. I suggest, however, (and the FCO and our Embassy in Brussels agree) that concurrently we should raise the matter one more notch, by means of a letter from you to Wilfred Martens, to be sent by fax. A draft is attached.



dti

the department for Enterprise

I am copying this minute to John Major, Douglas Hurd,
James Mackay and Patrick Mayhew and to Sir Robin Butler

Rosalind Gore

N R

18 December 1989

[approved by the Secretary of State and signed
in his absence]

DEPARTMENT OF TRADE AND INDUSTRY

CONSERVATION



PRIME MINISTER

TIN SETTLEMENT

The long drawn out process of achieving a tin settlement is now stalled because of the inability of the Belgians to reach a decision on their contribution. Nick Ridley - supported by the Foreign Office - suggests that there would be advantage in your writing to Martens to try to clear this obstacle. His minute to you and his letter to the Chancellor (immediately below) summarise the latest position.

Content to sign the attached letter to Martens?

ALG.

PAUL GRAY

18 December 1989

Yes mb

Spencer

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DRAFT LETTER FOR THE PRIME MINISTER

BY FAX

His Excellency Wilfred Martens
Prime Minister of Belgian

INTERNATIONAL TIN COUNCIL: SETTLEMENT OF DEBTS

I have been following with interest the progress towards this over the past 18 months. I am disturbed by the latest reports, which suggest that the hard won deal might now be at risk for want of your Government's clear support.

The ITC has adopted a resolution approving the creditors' proposal, and committing members to funding payment of £182.5 million by 30 March in amounts previously agreed. The Belgian contribution of £3.6 million has been subject to a reserve for several weeks and this was maintained when the formal resolution was adopted by the ITC on 12 December.

The ITC was led to believe that the reserve should be lifted over the weekend. But this has not happened. Our information is that, although you and your colleagues agree in principle

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to the settlement and the Belgian contribution, the Belgian reserve has not been lifted. A decision is now indicated for 22 December.

This delay is most unfortunate. The Indonesians were already wavering over their contribution and any delay beyond today in confirming Belgium's position heightens the risk of Indonesian slippage. If this were to happen it could bring down the delicately balanced funding scheme, and jeopardise the whole deal, not just the 30 March 1990 payment date. The blame for this would clearly be laid on Belgium.

Failure to lift the reserve at the beginning of this week also prevents practical steps being taken before Christmas in response to the ITC resolution. Creditor undertakings cannot come into force until the ITC resolution is fully effective, nor can a Court of Appeal hearing in London scheduled for March be cancelled before Christmas as was intended, thereby saving legal costs. Confirmation of the resolution early this week is also needed to enable other governments to make progress with their arrangements for effecting their payment of their contribution.

I have explained in some detail the position as I understand it. I hope you will be able to authorise very quickly the lifting of the Belgian reserve on the ITC resolution. The international angle will then be settled. The ITC and its

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members will then be able to push ahead with the various details matters remaining to be put in place in the short time available, some of which need to be done before Christmas.

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DRAFT LETTER FOR THE PRIME MINISTER

Prime Minister of Belgian^u

INTERNATIONAL TIN COUNCIL: SETTLEMENT OF DEBTS

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to the settlement and the Belgian contribution, the Belgian reserve has not been lifted. A decision is now indicated for 22 December.

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 1-23/1
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CONFIDENTIAL

members will then be able to push ahead with the various details^{ed} matters remaining to be put in place in the short time available, some of which need to be done before Christmas.

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copy



FCS/89/203

SECRETARY OF STATE FOR TRADE AND INDUSTRY

cm.

Tin: Settlement Initiative

1. Thank you for copying to me your letter of 9 November to John Major. I am glad that the members of the International Tin Council have been able to put together the £182.5 million required to reach an out of court settlement, particularly that the UK's contribution stands well within the agreed upper limit and is much smaller than the sum we might have had to pay in 1986. Corporation tax returns to the Exchequer will reduce the real cost of the settlement to the UK even further.

Acir

2. As your letter shows, there is still a great deal of work to do over the next few months before the settlement is clinched. But I welcome the progress made by the team led by your officials in the lengthy and complicated negotiations over the past year and a half.

3. We shall need to put the maximum possible pressure on ITC members to pay their shares by the due date. Our post in Kinshasa will continue to press the Zaire Government to contribute its share of the settlement, and so reduce our contribution further.

/4.

CONFIDENTIAL



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4. I am copying this minute to the Prime Minister, the Chancellor of the Exchequer, the Lord Chancellor, the Attorney General and to Sir Robin Butler.

DH.

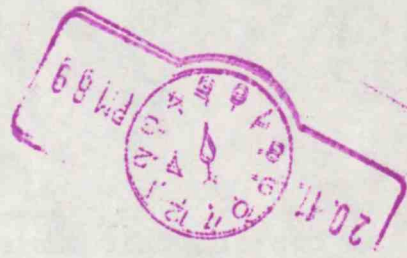
(DOUGLAS HURD)

Foreign and Commonwealth Office

20 November 1989

CONFIDENTIAL

1 TRADE: Movements in Volume
RTS



Cell



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

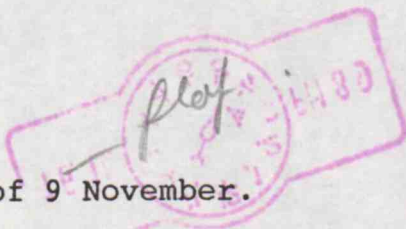
16 November 1989

Rt Hon Nicholas Ridley MP
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

CDI
16/xi

Dear Secretary of State

TIN: SETTLEMENT INITIATIVE



Thank you for your letter of 9 November.

The agreement between ITC Members to find the £182.5m sought by the creditors with a contribution of £31.8m from the UK is a very satisfactory outcome. It is important that officials press ahead as quickly as possible on the remaining issues mentioned in your letter so that this matter can be settled in the current financial year. In particular it must be clearly understood by the creditors concerned that the settlement is only available if it covers all the major creditors and leaves no scope for individual creditors to continue the legal action.

It is agreed that you will meet £21.2m of the UK contribution from saving on your agreed cash limits for 1989-90. If for any reason the payment date slips beyond 31 March 1990, I cannot rule out the possibility of asking you to find savings from within your 1990-91 budget.

I am sending a copy of this letter to the Prime Minister, Douglas Hurd, James Mackay and Patrick Mayhew, and to Sir Robin Butler.

Yours sincerely
John Major

PP JOHN MAJOR
[Approved by the Chancellor and signed on his behalf]

TRADE: Tu Couil R5



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dti

the department for Enterprise

CDC
2

CONFIDENTIAL

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

The Rt Hon John Major MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
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01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Ridley

It seems as though we are nearly there.

CD

9/xi

MS

Direct line 01 215 5623
Our ref JW3ADT
Your ref
Date 9 November 1989

Dear John

TIN

SETTLEMENT INITIATIVE

I am now able to report that last week's meeting of the International Tin Council (ITC) resulted in the required total of £182.5 million being achieved. The UK contribution will be £31.79 million, which is comfortably within the £38 million limit which we had agreed. Our contribution was finally settled following increased contributions, not only from FRG's as foreshadowed in my letter of 23 October but also from Malaysia (£1.28m) and Japan (£1.0m), and smaller amounts from the Netherlands and Norway. Thailand held firm at £8.3 million (ie £3.26 million below their Swedish scheme amount). Indonesia, after appearing to revert to £10.0 million, finally maintained its contribution at £12.78 million. We have to continue to press Zaire to establish what its position is, but our contribution would be reduced if, unexpectedly, Zaire makes a contribution beyond the forced £1.7 million already allowed for.

The creditors have been told of the outcome, and follow up discussions have begun with a view to the formal endorsement of the settlement proposal, and commitment of funding, at an ITC meeting around the end of this month.

The creditors now have to achieve full participation in their own ranks. This is for the creditors to resolve among themselves, but it is critical to the settlement and is an important condition precedent for all governments. Two connected foreign owned companies are being particularly difficult. One of these is incorporated here and I am advised



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that if this company, which has a judgement against the ITC, remains outside the arrangement, it might attempt to get an attachment order against the Crown in order to obtain full payment of its ITC debt from the funds earmarked by us for the settlement. (An equivalent procedure is not available to the company against other ITC members by virtue of the State Immunity Act). Such an intervention would disrupt the settlement, and could be costly to us alone of ITC members. Consequently officials are stressing to the representatives of the creditor group the importance of a successful outcome to their efforts to bring the company in question, and its associated company, into line. Nevertheless it is sensible to explore whether arrangements could be made which would neutralise the risks from such non-participation, and representatives of the ITC and the creditor group have embarked on this. I will let you know if it looks likely to become more than a contingency planning operation.

There are various other practical details to be dealt with, both among the members and between the ITC and the creditors. Officials are playing an active part in this. The most important of the issues vis-a-vis the creditors is the payment date. They have proposed 15 January 1990. The Japanese have made clear that their Parliamentary procedures mean that they cannot be sure of having the money available before the end of March. The creditors do not like this because of the further loss of interest, payment of which was rejected by the ITC as a determinant of the settlement amount. At present 30 March 1990 looks the most likely payment date. This would meet our objective of effecting payment during the present financial year. It is apparent that the facilities of the Bank of England are likely to ease the collection process and help to minimise the risk of that last stage going wrong. Discussions with the Bank are in hand.

LITIGATION

Ahead of the ITC's meeting last week, a unanimous judgement favourable to the arguments of the UK and other ITC members was given on 26 October by the House of Lords on the issues in the litigation which had progressed that far through the courts. It was ruled that there is no direct or indirect contractual liability of members for the debts of the ITC, which has a separate legal existence. The House of Lords pointed out that if there were to be any settlement of the ITC debts, it would be a matter for international negotiation, and not for domestic courts. The decision, as a most authoritative statement of the law, will be seen as having a much wider application to international organisations.

The progress with the settlement proposal encourages us to think that the Court of Appeal hearing of the so-called



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conduct claims against ITC members, due in March, will not go ahead, but that will depend on a satisfactory outcome on the detailed issues mentioned above.

I am copying this letter to the Prime Minister, Douglas Hurd, James Mackay and Patrick Mayhew, and to Sir Robin Butler.



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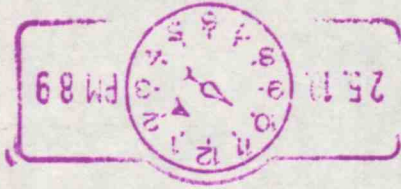
cm

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Tin: Settlement Initiative

1. Thank you for copying to me your letter of 23 October to Nigel Lawson.
2. I agree with your analysis of the state of the negotiations, the risks we face and your proposals for reaching a settlement of this long running affair. We shall maintain our lobbying of those countries that have not yet met their commitments in full. We are also taking action to try to increase the Japanese contribution.
3. Our negotiators need some flexibility as they enter what I hope will be the last round of negotiations. I am sure you are right that we should be prepared to act as funders of last resort, given that our maximum exposure is still at what I consider to be a reasonable level.
4. I understand that judgment will be given in the House of Lords on 26 October on the first case in the tin litigation series. If this goes in favour of the ITC it will be helpful in maintaining pressure on the creditors to settle.
5. I am copying this minute to the Prime Minister, Nigel Lawson, James Mackay, Patrick Mayhew and to Sir Robin Butler.

John H.
(JOHN MAJOR)



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CCP
HM Treasury
26 OCT 1989

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

26 October 1989

Rt Hon Nicholas Ridley MP
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

JD 25/10

Dear Secretary of State

TIN: SETTLEMENT INITIATIVE

slap

Thank you for your letter of 23 October.

I am prepared to agree to an increase in our contribution to the tin settlement to a maximum of £38 million, provided that any increase above the present level of £28.7 million is offered only as a last resort in order to secure a full settlement. I do not see any justification for increasing our present offer unless it finally settles this matter.

I accept your offer to meet two thirds of the cost of the settlement from within your agreed programme if payment is made during the current year. Present indications are that if a settlement is reached payment will be in the current year; indeed the terms of the creditors' offer requires payment by 15 January. However, if the payment date should slip into 1990-91, I cannot rule out the possibility of asking you to make savings in that year to offset part of the cost.

I am sending a copy of this letter to the Prime Minister, John Major, James Mackay, Patrick Mayhew and to Sir Robin Butler.

*Yours sincerely
Jonathan Taylor*

N. NIGEL LAWSON

[Approved by the Chancellor and signed on his behalf]

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the department for Enterprise

ccpf

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

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Department of
Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
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1. NBRM & this
stage

Direct line 215 5422
Our ref PE5AEA
Your ref
Date 23 October 1989

2. CDP or R

To see. Edging close.

RACB
23/10

Dear Nigel

TIN: SETTLEMENT INITIATIVE

Since I wrote to you on 7 August, there have been two meetings during September of the International Tin Council's (ITC) Informal Committee. Discussion focused almost exclusively on the funding of the £182.5 million sought by the creditors for a settlement. There was useful progress, and less than £13 million remained to be found. Later developments have further reduced this amount.

Although discussions on raising the last £32.5 million have been difficult, I am pleased to say that, following my recent contacts in Bonn, we are now close to success. The main contributors are the UK £14.0 million; Japan £9.95 million and the FRG £3.398 million. Nine other countries provide a further £3.4 million. We are waiting to hear whether Japan will meet the £1.7 million balance, but our (private) understanding with the FRG is that, if necessary, we will do so. If we assume that Japan continues to resist further contributions our total commitment to the full package would be £28.7 million, usefully within the £30 million ceiling you agreed with David Young. For Japan and FRG, respectively the equivalent figures would be £33 million and £19.878 million.

Of the first £150 million, £5.6 million remains to be found. The picture is complicated because Thailand, a significant ITC member, claims - publicly - that through our Embassy we had indicated in writing a willingness to accept a contribution of £8.3 million (the level of their commitment thus far) and to support them in meeting the balance of £3.26 million. The Thais'



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explanations have attracted some sympathy from other members but we consider their claims to be unfounded. They are the result of the interpretation they have chosen to put on some discussions in August when the total shortfall was some £40 million. Such discussions were part of a concerted effort to persuade the Thais to increase their offer from £2.82 million to a level which could be regarded as having some credibility in the eyes of other members - all of whom were aware that the last settlement attempt failed because Thailand would not participate, and some of whom were at that time still holding back on their Swedish scheme contributions, allegedly until they knew what Thailand was going to do.

In deploying our arguments the Embassy have throughout said that we were looking for the full Swedish scheme amount from the Thais, and we continue to press for this. Our fear is that any undertaking to meet the difference might undermine the position of a few other countries who have agreed, often very reluctantly, to meet their full share. (Indonesia has made £2.78 million of its contribution dependent upon full payment by Thailand. Malaysia has indicated that it might contribute more than its calculated share but have been emphatic that Thailand must first agree to pay in full.)

I should also mention Zaire which is being lobbied intensively by Canada, Japan and the UK to declare its position. The latest reports show that this is now being actively considered by the Zairean Government. However, the most cautious approach is to assume that Zaire will in the end provide only the contribution of £1.7 million in seized funds.

At worst we believe that there is a potential shortfall of £5.61 million from Thailand and Zaire combined, plus a further £2.78 million if Indonesia withholds that part of its contribution. We are not alone in thinking that isolating Thailand stands a good chance of bringing sufficient pressure for them to agree to their full Swedish scheme amount. However there are considerable political sensitivities in Thailand, and the residual ill-will felt there might in the short term jeopardise our chances in bidding for a major oil refinery project.

Amid these uncertainties, it is clear that all other members of the ITC are looking to us, as the country with recognisably the most to gain to fill any remaining shortfall in the settlement amount.

Looking at the matter in the round, I am satisfied that we should strive to keep the settlement alive. Not only would this rid ourselves of the time consuming and expensive distraction of the continuation of the surrounding litigation, it would eliminate



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the risk of the cases going against us in our own courts with potential liabilities in excess of £500 million.

I would be reluctant for us to enter into any special arrangements with Thailand to avoid the appearance of a shortfall on their part, not least because, if revealed, they could put seriously at risk the commitments of many other members. The choice, therefore, is between increasing our own contribution to meet a shortfall for which Thailand among others will be responsible, risking any knock on effects on other countries, or declining to do so and risking the collapse of the whole package. Against this background I have concluded that we should be prepared in the last analysis to fill so much of the gap as remains from the latest efforts. Taking all the worst assumptions, this would increase our commitment to just under £38 million, significantly less than the £55 million we were prepared to find in 1986. Timing, however, will be important. On the assumption that the settlement would not collapse immediately for want of a final few £ million at midnight on 31 October, I envisage that our final plea could be withheld in order to flush out the very last amounts from other members and to strengthen our hand against having to cover any depletions apart from that which might come from Indonesia.

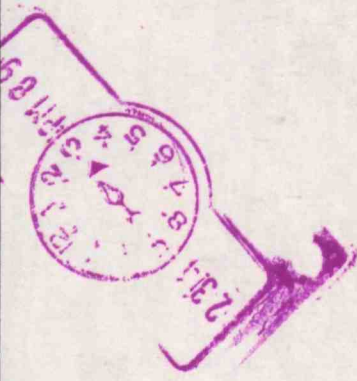
Turning to the public expenditure aspects, I am prepared to help find the possible additional contribution on the same basis as David Young agreed for the first £30 million - namely that two-thirds should come from my Department's budget and one-third from the Reserve. I should emphasise that this offer is only on the assumption that the money is paid in the present financial year. I could not agree to find these amounts from my provision for the PES period. In this connection you should be aware that the payment date of 15 January 1990 envisaged by the creditors poses practical difficulties for some governments. This remains to be resolved as do a range of other practical details, but there will be great pressure to have implemented the settlement before the end of March.

The ITC's Informal Committee meets again on 30-31 October. I should be glad of your reply in time for that meeting.

I am copying this letter to the Prime Minister, John Major, James Mackay, Patrick Mayhew and to Sir Robin Butler.



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20/8/89



Handwritten notes in pink ink:
18/8/89
11:15
11:15

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H 0ET

18 August 1989

Dear Nick

TIN: SETTLEMENT INITIATIVE

Aas

You wrote to Nigel Lawson on 7 August to let him know how matters stand on the tin settlement initiative following the International Tin Council's meeting on 24-25 July.

I note that officials have committed only £21.125m of the £30m agreed by the Chancellor. You raised the possibility of the UK having to go beyond £30m in September to secure a settlement. We will have to consider that if and when it arises; but I would find it very difficult indeed to go beyond £30m unless the other G7 members of the ITC are bearing a fair share of the cost of the funding above the basic £150m package.

I am sending a copying of this letter to the Prime Minister, John Major, James Mackie, Patrick Mayhew, and Sir Robin Butler.

Handwritten signature of Norman Lamont

NORMAN LAMONT

TRACS: Movements in Volume PTS



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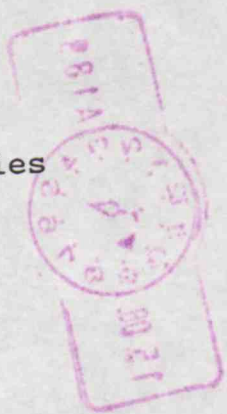
Foreign and Commonwealth Office

London SW1A 2AH

11 August 1989

From The Minister of State
The Hon Francis Maude MP

The Rt Hon John Selwyn Gummer
Minister for Agriculture, Fisheries
and Food
MAFF
Whitehall Place
London SW1A 2HH



*NBIM
CMB
14/8*

See JM

INTERNATIONAL COFFEE AGREEMENT (ICA)

filed

I have seen a copy of John MacGregor's letter of 11 July to David Young, about the suspension of the economic provisions of the ICA. I welcome the news that there will be a free market in coffee for at least two years. This is a success for our deregulatory policy on commodities generally. I agree that if pressure within the Community grows for the reintroduction of a quota system, our hand should be strengthened in seeking stringent conditions more in line with the real world market for coffee.

.... I am copying this letter to the **Prime Minister**, Nigel Lawson and Nicholas Ridley.

[Handwritten signature]

[Handwritten signature]

Francis Maude

Trade : Movements in Volume of Trade by Commodity

PKS.



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The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

o/c

NB PM at this stage
CAS 7/8

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Our ref PS4CNA
Your ref
Date 7 August 1989

Dear Nigel

TIN: SETTLEMENT INITIATIVE

I have seen David Young's ^{file} correspondence with you on this subject, and am writing to let you know how the matter stands following the International Tin Council's meeting on 24-25 July.

There was a general willingness to give a fair wind to the creditors' proposal for a settlement at £182.5m with payment by 15 December 1989. A number of countries indicated doubts over their ability to make payment as soon as that, and further discussions with the creditors' representatives will no doubt take place in the autumn.

There was some progress on the difficult issue of contributions. All delegations are now either committed to meeting their share of £150m in accordance with the Swedish scheme, or have undertaken to seek approval for this. Both Thailand and Indonesia gave the process some encouragement by their undertakings to refer back. Germany remains the most difficult of the consumer members in this context.

Progress is slower towards assembling commitments for the remaining £32.5m. We joined with Japan in indicating willingness to provide one-quarter each of this amount if the funding of the £150m was completed on the basis of the Swedish scheme. Although there are indications that some of the smaller members may have a little to contribute, the part to

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initiative



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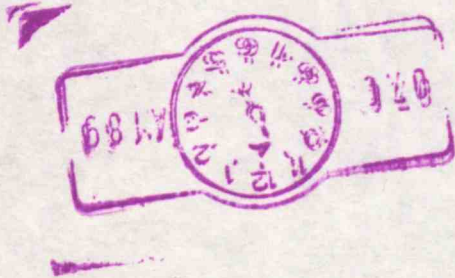
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be played by Germany and France may be critical. We are also trying to talk the Japanese up to £10m but they are unlikely to move before the Germans have ~~been~~ moved.

As matters stand, therefore, officials have committed conditionally only £21.125m of the £30m agreed in your correspondence with David Young. They will be working hard to keep our contribution within that limit. However, we cannot rule out the possibility of having to go beyond that level in September to secure a settlement in order to put this long running subject to rest. We are unlikely to be able to assess this properly until the discussions reach their closing stage in the interval between the ITC meetings arranged for 8 September (to review progress) and 22 September (for the formal decision on the creditors' proposal).

I am copying this letter to the Prime Minister, John Major, James MacKay and Patrick Mayhew, and to Sir Robin Butler.

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edp

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon John Macgregor OBE, MP
Minister for Agriculture
Fisheries and Food
Ministry of Agriculture
Fisheries and Food
Whitehall Place
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Our ref PS1CUG

Your ref

Date 19 July 1989

COO
19/7

John

INTERNATIONAL COFFEE AGREEMENT

Thank you for your letter of 11 July about the failure of the negotiations for a new International Coffee Agreement. I welcome the news that there is now a free market for coffee and note that it is likely to remain in force for at least two more years. I certainly agree that the deregulation of the coffee market is a good outcome for consumers and the international trade in coffee.

It seems clear that this outcome will strengthen our hand in resisting the reintroduction of quotas in future negotiations. As you indicate maintenance of a free market must remain our first objective when discussions resume.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nigel Lawson and Chris Patten.

John
Law

Grade
Movements in Volume

179 JUL 1989

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cc/c



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

17 July 1989

Rt Hon Lord Young of Graffham
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

rec 6 (1)
JC 13 14
000 17/2

Dear Secretary of State

TIN: SETTLEMENT INITIATIVE: CREDITORS PROPOSALS

Thank you for your letter of ^{*Prop.*} 13 July.

I am content that you should take matters forward as you propose. It is clearly important that any UK contribution towards bridging the gap between £150 million and £182.5 million is matched by the Japanese and that there should be pressure on the Germans and French to meet the balance. I am also prepared to agree that if necessary we should increase our contribution towards £150 million by £2 million to £15 million, although I hope it will be possible to avoid this. With these elements declared, the total amount pledged by the UK will be up to £25 million. You propose that we should aim to settle within a maximum UK contribution of £30 million. I recognise that some flexibility may be required in the final stages of the negotiations and I accept that a further increase to the UK contribution to bring the total up to £30 million may be needed. It is important that officials should keep in close contact and that there should be full consultation before any decision is taken to increase the UK contribution above £25 million.

I am sending a copy of this letter to the Prime Minister, Geoffrey Howe, James MacKay and Patrick Mayhew and to Sir Robin Butler.

Yours sincerely
Nigel Lawson

NIGEL LAWSON

*[Approved by the Chancellor
and signed on his behalf]*

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SECRETARY OF STATE FOR TRADE AND INDUSTRY

1. Thank you for copying to me your letter of 13 July to the Chancellor.

2. I support your proposals fully. We shall continue to lobby, in consultation with your officials and the Canadians, for the full participation of, and maximum contribution from, other ITC members states to the settlement.

3. I am copying this minute to the Prime Minister, the Chancellor, the Lord Chancellor, the Attorney-General and the Cabinet Secretary.

A handwritten signature in dark ink, appearing to be 'G. Howe'.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
14 July 1989

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TRADE: Movement of Trade by
Commodity. Part

1989

14 JUL 1989

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the department for Enterprise

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The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

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CONFIDENTIAL

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
H M Treasury
Parliament Street
London SW1

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

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Direct line 215 5422
Our ref MM4APV
Your ref
Date 13 July 1989

Nigel Lawson

TIN: SETTLEMENT INITIATIVE: CREDITORS PROPOSAL

The Canadian-led initiative is now moving to its final stages and we need to prepare the ground for a possible settlement.

Recent Developments

After the International Tin Council (ITC) rejected the creditors' outline proposal at £215m, there were further discussions between the ITC Working Group and the creditors' representatives. The upshot of this is a proposal pitched at £182.5m, which is to be considered by the ITC on 24-26 July. Your officials have a copy of the proposal.

Assuming that the ITC sends the proposal formally to governments for decision, the funding arrangements have to be settled among members, and all creditors have to confirm their participation during September.

The creditors' representatives have by all accounts had a considerable struggle to bring the proposed amount down to a realistic level. The amount is not now open to further negotiation. The question for the ITC is whether it can fund that amount.



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Funding the settlement

So far there are fairly firm indications of contributions from ITC members totalling about £120m. These were related to a target amount of £150m. There are also signs that consumers could agree to a Swedish proposal for a uniform 40% increase in each member's contribution above the amount derived from the basic calculation method each favours. Applying this uplift, our contribution would be £12.3m, slightly below the £13.0m already indicated by officials in the course of earlier discussion. The Swedish proposal assumes, however, that producer members would contribute £58m. Unless Thailand improves on its derisory offer of £2.8m a gap in the producer contribution is likely to remain. How much is difficult to estimate but the Canadians seem relatively optimistic that the £150m be found if Thailand responds positively and if the balance above £150m is met by three or four of the major consumers. Of these Japan, UK and France have already indicated a willingness to explore this area, commenting that others - notably the Germans - would be expected to join in. The Canadians are arranging a meeting of this group (including FRG) for 24 July in advance of the ITC discussion.

A Proposed UK contribution

There have been clear signals that many other countries including the Canadians, are looking to the major consumers and particularly to the UK for a lead before loosening their own purse strings. Most countries are well aware that, before our own courts, we are the most vulnerable to claims against members on a joint and several basis. These could run into £500m or more. They recall our willingness to contribute £55m three years ago towards a £165m settlement and they recognise, despite our protests, that a settlement would produce a tax flow to the Exchequer. (Claims as to the amount have been grossly exaggerated by the Revenue estimate the tax benefit would be about £20m.)

Against this background I propose that

- (a) We approach Japan (who need to fix a figure urgently for budgetary reasons) suggesting that we and they agree to declare a willingness each to contribute a figure up to £10m towards providing the £32.5m, in addition to the amount declared by each of us at £150m in line with the Swedish proposal;
- (b) if the Japanese agree to the approach both of us should make urgent diplomatic overtures to Germany and (to a



the department for Enterprise

lesser extent, France) to arrange to cover the remainder, with whatever help from other sources they are able to muster;

- (c) we ask Japan in its regional role to emphasise to Thailand the crucial need to increase their contribution to the level indicated by the Swedish proposal, (£11.56m) and
- (d) we continue to look to Canada to arrange the rest of the funding of up to around £150m (we should in fact press for them to find a little more than this amount).

So far as the UK is concerned, this approach would imply an overall contribution by us of £23m. There are, however, many uncertainties in the completion of the funding arrangements and it would therefore be sensible to have a further sum agreed between us which could be deployed if a residual funding problem emerges. I propose that officials may, if necessary to encourage a settlement, increase our contribution to the £150m from £13m to £15m. I also think that they should have authorisation to go up to an overall total of £30m. However, my expectation is that they would not need the last £5m during the meeting on 24-26 July, as many countries will not be ready to declare their position in the light of the creditors' proposal.

Third Party Litigation

I should note an important additional point. During the discussions within the ITC, the need for governments to be free from all threat of further litigation has been stressed. The ITC's direct creditors cannot give such an assurance because they cannot prevent their own creditors from initiating actions directly against the ITC or its members. In practice the risk of such actions is slight, the legal obstacles are even more formidable than those which the primary creditors have faced unsuccessfully to date. The creditors are giving undertakings not to join the ITC or its members in any proceedings taken against those creditors. They are also offering an undertaking to indemnify (within a specified limited) the Council and members for any costs incurred in dealing with actions brought directly against the Council or members. While not watertight this is as much as the creditors are prepared to do without pushing up the settlement price significantly. As that poses its own problems for the ITC and its members, and given the remoteness of the litigation threat, it seems to me sensible to go ahead with the settlement on the basis now proposed.

Proposed Approach

At a general level, therefore, in addition to the approach outlined above ("proposed UK contribution") I suggest that at the 24-26 July meetings, officials should confirm our general support for a settlement on the terms now proposed by the creditors, on the basis that

- (a) all buffer stock creditors confirm their participation by the end of September;
- (b) all members contribute to the funding of the settlement in amounts which remain to be settled by discussions currently in progress;
- (c) all members effect payment to the ITC no later than 15 December 1989; and
- (d) the settlement is duly completed on that date.

Public Expenditure Implications

So far as the public expenditure aspects are concerned, I have said earlier that I would be looking to the Reserve to cover the UK contribution. Having reviewed the outlook for my programmes this year, I have concluded that it will be possible to make a substantial contribution from my Department's provision. I am therefore willing to meet two-thirds of the UK contribution, up to maximum of £20m, with the balance to be found from the Reserve. I trust this will be acceptable to you. This offer applies, of course, only on the assumption that a settlement is indeed completed in the current financial year. (The creditors have made it clear that for them adherence to the 15 December payment date is an integral part of the package.)

In order that the contacts with Japan can be put in hand, I hope you will be able to give very early agreement to all this.

I am copying this letter to the Prime Minister, Geoffrey Howe, James MacKay and Patrick Mayhew and to Sir Robin Butler.

John Paul



Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

RESTRICTED

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON SW1

11 July 1989

Dear David,

INTERNATIONAL COFFEE AGREEMENT

Having failed to reach consensus on the fundamental issues in the long-running renegotiation of the Agreement, the International Coffee Council decided on 3 July to extend the 1983 Agreement without quotas, and virtually all its other economic provisions, for a period of two years from 1 October 1989. The Council also suspended the quota system with immediate effect. There is now a free market for coffee - exporting members are not subject to quotas and importing Members no longer limit imports or operate the controls needed to enforce quotas. This is a good outcome for coffee consumers and for international trade in coffee.

The negotiations to renew the International Coffee Agreement with quotas failed mainly because of the rigidity of Brazil and the United States. Brazil gave some ground in agreeing to consider unification of the coffee market as an objective, but refused to consider any reduction in its 30% market share and stood out against the evident need to adjust market shares in the light of consumer demand for the different types of coffee. The United States was prepared to court isolation in its determination to achieve either a free market, or a different type of coffee agreement which would eliminate the two-tier market and increase substantially the quantities of mild coffee available for their consumers. The Community had hoped to act as a bridge between the contending parties, but disqualified itself from doing so by lending too willing an ear to Brazil, Colombia and the African producers. We were able to ensure, however, that Community positions were better than they might have been, thus minimising pressure on the US and their supporters both

/among producers and...

among producers and consumers. Procedural extension of the Agreement, shorn of its economic provisions, was what we always preferred.

Some say that quotas will never return. I do not rule this out, but it would be more realistic to say at this stage that there is no knowing how long the free market period will be. Meanwhile, it is clear that the result of the negotiations is a boost for deregulation.

Suspension of quotas and increased competition among producers will bring several advantages to consumers: cheaper coffee generally, adequate supplies of mild coffee, and no further premium payable for the inadequate quantity of quality coffee available (which was a feature of the old quota system and which mainly ended up as a subsidy to non-Member importers in Eastern Europe and the Arab world). The UK trade are very satisfied: industry perhaps less so as lower green coffee prices may squeeze their margins.

Some producers will be hard hit. Prices have fallen heavily since 3 July, to their lowest levels for many years. Uganda and the French West African coffee producers may lose most, and we should expect some additional pressure in the Lome negotiations for increased resources to be made available under Stabex. But there will be opportunities in a free market for producers too. The more efficient and high quality producers will come to the fore. They will now be able to respond to market trends in both price and quality. For some, however, it will be an expensive lesson that commodity agreements with economic provisions have to be allowed to adjust to market trends, if they are to survive.

The prevailing feeling at the end of the meeting was that a clear period of two years without quotas was likely but that talks would resume in due course with a view to a new Agreement being ready for implementation by Autumn 1991. Naturally, we shall try to perpetuate the free market and avoid the reintroduction of quotas as the norm.

Even if the constraints of Community membership compel us, as in this round, to accept quotas in principle, our hand should be stronger in seeking stringent conditions. First, there has been useful progress in persuading the producers to accept unification of the coffee market as the main means of eliminating discount sales. Secondly, it will be clear that the quota distribution system must be much more responsive to developments in productive potential and in market trends than hitherto. Thirdly, there are now more consumer countries, who may not be with us in opposing commodity agreements with economic provisions per se, but who are prepared to ensure that their interests are taken into account.

/Finally, there is..

Finally, there is a substantial number of producers now thoroughly discontented with the strait jacket which past quotas imposed. There may also be scope for arguing that quotas should only be used as a safety net, as Nigel Lawson suggested last year.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nigel Lawson and Chris Patten.

Yours ever,
JH

JOHN MacGREGOR

21 JUL 1989

cc/lu



Treasury Chambers, Parliament Street, SW1P 3AG

98 2/6

The Hon Francis Maude MP
Parliamentary Under Secretary of State
for Corporate Affairs
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0BT

22nd June 1989

Dear Francis,

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

We spoke about the proposal in your letter of ~~15~~ ^{*16*} June, that the Government should provide a financial contribution to ensure that the International Sugar and Wheat Organisations remained in London. I have also seen comments from John MacGregor and the Prime Minister's office.

I agreed that the Government should make a contribution subject to the following conditions outlined in your letter:

- that £300,000 is regarded as an absolute ceiling to the government contribution;
- that any government contribution is conditional upon an equivalent payment by the private sector;
- and that the money is found from within existing DTI provision.

I am copying this letter to the Prime Minister, John MacGregor, Geoffrey Howe and to Sir Robin Butler.

*Yours Faithfully,
John Major*

JOHN MAJOR

TRAPS: Movements in Volume A/S





Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

ed 16/6

16 June 1989

Dear JH,

LOCATION OF HEADQUARTERS OF INTERNATIONAL COMMODITY ORGANISATIONS

WILL REQUEST IF REQUIR

I am writing to support the approach which Francis Maude made to you on 15 June about the possibility of a Government contribution to the private sector's efforts to raise funds to help retain the International Sugar and Wheat Organisations in London.

It is clear from the Bank of England's research that there are substantial direct benefits from the expenditure of the Organisations in London, and valuable indirect effects in the promotion of invisible trade. Benefits do not go to identifiable firms, indeed they are broadly national.

It is obviously right to hesitate before providing further public funds for international commodity organisations. But as you know, neither organisation seeks to regulate markets. Such trade and industry views as we have heard suggest that a contribution will be seen as a way of spiking French guns and not as a weakening in our opposition to trade distorting international agreements. I agree.

I hope, therefore, that the Government would be able to match the funds raised in the City. We should also seek to discourage official subsidies by our Community partners in future.

+ I am copying this letter to the Prime Minister, Geoffrey Howe, Sir Robin Butler and Francis Maude.

As you know, I was strongly in favour of getting the City to make as large a contribution as possible.

Yours,

JH

JOHN MacGREGOR

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M M
M M



FILE

DS

bc PC

10 DOWNING STREET

LONDON SW1A 2AA

15 June 1989

From the Private Secretary

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND
WHEAT ORGANISATIONS

Mr. Maude wrote on 15 June to the Chief Secretary on the question of a financial contribution to secure the continued location of the International Sugar and Wheat Organisations in London. It so happened that the Prime Minister was talking to Sir Michael Butler, Chairman of the European Committee of the BIEC, this afternoon about attempts by the French and Germans to attract organisations away from London and I mentioned this point to her. She has expressed the view that we should certainly do our utmost to keep the two organisations in London while at the same time trying to negotiate mutual 'disarmament' within the European Community to prevent subsidies of this kind in the future.

I am copying this letter to Carys Evans (Chief Secretary's Office), Shirley Stagg (Ministry of Agriculture, Fisheries and Food), Stephen Wall (Foreign and Commonwealth Office) and to Sir Robin Butler.

C. D. POWELL

Andrew Heyn, Esq.
Department of Trade and Industry

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the department for Enterprise

copy:

The Hon. Francis Maude MP
Parliamentary Under Secretary of State for
Corporate Affairs

The Rt Hon. John Major MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 4417
Our ref
Your ref
Date

15 June 1989

Dear Chief Secretary,

LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

I wrote to you on 11 April, and you replied on 14 April, about the question of a financial contribution to secure the continued location of these two organisations in London. We agreed then that the initiative should rest with the City. In response the Governor of the Bank of England set in hand a survey of business interest and the London Chamber of Commerce and Industry opened negotiations with the two organisations to identify ways of holding their rental cost to its present cash level.

These negotiations have established that both organisations would stay in London if an amount can be found to bridge the difference between their present rent and that for new premises over the next ten years (the same period of time as the French and Dutch offers). The Bank estimates that the total sum required would be about £600,000 at present values. This sum is based on a reduced rent from Olympia and York, the landlords of Canary Wharf in the Docklands Development Area - which the Bank consider is at a reasonable level - and leaves removal and fitting out costs as the responsibility of the organisations themselves. My officials are passing to yours details of these calculations.

The best judgement of the Governor and the business interests included in this exercise is that it should be possible to find about half of this sum from business sources. Some 25 firms have offered their support. However, they have made it clear that their offers will only be forthcoming if there is also a Government contribution, in recognition of the officially-backed offers from abroad and their view that there are more general benefits to the country as a whole, going wider than their own immediate business interests, from the





the department for Enterprise

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presence of the organisations here. They have therefore proposed, as a condition of their own participation, that the Government should match their own contributions up to a total of no more than £300,000. We have to decide whether we are willing to make such a contribution - the form of which would be for negotiation - equivalent to a single payment of up to £300,000 at present values, or whether we are willing to see the organisations leave London, almost certainly setting up as a French Government-supported operation in Paris.

It is profoundly unsatisfactory that we should be put in this position. I propose in any event that we should mount pressure within the Community, eliciting the support of the Commission, against this sort of competitive subsidy, to prevent a similar inducement being made to other such international organisations.

But the fact is that we are in this position; and I believe that we should make a contribution. It is of course right, and consistent with the Government's general deregulatory policy, to look to business for financial support for this sort of project, but where the anticipated benefits are broadly national and do not relate largely or exclusively to identifiable firms, it is also right to consider, exceptionally, some form of contribution if the circumstances merit it. Those circumstances are, I believe:

- a) the loss of the two organisations would certainly be regarded as reducing London's prestige as the international centre for trade in commodities and as a blow to the market-oriented economic policies which, frequently against opposition from France, we are working to encourage the commodity producers, and other developing countries, to adopt. As you know London's position is already under strong competitive pressure from a number of other European centres. While we cannot be sure that by itself the loss of the organisations will lose us specific business it is certain to have a generally negative effect, at a time when France in particular is bidding for leadership both in this business and in North/South and commodities matters generally;
- b) thus the relocation of the organisations in Paris would certainly be seen as a considerable triumph for France; it could also be a substantial step towards establishing Paris as the leading financial centre in Europe, and France as the acknowledged representative of the interests of commodity producers and other developing countries;



the department for Enterprise

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- c) it would be a setback for our general policy of discouraging subsidy within the Community: the present offers do not contravene Community law but it would be highly desirable to show the French that they will not succeed if they go down the route of trying to buy business: the £300,000 cost to HMG compares very favourably with the sum in excess of FF 30 million which the French Government are prepared to commit;
- d) the activities of both organisations support our policies of deregulation and opening of international markets; neither has any market intervention provisions in its founding agreement: they support our policies by encouraging a more transparent market and by providing the information on which producers can anticipate the need to restructure;
- e) securing the future of these organisations would make it rather less likely that our French rivals would succeed in bidding for cocoa and coffee on a similar basis in the future; many of the subscribing Governments will prefer the organisations to be in one place and the landlords of Canary Wharf would like to attract them to set up alongside sugar and wheat: conversely if we lose sugar and wheat, cocoa and coffee might well follow;
- f) the City proposal seems to offer good value for money in terms of these benefits, the matching business contribution and countering the much larger French subsidy. The City has said that they have open minds about the form of our contribution, which would of course have to be negotiated in detail within any general limits which we might specify.

If we do not do this the City will certainly argue strongly that they have been let down over a case on which they were prepared to put their own money alongside Government's to counter a foreign subsidy. For their part the French will certainly make the most of this, as propaganda and as a substantive victory for the commercial, and wider political, objectives behind their aim of making Paris the commodities and financial centre of Europe.

I propose therefore that we should tell the Governor and the London Chamber that we are willing to make available a matching contribution equivalent to no more than £300,000 at present values, if this will secure the business contributions needed to support the Chamber offer, and subject to negotiating the details and form of the contribution with the Chamber and the

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the department for Enterprise

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organisations. I am confident that such a sum can be found without any increase in public expenditure. If you agree we should ask officials to make recommendations about the appropriate form of the Government element and its allocation within Whitehall.

The City have also pressed us to use our best endeavours to apply Community rules to prevent subsidies of the French sort in the future. That is of course also our general objective. The City are well aware from previous discussions with us that there is little prospect of doing so within present rules and that the outcome of any UK initiative would be uncertain at best. Nevertheless I am sure that we should be seen to be doing everything possible and have asked my officials to make proposals. In the meantime I propose to tell the Chamber that I have set in hand an urgent study of the question of developing appropriate Community rules for the future. I would not imply any commitment at this stage to the possibility of effective action in this difficult area.

I am copying this letter to the Prime Minister, John MacGregor, Geoffrey Howe and Sir Robin Butler.

Your sincerely

Chris North

ff FRANCIS MAUDE

(Approved by the Minister and
signed in his absence)



CEP

The Hon. Francis Maude MP
Parliamentary Under Secretary of State for
Corporate Affairs

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
LONDON
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Date

15 June 1989

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LOCATION OF HEADQUARTERS OF THE INTERNATIONAL SUGAR AND WHEAT ORGANISATIONS

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4

organisations. I am confident that such a sum can be found without any increase in public expenditure. If you agree we should ask officials to make recommendations about the appropriate form of the Government element and its allocation within Whitehall.

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I am copying this letter to the Prime Minister, John MacGregor, Geoffrey Howe and Sir Robin Butler.

Your sincerely

Chris North

ff FRANCIS MAUDE

*(Approved by the Minister and
signed in his absence)*



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WJH



Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

5 June 1989

© 100576

Dear Adam

With regards if required

Thank you for sending me a copy of your letter to David Young of 1 June. It was good of you to keep me informed about the creditors' attitude to resolving the problems of the International Tin Council. As you know the Department of Trade and Industry leads on this subject, and I understand that you are to see David Young on 12 June. He will explain the Government's position to you fully.

I am copying this letter to the Prime Minister, Chancellor of the Exchequer and Secretary of State for Trade and Industry.

Weinberger

*Y —
J —
—*

GEOFFREY HOWE

Sir Adam Ridley

AM 9
D 5 W
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HAMBROS BANK LIMITED

41 Tower Hill London EC3N 4HA Telephone: 01-480 5000
S.W.I.F.T.: HAMB GB 2L Telex: 883851
Member of IMRO and TSA

Andrew Turnbull esq, N^o 10 Downing St.

We spoke. I am obviously happy to give you any further
info. I am if it would help. I have to be brief as we have
many.

M 2/6/89

With the Compliments of
Sir Adam Ridley

~~Mr Gray~~

To await DTI/Feed

AMT advice

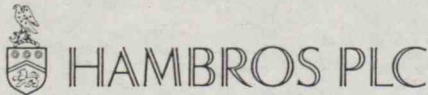
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1. ~~ECOP~~ - to see

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RC6

5/6



41 Tower Hill London EC3N 4HA Telephone: 01-480 5000 Telex: 883851

IN CONFIDENCE

The Rt. Hon. Lord Young
Secretary of State for Trade and Industry
1 Victoria Street
London
SW1

1st June, 1989

Dear Secretary of State,

INTERNATIONAL TIN COUNCIL (ITC)

Ralph Kestenbaum and I wrote to you on May 16th on behalf of the principal ITC creditors, and Alan Clark wrote back to us on May 18th in your absence abroad. Our purpose was to ask the British Government and possibly other ITC States to join us in making possible the submission of a realistic proposal for the settlement of the ITC's debts. Alan Clark's letter explained that the Govt did not wish to go further than play its part in a settlement of £150m should we be able to propose it; and warned that a proposal above £150m from the creditors "would run the serious risk of bringing discussions to an end".

2. It may well be difficult for the ITC side to respond favourably at present to a settlement proposal of over £150m. However we as creditor representatives face a much harder task. It has, quite realistically, been a condition on which Governments have insisted in all our discussions with the ITC side that any settlement would have to be supported by all major creditors. We as creditor representatives are clear that we cannot propose a settlement with such all-round support except at a figure significantly higher than £150m. For us to have to do this as things stand would most emphatically not be in the UK's interest. We are therefore very glad that it has been possible to arrange to see you on June 12th after your return from your trip overseas, both to explain properly to you why this is so, and to tell you something of the attitudes of other countries with whom we have recently been in touch. Time is now at a premium, particularly in view of the council ITC meeting on June 19th and the end of the 6th International Tin Agreement on June 30th. That is why we are writing to you now well ahead of our meeting, to restate the problem; and also why, once again to save time, we are taking the liberty of copying this letter to the Prime Minister, the Chancellor of the Exchequer and the Secretary of State for Foreign Affairs.

BACKGROUND

3. We must begin by recalling some of the background:

- a. Both creditors and ITC members agree that the ITC's debts (including interest) had risen to a little over £500 million by March 31 1989. By the end of June this year the figure will have reached some £525 million.

- b. It is common ground to all concerned that the position today is not the same as in 1985/6, when the creditors and all but one of the ITC States came within an ace of agreeing on the NEWCO plan to implement an orderly wind-down of the ITC's affairs. But we all know that in reality the NEWCO plan has nonetheless been an important point of reference for both sides in the contacts and negotiations which have been taking place latterly.
- c. The essence of the NEWCO plan was that quasi-equity - which was almost certain to be exhausted by losses - would be contributed as follows:

| TOTAL | £270m | 100% |
|---|-------|------|
| ITC States & UK (of which UK Special contribution of £50m) | £170m | 63% |
| Creditors | £100m | 37% |

- d. The implications of a settlement now at £150m would be as follows:

| Total claims as at 31.3.89 | £513m | 100% |
|---|-------|------|
| ITC States contribution | 150 | 29% |
| Net losses met by creditors after settlement | 363 | 71% |

- e. It can be seen that even with an early £150m settlement, not only is the contribution of ITC States proportionately less than half what was envisaged (and all but agreed) in 1986, at 29% against 63% then; but also the absolute sum proposed is some £20m less than the States then considered offering, while the total sum at issue is over £240 million more, even as at March 31st this year. It can also be seen that the amount of the losses to be absorbed by the creditors now is more than 3½ times greater than in 1986.
- f. These figures of themselves help make it clear why so many creditors find it extremely difficult to contemplate settling at much under the £225 million (or 44p in the £) which we indicated in January was the bottom of the range within which we then thought it realistic to envisage negotiating.
- g. As noted in our letter to you of May 16th, recent consultations with creditors have confirmed that full support of major creditors would indeed not be forthcoming for a settlement proposal below the £200 million which I indicated might be

negotiable in contacts with the ITC Working Group in March. This is scarcely surprising given the size of losses suffered by some creditors, both relative to their net worth and in absolute terms; and given the legal advice they have received. (We have been told more than once that the legal advice received by Ministers made the Government extremely confident that their position is unassailable in the U.K.. Whether or not that information is true or the advice correct, creditors have received encouraging advice about the position in other jurisdictions, where actions are likely to be initiated or developed further if the present settlement initiatives fail).

3. Before the creditors can collectively agree to propose a realistic figure, there therefore remains a gap to be bridged by ITC Govts. While we would ask the UK to play a leading role in bringing that about, it is in no way our purpose to look to the British Govt alone to do so. We would hope that inter alia countries such as Japan, Germany, Malaysia, Canada, the Netherlands and perhaps the EEC generally would also be prepared to help. As we have already made clear to you and to officials, we are already in the process of making appropriate representations to some of them; and we believe, as we have always done, that they might well be prepared to do more provided the creditors formulate their proposal in the right way, and the UK Govt takes a further lead. We would be more than happy to discuss with you the results of recent meetings between creditor representatives and other ITC Governments.

CONSIDERATIONS FOR THE UK

4. We noted in para 2 that a settlement at a figure higher than £150m would be emphatically in the interests of the UK. We believe we are right to understand that the Government's reluctance to support such a settlement reflects inter alia three important but contentious propositions:
 - i. Any settlement which is reached must be through and with the ITC, a principle which allegedly rules out of itself any extra contribution from the UK.
 - ii. The potential wider benefits to the UK of a settlement which the creditors have identified do not weigh very heavily in the balance of considerations before Ministers.
 - iii. There is, indeed, no case for any special or extra contribution by the U.K..

Settlement through and with the ITC

5. As far as 4(i) goes, we have always shared the view that the most sensible way to approach a settlement would be through and with the ITC - though we would not for our part wish to exclude other possibilities as a matter of doctrine should they turn out to have important attractions. However it is impossible to understand the proposition that there is no way in which some countries such as the UK could contribute extra money to a settlement. There is no reason why contributions by some countries above their pro-rata share should

prevent a solution through and with the ITC. Moreover it is quite possible to envisage such proposals being advanced, while at the same time preserving the commitments needed to assure the £150m which is already potentially on or near the bargaining table.

Particular Benefits of a Settlement to the UK

6. Then there is the matter of the particular benefits to the UK alluded to in para 4(ii). Some time ago now we undertook a special analytical exercise of these benefits, whose results have been in the hands of DTI officials for many weeks. These benefits fall into three related groups:
 - (1) the Corporation Tax (CT) levied by the Exchequer on recoveries of settlement sums by creditor businesses which are subject to tax in the UK;
 - (2) the sums accruing after tax to British-owned businesses which will strengthen their capital bases;
 - (3) the further after-tax settlement sums accruing to businesses which, though foreign owned, operate in the UK. These sums would also contribute usefully to strengthening various activities in the UK economy.
7. Our analysis and calculations suggested that, with a settlement of £200 million:
 - (1) The British Exchequer might expect to recover nearly £50 million directly in corporation tax.
 - (2) Of the post-tax sums, a further £33 million would accrue directly to British owned businesses.
 - (3) There are several significant foreign owned metal broking and trading businesses which, have indicated their intention to apply some of the post-tax recoveries to their UK operations.
8. We understand that the Inland Revenue believe that our estimate of exchequer benefits referred to in Para 6 (i) may be an overestimate, presumably given what they believe to be the likelihood that some businesses may not yet be liable for full CT because of losses brought forward. Without more details of their views we cannot know how important their reservations are. However we find it very difficult to imagine that the likely CT benefit to the Exchequer is dramatically less than what we have suggested.
9. Even if one assumes that the tax recovery for the Exchequer is only, say £35m rather than nearly £50 million with a £200m settlement, the overall national benefit accruing to the Exchequer and British owned businesses would be over £65 million. So on any objective basis, the

UK will gain a great deal in cash terms. Such benefits cannot simply be discounted or discarded when evaluating the contribution which it might be appropriate for the Government to make to such a settlement. By the same token, there is an irrefutable case for a substantial extra contribution to a settlement by the UK. That said, as noted earlier, we are not suggesting a repetition of the UK's solitary special contribution of 1986, but that other countries might join in too if a suitable lead is given to them.

Conclusion

To sum up, a settlement is possible if the UK will now take a swift lead in bridging the gap between what the ITC can now offer and the creditors can agree on. Without such a lead there is a strong possibility that the present contacts will fail, despite the massive efforts devoted to them by so many people. If there is such a failure, the problem will not go away. The losses of the creditors rose from about £270m in early 1986 to over £510 million by March this year. If the present contacts fail, the sum sought by them when the next attempt at settlement is launched would be far greater than the sum at which a settlement is now attainable. This is surely a prospect we should all seek to eliminate.

Yours sincerely
Adam Ridley

A N Ridley

Ralph Kerckbaum has been unable to sign this letter because of a business trip overseas, but asks me to note that he fully supports it.



Trade

Tin.

PLS.



FCS/89/087

90/14
1. GDB - to see
2. NBM
RCC
1/75

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Tin Settlement Initiative

at flat

1. Thank you for copying to me your letter of 9 May to Nigel Lawson. I am pleased that there is now general interest in an out of court settlement. I am also glad that we are in good company in supporting the Canadians' efforts to put together a financial package that will be credible with the banks and brokers. I share your view that at this stage the priority is for the ITC members to agree on providing a deliverable amount that can be cast before the creditors. I understand that good progress has been made on that last week. How the creditors will react to the ITC's willingness to entertain an offer to settle at £150 million remains to be seen.

2. If we were to settle the ITC's affairs with a British contribution of about £16 million it would be a very good result. But I agree with you that we may need to consider going further if the circumstances warrant it.



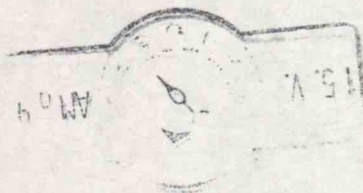
3. I am copying this minute to the Prime Minister, Nigel Lawon, James MacKay, Patrick Mayhew and Sir Robin Butler.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
15 May 1989

TRADE: Non-Tariff
Barred. P. 5





LCC/16

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

11 May 1989

Rt Hon Lord Young of Graffham
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

CDR 12/5

Dear Secretary of State

TIN: SETTLEMENT INITIATIVE

Thank you for your letter of 9 May. I note that it may be necessary to offer some increase in the UK contribution to the cost of the settlement beyond the £10m we have previously agreed and I am content to proceed on the basis of the figures in paragraphs 4 and 5 of your letter. Other ITC Members will know of our informal contacts with G7 Members and it is important our representatives at the meeting on 11 May make it clear that the Canadians remain in the lead in taking this initiative forward.

I am copying this letter to the Prime Minister, Geoffrey Howe, James Mackay, Patrick Mayhew and Sir Robin Butler.

Yours sincerely
Nigel Lawson

NIGEL LAWSON

pp [Approval by the Chancellor
and signed on his behalf]

TRADE: Movement by Commodity

~~Area~~ - Tin Parts



PAUL GRAY

1. CDP - you may wish to be aware of these developments.

2. CF - Pa.

9 May 1989

REC 2/5

INTERNATIONAL COMMODITY ORGANISATIONS

POSSIBLE MOVE TO EUROPE

The Wheat and Sugar Advisory Committee is meeting on 10 May to consider detailed proposals from France, Belgium and Holland. The Bank of England has arranged for the London Chamber of Commerce to act as the channel for London's counter offer along the lines of the two letters attached.

Those letters went out on Friday afternoon, 5 May once Mr Saxon Tate (Chairman of London Fox) was satisfied that he had serious backing from individual firms in the relevant markets. The aim of the letter is to say that there is a willingness at least to freeze rent at current levels and to pay for the cost of removal within London if that is necessary. So the private sector response has been positive so far; I think the Bank is reasonably optimistic that a freeze plus the "inertia factor" might do the trick with the minimum of Treasury help.

Howell Harris Hughes

HOWELL HARRIS HUGHES

CONFIDENTIAL

Jean Parotte Esq
Executive Director
International Wheat Council
28 Haymarket House
London
SW1

[Dear Mr Parotte]

I am writing to you on behalf of the Council of the London Chamber of Commerce in connection with the discussions which I believe are now in progress on the future location of the International Wheat Council.

2 We are very well aware of the long-established and important relationships which the International Wheat Council has developed with a wide variety of bodies in the UK, both within the public and private sectors, since it first moved to London in 1949. We welcome your valuable work in furthering international co-operation on issues relating to wheat and of facilitating international trade. We believe furthermore that this work has benefited substantially from the position of London as an international and commercial centre and consider that it would continue to do so.

3 We understand that for its part Her Majesty's Government will continue to give a very warm welcome to the International Commodity Organisations located in London. It will continue its present policy of paying 85% of the rates on office accommodation in Westminster and 80% of the rates on office accommodation elsewhere. We understand that Her Majesty's Government currently contributes approximately £334,460 to International Commodity Organisations in London and that the current level of support will be maintained and the contribution increased to take account of the introduction of the unified business rate in 1990.

4 Against this background, we appreciate that the increase in costs which is in prospect with the expiry of the lease on your

Haymarket premises later this year is a serious cause of concern to you. We have therefore been considering whether there are any steps which we could take to help to ameliorate both the effects of the probable increase and the uncertainty it has created. As a result of that consideration, I have been asked by the Chamber to put to you the following proposals of which Her Majesty's Government and the Bank of England are also fully aware.

5 We would like to discuss with you in more detail your future space requirements and the options for your accommodation including extending the lease at the Haymarket premises. Subject to the outcome of that discussion, the Chamber would use its best endeavours to ensure that the International Wheat Council's overall rental cost for each of the next five years - that is until December 1994 - would be no greater in cash terms than in 1989.

6 Given the uncertainty about the freeholder's plans for the property our discussions could usefully include relocation in London. In this eventuality, we would seek to secure for you every assistance in moving to whatever new accommodation in London might eventually be identified and in meeting the costs of removal. In addition, we would also welcome an opportunity to consider with you possible arrangements for the future provision of conference facilities.

7 In our view, it would be very regrettable if the short-term problems which currently attach to your rent arrangements undermine a relationship with the United Kingdom which has been warm and of long standing. I very much hope therefore that these proposals, together with the wider attractions of London as a financial and commercial centre, the facilities which it is thereby able to provide and the continuing welcome extended by H M Government to the International Wheat Council in particular, mean that we can reach an agreement which will allow the International Wheat Council to remain in London.

[Yours sincerely]

A M N Platt
Chief Executive

CONFIDENTIAL

A R T Ricart Esq
Executive Director
International Sugar Organisation
28 Haymarket House
London
SW1

[Dear Mr Ricart]

I am writing to you on behalf of the Council of the London Chamber of Commerce in connection with the discussions which I believe are now in progress on the future location of the International Sugar Organisation.

2 We are very well aware of the long-established and important relationships which the International Sugar Organisation has developed with a wide variety of bodies in the UK, both within the public and private sectors, since it was first set up, in an earlier guise, in 1937. We welcome your valuable work in furthering international co-operation on issues relating to sugar and of facilitating international trade. We believe furthermore that this work has benefited substantially from the position of London as an international and commercial centre and consider that it would continue to do so.

3 We understand that for its part Her Majesty's Government will continue to give a very warm welcome to the International Commodity Organisations located in London. It will continue its present policy of paying 85% of the rates on office accommodation in Westminster and 80% of the rates on office accommodation elsewhere. We understand that Her Majesty's Government currently contributes approximately £334,460 to International Commodity Organisations in London and that the current level of support will be maintained and the contribution increased to take account of the introduction of the unified business rate in 1990.

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Haymarket premises later this year is a serious cause of concern to you. We have therefore been considering whether there are any steps which we could take to help to ameliorate both the effects of the probable increase and the uncertainty it has created. As a result of that consideration, I have been asked by the Chamber to put to you the following proposals of which Her Majesty's Government and the Bank of England are also fully aware.

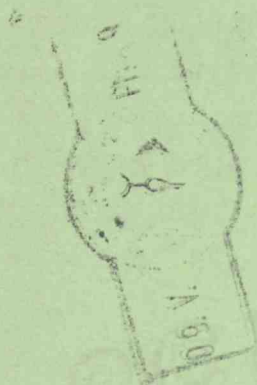
5 We would like to discuss with you in more detail your future space requirements and the options for your accommodation including extending the lease at the Haymarket premises. Subject to the outcome of that discussion, the Chamber would use its best endeavours to ensure that the International Sugar Organisation's overall rental cost for each of the next five years - that is until December 1994 - would be no greater in cash terms than in 1989.

6 Given the uncertainty about the freeholder's plans for the property our discussions could usefully include relocation in London. In this eventuality, we would seek to secure for you every assistance in moving to whatever new accommodation in London might eventually be identified and in meeting the costs of removal. In addition, we would also welcome an opportunity to consider with you possible arrangements for the future provision of conference facilities.

7 In our view, it would be very regrettable if the short-term problems which currently attach to your rent arrangements undermine a relationship with the United Kingdom which has been warm and of long standing. I very much hope therefore that these proposals, together with the wider attractions of London as a financial and commercial centre, the facilities which it is thereby able to provide and the continuing welcome extended by H M Government to the International Sugar Organisation in particular, mean that we can reach an agreement which will allow the International Sugar Organisation to remain in London.

[Yours sincerely]

A M N Platt
Chief Executive



СВЯТЫЙ
СЕРДЦЕ

СВЯТЫЙ
СЕРДЦЕ

dti

the department for Enterprise

cc/c

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Parliament Street
LONDON
SW1P 3AG

**Department of
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Fax 01-222 2629

Direct line 215 5422
Our ref PBLBDY
Your ref
Date 9 May 1989

CMD 9/5

Nigel

top one

TIN: SETTLEMENT INITIATIVE

Further to my letter of 17 April, I am now able to let you know how matters have developed, since my letter of 17 April and how I see the next stage.

Our soundings in Paris, Bonn, Rome and Tokyo confirmed the general interest in bringing the litigation to an end. The difficult area remained how the settlement amount would be funded. Key amongst the players is Japan. Although remaining insistent on a more significant contribution from the seven smallest consumers, she now seems willing to play a bigger part than was first indicated.

In the light of our contacts, and after consultations between officials, we put to the Canadians and Japanese some further ideas for the funding of a settlement at £150m. The Japanese appear interested, though not entirely content, and we have since put the proposals to Paris and Bonn. The Canadians are dealing with all other members, with the UK lobbying a general support.

For the purpose of the next ITC Informal Committee meeting, on 11-12 May, our representatives will speak in support of the general formula - fixed contribution of £375,000 with the rest distributed proportionately. Any shortfall in producer contributions (assessed as being likely to be £15-25m) will be found by consumers (respectively the 7 smallest, 5 medium and

dti

the department for Enterprise

.4 largest) contributing in the ratio 1:4:9. The total cost to us would be of the order of £13m but our representatives clearly need some flexibility as the discussion of the funding arrangements develops.

For my part I am not greatly concerned about the precise basis of calculation. It seems to me sufficient for there to be a rational starting point for both basic contributions and supplementary ("gap-filling") contributions. A broad brush element at the end - in which we would aim to be joined by at least one other country - strikes me as being the sensible way to complete the funding package. On a very rough and ready assessment, I do not at present see this approach leading to a UK contribution in excess of £16m, though developments may lead us to consider going further after this week's meeting.

I am copying this to the Prime Minister, Geoffrey Howe, James MacKay, Patrick Mayhew and Sir Robin Butler.

J. G.
David

TRADE: Movement in
Community Parks



dti

the department for Enterprise

APU

CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
The Treasury
Parliament Street
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✓ GDP - to see.
Rec 6
17/4

Direct line 215 5422
Our ref PB6AIL
Your ref
Date 17 April 1989

Nigel Lawson

TIN: SETTLEMENT INITIATIVE

The slow progress towards a settlement faltered last week when International Tin Council (ITC) members were unable to agree on a contribution formula, and, despite their success so far, the Canadians became increasingly disenchanted with their role as leaders of the initiative. I therefore fear that there is a real prospect of the talks collapsing entirely. Accordingly we now need to raise our profile a little although I remain firmly opposed to taking the lead which should, if at all possible, remain with the Canadians.

At the 12 and 13 April meeting of the ITC's Informal Committee no member declared against an out of court settlement and, overall, countries were able to contemplate a settlement at £150m.

The question of contributions, however, was much more controversial. The producers sought a formula covering producers and consumers on a common basis but which would require producers to pay no more than 30-40% of the total. A majority of consumers indicated a willingness to consider a 40/60% tilt away from producers but the smaller consumers were unable to accept Japan's insistence that the contributions formula should provide for 50% of the settlement sum to be shared equally among the members.

A trawl to establish the level of contributions available, with an allowance for those who gave no indication, pointed to a funding gap of £40-50m. At this point direction from the chair visibly lost momentum and there was a risk that the



the department for Enterprise

meeting would end abruptly, with the strong possibility that the initiative would fail. Our delegate, emphasising yet again that a special UK contribution was not on offer, decided it was prudent to float the notion - clearly expressed as a personal view without Ministerial support - of members participating in a special arrangement to enable the target of £150m to be met. Delegations were without instructions but none specifically rejected the idea, although it did not avoid the meeting stuttering to a unpromising conclusion.

The Canadians have since confirmed to my officials that they have become increasingly frustrated with the lack of progress and are convinced that they have taken the initiative as far as they can. In their view' it is time for those with major interests to take over in the hope that additional money can be generated in time for the next, and almost certainly the final, meeting of the Informal Committee (11 May).

Officials made clear to the Canadians that there was no possibility of our assuming leadership of the initiative whilst at the same time urging them to continue their efforts drawing on the considerable reserves of goodwill and inside knowledge they have built up over the last twelve months. Nevertheless I fear that unless we take a more proactive stance there is a real risk that the Canadians will edge away from the initiative, allowing matters to drift and thus leaving little prospect of any agreed settlement emerging in May.

In such circumstances I think we must make some effort to revive Canadian spirits and to improve the prospects of a sensible figure being put to the creditors.

I suggest that, over the next two weeks, my officials should have quiet consultations at a senior level with appropriate officials in Tokyo, Bonn, Paris and Rome (together with the Canadians and ourselves this group would make up six members of G7 - the seventh, US, are not members of the ITA6).

The aim of the discussions would be to encourage the notion that a group of members might be able to generate some additional funds which could help the Canadians to squeeze more from the smaller states and keep the producers on board. If the indications from these soundings prove to be positive then there might be merit in a meeting ahead of the 11 May discussions to consider special funding arrangements.



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Although it would not be appropriate to give officials precise terms of reference for such exploratory discussions, they will work closely with yours in determining the general approach. It must, of course, also be recognised that there remains considerable doubt that £150m, even if negotiable, will be acceptable to the creditors: what is clear is that a lesser sum would be rejected out of hand.

I should say once again that the public expenditure implications of any UK contribution will need to be addressed when we have a clearer idea of the amounts that might be involved. I note what you say in your letter of 4 April that there is no presumption of a call on the Reserve. Equally, I have no provision in Estimates for this expenditure, and there is no presumption that I shall be able to find offsetting savings.

I am copying this to the Prime Minister, Geoffrey Howe, James Mackay, Patrick Mayhew and Sir Robin Butler. I should be most grateful for a very prompt reply so that, if agreed, the soundings can get underway quickly.





C.P.C

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

4 April 1989

Rt Hon Lord Young of Graffham
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

OR

Dear Secretary of State

TIN: SETTLEMENT INITIATIVE

Thank you for your letter of 21 March reporting the latest developments in the informal discussions with ITC creditors about a possible settlement of the tin dispute.

In general I am content with the line proposed in your letter, and in particular that we should indicate readiness to contribute to a settlement of £150-200m but only on the understanding that other consumer members are also prepared to contribute on the same basis. I agree that we can evaluate any proposals for a special contribution, shared or otherwise, and the possibility of a partial settlement, only when we know the outcome of the meeting on 12 April.

I note your view that we do not yet need to focus on the public expenditure aspects, but there can of course be no presumption that any additional money will be available from the Reserve.

I am sending a copy of this letter to the recipients of yours.

Yours sincerely

Jonathan Taylor

pp NIGEL LAWSON

*[Approved by the Chancellor
and signed on his behalf]*

TRADE: movement

✓ Trade

PS

dti

the department for Enterprise

cc/c

CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
SW1

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GM
LDP - to us
Aac
22/3

Direct line 215 5422
Our ref PBLAVO
Your ref
Date 21 March 1989

Nigel Lawson

TIN: SETTLEMENT INITIATIVE

Aac

Since I wrote to you on 13 February, there has been a further meeting of the International Tin Council's Informal Committee and the initiative is now at a critical stage.

The creditors' representatives let it be known that they would look seriously at £200m, but would not be interested at £150m. Members were still resistant to going above £150m, though some appeared willing to consider it. The outcome, allied with discussion on the basis of contributions is that members are asked to state, at a meeting on 12 April, whether they would be prepared to contribute to a possible solution at £150m and at a correspondingly increased level to a solution up to £200m. It is suggested that contributions would be split 40% producers and 60% consumers (in tacit recognition of the broad difference in circumstances), with the groups agreeing their own contribution formula. For consumers, there is a strong leaning towards use of the percentage contributions to the buffer stock of the Sixth International Tin Agreement (UK 11.75% of the consumers' share).

Against the background of our correspondence over the past year or so, I do not see any direct difficulty in this for us. The special litigation risk to us makes such a settlement appear sensible. The less costly the better, but we should not stand out against a settlement up to £200m. At 11.75 per



the department for Enterprise

cent of 60% of £150-200m, our share would be £10.6-14.1m. A substantial part of the total would be subject to UK corporation tax, to an extent which is likely to exceed the Exchequer cost.

This is on the basis, which we have stated consistently during the discussions, that we do not make any special contribution of the kind offered in 1986. Pressure for this is likely to build up in April. Although our position on 12 April should be unchanged, the time may then arrive when we should consider joining with certain other members in providing something extra if it is clear that this is unavoidable to bring about the settlement. Beyond this is revival of a special contribution of our own. We can only evaluate these routes when the responses of other Governments have been stated, the numerical and financial balance of prospective settlers assessed, and the creditors' reaction ascertained. Such questions may have to be addressed, possibly with considerable urgency, after the meeting on 12 April.

In view of the continuing uncertainty about the achieving of the settlement and the amount which we would be contributing, we do not yet need to focus specifically on the public expenditure aspects.

It is of course implicit in the discussions that there will be full support for the settlement by both creditors and ITC members. The latter is the less likely and it may also be necessary after the 12 April meeting to consider with supporters of settlement whether to explore with creditors the possibility of a partial settlement.

I am copying this as before to the Prime Minister, Geoffrey Howe, James Mackay, Patrick Mayhew, and Sir Robin Butler.

TRADE: Movements in Volume PTS



dti

the department for Enterprise

CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
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~~PL~~ ro all
COP
13/2.

Direct line 215 5422
Our ref PB6AFF
Your ref
Date 13 February 1989

Dear Chancellor of the Exchequer

TIN

Thank you for your letter of 2 February in response to mine of 25 January about the meeting of the ITC's Informal Committee on 2 February.

All present (Nigeria and Thailand were the only members absent) could endorse continuation of contact, but not negotiations, with the creditors, subject to it being made clear to them that difficulty in securing members' participation would increase the closer the quantum gets to £200m. Members were generally opposed to the upper limit of £250m, which had also caused you concern and, there was also a feeling that the lower limit of £115m was pitched too high.

Accordingly, in further contact with the creditors, the Working Group have made clear that the limits envisaged by members are £85m to £200m, and that beyond a median figure between those two amounts the members' interest would wane. The reaction of creditors, hopefully in the form of a proposed settlement figure is expected early this week. On present plans this will be reported by the Working Group, to the Informal Committee for discussion on 7 March, followed quickly after that by a formal proposal to the ITC for a response by the end of May, a month before ITA6 itself expires.

Thus, the Canadian initiative is moving into its final phase. Members' attention is now turning to the formula for contributing to a settlement. Our officials are in touch on this. As agreed, our delegates have continued to make clear that a special UK contribution is not on the table. There are

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the department for Enterprise

clear signs, however, that at least some other members are basing their own calculations on the assumption that we are unlikely to let the opportunity for a settlement pass for want of what might be represented as a little extra from us. The pressure will grow and we will need to take a closer look in due course. Meanwhile we will continue to insist that we will not pay more than our ITC proportionate share.

Turning to the tort actions, there is a possibility, not yet confirmed, that judgment will be given on 14 February. We are anticipating judicial criticism about our intention to use a provision of the Statute of Frauds Act 1828 (1828 Act), as part of our defence if the action is allowed to go to a substantive hearing.

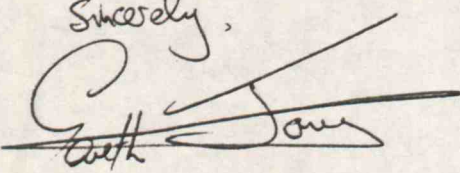
As you may know the brokers claims against the ITC members include an allegation that liability attaches to them for recklessly and in effect fraudulently authorising the ITC to make implied misrepresentations as to its ability to meet its financial obligations. During the hearing last September, our Counsel, with Patrick Mayhew's approval, informed the court that the Department would if necessary rely upon section 6 of the 1828 Act as one of its defences, and this has been confirmed by affidavit in response to a request from the Judge.

The effect of the 1828 Act is that a claim can only be brought if the alleged fraudulent misrepresentation has been made in writing. In this instance there is nothing in writing and counsel for the brokers (and also for the banks, who have since made a similar claim against us) have conceded that use of the 1828 Act would defeat their claims.

Mr Justice Evans' comments to date show that he regards our prospective reliance on the 1828 Act as surprising ie the Crown could be found to have acted recklessly, effectively fraudulently, within the ITC but would escape liability because nothing was in writing. He may give some expression to this view in his judgment. For our part we strongly deny any impropriety by our delegates to the ITC, and we believe the claim against the Government to be unsustainable. The Act is an additional defence that is available in the particular circumstances of what on the part of the creditors is an artificial and contrived claim, of legal fraud. Nevertheless

given sensitivities about the ITC's conduct, any judicial comment may be taken up by the press. We have prepared contingency Press briefing.

I am copying this letter to the Prime Minister, Geoffrey Howe, James Mackay, Patrick Mayhew and Sir Robin Butler.

Yours Sincerely,


(Approved by the Secretary of State and signed in his absence)

TK006: Moments on
Down PTS





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

2 February 1989

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON
SW1

Dear Secretary of State

at first

Thank you for your letter of 25 January about the recommendation by the Working Group undertaking discussions with representatives of ITC creditors that we should indicate to creditors our willingness to negotiate a settlement in the range £115-£250 million.

I agree that we should continue to explore the possibility of a negotiated settlement through the Working Group, but I have considerable doubts about indicating an upper limit of £250 million. The Group have lighted on this figure because it overlaps with the range £225-£513 million indicated by the creditors. But to indicate an upper limit of £250 million at this stage would be inconsistent with the strong caveat already made about the difficulties to be expected in funding a solution the closer it comes to £200 million. It would also send quite the wrong signals to the creditors about the price we are prepared to pay. Clearly we do not want the negotiations to break down because we indicate an upper limit which is unacceptably low. But given that our prospects in the litigation are not discouraging we should be careful not to pitch the upper end of the range too high. I suggest we propose a range £115-£200 million, but I would be prepared to see the upper limit increased to £225 million if this is the general wish of other ITC members.

As you say we have not addressed the issue of how contributions towards the cost of a settlement are to be calculated, and we should firmly indicate that we will not contribute more than our ITA6 share. But it is also clear that if some method has to be found to reduce the contribution from the poorer producer



countries in order to reach a settlement acceptable to all ITC members, this is best achieved by a general shift in the balance of the agreement, which would leave those consumers with a larger share than the UK, in particular Japan and Germany, meeting most of the cost.

I am copying this letter to the recipients of yours.

Yours sincerely

Nigel Lawson

N NIGEL LAWSON

*[Approved by the Chancellor
and signed on his behalf]*

TRADE: Tea Council A4

caseFCS/89/018*Mr BAm**file 6*SECRETARY OF STATE FOR TRADE AND INDUSTRYTin: Search for a Possible Settlement*afford*

1. Thank you for copying to me your letter of 25 January to Nigel Lawson. I agree that we should encourage the continuation of talks with the creditors. I agree more generally that our representatives at the 2 February ITC Informal Committee meeting should be briefed to speak along the lines proposed in your letter.
2. I am copying this minute to the Prime Minister, Nigel Lawson, James Mackay, Patrick Mayhew and Sir Robin Butler.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
1 February 1989

TRADE: Tu Council 174

PART 4 ends:-

SS/DTI to Dh. Exch 25.1.89

PART 5 begins:-

FCS to SS/DTI 1.2.89

Grey Scale #13



A 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19



Inches 1 2 3
Centimetres 1 2 3 4 5 6 7 8

Colour Chart #13

Blue Cyan Green Yellow

