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SUBJECT

10 DOWNING STREET

CC Master.

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

The Prime Minister had a brief discussion after Cabinet with the Chancellor of the Exchequer, the Secretary of State for the Environment and yourself about your minute of 6 July regarding a possible message to the Chairman of the Thyssen Trustees.

In discussion, it was emphasised that the Cabinet itself had taken a firm decision that the offer would lapse at the end of July. Extension of deadlines, without a firm decision for acceptance of the UK offer by the Trustees, would simply provide the opportunity for decisions to be delayed. Moreover, it would be unfair on the private developers of Canary Wharf and Centenary Square to keep them in uncertainty since they would presumably want to make other plans for developing their sites. It was important that the matter was not left hanging over in a way which could cause complications for The Queen's and Prime Minister's visits to Spain. An extension of the deadline might be granted if the Trustees had, for example, taken a firm decision that the pictures should come to this country and wanted a little time to settle outstanding issues with the Spanish authorities.

Summing up the discussion the Prime Minister said that you should pass a message to the Chairman of the Thyssen Trustees, either directly or through Mr. Alexander, that the United Kingdom Government's present offer had to expire at the end of July; and that the Government could only consider the matter further after then on the basis of a firm decision by the Trustees that the pictures should come here.

I am sending a copy of this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

N. L. W.

N. L. WICKS
7 July 1988

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(Action this day) 1

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Prime Minister

Ref. AO88/2074

PRIME MINISTER

1 must have
a word with the

Agree a message to

Chairman - and be passed to the Chairman
of the Trustees as suggested

his the PCs,
reply to them
minutes not

in § 5 ?

N.H.W.

6.7

Thyssen Collection

We have received information that the Trustees of the Thyssen Collection will be meeting in a few days time and will consider the UK proposal. But the Chairman of the Trustees has told Mr Robert Alexander that they are likely to conclude that the UK proposal cannot be considered in depth while the discussions with Spain are proceeding.

2. At the same time, notwithstanding recent newspaper reports, the Chairman of the Trustees has said that negotiations with Spain are not making great progress. They are still exclusively about a loan, and even on that there is a good chance that no agreement at all will be reached. But the Chairman thinks that it may take time for the talks to break down.

3. This raises the issue of what the Government's stance should be if the Trustees defer substantive consideration of the UK proposal. In presenting our proposal, Ministers said "HMG would hope that the Trustees would decide in principle before the end of July whether they wished to pursue this proposal". In your recent letter to Baron Thyssen, you repeated that, in view of the importance of the Collection, our proposal would remain available until the end of July.



4. We clearly cannot leave our detailed proposals open indefinitely. In particular, the developers of Canary Wharf and Centenary Square will want to know whether they should reserve the sites offered for the exhibition or make other plans for developing them. Moreover, Ministers have always been clear that they should not allow the Thyssen interests simply to string HMG along, possibly for the purpose of strengthening their own position in negotiations with the Spanish Government. On the other hand, we should not take an action now which would rule out acquiring the Collection if it remains a possibility in the longer term.

5. In these circumstances, the best response, if the Trustees defer substantive consideration of HMG's proposal, may be to say that, while we continue to be strongly interested in providing a long term home for the pictures, we cannot keep our present proposal open after the end of July. HMG would be willing to consider the matter afresh if the Baron and the Trustees subsequently indicate that they are ready substantively to entertain a proposal from the United Kingdom.

6. If this is to be our response, there would be advantage in giving an indication to the Chairman of the Trustees, before the meeting, that this is likely to be what we will say, in the hope that the Baron and the Trustees may yet feel that there is sufficient attraction in the details of our present offer for them to not want to pass it up and may conclude that they must decide now between the British proposal and the negotiations with Spain.



7. Would you agree that I should pass a message to the Chairman of the Trustees, either directly or through Mr Alexander, before the Trustees' meeting that if the Trustees decide that they cannot proceed with substantive consideration of our proposal for the time being, our response would probably be on the lines of para 5? Such a message, if it is to influence the Trustees' meeting, will have to be passed to Mr Coleridge on Friday.

8. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.R.B.

ROBIN BUTLER

6 July 1988