



cc Mr.R.G.Lavelle,Cabinet  
Office  
Mr.John O.Kerr,FCO

H M Treasury  
Parliament Street London SW1P 3AG

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Sir Geoffrey Littler KCB  
Second Permanent Secretary

2 August 1988

*Dear Nigel,*

You sent to me with your letter of 29 July a copy of Pascal Lamy's enquiry from you about our ideas on the Ecu. *See ref hqs*

When I found you were away this week, I thought it best to reply to Pascal today on your behalf, given that our announcement this morning about Ecu Treasury Bills is directly relevant to his enquiry.

I enclose a copy of the letter and note I have sent to him.

Copies to Roger Lavelle and John Kerr.

*Geoffrey*  
*Geoffrey*

(Geoffrey Littler)

Nigel Wicks Esq CBE,  
No 10 Downing Street  
LONDON SW1.

TELEX TO:

PASCAL LAMY  
CHEF DE CABINET DU PRESIDENT  
E.C. COMMISSION

TELEX NO: COMEU B 21877

DATE: 2 AUGUST, 1988

FROM:

GEOFFREY LITTLER  
LONDON

Begins:

DEAR PASCAL

NIGEL WICKS WROTE TO ME ABOUT YOUR LETTER TO HIM OF  
26 JULY AND PROMPTLY THEN LEFT LONDON ON TOUR WITH THE PRIME  
MINISTER.

I THOUGHT I HAD BEST REPLY AT ONCE ON HIS BEHALF BECAUSE  
WE ARE TODAY MAKING AN ANNOUNCEMENT IN LONDON WHICH IS RELEVANT TO  
YOUR ENQUIRY.

I AM THEREFORE SENDING YOU WITH THIS NOTE A COPY OF A  
MESSAGE WHICH IS BEING SENT TO ALL MEMBERS OF THE MONETARY  
COMMITTEE AND WHICH EXPLAINS OUR INTENTION TO LAUNCH AN IMPORTANT  
SERIES OF ISSUES OF ECU TREASURY BILLS BEGINNING THIS AUTUMN.

THIS IS AN EXAMPLE OF THE KIND OF PRACTICAL ENCOURAGEMENT  
OF THE PRIVATE ECU AND MARKETS IN IT WHICH WE SEE AS A POSITIVE  
WAY FORWARD.

THE UK MEMBERS WILL TAKE THE OPPORTUNITY AT THE NEXT  
MONETARY COMMITTEE MEETING OF INVITING DISCUSSION. THEY ARE ALSO  
PLANNING TO PUT A PAPER TO THE COMMITTEE LATER ON DEVELOPMENT OF  
THE ECU GENERALLY.

WITH WARM REGARDS

(Signed) GEOFFREY LITTLER

Ends.



## UK Ecu Treasury Bill Programme

You may be interested in the following announcement made this morning in London.

2. The Chancellor of the Exchequer, the Rt Hon Nigel Lawson MP, announced that a programme of UK Ecu Treasury Bills would be launched in the Autumn. This will widen the options for managing the UK's reserves and help develop the Ecu market.

3. The programme will be conducted by the Bank of England and full details of the arrangements will be announced during September. It will take the form of a series of tenders, starting in the autumn, probably initially at monthly intervals. Monthly tenders are expected to be for an amount of up to Ecu 500 million, possibly comprising bills of different maturities (eg one, three and six months). In the first instance it is expected that the programme will build up to a total outstanding of some Ecu 1-2 billion. The instrument will be similar to a conventional Treasury Bill, but denominated and payable in Ecu : subscription at the tender will be in Ecu and the bills will be repaid at maturity in Ecu. Arrangements will be made to ensure secondary market liquidity in the bills, and provision will be made for normal settlement.



10 DOWNING STREET

LONDON SW1A 2AA

*From the Principal Private Secretary*

29 July 1988

*Dear Geoffrey,*

I attach a copy of a letter from Pascal Lamy in which he asks for my views on whether the time is ripe to give the ECU, and its use, some further political impetus.

I do not know why Pascal Lamy has addressed this letter to me. It is hardly a sherpa issue. But I believe that I ought to send him some reply, particularly since the development of the ECU is something on which we can be positive.

I should therefore be grateful if the Treasury could let me have a suitable draft to send to Pascal Lamy.

I am sending a copy of this letter to Roger Lavelle (Cabinet Office) and John Kerr (Foreign and Commonwealth Office).

*Yours sincerely*  
*Nigel Wicks*

(N. L. WICKS)

Sir Geoffrey Littler, K.C.B.,  
HM Treasury.



Brussels ..... 26 July 1988 .....

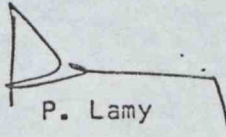
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*Near Nigel,*

I have noted on several occasions an increased interest on the part of the U.K. authorities in the use of the ECU. As well as the interventions in ECU on the foreign exchange markets earlier in the year and a move towards a further diversification of reserves, Mr Peretz made some suggestions for improving the conditions for ECU use in the Monetary Committee meeting of June, and I found interest in the topic on my recent visit to the Treasury.

Subsequently Mingasson and Dixon called on both the Bank and Treasury to follow up on some technical issues. They noted particularly interest in issuing short-term Government paper denominated in ECU, which may be an attractive idea to a number of Community members. There could also be benefits for all and for the ECU market if the issues were at least loosely co-ordinated.

It seems to me that the time is ripe to give the ECU, and its use, some further political impetus. I would be glad to hear your views.

*Yours*  
  
P. Lamy

Mr Nigel Wicks  
Private Secretary to the Prime Minister  
10 Downing Street

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