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EUROPEAN DEVELOPMENT BANK (EDB): FOLLOW-UP TO THE ELYSEE DINNER

1. THE SECRETARY-GENERAL OF THE COMMISSION BRIEFED ME TODAY ON THE 23 NOVEMBER MEETING WHICH ATTALI HAD HELD WITH THE TROIKA AND THE COMMISSION TO FOLLOW UP THE DISCUSSION AT THE ELYSEE DINNER LAST WEEKEND ON A DEVELOPMENT BANK FOR EASTERN EUROPE. THE SPANISH AND IRISH REPRESENTATIVES HAD PLAYED NO ROLE IN THE MEETING WHICH HAD BEEN A LENGTHY AND OFTEN DIFFICULT DIALOGUE BETWEEN THE COMMISSION (WILLIAMSON, LAMY) AND THE FRENCH (ATTALI, GUIGOU, TRICHET).
2. WILLIAMSON SAID THAT THE COMMISSION HAD, WITH THE GREATEST DIFFICULTY, PERSUADED THE FRENCH NOT TO LAUNCH ON THEIR OWN, AND IN AN INTER-GOVERNMENTAL FRAMEWORK, THEIR IDEAS FOR A TRAINING FOUNDATION AND FOR THE EXTENSION TO EASTERN EUROPE OF SUCH COMMUNITY PROGRAMMES AS ERASMUS, COMETT, LINGUA AND YES. THE COMMISSION HAD TABLED TWO SHORT PAPERS ON THESE SUBJECTS (COPIES TO FCO BY FAX). THE FRENCH HAD FINALLY CONCEDED THAT ALL THESE SUBJECTS SHOULD BE FED INTO THE NORMAL COMMUNITY MACHINERY. DELORS WOULD PROBABLY MENTION THEM AT THE FOREIGN AFFAIRS COUNCIL ON 27 NOVEMBER, AND THE TWO PAPERS WOULD BE CIRCULATED IN COREPER NEXT WEEK.
3. THE MAIN FOCUS OF THE MEETING HAD, HOWEVER, BEEN THE PROPOSED BANK. THE COMMISSION REPRESENTATIVES HAD PERSUADED THE FRENCH THAT THE BANK NEEDED TO OPEN TO BACKING FROM OUTSIDE EUROPE. A ROUGH DIVISION OF 65 PERCENT EUROPEAN (MEMBER STATES, EFTA COUNTRIES AND POSSIBLY COMMUNITY BUDGET AND EIB) MONEY WITH 35 PERCENT BEING SOUGHT FROM NON-EUROPEAN OECD COUNTRIES. THERE HAD BEEN A LOT OF INCONCLUSIVE DISCUSSION ABOUT WHETHER, AND IF SO HOW, POLITICAL AND ECONOMIC CONDITIONALITY SHOULD BE OPERATED BY THE BANK AND ALSO HOW THE GEOGRAPHICAL SCOPE OF ITS ACTIVITIES SHOULD BE DEFINED SO THAT, FOR EXAMPLE, TURKEY COULD NOT BENEFIT FROM IT.
4. THERE HAD ALSO BEEN DISCUSSION ABOUT POSSIBLE LINKS WITH THE EUROPEAN INVESTMENT BANK (EIB). THE COMMISSION HAD INSISTED THAT THERE MUST NOT BE DUPLICATE OF EFFORT. THE NEW BANK, IF AGREED,

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SHOULD MAKE FULL USE OF THE EXPERTISE OF THE EIB. WILLIAMSON SAID THAT PERSONALLY HE HOPED THAT, IF WE DID AGREE TO THE NEW BANK BEING ESTABLISHED, WE SHOULD INSIST THAT IT SHOULD SIMPLY TAKE OVER ALL THE EIB'S EASTERN EUROPEAN ACTIVITIES ONCE IT WAS UP AND RUNNING. THAT WOULD BE THE ONLY WAY TO BE SURE THAT THERE WAS NO DUPLICATION AND CONFUSION.

5. ATTALI HAD BEEN COMPLETELY UNREALISTIC ABOUT THE TIME SCALE ABOUT GETTING A NEW BANK UP AND RUNNING, TALKING ABOUT THE SPRING OF 1990. TRICHET AND THE COMMISSION REPRESENTATIVES HAD TOLD HIM THAT EIGHTEEN MONTHS TO TWO YEARS WAS THE MINIMUM TIME NEEDED FOR SUCH AN OPERATION.

6. THE FRENCH SIDE SEEMED CONFIDENT THAT MITTERRAND WAS RECEIVING GENEROUS SUPPORT FOR HIS IDEAS. BOTH SANTER AND LUBBERS HAD GIVEN THEIR BACKING AND THEY CLAIMED THAT KOHL WOULD DO SO, WHATEVER THE DOUBTS BEING EXPRESSED IN THE FINANCE MINISTRY. THEY WOULD AIM FOR APPROVAL IN PRINCIPLE BY THE STRASBOURG EUROPEAN COUNCIL.

7. WILLIAMSON CONCLUDED BY SAYING THAT ATTALI AND TRICHET HAD GONE TO MOSCOW TODAY TO SELL THE IDEA TO THE RUSSIANS AS BOTH POTENTIAL CONTRIBUTORS AND BENEFICIARIES.

8. I AM SENDING BY FAX TO LONDON THE PAPER WHICH IS LIKELY TO BE CIRCULATED IN AMENDED FORM FOR THE MEETING OF ALL MEMBER STATES WHICH ATTALI HAS CALLED ON 29 NOVEMBER IN BRUSSELS.

9. RESIDENT CLERK: PLEASE PASS TO PS, PS/MR MAUDE, KERR, WICKS (HMT).

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