

cc/c



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FOREIGN AND COMMONWEALTH SECRETARY

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**Assistance to Eastern Europe**

I share your <sup>har</sup> view that the G24 group offers the best mechanism for considering Western help for Czechoslovakia, Bulgaria, Romania and the GDR as well as Poland and Hungary. We shall need to continue to insist that any such help depends on countries themselves implementing economic and political reforms.

2. By considering such help in a single body I hope that we shall also be able to assess priorities between the claims of different Eastern European countries competing for the necessarily limited overall resources available from western governments. I hope also that we shall not close the door to possible ad hoc contributions from creditor governments outside the G24 eg the Arab oil producers or newly industrialising economies which may have important financial or trading interests in Eastern Europe.

3. I agree that the European Commission should continue to provide the secretariat for G24, although we shall need to be wary that the Commission's relative lack of experience in Eastern Europe does not lead to further flawed initiatives along the lines of its proposal for an ECU 1 billion loan for Hungary which risks being devoted largely to bailing out commercial banks rather than helping the country.



4. Nevertheless, I am content that you should press the argument for G24 to extend its remit at the informal meeting of Foreign Ministers in Dublin on 20 January.

5. I am copying this minute to the Prime Minister, the Secretary of State for Trade and Industry, the Minister of Agriculture, Fisheries and Food and the Cabinet Secretary.

18 January 1990

*Timothy Tuckwell*

*pp* [J.M]

[Approved by the Chancellor of the Exchequer & signed on his behalf.]



Folke: East West Water Pro

