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C 8022/1

FCS/90/014

CHIEF SECRETARY

attached

Know How Fund for Eastern Europe

1. Thank you for your letter of ¹⁷18 January with the welcome news that you can agree to the establishment of a global Know How Fund for Eastern Europe and to an early announcement.

2. Your agreement to an addition to the programme for economic assistance to Eastern Europe of £10 million from the Reserve for 1990-91 will enable us to begin providing assistance to countries as and when we deem it right. Commitments made in the coming months will have expenditure implications for subsequent years. The announcement I plan to make later today, 22 January, that we are prepared to find substantial additional resources for the Fund carries the same implication. I shall need therefore to interpret your letter as accepting that in the Survey we shall need to increase the programme of economic assistance to Eastern Europe by the orders of magnitude I indicated for this purpose.

3. I agree that we should not prejudice our wider discussions in the Survey. I accept that you are bound to reserve your right to consider the scope for savings in my other programmes. Equally I am conscious of the pressures on the other Diplomatic Wing and ODA programmes and of the need to ensure that their resources match the growing opportunities and challenges in many areas of the world.

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4. Finally I agree that our officials should explore in more detail the amount of additional running costs that will be needed to properly manage our programmes to Eastern Europe.

5. I am copying this minute to the **Prime Minister**, the Lord President, Chancellor of the Exchequer, Secretaries of State for Trade and Industry, Defence and Environment and to Sir Robin Butler.

D.H.

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SECRETARY OF STATE
FOR TRADE AND INDUSTRY
22 JAN 1990
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(DOUGLAS HURD)

Foreign and Commonwealth Office
22 January 1990

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