PRIME MINISTER

SELECT COMMITTEE ON TRADE AND INDUSTRY: TIN

The Bank of England are quite properly refusing to show the Select Committee documents from the International Tin Council. But they do now propose to give the Committee a list of those documents.

This seems perfectly silly. If the Committee are not to be given the documents, what is to be gained by telling them what they are? The result will only be to give them a better pressure point for getting hold of the documents themselves. And if the Bank are prepared to give lists of documents which the Committee cannot see, why should not the Government give lists of documents which the Committee cannot see?

It is a bit like giving a sweet to a child and then telling him that he is not allowed to unwrap it.

Agree to express your scepticism to Mr. Channon and to ask him to consider this most carefully with the Lord Privy Seal and the Chief Whip?

Yes mt

DAN

DAVID NORGROVE

24 October 1986

VC2ANF

File
CCBG

10 DOWNING STREET

From the Private Secretary

27 October 1986

Dear Tim,

SELECT COMMITTEE ON TRADE AND INDUSTRY - TIN

The Prime Minister has seen the letter from the Governor of the Bank of England of 24 October to your Secretary of State about the Select Committee on Trade and Industry's request for papers about tin.

The Prime Minister is doubtful about the proposal to give the Committee a list of the International Tin Council documents seen by the Bank of England. She is not sure what would be gained by this. The result might be only to give the Committee a better pressure point for trying to get hold of the documents themselves.

She is also not sure how a distinction would be drawn between the Bank's agreement to give such a list and the position of the Government which in similar circumstances would no doubt be a refusal.

The Prime Minister has asked that your Secretary of State should consider the proposal most carefully with the Lord Privy Seal, the Chief Whip and other colleages.

I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office), Alex Allan (H M Treasury), Steven Wood (Lord Privy Seal's Office), Mr Saunders (Law Officers'Department), Murdo Maclean (Chief Whip's Office), John Footman (Bank of England) and Trevor Woolley (Cabinet Office).

Yours,

David.

DAVID NORGROVE

Tim Walker, Esq.,
Department of Trade and Industry

SM2/13

CONFIDENTIAL

CC BG

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

27 October 1986

John Footman Esq
PS/Governor
Bank of England
Threadneedle Street
LONDON

NBPM.

Dear John

at flap

The Chancellor has seen the Governor's letter of 24 October to Mr Channon.

He agrees that the proposed reply to the Trade & Industry Select Committee is consistent with the line agreed in correspondence early last week. (This is subject to final confirmation that the list of documents does not breach the confidentiality requirements of the International Tin Agreement.)

I am copying this letter to private secretaries to the Prime Minister, the Foreign Secretary, the Trade & Industry Secretary, the Lord Privy Seal, the Solicitor General, the Chief Whip, and Sir Robert Armstrong.

Yours ever,

Tony Kuczys

A W KUCZYS
Private Secretary

TRADG Tin Council PT3

Bank of England

The Governor

London EC2R 8AH

28 October 1986

Kenneth Warren Esq MP
Chairman
Trade and Industry Committee
House of Commons

NBM

Dear Mr. Warren,

WILL REQUEST IF REQUIRED

Thank you for your letter of 22 October informing me of the Order made by the Trade and Industry Committee on 22 October. I am enclosing with this letter a list of documents and a memorandum in response to the Order.

As you will be aware the ITC documents held by the Bank were almost all provided to the Bank by the Government, who are themselves under a duty to preserve their confidentiality. I have accordingly consulted Ministers of the relevant Departments so as to ensure that in responding to your Committee's Order I should not cause the Government to be in breach of its obligations in respect of the documents. The Government has agreed to the form of the list of documents attached to this letter, but has requested me not to provide further information about the documents. You will appreciate, therefore, that this list is as far as I am able to go in response to the Committee's Order.

I have also consulted Ministers about the terms of the memorandum.

I am sending copies of this letter and its enclosures to the Foreign Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.

Yours sincerely,

R. Leigh-Pemberton

MEMORANDUM

Before reaching its decision to participate in the Sixth International Tin Agreement HMG consulted the Bank of England on a number of relevant matters. As explained in the Bank of England's memorandum to the Treasury and Civil Service Committee of 21 April 1980 it is part of the Bank's role to contribute to the formulation of Government policy on any matters in which its close connections with financial markets and financial institutions give it a distinctive expertise, and it is normal for it to be consulted on policy matters with significant implication for City markets. Representatives of the Bank took part in meetings with Government Departments and exchanged correspondence with Departments. The Bank participated in all these exchanges in its capacity as confidential adviser to the Government and, as the Committee knows, the Government has already declined to disclose to the Committee its internal consideration of this matter. The Bank's relationship with Government therefore obliges it to preserve the confidentiality of its contribution to that consideration.

LIST OF ITC DOCUMENTS IN BANK FILES RELATING TO THE SIXTH INTERNATIONAL TIN AGREEMENT*

Annual Reports of the International Tin Council 1981-2 to 1983-4.

Four buffer stock quarterly statements in the form set out on pages 200 and 201 of the Second Report of the Trade and Industry Select Committee, covering periods between 1. 7.82 and 30. 6.85.

Audited accounts for the ITC for the years ended 30. 6.83 and 30. 6.84.

Between December 1982 and July 1983: two working documents and a draft agenda.

12. 4.83: press communique.

May/June 1983: addition to list of buffer stock approved banks and updated list of approved banks.

May 1984: one document

May 1985: working document.

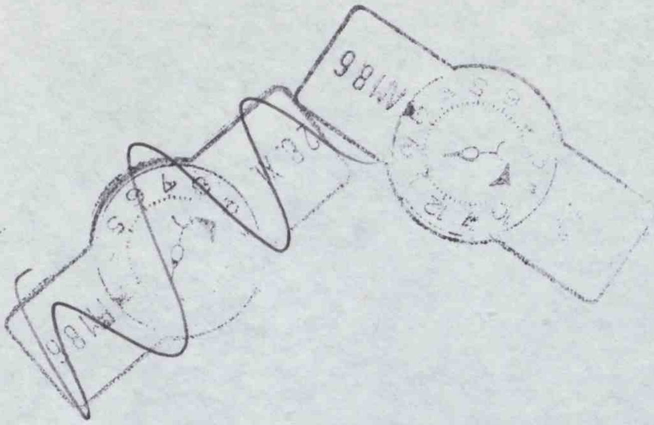
September to December 1985: list of buffer stock approved banks, membership percentages and votes, and one report

October 1985 onwards: twelve documents on aspects of cessation of buffer stock operations.

Copies of correspondence relevant to a specific banking matter occurring after 24 October 1985.

*This list covers all documents relating to the Sixth ITA. Three documents relating to the Fifth ITA have been found, and it is possible that other documents relating to the Fifth or previous Agreements might be on earlier files. Annual Reports relating to earlier years are also held.

So far as the Bank is aware, no ITC documents were seen by Bank staff which are not now on Bank files.



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Bank of England

The Governor

London EC2R 8AH

24 October 1986

Prime Minister

The Rt Hon Paul Channon MP
Secretary of State for Trade & Industry
Department of Trade & Industry
1-19 Victoria Street
London SW1

Dear Paul,

SELECT COMMITTEE ON TRADE AND INDUSTRY: TIN

will request if required.

Essentially as foreseen in your letter to John Biffen of 16 October, and my reply to that letter, the Select Committee on Trade and Industry asked Kit Farrow to state which ITC documents had been seen by the Bank of England. He declined to answer the question without my authority, and the Committee has now ordered the Bank to provide them with -

(a) a list of all International Tin Council documents seen by the Bank of England; and

(b) a memorandum on the advice given by the Bank of England to the Government before the signing of the Sixth International Tin Agreement.

The Committee has asked for the papers in time for its next meeting on the morning of 29 October.

Attached at Appendix A is a list of documents in response to (a) above. The list has been prepared following discussion with officials, particularly from your department and the FCO. It contains the maximum of information which your department advises can be disclosed to the Committee if the Bank is to preserve the duty of confidentiality which the government is obliged to maintain. On that basis, and subject to a further review of our files now in train, I would propose to make that list available to the Committee, but to decline to provide further information.

Attached at Appendix B is a draft memorandum in response to (b). It makes clear that the Bank is unable to disclose the advice which it has given to Government in the course of fulfilling its role as confidential policy advisers. To do so would undermine the essential relationship between the Bank and Departments.

These responses to the Committee are as agreed in our correspondence to which I have referred. I should be glad to know whether you and the other Ministers to whom I am copying this letter are content that I should proceed in this way. If you are I shall assume that you will, if the need arises, support this action as agreed.

I am sending copies of this letter to the Prime Minister, the Foreign Secretary, the Chancellor of the Exchequer, the Lord Privy Seal, the Solicitor General, the Chief Whip and Sir Robert Armstrong.

Yours ever,

Robin

APPENDIX A

LIST OF ITC DOCUMENTS IN BANK FILES RELATING TO THE SIXTH INTERNATIONAL TIN AGREEMENT*

Four Buffer Stock quarterly reports such as set out on pages 200 and 201 of the 2nd Report by the Trade and Industry Select Committee covering periods between 1. 7.82 and 30. 6.85.

Audited accounts for the ITC for the years ended 30. 6.83 and 30. 6.84.

Working documents dated 13.12.82 and 8. 7.83.

Press communique dated 12. 4.83.

Addition to list of Buffer Stock approved banks dated May 1983.

Draft agenda for a meeting of a Committee of the Council in July 1983.

Document for the Preparatory Committee for the Seventh Agreement, May 1985.

Buffer Stock approved banks, June and September 1985.

Membership percentages and votes, September and December 1985.

Eleven documents on aspects of cessation of Buffer Stock operations, all dating from after 24.10.85.

[documents relating to the banking affairs of a specific person, confined to matters arising after 24.10.85]

Document on the viability of NEWCO, February 1986.

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* This list covers all documents relating to the 6th ITA. Three documents relating to the 5th Agreement have been found, and it is possible that other documents relating to the 5th or previous agreements might be on earlier files.

So far as the Bank is aware, no ITC documents were seen by Bank staff which are not now on Bank files.

APPENDIX B

Before reaching its decision to participate in the Sixth International Tin Agreement HMG consulted the Bank of England on a number of relevant matters. As explained in the Bank of England's memorandum to the Treasury and Civil Service Committee of 21 April 1980 it is part of the Bank's role to contribute to the formulation of Government policy on any matters in which its close connections with financial markets and financial institutions give it a distinctive expertise, and it is normal for it to be consulted on policy matters with significant implication for City markets. Representatives of the Bank took part in meetings with Government Departments and exchanged correspondence with Departments. The Bank participated in all these exchanges in its capacity as confidential adviser to Government and, as the Committee knows, the Government has already declined to disclose to the Committee its internal consideration of this matter. The Bank's relationship with Government therefore obliges it to preserve the confidentiality of its contribution to that consideration.