

1. Mr. Wall

2. Mr. Powell.

Sunday Herald

EBRD : The US "deal".

1. A message from Nigel Wicks, late last night, after further contact with the US Treasury, subsequent to the Treasury letter to No 10.
2. The US say their "deal" isn't dead. They are now offering the French a version of it which would still include London as the EBRD site, and their proposed Anglo-French deal on IMF quota. The Americans would get the jobs of No 2 to the EBRD President : Their support for President would go to ^{Ruding} ~~Attali~~, but in the expectation that Attali would win.
3. This risks being too clever by half. But the Treasury will reflect, and get back to the Americans on Tuesday, in the light of Dublin. Id. Kew
28/IV.



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

27 April 1990

Charles Powell Esq
10 Downing Street
LONDON
SW1

cc: PS/Economic Secretary
Mr Wicks
Mr H P Evans
Mr Mountfield
Mr A C S Allan
Mr O'Donnell
Mr Pickering
Mr Lazar
Mr Tyrie

Dear Charles,

EUROPEAN COUNCIL : SITE OF EBRD ETC

The presidency and site of the EBRD may well be discussed in Dublin tomorrow. This letter sets out where we have got to in discussions with the US on the 'deal' they proposed, linking those two issues with IMF quotas etc.

We had indicated to the US our willingness to go along with the deal on the EBRD site and on IMF rankings, subject to appropriate conditions on deliverability and durability. But it now appears that the deal will not proceed, primarily because the French will not accept the US pressure for Camdessus not to stand for reappointment, which was the main attraction of the package to the US. (We had deliberately not aligned ourselves with the US on this point).

✓ H The position the US will now adopt on these various issues is not entirely clear. They appear to be contemplating backing Ruding for EBRD president and London for the site of the EBRD; since they cannot get agreement on Camdessus going, they no longer see any reason to support Attali, and indeed instinctively oppose him because of his anti-American views. But they do not appear to recognise that this position on the site and Presidency is almost certainly unachievable, since it is most unlikely that the French will lose out on both Attali and Paris. On IMF quotas, they appear to believe our case will prevail, since it fully meets the rules of the game in the IMF whereas what the French want requires special treatment for them (and Camdessus made a similar point to the Chancellor last week). But, unhelpfully, they appear to be contemplating nominally backing the French so as not to appear to be lining up against them on all these issues. We have protested strongly about this.

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The Chancellor does not believe there is any need to change our objectives for Dublin in the light of these developments. It is still well worth trying to secure EC agreement there that the EBRD site should be in London. There is no reason why that should prejudice the position on quotas, even if Attali were to secure EC support for the EBRD presidency.

The Chancellor will want to consider further how to take these issues forward in the light of any developments at Dublin. If President Mitterrand or M Dumas raise the issue of a bilateral deal on quotas and the site, the Chancellor recommends that the Prime Minister should adopt a cautious line: we are not at all sure that the French would agree in a bilateral deal to the various conditions we would want to attach (particularly on how long an agreement to share fourth ranking should last), whereas our chances of securing them in a deal sponsored by the US were much higher. In these circumstances, it may be better to stand firm on quotas and take our chances on the EBRD site.

I am copying this letter to Stephen Wall (FCO) and to Paul Tucker (Bank of England).

Tincred Tarkowski

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