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From the Private Secretary

22 June 1990

Dear Stephen,

EUROPEAN COUNCIL: WESTERN ASSISTANCE TO THE SOVIET UNION

The Prime Minister has considered the Foreign Secretary's minute of 21 June about the likely discussion at the European Council of Western assistance to the Soviet Union. She is generally content with the line set out in paragraphs 1-7 of the minute. But she feels very strongly that we are going down the wrong track when it comes to devising the mechanism for such assistance, as set out in paragraphs 8 and 9. Her basic points are that we do not want to proliferate new institutions: and that it would be tactless and counter-productive in the extreme to propose the appointment of Ruding to co-ordinate the work. She points out that we have gone to a great deal of trouble and very considerable expense to secure the European Bank for Reconstruction and Development for London, and should now build up their role rather than try to minimise it and provoke Attali by appointing Ruding to the task of co-ordinating the study of assistance to the Soviet Union. She agrees that we shall need to have the co-operation of the IMF and the World Bank and possibly of staff from the OECD. But she feels that we should give the EBRD a leading role in the work. The fact that Attali does not yet have any significant staff will be a constraint on him, since he will in practice have to rely on the expertise of other institutions.

The Prime Minister thinks, therefore, that we shall have to revise this part of our approach radically before the Dublin European Council.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.

(C. D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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