PREM 19/3116

MT

Confidential Filing

Prime Minister's Meeting with Gerald Carroll

PRIME MINISTER

November 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~6.12.89~~							
~~22.1.90~~							
~~27.3.90~~							
~~11.4.90~~							
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~~20.6.90~~							
~~22.6.90~~							
1.10.90							

PREM 19/3116

dti

the department for Enterprise

NTCH
GR?

The Rt. Hon. Peter Lilley MP
Secretary of State for Trade and Industry

Charles Powell Esq
10 Downing Street
LONDON SW1

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071-215 5623
Our ref
Your ref PE9202
Date 1 October 1990

Dear Charles

CARROLL GROUP : USSR

You wrote to me on 22 August questioning the wisdom of sending a letter to Mr Clarke on the lines of the enclosure to my letter of 21 August 1990.

Although there has not been a general moratorium on payments by the Soviet Union, their economy remains in a parlous state and debts have built up to the UK and elsewhere. ECGD has therefore in effect frozen new cover on larger project business wherever possible.

It could therefore prove embarrassing if Carroll's switched their sourcing to the UK only to find that ECGD support was not forthcoming.

Mr Clarke's letter did not call for a reply and we believe it would be best if one is not sent.

Yours sincerely

Martin Sharp

pp ROSALIND COLE

The National Archives

DEPARTMENT/SERIES PREM 19/3116 PIECE/ITEM ..... (one piece/item number)	Date and sign
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eg. 28, 1079, 84/1, 107/3

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GK
MT CF

dti

the department for Enterprise

The Rt. Hon. Peter Lilley MP
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street,
LONDON
SW1A OAA

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071-215 5623
Our ref
Your ref PE1ASV
Date 21 August 1990

Dear Charles,

You asked for advice and a draft reply for the Prime Minister to send to Mr Anthony Clarke of the Carroll Group, who wrote to her on 19 July about the British-Soviet Trade Centre.

Carroll clearly took the hint in the Prime Minister's previous letter that we were becoming concerned about suggestions that the company may be considering the appointment of non-British companies to build and run the Trade Centre. Their letter contains a carefully documented record of their attempts to keep the project British. The French are certainly front-runners at present, but British contractors and bankers could still, perhaps, be persuaded by Carroll that they should take the initiative and become more involved in this project.

Officials here have discussed the project with Carroll, to judge how far they are towards awarding the construction contract to the French, and with the two British organisations closest involved in the project, Midland Montagu and Taylor Woodrow, both named by Carroll in their letter.

It is clear from our discussions with Carroll that they are very impressed with the French construction company Bouygues, who are looking for new projects in the Soviet Union following the completion of current work in Moscow. But they have not yet committed themselves to appointing Bouygues. Taylor Woodrow have told officials that, rather than seeing themselves in the subordinate role envisaged by Carroll, they are still very keen to act as main contractors or project managers. We understand that they are prepared to continue negotiating against Bouygues, whom they believe will tempt Carroll with a low initial price and make them pay dearly later if chosen.

dti

the department for Enterprise

The key question currently affecting the project, however, is finance and here we must take account of course of the Soviet request this week for what is, in effect, bilateral debt relief, ie long-term HMG finance so that outstanding short-term debts to British companies can be paid. Carroll originally asked Moscow Narodny Bank to prepare a financing package which would have the approval of ECGD and the Soviet Bank for Foreign Economic Affairs (Vneshekonombank - VEB). MNB failed as the latter were only willing to give very limited support. (Effectively, if the project earns hard currency VEB will guarantee its transfer to the West.)

Both ECGD and Coface (ECGD's French equivalent) have stated that under these circumstances they could only offer a limited guarantee to banks which would mirror VEB's obligations. Thus the banks would have to accept certain commercial risks themselves.

Carroll retain Midland Montagu as their corporate financial advisers but have not invited them to prepare an alternative financial package. Midland Montagu have told officials that they would be prepared to consider doing so if invited, but only if ECGD would give an unconditional guarantee of the financing to the bank.

We believe that Carroll have had discussions with the French bank Credit Lyonnais who appear to have expressed a willingness to support financing for the project with only partial guarantees from Coface. It is unclear whether any British bank - apart from the London branch of Credit Lyonnais - would be willing to do so. Banks are likely to require some persuading in view of the current Soviet economic position and the level of outstanding debt.

In spite of all this, we believe that there is still room for negotiation with British companies, provided that they can match the financing package which the French are allegedly prepared to offer. We have therefore recommended to Carroll that they have discussions with all potential British participants, to see to what extent British interest can be kept in the project. Given the debt problems, however, we believe that the Prime Minister should not give any hostage to fortune to Carroll in relation to ECGD support.

I attach a draft reply for the Prime Minister to consider sending to Mr Clarke.

I am copying this letter to Richard Gozney (FCO) and Malcolm Stephens (ECGD).

Yours

Rosalind Cole.

SCANNED

DRAFT REPLY FROM ~~THE PRIME MINISTER~~ TO ~~THE CARROLL GROUP~~

Thank you for your letter of 19 July about the British-Soviet Trade Centre and for writing in such detail about your efforts to find British hotel and construction companies to work on the project.

As ~~I~~ have said before, this is an important project which, if it is completed successfully, should do much to enhance the standing in the Soviet Union of the organisations associated with it. ~~I~~ continue~~s~~ to hope that they will be British organisations. My officials have spoken to Taylor Woodrow and understand that they are still keen to act as main contractors or project managers.

~~I~~ appreciate~~s~~ that arranging the necessary finance will be difficult and will of course reflect the develeoping economic position. ECGD, like other export credit agencies, could consider offering loimited guarantees to banks to reflect any limited guarantee given by Vneshekonombank. This would mean that the banks would have to take certain Soviet risks. ~~I think~~ it would be useful if you could assess whether banks in London (British and non-British) would be willing to take such risks.

I would suggest therefore that you take an early opportunity to explore further with contractors and bankers in London their willingness to put together a competitive British package for the project and that you continue to keep in close touch with the Department of Trade and Industry and ECGD.

CLARKE

6/8

MRM

1) 7/8
2) 14/8

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

ack 21 July 1990

I attach a copy of a letter the Prime Minister has received from Mr. Anthony Clarke, of the Carroll Group of Companies.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by Monday 6 August please. I am copying this correspondence to Richard Gozney (Foreign and Commonwealth Office).

CHARLES POWELL

Martin Stanley, Esq.,
Department of Trade and Industry

MRM

R 21/7

CARROLL GROUP OF COMPANIES

Anthony R Clarke ACA ACIS
Chief Executive

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Private Telephone 01-630 5869
Private Facsimile 01-931 7603
Telex 893765 CARGRP

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1A 2AA

19 July 1990

Dear Prime Minister,

Mr Gerald Carroll has asked me to write to you as he is currently abroad on business.

January? – meeting urgent at Chq

You may recall we met in February this year when Mr Carroll and I came to discuss the project with you. We also have both seen your letter of 22 June 1990, which Sir Anthony Garner showed us.

Top priority

We would both like to add a personal word of thanks for all the support you have given us in this venture and in particular for making the time in your very busy programme to join us for the presentation of the designs for the new British Trade Centre to the Moscow City authorities.

You mentioned that you hoped the Centre would continue to have a British element. So do I. This whole project is British in its conception. All the professionals involved in the planning and pre-construction stage - the architects, the engineers, the hotel consultants, the quantity surveyors and the letting agents are British firms, our financial advisers are Midland Bank plc. Together they form an impressive body of British expertise, each holding a leading international position in their own speciality. Our hope was that this would lead to the appointment of a British hotel operator and a British construction company - as well as and perhaps most important of all - to a Centre filled with British firms.

I thought, therefore, that you might like to glance at the enclosed confidential internal note which sets out the process we have been through for the selection of the hotel operator and contractor. It does not make happy reading in terms of the competitive position of British industry in this specialised sector of the Soviet market. Nor, I must say, has that position been helped by the very cautious stance of the Export Credit Guarantee Department. In consequence, we have now reached a position in which it seems probable that the hotel operator will be American and the contractor may be French.

.../cont.

It remains to be seen whether the combined construction and finance package which the French will offer in support of a French contractor will be good enough to bring the project to fruition, but I have to tell you that both they and the Americans are, without commitment on our part, already putting substantial resources into the preparatory work on a totally 'risk' basis.

Whatever the outcome of the competition for the construction and hotel element, I shall still regard this as a British Centre and I hope it will be filled with British firms doing profitable business with a revitalised Soviet Union. There is a long hard road for us - and even more for the Russians - before we can reach that position. I can only assure you of my personal resolve that we should reach it. If there is to be Western economic support for the Soviet Union, it will have to be given practical effect by the work of individual Western businessmen and among the first things they need is good office, hotel and living accommodation in Moscow.

We have staked a substantial amount of Company money on the attempt to provide this over the past two years and, despite the refusal of officials in the Department of Trade and Industry to continue with a second tranche of funding under the Overseas Projects scheme, we shall continue to put Company resources behind it during the next critical stage. I believe we can pull it off. If we can, the material return to Britain will be substantial and I hope we can count on your continued support.

Mr Carroll and I would be happy to meet with you again and review the current state of affairs of the project should you consider this to be worthwhile.

Thank you again for all your help and support.

Yours sincerely

Anthony R Clarke

Anthony R Clarke

BRITISH SOVIET TRADE CENTRE

This is a summary of the procedures used and dates of implementation leading to the recommendation of hotel operator and main construction contractor. Throughout this period advice was given by the following consultants:

HOTEL OPERATOR

Pannell Kerr Forster
Samuel Montagu

CONSTRUCTION CONTRACTOR

Balfour Beatty
Midland Montagu
Moscow Narodny Bank
Ove Arup
Davis, Langdon Everest
Fitzroy Robinson
Deloitte, Coopers & Lybrand
Ernst & Whinney
Slaughter & May

HOTEL OPERATOR

Negotiations with Trust House Forte and Hilton International (Ladbroke) commenced in November 1989, following recommendations of our Hotel Consultant concerning the necessary quality of the hotel operator to secure the investment. Both THF and Hilton confirmed that they were already in negotiation for other hotel projects in Moscow as Joint Venture equity partners. The British Soviet Trade Centre would have to take second place to their own projects. Nevertheless, THF agreed to provide us with commercial terms for the management contract, but these were much less attractive than those proposed by another international operator. We therefore agreed to negotiate the terms of a contract with this company.

CONSTRUCTION CONTRACTOR

1. In June 1989 Balfour Beatty commenced discussions with Carroll's consultants Ove Arup, Fitzroy Robinson and Davis Langdon & Everest. Balfour Beatty proposed to give the Carroll Design team advice on buildability and contracting alternatives.

2. September/October 1989

Meetings were held with Deloittes, ECGD (24th October), Midland Montagu and Moscow Narodny Bank. From these meetings the following criteria for raising the necessary finance were determined:

a) an internationally experienced Western contractor
b) a fixed price, turn key contract
c) a maximum amount of export credit
d) 100% financing for the construction contract, the credit and construction agreements to be closely linked

As regards ECGD, their requirement for offering export credit guarantees was either a full guarantee from the Soviet Foreign Trade Bank, or alternatively (and with some difficulty and delay) a project finance guarantee with specific performance undertakings from an acceptable Soviet entity. Separately, political risk cover could be offered to banks willing to take the commercial risk.

3. 2nd October 1989

Taylor Woodrow offers to execute a lump sum contract if Balfour Beatty drops out.

4. 6th November 1989

Balfour Beatty is recommended by Carroll to ECGD as the nominated UK contractor

5. 17th November 1989

ECGD confirms they will only accept the Soviet Foreign Trade Bank, or a comparable Soviet Government organisation as borrower or guarantor.

6. 1st December 1989

Balfour Beatty declines to offer a fixed price turnkey contract because of subcontractor and Soviet market risks which they are unable to take.

DTI proposes that Taylor Woodrow be asked to take over Balfour Beatty's role. Taylor Woodrow invited to meet all consultants in December.

7. 4th December 1989

Design Package sent to Taylor Woodrow.

8. January 1990

At Mossoviet's request it is proposed to draw up a short list of contractors based on experience and commitment to project. Proposals from several international building contractors received directly and via Mossoviet.

9. February 1990

Short list of contractors includes Taylor Woodrow, Finnstroi, Bouygues, Union Engineering of Yugoslavia, and Besix of Belgium. All asked to submit budget price indications and extent of their government export credit support. Cementation International (Trafalgar House) declines invitation to act as main contractor, but offered to act as construction manager and might be retained.

10. 11th January 1990

Meeting with ECGD and DTI at which ECGD stated that their export credit guarantee would be given only if the ultimate risk was the Soviet Government, rather than the Moscow City Council.

11. 23rd February 1990

The Anglo-Soviet Development Corporation Board meeting receives cost and technical proposals from a short list of contractors.

ECGD requests Taylor Woodrow to discuss with them directly the conditions for export credit guarantees.

12. 9th March 1990

Meeting with Board member of Taylor Woodrow International and Carroll chief executive to discuss plan for DTI visit to USSR postponed at their request.

13. 12th - 15th March 1990

DTI mission to USSR (including representatives of Carroll Group) involves discussions between ECGD and the Chairman of the Foreign Trade Bank, who stresses his reluctance to give State guarantees for joint venture projects, because of the potential negative effect on Western lenders view of Soviet Government risk.

Meeting with bankers in Moscow confirms late payments on trade credits to major Soviet trade organisations, and consequent reluctance of bankers to lend without guarantees.

Managing Director of Taylor Woodrow is invited to view sites in Moscow during DTI visit.

14. 22nd March 1990

Taylor Woodrow meeting with ECGD.

15. 30th March 1990

Short list drawn up of Cementation/John Brown, Davis Langdon and Everest and Hanscomb as project managers.

16. 12th April 1990

Bouygues of France confirms that its banks will provide loans for 85% of the Construction contract subject to Soviet political risk guarantees, with banks taking all or part of the commercial risk. They doubt the availability of a Foreign Trade Bank loan guarantee.

17. 20th April 1990

Carroll requests Taylor Woodrow for an update on negotiations with ECGD and Midland Bank. Carroll letter to DTI summarising reported position of Moscow City Council in respect of Soviet government guarantees.

18. 14th May 1990

After negotiation Bouygues confirms no requirement for Foreign Trade Bank guarantees, and financing for 100% of the Contract Price with banks taking the commercial risk; they propose inviting the Soviet Bank in as lender.

19. 6th June 1990

Taylor Woodrow advises ECGD's response: " as we have already stated, the Soviet Bank for Foreign Trade will be required to act as guarantor. Alternative security would depend upon Soviet State backing and/or an acceptable Western guarantor being available." (Copy of Taylor Woodrow letter of last June attached).

20. 22nd June 1990

The Joint Venture board met to discuss the quality of interested contractors. Mossoviet commented that for Taylor Woodrow, the British Soviet Trade Centre would be a "pilot project" and they had not as yet enough experience for a major building in Moscow. The board recommended further discussions with Bouygues, without any commitment, and requested that Bouygues provide a full design specification to be audited by Carroll's consultants, together with a budget price and full financial proposals by 30th September. At this stage the discussions with Bouygues can be terminated by the Joint Venture unilaterally at no cost.

Western House,
Western Avenue,
London W5 1EU
England
REGISTERED NUMBER 374634 (ENGLAND)
TELEPHONE: 01-997 6641
TELEX: 23502 (TAYINT G)
TELEFAX: 01-991 3117

Taylor Woodrow International Limited

Engineers, Contractors and Developers

YOUR REF

OUR REF
IJG/rp

6th June, 1990.

Carroll Group,
2-6 Catherine Place,
London, SW1E 6HF.

By fax

Attn: Dr. Keith Howlett: Commercial Director, Eastern Europe

Dear Keith,

re: British Soviet Trade Centre, Moscow

We refer to your letter of 20 April 1990, paragraph (c), and would advise that we met again with ECGD yesterday 5 June, 1990 in an effort to sway their current insistence on a "Soviet State" guarantor to the loans.

In their response to our Buyer Credit application, ECGD offer to consider their support to a loan subject to, inter alia:-

at 1.B: "As we have already stated, Vnesheconombank will be required to act as guarantor. Alternative security would depend upon Soviet State backing and/or an acceptable Western guarantor being available."

In discussion, ECGD profess to be immutable on their "Soviet State" guarantor policy, but do acknowledge that the ECGD charter does, in the fine print, contain the facility for their support to be given in cases of "economic assistance" to foreign States when politically expedient. They further advise that the export credit agencies generally now have a common policy of this requirement of a Soviet State guarantor, and that support given earlier by some continental agencies on lesser guarantees is not expected to be repeated in these current times of payment delays and difficulties being experienced by many traders into the Soviet Union. Their attitude to Soviet risk has certainly not relaxed, and has more probably hardened, over the past four months.

In response to our Buyer Credit application, ECGD indicate supported loan cover for:

Cont/2....

TAYLOR WOODROW

	total expenditure by country per our application			ECGD support
	£m.	%	=	£m.
UK	67	85		57
EC	23]			
Other	18]			16.2
USSR	4			nil
	£ 112 m.			£73.2

(please note that our by-country breakdown of the £112 m. estimated construction cost is, of necessity, only approximate at this stage and will actually depend on price and delivery considerations at time of procurement).

We would be pleased to discuss the guarantees situation further with you, but trust that this adequately conveys ECGD's current position for your presentation for forthcoming visit of Mrs. Thatcher to the Soviet Union.

Yours sincerely,

Ian Greenwood

I.J. Greenwood

PM: letters with General Carroll, Nov 89

File

VM

cc DTI
FCO

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

22 June 1990

Dear Tony

Thank you for your letter of 31 May about the British-Soviet Trade Centre.

I am glad that I was able to attend your presentation at Mossoviet on 8 June. I am sure that the event has given the Soviets, particularly Mr. Popov, the new Mayor of Moscow, a much clearer appreciation of your project and its potential benefits for the business community in Moscow. I wish the Carroll Group every success in negotiating a Trade Centre, and very much hope that it will have a significant British participation.

Yours ever

Margaret

Sir Anthony Garner

EA

dti

the department for Enterprise

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071-215 5622
Our ref PE2AWM
Your ref

Date 20 June 1990

Dear Charles

You asked for a draft reply to the letter of 31 May from Sir Anthony Garner, Director of the Carroll Group, about the British-Soviet Trade Centre.

We are beginning to hear rumours that the Carroll Group may appoint a French contractor to manage the construction of the building. This is because it is alleged that COFACE (French ECGD equivalent) may be prepared to provide financing without the security of a guarantee from Vneshekonombank (the Soviet Bank of Foreign Economic Affairs), whereas ECGD require such a guarantee (which the rumour further suggests may not be available). ECGD has consulted COFACE. They too would require a guarantee from VEB if a full guarantee is sought by the French banks. A full guarantee may not however be forthcoming from VEB. If the French banks would wear it, COFACE would probably be prepared to consider guaranteeing any partial guarantee offered by VEB, which might be no more than an undertaking to transfer any hard currency deposited at the bank by the joint venture. However, it is doubtful whether in the current economic circumstances in the Soviet Union such limited support from VEB, and thus the export credit agencies, would be sufficient to encourage either French or British banks to arrange the necessary financing.

In the apparently unlikely event that COFACE would ultimately support unsecured credits, ECGD can see no basis upon which they could prudently do likewise. Indeed, non-availability of a VEB guarantee would be a strong indication of doubts about the viability of the project.

dti

the department for Enterprise

We already understand that the Carroll Group are almost certain to appoint Conrad Hilton of the US as the hotel management company. If they decide also to appoint a French contractor, the British-Soviet Trade Centre would be built by the French and run by the Americans; the only return to the UK would be a share of the invisible earnings generated from the operation of the Trade Centre. The prestige value of the project - which has always been a significant factor in our and Ministers' support - would be largely lost. We have consulted the Carroll Group who say that no decisions have yet been taken, nor are they likely to be before the end of the year, when they must make up their minds to enable site construction to start next spring.

I attach a short draft reply although in our view there is no need for the Prime Minister to reply since the letter is essentially one thanking her for agreeing to attend the Carroll Group presentation in Moscow, where as you know she met the Directors, including Mr Gerald Carroll and Sir Anthony Garner. However, she may wish to express the hope that the project will continue to have significant British participation.

Our usual contacts at Carroll said last week that they were grateful for being included in the Prime Minister's programme. They believe that her presence and interest in the project will be helpful in resolving some of the difficult decisions which lie ahead.

I am copying this letter to Richard Gozney (FCO).

Yours ever

Ben Slocock.

BEN SLOCOCK
Private Secretary

DRAFT LETTER FOR PRIME MINISTER'S SIGNATURE

Sir Anthony Garner
Director
The Carroll Group of Companies
Carroll House
2-6 Catherine Place
London SW1E 6HF

Thank you for your letter of 31 May about the British-Soviet Trade Centre.

I am glad, ~~after your helpful briefing earlier in the year,~~ that I was able to attend your presentation at Mossoviet on 8 June. I am sure that the event has given the Soviets, particularly ~~the new appointments at Mossoviet including~~ Mr Popov, the new Mayor of Moscow, a much clearer appreciation of your project and its potential benefits for the business community in Moscow.

I wish the Carroll Group always success in negotiating a Trade Centre which will have a significant British participation.

and very much hope that it

CM

PE2AWM

CARROLL GROUP OF COMPANIES

Rt Minister
CDP 19/6.

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

The Prime Minister.
10 Downing Street,
London SW1A 2AA.

15th. June 1990.

Dear Prime Minister

I am writing, on behalf of Gerald Carroll and all at the Carroll Group concerned with the proposed British-Soviet Trade Centre, to thank you so much for your support at the presentation in Moscow to Mr. Popov and his colleagues.

It was a valuable opportunity for us to show the model and the plans to our Soviet joint-venture partners and your general support for the project and your presence there was very important and much appreciated.

After you left we had a very useful discussion with Mr. Luzhkov, the President of the Moscow City Executive Committee, and his officials. We discussed a number of outstanding issues where decisions and action by the Soviets are required and he offered to assist directly in trying to iron out the problems.

Thank you again for your help and support and congratulations on a very successful tour.

Yours sincerely

Anthony Garner

Sir Anthony Garner.

R6/6.

Foreign and Commonwealth Office

London SW1A 2AH

6 June 1990

GF PPS

Dear Ben,

I enclose two letters that we have received from Charles Powell at Number 10 attaching ones to the Prime Minister concerning trade with the Soviet Union.

I am informed by officials here that the subject matter of both letters is more appropriately one for you to deal with, and I should therefore be grateful if you would provide Number 10 with draft replies. As you will see, you have already been sent copies of both letters.

I have informed Number 10 of this transfer.

Yours sincerely

Neal Hammond

(Neal Hammond)
Assistant
Private Secretary

Ben Slocock Esq
PS/Secretary of State
for Trade and Industry

Simon: Draft for a coordinated draft reply by 5/6

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

PS/Mr Waldegrave
Mr Tait
N Hammond

Mr Hammond,
Private Office

31 May 1990

We spoke. DTI will reply.

RSPowell 5/6

Dear Simon,

I attach a copy of a letter the Prime Minister has received from Sir Anthony Garner, Director of the Carroll Group of Companies.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by Thursday 14 June please.

Would you please co-ordinate your reply with Ben Slocock (Department of Trade and Industry) to whom I am also copying this letter and enclosure.

Yours sincerely,

(C. D. POWELL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

ccpc

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

The Prime Minister
10 Downing Street
London SW1A 2AA

31 May 1990

Dear Prime Minister

I am glad to report that good progress has been made since you kindly wrote last January to the Soviet Prime Minister regarding the British Soviet Trade Centre in Moscow. In addition to the site for the main development, we have now agreed a site for the residential development and the Joint Venture has been formally registered by the Soviet Ministry of Finance.A venue for the headquarters of the Joint Venture is currently under negotiation.

We are all looking forward to your visit to the presentation which the Carroll Group is making in Moscow on Friday, the 8th of June, We have prepared for the presentation a range of high-quality and detailed plans, together with a scale model of the proposed Trade Centre on the 1905 site. Our team in Moscow will include Gerald Carroll, Sir Curtis Keeble, a Director of the Carroll Group and a former Ambassador to Moscow, Dr. Keith Howlett, the Chief Executive of the Joint Venture and myself. The presentation, as you will know, is to be made to the Mayor of Moscow, Mr. Popov, and to senior officials of the Moscow City Council.

In spite of the present fluid situation in Russia, Gerald Carroll and the Group are continuing to take a longer term view and are anxious to get ahead with further detailed planning and negotiations. For this reason we much appreciate your continuing support and your presence at the presentation will be very important so far as future negotiations with the changed personnel in Moscow are concerned.

We have, of course, kept the DTI, the Foreign Office and the Embassy closely in touch with the developments. All have been most cooperative and Sir Rodric kindly called on Mr. Popov recently to brief him on the project. Our understanding from our Soviet Joint Venture partners is that the Mayor is fully supportive of the project.

.../cont.

Continuation Sheet

The Prime Minister

31 May 1990

Dr. Howlett is today preparing for the Foreign Office a full report on the current situation so far as the project is concerned and no doubt they will be letting you have a brief. Please let me know if there is any further information which you require.

We look forward to seeing you in Moscow and thank you again for your support.

Yours sincerely

Tony Garner

SIR ANTHONY GARNER

FILE KK

(CDT)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

gF

Ack | 31 May 1990

I attach a copy of a letter the Prime Minister has received from Sir Anthony Garner, Director of the Carroll Group of Companies.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by Thursday 14 June please.

Would you please co-ordinate your reply with Ben Slocock (Department of Trade and Industry) to whom I am also copying this letter and enclosure.

(C. D. POWELL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

NS

CCPC

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

The Prime Minister
10 Downing Street
London SW1A 2AA

31 May 1990

Dear Prime Minister

I am glad to report that good progress has been made since you kindly wrote last January to the Soviet Prime Minister regarding the British Soviet Trade Centre in Moscow. In addition to the site for the main development, we have now agreed a site for the residential development and the Joint Venture has been formally registered by the Soviet Ministry of Finance.A venue for the headquarters of the Joint Venture is currently under negotiation.

We are all looking forward to your visit to the presentation which the Carroll Group is making in Moscow on Friday, the 8th of June, We have prepared for the presentation a range of high-quality and detailed plans, together with a scale model of the proposed Trade Centre on the 1905 site. Our team in Moscow will include Gerald Carroll, Sir Curtis Keeble, a Director of the Carroll Group and a former Ambassador to Moscow, Dr. Keith Howlett, the Chief Executive of the Joint Venture and myself. The presentation, as you will know, is to be made to the Mayor of Moscow, Mr. Popov, and to senior officials of the Moscow City Council.

In spite of the present fluid situation in Russia, Gerald Carroll and the Group are continuing to take a longer term view and are anxious to get ahead with further detailed planning and negotiations. For this reason we much appreciate your continuing support and your presence at the presentation will be very important so far as future negotiations with the changed personnel in Moscow are concerned.

We have, of course, kept the DTI, the Foreign Office and the Embassy closely in touch with the developments. All have been most cooperative and Sir Rodric kindly called on Mr. Popov recently to brief him on the project. Our understanding from our Soviet Joint Venture partners is that the Mayor is fully supportive of the project.

.../cont.

Continuation Sheet

The Prime Minister

31 May 1990

Dr. Howlett is today preparing for the Foreign Office a full report on the current situation so far as the project is concerned and no doubt they will be letting you have a brief. Please let me know if there is any further information which you require.

We look forward to seeing you in Moscow and thank you again for your support.

Yours sincerely

Tony Garner

SIR ANTHONY GARNER

Rcd/4 PPS C.C. DTI FCO CDP

CARROLL GROUP OF COMPANIES

Gerald J H Carroll
Chairman

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

The Rt. Hon. Margaret Thatcher MP
10 Downing Street
London SW1A 2AA

April, 24, 1990

Dear Prime Minister

First of all may I say very many thanks for your letter of 11 April 1990 which awaited me upon my return to Carroll House this week.

We are pursuing vigorously the final formulation exercises for the Anglo Soviet Trade Centre Towers Complex. I am placing a heavy emphasis on a high standard of presentation material so that the Moscow authorities will have a clear indication of our aims and ambitions for the development project. The June presentation is the culmination of a huge amount of hard work by all concerned.

I hope that you will be able to visit us when we are in Moscow in June.

I thank you for your support and help.

Yours sincerely

GERALD J. H. CARRROLL

PM: Gerard Carroll, Nov 89

File MJ
cc DTI
FO

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

11 April 1990

Dear Mr. Carroll,

I thought that you might like to have the enclosed copy of Mr Ryzhkov's reply to the Prime Minister's letter of 22 January about the British-Soviet Trade Centre project in Moscow, although I know that Department of Trade and Industry officials have already sent your office an advance copy.

No doubt you will continue to keep officials closely informed of progress in this important project in the run-up to the Prime Minister's visit to the Soviet Union in June.

Yours sincerely

Charles Powell

G.J.H. Carroll, Esq.

dti

the department for Enterprise

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5622
Our ref PE5AKY
Your ref
Date 9 April 1990

Dear Charles

Thank you for your letter of 27 March, enclosing a copy of Mr Ryzhkov's reply to the Prime Minister's letter of 22 January about the Carroll Group's project to construct a British-Soviet Trade Centre in Moscow. I attach a draft letter which you might like to send to Mr Gerald Carroll, Chairman of the Carroll Group, formally providing a copy of Mr Ryzhkov's reply (officials here have already handed over an advance copy).

Although much of Mr Ryzhkov's letter appears discouraging, it has helped usefully to clarify a number of points, notably the non-availability of the Marshal Zhukov site (in the Serebryannyi Bor region of Moscow) for the residential block. The Carroll Group will now pursue alternative options, initially from those already offered to them by the Moscow City Council, one of which at least may prove acceptable.

As far as the offices for the joint venture are concerned, Carroll remain hopeful, despite what Mr Ryzhkov says, that they will be able to secure the use of 18 Chekhov Street. The building is only partly occupied and in need of renovation; Carroll are optimistic that they will be able to negotiate a satisfactory agreement with the present tenants, the Soviet Council of Trade Unions. Sir Curtis Keeble, former British Ambassador to the Soviet Union and adviser to Carroll, accompanied my Secretary of State to Moscow last month, maintaining the high profile of the project and the political weight behind it. On the other

dti

the department for Enterprise

hand, it is our view that there is little to be gained from extending the Prime Minister's correspondence at this stage; Carroll accept this and acknowledge that it is now for them to advance negotiations in the wake of the support lent by her letter to Mr Ryzhkov.

You asked, in your letter of 22 January for suggestions of ways in which the trade centre project might be associated with the Prime Minister's visit in June. We are considering this further with the Foreign and Commonwealth Office and will offer advice in due course in the context of all proposals - commercial and other - for her programme.

I am sending a copy of this letter to Richard Gozney (Foreign and Commonwealth Office).

Yours ever

Ben Slocock.

BEN SLOCOCK
Private Secretary

DRAFT

G J H Carroll Esq
Chairman
The Carroll Group of Companies
Carroll House
2-6 Catherine Place
LONDON
SW1E 6HF

01-215 4814

April 1990

.... I thought that you might like to have the enclosed copy of Mr Ryzhkov's reply to the Prime Minister's letter of 22 January about the British-Soviet Trade Centre project in Moscow, although I know that DTI officials have already sent your office an advance copy.

No doubt you will continue to keep officials closely informed of progress in this important project in the run-up to the Prime Minister's visit to the Soviet Union in July.

VTE19THU.213

Unofficial translation

Moscow, March 12, 1990

Dear Prime Minister,

Thank you for your letter of 22 January 1990. I share your view that creation of the British-Soviet Trade Centre in Moscow could become an important event in the development of trade and economic ties between our two countries.

I was informed that the Moscow City Council offered to the Carroll Group five sites for the construction of the living quarters, as well as the choice of three options for the offices of the joint Soviet-British venture, which will be building and than running the Centre.

As far as the site at Marshal Zhukov Street in Serebryannyi Bor is concerned, it has already been allocated to another organisation for the construction of a hotel with a health sport centre.

The building at 18, Chekhov street, which you also mentioned in your letter, belongs to the All-Union Council of Trade Unions and is occupied by several public organisations. The AUCTU does not agree to vacate it.

Nevertheless, the Moscow City Council is prepared to continue its discussions with Carroll Group with the aim of finding some mutually-acceptable options for the location of the living quarters and offices of the joint venture. I hope that with the appropriate flexibility on both sides the solution necessary will be found.

With respect and best wishes,

N. Ryzhkov
Chairman of the USSR
Council of Ministers

Москва, 12 марта 1990 г.

Уважаемая госпожа Премьер-Министр,

Благодарю Вас за Ваше письмо от 22 января 1990 г. Разделяю выраженное Вами мнение, что создание Британо-Советского торгового центра в Москве явилось бы важным событием в развитии торгово-экономических связей между нашими странами.

Насколько я информирован, британской группе компаний "Кэрролл Груп" Мосгорисполкомом было предложено пять земельных участков для строительства жилого комплекса, а также три варианта размещения служебных помещений совместного советско-британского предприятия, которое будет строить и эксплуатировать указанный Центр.

Что касается участка земли по улице Маршала Жукова в Серебряном Бору, то он уже передан другой организации под строительство гостиницы с оздоровительным комплексом. Здание по улице Чехова,18, о котором, как я понимаю, также идет речь в Вашем письме, принадлежит ВЦСПС и в нем размещены некоторые общественные организации. ВЦСПС не дает согласия на его освобождение.

Ее Превосходительству
госпоже Маргарет Тэтчер,
Премьер-Министру
Великобритании

г.Лондон

Вместе с тем Мосгорисполком готов продолжать обсуждение вопроса с "Кэрролл Груп" с целью поиска взаимоприемлемых вариантов размещения жилого комплекса и служебных помещений совместного предприятия. Надеюсь, что при надлежащей гибкости с обеих Сторон необходимое решение будет найдено.

С уважением и наилучшими пожеланиями

Н.Рыжков

Председатель
Совета Министров СССР

Pu: Gerard Canou, Nous9

P.C.?

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 March 1990

THE CARROLL GROUP

I enclose a copy of Mr. Ryzhkov's reply to the Prime Minister's letter of 22 January about the construction of a British/Soviet Trade Centre in Moscow by the Carroll Group. I should be grateful for advice on whether any further response would be justified.

I am copying this letter and enclosure to Richard Gozney in the Foreign and Commonwealth Office.

(C. D. POWELL)

Ben Slocock, Esq.,

ПОСОЛЬСТВО
СОЮЗА СОВЕТСКИХ
СОЦИАЛИСТИЧЕСКИХ РЕСПУБЛИК

Mr. Charles Powell
10 Downing Street
London SW1

26 March 1990

Dear Mr. Powell,

It gives me much pleasure to enclose the reply of Mr. Nikolai Ryzhkov, Chairman of the USSR Council of Ministers, to the Prime Minister's letter about the British Soviet Trade Centre in Moscow of 22 January, 1990.

Yours sincerely,

L. Zamyatin

L. Zamyatin
USSR Ambassador

Prime Minister

Mr. Ryzhkov's letter about the Carroll Group's plans for an Anglo-Soviet Trade Centre. Not very helpful.

CDP 27/3

Unofficial translation

Moscow, March 12, 1990

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Nevertheless, the Moscow City Council is prepared to continue its discussions with Carroll Group with the aim of finding some mutually-acceptable options for the location of the living quarters and offices of the joint venture. I hope that with the appropriate flexibility on both sides the solution necessary will be found.

With respect and best wishes,

N. Ryzhkov
Chairman of the USSR
Council of Ministers

Москва, 12 марта 1990 г.

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Благодарю Вас за Ваше письмо от 22 января 1990 г. Разделяю выраженное Вами мнение, что создание Британо-Советского торгового центра в Москве явилось бы важным событием в развитии торгово-экономических связей между нашими странами.

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Ее Превосходительству
госпоже Маргарет Тэтчер,
Премьер-Министру
Великобритании

г.Лондон

Вместе с тем Мосгорисполком готов продолжать обсуждение вопроса с "Кэрролл Груп" с целью поиска взаимоприемлемых вариантов размещения жилого комплекса и служебных помещений совместного предприятия. Надеюсь, что при надлежащей гибкости с обеих Сторон необходимое решение будет найдено.

С уважением и наилучшими пожеланиями

Н.Рыжков

Председатель
Совета Министров СССР

PM: Mtgs with Gerard Carroll, Nov 89

10 DOWNING STREET

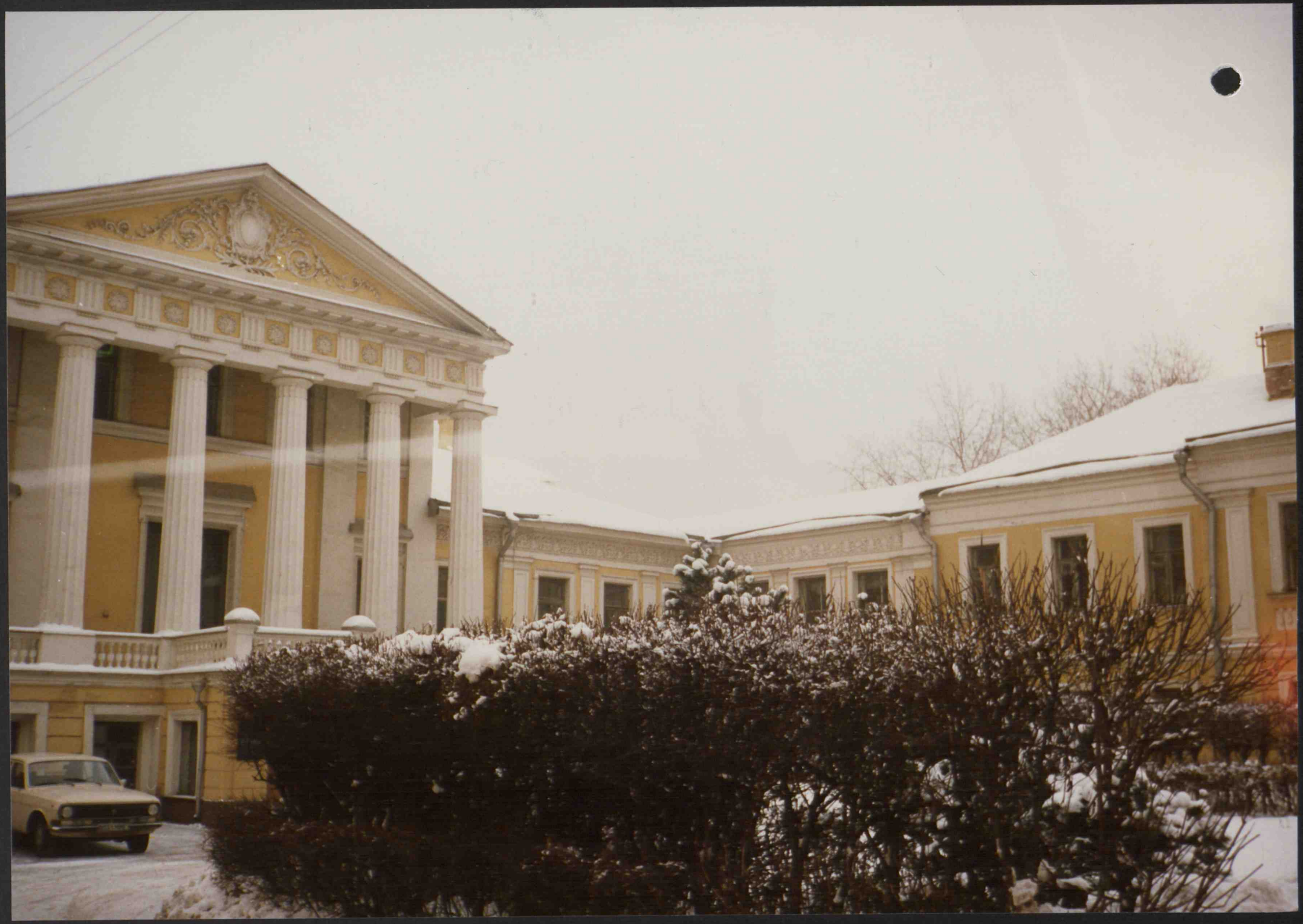
Note

The presentation book (of photos) for this meeting is under the box files (under PM. separates)

24.1.90


К 1923 НК

PREM 19/3116



PREM 19/3116

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

Photos are another side.

The Prime Minister
10 Downing Street
London, SW1

January 22, 1990

23/1

Dear Prime Minister

First may I thank you very much for sparing time to see Gerald Carroll, Anthony Clarke and myself this afternoon. We felt it was a most useful opportunity to brief you at first hand on the Moscow Trade Centre and we hope that you too found it helpful.

Enclosed, for your information, are:

(1) A folder of photographs showing designs for the Centre. One tower will house the offices and the other the hotel.

(2) Two photographs of the building at 20 Chekhov Street which we would like to secure to house the Museum of Russian Applied Art to which Gerald referred, and also the offices of the joint venture.

As you suggested, we will liaise closely with Mr. Charles Powell and will be in touch with the Department of Trade and Industry regarding our inclusion in Mr. Ridley's party during the visit to Moscow in March.

Thank you again for writing to the Soviet Prime Minister and for your very helpful support and encouragement which is much appreciated.

Yours sincerely

Tony Garner

SIR ANTHONY GARNER

file a:\foreign\Carroll PM

SUBJECT
cc MASTER.

bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 January 1990

THE CARROLL GROUP

The Prime Minister met Mr. Gerald Carroll, Chairman of the Carroll Group, this afternoon to discuss the British-Soviet centre in Moscow. Sir Anthony Garner and Mr. Anthony Clarke were also present.

Mr. Carroll and Mr. Clarke spoke as was expected. They were optimistic about the project and the chance of completing it successfully, and grateful for the help which they have received from the DTI. But they felt that they needed to engage the higher echelons of the Soviet Government directly, particularly if they were to get the necessary guarantees from the Soviet Bank for Foreign Economic Affairs. That was why they had requested high-level intervention from the Prime Minister. The Prime Minister said that she had, over the weekend, signed a letter to Mr. Ryzhkov. Mr. Carroll expressed gratitude for this, but asked whether the letter specifically requested advice on how to take forward the matter of obtaining guarantees. The Prime Minister said that she would arrange for our Ambassador to make this point in handing over the letter, and ask for it to be covered in Ryzhkov's reply. She would arrange for Mr. Carroll to be informed of the results of the demarché.

The Prime Minister emphasised the importance of keeping this a British project. Mr. Carroll said that the design would be British and the interiors of the building would be prefabricated here. He very much hoped that the hotel management would also be British. But it was unlikely that any British building contractor could be found with the necessary experience to undertake the project, and he might have to look to the Finns or the Yugoslavs for this.

Mr. Carroll mentioned that he had heard that the Trade and Industry Secretary might be visiting Moscow in the spring. It would be useful if this project could be raised in the course of the visit, and a member of his Group be attached to Mr. Ridley's party. The Prime Minister said that this certainly warranted consideration and she would mention it to Mr. Ridley.
Mr. Carroll also asked whether it would be possible for the Prime Minister herself to be associated with the presentation of the

project in Moscow which was due to be made in June. The Prime Minister said that this would have to be considered nearer the time in the light of progress. She did not exclude it.

I should be grateful if you could arrange for Sir Rodric Braithwaite to be instructed to make the point suggested by the Prime Minister in handing over the message to Ryzhkov. It would also be helpful to be advised in due course about the possibility of associating the Carroll Group in some way with the Trade and Industry Secretary's visit, and indeed with the Prime Minister's own visit to Moscow and Kiev in June.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office).

C. D. POWELL

Ben Slocock, Esq.,
Department of Trade and Industry.

file MRM

cc FCO
DTI

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

22 January 1990

Dear Prime Minister,

You are, I know, aware of the proposals by the British Carroll Group of Companies to establish a British-Soviet Trade Centre in Moscow. I have been following the project with interest, since the centre would not only provide much needed accommodation for British businessmen in Moscow but would also, I believe, be of great symbolic value to the development of our bilateral trade.

The Chairman of the company, Mr. Gerald Carroll, called on me recently to inform me about the project's progress. I understand that it is the company's intention to make a major presentation in Moscow in June, when they will explain in detail the design, operation and financing of the trade centre. Before then they hope that agreement will have been reached on a site in the Serebrianniy Bor district of Moscow for associated residential accommodation for businessmen and their families who will use the centre, and on the site for the headquarters of the Moscow Carroll joint venture organisation, for which I understand a building at 20 Chekhova Ulitsa has been identified.

DTJ

I do hope that these outstanding points of detail can be resolved quickly, to ensure the success of the company's presentation later this year and to enable this important project to make early progress to the construction stage.

With every goodwish

Yours sincerely

Margaret Thatcher

His Excellency Mr. Nikolai Ivanovich Ryzhkov

file DTI

bc: PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 January 1990

Thank you for your letter of 19 January about the Prime Minister's meeting with the Chairman of the Carroll Group, with which you enclosed a draft message from the Prime Minister to Mr Ryzhkov in support of the British-Soviet Trade Centre project. The Prime Minister has signed the letter. I enclose a copy and am sending the original to Richard Gozney, to dispatch by diplomatic bag to Moscow.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office).

C. D. POWELL

Ben Slocock, Esq.
Department of Trade and Industry

MRM

cc backup

PRIME MINISTER

MEETING WITH SIR ANTHONY GARNER AND THE CARROLL GROUP

You have agreed to a brief meeting on Monday with Sir Anthony Garner, to be accompanied by Sir Gerald Carroll and Mr. Anthony Clarke, Chairman and Chief Executive of the Carroll Group. They want to brief you on the Group's proposal to build a British-Soviet Trade Centre in Moscow, and to seek your intervention with the Soviet Government to speed their plans. You are seeing them at the request of the Political Office.

The project is described in the note in the folder. It involves the construction of a twin-tower hotel and business complex in the centre of Moscow, and a residential block in a Moscow suburb. Construction will be done by the Carroll Group and Trusthouse Forte will probably take on the hotel management. The idea is to make the Trade Centre a focus for British commercial activity by providing office and hotel accommodation.

The Carroll Group want to be able to demonstrate that the project has the Government's backing at the highest level, to match that given to similar trade centres planned by other foreign governments. There is no problem with that. But you will want to underline the importance of the project remaining, and being seen to remain, British. There have been some signs that Carroll may approach American or other foreign companies to participate, in which case it would lose its British character.
Mr. Gorbachev has already described a British-Soviet Trade Centre as "essential" when he met British businessmen at Lancaster House in April.

Mr. Carroll has asked whether you would agree to write to the Soviet Prime Minister about the project. Our Ambassador in Moscow advises that this would be both proper and useful. You will find a letter for your signature in the folder. You might show Mr. Carroll a copy on Monday.

There are still problems with credit. ECGD will only provide cover if there is adequate guarantee from the Soviet authorities. You might remind Mr. Carroll that he has not yet put forward a full proposal to ECGD. The sooner he does so the better.

CDP

CHARLES POWELL
19 JANUARY 1990

c:\wpdocs\foreign\carroll.mrm

cc PC
cc Bayliss.

dti

the department for Enterprise

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 01 215 5622
Our ref JW5AGE
Your ref
Date 19 January 1990

Dear Charles

The Prime Minister will be meeting Mr Gerald Carroll, Chairman of the Carroll Group, on 22 January to discuss the British-Soviet Trade Centre. Mr Carroll will be accompanied by Mr Anthony Clarke, Chief Executive, and Sir Anthony Garner, Director, who wrote to the Prime Minister on 8 November requesting the meeting.

The company's purpose in meeting the Prime Minister will be to seek her support for the project, to raise the question of project financing and in particular the role of ECGD, and to mention continuing problems over selection of two sites - for an associated residential block for businessmen at the centre and their families, and for the headquarters for the Moscow Carroll joint venture - on which they will ask her to consider writing to Prime Minister Ryzhkov. They will also want to discuss what part the Carroll Group might play in the Prime Minister's visit in June, and before that during my Secretary of State's proposed visit in March. (I shall be writing separately to seek the Prime Minister's permission for this).

The Project

I attach a further copy of the background note on the project which was attached to my letter of 22 November 1989.

The company have completed the initial design work of the twin-tower building; I enclose a photograph of the model. They expect over the next two or three months to complete negotiations with the consortium of companies which will participate in the project. At present the front runners appear to be Taylor Woodrow as main contractors and Trust

House Forte as the hotel/business centre management company. All the participants would take part in a presentation to the Soviets in Moscow in June, which the company has described as the effective launch of the project. The company now expect construction to commence in spring 1991.

The Prime Minister might reply by saying that the details of her programme are still being worked out, but that if they allow her to be present for part of the launch she would be glad to attend.

The Prime Minister should be aware that Carroll are also discussing the project with non-British companies. They have argued that this is a necessary precaution to cover the event that no British company wishes to take part on their terms. The Prime Minister will want to emphasise that the Government's support so far has been on the basis that the trade centre would be built by a British company and run by a British company. If either were not to be the case the project would cease to have the, symbolic value which it, currently has, and this would affect the extent of HMG's support.

Financing

Carroll are concerned about the extent to which ECGD may back the project. ECGD cover is available for projects in the USSR provided that adequate backing is provided by the Soviet side. ECGD is not prepared to cover the operation of projects at a time when the internal economic position of the USSR is uncertain. This means that the Soviets must provide a full guarantee, or a partial one with commercial parties taking the other risks.

The Prime Minister should advise the Carroll Group that they must either:

a) convince the Soviet Bank for Foreign Economic Affairs (BFEA) that it is in the bank's interest to guarantee fully the financing of the construction of the project; or

b) elicit a political risk guarantee from BFEA (covering, for example, takeover of the hotel or blocking of funds by the Soviets) and commercial backing by the UK banks. This means convincing them that profits from the venture should enable the loans financing the construction to be repaid.

The Prime Minister could also say that ECGD still awaits a full proposal from Carroll for the project, including the UK contractor and hotel operator involved. It will be necessary

dti

the department for Enterprise

to evaluate the full proposal before ECGD is able to give the full terms and cost of its support.

Outstanding site decisions

Carroll will explain to the Prime Minister that they continue to experience problems in obtaining Soviet agreement to the allocation of two sites to the project. They need to build a separate residential block to provide accommodation of a reasonable quality to attract businessmen and their families to operate from the centre. They have identified the Serebrianniy Bor district in West Moscow as the most suitable, since many from the foreign diplomatic community are located there. But despite continued lobbying, and letters from both the Minister for Trade and HM Ambassador, no decision has yet been taken.

The other site they require is for the headquarters of the Moscow Carroll joint venture. They have chosen a prestigious building at 20 Chekhov Street, which currently houses the Soviet Anti-Alcohol League. They have discussed use of the building with Professor Likhachev, Chairman of the Soviet Cultural Foundation, who in turn has written to Mr Ryzhkov on the company's behalf. The company would like to use one of the wings of this building and finance the conversion of the main part as a museum of Russian Art.

We have discussed with the company our concern about this last aspect in case it is interpreted by the Soviets as an improper form of inducement. The company do not believe that their offer would be interpreted in this way, on the grounds that the artifacts would be loaned to the museum for many years and would be available to the public for viewing. We do not share their confidence.

Carroll will ask the Prime Minister if she would consider writing to Mr Ryzhkov in support of these outstanding points. Sir Rodric Braithwaite supports the recommendation that she should, though without making any reference to the museum. I attach a draft reply which has been agreed with ECGD and the FCO.

I am sending copies of this letter to Richard Gozney (FCO).

Yours ever

Ben Slocock.

BEN SLOCOCK
Private Secretary

Recycled Paper

dti

the department for Enterprise

BRITISH-SOVIET TRADE CENTRE PROJECT (CARROLL GROUP)

The brief for the Prime Minister's meeting with President Gorbachev earlier this year mentioned this project. It involves the construction of a twin-tower hotel and business complex in the centre of Moscow, above the 1905 Street Metro station, and a residential block in a Moscow suburb some miles from the centre. Replying to a question put by Sir Curtis Keeble, former Ambassador to Moscow and now an adviser to Carroll, at President Gorbachev's meeting with British businessmen at Lancaster House on 6 April, Mr Gorbachev agreed that such a trade centre was "essential".

Carroll Group will lead a consortium of companies, including a contractor (they are currently discussing with Balfour Beatty) and a hotel management company (possibly Trust House Forte, with whom they have been negotiating so far). They signed last month in Moscow an agreement with the Moscow City Association of Hotels (part of Moscow City Soviet) establishing the operating organisation to construct and run the trade centre.

The project has already been supported by Lord Young, during his visit to the Soviet Union in June, and by Lord Trefgarne at last month's UK/USSR Joint Commission. It could become a valuable focus for British-Soviet trade. Carroll hope that the commercial terms and prestige will attract sufficient British companies, and the British-Soviet Chamber of Commerce, whose premises were opened by the Prime Minister in March 1987 but are now inadequate, to relocate there.

The Carroll Group project will, however, have to compete with other similar national trade centre projects. Although the current scarcity of hotel and office accommodation will ensure that some will almost certainly locate there, Carroll are concerned that competing projects may adversely affect the commercial return on their own project.

dti

the department for Enterprise

Sir Anthony Garner's request that the Prime Minister should agree to a short meeting with Mr Gerald Carroll was intended to provide an opportunity for Carroll to be reassured that their project has equal political support to that being given to the Canadian and other projects. Mr Carroll is planning to visit Moscow next month, during which he will be hoping to persuade the Soviets to appoint senior relevant personnel onto the board of the joint venture. The direct involvement of such personnel in this way would help overcome the bureaucratic obstacles which the project will inevitably face.

Any expression of support from the Prime Minister would need to be conditional upon the project remaining, and being seen to remain, British. Carroll have recently been tempted to approach American, as well as British, hotel management companies about participation in the project. We have advised the company that it would be inconsistent with the project being treated as a flagship for British-Soviet trade if it were to be run by a non-British organisation.

The Prime Minister should be aware that the project is likely to pose a problem for ECGD who will not be willing to provide cover unless they are able to negotiate an adequate guarantee from the Soviet authorities. The problem arises because, under the reform of Soviet foreign trade, Soviet organisations are now entitled to trade on their own account without a guarantee from the State. It is a problem which will affect all major projects with the Soviet Union, and will need to be negotiated case by case. Last year ECGD successfully negotiated an exceptional Soviet sovereign guarantee in respect of a major polyethylene plant project being negotiated by John Brown plc with the Soviet Chemical Ministry, and we

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the department for Enterprise

see no reason why the Soviets should refuse a similar concession for this British trade centre.

November 1989

DEPARTMENT OF TRADE AND INDUSTRY

JW1AEW

Recycled Paper

DRAFT LETTER FROM THE PRIME MINISTER TO THE SOVIET PRIME MINISTER, MR RYZHKOV

You are, I know, aware of the proposals by the British Carroll Group of Companies to establish a British-Soviet Trade Centre in Moscow. I have been following the project with interest, since the centre would not only provide much needed accommodation for British businessmen in Moscow but would also, I believe, be of great symbolic value to the development of our bilateral trade.

The Chairman of the company, Mr Gerald Carroll, called on me recently to inform me about the project's progress. I understand that it is the company's intention to make a major presentation in Moscow in June, when they will explain in detail the design, operation and financing of the trade centre. Before then they hope that agreement will have been reached on a site in the Serebrianniy Bor district of Moscow for associated residential accommodation for businessmen and their families who will use the centre, and on the site for the headquarters of the Moscow Carroll joint venture organisation, for which I understand a building at 20 Chekhova Ulitsa has been identified.

I do hope that these outstanding points of detail can be resolved quickly, to ensure the success of the company's presentation later this year and to enable this important project to make early progress to the construction stage.

CIF
Over to you please.
KK
6/12

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 December 1989

Dear Neil,

You wrote to me on 22 November about the request to the Prime Minister to meet Mr. Gerald Carroll, Chairman of the Carroll Group to discuss the proposed British-Soviet Trade Centre Project. The Prime Minister has now decided for various reasons to see him and will do so at 1500 on 22 January. I should be most grateful if you could let me have briefing before then.

I am sending a copy of this letter to Richard Gozney (Foreign and Commonwealth Office).

Yours ever
Charles Powell

(C. D. POWELL)

Neil Thornton, Esq.,
Department of Trade and Industry.

John

Don't we need 22 January?

Sorry - Yes!

CDP

MR POWELL

CARROLL GROUP

Thank you for your help allowing the Carroll Group and Tony Garner a short meeting with the Prime Minister to discuss their proposed British Soviet Trade Centre in Moscow. The Prime Minister has now agreed to see them on 22nd June at 3 o'clock. I assume that since this is a Government rather than a political matter either you or Paul will take the meeting (although I am happy to do so if you wish). Will you therefore let the DTI know in order to organise a brief?

JTW

JOHN WHITTINGDALE

5th December, 1989

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

Personal

1st December 1988

Dear John

Enclosed is a further letter for the Prime Minister which I should be grateful if you would pass on, together with a copy for you.

Gerald Carroll is very anxious to see the Prime Minister for a few minutes and I would much appreciate any help you can give in bringing this about

Kind regards

Yours ever

Tony

PRIME MINISTER

Tony Garner wrote to you on 8th November, in his new capacity as a Director of the Carroll Group. As you know, the Carroll Group are planning to construct the British-Soviet Trade Centre in Moscow and wanted to demonstrate that they have support from the British Government. Following advice from the DTI, you replied on 27th November, saying that we were asking Sir Roderick Braithwaite to ensure that President Gorbachev is fully aware of the importance the British Government is attaching to this project.

Tony Garner is naturally very grateful for your reply, but has asked if it might be possible for you to see Gerald Carroll very briefly. He says that if Mr Carroll were to be able to say that he is seeing you, this would help enormously in his discussions with the Russians. DTI have no objections to your meeting him. Since the Carroll Grup are major financial supporters, and you might like to do a favour to Tony Garner, would you be prepared to see him for a brief meeting at the beginning of next year?

JMW

Yes 15 mins or so

MT

JOHN WHITTINGDALE

30th November, l989

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

30th November 1989

The Prime Minister
10 Downing Street
London
SW1

Dear Prime Minister

Thank you very much indeed for your letter of 27th November regarding the proposed Trade Centre in Moscow. We much appreciate your support for this project which, as you say, offers a major opportunity to assist the development of British/Soviet trade.

Since I wrote to you earlier this month we have been progressing with the overall plans and are now considering, subject to progress in the next week or so on various important matters, presenting the detailed Strategic and Implementation Plans to the Soviets in Moscow in mid December. Those present would include high level representatives from the Moscow City Council and the Soviet Ministry for Foreign Economic Relations. We understand that there would be major coverage of this event by the Soviet media.

We had a very useful meeting this morning with Lord Trefgarne at the D.T.I. We discussed a wide range of matters and he was very helpful. We told him of our overall aim to keep this a British development and discussed the need for maximum possible support for the project by the E.C.G.D. So far as the financial foundation of Carroll is concerned, we can do no more than say that our overall financial position for this project is assured.

We mentioned the problems we are having in obtaining a suitable prestige building for the establishment of an office for the Joint Venture in Moscow. This would also house a collection of Russian art which Gerald Carroll has offered to provide through the setting up of an Art Fund valued at an initial $2 million.

Contd/...

The Prime Minister 30th November 1989

Mrs Gorbachev is closely connected with the building which was introduced recently by Mossoviet to a senior executive of Carroll and which would be ideal for our purpose. It would provide a prestige headquarters and an important centre for trade and cultural activities. We need to secure the approval of the Russian authorities for its use by us and need your direct support in securing it. The British Ambassador can, of course, be of much assistance at the working level.

Gerald Carroll and all of us here at Carroll House are very grateful for your support and that of the D.T.I. and the Foreign Office. It is a very ambitious scheme which can only be completed successfully with the full support of the U.K. Government.

I know that he would much appreciate the opportunity of seeing you for a few minutes as soon as possible on one or two critical issues which need to be overcome in the next few weeks if this venture is to succeed. I do hope that you will be able to spare time to see him for a few minutes.

Yours sincerely

Tony Garner

SIR ANTHONY GARNER

3.00
Mon 22
Jan
AP
30/11

Agenda
Cd. we find
30 minutes in
January / February?
CDP.

MR POWELL

SIR ANTHONY GARNER AND THE CARROLL GROUP

Sir Anthony Garner wrote to me on 8th November enclosing a letter to the Prime Minister asking if she would see Gerald Carroll about his proposed British-Soviet Trade Centre project. I passed the letter to Paul who asked for advice from DTI. I now see that DTI replied to you and that the PM wrote to Sir Anthony on 27th November.

While the PM's letter is obviously helpful, I would ask if we might reconsider his request for a very brief meeting. The Carroll Group are major financial supporters of the Party and I am sure that the PM would also like to help Tony Garner who was for many years Director of Organisation at CCO. It need of course only be a very brief meeting, but the project does seem to be a prestige one which it would be worth giving full support to in its own right.

JHW

JOHN WHITTINGDALE

29th November, 1989

10 DOWNING STREET
LONDON SW1A 2AA

File
cc FO
DTI

THE PRIME MINISTER

27 November 1989

Dear Sir Anthony,

Thank you for your letter of 8 November about the British-Soviet Trade Centre to be built in Moscow.

I am well aware of this interesting project which the Carroll Group are pursuing in the Soviet Union. I believe it offers a significant opportunity to help the development of British-Soviet trade, both from the commercial benefits which it will bring through the provision of increased hotel and business accommodation and from its symbolic value.

It is a project which is of great potential importance to both countries. I have asked Sir Rodric Braithwaite, HM Ambassador in Moscow, to ensure that President Gorbachev is fully aware of the political importance the Government attach to its successful conclusion.

I wish Mr Carroll and the company every success in their negotiations.

Yours sincerely

Margaret Thatcher

Sir Anthony Garner

10 DOWNING STREET

Garden Rooms

DTI have sent us
are about to send a
draft reply for
Sir Anthony Gardner.

They've addressed him
as a MP and given the
House of Commons as his
address. Wrong! He's
an ex MP. His real
address is attached.

Can you note before
the letter is typed + despatched

Derek

10 DOWNING STREET

Carroll House
26 ~~Ra~~ Catherine
Place

Westminster
LONDON SW1E 4HF.

dti

the department for Enterprise

BRITISH-SOVIET TRADE CENTRE PROJECT (CARROLL GROUP)

The brief for the Prime Minister's meeting with President Gorbachev earlier this year mentioned this project. It involves the construction of a twin-tower hotel and business complex in the centre of Moscow, above the 1905 Street Metro station, and a residential block in a Moscow suburb some miles from the centre. Replying to a question put by Sir Curtis Keeble, former Ambassador to Moscow and now an adviser to Carroll, at President Gorbachev's meeting with British businessmen at Lancaster House on 6 April, Mr Gorbachev agreed that such a trade centre was "essential".

Carroll Group will lead a consortium of companies, including a contractor (they are currently discussing with Balfour Beatty) and a hotel management company (possibly Trust House Forte, with whom they have been negotiating so far). They signed last month in Moscow an agreement with the Moscow City Association of Hotels (part of Moscow City Soviet) establishing the operating organisation to construct and run the trade centre.

The project has already been supported by Lord Young, during his visit to the Soviet Union in June, and by Lord Trefgarne at last month's UK/USSR Joint Commission. It could become a valuable focus for British-Soviet trade. Carroll hope that the commercial terms and prestige will attract sufficient British companies, and the British-Soviet Chamber of Commerce, whose premises were opened by the Prime Minister in March 1987 but are now inadequate, to relocate there.

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dti

the department for Enterprise

Sir Anthony Garner's request that the Prime Minister should agree to a short meeting with Mr Gerald Carroll was intended to provide an opportunity for Carroll to be reassured that their project has equal political support to that being given to the Canadian and other projects. Mr Carroll is planning to visit Moscow next month, during which he will be hoping to persuade the Soviets to appoint senior relevant personnel onto the board of the joint venture. The direct involvement of such personnel in this way would help overcome the bureaucratic obstacles which the project will inevitably face.

Any expression of support from the Prime Minister would need to be conditional upon the project remaining, and being seen to remain, British. Carroll have recently been tempted to approach American, as well as British, hotel management companies about participation in the project. We have advised the company that it would be inconsistent with the project being treated as a flagship for British-Soviet trade if it were to be run by a non-British organisation.

The Prime Minister should be aware that the project is likely to pose a problem for ECGD who will not be willing to provide cover unless they are able to negotiate an adequate guarantee from the Soviet authorities. The problem arises because, under the reform of Soviet foreign trade, Soviet organisations are now entitled to trade on their own account without a guarantee from the State. It is a problem which will affect all major projects with the Soviet Union, and will need to be negotiated case by case. Last year ECGD successfully negotiated an exceptional Soviet sovereign guarantee in respect of a major polyethylene plant project being negotiated by John Brown plc with the Soviet Chemical Ministry, and we

dti

the department for Enterprise

see no reason why the Soviets should refuse a similar concession for this British trade centre.

November 1989

DEPARTMENT OF TRADE AND INDUSTRY

JW1AEW

dti

the department for Enterprise

E22/11

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Department of Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5623
Our ref PE2AHE
Your ref
Date 22 November 1989

Dear Charles

I am replying to Paul Gray's letter of 10 November enclosing one from Sir Anthony Garner to the Prime Minister. Sir Anthony requested a meeting for Mr Gerald Carroll, Chairman of the Carroll Group, to discuss the proposed British-Soviet Trade Centre project being negotiated by the company.

Carroll's current principal concern is the proposed Canadian Trade Centre, which is likely to be given strong support during Prime Minister Mulroney's visit to Moscow this week. It has recently been announced that the Canadian project is to be built alongside the existing International Trade Centre (which currently houses the offices of the British-Soviet Chamber of Commerce opened by the Prime Minister in March 1987). It is said to comprise a tower block of some 60-80 storeys and is due to open at about the same time as the Carroll Group project. Carroll are worried about the threat it poses to the commercial viability of their own project.

We do not believe that the Prime Minister need see Mr Carroll, unless she wishes to do so. We believe, however, that this project has reached a stage where an indication of the Prime Minister's support could be helpful in the company's discussions with Soviet parties if they are not to lose ground to competing projects. We understand from the company that Mr Carroll was intending to ask the Prime Minister to consider sending a letter of support for the project to President Gorbachev. We agree with the FCO that such intervention would not be appropriate. Instead we propose that our Ambassador should ensure that Mr Gorbachev is made fully aware of the political importance HMG and the Prime Minister herself attach to this project. Sir Rodric might also leave behind an aide memoire detailing the development of the project.

dti

the department for Enterprise

I attach a background note on the project for the Prime Minister's information. If the Prime Minister agrees to such a message being conveyed by Sir Rodric I attach a draft letter to Sir Anthony Garner explaining the action she has asked to be taken.

I am sending a copy of this letter to Bob Pierce (Foreign and Commonwealth Office) and to Gillian Baxendine (Lord President's Office) in reply to her letter of 16 November enclosing a letter from Sir Anthony to the Lord President about the project.

Yours ever,

Neil Thornton.

NEIL THORNTON
Principal Private Secretary

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

John Whittingdale Esq.
Political Office,
10 Downing street,
London SW1.

21st. November 1989.

Dear John

Further to our telephone conversation, I enclose as promised two brochures recently produced in connection with the proposed British/Soviet Trade Centre in Moscow. These are:

1, A brochure giving general details of the proposed development, including copies of some relevant press cuttings, together with information regarding the Carroll Group and some of its current projects in the U.K.

2. A larger brochure incorporating plans and elevations for the development.

I hope that this additional information will be helpful and, as I said in my letter of the 8th. November, I do hope that the Prime Minister will be able to spare time to see Gerald Carroll

I look forward to hearing from you and thank you again for your help.

Kind regards
Yours sincerely
Larry

Sir Anthony Garner.

Sir A. GARNER
17/11

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November 1989

I enclose a copy of a letter to the Prime Minister from Sir Anthony Garner, the former Director of Organisation at Conservative Central Office. I should be grateful if you could provide advice on the points he raises, together with a suitable draft reply for the Prime Minister's signature. It would be helpful to have this by 17 November.

I should be grateful if you could co-ordinate this reply with Bob Pierce (Foreign and Commonwealth Office), to whom I am copying this letter.

PAUL GRAY

Neil Thornton, Esq.,
Department of Trade and Industry

Advice coming on Monday 20/11

CARROLL GROUP OF COMPANIES

Sir Anthony Garner
Director

CARROLL HOUSE
2-6 CATHERINE PLACE
WESTMINSTER
LONDON SW1E 6HF
Telephone 01-828 6842
Facsimile 01-821 0670
Telex 893765 CARGRP

8th November 1989

The Prime Minister
10 Downing Street
LONDON SW1

Dear Prime Minister

Since leaving Central Office I have been working closely with the Carroll Group of Companies. The Chairman of the Group, Gerald Carroll, has great ability and drive and is very much an entrepreneur. Together with a very able Chief Executive, he has built up a family business into one of the largest private Groups in the UK. He is a great admirer of yours and a good supporter of the Party.

The Group currently has a £2 billion commercial development and investment programme underway in various locations throughout the country, including Business Parks, Shopping Centres, Industrial Sites etc. Mr Gorbachov visited the Case building in our Watford Business Park. A copy of a brochure giving details of some current developments is enclosed.

Recently Gerald has been looking for investment opportunities abroad and the Group, as you will know, is planning to undertake the construction of a British-Soviet Trade Centre on a central site in Moscow at a cost in the region of £150 millions. The location is the 1905 Metro Site and the high rise twin tower development will comprise some 250,000 sq ft (gross) of office accommodation and a 400 bedroom luxury hotel with conference and leisure facilities. In addition, living accommodation is planned on a separate site for those employed in the Trade Centre. The Scheme has the financial backing of Midland Montagu and the Moscow Narodny Bank, together with the Group.

This is the Group's first venture into Russia. It is a very substantial project which has received Mr Gorbachov's endorsement. However, as you can imagine, negotiations have not been easy. There was considerable delay in the granting of a suitable site by Mossoviet and it has been difficult to get decisions. However, a Joint Venture Agreement and

/over

Charter was signed between the Carroll Group and the Moscow City Association of Hotels during last month's meeting of the UK/USSR Joint Economic Commission chaired by Lord Trefgarne. A Feasibility Study is now in course of preparation and this will be presented formally in Moscow at the beginning of December.

Plans are therefore going ahead with all possible speed. Gerald's aim throughout has been to ensure that the UK is first in the field with such a development. The Foreign Office and the DTI have been kept fully in the picture and both have been most helpful. Both Geoffrey Howe and Lord Young have included it in their discussions with their Russian counterparts.

However, we heard last week that a protocol has been signed by the USSR Chamber of Commerce and Industry and the Olympia and York Company of Canada for the construction of a Commercial Centre on a central site in Moscow. A copy of a Canadian press report about the project dated 3rd November 1989 is attached.

Gerald is naturally concerned about this competition from Canada and the fact that it seems to have the full support of the Canadian Government and the active backing of their Prime Minister. He wants to keep our lead and we are pushing ahead as quickly as possible both with interesting and selecting a suitable hotel group and with selecting a construction group. We would like to keep it British in both cases and we are currently negotiating with Balfour Beatty and Trust House Forte.

Much progress has been made already, but there are problems, time is not on our side and we are in danger of being out-manoeuvred. We need the continuing support and back-up of the Government if we are to succeed.

Gerald would much appreciate it if you could spare time to see him for a few minutes as soon as possible and before he goes to Moscow for the meeting with the Soviets at the beginning of next month. He really would be grateful for your personal support in this exciting UK venture.

Yours sincerely

Tony Garner

SIR ANTHONY GARNER

015

TEXTIVE * * * 3RD NOV 1989.

USSR: TASS REPORTS O AND Y'S PROJECT BEFORE FORMAL ANNOUNCEMENT.

The Reichmann family's OLYMPIA AND YORK Developments Ltd. is poised to build the tallest property development in Moscow, a $300-million office-hotel-residential complex.
The Soviet news agency Tass disclosed details of the proposed project yesterday. O and Y spokesman Frank Ternan, in Toronto, said only the company is exploring several real estate development projects in the U.S.S.R., including an office-hotel-residential complex in the capital.
A federal government official in Ottawa said Tass disclosed details earlier than planned, a full three weeks before O and Y principal Albert Reichmann and Prime Minister Brian Mulroney were expected to announce it in Moscow.
The two men, along with representatives of about 100 other businesses, are to be in Moscow then for the inaugural meeting of the Canada-U.S.S.R. Business Council, he said.
Reichmann is the first Canadian chairman of the council, set up in the summer to promote business relations between the two countries. He has been one of its driving forces.
Although a handful of other joint-venture property projects between Soviets and Canadians are in the planning stages, federal goverment sources said this one, with the high-profile and highly respected Reichmanns, is a crucial step toward further opening business relations between the two countries.
The project is said to have the full blessing of the federal government.
Ternan said O and Y is in the midst of economic and other preliminary studies related to several real estate development projects
Federal government sources said O and Y companies Gulf Canada Resources Ltd. and Abitibi-Price Inc. are also eyeing Soviet ventures.
Tass said O and Y's Moscow project will be 60 to 80 stories high, towering over its other office buildings. The project would begin early next year and open in late 1992 or 1993, Tass added.
Its foundation will be constructed by Soviet workers and the rest of the work will done by Canadians.
The site is now an exhibition ground on the banks of the Moscow River in central Moscow. The tower will be used for foreign businesses and contain conference facilities, a cinema and satellite communications, Tass said.

SOURCES
FINPO 03/11/89 P3

(Canada)

Mr Gray

Sir Anthony Garner is the former Director of Organisation at Central Office and is therefore well known to the PM.

His letter is self-explanatory: I assume we will need to take advice from the DTI — could you perhaps send it over and ask them to ~~send us~~ provide advice asap?

J

Grey Scale #13

C Y M

A 1 2 3 4 5 6 M 8 9 10 11 12 13 14 15 B 17 18 19