

(Action this day) 1

CONFIDENTIAL



Prime Minister

Ref. AO88/2074

PRIME MINISTER

1 must have
a word with the

Chairman - and be passed to the Chairman
of the Trustees as suggested
in § 5 ?

his r the PCs,
reply to them
maintain it

Thyssen Collection

N.H.W.
6.7

We have received information that the Trustees of the Thyssen Collection will be meeting in a few days time and will consider the UK proposal. But the Chairman of the Trustees has told Mr Robert Alexander that they are likely to conclude that the UK proposal cannot be considered in depth while the discussions with Spain are proceeding.

2. At the same time, notwithstanding recent newspaper reports, the Chairman of the Trustees has said that negotiations with Spain are not making great progress. They are still exclusively about a loan, and even on that there is a good chance that no agreement at all will be reached. But the Chairman thinks that it may take time for the talks to break down.

3. This raises the issue of what the Government's stance should be if the Trustees defer substantive consideration of the UK proposal. In presenting our proposal, Ministers said "HMG would hope that the Trustees would decide in principle before the end of July whether they wished to pursue this proposal". In your recent letter to Baron Thyssen, you repeated that, in view of the importance of the Collection, our proposal would remain available until the end of July.



4. We clearly cannot leave our detailed proposals open indefinitely. In particular, the developers of Canary Wharf and Centenary Square will want to know whether they should reserve the sites offered for the exhibition or make other plans for developing them. Moreover, Ministers have always been clear that they should not allow the Thyssen interests simply to string HMG along, possibly for the purpose of strengthening their own position in negotiations with the Spanish Government. On the other hand, we should not take an action now which would rule out acquiring the Collection if it remains a possibility in the longer term.

5. In these circumstances, the best response, if the Trustees defer substantive consideration of HMG's proposal, may be to say that, while we continue to be strongly interested in providing a long term home for the pictures, we cannot keep our present proposal open after the end of July. HMG would be willing to consider the matter afresh if the Baron and the Trustees subsequently indicate that they are ready substantively to entertain a proposal from the United Kingdom.

6. If this is to be our response, there would be advantage in giving an indication to the Chairman of the Trustees, before the meeting, that this is likely to be what we will say, in the hope that the Baron and the Trustees may yet feel that there is sufficient attraction in the details of our present offer for them to not want to pass it up and may conclude that they must decide now between the British proposal and the negotiations with Spain.



7. Would you agree that I should pass a message to the Chairman of the Trustees, either directly or through Mr Alexander, before the Trustees' meeting that if the Trustees decide that they cannot proceed with substantive consideration of our proposal for the time being, our response would probably be on the lines of para 5? Such a message, if it is to influence the Trustees' meeting, will have to be passed to Mr Coleridge on Friday.

8. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.R.B.

ROBIN BUTLER

6 July 1988

Price Waterhouse and Partners



STRICTLY CONFIDENTIAL

c. Mr. Wicks

The Protectors and Trustees of
The Thyssen-Bornemisza Art Collections Trust
c/o Mr. Paul J. Coleridge
Asphalte House
Palace Street
LONDON SW1E 5HS

7 July 1988

NOT SENT

Dear Sirs,

The offer of Her Majesty's Government of a permanent home in Great Britain for the Thyssen-Bornemisza Collection has been formally transmitted to you through Paul Coleridge for your consideration.

I felt it might help if I wrote to explain in some detail the background to this proposal.

Enclosed is a summary of the chronology of events with precise dates.

When I met with Baron Thyssen on 26 February 1988 we had discussions lasting 5½ hours. Baroness Thyssen was present at lunch and we had an opportunity of discussing the matter. Both confirmed that they would welcome a British proposal. During the discussions Baron Thyssen provided me with detail of the other offers and, when we were on our own, gave his views on the existing proposals. He conveyed to me very precisely what he felt would be important if a British offer were to be successful. I informed him that I believed Britain could come up with a firm proposal to meet these precise requirements and, based on this commitment, he assured me that no final decision would be taken until he had received the British proposal. He expressed himself delighted with our discussions and the prospect of a British proposal for the permanent solution of his Collection. A permanent solution clearly would also deal with any problems that could arise in the family at his death.

At the meeting with the Prime Minister, at which I was present, no reference was made to any discussions with Spain, and it was conveyed to the Baron that it was the clear intention that a formal proposal would be put to him shortly. A number of possible sites were reviewed.

In detailed discussions I had with Baron Thyssen on 8 May 1988, he was clearly in some doubt as to whether Britain would really be putting forward a firm proposal. I assured him that I felt the British proposal would be made within two weeks. Based on this

assurance, he reconfirmed his position and wrote to me that he would welcome the British offer, but stating that the ultimate decision for either a permanent or short-term solution would lie with the Trustees.

The British offer was formally made to Baron Thyssen on 21 May 1988 by Sir Robin Butler. On 22 May I returned to Villa Favorita and had a meeting with Baron Thyssen. It was apparent that he had given the British offer exhaustive and critical study and was perfectly in command of the smallest details. He expressed himself delighted with the offer. It went beyond his expectations and he had not thought we would come up with a firm proposal in such a short time meeting in detail the requirements he had conveyed to me in February. He suggested a few changes in detail, all of which would be negotiable without difficulty, and specifically asked that a copy of the proposal should be sent direct to his son, Heini.

He raised the problem of the Spanish letter of intent and how it might be possible to resolve this issue.

There is no room for doubt that the Baron at that time clearly favoured the British solution, but of course this was before he had an opportunity of discussing it with his wife.

It is significant that, in his reply to the Prime Minister, and on other occasions, the only obstacle alleged by him to its acceptance was the existence of the letter of intent which, under considerable pressure, he was induced to sign in Madrid before seeing the completed British offer.

The enclosed chronology of the principal events leading up to the British offer, make clear the extent of the Baron's commitment to HMG both before and after signing the letter of intent in Madrid. My view is that had the Baron not conveyed in the clearest terms that he personally saw Britain as the ideal permanent solution, Britain would not have taken the wholly unusual course which involved a decision by the Cabinet, a handwritten letter by the Prime Minister, an interview with the Prime Minister and a visit by the Permanent Secretary to Lugano.

Baron Thyssen informed me that he had made it clear to Spain that any ultimate decision, either for the short or the long-term future of his Collection, would lie with the Trustees. I assume that he has always been aware of the provision of British and therefore Bermudan law, which is that the Trustees of a Trust have a duty and responsibility to beneficiaries which must be discharged, even if this might appear dishonourable to third parties.

I am of course available if there are any questions or if a further discussion would be helpful.

Yours faithfully,

Claude Hankes-Drielsma