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10 DOWNING STREET

THE PRIME MINISTER

24 June 1980

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Zimbabwe : Internal Situation : May 80.*

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 133/80.

Dear Prime Minister,

You wrote to me on 4 June to introduce the delegation headed by your Minister of Finance which visited London to discuss financial assistance.

I am grateful to you for sending such a high level delegation to explain your problems to us. I am well aware of the many pressing problems which your government is facing, including the financial problems which you mentioned in your letter and which the delegation explained to us. May I say how much I admire the way in which you are tackling your problems and assure you of my very sincere best wishes for your success?

The delegation explained to us the costs which could arise as a result of the "incentive" scheme for public servants. They also gave us an indication of the resources which they thought might be required for your land resettlement programme and they discussed the proposals made by our advisory team on your public service, including the proposal for a "supersession" scheme. I fully appreciate the extent of these and other calls on your foreign exchange resources and I am very concerned that your government should be given all possible help and assistance by aid donors so as to enable you to repair the damages caused by the war and set your country on the path to economic progress. I am sure you will understand that this assistance cannot come from Britain alone. My Government has had to impose stringent cuts on public spending in this country and, has had to make severe reductions in the funds available for overseas aid. As you know, we have, despite these problems, promised Zimbabwe £75 million over the next three years. This is one of our largest commitments in Africa, and it is of course right that it should be so in the circumstances.

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When we last met in May, you emphasised that your primary concern was the problem of military integration and training. Our High Commissioner will have told you that, in response to your request and following the recommendations made by General Fursdon and your Military Advisers, we are more than doubling the size of our military training team and making £3 million available for this programme. This sum is, of course, separate from the £75 million aid figure. The spending of the £75 million is a matter for discussion between us and our Aid Mission has recently been considering this with your officials. I cannot hold out any hope that we could increase the total, but we are and will remain willing to consider making provision within it for a supersession scheme for public servants if that is your wish.

I realise that our inability to increase our aid programme will be a disappointment to you. There are, however, other ways in which we can and will continue to help. I hope you will agree that the discussions on sterling debt last week concluded in a way which was intended to take proper account of your foreign exchange problems, and will release substantial funds which would otherwise have been allocated to debt repayment. It should also help you to secure funds in international markets.

On further reflection, however, and in the light of your letter, I have decided that we could do more to assist you in this direction. Subject to your agreement, therefore, I propose that we should write down the outstanding capital debt to HMG for which you have accepted responsibility from some £55 million to some £33 million (ie the sums due in respect of the two CAPCO loans) and should adjust the repayment schedule accordingly. Finally, I hope that my Government can be of assistance to yours in seeking aid from other international donors. and that you will let us know if there is anything you would like us to do to support your efforts, for example over the organisation of a donor conference.

May I say in conclusion how glad I am that you have felt able to discuss these problems with us. I very much hope that we can

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keep in close touch and that you will let me know quickly of any further problems which arise in the future, where you think we might be able to help.

All good wishes,

Yours sincerely,

Margaret Thatcher

The Honourable Robert Mugabe