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FROM SALISBURY 261625Z JUN 80
TO IMMEDIATE F C O
TELEGRAM NUMBER 1700 OF 26 JUNE.

NY TELNO 1691: ZIMBABWE, DEBT AND AID.

1. I SAW THE PRIME MINISTER THIS AFTERNOON, TO GIVE HIM THE TEXT OF MRS THATCHER'S LETTER. I MADE THE SAME POINTS AS I HAD EARLIER TO THE MINISTER OF FINANCE ABOUT THE CAPCO LOANS. THE PRIME MINISTER THANKED ME WARMLY FOR BRINGING THIS GOOD NEWS. HE SHOWED READY UNDERSTANDING OF THE POINT THAT, IN ADDITION TO THE BENEFIT FROM THE WRITING DOWN OF POUNDS STERLING 22M, THE RESCHEDULING OF THE CAPCO LOANS WOULD BRING USEFUL AND IMMEDIATE BENEFIT TO THE ZIMBABWE TREASURY. I PAID TRIBUTE TO DAVID YOUNG'S HARD WORK OVER THE PAST MONTHS, NOT ONLY IN NEGOTIATING THE AGREEMENT ON THE RESCHEDULING BUT ALSO IN ADVOCATING A BROADER APPROACH TO THE WHOLE PROBLEM: MR MUGABE READILY ASSENTED.

2. MR NKALA TOLD ME THIS MORNING, WHEN WE SIGNED THE AGREEMENT FOR THE FIRST POUNDS STERLING 7M BRITISH AID, THAT THE ADVANCE NEWS OF MRS THATCHER'S MESSAGE ON DEBT HAD BEEN RECEIVED WITH GENERAL ACCLAMATION IN THE CABINET ('EVERYBODY CLAPPED').

ELAM

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FILES
HD/C AF D
HD/ZIMBABWE UNIT
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PS
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PS/MR LUCE
PS/MR MARTEN
PS/LORD TREFGARNE
PS/PUS
SIR D MAITLAND
MR DAY
SIR L ALLINSON.

ADDITIONAL DISTN.
ZIMBABWE ECONOMIC

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