

PRIME MINISTER

GHANA - ECGD

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You will recall that President Limann raised with you last week the subject of ECGD cover and in particular he asked for as much medium term credit as possible to be made available to support the recovery of Ghana's economy. You may therefore like to know that we have reached agreement with the Ghanaians on the extent of ECGD support for them and Cecil Parkinson signed a Memorandum of Understanding with the High Commissioner, Mr Badgie, today.

The amount of medium term credit of £25m to be made available is less than the requested £40m but the Ghanaians now accept that this is a substantial increase on the previous facilities afforded to them, especially as the new credit will be on longer terms and lower interest rates than hitherto. It has also been indicated to them that providing they continue to maintain a prompt payment record on the existing facilities and, more importantly, reach an agreement with the IMF some further facilities could be made available.

The President's visit appears to have been very successful from the trade point of view. He was pleased with the very well attended session at the London Chamber of Commerce, when, with Cecil Parkinson, he was able to make contact with a wide cross-section of businessmen and to make a very effective case for Ghana.

I am copying this minute to Geoffrey Howe and Peter Carrington.

Department of Trade
1 Victoria Street
London, SW1H 0ET

21 May 1981


JB

(Approved by the Secretary of State and signed in his absence.)