



FCS/83/187

CHANCELLOR OF THE EXCHEQUER

Credit for Iraq

1. I have now seen Cecil Parkinson's letter of 29 September and your reply of 30 September. There are, as you say, good arguments for taking a very sceptical view of the case for more credit. On the other hand, there are strong political arguments for doing as Cecil Parkinson has proposed, not least because of the imminence of Ramadhan's visit. Iraq remains a major market for us and the financial difficulties which result from the war are likely to continue to be offset at least to some extent by support from other Arab countries. The balance is not an easy one to strike, but I think that Cecil Parkinson has got it right and I hope that you will be able to agree that the political and commercial arguments should be allowed to prevail.

2. I am copying this minute to the Prime Minister, to other members of E(X) and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
30 September 1983