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FM FCO 081730Z MAR 85  
TO IMMEDIATE UKDEL IMF/IBRD WASHINGTON  
TELEGRAM NUMBER 41 OF 8 MARCH  
FOR N WICKS  
SENSITIVITIES

5. THE UK ORIGINALLY ATTEMPTED TO PREVENT THE BRAU STUDY PROCEEDING DOUBTING WHETHER IT WOULD LEAD TO POLICY RECOMMENDATION HOWEVER WE SUBSEQUENTLY INSTIGATED DISCUSSION ON THE GREATER CONSISTENCY OF COVER POLICY TOWARDS RESCHEDULING COUNTRIES IN BOTH THE G5 AND THE PARIS CLUB. THE BRAU REPORT IS CONSISTENT WITH MUCH OF THE SUBSTANCE OF THAT DISCUSSION AND THE UK WAS GENERALLY CONTENT WITH THE RECOMMENDATIONS BASED ON REPORTS WHICH WERE CIRCULATED TO G5 COUNTRIES ALONE.

6. THE REPORT HAS ALREADY BEEN QUOTED BY THE UK IN ARGUING THAT THE OECD EXPORT CREDIT GROUP (ECG) SHOULD INSTITUTE A REGULAR EXCHANGE OF INFORMATION ON ATTITUDES TO COUNTRIES IN EITHER THE DEBT BUILD-UP OR POST-RESCHEDULING PHASES TO SECURE A MORE CONSISTENT APPROACH. WHILE THIS IS ENTIRELY CONSISTENT WITH BRAU'S APPROACH, ITS IMPLEMENTATION IS CAUSING SOME DIFFICULTIES. THE COMMISSION CONTINUES TO ARGUE THAT THE EC LINE MUST BE CO-ORDINATED AND PRESENTED BY THE COMMISSION ITSELF, THUS HAMPERING THE RAISING OF COUNTRIES OF CONCERN TO THE UK (THIS HAPPENED WITH TURKEY) WHERE OTHERS WOULD PREFER A LOWER PROFILE. THIS IS AN EXTREME EXAMPLE OF THE SENSITIVITIES OF OTHER MEMBER NATIONS INHIBITING THE IMPLEMENTATION OF A NEW SYSTEM. THE FRENCH TOO ARE CONCERNED ABOUT POSSIBLE RESTRICTIONS ON THEIR ABILITY TO DECIDE COVER POLICY INDEPENDENTLY AND THEIR SUSPICIONS ARE FED BY US PRESSURE FOR AGREED RULES IN THIS AREA. THE FIRST ECG DISCUSSION TAKES PLACE ON 11 MARCH.

OVERVIEW

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7. THE BRAU REPORT MAKES NO SPECIFIC PROPOSALS. IT IS MORE A SURVEY OF PRACTICE THAN A SET OF RECOMMENDATIONS. NEVERTHELESS IT DOES, AT LEAST BY IMPLICATION, SUGGEST A WAY TO PROCEED. TO SOME EXTENT ITS INFLUENCE HAS ALREADY BEEN FELT (SEE PREVIOUS PARAGRAPH). SO AN EARLIER DISCUSSION WOULD HAVE BEEN HELPFUL.

8. IT IS UNLIKELY THE BOARD DISCUSSION WILL DISAGREE WITH THE PAPER'S HISTORIC DESCRIPTION. WE EXPECT THE DEBATE WILL CENTRE ON THE DEGREE TO WHICH ITS IMPLIED RECOMMENDATIONS CAN BE IMPLEMENTED.

9. THE UK'S VIEW IS THAT THE REPORT'S APPROACH IS LARGELY UNEXCEPTIONABLE BOTH IN ITS MOVE TOWARDS BETTER CO-ORDINATION AND ITS IMPLIED OPPOSITION TO COMPLETE HARMONISATION AND TO GAPOLOGY.

10. THE KEY ISSUE IS HOW TO ENSURE THAT A GENERALISED ENDORSEMENT OF MORE CO-ORDINATION IS IN FACT IMPLEMENTED DESPITE THE INEVITABLE PRESSURE TO THE CONTRARY ESPECIALLY GIVEN FEARS THAT CO-ORDINATION MAY LEAD TO RIGID HARMONISATION.

11. EXPORT CREDIT ISSUES ARE OF COURSE INTERLINKED WITH DEBT PROBLEMS: BOTH THEIR GENESIS AND THEIR SOLUTION. OVER THE LONG TERM AN ORDERLY RETURN TO LESS CONSTRAINED TRADING PATTERNS SHOULD RESULT FROM PROGRESSIVE ELIMINATION OF DEBT DIFFICULTIES.

LINE TO TAKE

GENERAL

12. ENDORSE THE BROAD THRUST OF THE REPORT.

13. IT IS RIGHT TO SUGGEST:

(I) UNCO-ORDINATED WITHDRAWAL AND RESUMPTION OF COVER CAN BOTH DELAY THE ADJUSTMENT PROCESS AND DESTABILISE THE FINANCIAL SYSTEM

(II) RESUMPTION OF COVER NEEDS TO BE CO-ORDINATED BUT SHOULD NOT DEGENERATE TO A GAP-FILLING PLEDGING ROUND

(III) DEBTORS NEED TO BE EDUCATED IN THE MOST EFFECTIVE WAY OF CONDUCTING THEIR DEBT MANAGEMENT VIS A VIS EXPORT CREDIT AGENCIES (ECAS) AND THE PARIS CLUB

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(INDEED THIS IDEA LAY BEHIND THE ORIGINAL IDEA FOR THE PAPER).

14. DIFFICULTIES ARE MORE PRACTICAL THAN THEORETICAL. EXPORT CREDIT AGENCIES (ECAS) MUST IN PRACTICE RESIST PRESSURES TO GRAB MARKET SHARE? BALANCE MUST BE STRUCK BETWEEN REWARDING THOSE COUNTRIES MAKING ADJUSTMENTS AND A RELAXATION OF NECESSARY DISCIPLINE.

15. FIRST RISK IS THAT ECAS WILL BE SUBJECT TO IRRESISTIBLE PRESSURES DOMESTICALLY TO STAY ON COVER EITHER TO ENSURE THAT COMPETITORS DO NOT TAKE A GREATER SHARE OF THE MARKET OR TO TRY TO TAKE ADVANTAGE OF OTHERS' CAUTION TO IMPROVE COMPETITIVE POSITION. THESE RISKS ARE PARTICULARLY GREAT WHERE THE ECA'S EXPOSURE IS INITIALLY LOW, OR AT LEAST WELL BELOW ITS COUNTRY LIMIT, SO THAT TO STAY ON COVER DOES NOT COMPROMISE ITS OWN DECIDED RISK POSITION. IT IS THEREFORE IMPORTANT THAT GENERALLY EXPRESSED GOOD INTENTIONS BY ECAS ARE CARRIED THROUGH. OBVIOUSLY THERE CAN BE NO WAY OF ENSURING THIS. BUT SERIOUSNESS OF RESOLVE ON THE PART OF ALL IS VITAL.

16. THE SECOND RISK CONCERNS THE OVER-RIGID SYSTEM THAT WOULD RESULT FROM A COMPLETELY HARMONISED INTERNATIONAL EXPORT COVER POLICY. THE STABILISING EFFECT OF A DISAGGREGATED SET OF RISK JUDGEMENTS COULD BE LOST IF COVER DECISIONS BECAME OVER-HARMONISED. SUDDEN SWINGS OF COVER AVAILABILITY COULD INHIBIT RATHER THAN ASSIST THE ABILITY OF THE DEBIOR COUNTRY TO ADJUST. THE KEY IS FOR A MEASURED WITHDRAWAL AND PROVISION OF COVER RATHER THAN DESTABILISING SWINGS.

17. NONE OF THE ABOVE MAKES THE DECISION ABOUT WHETHER TO RESUME COVER ANY EASIER. THE ARGUMENTS AGAINST: MAINTENANCE OF INTERNATIONAL DISCIPLINE, RISK OF DEGENERATION OF CREDIT TERMS, IMPLICATION FOR CREDITORS' BALANCE OF PAYMENTS, RELUCANCE TO PROVIDE DOUBLE RELIEF ETC MUST BE WEIGHED AGAINST THOSE IN FAVOUR: REWARD FOR GENUINE ADJUSTERS, TO WARD OFF DEFAULTS, TO PREVENT OVER-REACTION FROM LENDERS ANXIOUS TO REDUCE EXPOSURE, TO ASSIST INDUSTRIES KEEN TO MAINTAIN MARKET SHARE.

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18. THIS DECISION WILL REMAIN A DIFFICULT ONE WHATEVER ARRANGEMENTS ARE MADE TO IMPROVE CO-ORDINATION. PROVIDED THIS IS RECOGNISED, THE UK IS CONSENT WITH THE APPROACH. SPECIFIC POINTS

19. MOVES TO IMPROVE CO-ORDINATION ALREADY UNDERWAY IN RECENTLY INITIATED REGULAR EXCHANGES OF VIEWS IN OECD GROUP ON EXPORT CREDITS AND CREDIT GUARANTEES (ECG). THIS IS TO BE WELCOMED. (BUT SEE SENSITIVITIES ABOVE.)

20. IMPORTANT TO CO-ORDINATE POLICY TOWARDS UNDESERVING AS WELL AS DESERVING CASES. MORE DIFFICULT BECAUSE OF PRESSURE FROM EXPORTERS TO KEEP IN THE MARKET BUT VITAL NONE THE LESS SINCE THE LEVER OF NEW CREDIT MAY BE ONLY LEVER THE CREDITOR GROUP HAS TO APPLY TO THE WORST CASES.

21. THIS UNDERLINES POINT THAT BETTER CO-ORDINATION, WHILE DESIRABLE, DOES NOT MAKE COVER DECISIONS ANY EASIER. ALWAYS IS A BALANCE OF CONSIDERATIONS. BUT PAPER IS RIGHT TO SUGGEST THAT ACTIONS THAT RESULT FROM THESE CONSIDERATIONS NEED CO-ORDINATING IF THEY ARE TO HAVE BENEFICIAL EFFECTS.

22. IF RESTRICTED COVER IS GIVEN, EVEN MORE VITAL FOR IT TO BE EFFECTIVE IN AIDING PAYMENTS DIFFICULTIES. THEREFORE HELP NEEDED FROM EG IBRD TO IDENTIFY EXPORT EARNING, IMPORT SAVING PROJECTS OF KEY IMPORTANCE.

23. ON QUESTION OF EASIER TERMS, WHILE NEED NOT TO OVERBURDEN DEBTORS IS RECOGNISED SO MUST BE NEED FOR ECAS TO REBUILD RESERVES. IT WOULD BENEFIT NO ONE, DEBTORS INCLUDED, IF ECAS WERE WEAKENED SO FAR THAT COVER WAS INHIBITED EVEN FOR GOOD CASES.

24. WHILE AGREEING WITH REPORT'S ENDORSEMENT OF MAINTENANCE OR RESUMPTION OF SHORT-TERM COVER WHERE APPROPRIATE, WE SHOULD TAKE NOTE BOTH OF THE VOLATILITY OF SHORT TERM COVER AND OF THE RISKS IN INCURRING NEW DEBTS TO BE repaid IN THE SHORT TERM - IE JUST THE PERIOD THAT RESCHEDULING HAS BEEN DEvised TO KEEP CLEAR OF DEBT BURDENS, SO CAREFUL DOSAGE NEEDED.

25. THE ABILITY OF CREDITOR COUNTRIES TO REFINED THEIR RISK ANALYSIS IN THE DEBT BUILDING PHASE DEPENDS IN PART

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ON THE CLARITY OF FUND ASSESSMENTS. THE UK THEREFORE ENDORSES THE REPORT'S INFERENCE (PAGE 22 PENULTIMATE PARA) THAT FUND REPORTS COULD MAKE THEIR UNDERLYING ASSUMPTIONS AND THE KEY PARAMETERS OF THE ANALYSES MORE EXPLICIT.

26. THE FOLLOW-UP TO THIS REPORT WILL DEPEND ON THE OUTCOME OF THE SPRING MEETING DISCUSSION OF THE SUBJECT. SUBJECT TO THAT THE UK WOULD NOT OPPOSE PUBLICATION OF THE REPORT IN ITS PRESENT FORM.

27. BEYOND THAT, THE UK INTENDS TO PLAY ITS PART IN TAKING MATTERS FORWARD: AS IT ALREADY HAS, BOTH IN THE OECD ECG CONTEXT, AND BY INITIATING RELAXATION OF ITS POLICIES ON THE RESUMPTION OF COVER FOR RESCHEDULING COUNTRIES.

BACKGROUND

28. AS BACKGROUND TO THE DEBATE A BRIEF DESCRIPTION OF ECGD'S COVER POLICY, BOTH IN GENERAL AND IN RESPECT OF THE SPECIFIC COUNTRIES MENTIONED IS ATTACHED. BRIEFING ON THE IWO DEBT PAPERS (SM/85/6L AND 62) WILL BE SENT SEPARATELY.

29. THE KEY POINTS OF THE REPORT ARE:-

(I) THE TENDENCY TO REMAIN ON COVER TOO LONG SHOULD BE COUNTER-ACTED BY BETTER RISK ANALYSIS AND COLLABORATION ON SOUNDER LENDING STANDARDS (RESISTING THE CONTRARY POLITICAL PRESSURES)

(II) THERE IS BROAD SUPPORT FOR A MORE CO-ORDINATED CASE-BY-CASE APPROACH TOWARDS THE RESUMPTION OF COVER FOR COUNTRIES TAKING THEIR ADJUSTMENT MEDICINE,

(III) THERE IS SCEPTICISM OF ANY FORMAL PLEDGING PROCESS,

(IV) DEBTORS NEED A BETTER AWARENESS OF THE GROUND RULES IF RESUMPTION OF COVER IS TO BE ENCOURAGED.

30. AS BACKGROUND TO THE RESUMPTION OF COVER QUESTION, YOU SHOULD KNOW THAT, IN DECEMBER THE MINISTER FOR TRADE ANNOUNCED THE UK'S INTENTION TO ALLOW ECGD GREATER FLEXIBILITY SO THAT, IN APPROPRIATE CASES, COVER CAN BE RESTORED AT AN EARLIER STAGE AFTER THE RESCHEDULING OF OFFICIALLY GUARANTEED DEBTS THAN HAS TRADITIONALLY BEEN THE CASE.

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THIS IS TO BE IMPLEMENTED ON A SELECTIVE BASIS AND ONLY APPLICABLE WHERE WE ARE SATISFIED THAT THE DEBTOR COUNTRY IS TAKING APPROPRIATE ACTION. IT DOES NOT REPRESENT A RELAXING OF RISK STANDARDS.

31. SO FAR THIS FLEXIBILITY HAS BEEN APPLIED TO BRAZIL AND MEXICO ONLY (BUT SEE NOTE IN PARA 9 OF SECTION ON COVER POLICY), AND ONLY FOR SMALL AMOUNTS OF BUSINESS.

THERE IS SOME SENSITIVITY SURROUNDING THE LIMITED NATURE OF THE MOVE, BOTH WITH EXPORTERS AND THE DEBTOR COUNTRIES CONCERNED. HOWEVER IT DOES REPRESENT A POSITIVE MOVE IN LINE WITH THE BRAU REPORT PHILOSOPHY.

32. THE PARIS CLUB ALSO HAS HAD INFORMAL DISCUSSION OF PROBLEM COUNTRIES IN ITS FOUR D'HORIZONS BUT THIS IS NOT THE FORUM FOR CONSIDERATION OF POLICY ON CREDITS. PARIS CLUB HAS TRADITIONALLY KEPT RESCHEDULING/NEW CREDITS SEPARATE.

33. THE PAPER REFERS IN A NUMBER OF PLACES TO THE ACTIONS OF 'ONE AGENCY' OR ANOTHER, NO NAMES GIVEN. AS BACKGROUND YOU SHOULD BE AWARE THAT THE FOLLOWING REFERENCES ARE IN FACT TO ECGD:

PAGE 37 - ARGENTINA (PARA 1)

THE REFERENCE TO 'TRANSACTION LIMITS' REFERS TO ECGD'S INTRODUCTION OF A POUNDS STERLING 15 MILLION CONTRACT LIMIT IN 1981. SINCE APRIL 1982 ECGD HAS BEEN OFF COVER.

PAGE 43 - MADAGASCAR (PARA 2)

ECGD WAS THE AGENCY REPORTED TO BE RETAINING COVER ON SHORT TERM TRANSACTIONS ON CILC TERMS.

PAGE 58 - TURKEY (PARA 3)

THE REFERENCE TO ONE AGENCY RESTORING MEDIUM-TERM COVER ON A RISK SHARING BASIS REFERS TO THE DECISION TAKEN BY ECGD IN JULY 1983.

ECGD'S COVER POLICY

1. ECGD'S POLICY MEASURES IN RESPECT OF SOVEREIGN RISK UNDERWRITING ARE APPLIED THROUGH COUNTRY CEILINGS, SECURITY REQUIREMENTS, AND PRICING OF COVER.

RESTRICTIONS

2. EXCEPT FOR A SMALL NUMBER OF MARKETS CONSIDERED UNDOUBTED

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FOR THE WIDE GAMUT OF TRANSFER PAYMENT RISKS, ECGD PLACE COUNTRY LIMITS ON THEIR COMMITMENTS SO AS TO CONTROL EXPOSURE. THESE LIMITS CAN SERVE AS STRICT CEILINGS, ABOVE WHICH NO FURTHER BUSINESS CAN BE TAKEN, UNLESS FOR EXAMPLE, A SUCCESSFUL 'NATIONAL INTEREST' CASE IS MADE, OR AS BENCHMARKS, REVIEWABLE AS PRESSURE BUILDS UP. ADDITIONALLY, CONTRACT LIMITS CAN BE SET, PARTICULARLY WHERE THE COUNTRY LIMIT IS RELATIVELY LOW, THUS AVOIDING ONE OR TWO LARGE CONTRACTS PRE-EMPTING COVER ON THE MARKET.

3. COVER IS GRADUALLY CUT BACK, ON CERTAIN VERY HIGH RISK MARKETS, WHERE EXTENSIVE TRANSFER CLAIMS PAYMENTS ARE BEING MADE OR EXPECTED. THIS RESTRICTION GENERALLY APPLIES TO MEDIUM AND LONG TERM BUSINESS AND OCCASIONALLY WITHIN SPECIFIC SP LIMITS. AS A LAST RESORT ALL COVER IS WITHDRAWN ON A MARKET FOR ANY CLASS OF BUSINESS RESCHEDULED (USUALLY MEDIUM/LONG TERM).

#### SECURITY

4. SECURITY IS TRADITIONALLY SOUGHT THROUGH IRREVOCABLE LETTERS OF CREDIT (ILC), WHERE ECGD IS LOOKING TO THE BUYER'S CENTRAL BANK TO EXERCISE A MEASURE OF CONTROL OVER THEIR FOREIGN CURRENCY ALLOCATIONS. CONFIRMED IRREVOCABLE LETTERS OF CREDIT (CILC) WILL BE REQUIRED WHERE THE RISK OF NON-PAYMENT DUE TO LACK OF FOREIGN EXCHANGE IS CONSIDERED TOO HIGH. THE RISK IS THUS REMOVED TO THE COUNTRY OF THE CONFIRMING BANK.

#### PRICING STRUCTURE

5. FOR MEDIUM AND LONG TERM BUSINESS, COUNTRIES ARE CLASSIFIED INTO FOUR SEPARATE GRADES ACCORDING TO RISK, AND INDIVIDUAL RATES PER CONTRACT DEPEND ON THE LENGTH OF CREDIT AND THE COUNTRY RISK GRADE. NO DISTINCTION IS MADE CURRENTLY BETWEEN PRIVATE AND PUBLIC BUYERS.

6. PREMIUM FOR SHORT TERM BUSINESS IS ESSENTIALLY FLAT RATE, BUT SURCHARGED WHERE COUNTRIES FALL INTO THE LOWER 2 BANDS OF COUNTRY GRADES.

7. ECGD'S PREMIUM STRUCTURE IS UNDER REVIEW AND THE BASIS OF CHARGING MIGHT WELL CHANGE IN THE FUTURE.

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OTHER MEASURES

8. THE CLAIMS WAITING PERIOD CAN BE EXTENDED IN AN ATTEMPT TO OVERCOME PAYING 'TEMPORARILY' DELAYED REMITTANCES DUE TO BOTTLENECKS OCCURRING IN THE TRANSFER OF PAYMENTS TO THE UK. IF HOWEVER, THE DELAYS LENGTHEN CONSIDERABLY, TRANSFER CLAIMS WILL BECOME INEVITABLE AND THIS WILL TRIGGER OFF THE APPLICATION OF RESTRICTIONS AND SECURITY REFERRED TO ABOVE.

COVER FOR RESCHEDULING COUNTRIES

9. THE UK GOVERNMENT HAS REVIEWED POLICY ON EXPORT CREDIT COVER ON RESCHEDULING COUNTRIES AND IT HAS BEEN DECIDED THAT ECGD MIGHT RESUME COVER OUTSIDE THEIR NORMAL ACCOUNTING REQUIREMENTS, IN CERTAIN VERY CAREFULLY SELECTED CASES WHERE COUNTRIES ARE ADOPTING SUCCESSFUL ADJUSTMENT POLICIES, USUALLY IN CONJUNCTION WITH AN IMF PROGRAMME. FIRST CANDIDATES IDENTIFIED FOR EARLY RESUMPTION OF MEDIUM/LONG TERM COVER ARE BRAZIL AND MEXICO (PRIVATE SECTOR - THE PUBLIC SECTOR HAS REMAINED ON COVER). (CONFIDENTIAL: HOWEVER, AS BOTH BRAZIL (IN BREACH OF ITS IMF CRITERIA) AND MEXICO (IN BREACH OF ITS IMF TARGETS) DO NOT HAVE A 1985 PROGRAMME, ECGD WOULD NOT BE PREPARED TO AUTHORISE ANY UPTAKE OF THE DX FACILITY FOR THE TIME BEING. THEY WOULD HOWEVER PROCESS ANY APPLICATIONS WHICH WERE RECEIVED AND ARE SEEKING TO AVOID PUBLICITY FOR THE DELAY IN INTRODUCTION. IVORY COAST HAS ALSO BEEN NOTED AS A POSSIBLE CANDIDATE FOR THE NEW COVER SUBJECT TO SATISFACTORY PERFORMANCE IN RESPECT OF PAYMENTS DUE ON SIGNATURE OF THE BILATERAL RESCHEDULING AGREEMENT.)

10. ECGD WILL ALSO BE PARTICIPATING FULLY IN THE NEW INITIATIVE UNDER THE OECD EXPORT CREDIT GROUP FOR EXCHANGE OF INFORMATION ABOUT CREDIT POLICIES IN RELATION TO CERTAIN COUNTRIES. THIS PROCEDURE IS DESIGNED FOR BETTER CO-

ORDINATION IN RELATION TO REMOVAL/RESUMPTION OF COVER - ONE OF THE MATTERS COVERED IN THE IMF REPORT.

ECGD COVER POLICY ON SELECTED COUNTRIES

1. ARGENTINA



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ECGD HAS BEEN OFF COVER SINCE APRIL 1982.

2. BRAZIL

COVER IS PRESENTLY FOR SHORT TERM BUSINESS ONLY. BRAZIL WAS IDENTIFIED AS A CANDIDATE FOR RESUMPTION OF MEDIUM/LONG TERM CREDIT COVER ON A LIMITED BASIS UNDER THE NEW FACILITY FOR RESCHEDULING COUNTRIES. THIS WOULD HAVE INVOLVED A MAXIMUM NEW EXPOSURE OF 50 MILLION POUNDS BUT IS NOW DEPENDENT UPON BRAZIL SATISFYING CURRENT IMF CRITERIA, OF WHICH IT IS NOW IN BREACH.

3. MADAGASCAR

SHORT TERM COVER ONLY IS AVAILABLE SUBJECT TO AN IRREVOCABLE LETTER OF CREDIT CONFIRMED BY AN ACCEPTABLE BANK OUTSIDE MADAGASCAR.

4. MEXICO

I SHORT TERM COVER IS AVAILABLE WHERE PAYMENT IS SECURED BY AN IRREVOCABLE LETTER OF CREDIT OR AN ACCEPTABLE BANK GUARANTEE. MEDIUM/LONG TERM COVER IS AVAILABLE FOR PUBLIC SECTOR BUYERS ONLY WITHIN A MARKET LIMIT OF 800 MILLION POUNDS.

II ECGD IS PREPARED TO CONSIDER COVER FOR PRIVATE SECTOR BUSINESS ON A CASE BY CASE BASIS, THOUGH SUCH BUSINESS COULD NOT BE CONFIRMED UNTIL THE 1985 IMF PROGRAMME HAS BEEN RESOLVED.

5. NIGERIA

SHORT TERM COVER ONLY IS AVAILABLE FOR EXISTING POLICYHOLDERS TRANSACTING BUSINESS WITH ESTABLISHED BUYERS, SUBJECT TO PAYMENT SECURED BY AN IRREVOCABLE LETTER OF CREDIT OPENED BY AN ACCEPTABLE NIGERIAN BANK. WHERE POSSIBLE COVER IS BEING RESTRICTED TO CASH AGAINST DOCUMENTS TERMS RATHER THAN UP TO 180 DAYS CREDIT.

6. PERU

SHORT TERM COVER ONLY IS AVAILABLE.

7. PHILIPPINES

SHORT TERM COVER ONLY IS AVAILABLE SUBJECT TO THE SECURITY OF AN IRREVOCABLE LETTER OF CREDIT.

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SHORT TERM COVER ONLY IS AVAILABLE SUBJECT TO THE SECURITY OF AN IRREVOCABLE LETTER OF CREDIT CONFIRMED BY AN ACCEPTABLE BANK OUTSIDE ROMANIA.

9. TURKEY

I SHORT TERM COVER IS AVAILABLE SUBJECT TO THE SECURITY OF IRREVOCABLE LETTERS OF CREDIT WITHIN A REVOLVING LIMIT OF 20 MILLION POUNDS. NO MARKET LIMIT IS IMPOSED ON LETTERS OF CREDIT CONFIRMED BY ACCEPTABLE BANKS OUTSIDE TURKEY.

II COVER FOR MEDIUM/LONG TERM CREDIT BUSINESS HAS BEEN AVAILABLE WITHIN MARKET LIMIT SUBJECT NORMALLY TO RISK SHARING WITH THE COMMERCIAL PARTIES (EXPORTER AND BANKER), IE REDUCED INDEMNITY TO AROUND 60 PER CENT ON CERTAIN LARGE VALUE CONTRACTS. THIS COVER IS CURRENTLY FULLY COMMITTED, THE POSSIBILITY OF MAKING FURTHER MEDIUM/LONG TERM COVER AVAILABLE WILL BE CONSIDERED SHORTLY. TOTAL COVER AVAILABLE ON CASH/CREDIT TERMS WAS AROUND 250 MILLION POUNDS.

10. VENEZUELA

SHORT TERM COVER ONLY IS AVAILABLE SUBJECT TO THE SECURITY OF AN IRREVOCABLE LETTER OF CREDIT CONFIRMED BY AN ACCEPTABLE BANK OUTSIDE VENEZUELA.

11. YUGOSLAVIA

SHORT TERM COVER ONLY IS AVAILABLE WITHIN A REVOLVING LIMIT OF 20 MILLION POUNDS SUBJECT TO THE SECURITY OF IRREVOCABLE LETTERS OF CREDIT (ILCS) ISSUED BY YUGOSLAV BANKS.

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