

London SW1A 2AH

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15 September 1981

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Thank you for your letter of 1 September. I only wish that I had heard from you in somewhat happier circumstances and very much hope you will soon begin to feel more settled.

The problems which Zimbabwe's exchange controls are causing many UK residents are all too familiar to us, and it was disappointing to hear of the further restrictions imposed by the Minister of Finance in his latest budget. The basic problem for the Zimbabwe Government is an acute shortage of foreign exchange which, along with most of the present controls, they largely inherited.

We have raised the problems of blocked funds with the Zimbabweans on a number of occasions, and pointed out the hardships which those concerned are suffering as a result. The Zimbabwe authorities have assured us that they intend to relax the controls as soon as they can afford to do so. To be fair to them, they have already made some changes in the regulations to the benefit of British citizens. In his 1980 budget, for example, Mr Nkala removed the discriminatory controls on the remittance of all forms of current income, including the interest on blocked funds to UK companies and individuals, and last January he introduced a scheme for the release of blocked capital up to a maximum of \$3,000. These measures brought welcome relief to many who had small amounts of money tied up in Zimbabwe for many years and had almost given up hope of seeing it again.

You mention our aid programme, in which we sought to be as generous as we could manage, and necessarily so. I think

/you

The Rt Hon Sir Roy Welensky PC KCMG



you hit the nail on the head when you refer to the changed circumstances in Zimbabwe. To give the new nation the best possible start, in the interests of all who live in that country, it was vital that we should follow up the political settlement with an immediate injection of aid which would help repair the damage of the war and put the economy back on its feet.

Despite some problems (such as the shortage of rail transport and fuel supplies) the economy is fundamentally sound and we believe that Zimbabwe has every chance of overcoming its short-term difficulties.

In the meantime we shall continue to take every opportunity to impress upon the Zimbabweans our concern at the personal financial problems many are experiencing as a result of the exchange controls. I very much hope that we shall see some improvement before too long. *L. I. Shaw*

*See you soon*

*J. Pdz*  
(CARRINGTON)