

Restricted.



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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

13 December 1982

Michael Scholar, Esq.,
No.10

Dear Michael,

LOANS FOR ARGENTINA

The final paragraph of Anthony's Loehnis' letter of 19 November to you described a proposed \$1.1 billion bridging loan to Argentina by commercial banks. You should I think be aware, with a view to Questions tomorrow, that the Speaker this morning disallowed a PNQ by Mr. Dalyell to the Chancellor, asking for "a statement on the proposal of British banks to make a loan of over \$1 billion to Argentina". The attached text, which was given to the Speaker before he reached his decision, might be worthy of inclusion in your papers for tomorrow.

Yours ever,

J.O. Kerr

J.O. KERR

Nearly a dozen banks from various Western countries are currently negotiating with Argentina about the terms of a \$1.1 billion bridging loan. The only British bank involved is Lloyds Bank International (LBI). LBI would hope to persuade other UK banks to participate subsequently, and the total UK participation is likely to be about 10 per cent. The loan would be for repayment in March 1984. The negotiations are taking place with the full knowledge and support of the Managing Director of the IMF. The loan would in effect be bridging to an eventual IMF facility. LBI, and any other British banks which may decide to participate, do not need any consent from the Bank of England or the Treasury to do so.

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