



Recd. 12/12/83
HL
1. Mr. Coler - 15
see

2. Confidential
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10 DOWNING STREET

MR. BUTLER

Attached is a short note of the meeting I had with Miguel Schweitzer on Wednesday, 9 February, as you suggested.

A.A.W
11 February 1983

NOTE OF A MEETING WITH MIGUEL SCHWEITZER, MINISTER OF FOREIGN AFFAIRS (DESIGNATE), AND ROLF LUDERS (MINISTER OF FINANCE) AND CARLOS CACERES (GOVERNOR OF THE CENTRAL BANK, CHILE)

During a meeting on Wednesday, 9 February, I made it clear that I was not speaking on behalf of the British Government, but only in a personal capacity. Mr. Luders discussed the basis for the re-financing of Chilean debt. The Government wished to have a 90 day moratorium on the repayment principle of outstanding debt. They were proposing a refinancing package where the Government guaranteed long and medium term debt by the banks as well as the debt already guaranteed by Government. They did not propose to introduce a government guarantee for the debt of private corporations.

Secondly, they wanted to negotiate a roll over of short term credit both trade and non trade, and a new credit of \$900 million.

They were forecasting in 1983 a balance of trade surplus of \$900 million which would give rise to a deficit on the current balance of payments of \$1.6 billion.

A consortium of banks led by Manufacturers Hanover Trust and Midland Bank were to be the negotiating party with which the Chilean Governments would discuss the refinancing during the 90 day standstill. Luders said that they had been fairly favourably received both in Tokyo and so far in New York and London. He had yet to visit Germany to complete his discussions.



ALAN WALTERS
11 February 1983