

SECRET



bc f.w. DA

10 DOWNING STREET

From the Private Secretary

1 July 1983

Brazil

The Prime Minister had a word, at the Reception for Lord Richardson on Tuesday, with a number of people about the financial position of Brazil. The Prime Minister understands that there is likely soon to be pressure from the Americans to renew the bridging BIS loan, or to provide some additional facilities for Brazil; and that there is likely to be firm opposition from the Swiss, the Germans and the Dutch. The Prime Minister would be grateful for a report on the position of Brazil, and our likely stance in the matter. She would, in particular, like information on whether Brazil's compliance or non-compliance with IMF conditionality is likely to be a clear cut matter, and whether there is a risk that the Brazilians will defer the need for domestic decisions to put their economy right by proliferating and extending a series of allegedly short term loans and facilities.

I am sending a copy of this letter to John Kerr (HM Treasury).

M. C. SCHOLAR

John Bartlett, Esq.,
Bank of England.

SECRET