

c.c. Alan Walters

CONFIDENTIAL



10 DOWNING STREET

15 - 7 - 83

From the Private Secretary

Brazil

This is to record some consultation with the Treasury earlier today.

Mr. Littler telephoned to let the Prime Minister know that Mr. de Larosiere and Mr. Leutweiler were recommending, on the basis of what they regarded as a satisfactory change of policy by Brazil, a de facto extension of the BIS short-term facility to Brazil. Their proposal was for no formal extension, but that there would be an understanding between the BIS and Brazil that they would not seek a repayment of the loan, which was due for repayment from today onwards, on the assumption of good behaviour by Brazil, and in any event before 15 September. I consulted the Prime Minister and confirmed to Mr. Littler that she had no objection to our acceding to this proposal: nor to the proposal that the Treasury guarantee to the Bank of England in respect of this facility should be extended to 15 September.

M. C. SCHOLAR

John Kerr, Esq.,
HM Treasury.

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