

cc NO

1) Mr. Turnbull
2) Prime Minister.
A.S.C. 18/11



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

17 November 1983

A J Coles Esq.
No.10 Downing Street
LONDON
SW1

Mr. Turnbull
will you handle pl?
A.S.C. 24/11

Dear John,

ARGENTINA

I understand that there was some discussion at Cabinet today about whether the first tranche of the \$1.5 bn commercial bank loan to Argentina had been drawn down. I can confirm that no drawings have been made.

The loan agreement was signed in August, but the first drawing of \$500m has been repeatedly postponed because of Argentina's failure to meet conditions attached to it. The proposed disbursement date is now 30 November. But since Argentina has introduced new (though non-discriminatory) payments restrictions, contrary to the terms of the Fund programme, and since no further Fund disbursements will be made until the Fund have at least been able to reassess the situation in consultation with the new Argentine Government, it follows that a further postponement must be on the cards. We are investigating the position urgently.

Copies of this letter go to Brian Fall at the FCO, John Bartlett at the Bank, and Richard Hatfield at the Cabinet Office.

J. Kerr
JO KERR
Principal Private Secretary

The point is not
the first tranche of the loan
associated with the 2nd IMF drawing, but the ~~the~~ tranche
I believe of \$300m associated with the first
IMF drawing. That is what I meant by
the first tranche. My recollection is from old
Creston briefings. not