

CONFIDENTIAL

Prime Minister  
Inty Clerk  
18/11



Foreign and Commonwealth Office

London SW1A 2AH

18 November 1983

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Pl. take it with us to

CHOGM.

John [unclear]

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CHOGM: Letter from President Banda

9.11.83 (T179A183)

The enclosed letter from President Banda to the Prime Minister has just been received. As you will see, it concerns the international financial institutions. This is relevant to the discussions at CHOGM on the World Economic Situation and Prospects and the Commonwealth Economic Studies, in particular 'Towards a New Bretton Woods'. The matter may also come up in private discussions with the Prime Minister. (I have written separately about the proposed State Visit of President Banda).

You will wish to be aware of President Banda's letter as part of the briefing for New Delhi. President Moi of Kenya and Lt General Ershad of Bangladesh (and other Commonwealth leaders) have written in similar terms to the Prime Minister about IDA. The briefing for CHOGM covers the appeal made by President Banda. It refers to the Prime Minister's replies which said that the target of \$16 bn was in her view unattainable. But the UK would be ready to support a level of funding for IDA within the limits of what donors could afford. On the IMF, the UK has already taken the legislative action necessary to increase the UK's quota share under the 8th General review.

The Foreign Secretary has not seen the enclosed letter: I am submitting a copy to him in parallel this evening.

*[Handwritten signature]*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

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SUBJECT



STATE HOUSE  
ZOMBA  
MALAWI

9th November, 1983

Rt. Honourable Margaret Thatcher,  
Prime Minister,  
United Kingdom of Great Britain  
and Northern Ireland,  
LONDON.

PRIME MINISTER'S  
PERSONAL MESSAGE

SERIAL No. T1799/83

Dear Prime Minister,

I have been informed by my Minister of Finance and my Governor of the Reserve Bank of Malawi on the outcome of the Annual Meetings of the World Bank Group and the International Monetary Fund which were held in Washington, D.C., in September this year.

2. Among the issues which were discussed and close to the heart of Malawi and the whole of Sub-Saharan Africa, are the contributions of your Government and that of the United States to both the IMF and the International Development Association of the World Bank.

3. I understand that while the prospects for contribution of the United States' Government of US \$8.4 billion to the International Monetary Fund are brighter, there are still a lot of difficulties with regard to the agreement on the total contribution to be made to IDA 7, and the consequent contribution of your Government and the United States', among others.

4. It has been proposed that total contribution to IDA 7 should be at least US\$16 billion. At the Fourth Meeting of Deputies held in Japan in July this year to negotiate the Seventh IDA Replenishment, some of the Deputies indicated that they wanted the figure of US\$16 billion scaled down to US\$9 billion.

5. This matter is of great concern to my country and many others in Sub-Saharan Africa. And, with your permission, I will tell you why.

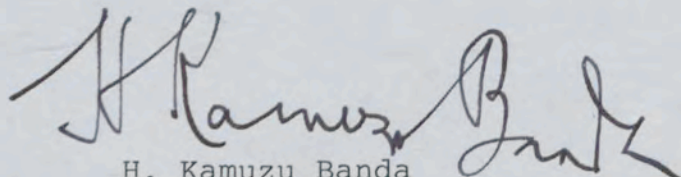


6. The International Development Association has played a very important role in spearheading development in our sub-continent. It has also complemented and co-financed important bilateral aided projects in my country. Finally and simply, the International Development Association has played a noble role in development. It has served a noble purpose. In view of the serious economic situation facing the World, and much more so the least developed countries, I am of the opinion that there is a very persuasive case to maintain the proposed level of replenishment of US\$16 billion for IDA 7.

7. It is with this in mind that I want to make a special appeal to you, Prime Minister, for the total contribution to IDA 7 to be maintained at the minimum level of US\$16 billion. If this level cannot be sustained, the main area of reduction in IDA lending in the next four years is likely to be Sub-Saharan Africa. This reduction in lending is likely to affect more the least developed countries like my own.

8. I would therefore like to appeal to Her Majesty's Government to do what is legitimately needed to help ensure that the IMF continues to be the cornerstone of the international financial system. Similarly, I would also appeal that careful consideration be given to maintain the lending ability of the International Development Association. This can be done by ensuring that the contributions of your Government and others like the United States, France, the Federal Republic of Germany and Canada, do not fall below the required level.

9. Please accept, Prime Minister, my personal wishes for your good health and the continuing prosperity of the British people.



H. Kamuzu Banda  
LIFE PRESIDENT





Foreign and Commonwealth Office

London SW1A 2AH

18 November 1983

Prime Minister.

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Jew Sahn,

CHOGM: President Banda (Malawi)

As you know President Banda accepted in September 1982 an informal invitation to pay a State Visit. We have held up a decision on a firm invitation because of the danger of public controversy should a sentence of death on two political opponents, Mr and Mrs Orton Chirwa, be carried out. The appeal is under way but is proceeding slowly.

In your letter of 12 July about President Banda's proposed State Visit you said that the Prime Minister had noted that it would not be necessary to extend the formal invitation to him until the end of this year at the earliest, and that she would like to consider the matter again in the light of events in Malawi. If the visit does take place, the most likely dates are during the week beginning 5 or 12 June 1984.

The immediate problem is how to play this at CHOGM. If President Banda raises the question, it would seem right for the Prime Minister's response to contain a hint that we are stalling. We would hope that this might encourage President Banda in the right direction. However, we believe that it would be badly counter-productive to make an explicit reference to the Chirwas. We suggest the following line:

"We are looking forward to President Banda's visit. But it will be important to ensure that it is a happy and successful occasion and that nothing should stand in the way of this or mar the visit in any way. We shall therefore be thinking carefully about the best dates for the visit and will get in touch again later."

/It is





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There seems no compelling reason for the Prime Minister to refer to the matter if President Banda does not.

*Yes*

*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

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