



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

30 November 1983

B J P Fall Esq.
Principal Private Secretary
Foreign and Commonwealth Office

Dear Sir,

BRAZIL

Now that the dust has settled on the Brazilian financial package, the Chancellor would like to reply to the message which the Brazilian Finance Minister sent last month - Brasilia telegram No. 385. I enclose a copy of the Chancellor's message, and would be grateful if you could arrange for our Ambassador to deliver it.

The Chancellor hopes that the Ambassador will take this - and every - opportunity to emphasise to the Brazilian Government the constructive and generous attitude which the British Government has adopted throughout the Brazilian operation, and the full extent of UK support. It is clearly desirable that he should counter the critical reports in the Brazilian press which have been so fully reported in the telegrams from Brasilia.

I am copying this letter to Andrew Turnbull at No.10 and Callum McCarthy at the DTI.

Yours ever,

J O Kerr

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Principal Private Secretary

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MESSAGE FROM THE CHANCELLOR OF THE EXCHEQUER
TO BRAZILIAN FINANCE MINISTER GALVEAS

You sent me a message last month, following our discussion in Washington in September, and I have kept your points very much in mind throughout the autumn. I should now like to let you know how much I welcome the successful outcome last week of the negotiations on support for Brazil by Governments, international organisations and the commercial banks.

You referred to prospects for future co-operation between our two countries. We have been happy to play a positive role during the international negotiations. In addition to the overall contribution of \$1.4 billion made by British commercial banks to both last year's and this year's financial package - a contribution which exceeds that of any of our European partners' banks - the Government played a constructive role in the IMF discussions and is, as you know, taking on a very significant share - some \$331 million - of the total burden of the restructuring of officially-guaranteed debt agreed in the Paris Club. All this amounts to a very substantial contribution.

As for continuing support for trade, I was pleased to hear from the representatives of the IMF that the remaining financing gap had been filled. I am happy to reassure you that the UK continues to make available for Brazil cover for short term credits, and will allow further drawings on existing medium term credits for existing contracts.

I appreciate the difficult decisions which the Brazilian Government, and you personally, have had to take in drawing up a satisfactory adjustment programme. I wish you every success in implementing it.

NIGEL LAWSON

H.M. Treasury
London
30 November 1983

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