



10 DOWNING STREET

Prime Minister ⁽¹⁾

I have looked more carefully at the instructions FCO propose to give our Ambassador in Brazil. He would not mention \$20 million, but would indicate that the \$2.5 billion had been found after consultation with Governments including our own.

The aim is to keep in with the Brazilians without committing ourselves to a figure. This is fine so long as it can be pulled off, though it does run risk that Brazilians will later claim they were misled.

New & Belen, agree FCO proposal on strict understanding that Ambassador does not get drawn into figures? The Chancellor is content - see attached letter.

AT 1/12

✓ NO



Treasury Chambers, Parliament Street, SW1P 3AG
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1 December 1983

Andrew Turnbull Esq
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SW1

Dear Andrew,

BRAZIL

The Chancellor has seen the two FCO letters, and yours, of 30 November on Brazil. *— WHAT?*

He is content that our Ambassador in Brasilia should, when delivering the message to the Brazilian Finance Minister, make not only the points mentioned in my letter, but also those suggested by the Foreign Secretary. But this is on the assumption that the Ambassador could, while taking the line proposed by the FCO, still avoid being drawn into speculation about a specific UK commitment to new medium term credit. For the Chancellor strongly endorses the Foreign Secretary's view that the Ambassador must not be so drawn.

I should perhaps report that our representative at a meeting of G5 officials in New York on 29 and 30 November came under no pressure for a UK commitment on medium term credit. Indeed the US representative argued that the maintenance of short term cover could be scored as counting against the \$2.5 billion package. It is perhaps relevant that the bulk of the US Eximbank \$1.25 billion facility is likely to be short term.

Copies of this letter go to Peter Ricketts (FCO), and Callum McCarthy (DTI).

Yours ever,

John Kerr.

J O KERR
Principal Private Secretary

Econ P01: Indebtedness A3