



c. LCO  
FCO  
HMU  
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CDL  
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10 DOWNING STREET

*From the Private Secretary*

30 January 1984

Credit for Libya

The Prime Minister has seen Mr. Channon's minute of 12 January and Mr. Luce's minute of 23 January about the provision of credit for Libya.

Subject to any views which other members of OD may express, the Prime Minister reluctantly agrees that if our trade competitors offer credit to Libya, we should in principle be prepared to match their offers.

I am copying this letter to the Private Secretaries of members of OD and Sir Robert Armstrong.

A. J. COLES

Jonathan Rees, Esq.,  
Department of Trade and Industry.



Foreign and Commonwealth Office

London SW1A 2AH

From The Minister of State

23 January 1984

Richard Luce MP

Prime Minister (2)

*Redundant* - Yes  
*Lean Paul,*

*FCO and DTI reach contingent agreement that credit should be offered to Libya if other countries face our hand.  
Content with this line?*

Thank you for your letter of 12 January to Geoffrey Howe about the provision of credit for Libya. I share your reluctance to see a cash market turning to credit but clearly, if our trade competitors make such a move, we must be able to match them if we are to build on our already substantial exports to Libya.

*Done  
27/1*

You ask whether the Americans will react badly to the extension of UK credit to Libya. Given their view of Gadhafi, which we do not fully share, they are bound to be critical. As you know we already have plans afoot to tackle with the Americans some of the problems we are having with them over trade with Libya. An extension of credit would no doubt have to feature in any such discussions. But meanwhile I do not consider that we should put ourselves at a competitive disadvantage by delaying action on this particular issue pending agreement with the Americans on the broader question.

*mm*  
*Rick*

The Rt Hon Paul Channon MP  
Minister for Trade  
Department of Trade and Industry  
1-19 Victoria Street  
LONDON SW1H 0ET

cc: Members of OD



Econ Pol: Indebtedness R3.



27 JAN 1964