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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

LONDON ECONOMIC SUMMIT: DEBT ISSUES

Thank you for your minute of 27 January.

① BF |

The Prime Minister could receive the Ecuadorian Foreign Minister during his visit to London. The most convenient time would be from 1600 to 1630 on Monday, 20 February. I should be grateful if you could establish whether this time would be convenient.

I am copying this minute to Roger Bone (Foreign and Commonwealth Office).

A. J. COLES

30 January 1984

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Agree to receive Ecuador Foreign
Minister on Economic Summit business?

Ref. A084/314

MR COLV~~S~~

A.J.C. 30/1

Yes not

London Economic Summit: Debt Issues

A Latin American Economic Conference was held in Quito from 9 to 14 January. The President of Ecuador is nominating special representatives to visit the seven Economic Summit countries to communicate its results. Our Ambassador has been asked whether the Prime Minister could receive the Ecuadorian Foreign Minister, Senor Luis Valencia, between 18 and 27 February.

2. The Federal Chancellor and Signor Craxi have (we understand) already agreed to receive Senor Valencia. We do not know how other Summit partners will respond to President Hurtado's initiative, although we understand that President Reagan has been recommended to see the emissary going to North America. As host the United Kingdom has a special responsibility for preparing the substantive issues to be discussed, and I think it would be appropriate for the Prime Minister to see him at either the beginning or end of his tour. The Foreign and Commonwealth Office concur in this advice. We do not want to encourage a continuous stream of visitors. But the emissary chosen demonstrates the importance attached to this issue in Latin America. To reject the President's initiative would, I think, send the wrong signal to Latin America about our attitude.

3. The Quito conference made no call for joint debt renegotiations, some of the larger debtors having made clear beforehand that they would not tolerate it. But the conference reiterated the calls being made in Latin America for a list of criteria to govern debt renegotiation, including, for example, a limitation of debt service ratios to a percentage compatible with adequate internal productive activity. Although we would not accept this, the outcome represents a defeat for the hardliners in Latin America on debt; and I think we need now to give further encouragements to the moderates. We can achieve this by continuing to put across our own views on the relationship of



external debt to wider economic issues. A call by the Ecuadorean Foreign Minister on the Prime Minister would enable her to put that message across at the highest level.

4. If the Prime Minister agrees in principle to see Senor Valencia, we should frame her acceptance in terms of receiving the emissary in her capacity of host to this year's Economic Summit. We should suggest that the emissary visit the United Kingdom at the beginning or end of his tour. No doubt you would give me an indication of possible dates and times.

RP

Approved by
ROBERT ARMSTRONG
and signed in his absence.

27 January 1984