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Foreign and Commonwealth Office

London SW1A 2AH

13 February 1984

Dear Andrew,

Argentina: Commercial Bank Lending

Sir Geoffrey Howe has seen John Kerr's letter of 9 February to you.

He agrees with the Chancellor that the pressure is off for the moment to decide whether we should raise the stakes with the British banks. Nevertheless, he notes from the Chancellor's earlier minute that the US and other banks may return to the charge. Sir Geoffrey Howe thinks it is important that we should have as much advance warning as possible of this. If the British government has to take up a position, he would like to be consulted at an early stage on the foreign policy aspects. We have told our friends and allies of our initiative to normalise relations with Argentina, and we do not want to give them the impression that we might be pursuing divided policies. Nor do we want to give the Argentinians any excuse at all for not responding to our approach in a reasonable fashion.

I am copying this letter to John Kerr (HM Treasury), John Bartlett (Bank of England) and Richard Hatfield (Cabinet Office).

Yours ever,

P F Ricketts

(P F Ricketts)
Private Secretary

A Turnbull Esq
10 Downing Street

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