



Prime Minister ②

To note

AT 613

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

5 March 1984

A Turnbull Esq
10 Downing Street
LONDON
SW1

Dear Andrew,

INTERNATIONAL DEBT PROBLEMS: ARGENTINA AND YUGOSLAVIA

In my letter of 24 February, I undertook to keep you informed of any major developments on the commercial bank loan for Argentina.

We understand that the UK banks are still not isolated in insisting on tight linkage of further disbursements to agreement with the Fund. No new decisions seem imminent, though the banks' Working Committee will review the situation on 7 March. More worrying, however, is the increasing evidence that the Argentine administration are not getting to grips with their economic problems, and therefore that an early agreement with the Fund is unlikely. We are reviewing our contingency planning and shall monitor developments closely.

All the more reason for UK banks to take a firm line.

Incidentally you may also like to know that the IMF have successfully concluded negotiations with Yugoslavia on a programme for 1984.

I am copying this letter to Brian Fall at the FCO, Callum McCarthy at DTI, and John Bartlett at the Bank.

John Kerr

John Kerr

J O KERR
Principal Private Secretary

Econ Pol: Indenturedness. News New. File (pt. 4)

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