



PERSONAL

Foreign and Commonwealth Office

London SW1A 2AH

4 June 1984

A J Coles Esq
No 10 Downing Street

ADC. $\frac{4}{6}$

p.a.

Dear John,

1. You may remember that at the Prime Minister's meeting on 31 May she said that she believed that Mexico would move into deficit in 1984. I then remarked that Mexico would still have a surplus on trade account.

2. In case the subject comes up again you might like to know that the IMF projections based on an IMF paper of 13 January are that Mexico will have a deficit of US \$ 1 billion on current account but a surplus of US \$9.9 billion on trade account. I add that Mexico had a somewhat artificial current account surplus of US \$4 billion in 1983 due to drastic cuts in imports, and that the deficit of US \$1 billion forecast in 1984 is a product of the increased payments necessary due to higher US interest rates. Indeed I should not be surprised if, following the further increase of US interest rates, the deficit is not bigger.

Tommaso

[Signature]

Crispin Tickell