

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

Flag A (i) Argentina

The Chancellor is seeking your agreement that the UK Government should take part in the Paris Club negotiations on the rescheduling of official debt. HMG is providing no new money though British banks are participating in both the provision of new money and the rescheduling of existing lending.

Flag B (ii) Johnson Matthey Bankers

The Chancellor will be making an oral statement on Monday announcing the reviews. You could ask him for an assessment of the lessons on banking supervision to be learnt from this episode. You could also ask whether the Treasury is monitoring closely the Bank's exposure to JMB. Although the Bank argue that little of the indemnity will be called upon, and that if it is it will come from their own resources, it is a fiction to suppose that this ^{would have} ~~has~~ no impact on public finances. If the Bank's profits were substantially reduced by a loss from JMB it would inevitably affect the dividend to be paid to HMG.

(iii) Your Visit to the United States

You could compare notes on your respective discussions with Mr. Volcker.

FLAG C (iv) Court Appointments

The Chancellor may bring forward suggestions on the appointments to the Bank of England Court. You should be aware of the story in today's FT about the Deputy Governor.

(v) IMF Mission

You can ask the Chancellor for an account of the IMF's findings.

AT

ANDREW TURNBULL

13 December 1984

Ch Ex Bilat

1.3

COLOMBIA