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10 DOWNING STREET

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 91A/86

THE PRIME MINISTER

19 May 1986

Dear Mr. President.

Thank you for your letter of 24 April about the Tokyo Economic Summit. I am sending you with this letter a copy of the Tokyo Economic Declaration.

We agreed in Tokyo that recent developments including the decline in rate of inflation, the substantial lowering of interest rates and the recent decline in oil prices offer brighter prospects for the world economy as a whole. But we also recognised that countries such as Bangladesh will continue to face severe difficulties in the pursuit and implementation of effective growth-oriented adjustment efforts. That is why we reaffirmed our willingness to maintain and, where appropriate, expand official development assistance.

All present at Tokyo also agreed on the importance of an early and substantial eighth replenishment of IDA. We in Britain hope that this can be agreed at a level of \$12bn. While the situation in many Sub-Saharan African countries merits priority attention for the IDA's concessional funds, we have made it clear throughout the negotiations over the eighth replenishment that the needs of other countries, including Bangladesh, must not be neglected, and that they should receive a fair share of IDA resources.

We fully recognise the importance of the objectives of the Special New Programme of Action and your concern over their implementation. I would like to take this opportunity to reaffirm that Britain remains committed to the Special New

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Programme of Action percentage target but cannot be committed to a timetable for its achievement. Progress towards these targets must depend on the claims of other poor countries and of our own economic circumstances. I should add that nearly all of our aid is given in the form of grants and we have recently extended the GNP threshold for this to the level of \$790 per annum.

You will know that negotiations were completed last month for the fourth replenishment of the Asian Development Fund at the level of \$3.6bn. This was a good result given the competing claims, bilateral as well as multilateral, on the contributors' aid resources, which should enable the Asian Development Bank to continue its concessional lending during the next four years at an adequate level.

Yours sincerely
Rajamahalakshmi

His Excellency Lt. Gen Hussain Mohammad Ershad.