

F.E.R.
PRIME MINISTER

1. Mr. Scholar - to see
2. Pl. file
Mexico

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The Governor telephoned me to say that he had received the following message from the Mexican Finance Minister:

"I refer to our recent conversations during the annual meetings held in Toronto, Canada. I am pleased to advise you that conversations between Mexico and the IMF will continue and it is expected that agreement will be concluded shortly." (Signed) Herzog."

The Governor interprets this message as referring to what he told Herzog about the importance which he attached to negotiations with the IMF continuing towards an early conclusion, as a condition for releasing of the tranches of the BIS/FED loans. So what Herzog is saying is that the conditions for further releases of those loans are satisfied, and one cannot read too much into the message as regards the prospects of reaching a very early settlement with the IMF. But the message is nonetheless helpful, when it is borne in mind that Herzog must have reported to his Government in the knowledge of the sort of conditions which the IMF will require and must have been authorised nevertheless to send this message.

F.E.R.B.

11 September 1982