

Subject

de Martor  
Ops

for Mr J,



10 DOWNING STREET

c. FCO.  
HM Treasury  
Bank of England

THE PRIME MINISTER

21 October 1982

**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.197/82**

Dear Mr President,

Thank you for your letter of 23 September, addressed to the Heads of State and Government who attended the Cancun Summit meeting last year.

I well understand your concern at the serious problems which have beset the world economy during the last twelve months. Your country has been faced with exceptional difficulties since we met in Cancun.

Although the problems your country faces are grave, I have every confidence that they will be overcome. Mexico has great economic potential, thanks to its natural resources and the abundant energy and skills of your people. It is this productive potential which has ensured extensive access to the international financial markets. Mexico has taken measures which should help in the short-term to restore balance to the economy. Adjustment can be painful, but there is, I am sure, no alternative for any country to carrying through policies which will strengthen the economy in the longer term.

/Clearly,



Clearly, agreement on an IMF programme is the key step forward, which will enable the international community to contribute in the most effective way to a more durable solution. I realise that such an agreement will mean many difficult decisions, and require understanding on all sides. I very much hope that your negotiations with the IMF will soon be crowned with success. Britain is willing to play its part in providing the IMF with the resources it needs to deal effectively with the problems of member states, in particular through a substantial increase in quotas. This, as you know, is now under discussion.

Britain has joined in the efforts by the international community to produce an immediate response to Mexico's needs. In August my country supported the BIS loan, to the extent of US\$140 million. We have encouraged British and other banks to maintain their existing relationship with Mexico as a means of providing additional support. I have been greatly encouraged by the growth in the economic relationship between our two countries over recent years. Mexico is a valued and important economic partner for Britain, as well as a friend of long standing. I am sure that this excellent relationship will be maintained in the years ahead.

Yours sincerely  
Rajant Dehla

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His Excellency Licenciado Jose Lopez Portillo.