



OVERSEAS DEVELOPMENT ADMINISTRATION
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CAP
11/7

From the Minister

11 July 1989

Charles Powell Esq
Private Secretary
10 Downing Street
LONDON SW1

Dear Charles,

We learned last night that the Canadians are considering raising at the Summit special treatment for the lower-middle income countries, although they may decide to take it in slower time. Many of these countries have large official debts but do not stand to benefit from either Toronto Terms for the poorest countries or the Brady proposals. The Canadians have in mind in particular Jamaica. We understand that they may be thinking in terms of bilateral aid debt forgiveness. Mr Mulroney may raise this with the Prime Minister at their meeting later today.

This would not be a major problem for the UK, as we have little aid debt outstanding to these countries, but it would cause difficulties for others. However, it blurs the distinction we have been seeking to maintain between the very poorest and indebted countries (mainly in sub-Saharan Africa) which we have recognised cannot meet their obligations in full and others which, with generous Paris Club rescheduling, we do expect to pay up. There would be very substantial cost implications should there develop pressure to concede concessional terms in Paris Club rescheduling for these countries.

I am copying this to Alex Allan in HMT.

Yours sincerely,
Mike A. Wickstead

(M A Wickstead)
Private Secretary



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