



Foreign and Commonwealth Office

London SW1A 2AH

4 July, 1984

for Chester

Visit of Senior Guinean Ministers

In the course of a preparatory meeting yesterday for the visit by Guinean Ministers, the Guinean Ambassador intimated that his Prime Minister will wish to raise during his call on Mrs Thatcher at 4.30 pm today the question of a £4.8m ECGD owed by Guinea.

Mr Rifkind will discuss the debt problem with Prime Minister Traore in a working session at 3.30 pm today and Mr Channon will also raise it during his talks on Friday. However it is possible that Prime Minister Traore will still try to pursue the matter with the Prime Minister and I therefore enclose defensive briefing.

[Handwritten signature]

(R B Bone)
Private Secretary

C D Powell Esq
10 Downing Street



CALL ON THE PRIME MINISTER BY THE PRIME MINISTER OF GUINEA
AT 4.30 ON 4 JULY

ECGD DEBT

POINTS TO MAKE (if raised)

EITHER (if asked to waive the debt)

1. I regret that to cancel the debt would set an unwelcome precedent which would be seized upon by countries which owe us far greater sums of money;

OR (if undertakes to repay if rescheduled)

2. Understand you have discussed the problem of the debt with Mr Rifkind. You will be aware that we shall do all we can to assist you. We should now leave it to officials to work out how best to resolve the problem.



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ECGD DEBT

ESSENTIAL FACTS

1. The single biggest hurdle to improved commercial relations with Guinea is a debt of £4.8m owed to ECGD since 1976. Until this is repaid or rescheduled ECGD cannot even begin to consider any extension of the short-term cover which they provide for Guinea at present.
2. Should Prime Minister Traoré raise this matter he is likely to suggest either that, while Guinea will honour its obligations, he and the Prime Minister discuss methods of repayment in slow time, or that the debt be cancelled as a gesture of goodwill. ECGD cannot consider waiving the debt since this would set a precedent which would be difficult to defend if other debtor nations requested like treatment. Discussions as to how to resolve the debt will be long and complex and would be best left at this stage to ECGD and the Guineans at official level.