

SUBJECT

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 44 OA/83

President of Sri Lanka

4th April, 1983

My dear Prime Minister,

The 19th Meeting of the Sri Lanka Aid Group convenes in Paris on the 17th June 1983. This meeting is held every year under the auspices of the World Bank. At this meeting the donor countries and representatives of my Government participate in a frank exchange of views on Sri Lanka's economic situation and its external needs.

May I once again take this opportunity to thank you and your Government for the close interest you have always shown in our development efforts and the most generous assistance you have rendered in support of them in the past.

This letter is to keep you personally informed of the impact of the external economic environment on our development strategy and our priorities for 1983. I trust this will help you to formulate your own development assistance programme to Sri Lanka in the light of our changing needs.

Sri Lanka, like many other non-oil developing countries, continues to be affected by the extremely adverse international economic situation. The demand for our exports has been falling and their prices have been low. We have had to pay high prices for our imports.

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister of the United Kingdom
of Great Britain & Northern Ireland,
London.

Our terms of trade have deteriorated by over 30 per cent during the last 5 years. It is indeed remarkable that, despite this unfavourable situation, Sri Lanka has been able to maintain a growth rate in real terms of over 6 per cent during the last 5 years. We have also been able to reduce inflation from 35 per cent to 5 per cent in two years while giving considerable employment at the same time. Our economic successes have been due in no small measure to the generous support we have received from donor countries.

Our investment programme for 1983 and 1984 however shows a peaking of expenditure for these two years. This has placed a great strain on our domestic and external resources. To prevent overheating the economy, the Government has decided that no new projects will be commenced in 1983 and 1984. We are, however, at the same time anxious to ensure that the momentum of our development effort does not slacken. As we have amply demonstrated in the past, we are prepared to make adjustments as are necessary and we have done so in our Budget for 1983. There are limits to which we could impose hardships on our people, the majority of whom are at the barest minimum standard of living. We are also determined to maintain our liberal trade and payments system.

I would therefore once again appeal to donor countries who have steadfastly stood by us in the past, to assist us in overcoming our present difficulties. In particular, I would urge increasing support for on-going projects which have now become underfinanced due to cost escalations mainly on account of factors completely beyond our control. Sri Lanka also requires increased quantities of quick disbursing commodity and food aid. We would be particularly grateful for any untied assistance that can be provided.

With my warm personal regards.

Yours sincerely,


J.R. Jayewardene



B/K Sri Lanka
Jep

10 DOWNING STREET

From the Private Secretary

11 April 1983

SRI LANKA AID GROUP

I enclose a copy of a letter which the Prime Minister has received from the President of Sri Lanka appealing to donor countries which have helped Sri Lanka in the past to assist it in overcoming its present difficulties. I should be grateful if you would let me have a draft reply for signature by the Prime Minister as soon as possible.

I am copying this letter to John Kerr (HM Treasury).

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

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Just

10 DOWNING STREET

From the Private Secretary

11 April 1983

Thank you for your letter of 11 April enclosing a letter from the President of the Democratic Socialist Republic of Sri Lanka to the Prime Minister. I shall place this before the Prime Minister shortly.

A. J. COLES

His Excellency Mr. A.T. Moorthy

From the High Commissioner



*High Commission of the Democratic
Socialist Republic of Sri Lanka
13, Hyde Park Gardens,
London W2 2LU*

11 April 1983

My dear John

I enclose herewith a letter addressed to
The Rt. Hon'ble Margaret Thatcher, M.P., Prime Minister
by H.E. J.R. Jayewardene, President of the Democratic
Socialist Republic of Sri Lanka.

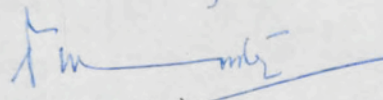
The letter relates to the forthcoming 19th Meeting
of the Sri Lanka Aid Group, which will be held in Paris
on the 17th of June, 1983.

I should be grateful if you would kindly submit
the letter to the Prime Minister as early as possible.

I would also be thankful to have your confirmation,
in due course, when this has been done.

all good wishes

Yours sincerely


(A.T. Moorthy)

John Coles Esqr.,
Private Secretary to the Prime Minister,
10 Downing Street,
London SW1