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10 DOWNING STREET

From the Private Secretary

4 July 1983

ARGENTINA : LOANS

The Prime Minister discussed briefly with the Chancellor on Saturday telegram number 572 from Buenos Aires of 27 June, where it is said that the rejection by the Argentinians of the RTZ and Shell requests to allow dividends to be remitted to the United Kingdom confirms the fears that Law 22.820 was little more than window-dressing for the benefit of foreign creditor banks, and that even BOSLA may lose its present privileges after the medium-term loan is secured.

The Prime Minister and the Chancellor agreed that, if these restrictions remained in place we would need, if it came to this, to vote against any further disbursement of the IMF loan; and that, in the same situation, we would need to ask our banks to withdraw from the medium-term commercial loan.

I am sending copies of this letter to Brian Fall (FCO) and John Bartlett (Bank of England).

M. C. SCHOLAR

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H.M. Treasury.

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