



Prime Minister (2)
To note

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cc Press
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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

11 April 1984

Andrew Turnbull Esq
10 Downing Street

Dear Andrew,

ARGENTINA: BANK LENDING

In his letter of 5 April about the international financial scene, David Peretz said that there was a further deadline on the Argentine bridging loan to be met on 16 April, when the banks' original bridging loan fell due for replacement. He told you that we were in touch with the Bank of England about how this might be handled.

The Bank now report that the Working Committee is likely to propose a further roll-over of the bridge loan. No new conditions are likely to be attached to the roll-over, which is seen by the banks as unavoidable and now almost routine. The British clearers have told Huntrods, of Lloyds Bank International, that he can follow the majority of the other members of the Working Committee banks on this issue and agree to a 2 month roll-over to 16 June, or a slightly longer extension to 30 June. They do not see the date as vital to UK banks' interests, and given the co-operation of other Working Committee banks on issues more central to UK interests, feel that LBI should be accommodating. This is not a matter on which UK banks have a blocking vote, and if they decide on their own commercial judgement to fall in with the majority view, we shall say that it was a decision for them, without giving further comment.

There are press reports today that Argentina has now signed a Letter of Intent to the IMF. We have, as yet, no confirmation of this. We expect to hear more on the Chancellor's return at the weekend from the Interim Committee.

I am sending copies of this letter to Len Appleyard (FCO), Callum McCarthy (DTI) and John Bartlett (Bank of England).

Yours sincerely,

Margaret O'Mara

MISS M O'MARA

Dear Val

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