

GRS 205
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FM PARIS 141900Z JAN 82

TO PRIORITY FCO

TELEGRAM NUMBER 56 OF 14 JANUARY

INFO PRIORITY UKREP BRUSSELS, UKDEL NATO, WARSAW, WASHINGTON,

INFO ROUTINE BONN, ROME, MOSCOW.

INFO SAVING BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG,
ATHENS.

FROM CAREY

MIPT : POLISH DEBT RESCHEDULING

FOLLOWING IS TEXT OF CHAIRMAN'S LETTER TO THE POLISH GOVERNMENT.

QUOTE

THE GROUP OF SIXTEEN CREDITOR COUNTRIES OF POLAND MET ON
JANUARY 14, 1982 IN PARIS TO DISCUSS THE RESCHEDULING OF POLAND'S
OFFICIAL OR OFFICIALLY GUARANTEED DEBT.

THE GROUP AGREED THAT EVENTS HAD TAKEN PLACE IN POLAND
INDICATING EXCEPTIONAL CIRCUMSTANCES ALONG THE LINE OF WHAT
HAD BEEN ENVISAGED UNDER IV - 3 CLAUSE OF THE APRIL 27, 1981
AGREED MINUTE. HOWEVER THE GROUP CONSIDERED THAT THE CLAUSE
AS SUCH SHOULD NOT BE INVOKED AT THIS TIME.

AS FAR AS NEGOTIATIONS ON THE 1982 RESCHEDULING ARE
CONCERNED, A BROAD CONSENSUS AMONG CREDITOR COUNTRIES IS
NECESSARY TO CONTINUE THESE NEGOTIATIONS. SINCE THERE
IS NO SUCH CONSENSUS TODAY, IT WAS CONSIDERED THAT THESE
NEGOTIATIONS SHOULD NOT BE RESUMED FOR THE TIME BEING.

HOWEVER I WILL, AS CHAIRMAN OF THE GROUP OF CREDITOR
COUNTRIES, KEEP IN COMMUNICATION WITH YOURSELF AND MY COLLEAGUES
TO APPRECIATE WHETHER DEVELOPMENTS ARE SUCH THAT NEGOTIATIONS CAN
BE RESUMED. IN THE MEANTIME, ALL CREDITOR COUNTRIES INDEED
EXPECT POLAND TO LIVE UP TO HER INTERNATIONAL FINANCIAL
OBLIGATIONS.

UNQUOTE.

FCO PLEASE PASS SAVING ALL.

HIBBERT

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THIS TELEGRAM
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FM PARIS 141850Z JAN 82

TO PRIORITY FCO

TELEGRAM NUMBER 55 OF 14 JANUARY

INFO PRIORITY UKREP BRUSSELS, UKDEL NATO, WARSAW, WASHINGTON.

INFO ROUTINE ROME, MOSCOW, BONN.

INFO SAVING BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ATHENS.

FROM CAREY

PARIS TELNO 36: POLISH DEBT RESCHEDULING

THE MEETING OF CREDITOR COUNTRIES WITHOUT THE POLES TOOK PLACE TODAY. IT WAS AGREED THAT THE FRENCH CHAIRMAN (CAMDESSUS) WOULD HAND OVER A LETTER TO THE POLISH EMBASSY IN PARIS ON 15 JANUARY. TEXT OF LETTER IN MIFT.

2. THE FORMULATION IN PARAGRAPH THREE WAS THE OUTCOME OF A COMPROMISE BETWEEN DELEGATIONS ADVOCATING A MORE FIRM STATEMENT (UNITED KINGDOM, WEST GERMANY, USA AND NETHERLANDS) AND A MINORITY OF NEUTRAL COUNTRIES (SWEDEN, SWITZERLAND AND FINLAND) WHO APPARENTLY WANTED TO LEAVE THE DOOR OPEN FOR EARLY RESUMPTION.

3. IT WAS AGREED THAT NO DATE SHOULD BE FIXED FOR A RESUMPTION OF DISCUSSIONS, AND IT WAS LEFT THAT FRANCE AS CHAIRMAN WOULD KEEP IN TOUCH WITH THE COUNTRIES CONCERNED. FCO PLEASE PASS SAVING ALL.

HIBBERT

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FM BONN 151230Z JAN 82

TO ROUTINE FCO

MR. ALEXANDER, 10. DOWNING STREET.

TELEGRAM NUMBER 29 OF 15 JANUARY

INFO ROUTINE PARIS WARSAW WASHINGTON MOSCOW UKREP BRUSSELS

POLAND: DEBTS TO GERMAN BANKS

1. FIRST SECRETARY ECONOMIC HAD A NUMBER OF CONVERSATIONS WITH GERMAN BANKERS IN FRANKFURT ON 13 JANUARY. THE PREVAILING MOOD IS ONE OF VERY CONSIDERABLE GLOOM AND ANXIETY. TOTAL GERMAN BANKING ASSETS IN POLAND ARE RECKONED AT ABOUT DOLLARS 4.5 BILLION THOUGH THE PICTURE IS SOMEWHAT OBSCURED BECAUSE OF THE FACT THAT MUCH OF THE LENDING HAS BEEN DONE VIA SUBSIDIARIES IN LUXEMBOURG. THE LARGER BANKS ARE THOUGHT TO BE ABLE TO COPE WITH LOSSES (SOME HAVE SET UP RESERVE FUNDS FOR THIS PURPOSE) BUT THERE IS CONSIDERABLE CONCERN THAT SOME OF THE SMALLER BANKS MAY NOT BE ABLE TO PULL THROUGH AND THUS THAT THE RISK OF THE POLES BEING DECLARED IN DEFAULT IS A STEP NEARER. THE PROSPECT OF THE KNOCK-ON EFFECT AND THE IMPACT ON CONFIDENCE ARE RECEIVED WITH DISMAY.
2. SLOANE WAS TOLD THAT DURING FRIEDRICH'S DISCUSSIONS IN WARSAW (WARSAW TELNO 98) THE POLES HAD MADE A NUMBER OF IMPOSSIBLE REQUESTS IE POSTPONING ALL PAYMENTS FOR SIX MONTHS AND DEMANDING A NEW RESCHEDULING AGREEMENT. THE GERMANS INSISTED THAT NO NEW DEAL COULD BE STRUCK UNTIL EXISTING COMMITMENTS WERE HONOURED. THE POLES GAVE THE IMPRESSION OF FAILING TO UNDERSTAND THE SIGNIFICANCE OF A DEFAULT AND IN GENERAL TO BE OUT OF TOUCH WITH WESTERN REALITIES. IN RESPONSE TO THE GERMAN PROPOSALS THAT THEY SHOULD GIVE PROMISORY NOTES GUARANTEED FOR COMECON BANKS OR THE MOSCOW STATE BANK, THE POLES SAID THAT THE RUSSIANS AND OTHER EASTERN PARTNERS HAD ALREADY BEEN VERY GENEROUS AND THEY COULD NOT APPROACH THEM AGAIN.
3. AS REGARDS THE DOLLARS 288 MILLION OUTSTANDING IN RESPECT OF 1981, THERE IS SOME HOPE IN FRANKFURT THAT THE POLES CAN FIND ANOTHER DOLLARS 60 - 70 MILLION BUT CONSIDERABLE DOUBT THAT THEY WILL BE ABLE TO GO BEYOND THAT AND FURTHER DOUBT ABOUT THE USSR'S ABILITY TO BAIL THE POLES OUT. THE RUSSIANS THEMSELVES NEEDED SUBSTANTIAL FOREIGN EXCHANGE FOR GRAIN IMPORTS AND BOTH IN THE GOLD AND EURODOLLAR MARKETS MIGHT FACE FALLING PRICES.
4. ACCORDING TO GERMAN LAW THE BANKERS HERE DO NOT NEED TO CLOSE THEIR BOOKS UNTIL THEY ARE AUDITED. AUDITING DATES VARY FROM BANK TO BANK AROUND FEBRUARY AND MARCH. SO THERE IS STILL SOME TIME.
- TAYLOR

[THIS TELEGRAM WAS NOT ADVANCED]

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