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cc No

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Paul Channon MP
Minister for Trade
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

3 May 1985

Paul Channon

POLAND: RESCHEDULING V REFINANCING

You wrote to me again on 30 April about refinancing Polish debts.

Your letter raises no new points. As I explained, in my letter of 29 April, the "painless" sparing of the PSBR from refinancing Polish debt will not bring commensurate monetary benefits, while in circumstances in which Poland seems unlikely to be able to service its debts, let alone repay them in the foreseeable future, the refinancing technique seems to me to be a disreputable one.

I remain convinced that the proper course is to reschedule and not refinance Poland's debts and, given the urgency of the matter, hope that a draft rescheduling agreement can be sent to the Polish side without delay.

I am copying this letter to the Prime Minister, to Members of EA and EX and to Sir Robert Armstrong.

*Yours sincerely
Peter Rees*

PETER REES

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