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

FOREIGN AND COMMONWEALTH SECRETARY

Thank you for your minute about my meeting with Dr Kalu of Nigeria.

I fully understand the sensitivities you mentioned which affect the UK's relationship with Nigeria. I also hope very much that it will be unnecessary for me to press Dr Kalu to do a deal with the IMF. You will by now have seen today's report from Lagos which suggests that the Nigerian Government has already taken the decision to negotiate with the Fund. If true, this would confirm reports we have had from other sources, including Warburgs, the Nigerian Government's advisors. However, while avoiding giving any impression of hounding Nigeria towards the IMF, I think it would be quite wrong for me not to encourage Dr Kalu to negotiate with the Fund. Given that we have consistently been urging the Nigerians to do just this and that they now seem to be about to do so, such a course would risk misunderstanding.

I hope to be able to encourage the Nigerians by stressing the benefits which would flow from an agreement with the Fund and the assistance which the UK might give. On the last point I will of course tell Dr Kalu that if an acceptable agreement can be reached between the Fund and the Nigerians, we will support it strongly in the Board. However, it would be wrong to let them think that we would interfere in the negotiations between the staff and the Nigerians. False hopes of this on the Nigerians' side could only lead to further difficulties in our relations later.

SECRET



Finally, like you, I doubt whether Kalu will raise the oil proposal, especially in the post-IMF form to which you refer. Even if he did, I do not think we would want to encourage the Nigerians to think in these terms.

I am copying this minute to the Prime Minister, the Secretary of State for Trade and Industry and the Secretary of State for Energy.

A handwritten signature, appearing to be "N.L.", written in dark ink.

N.L.

19 November 1985

ECON 102 : Indebtedness : Pt 5.

