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FM UK DIRECTOR IMF/IBRD WASHINGTON 152044Z

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TO IMMEDIATE FCO TELNO EAGER 402 OF 15 DECEMBER

IMF: UNITED KINGDOM DRAWING.

1. WITTEVEEN MADE A BRIEF STATEMENT TO THE BOARD THIS MORNING SHORTLY AFTER 11 A.M. WASHINGTON TIME. HE SAID THAT MR. HEALEY WAS MAKING A STATEMENT IN WHICH HE WOULD SAY THAT THE MANAGING DIRECTOR HAD TOLD HIM OF HIS WILLINGNESS TO RECOMMEND ACCEPTANCE OF THE UK REQUEST FOR A STAND-BY ARRANGEMENT. HE ANNOUNCED THE AMOUNTS INVOLVED FOR THE TWO YEARS 1977 AND 1978. HE EMPHASISED THAT THE LETTER OF INTENT, WHICH IS BEING CIRCULATED TODAY, CONTAINS A CONFIDENTIAL ANNEX WHICH IS NOT BEING RELEASED PUBLICLY. HE PROMISED THE STAFF PAPER AS SOON AS POSSIBLE DURING THE COURSE OF THIS WEEK AND PROPOSED TO SCHEDULE IT FOR DISCUSSION IN THE BOARD ON MONDAY, JANUARY 3. HE OUTLINED BRIEFLY HIS PROPOSALS FOR FINANCING THE DRAWINGS. WE UNDERSTAND THAT AGREEMENT HAS NOW BEEN REACHED ON THE GAB FINANCING AND THIS WILL BE DISCUSSED IN A MEETING OF EXECUTIVE DIRECTORS TODAY WHICH WE WILL REPORT SEPARATELY.

MONETARY DISTN
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