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

27 December 1979

Mr Paul

P-a

IRAN AND THE IMF

... I enclose a copy of a message which Ammerman of the US Embassy left with me this morning. I am arranging separately for the text to be telegraphed to Bill Rylie in Washington.

I am copying this letter to Tim Lankester (No.10), Bill Burroughs (Department of Energy), Stuart Hampson (Department of Trade), Bill Beckett (Law Officers Department), John Beverley (Bank of England) and Martin Vile (Cabinet Office).

Yes Mr,

M

M. A. HALL

*Timmy may be
say that this
problem "has
now resolved
itself".*

P. Lever, Esq.,

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*R.
28/12*



THE SECRETARY OF THE TREASURY
WASHINGTON

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December 27, 1979

Dear Governor:

Both the UN Security Council and the International Court of Justice have condemned Iran's invasion of the U.S. Embassy and its seizure and holding of diplomatic hostages. Despite these unanimous international judgments, Iran has not released the hostages and has even threatened to bring them to trial.

Through a variety of means, Iran is attempting to divert international attention from its own illegal acts, and one of these involves action in the IMF.

We are determined to counter that Iranian effort, and I hope we can call on your support to resist any such move in the IMF.

The Government of Iran alleges that the U.S. contravened the IMF Charter by blocking official Iranian assets. Iran's Governor to the IMF has requested that the IMF Executive Board extend from December 29 to January 11 the 30-day period within which the IMF can consider the restrictions imposed by the United States. He has further requested that if the extension to January 11 is not granted, the IMF Executive Board consider the U.S. restrictions on December 29.

The U.S. is opposed to any extension of the 30-day period until January 11. We are firmly of the view that it is in the interest of the international community to complete IMF action within the scheduled 30-day period. This will remove any question regarding the consistency of the U.S. action with the IMF Charter.

We are prepared to have the U.S. action considered by the IMF Executive Board on December 29, noting that any IMF Board Member can within IMF rules call for such consideration. The U.S. has acted scrupulously to assure that its blocking measures are in full accord with the IMF Charter and procedures. Specifically, the U.S. action was taken

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pursuant to IMF decision 144-(51/52), which provides that a member may impose restrictions on current international payments when those restrictions in the judgment of the member are solely related to the preservation of national or international security. The security threat which necessitated our action has been widely acknowledged. We hope your representative in the IMF will support our position.

We deeply regret the actions of the Government of Iran which led to the blocking order and hope those Iranian actions will be reversed immediately. The United States has made clear that, with the hostages released, it will cooperate with the call in the UN resolution that the two governments take urgent steps to resolve peacefully the remaining issues between them in accordance with the purposes and principles of the UN Charter.

Very truly yours,

G. William Miller

Sir Geoffrey Howe, QC MP
Governor
International Monetary Fund
H M Treasury
Parliament Street
London SW1

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