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CONFIDENTIAL

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Prime Minister

A.S.C. 16. 4

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

PRIME MINISTER

FROZEN ARGENTINE ASSETS

When we introduced the freeze on Argentine financial assets in the United Kingdom on 3rd April, we could only estimate the amount likely to be involved on the basis of out of date information. The Bank of England had figures of about \$1½ billion for the end of 1981 and no reason to suppose any large change had taken place.

2. Since the freeze, the Bank have been obtaining details of accounts here, and it has emerged that substantial sums were transferred from London to New York in the first two days of April, and that the total remaining and caught by our freeze is around \$900 million only. This was not a case of transfer from sterling to dollars, which on the scale involved would have been noticed in exchange transactions, but movement in dollar accounts only.

3. The Bank of England also have evidence that the total of U.K. claims on Argentine fell by some \$500 million between the end of 1981 and the close of business on 2nd April, and it is possible that the two movements were connected, indeed may have reflected matching reductions of claims and liabilities.

4. I cannot think that we would have found it right, even if possible, to introduce the freeze earlier, had this information been available to us immediately. Nor would knowledge of the lower figure of Argentine assets here have caused me to



recommend against taking action to freeze them on 3rd April. That action has in any case made an important contribution to the economic and financial pressures we have been able to mobilise.

5. But it is disappointing, an interesting reflection on Argentine behaviour, and potentially embarrassing since the figure of about \$1½ billion, which journalists were able to obtain from official publications, was endorsed by Treasury comment as being the latest available indication of the amount likely to be involved.

6. I thought that you and the Foreign Secretary should have this information straight away, but I do not propose to advertise it more widely, unless and until questions are asked or information comes out from other sources. The Treasury Press Office will deal with any substantive enquiries but we are also ensuring that the No.10, FCO and the Bank of England Press Offices are alerted.

7. Copies go to the Foreign Secretary and Sir Robert Armstrong.

Peter Jenkins

for G.H.

16 April 1982

*(Approved by the Chancellor of the Exchequer
and signed in his absence)*