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TO IMMEDIATE FCO

TELEGRAM NUMBER 232 OF 23 JUNE

INF: ARGENTINA - FINANCIAL RESTRICTIONS  
YOUR TELNO 186 OF 21 JUNE

1. I HAVE TAKEN THE ACTION REQUESTED IN TELEGRAM UNDER REFERENCE. I CALLED A MEETING THIS MORNING OF MY G7 COLLEAGUES AND A FEW OTHER DIRECTORS. A FULL LIST OF THOSE ATTENDING IS ERB (US), LASKE (GERMANY), LE LORIER (FRANCE), YAMASHITA (JAPAN), LOVATO (ITALY ETC), JOYCE (CANADA ETC), SCHNEIDER (AUSTRIA, REPRESENTING THE BELGIAN CONSTITUENCY), POLAK (NETHERLANDS ETC), TVEDT (NORWAY, REPRESENTING THE SCANDINAVIANS) AND MORRELL (NEW ZEALAND, REPRESENTING THE AUSTRALIAN CONSTITUENCY).
2. I TOOK THEM THROUGH DEVELOPMENTS SINCE THE TORONTO MEETINGS LAST SEPTEMBER AND SAID THAT REMOVAL OF THE DISCRIMINATORY RESTRICTIONS WOULD BE NECESSARY FOR COMPLETION OF THE REVIEW DUE BY 31 JULY. LAW 22820 REPRESENTED ON A PARTIAL AND PREPARATORY AMENDMENT TO LAW 22591. BRITISH COMPANIES WERE STILL UNABLE TO USE THE CHANNELS FOR REMITTING DIVIDENDS ETC AVAILABLE TO OTHER FOREIGN FIRMS, ALTHOUGH WE UNDERSTOOD THAT CERTAIN BRITISH BANKS MIGHT NOW BE PERMITTED TO REMIT DIVIDEND PAYMENTS. SO LONG AS THE PROVISIONS OF THIS LAW REMAINED IN EFFECT, ARGENTINA WOULD NOT HAVE FULFILLED ITS COMMITMENT TO THE FUND UNDER THE STANDBY.
3. I ASKED FOR THESE VIEWS TO BE PASSED BACK TO QUOTE COMMUNITY, G10 AND MAJOR COMMONWEALTH CAPITALS UNQUOTE.
4. THERE WERE ONE OR TWO QUESTIONS. ERB ASKED WHETHER ADMINISTRATIVE DELAYS WERE NOW BEING EXPERIENCED IN RELATIONS TO REMITTANCES BY BRITISH COMPANIES. I SAID ALL WE KNEW ON THIS WAS THAT ARGENTINE OFFICIALS HAD SAID THAT CERTAIN BANKS WOULD BE PERMITTED TO REMIT PAYMENTS. JOYCE ASKED WHETHER LAW 22820 SPECIFIED SPECIAL TREATMENT FOR BANKS. I SAID THAT ALL LAW 22820 DID WAS PASS GENERAL DISCRETION TO THE SUPERVISORY COMMISSION. LASKE ASKED WHETHER A CESSATION OF THE RESTRICTIONS IN PRACTICE, WHILE LEAVING THE LAW IN PLACE, WOULD SATISFY ARGENTINA'S COMMITMENT TO THE FUND. LE LORIER AND POLAK SAID THEY THOUGHT IT WOULD. I SAID I COULD NOT JUDGE THIS, BUT THERE SHOULD BE FULL REMOVAL OF THE LAWS THEMSELVES. (THIS MAY ALSO BE A POINT THAT WILL SOON EXERCISE THE FUND STAFF AND THE MANAGING DIRECTOR MAY SEEK VIEWS ON IT WHEN HE VISITS LONDON NEXT WEEK.)

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5. I HAVE PASSED COPIES OF MY REMARKS AND OF LONDON'S TRANSLATION OF THE TEXT OF LAW 22591 AS AMENDED BY LAW 22820 ON A CONFIDENTIAL BASIS TO ALL WHO ATTENDED. SCHNEIDER SUBSEQUENTLY CONFIRMED THAT HE WOULD BE REPORTING TO VIENNA AS WELL AS BRUSSELS AND LUXEMBOURG.

6. FCO PLEASE ADVANCE TO CAREY, LITTLER AND LAVELLE (HMT), GILCHRIST (BANK OF ENGLAND) AND APPLEYARD (ERD).

~~WICKS~~

MONETARY  
ERD  
FID  
MR GIFFARD  
MR URG

(ADVANCED AS REQUESTED)