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(FM BERNE 281330Z)

FM BIS BUENOS AIRES

TO IMMEDIATE FCO

TELNO 572 OF 27 JUNE

INFO PRIORITY BANK OF ENGLAND DOT WASHINGTON UKDEL INF/IBRD  
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ARGENTINA: COMMERCIAL RELATIONS - OUR TELNO 496 OF 7 JUNE

1. SO FAR, THERE HAS APPARENTLY BEEN ONLY ONE SUCCESSFUL APPLICATION UNDER LAW 22.820, WHICH PERMITS THE LIFTING IN INDIVIDUAL CASES OF THE COMMERCIAL RESTRICTIONS IMPOSED UPON BRITISH ENTREPRISES IN ARGENTINA.

2. BOLSA HAS BEEN TOLD BY THE CENTRAL BANK THAT IT WILL BE ALLOWED TO REMIT DIVIDENDS TO THE UK. HOWEVER, WE UNDERSTAND FROM THE REPRESENTATIVES OF THE LOCAL RTZ SUBSIDIARY AND SHELL THAT THEIR SIMILAR REQUESTS HAVE BEEN REJECTED, ALLEGEDLY DUE TO AIR FORCE PRESSURE. OTHER BRITISH FIRMS ALSO SEEM TO HAVE BEEN DISAPPOINTED. IN ADDITION, AN APPLICATION BY SHELL FOR EXEMPTION FROM ALL SANCTIONS ON THE GROUNDS THAT THE COMPANY IS DUTCH-OWNED HAS BEEN TURNED DOWN.

3. THIS INFORMATION LARGELY CONFIRMS OUR FEARS THAT LAW 22.820 WAS LITTLE MORE THAN WINDOW-DRESSING FOR THE BENEFIT OF FOREIGN CREDITOR BANKS WITH WHOM ARGENTINA IS NEGOTIATING THE 1.5 BILLION DOLLAR MEDIUM TERM LOAN. WE CANNOT DISCOUNT THE POSSIBILITY THAT AFTER THE LOAN IS SECURED, EVEN BOLSA MAY LOSE ITS PRESENT PRIVILEGES.

JACKSON-HOULSTON

POWELL-JONES

HONGTARY  
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