

GRS 300

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(FM BERNE 171425 Z)

FM BIS BUENOS AIRES

TO IMMEDIATE FCO

TELNO 706 OF 16 AUGUST

IFNO IMMEDIATE UKMIS IMF/IBRD WASHINGTON WASHINGTON UKMIS NEW
YORK DOT

FINANCIAL SANCTIONS OUR TELNO 703

1. MINISTRY OF ECONOMY RESOLUTION NO 899 SPANISH TEXT AS
FOLLOWS:

MINISTERIO DE ECONOMIA

DEUDA PUBLICA EXTERNA

DEJANSE SIN EFECTO LAS MEDIDAS DISPUESTAS POR LOS DECRETOS
INOS. 786 Y 787 DEL 20 DE ABRIL DE 1982.

RESOLUCION NO. 899

BUENOS AIRES 10/8/83

VISTO LO DISPUESTO POR DECRETOS NROS. 786 Y 787 DE 20 DE
ABRIL DE 1982, Y

CONSIDERANDO:

QUE LA SITUACION ACTUAL PERMITE EL ACCESO AL MERCADO DE
CAMBIOS PARA LA REALIZACION DE TRANSFERENCIAS EN CONCEPTO
DE CANCELACION DE DEUDAS POR UTILIDADES, DIVIDENDOS, REGALIAS
Y ASISTENCIA TECNICA.

QUE AMBOS DECRETOS FACULTAN AL MINISTERIO DE ECONOMIA A DEROGAR
LAS MEDIDAS EN ELLOS DISPUESTAS.

POR ELLO,

EL MINISTRO DE ECONOMIA RESUELVE:

ARTICULO 1 - SE DEJA SIN EFECTO A PARTIR DEL 15 DEL CORRIENTE
LAS MEDIDAS DISPUESTAS POR LOS DECRETOS NROS. 786 Y 787 DEL
20 DE ABRIL DE 1982.

ARTICULO 2 - COMUNIQUESE, PUBLIQUESE, DESE A LA DIRECCION
NACIONAL DEL REGISTRO OFICIAL Y ARCHIVESE.

WEHBE

2. TRANSLATION OF TEXT AS FOLLOWS:

MINISTRY OF ECONOMY

EXTERNAL PUBLIC DEBT

THE MEASURES TAKEN BY DECREES NO 786 AND 787 OF 20 APRIL 1982
ARE HEREBY CANCELLED.

RESOLUTION NO 899

BUENOS AIRES 10/8/83

IN VIEW OF THE PROVISIONS OF DECREES NOS. 786 AND 787
OF 20 APRIL 1982 AND

CONSIDERING:

| THAT

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THAT THE PRESENT SITUATION ALLOWS ACCESS TO THE EXCHANGE MARKET FOR THE REALIZATION OF TRANSFERS TO SANCEL DEBTS FOR SERVICES, DIVIDENDS, ROYALTIES AND TECHNICAL ASSISTANCE. THAT BOTH DECREES EMPOWER THE MINISTRY OF ECONOMY TO CANCEL THE MEASURES LAID DOWN.

FOR THIS REASON,
THE MINISTRY OF ECONOMY RESOLVES:
ARTICLE 1 - WITH EFFECT FROM THE 15TH OF THE CURENT MONTH THE MEASURES LAID DOWN BY DECREES NOS. 786 AND 787 OF 20 APRIL 1982 ARE HEREBY DECLARED TO BE CANCELLED.
ARTICLE 2 - THIS INFORMATION TO BE MADE KNOWN, PUBLISHED, AND PASSED TO THE NATIONAL DIRECTION OF OFFICIAL REGISTRATION FOR FILING.

WEHBE

3. WE HAVE NOT YET RECEIVED A COPY OF THE CENTRAL BANK CIRCULAR B-757.

JACKSON-HOULSTON

POWELL-JONES

MONETARY
FID
SAMD
ERD
MR GIFFARD
MR URE

GRS 400

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(FM BERNE 171425Z)

FM BIS BUENOS AIRES

TO IMMEDIATE FCO

TELNO 703 OF 16 AUGUST

INFO IMMEDIATE UKMIS IMF/IBRD WASHINGTON WASHINGTON UKMIS NEW YORK
DOT

FINANCIAL RESTRICTIONS

OUR TELNO 697 OF 12 AUGUST

1. ACCORDING TO TODAY'S PRESS, THE LIFTING OF FINANCIAL SANCTIONS ON BRITISH ENTREPRISES IN ARGENTINA HAS BEEN CONFIRMED IN A CENTRAL BANK CIRCULAR NO BI-757. THE CIRCULAR EXPLAINS THE TERMS OF THE MINISTRY OF ECONOMY RESOLUTION NO 899, DATED 10 AUGUST, WHICH WITH EFFECT FROM 15 AUGUST ANNULLED THE RESTRICTIVE MEASURES PRESCRIBED BY DECREES NO 786 AND 787 OF 20 APRIL 1982 (COPY AND TRANSLATION FOLLOW BY TELEGRAM). THE RESOLUTION STATES THAT QUOTE THE PRESENT SITUATION PERMITS ACCESS TO THE EXCHANGE MARKET FOR THE REALISATION OF TRANSFERS IN CANCELLATION OF DEBTS SERVICES, DIVIDENDS, ROYALTIES AND TECHNICAL ASSISTANCE UNQUOTE. TEXT AND TRANSLATION OF THE CIRCULAR WILL FOLLOW AS SOON AS THE DOCUMENT IS AVAILABLE TO US.

2. WE HAVE NOW LEARNED THAT THE FIVE TEST CASES CHOSEN BY THE BANK OF ENGLAND (LOCAL SUBSIDIARIES OF SHELL, ICI, RTZ, BAT AND PILKINGTONS) RECEIVED WRITTEN PERMISSION FOR THE REPATRIATION OF DIVIDENDS FROM THE NATIONAL SUPERVISORY COMMISSION ON 10 AND 11 AUGUST. NEITHER SHELL NOR DUPERIAL (ICI) HAD DIVIDENDS TO REMIT, BUT BOTH WERE ALSO GUARANTEEEED LEAVE TO MAKE PAYMENTS FOR ROYALTY OR TECHNICAL ADVISORY FEES. BAT HAVE BEEN GIVEN THE SAME ASSURANCES, BUT INTEND TO POSTPONE THE TRANSFER OF FUNDS BECAUSE OF THE UNFAVOURABLE DISCOUNT RATE ON THE DOLLAR-DENOMINATED BONEX BONDS THROUGH WHICH THEY ASSUMED REMITTANCES WOULD BE MADE. PILKINGTONS HAVE TOLD US THAT THEY EXPECT TO RECEIVE AUTHORISATION FOR BONEX SUBSCRIPTIONS THIS WEEK. ALL COMPANIES WERE URGED BY THE CENTRAL BANK AND THE ECONOMY MINISTRY TO NOTIFY THEIR LONDON OFFICES OF THESE DEVELOPMENTS. THEY PROMPTLY DID SO AND AT THE PRESENT REMAIN PRIMARILY CONCERNED THAT WE SHOULD NOT CALL INTO QUESTION THE ARGENTINE GOVERNMENT'S GOOD FAITH OR BLOCK LOANS TO ARGENTINA, LEST THEY BE SINGLED OUT FOR REPRISALS.

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3. DECREES NO 786 AND 787 STIPULATE THAT REMITTANCES FOR DIVIDENDS, ROYALTIES AND TECHNICAL ADVISORY FEES MUST BE MADE OR HELD IN THE FORM OF BONEX (NELSON'S LETTER OF 28 APRIL 1982 TO OTD, DOT). THEY APPLY TO ALL COMPANIES IN ARGENTINA, AND THE DISCRIMINATION AGAINST UK FIRMS PREVIOUSLY CONSISTED IN PREVENTING THEIR ACQUISITION OF THE BONDS.

4. THE MINISTRY OF ECONOMY RESOLUTION APPEARS TO RELIEVE ALL ENTREPRISES, INCLUDING PRESUMABLY UK SUBSIDIARIES, OF THE OBLIGATION TO USE BONEX, ON THE GROUNDS THAT IT IS NOW POSSIBLE TO PURCHASE FOREIGN CURRENCY WITH WHICH TO EFFECT PAYMENTS. IF THE CENTRAL BANK CIRCULAR DOES NOT SIGNIFICANTLY ADD TO THIS PROVISION, TODAY'S PRESS REPORTS WILL HAVE BEEN MISLEADING. IT REMAINS UNCLEAR WHETHER THE DISPENSATION GIVEN LAST WEEK BY THE NATIONAL SUPERVISORY COMMISSION TO BRITISH COMPANIES WAS A ONE-OFF MEASURE OR A PERMANENT ARRANGEMENT AND WHETHER THERE AS BEEN ANY MODIFICATION TO THE SUBSTANCE OF LAW 22591, WHICH ORIGINALLY INTRODUCED THE RESTRICTIONS OF THE FREE DISPOSAL OF BRITISH ASSETS IN ARGENTINA.

JACKSON-HOULSTON

POWELL-JONES

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