

PS
 PS/MR HURD
 PS/MR ONSLOW
 PS/MR RIFKIND
 PS/PUS
 SIR J BULLARD
 SIR I SINCLAIR
 MR GIFFARD
 MR WRIGHT
 MR [REDACTED]
 LORD [REDACTED]
 LORD BRIDGES
 MR URE
 MR [REDACTED]
 Mr GOODISON
 HD/PUSD (2)
 HD/S AM D
 HD/FALKLANDS UNIT (2)
 HD/DEFENCE DEPT
 HD/NEWS DEPT
 HD/ERD
 HD/ECD(E)
 HD/UND
 HD/PLANNING STAFF
 RESIDENT CLERK

ADVANCE COPY

IMMEDIATE

~~PS/NO 10 DOWNING ST (2)~~
 PS/S OF S FOR DEFENCE
 MR J STEWART AUSD STAFF MOD
 PS/CHANCELLOR)
 MR ILETT) TREASURY
 MR LITTLER)
 MR BULL) B/ENGLAND
 MISS DICKSON) D/ENERGY
 MR PERETZ) TREASURY
 SIR R ARMSTRONG)
 SIR M PALLISER)
 MR. A D S GOODALL) CABINET OFFICE
 DIO)

~~ROOM 8 FOR MODUK 8 IN C FLEET~~

Mr. COLIN ROTH, LACPD, ODA
 Mr. BORDEN, LACPD, ODA.

CONFIDENTIAL
 RM WASHINGTON 292145Z JUL 82
 TO IMMEDIATE FCO
 TELEGRAM NUMBER 2599 OF 29 JULY

ARGENTINA: ECONOMIC SANCTIONS

1. THE FOLLOWING MESSAGE HAS BEEN RELATED TO US BY THE US TREASURY FROM MR RICHARD DAVIS, COUNSEL RETAINED BY THE ARGENTINIAN CENTRAL BANK IN THE US, WITH THE REQUEST THAT IT BE PASSED ON TO THE BRITISH AUTHORITIES:

QUOTE MY CLIENTS WISH TO MAKE IT CLEAR THAT IF THE RESTRICTIONS ARE REMOVED, THEY WILL PAY THE BRITISH BANKS UNQUOTE.

2. THE MESSAGE CAME BY WAY OF MR RUSSEL MUNK, (ASSISTANT GENERAL COUNSEL FOR INTERNATIONAL AFFAIRS, US TREASURY) AND MR JIM AMMERMAN (DIRECTOR, INTERNATIONAL BANKING US TREASURY). MR DAVIS WAS ASSISTANT SECRETARY AT THE US TREASURY AT THE TIME OF THE IRANIAN ASSETS FREEZE AND MAY BE SEEN AS AN APPROPRIATE CHANNEL FOR COMMUNICATION BY THE ARGENTINIAN AUTHORITIES.

3. AMMERMAN AND MUNK BELIEVE, APPARENTLY ON THE BASIS OF

3. AMMERMAN AND MUNK BELIEVE, APPARENTLY ON THE BASIS OF EARLIER DISCUSSIONS WITH MR DAVIS, THAT THE TERM QUOTE THE RESTRICTIONS UNQUOTE REFERS TO THE ASSET FREEZE, TRADE SANCTIONS, RESTRICTIONS ON THE MOVEMENT OF ARGENTINIAN NATIONALS AND THE EXCLUSION ZONE. IT WAS NOT CLEAR WHETHER IT WAS THE TEZ OR THE MODIFIED ZONE THAT WAS REFERRED TO.

COMMENT

4. OUR CONCERN TO ENSURE ARGENTINIAN RECIPRICITY FOLLOWING THE RELAXATION OF UK RESTRICTIONS, PARTICULARLY IN RESPECT OF THE POSITION OF UK BANKS, IS WELL KNOWN BY THE US AUTHORITIES (AS IT IS INDEED BY MANY OTHERS). IT SEEMS LIKELY THAT THE US AUTHORITIES HAVE BEEN GOING OVER THIS GROUND INFORMALLY WITH MR DAVIS AND THAT HE HAS PASSED THESE THOUGHTS BACK TO BUENOS AIRES. THIS MESSAGE APPEARS TO BE A REACTION. IT SEEMS REASONABLE TO SUPPOSE THAT THIS HAS BEEN SANCTIONED AT A HIGH LEVEL WITHIN THE BANK OF ARGENTINA (AND THEREFORE MOST-PROBABLY IN THE ECONOMICS MINISTRY) BUT WIDER GOVERNMENT APPROVAL, PARTICULARLY BY THE RULING JUNTA, CERTAINLY CANNOT BE TAKEN FOR GRANTED. THE ATTEMPTS TO LINK THE UNBLOCKING OF PAYMENTS TO ACTION IN RELATION TO THE TEZ IS OF COURSE COMPLETELY UNREALISTIC.

5. FCO PLEASE ADVANCE TO BAYNE (FRD), BULL (BANK OF ENGLAND) AND PERETZ (H M TREASURY)

HENDERSON

NNNN