



1. Prime Minister

to note

2. Mr Collyer A-EC 11/11

Treasury Chambers, Parliament Street, SW1P 3AG
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MS 15/11

12 November 1982

Michael Scholar Esq.
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LONDON
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New Rachel,

ARGENTINA: FINANCIAL SANCTIONS

The Bank of England are continuing to keep a close eye on progress in the lifting of financial sanctions by Argentina against the United Kingdom. The following paragraphs set out the substance of their latest report, which is in general encouraging.

Payment of Arrears Due to UK Banks

As has been mentioned in the press, the four major clearing banks have reached agreement, on terms which are satisfactory to them, with the Argentine Central Bank on the settlement of outstanding payments. The terms involve some rolling-over, but arrears of interest are to be paid, and the other terms of syndicated loans will be honoured. This should effectively bring the position of the four banks into line with that of banks in other countries.

Similar individual agreements are now being sought for other British banks with claims on Argentina, following an approach by the Bank of England at the request of the Argentine Central Bank to invite these other British banks to settle on the same basis.

Presence of Supervisors in British Enterprises

Supervisors have still not been removed from British non-banking companies, and the Bank of England has asked ^{the} companies concerned to keep them informed of developments. But the President of the Argentine Central Bank has said that any UK company having difficulty with its "supervisor" should contact him, and he will try to help. We are not in fact aware of any difficulties, and in one case, that of the Wellcome Foundation, the "supervisor" has been a positive help in organising an approach to the Argentine authorities to waive some unofficial boycott of supplies of pharmaceuticals.

Pensioners

Progress has been made. The Argentine Committee which is responsible for implementing the law under which payments have been restricted has now agreed that remittances may be made, and they are expected to be made shortly.



Other Points

The position under other headings is much as it was previously, but in the vast majority of cases any difficulties being experienced by British companies are no more than those being experienced by the companies of other countries.

Copies of this letter go to Brian Fall at the FCO and John Rhodes at DOT.

Yours ever,
J. O. Kerr.
J O KERR
Principal Private Secretary

CONQUEROR



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