

Message Text

UNCLASSIFIED

PAGE 01 LONDON 23276 231939Z
ACTION EURE-12

INFO OCT-01 NEA-07 ADS-00 CIAE-00 DODE-00 INR-10
NSAE-00 PA-02 ICA-15 SP-02 EB-08 COM-04 TRSE-00
OMB-01 SS-15 NSC-05 FRB-01 XMB-04 AID-05 L-03
/095 W

-----122404 232157Z /62

P 231920Z NOV 79
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5159
DEPTTREAS WASHDC PRIORITY
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
USLO RIYADH

UNCLAS LONDON 23276

E.O. 12065: N/A
TAGS: ECON, UK
SUBJECT: IRANIAN STATEMENT ON DEFAULT

1. FINANCIAL TIMES NOVEMBER 23 CARRIES FOLLOWING STORY:

QUOTE THE DISPUTED INTEREST PAYMENT DUE ON THE 500 MILLION DOLLAR SYNCIDATED LOAN TO THE IMPERIAL GOVERNMENT OF IRAN, WHICH MAJOR WESTERN BANKS HAVE NOW DECLARED TO BE IN DEFAULT, WAS "FRUSTRATED" BY PRESIDENT CARTER'S FREEZE LAST WEEK OF OFFICIAL IRANIAN ASSETS, BANK MARKAZI IRAN, THE CENTRAL BANK, SAID YESTERDAY.

QUOTE IN A STATEMENT ISSUED IN LONDON, BANK MARKAZI STRESSED: "THERE IS NO INTENTION ON THE PART OF THE IRANIAN GOVERNMENT NOT TO MEET ITS INTERNATIONAL FINANCIAL OBLIGATIONS TO THE INTERNATIONAL BANKING COMMUNITY."

QUOTE THE INITIAL REACTION OF INTERNATIONAL BANKS LAST
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 23276 231939Z

NIGHT WAS THAT THE IRANIAN STATEMENT FURTHER CONFUSED AN ALREADY HIGHLY UNCERTAIN LEGAL POSITION OVER IRANIAN DEBT, AND UNDERLINED THE LIKELIHOOD OF PROTRACTED LEGAL PROCEDURES TO SORT OUT THE POSITION OF IRANIAN DEPOSITS AND LOANS OUTSTANDING AROUND THE WORLD, PARTICULARLY WITH THE U.S. BANKS.

QUOTE NEVERTHELESS, THE BANK MARKAZI REFERENCE TO IRAN'S

INTENTION TO HONOUR ITS OBLIGATIONS IS BEING GREETED AS THE FIRST SIGNIFICANT REASSURANCE TO INTERNATIONAL BANKS FROM THE TEHRAN AUTHORITIES SINCE THE U.S./IRANIAN CONFRONTATION WORSENERD LAST WEEK.

QUOTE THE STATEMENT WAS ISSUED BY THE IRANIAN COMMERCIAL BANK, BANK MELLI, ON THE CENTRAL BANK'S BEHALF. IT REFERRED TO THE 500 MILLION DOLLAR IMPERIAL GOVERNMENT LOAN, WHICH IT NOTED WAS NOW CLAIMED TO BE IN DEFAULT.

QUOTE BANK MARKAZI EXPLAINED THAT INSTRUCTIONS WERE SENT ON BEHALF OF THE IRANIAN GOVERNMENT AGENCY CONCERNED TO CHASE MANHATTAN BANK NEW YORK ON NOVEMBER 5, INSTRUCTING THE PAYMENT OF JUST OVER 4 MILLION DOLLARS IN NEW YORK CLEARING HOUSE FUNDS FOR ACCOUNT OF THEIR LONDON BRANCH. THIS PAYMENT REPRESENTED INTEREST DUE ON NOVEMBER 15 TO LOAN PARTICIPANTS. (CHASE MANHATTAN IS AGENT BANK FOR THE LOAN, AND IS RESPONSIBLE FOR DISTRIBUTING INTEREST PAYMENTS AMONG PARTICIPATING BANKS.)

QUOTE THE STATEMENT ADDED: 'BANK MARKAZI THEREFORE CONSIDERS THAT THE CHASE MANHATTAN BANK NEW YORK HAD 10 DAYS TO ARRANGE THAT THE PAYMENT TO THE PARTICIPATING BANKS WAS CORRECTLY ORGANIZED. THE FACT THAT PHYSICAL TRANSFER OF FUNDS WAS FRUSTRATED BY PRESIDENT CARTER'S REGULATIONS CANNOT AND SHOULD NOT, IN THE OPINION OF BANK UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 23276 231939Z

MARKAZI IRAN BE CONSIDERED AN EVENT OF DEFAULT.'

QUOTE STRESSING THIS POINT, THE STATEMENT WENT ON: 'THE DELAY IN TRANSFER OF THE FUNDS CONCERNED WAS CAUSED NOT BY THE IRANIAN GOVERNMENT BUT BY FORCE MAJEURE OCCASIONED BY THE AMERICAN REGULATIONS, AND IT IS CONFIDENTLY BELIEVED THAT A CORRECT AND AMICABLE SOLUTION TO THIS TECHNICAL PROBLEM CAN EASILY BE FOUND.'

QUOTE CHASE MANHATTAN SAID IT HAD NO IMMEDIATE COMMENT TO MAKE. END QUOTE.
BREWSTER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, DISPUTES, INTEREST RATES, FOREIGN POLICY POSITION, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 nov 1979
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1979LONDON23276
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D790540-0655
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1979/newtext/t19791132/aaaabahu.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7b302f1e-c288-dd11-92da-001cc4696bcc
Office: ACTION EURE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 649622
Secure: OPEN
Status: NATIVE
Subject: IRANIAN STATEMENT ON DEFAULT
TAGS: ECON, UK, IR
To: STATE TRSY
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/7b302f1e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014