

## 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 WORSENEED 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:** odb://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