

Message Text

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PAGE 01 TEHRAN 09733 040444Z
ACTION SS-25

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C O N F I D E N T I A L TEHRAN 09733

EXDIS

E.O. 12065: GDS 9/3/85 (SENS, A.D.)
TAGS: ENRG, EFIN, IR
SUBJECT: NIOC ACCOUNTS

REFS: A. STATE 230316; B. TEHRAN 9612

1. (C-ENTIRE TEXT.)

2. AN OFFICER FROM BANK OF AMERICA'S TEHRAN OFFICE CALLED ON ECONCOUNS SEPT 3 TO DISCUSS THE PGOI'S DECISION REQUIRING OIL PAYMENTS TO BE DEPOSITED WITH THE BANK'S LONDON OFFICE RATHER THAN WITH CHASE MANHATTAN IN NEW YORK. HE STRESSED THAT HE WAS SPEAKING INFORMALLY AND IN STRICT CONFIDENCE.

3. OUR CONTACT SAID THAT BANK OF AMERICA'S REPRESENTATIVES WERE CALLED IN BY CENTRAL BANK OF IRAN OFFICIALS LAST WEEK WITH NO ADVANCE NOTICE AND INFORMED THAT, AS THE DEPARTMENT IS AWARE, HENCEFORTH ALL PAYMENTS WORLDWIDE TO NIOC FOR CRUDE OIL, BUNKER FUEL AND REFINED PRODUCTS WERE TO BE MADE TO THE CBI'S ACCOUNT WITH BANK OF AMERICA IN LONDON. HE SAID THE REASONS GIVEN WERE SECURITY (THE READING AND BATES ATTACHMENT OF NIOC ASSETS) AND THE DECISION BY THE PGOI THAT THE CBI IS COMPETENT TO PLACE NIOC FUNDS IN FINANCIAL MARKETS AS WELL AS OTHER IRANIAN RESERVES. HE
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ADDED THAT HE HAD HEARD SOME SPECULATION THAT CHASE OFFICER'S "CLOSE TIES" TO THE SHAH MAY HAVE HAD SOMETHING TO DO WITH THE MOVE.

4. SAYING THAT THE DECISION WOULD IMPOSE A HEAVY ADMINISTRATIVE BURDEN ON BANK OF AMERICA, OUR CONTACT SAID THE CBI AND NIOC REQUIRED DAILY TELEXES OF ALL PAYMENTS RECEIVED,

ALL DUE BUT NOT RECEIVED, ALL ONE DAY OVERDUE, AND BANK OF AMERICA FOLLOW-UP ACTION IN THE LATTER CASE. HE SAID THE BANK OF AMERICA HAD OFFERED -- AND IT HAS APPARENTLY BEEN ACCEPTED -- THAT A BANK EMPLOYEE BE SENT OUT TO CBI FOR A MONTH OR TWO AS LIAISON AND TRAINING OFFICER.

5. WE ASKED ABOUT THE AVERAGE DAILY BALANCES THAT NIOC EARNINGS WOULD PROBABLY PROVIDE THE BANK. OUR CONTACT (VERY NERVOUSLY) SAID WE ALL TALK ABOUT DOLS 60 MILLION A DAY; IT IS TOO SOON TO KNOW WHAT THE DAILY BALANCE WILL BE, BUT THE "AMOUNT WE ARE ORDERED TO COLLECT BETWEEN AUGUST 27 AND SEPTEMBER 21, A PERIOD OF JUST OVER THREE WEEKS, IS BETWEEN DOLS 2.5 AND 3.0 BILLION." WE EXPRESSED SURPRISE AT THIS FIGURE AND HE REPLIED IT IS "STAGGERING."

6. WE ASKED IF PGOI FUNDS WERE LIKELY TO BE PLACED ANY DIFFERENTLY IN THE FUTURE. OUR CONTACT SAID HE STRONGLY DOUBTED IT, THAT THE CBI WOULD CERTAINLY CONTINUE ITS CURRENT PRACTICES, ONLY EXPANDING THEM TO INCLUDE NIOC EARNINGS. HE SAID AT MOST HE WOULD EXPECT SOME CHANGES IN THE DOLLAR INSTRUMENTS EMPLOYED. HE ADDED THAT NIOC, OF COURSE, WAS MOST UNHAPPY AT HAVING TO GO TO CBI FOR ITS FOREIGN EXCHANGE.

7. COMMENT: OUR CONTACT DID NOT KNOW WHO HAD MADE THE DECISION TO SWITCH THE ACCOUNT TO BANK OF AMERICA OR
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PASS CONTROL OVER NIOC FUNDS TO THE CBI. HE DID AGREE THAT THE DECISION COULD NOT POSSIBLY HAVE BEEN MADE AT A LEVEL BELOW THE REVOLUTIONARY COUNCIL. HE -- AND WE -- BELIEVE THIS SUGGESTS THAT THE SENIOR DELEGATION FROM CHASE REPORTEDLY DUE HERE SOON (WE HAVE NOT BEEN ABLE TO CONFIRM THIS WITH CHASE'S LOCAL REPRESENTATIVE) WILL NOT SUCCEED IN RE-ESTABLISHING CHASE AS IRAN'S OIL REVENUE COLLECTOR. TOMSETH

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