

SECRET

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GRS 250

SECRET

DESKBY ROME 240800Z

FM FCO 232001Z DEC

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1978 OF 23 DECEMBER 1979

INFO IMMEDIATE TOKYO PARIS BONN ROME BERNE TEHRAN

MIPT

THE FOLLOWING IS THE TEXT OF THE MESSAGE DELIVERED TO THE  
CHANCELLOR OF THE EXCHEQUER TODAY BY THE US EMBASSY IN LONDON

BEGINS

FROM SECRETARY MILLER TO CHANCELLOR OF EXCHEQUER,  
MINISTERS OF FINANCE OF FRANCE AND JAPAN FOLLOWING URGENT  
MESSAGE TO BE DELIVERED ALONG WITH SEPARATE MESSAGE  
BEING TRANSMITTED SIMULTANEOUSLY:

BEGIN QUOTE - THE U.S. GOVERNMENT IS EXTREMELY CONCERNED  
BY THE IRANIAN CENTRAL BANK'S INSTRUCTIONS TO JAPANESE  
AND OTHER BANKS IN LONDON ON FRIDAY C/B TO TRANSFER  
DEPOSITS, INCLUDING TIME DEPOSITS NOT YET MATURED, TO PARIS AND  
TOKYO FOR THE ACCOUNTS OF THE CENTRAL BANKS OF ALGERIA AND  
LIBYA RESPECTIVELY. I CONSIDER THIS ATTEMPT, IF PERMITTED TO  
BE CARRIED THROUGH, CLEAR EVASION OF THE INTENT OF THE FINANCIAL  
COOPERATION MEASURES ABOUT TO BE PUT INTO PLACE IN THE MAJOR  
OECD COUNTRIES. FURTHERMORE, IT PLACES, IF SUCCESSFUL, ADDITIONAL  
AND DISRUPTIVE PRESSURE ON THE INTERNATIONAL BANKING SYSTEM BY  
DEPRIVING EXPOSED BANKS OF THE POTENTIAL SECURITY OF THEIR IRANIAN  
DEPOSITIS.

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I BELIEVE THE ISSUES HERE ARE SO SIGNIFICANTLY DISTURBING THAT THE TRANSACTIONS SHOULD NOT BE COMPLETED UNTIL THE COUNTRIES INVOLVED CAN DECIDE WHAT TO DO. I UNDERSTAND THAT SOME BANKS AT LEAST ARE NOT PREPARED TO COMPLY ON MONDAY.

I WOULD APPRECIATE ADVICE ON THE OUTCOME OF YOUR DELIBERATIONS AND ACTIONS. END QUOTE.

ENDS

CARRINGTON

FILES  
MED  
FRD  
EID(E)  
LORD BRIDGES  
MR BULLARD  
MR. J.C. MOBERLY  
MR EVANS  
MR HANNAY

COPIES TO:  
PS | CHANCELLOR OF THE EXCHEQUER.  
MR. D. HANCOCK, TREASURY  
MR. S. PEYTON, BANK OF ENGLAND

COPIES SENT TO  
No. 10 DOWNING STREET

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FM FCO 232000Z DEC 79

ROME (DESKBY 240800Z)

TO IMMEDIATE WASHINGTON  
TELNO. 1977 OF 23 DECEMBER  
INFO IMMEDIATE TOKYO PARIS BONN ROME BERNE TEHRAN.

IRANIAN BANK DEPOSITS

MIFT CONTAINS THE TEXT OF A MESSAGE FROM SECRETARY MILLER TO  
THE CHANCELLOR OF THE EXCHEQUER. PLEASE DELIVER THE FOLLOWING  
REPLY FROM THE CHANCELLOR.

BEGINS.

THANK YOU FOR YOUR MESSAGE OF 23 DECEMBER ABOUT WITHDRAWALS  
OF IRANIAN DEPOSITS IN LONDON. I CAN CONFIRM THAT SOME **SIGHT**  
DEPOSITS HAVE ALREADY BEEN WITHDRAWN. IN ADDITION, A NUMBER OF  
BRITISH BANKS HAVE RECEIVED TELEXES ASKING THEM TO RELEASE  
TIME DEPOSITS NOT YET MATURED. THE BRITISH BANKS  
WILL BE CONSIDERING THE MATTER FURTHER TOMORROW  
BUT ARE AT PRESENT DISPOSED TO EXERCISE THEIR RIGHT TO HOLD  
THE DEPOSITS UNTIL THEY MATURE AT THE BEGINNING OF  
FEBRUARY. THE BANK OF ENGLAND WILL BE HAVING FURTHER DISCUSSIONS  
WITH THE BRITISH BANKS TOMORROW AND WE SHALL KEEP **YOU** INFORMED OF  
DEVELOPMENTS.  
ENDS.

CARRINGTON

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