

Currency Rates

What an Argentine says

From a May 3 EIR interview with the representative of a leading private Argentinian bank:

Q: What is the Argentinian debt-payment situation?

A: We are paying all our debts, and we have no desire for a default that would endanger the U.S. banking system or the rest of the banking system. We are paying our debts directly to non-British banks, and payments to the British banks are going into the escrow account held by the Banco Central at the Banco de la Nacion Argentina, a private commercial bank whose stock is owned by the federal government.

The British are not satisfied with this. Lloyds has invoked what may be referred to as a "proceeds-sharing" clause in the consortium loan agreements. This is not a cross-default clause, it is merely an agreement that payments will be distributed "proportionally" on consortia loans. We are paying the British their fair share—into the escrow account. This is exactly what was done by the U.S. during the Iranian crisis, and there is plenty of precedent for it in international law. Lloyds' loan to the Aguas y Energia utility was the first one to mature, but many loans are maturing . . . and the British are doing this in all cases. The U.S. banks are taking their money and telling the British "everybody is getting their fair share."

Q: You mean they accept the escrow arrangement?

A: Implicitly—by accepting our payments and refusing to cooperate with the British, they are implicitly claiming the escrow account to be legitimate. Otherwise the U.S. banks would have to refuse payments and declare a default. This they will never do. They won't give the British anything. . . . If the British call a default, they will just bring down their own banks . . . so there is nothing they can do.

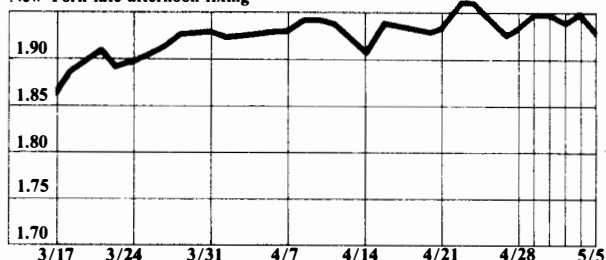
Financially, they're backing us to the greatest extension of credit possible, making efforts beyond all other banks and beyond what was expected of them. Citibank is doing a wonderful job, very cooperative. Chase, Morgan, all of them have been in Argentina for a long time and they're very cooperative.

Q: What about the run on Citibank in Argentina last week?

A: Nothing anti-American about that, it happened at several banks because people are just short of cash. The Banco Central stands ready to offer them a special rediscount line if they have any trouble at all.

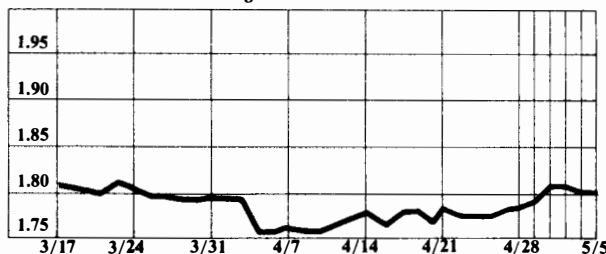
The dollar in Swiss francs

New York late afternoon fixing



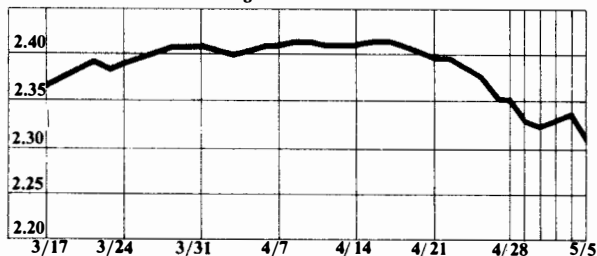
The British pound in dollars

New York late afternoon fixing



The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing

