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**FOR
AGENDA**

EBS/87/5
Supplement 2

CONFIDENTIAL

February 17, 1987

To: Members of the Executive Board

From: The Secretary

Subject: Argentina - Request for Stand-By Arrangement and
Exchange System

The attached proposed decisions pertain to Argentina's request for a stand-by arrangement and its exchange system, which have been scheduled for discussion tomorrow, Wednesday, February 18, 1987.

Mr. Liuksila (ext. 7797) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

INTERNATIONAL MONETARY FUND

ARGENTINA

Request for Stand-By Arrangement and Exchange System
Proposed Decisions

Prepared by the Exchange and Trade Relations Department,
the Legal Department, the Research Department, and
the Western Hemisphere Department

Approved by Manuel Guitian, François Gianviti,
Jacob Frenkel, and Eduardo Wiesner

February 17, 1987

The following draft decisions are proposed for adoption by the
Executive Board:

I. Stand-by Arrangement

A. Draft Stand-by Arrangement

Paragraph 1 of the draft stand-by arrangement for Argentina
(EBS/87/5, Supplement 1) shall be changed to read as follows:

1. For the period from the effective date of this
stand-by arrangement until _____ 1988 Argentina will have the
right to make purchases from the Fund in an amount equivalent to
SDR 1,113.0 million, subject to paragraphs 2, 3, 4, 5, and 6
below, without further review by the Fund.

B. Proposed Decision

1. The Government of Argentina has requested a stand-by
arrangement for a period of 15 months for an amount equivalent
to SDR 1,113.0 million.

2. Subject to paragraph 3 below, the Fund approves the stand-by arrangement set forth in EBS/87/5, Supplement 1 and Supplement 2, and waives the limitation in Article V, Section 3(b)(iii).

3. The stand-by arrangement set forth in EBS/87/5, Supplement 1 and Supplement 2, shall become effective on the date on which the Fund finds that satisfactory arrangements have been made for the financing of Argentina's balance of payments needs in 1987, provided the Fund finds that Argentina's economic program, described in EBS/87/5, Supplement 1, is being carried out.

II. Exchange System

Argentina maintains exchange restrictions and multiple currency practices as described in Appendix IV to EBS/87/5. The Fund welcomes the intention of Argentina to eliminate the restriction evidenced by external payments arrears and the multiple currency practice relating to profits and dividends, in the context of its comprehensive adjustment program, and encourages Argentina to further simplify its exchange system and to eliminate the remaining exchange restrictions and multiple currency practices as soon as possible. As of the date on which the stand-by arrangement for Argentina set forth in EBS/87/5, Supplement 1 and Supplement 2, becomes effective, the Fund approves

exchange restrictions and multiple currency practices of Argentina as described in parts 1(a)(i), (ii), (iv), and (v), (b), and (c), and 2(a), (b), (c), (d), and (f), of Appendix IV to EBS/87/5, Supplement 1 until the earlier of July 31, 1987 or the completion of the next Article IV consultation with Argentina.

