

EBS/82/203

CONFIDENTIAL

November 8, 1982

To: Members of the Executive Board  
From: The Secretary  
Subject: Argentina - Exchange Arrangements

The attached paper on Argentina's exchange arrangements is circulated for the information of the Executive Directors.

Att: (1)



INTERNATIONAL MONETARY FUND

ARGENTINA

Exchange Arrangements

Prepared by the Western Hemisphere and the Exchange  
and Trade Relations Departments

(In consultation with the Legal Department)

Approved by E. Walter Robichek and C. David Finch

November 8, 1982

In a communication received November 3, 1982 (translation attached), the Central Bank of the Republic of Argentina has informed the Fund of the unification of the commercial and financial exchange markets, entailing a depreciation of the Argentine peso for trade-related transactions, with effect from November 1, 1982.

The exchange market was split into a commercial and financial market on July 6, 1982 (EBS/82/127, 7/13/82). At that time it was specified that the f.o.b. value of exports and imports would be transacted at the commercial rate, which was initially set at \$a 20,000 per US\$1; freight and insurance payments associated with exports and imports, as well as all other transactions, would be effected at the financial market rate, which was to be determined by supply and demand in that market. On August 2, 1982, it was announced that henceforth freight charges associated with imports would be channeled through the commercial exchange market. With effect from September 13, 1982, the trade-related transactions which had previously taken place at the commercial market rate were henceforth to be effected at a "mixed rate" obtained by applying the commercial rate to 85 per cent of the value of the transaction and the financial rate to 15 per cent (EBD/82/225, 9/21/82). On October 1, 1982, these weights were changed to 80 per cent and 20 per cent.

The commercial market rate was adjusted on a daily basis after July 6, reaching \$a 32,330 per US\$1 (buying) on October 29. The financial market rate fell steeply in the first two weeks after the dual market was introduced; thereafter, the financial peso, although nominally floating, remained virtually unchanged at about \$a 39,000 per US\$1. The mixed rate, at which transactions assigned to the commercial market actually took place after September 12, was \$a 33,664 per US\$1 (buying) on October 29. On November 1, 1982, the markets were unified at \$a 38,950 per US\$1 (buying) and \$a 39,000 per US\$1 (selling), representing a depreciation of 17 per cent in the commercial market and a depreciation of 13.6 per cent on the basis of the mixed rate. Buying and selling rates for the U.S. dollar in the new, unified exchange market will be set daily by the Central Bank of Argentina.

As a transitional measure, proceeds from exports for which customs formalities had been completed before November 1, 1982, but which had not yet been surrendered, are to be sold at the mixed rate in effect on October 29, 1982. However, proceeds from promoted exports, exports effected through the special customs area of Tierra del Fuego, and certain other exports may be surrendered at the rate in the unified market on the day of such surrender. Also, proceeds from exports under Law No. 21453 which were declared to the National Grain Board prior to November 1, 1982 are to be surrendered at a rate announced daily by the Central Bank.

The staff is in close contact with the Argentine authorities, and these measures, as well as other policies, will be discussed in the staff's reports to be circulated to the Executive Board at a later date.

Attachment

FROM CENTRAL BANK OF THE ARGENTINE REPUBLIC  
BUENOS AIRES  
TO INTERNATIONAL MONETARY FUND WASHINGTON

November 2, 1982

ATTENTION: MR. MARIO TEIJEIRO, EXECUTIVE DIRECTOR

This is to inform you of new exchange arrangements effective November 1, 1982 in accordance with provisions discussed below.

Communication "A" 241 of October 29, 1982

Announces that a single exchange market will function effective November 1, 1982 and that the Central Bank will set the spot buying and selling rates for U.S. dollar transactions on a daily basis.

Communication "A" 242 of October 29, 1982

Provides that the foreign exchange proceeds from export operations whose customs declarations of export for consumption were formalized at Customs prior to November 1, 1982 shall be converted at the commercial market rate in effect on October 29, 1982 (\$a 32,520 or its equivalent in other currencies) in the proportions established by Communications "A" 219 of September 13, 1982 and "A" 232 of October 1, 1982, in accordance with the general regulations.

The foreign exchange proceeds from export operations from the special customs zone created by Law No. 19640, Communication "A" 233 and Circular COPEX-1-30 of October 1, 1982 and the financial market proportions of other exports shall be surrendered on the single exchange market at the rates in effect at the time of their conversion, in accordance with the general provisions laid down by the Central Bank.

Foreign exchange proceeds converted on or after November 1, 1982 received in payment for exports of promoted goods included in Lists 1, 2, 3 and 4 of Circular OPRAC-1 and for exports of nonpromoted products listed under item (1) of Communication "A" 48 shall be surrendered in accordance with the general regulations and with the exchange practices in effect on the due date of the liability.

The Central Bank shall announce daily the exchange rate applicable to exports of goods covered by Law No. 21453 the sale of which had been declared to the National Grain Board prior to July 4, 1982.

REGARDS  
FOREIGN AND EXCHANGE DEPARTMENT

Received in Cable Room November 3, 1982