

2. Argentina - Review Under Stand-By Arrangement

1. Argentina has consulted with the Fund in accordance with paragraph 4(d)(iii) of the revised stand-by arrangement for Argentina (EBS/85/177, 7/26/85, Attachment I) and paragraph 37 of the letter of June 11, 1985, attached to the revised stand-by arrangement, in order to reach any necessary understandings on additional measures to ensure achievement of the program's objectives.

2. The letter of February 20, 1986 from the Minister of Economy and the President of the Central Bank of Argentina will be attached to the revised stand-by arrangement, and the letters of September 25, 1984, December 26, 1984, June 11, 1985, and July 22, 1985, heretofore attached to the revised stand-by arrangement, shall be read as supplemented and modified by the letter of February 20, 1986.

3. Accordingly, the quantitative limits and dates of the revised stand-by arrangement shall be read as subject to the modifications and additions set out in the paragraphs and tables listed below of the letter of February 20, 1986, for the period from March 31, 1986 through the expiration of the revised stand-by arrangement.

- (a) The ceiling on the net domestic assets of the Central Bank, as described in and under paragraph 4(a)(i) of the revised stand-by arrangement, shall be modified and supplemented as described in paragraph 12 and Table 2 of the letter;
- (b) The limit on the combined deficit of the nonfinancial public sector and the Central Bank, the sublimit on the cash deficit of the nonfinancial public sector, and the limit on treasury outlays, as described in and under paragraph 4(a)(ii) of the revised stand-by arrangement, shall be modified and supplemented as described in paragraph 9 and Table 1 of the letter;
- (c) The target for net international reserves, as described in and under paragraph 4(b)(i) of the revised stand-by arrangement, shall be modified to apply for the period including January, February, and March 1986, as described in paragraph 15 and Table 3 of the letter;
- (d) The schedule for the phased elimination of external payments arrears, as described in and under paragraph 4(b)(ii) of the revised stand-by arrangement, shall be supplemented as described in paragraph 17 and Table 4 of the letter;
- (e) The understandings on regulated interest rates, as described in and under paragraph 4(c) of the revised stand-by arrangement, shall be modified to apply for the period including February, March, and April 1986;
- (f) The proportion of base period imports subject to automatic licensing, as described in and under paragraph 4(d)(ii) of the

revised stand-by arrangement, shall be modified as described in paragraph 19 of the letter; and

- (g) Paragraph 4(f) of the revised stand-by arrangement is amended by substituting "May 15, 1986" for "March 15, 1986."

4. Paragraph 1 of the revised stand-by arrangement is amended by substituting "May 31, 1986" for "March 27, 1986" and, in the light of paragraph 22 of the letter of February 20, 1986, by substituting "SDR 1,182.5 million" for "SDR 1,419 million."

5. Paragraph 2(a) of the revised stand-by arrangement is amended to read:

"(a) Purchases under this stand-by arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 236.5 million until February 20, 1985, the equivalent of SDR 473.0 million until September 20, 1985, the equivalent of SDR 709.5 million until March 10, 1986, and the equivalent of SDR 946.0 million until May 20, 1986."

6. The Fund finds that the review contemplated in paragraph 4(d)(iii) of the revised stand-by arrangement has been concluded, and that Argentina may proceed to make purchases under the revised stand-by arrangement.

Decision No. 8217-(86/43), adopted
March 10, 1986