

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
NOT FOR PUBLIC USE

Short Procedure

Expires: 6 August 2001

PR-297-17
30 July 2001
Original: Spanish

To: The Board of Executive Directors

From: The Secretary

Subject: Argentina. Line of credit 91/OC-AR to Banco de Inversión y Comercio Exterior (BICE) for the medium-term financing of intraregional exports. Amendment of Resolution DE-15/94

Basic information: Line of credit 91/OC-AR-J to Banco de Inversión y Comercio Exterior (BICE) for the medium-term financing of intraregional exports

Inquiries to: Mr. Alejandro López Lamia (extension 1777)

Remarks: Management is submitting the attached proposed resolution to the Board of Executive Directors with the recommendation that the drawdown period for the line of credit be extended to 31 December 2001 and that clause 7 of Resolution DE-15/94 of 23 February 1994 be amended accordingly.

The Executive Directors are requested to inform the Secretary, in writing, not later than **6 August 2001**, if they wish to interrupt this procedure. If no such communication is received by that date, the resolution will be considered adopted by the Board of Executive Directors, and a record to that effect will be made in the minutes of a forthcoming meeting.

Reference: PR-297-16(4/00)

Other distribution: Managers, Division Chiefs, Representative in Argentina

Argentina

Request for extension to 31 December 2001 of the deadline for using credit line 91/OC-AR-J with respect to medium-term financing for intraregional exports

Introduction

1. On 12 January 2000, the Board of Executive Directors asked Management to prepare a report on the Export Financing Program (EFP) in order to assess the program's effectiveness as a tool for promoting nontraditional interregional exports in Latin America and the Caribbean. As a result, all requests for renewals of EFP credit lines were put on hold until the report was completed. Consideration of the request for extension of credit line 91/OC-AR-I to Argentina, distributed to the Board on 18 April 2000, was deferred until such time as the report could be analyzed and approved by the Board.
2. Management presented the EFP evaluation to the Policy and Evaluation Committee of the Board of Executive Directors on 19 July 2001, recommending that the program be closed down immediately and permanently since it had had no relevant impact on nontraditional intraregional exports in Latin America and the Caribbean. The Committee accepted Management's recommendation, but suggested that the formal closing date be set at 31 December 2001. The recommendations were approved by the Committee of the Whole on 25 July 2001. The Committee of the Whole also decided that operations that had been placed on hold, but no others, could be reactivated through 31 December 2001, as of which date no further operations would be processed under the program.

Rationale

3. In view of the decision taken by the Committee of the Whole, on 25 July 2001 Banco de Inversión y Comercio Exterior (BICE) requested that the consolidated contract for credit line 91/OC-AR-J, which superseded Contract 91/OC-AR-I, be extended through 31 December 2001, at which time the period for use of the credit line would expire with the definitive closing down of the program.
4. To extend the period for use of this credit line, approval of the Board is required inasmuch as the President's authority to make such extensions expired on 14 March 2000, and bearing in mind that consideration of BICE's request for an extension had to be deferred until the Committee of the Whole had reached a decision concerning the future of the EFP.

Recommendation

5. In view of the foregoing, Management submits the attached draft resolution to the Board of Executive Directors with the recommendation that it extend the deadline for

use of the credit line to 31 December 2001 and that paragraph 7 of Resolution DE-14/94 of 23 February 1994 be amended accordingly.

Annex: Proposed resolution

PROPOSED RESOLUTION

**ARGENTINA. LINE OF CREDIT 91/OC-AR-I TO THE BANCO DE INVERSION Y
COMERCIO EXTERIOR (BICE) FOR THE FINANCING OF
INTRA-REGIONAL MEDIUM-TERM EXPORTS
(Amendment of Resolution DE-15/94)**

The Board of Executive Directors

RESOLVES:

That paragraph 7 of the Resolution DE-15/94, approved on February 23, 1994, be amended to read as follows:

“7. Utilization Period. The utilization period of the line of credit shall expire on December 31, 2001.”