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I.m.f. Approves Extended Facility Loan For Argentine Government

by Barbara Khol
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On March 31, the International Monetary Fund (IMF) announced approval of a US$2.948 billion three-year extended facility loan for the Argentine government. The IMF also signed off on US$458 million in "augmentation funds" to be used in reducing debt owed foreign commercial banks under Brady Plan guidelines. The sum is equal to 30% of Argentina's IMF quota, or US$1.527 billion (1.113 billion SDRs). In addition, the new loan agreement finalized on Tuesday includes approximately US$194 million from previous stand-by agreements which were earmarked for disbursement only after the government concluded a refinancing agreement with foreign banks. The Fund will disburse the first US$200 million of the US$3.6 billion total prior to the end date (June this year) of the current stand-by agreement with Buenos Aires. Under terms of the new agreement, President Carlos Menem's government is committed to an annual primary fiscal surplus of US$3.3 billion, equal to 2% of GDP. The surplus figure excludes revenue from privatization of government-owned enterprises, real estate, and other property. Next, the administration predicts a 5% per annum GDP growth rate, and a reduction in consumer price inflation to 4% per year by 1994. As of March 31, the New York-based committee representing Argentina's foreign commercial bank creditors had submitted a second counteroffer on refinancing about US$28 billion worth of debt. (The figure includes US$8 billion in interest arrears.) The offer specified a US$900 million cash payment on the arrears, down from a previous counteroffer of US$1.1 billion. Next, the proposal indicated acceptance of a 35% debt principal reduction. The committee was responding to an offer by the Argentine negotiating team suggesting a US$400 million cash payment on interest arrears, and a 37.5% reduction. (Basic data from several reports by Agence France-Presse, Spanish news service EFE, 03/31/92; Chinese news service Xinhua, 04/01/92)

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