

1. CHILE - EXTENDED ARRANGEMENT - REVIEW AND LENGTHENING

1. Chile has consulted with the Fund in accordance with paragraph 12 of the extended arrangement for Chile (EBS/85/122, Sup. 3) and paragraphs 3 and 4 of the letter of December 29, 1987, from the President of the Central Bank of Chile and the Minister of Finance, in order to review the implementation of the measures described in that letter and attached memorandum.

2. The letter dated July 12, 1988 from the President of the Central Bank and the Minister of Finance, together with the annexed Memorandum on the Economic Policies of Chile, shall be attached to the extended arrangement, and the letters dated July 9, 1985, January 20, 1986, June 18, 1986, December 15, 1986, June 30, 1987, and December 29, 1987, together with the respective annexed Memoranda on the Economic Policies of Chile, shall be read as supplemented and modified by the letter dated July 12, 1988, together with its annexed Memorandum on the Economic Policies of Chile.

3. At the request of Chile, its extended arrangement is lengthened through August 15, 1989. Accordingly, paragraph 1 of the extended arrangement for Chile is amended by substituting "four" for "three," and by substituting "SDR 825 million" for "SDR 750 million."

4. Chile will not make purchases under the extended arrangement:

(a) during any period after August 15, 1988 in which the data at the end of the preceding calendar quarter indicate that:

(i) the cumulative limit on the overall deficit of the nonfinancial public sector, as specified in paragraph 5 and Table 1 of the memorandum annexed to the attached letter of July 12, 1988; or

(ii) the target on the international reserves of the Central Bank, as specified in paragraph 6 and Table 3 of the memorandum annexed to the attached letter of July 12, 1988

is not observed; or

(b) during any period after August 15, 1988 in which:

(i) the ceiling on the net domestic assets of the Central Bank, as specified in paragraph 6 and Table 2 of the memorandum annexed to the attached letter of July 12, 1988; or

(ii) the ceiling on the contracting, rescheduling, and guaranteeing of external debt by the public sector, as specified in paragraph 9 and Table 4 of the memorandum annexed to the letter of July 12, 1988; or

(iii) the ceiling on the stock of short-term external debt

owed by the nonfinancial public sector and the Banco del Estado, as specified in paragraph 9 and Table 5 of the memorandum annexed to the attached letter of July 12, 1988;

is not observed; or

(c) after February 14, 1989, until the review contemplated in paragraph 3 of the attached letter of July 12, 1988 has been completed and performance criteria have been established for the remaining period of the extended arrangement, or having been established, while they are not being observed.

5. Purchases under this extended arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 750 million until November 15, 1988, the equivalent of SDR 768.75 million until February 15, 1989, the equivalent of SDR 787.50 million until May 15, 1988, and the equivalent of SDR 806.25 million until August 10, 1989.

Decision No. 8946-(88/124), adopted  
August 5, 1988