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**IMMEDIATE  
ATTENTION**

MASTER FILES  
ROOM C-525

0401

EBD/91/141

May 6, 1991

To: Members of the Executive Board  
From: The Secretary  
Subject: Argentina - Change in the Representative Rate for the  
Austral

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by the close of business on Thursday, May 9, 1991. In the absence of such a request, the draft decision that appears on page 2 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Decarli (ext. 7627) or Ms. Voulgaris (ext. 7629) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:  
Department Heads

INTERNATIONAL MONETARY FUND

Argentina - Change in the Representative Rate for the Austral

Prepared by the Treasurer's Department

(In consultation with the Exchange and Trade Relations,  
Legal and Western Hemisphere Departments)

Approved by Gerhard Laske

May 3, 1991

The representative rate for the Argentine austral against the U.S. dollar was last established as the midpoint between buying and selling rates for spot delivery of U.S. dollars in the official exchange market (Executive Board Decision No. 8059-(85/126) G/S, August 14, 1985).

The exchange rate system in Argentina has undergone several changes since the last amendment of the representative rate. The official exchange market referred to in the current definition was eliminated. Most recently, the unified floating exchange rate system, which was in operation from December 1989 until January 1991, was replaced by a fixed exchange rate system with a target zone for exchange rate intervention. The target zone was initially set at australes 8,000 to 10,000 per U.S. dollar on January 29, 1991 and is progressively being narrowed, with the current target zone at australes 9,800 to 10,000 per U.S. dollar on May 2, 1991.

The authorities of Argentina have informed the Fund that effective April 1, 1991, pursuant to the law on convertibility and deindexation of the economy, the austral is convertible vis-à-vis the U.S. dollar at a selling rate of australes 10,000 per U.S. dollar, with no restrictions on the access to the foreign exchange market. The Central Bank intervenes in the foreign exchange market when the observed market rates reach the upper or lower limits of the target zone.

In light of these developments and in accordance with Rule 0-2(c), the Fund finds, after consultation with the authorities of Argentina, that the representative rate of the austral, under Rule 0-2(b)(i), against the U.S. dollar is the midpoint between spot buying and selling rates for U.S. dollars ("dolar transferencia") prevailing in the free foreign exchange market at 3:00 p.m., i.e., at close of business, each day. It is also agreed that the Central Bank of Argentina will advise the Fund daily of the representative rate of the austral and will promptly notify the Fund of any change in the arrangements for the determination of the representative rate. The representative rate on May 2, 1991 was australes 9.825 per U.S. dollar.

The following draft decision is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of Argentina, that the representative rate for the austral under Rule 0-2(b)(i) against the U.S. dollar is the midpoint between spot buying and selling rates for U.S. dollars ("dolar transferencia") in the free foreign exchange market as quoted by the Banco de la Nacion Argentina and reported by the Central Bank of Argentina.

Attachment

To: International Monetary Fund  
Treasurer's

From: Banco Central de la Republica Argentina

The representative exchange rate for the Argentine austral, under Rule 0-2(b)(i), against the U.S. dollar is the midpoint between spot buying and selling rates for U.S. dollar transfers in the free foreign exchange market at close of business as quoted by Banco de la Nacion Argentina, Buenos Aires, and reported by the Central Bank of Argentina.

RAUL O. PLANÉS  
GERENTE DE CAMBIOS

HERNAN ARIEL STEINBRUN  
JEFE DEL DEPARTAMENTO  
OPERADORES DE CAMBIO

Received in IMF fax center: April 19, 1991

