

EBS/84/252

CONFIDENTIAL

December 4, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Argentina - Use of Fund Resources -
Compensatory Financing Facility

Attached for consideration by the Executive Directors is a paper on a request expected to be received from Argentina for a purchase equivalent to SDR 275 million under the compensatory financing facility. A draft decision appears on page 23.

This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Kaibni (ext. (5)7721).

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

ARGENTINA

Use of Fund Resources--Compensatory Financing Facility

Prepared by the Research and Western Hemisphere Departments

(In consultation with the Exchange and Trade Relations, Legal,
and Treasurer's Departments)

Approved by Wm. C. Hood and E. Wiesner

December 3, 1984

The Managing Director has been informed that the Argentine authorities will shortly request a purchase of SDR 275 million (equivalent to 24.7 percent of quota) under the compensatory financing decision (Decision No. 6224-(79/135), adopted August 2, 1979, as amended). The request is being made with respect to a shortfall in export earnings for the 12 months ended May 1984. The request is expected to be considered by the Executive Board concurrently with a request for use of Fund resources under a 15-month stand-by arrangement for SDR 1,419 million (equivalent to 127.5 percent of quota). The proposed CF purchase, if approved, would raise the outstanding purchases under the facility from 46.7 percent of quota to 71.4 percent of quota, and Fund holdings of the member's currency from 200.7 percent to 225.4 percent of quota. ^{1/} A waiver of the limitation in Article V, Section 3(b)(iii) of the Fund's Articles of Agreement is required and is being proposed.

This paper, which is being circulated in advance of the formal request from Argentina, is presented in four sections and two annexes. The sections deal with: (1) balance of payments position and cooperation with the Fund; (2) estimation of the export shortfall; (3) causes of the shortfall and earnings prospects; and (4) staff appraisal and proposed decision. The relations of Argentina with the Fund are summarized in Annex I. Annex II contains statistical tables providing a more detailed commodity breakdown than has been provided in the body of the paper.

1. Balance of payments position and cooperation with the Funda. Balance of payments

Since 1980, Argentina's overall balance of payments has been in deficit, and despite an intensification of restrictions on trade and payments beginning in 1982, Argentina has been unable to meet fully its

^{1/} The outstanding amount relates to a CF purchase of SDR 520.1 million made in January 1983 with respect to a shortfall for the 12 months ended September 1982.

external obligations. During 1982, some SDR 2.3 billion in external arrears were accumulated, and at the end of June 1984, arrears amounted to SDR 3.6 billion (Table 1).

From 1980 to 1982 there was a marked turnaround in the trade balance from a deficit of SDR 2 billion to a surplus of SDR 2 billion, owing mainly to a sharp decline in imports. However, this improvement was offset in large part by increasing interest payments on the growing external debt, and the current account deficit only declined from SDR 3.7 billion in 1980 to SDR 2.1 billion in 1982. The outbreak of the South Atlantic conflict in the second quarter of 1982 interrupted Argentina's access to international capital markets which, together with a substantial increase in the outflow of private capital, resulted in a worsening of the capital account. The overall balance of payments deficit widened from SDR 2 billion in 1980 and SDR 3 billion in 1981 to more than SDR 5 1/2 billion in 1982.

In the latter part of 1982, the Government that was handling the transition to consitutional government began implementing an adjustment program that was supported by a stand-by arrangement from the Fund. In the first half of 1983 there was a substantial improvement in the balance of payments, despite weak export performance and further increases in interest payments; private capital flows turned positive and the overall balance of payments deficit for the half-year was limited to SDR 180 million. Policies were relaxed from midyear, however, and for the year as a whole the balance of payments deficit amounted to SDR 2.4 billion; the current account deficit amounted to SDR 2.3 billion, little changed from 1982, as higher interest payments more than offset a further improvement in the trade account.

The peso argentino was depreciated by less than domestic inflation during 1983, and by December 1983 the real effective exchange rate of the peso had risen by over 20 percent relative to its low point one year earlier. ^{1/} For much of 1984, the exchange rate was adjusted in line with projected inflation, a policy which produced a further real appreciation of the peso through September 1984. Since October, the exchange rate has been adjusted at a pace faster than inflation with a view to reversing the earlier real appreciation.

Despite the real appreciation of the peso during most of 1984, the balance of payments outcome for the year is projected to show an improvement over the 1983 result. The trade balance is expected to be in surplus by SDR 3.9 billion--an improvement of almost SDR 800 million with respect to 1983--principally as a result of a strong increase in export earnings and of a marginal increase in imports from their low level of 1983.

^{1/} In the latter part of the 1970s and in 1980, the policy of gradually slowing the rate of currency depreciation had resulted in a sharp real appreciation of the peso and a marked deterioration in the trade balance and the current account. In 1981 and 1982, the peso was depreciated substantially in real terms and at the end of 1982 the external value of the currency was below its level of 1977-78.

Table 1. Argentina: Balance of Payments, 1980-84

	1980	1981	1982	1983	1984
- - - - - (In millions of SDRs) - - - - -					
A. Current account	-3,663	-3,998	-2,135	-2,280	-2,098
Merchandise	-1,935	-201	2,072	3,106	3,880
Exports, f.o.b.	(6,163)	(7,754)	(6,906)	(7,329)	(8,477)
Import, c.i.f.	(-8,098)	(-7,997)	(-4,834)	(-4,223)	(-4,596)
Services and transfers	-1,727	-3,754	-4,207	-5,386	-5,979
Of which:					
Financial services	(-1,176)	(-3,138)	(-4,274)	(-5,059)	(-5,750)
B. Capital account	1,691	925	-3,456	-104	-172
Banking system ^{1/}	-310	247	486	244	-239
Trade finance ^{2/}	-88	-2,872	-2,165	-324	-192
Other public sector	2,272	3,846	-523	86	-173
Other private sector ^{3/}	-183	-296	-1,254	-110	432
C. SDR allocation	56	59	--	--	--
D. Overall balance	-1,916	-3,014	-5,591	-2,384	-2,270
E. Valuation adjustment ^{4/}	-174	-302	-99	-265	--
F. Financing	2,090	3,316	5,690	2,649	2,270 ^{6/}
Net use of Fund credit	--	--	--	1,121	512
Other ^{5/}	2,090	3,316	5,690	1,528	1,758
- - - - - (As percent of GDP) - - - - -					
Memorandum items:					
Current account	-7.3	-7.0	-3.6	-3.5	-2.9
Overall balance	-3.8	-5.3	-9.3	-3.7	-3.1
- - - - - (In millions of SDRs) - - - - -					
Gross official reserves,					
end of year	5,181	2,737	2,302	2,499	...
Arrears, end of year	--	--	2,300	3,014	3,595 ^{7/}
- - - - - (In months of imports) - - - - -					
Gross official					
reserves/imports	7.7	4.1	5.7	7.1	...

Sources: Central Bank of Argentina; and Fund staff estimates.

^{1/} Includes changes in Central Bank foreign assets not considered part of international reserves.

^{2/} Includes trade-related leads and lags, as well as identified trade credits.

^{3/} Includes errors and omissions.

^{4/} Changes in net international reserves due to exchange rate movements.

^{5/} Net international reserves of Central Bank of Argentina and U.S. dollar-denominated Government of Argentina bonds issued in lieu of providing foreign exchange.

^{6/} Includes valuation adjustment.

^{7/} As at end-June 1984.

The trade account improvement is largely offset by a SDR 600 million increase in interest payments (reflecting higher average interest rates in 1984) leaving a current account deficit SDR 200 million smaller than in 1983. A modest deficit is anticipated for the capital account and the overall balance of payments deficits is projected to be SDR 2.3 billion, which represents an improvement of SDR 110 million with respect to the 1983 outturn.

b. Cooperation with the Fund

The proposed purchase by Argentina, which is equivalent to 24.7 percent of quota, would raise outstanding CF purchases above 50 percent of quota (from 46.7 percent to 71.4 percent). Therefore, the request may be approved only if the Fund is satisfied that Argentina has been cooperating with the Fund in an effort to find appropriate solutions for Argentina's balance of payments difficulties. The staff considers that this requirement is met by the adoption by Argentina of a financial program, in support of which the authorities are requesting use of Fund resources under a stand-by arrangement. Argentina maintains multiple currency practices and exchange restrictions that have so far remained unapproved. The staff is recommending in an accompanying stand-by paper approval of all but one of these practices until March 31, 1985.

2. Estimation of the shortfall

Actual data on Argentina's exports are available through May 1984 and the Argentine authorities have requested that the 12 months ended May 1984 be treated as the shortfall year.

After a sluggish performance in 1980/81, export earnings rose by 22 percent to SDR 8.1 billion in 1981/82, but fell by 20 percent in the following year. In 1983/84, the shortfall year, earnings recovered by 23 percent to SDR 7.9 billion, but this level was still 2 percent short of the earnings realized in 1981/82. Earnings in the post-shortfall period are projected to advance, though at a slower pace of 12 percent per annum. On the basis of these annual movements for the five-year trend period, 1981/82-1985/86, the shortfall in the value of exports for the 12 months ended May 1984 is calculated to be SDR 275 million, which is the amount of the proposed purchase (Table 2).

Argentina's last CF purchase--SDR 520.1 million in January 1983--was in respect of a shortfall in export earnings for the 12 months ended September 1982, of which the last month was estimated. ^{1/} On the basis of actual data for the last month of the shortfall year and for the first 20 months of the post-shortfall period, as well as the current projections

^{1/} Actual data for September 1982 turned out to be smaller than the estimate made at the time of request. Accordingly, the early drawing made by Argentina did not involve overcompensation. The staff reported this outcome to the Executive Board in April 1983 (EBS/83/76).

for the remaining four months (June-September 1984), it now appears that the shortfall for the 12 months ended September 1982, at SDR 317 million, would be about SDR 200 million less than the CF purchase made.

Table 2. Argentina: Estimation of the Export Shortfall

(In millions of SDRs)

	Years ending May				
	1982	1983	1984	Projected 1/ 1985	1986
Exports	8,110	6,475	7,938	8,900	10,075
Shortfall			275		
Proposed purchase			275		

1/ Based on judgmental forecast of earnings given in Table 3.

With the recovery in Argentina's exports recorded since mid-1983, the size of the shortfall has diminished progressively; the shortfall, which emerged in mid-1982, peaked at SDR 1,082 million for the 12 months ended June 1983, but fell to SDR 275 million for the 12 months to May 1984, the reference period for the current request. The profile of the shortfall for successive 12-month periods, illustrated in the attached chart, suggests that the timing of Argentina's last CF purchase was premature and that the present request is being made toward the end of the shortfall cycle. It should be noted, however, that Argentina could not have advanced its current request because of the long time that was required for the negotiation of an arrangement from the Fund, which, in this case, is considered to be a prerequisite for satisfying the cooperation requirement.

3. Causes of the shortfall and earnings prospects

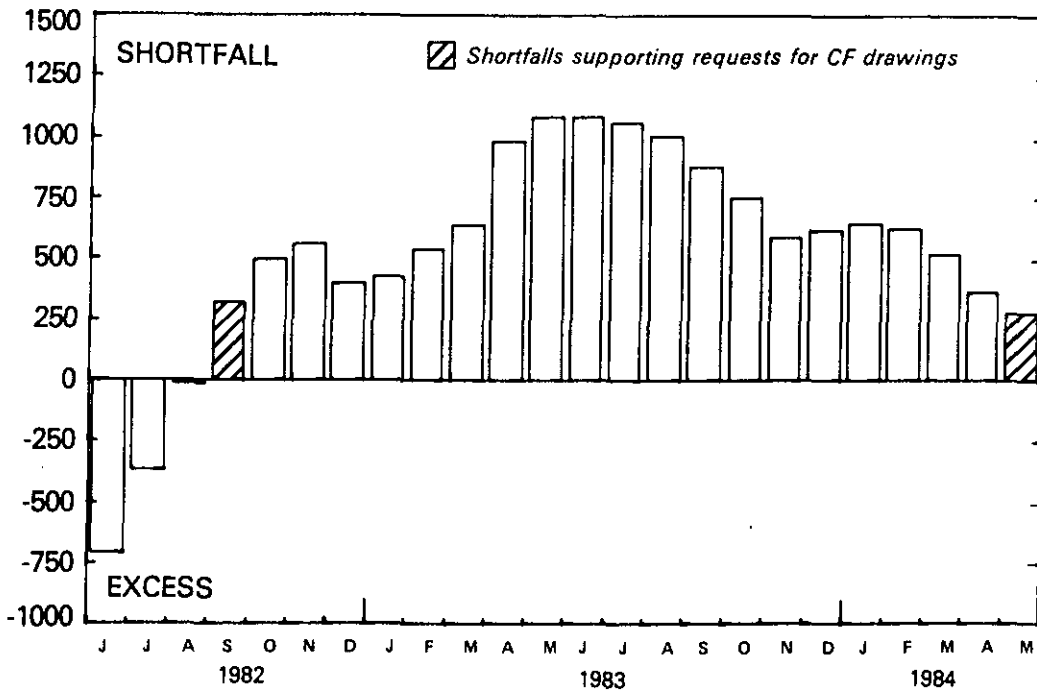
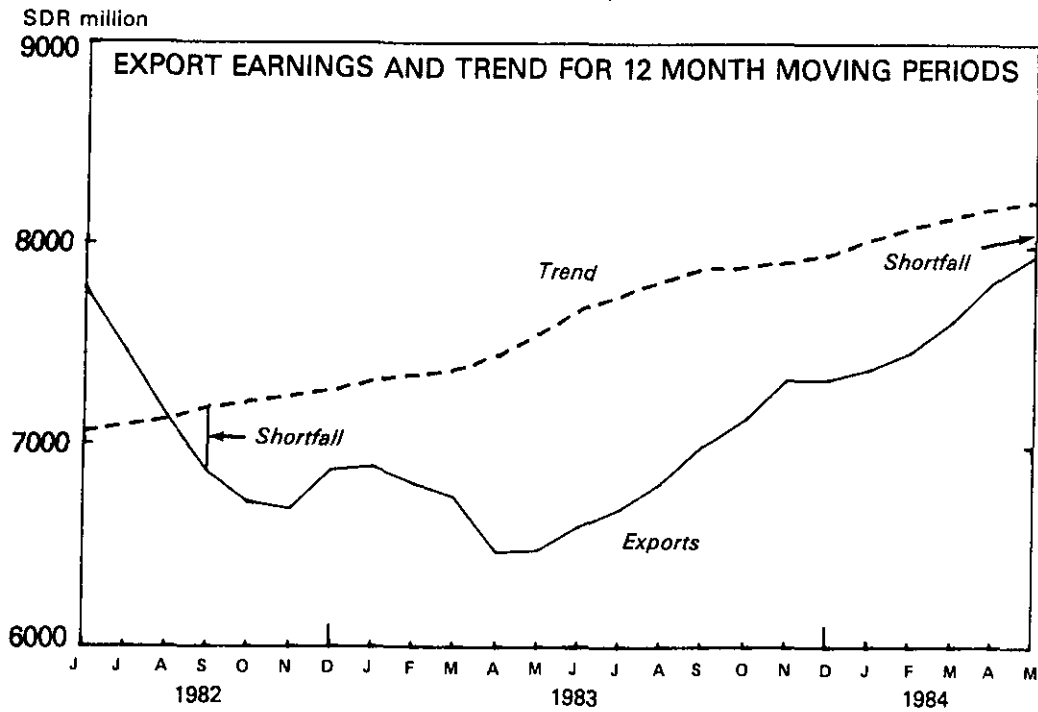
The aggregate shortfall of SDR 275 million relates to shortfalls in two broad categories, manufactures (SDR 185 million) and "other" exports (SDR 165 million), which include a large component of minor manufactures; agricultural exports accounted for 62 percent of total earnings in the shortfall year and recorded an excess (SDR 92 million). Within the agricultural category, the outcome was dominated by a sharp rise in cereal exports (54 percent), and the resulting excess in this commodity (SDR 301 million) more than offset shortfalls for meat (SDR 85 million), oilseeds and oils (SDR 34 million) and minor agricultural exports (SDR 35 million). Among the other major commodities identified in Table 3, a shortfall (SDR 72 million) is calculated for fuel exports.

Table 3. Argentina: Export Earnings and Shortfalls by Major Commodities, 1979-1986

	Years Ending May						Shortfall			
	1979	1980	1981	1982	1983	1984	1985	1986	Geometric	Arithmetic
(In millions of SDRs)										
Total exports	5,420	6,305	6,635	8,110	6,475	7,938	8,900	10,075	275	362
Agriculture	3,053	3,599	3,787	4,584	3,701	4,902	5,243	5,902	-92	-36
Cereals	(1,117)	(1,287)	(1,572)	(2,322)	(1,802)	(2,770)	(2,693)	(2,941)	(-301)	(-264)
Oilseeds										
and oils	(592)	(781)	(707)	(707)	(655)	(957)	(1,368)	(1,574)	(34)	(95)
Meat	(607)	(746)	(547)	(656)	(505)	(382)	(350)	(500)	(85)	(97)
Others	(737)	(785)	(961)	(899)	(739)	(793)	(832)	(887)	(35)	(37)
Manufactured goods	553	712	842	1,349	928	874	1,042	1,171	185	199
Fuel	(21)	(89)	(286)	(481)	(335)	(259)	(284)	(336)	(72)	(80)
Other	(532)	(623)	(556)	(868)	(593)	(615)	(758)	(835)	(110)	(119)
Other	1,814	1,994	2,006	2,177	1,846	2,162	2,615	3,002	165	198
(Percentage changes)										
Total Exports	16	18	5	22	-20	23	12	13		
Agriculture	18	15	5	21	-19	32	7	13		
Cereals	(15)	(15)	(22)	(48)	(-22)	(54)	(-3)	(9)		
Oilseeds										
and oils	(32)	(23)	(-9)	(-)	(-7)	(46)	(43)	(15)		
Meat	(23)	(7)	(-27)	(20)	(-23)	(-24)	(-8)	(43)		
Others	(7)	(7)	(22)	(-6)	(-18)	(7)	(5)	(7)		
Manufactured goods	29	(324)	18	60	-31	-6	19	12		
Fuel	(324)	(17)	(221)	(68)	(-30)	(-23)	(10)	(18)		
Other	(17)	10	(-11)	(56)	(-32)	(4)	(23)	(10)		
Other			1	9	-15	17	21	15		

ARGENTINA: PROFILE OF EXPORTS, EXPORT TREND AND SHORTFALLS

(June 1982-May 1984)



The shortfall in aggregate earnings for the 12 months ended May 1984 had its origin in developments that occurred in the year immediately preceding (1982/83). The 20 percent drop in earnings in 1982/83 was caused by a combination of factors. Argentina's export situation during that year was overshadowed by the 1982 conflict in the South Atlantic which interrupted normal trade flows and precipitated a temporary trade embargo against Argentine goods. At the same time, Argentina, like most other countries, was adversely affected in 1982/83 by the world recession; external demand, as measured by the import volume of Argentina's trading partners, declined more sharply in 1982/83 (-3.6 percent) than in 1981/82 (-1.4 percent) and export unit values fell by about 12 percent (Table 4). In addition, Argentina's earnings from cereal exports fell sharply in 1982/83 because of transport difficulties which limited the shipment of supplies available for export. For these reasons, and in spite of a 34 percent depreciation of the real effective exchange rate in 1981/82, and another 40 percent depreciation in 1982/83, Argentina experienced a substantial loss of market shares in 1982/83.

Exports in 1983/84, the shortfall year, were influenced to some extent by the effects of developments in the preceding year. Even though the embargo was lifted in the latter part of 1982, Argentina was unable to recover its previous markets, and rising protectionism by industrial countries adversely affected certain items of its manufactured exports, notably steel. In addition, growth in Argentina's manufactured exports in 1983/84 was severely depressed by the drop in demand in neighboring countries, traditionally the outlet for about 40 percent of Argentina's manufactured exports. Largely for these reasons, growth in manufactured exports, excluding fuel, was suppressed at a mere 4 percent in 1983/84, following a 32 percent drop in the preceding year. Fuel exports declined in both 1982/83 (-30 percent) and 1983/84 (-23 percent), but this development largely reflected the restructuring of refining output, with the effect that smaller surplus quantities of fuel oil and gas oil were available for export. In the shortfall year, "other" exports, of which more than one half is accounted for by manufactured goods, recovered by 17 percent, raising earnings back to about the level prevailing two years earlier. The recovery, however, was based almost entirely on agricultural exports, as the manufactured exports, after falling by 31 percent in 1982/83, remained depressed in the shortfall year. The shortfall in "other" exports is entirely related to the manufactures component, and the factors responsible for this shortfall are broadly similar to those affecting major manufactures discussed above.

In the shortfall year, there was a relaxation of demand policy in Argentina, as manifested in a sharp increase in inflation; real wages went up and there was a real appreciation of the peso. The appreciation of the peso, however, was modest by comparison with the sharp cumulative depreciation that occurred in the preceding two years; by comparison with the average rate for those two years, the rate in the shortfall year depreciated by 15.2 percent. Nevertheless, to the extent that the rise in real wages had the effect of stimulating domestic consumption, it may have caused a reduction of exportable supplies of such products as meat and certain manufactures.

Table 4. Argentina: Growth in Exports and Underlying Factors, 1980-86

(Change in percent)

	Years Ending May					Average 1985-86
	1980	1981	1982	1983	1984	
Export growth <u>1/</u>						
Value	21	7	28	-22	25	10
Volume	-2	-6	30	-12	15	6
Unit price	26	13	-1	-12	9	4
Agricultural exports						
Value	18	5	21	-18	32	9
Volume	-6	-8	23	-8	20	5
Unit price	26	14	-2	-11	9	4
Manufactured exports <u>2/</u>						
Value	17	-11	57	-32	4	19
Volume	-3	-13	37	-21	4	14
Unit price	21	2	15	-14	--	4
Underlying factors						
1. Market growth <u>3/</u>						
Real GDP in trading partners	3.7	1.1	0.1	0.4	2.9	3.2
Non-oil import volume of trading partners	7.7	0.1	-1.4	-3.6	7.3	6.1
2. Competitiveness indicator						
Changes in real effective exchange rate <u>4/</u> (-depreciation)	3	25	-34	-40	9	...

1/ Based on the value and volume of exports which account for 73 percent of total export earnings; value and unit price are in SDR terms.

2/ Excludes petroleum exports.

3/ Market growth on a year ending June basis.

4/ Changes in trade-weighted effective exchange rate adjusted for relative price movements, period average.

In the case of meat, however, account should be taken of the fact that overall meat supplies were low in the shortfall year because the cattle sector was going through the rebuilding phase of the cycle; also, Argentina continued to face impediments to the export of beef to traditional markets. For manufactures, any rise in domestic consumption that may have occurred is not thought to have generally constrained supplies for export in the shortfall year, as evidenced by the existence of unutilized capacity in the manufacturing sector. Taking all these factors together, the staff is satisfied that the shortfall in exports for the 12 months ended May 1984 was largely outside the control of Argentina.

For the two post-shortfall years, exports are projected to recover at an annual rate of 12 percent, with growth expected to be more widespread among the various commodity sectors than the 1983/84 growth, which was largely confined to agricultural exports. Growth in agricultural exports is projected to decelerate to an annual rate of 9 percent (32 percent in the shortfall year), while manufactured exports are projected to rise by an average of 15 percent per year. Underpinning the projection for manufactured exports, excluding fuels, is a 14 percent annual growth rate in volume; the projected volume, however, would still be 14 percent below that of 1981/82. Increases in the volume of agricultural exports are expected to moderate to about 5 percent a year (20 percent in 1983/84) and modest price increases of about 4 percent per year are projected for both agricultural and manufactured exports (Tables 4 and 5).

a. Agricultural exports

Agricultural exports accounted for about three fifths of total export earnings in the 12 months ended May 1984 and, as a group, are calculated to have exceeded their medium-term trend level by SDR 92 million. This resulted from a large excess for cereal exports (SDR 301 million), which was partly offset by shortfalls for meat (SDR 85 million), oilseeds and oils (SDR 34 million), and "other" agriculture (SDR 35 million).

(1) Cereals ^{1/}

Cereal exports accounted for 35 percent of Argentina's total merchandise exports in the shortfall year; they recorded an excess of SDR 301 million. Cereal production in Argentina rose from an annual average of 25 million tons in the second half of the 1970s to about 30 million tons in the early 1980s. This was due to a combination of factors, including an increase in acreage stimulated by high prices in 1980-81, higher yields brought about by crop rotation and double-cropping of wheat with soybeans--practices which have a beneficial effect on productivity--and improved seed varieties, particularly of corn and sorghum.

^{1/} Value and volume data in this section refer only to four main cereals--wheat (16.8 percent of total merchandise exports), corn (10.9 percent), sorghum (7.0 percent), and rice (0.2 percent). Other cereals (oats, barley, rye, and birdseed) are included in the category "other" agricultural exports.

In 1982/83, cereal production reached a record volume of over 32 million tons, reflecting an exceptionally good wheat crop, but because of transport difficulties the volume of cereal exports fell by 15 percent in the 12 months ended May 1983. The movement of supplies available for exports was impeded by floods in early 1983 causing silt to develop in a waterway that serves roughly 60 percent of Argentina's cereal shipments. As a consequence, some 6 thousand tons of cereals were added to stocks in that year. The drop in export volume, combined with a decline in export unit values, resulted in a 22 percent fall in earnings, from SDR 2.3 billion in 1981/82 to SDR 1.8 billion in 1982/83.

In the shortfall year, export earnings rose to a record SDR 2.8 billion, an increase of 54 percent over 1982/83. Although production in 1983/84 declined to normal levels, the volume of exports rose by 43 percent as a large portion of the stocks accumulated in the previous year was exported. In addition, realized prices for all cereals rose by an average of 8 percent reflecting higher world prices of corn and sorghum in response to lower U.S. output, caused by a drought and an acreage reduction program administered by that country. ^{1/} However, the full impact of the higher world corn prices, which peaked in October 1983, was not realized by Argentina in the shortfall year because corn, shipped mainly between April and September, is generally sold three to five months earlier.

Cereal export earnings in the two post-shortfall years are projected to average SDR 2.8 million per year--virtually unchanged from the shortfall year level, as a drop in earnings in 1984/85 is projected to be offset by higher earnings in 1985/86. The volume of exports in the first post-shortfall year is projected to decline by 11 percent despite some further exports from stocks. Adverse weather at sowing time of the 1984/85 wheat crop resulted in a reduction in acreage planted to wheat. Although some of the wheat land was diverted to corn, most of the acreage lost to wheat was shifted into soybean production. The effect of lower acreage on production is expected to be only partly offset by better yields from increased fertilizer application, ^{2/} and the expectation is for a reduction in the overall supplies of cereal available for export in the 12 months ending May 1985. However, with a return of normal weather and a further expansion of fertilizer usage, cereal production is projected to recover in 1985/86. On this basis, the volume of exports in 1985/86 is projected to increase,

^{1/} For wheat, there was a decline in export unit values which exceeded a decline in international prices; this was partly because of a loss of quantity of wheat carried over from the previous year and partly because of intense competition from other suppliers.

^{2/} In advance of the 1984/85 crop, the Government introduced a program aimed at sharply expanding the use of commercial fertilizer, through a pay-in-product arrangement, whereby farmers could purchase 1 kilogram of urea for 2 kilograms of wheat. Yields for treated land are estimated to be between 40 and 80 percent higher than for untreated land. The acreage receiving commercial fertilizer rose by 50 percent and almost one quarter of the reduced 1984/85 acreage benefited from fertilizer application. The use of fertilizer is projected to double for the 1985/86 crop.

though not quite to the level recorded in 1983/84. Based on the present outlook for cereal prices and allowing for the lagged effect of high corn prices in late 1983, export unit values in the two post-shortfall years are projected to average 10 percent above the shortfall-year level.

The excess of SDR 301 million calculated for cereal exports in 1983/84 relates to excesses in earnings from wheat (SDR 269 million), corn (SDR 36 million), and sorghum (SDR 30 million); a small shortfall of SDR 1 million is calculated for rice (SDR 1 million).

(2) Oilseeds and oils 1/

Exports of oilseeds and oils accounted for 12 percent of total export earnings in 1983/84 and, as a group, they experienced a shortfall of SDR 34 million. This shortfall corresponds solely to a large shortfall in soybean exports (SDR 156 million) which was partly offset by excesses calculated for soyoil (SDR 62 million), sunflower oil (SDR 88 million) and other oils (SDR 1 million).

Oilseeds and oilseed products are relatively new exports for Argentina as oilseed cultivation began to expand rapidly only in the 1970s. Since 1978, Argentina has become the third largest world supplier of soybeans and, with 40 percent of world trade, the main world supplier of sunflower oil. Soybean production, which averaged about 2 million tons per year in the last half of the 1970s, reached a record 6.2 million tons in the 1983/84 (April/March) crop year, reflecting a shift in acreage from other cash crops and pasture and the introduction of new varieties more suited to Argentina's climate. Seed oil production has expanded rapidly since 1981, stimulated both by rising world prices and, since mid-1982, by a lower export tax established for oil relative to beans. 2/ Between 1979 and 1984, crushing capacity expanded by 2 million tons, to 8.3 million tons annually.

During 1982/83, exports of soybeans declined despite sharply higher output, as an increasing proportion of soybeans was diverted to domestic crushing; the quantity of soybeans crushed domestically rose by 51 percent in 1981/82 and by 76 percent in 1982/83. The drop in the volume of soybeans exported was only partly offset by higher realized export prices. Despite sharply higher earnings from soyoil and sunflower oil exports, total earnings from exports of oilseeds and oils in the two preshortfall years averaged SDR 681 million; 4 percent less than earnings realized in the year immediately preceding (1980/81).

1/ This group includes soybeans, soyoil, sunflower oil, peanut oil, and minor oils such as cottonseed oils and olive oil; the aggregate value of oilseeds and oils accounted for 12.1 percent of total exports in the shortfall year. Earnings from exports of oilseed meals and tung and linseed oil are included in the category of "other exports".

2/ The tax on soyoil is set at 10 percent, while that for beans at 25 percent.

In the shortfall year, earnings from oilseeds and oils rose by 46 percent to SDR 957 million; in the aggregate, both volumes and prices contributed equally to the rise in earnings. Although the volume of soybean exports declined by 4 percent to 1.7 million tons this was more than compensated for by larger volumes for soybean oil and sunflower oil. At the same time, world prices for oilseeds and oils rose sharply, following a decline in U.S. soybean production, reinforced by lower world supplies of other edible oils. Argentina was able to benefit fully from higher world oil prices during the shortfall year since seeds were crushed and exported continuously throughout the year (i.e., on terms corresponding closely to spot rather than forward quotations). By contrast, soybean exports are concentrated in the May-September period and are generally sold three to five months forward. Consequently, soybean export unit values in 1983/84 rose by 10 percent, which did not fully reflect the 35 percent rise in market prices averaged over the 12 months ended May 1984. Other seed oil exports declined in the shortfall year reflecting a secular decline in output, aggravated by lower cotton seed supplies due to adverse weather.

Earnings in the post-shortfall period are projected to average SDR 1.5 billion per year, 53 percent higher than in the shortfall year. Shipments out of the record 1983/84 soybean crop are projected to amount to 2.8 million tons, two-thirds larger than the volume exported in the shortfall year; of this amount, 2.4 million tons already have been exported between June and September 1984. A further increase in supply and exports of soybeans are projected for the second post-shortfall year; this is because the 1984/85 crop, which will be available for export in 1985/86, is expected to benefit not only from a 14 percent increase in acreage already planted, but also from higher yields associated with the use of improved varieties. Crushing capacity, which is now 70 percent utilized, has continued to expand and will facilitate further sharp increases in supplies available for export. ^{1/} Reflecting partly the lagged effects of market prices on export unit values, and also the prospective movement of market prices, soybean unit values are projected to rise by 19 percent in 1984/85 and by 3 percent in the following year. Together with no increases or declines projected for other oils, the aggregate index for oilseed and oil prices is projected to increase by 9 percent in 1984/85 and to remain unchanged in the following year.

(3) Meat

Argentina exports fresh, frozen, prepared, and tinned meats--primarily beef, but also mutton and horsemeat. Because of the incidence of hoof and mouth disease, Argentina is unable to export fresh meat to all markets (for example, to the United States and Canada) but its frozen, prepared, and tinned meats are exported to a larger number of countries.

^{1/} Two new factories with an annual output of about 1 million tons started operations in 1984; additional capacity of 1.1 million tons is expected to be installed during the next two years.

Since the end of the 1970s, earnings from meat exports have fallen precipitously, primarily because of lower export shipments. In the shortfall year, the volume of meat exports amounted to 350 thousand tons, less than one half the shipments made in 1978/79. The main factors underlying this decline are as follows: (i) the emergence of the EC, traditionally an outlet for Argentine meat, as a net exporter of meat, and thus a competitor for Argentine beef in other markets; (ii) the 1982 conflict in the South Atlantic, the trade embargo and the loss of the U.K. market for Argentine beef; and (iii) a decline in pasturage with land being shifted into more profitable crops, particularly soybeans and cereals. In addition, the rebuilding phase of the Argentine cattle cycle, which began in 1982, has reduced the overall supply of beef. The impact of these factors on meat exports was aggravated by rising domestic demand in the shortfall year, as rising real wages from about mid-1983 encouraged increased consumption of meat, a staple in the Argentine diet. At the same time, world prices declined because of ample world supplies and Argentina lost markets because other suppliers were able to extend trade credits to importers, which Argentina was unable to match. For these reasons, earnings in the shortfall year amounted to SDR 382 million, compared with an average of SDR 576 million in the two preshortfall years.

Prospects for meat exports in the two post-shortfall years indicate continued weakness in the year immediately ahead and a recovery in the following year. In the first post-shortfall year, earnings are projected to decline to SDR 350 million, reflecting both lower prices and volumes. Meat supplies fell in mid-1984 because of an abnormally cold winter; heavy snow curtailed access to pastures, resulting in cattle weight being below average. Meat supplies in Argentina have recovered subsequently, but international meat prices are likely to remain weak, because of ample world supplies. In order to stimulate exports, in October 1984, the Argentine authorities removed the tax on meat exports (20 percent), but the effects of this measure on exports in 1984/85 are likely to be limited. ^{1/} An expected increase in the overall supply of beef associated with the cattle cycle, together with the set of adjustment measures adopted by the authorities should enhance the competitiveness of Argentine meat exports and lead to a recovery in the second post-shortfall year to a level approaching that realized in 1982/83; world meat prices are projected to strengthen slightly. On these assumptions, earnings from meat exports are projected to recover to SDR 500 million in 1985/86.

A shortfall of SDR 85 million is calculated for meat exports in the 12 months ended May 1984.

^{1/} At the end of October, a temporary export tax of 6 percent was imposed on exports which was more than compensated for by a devaluation of the peso.

(4) Other agricultural exports 1/

As a group, these products accounted for 10 percent of total earnings in 1983/84 and are calculated to have a shortfall of SDR 35 million. This aggregate shortfall relates to shortfalls in cotton fibers (SDR 18 million), wool (SDR 19 million), vegetables and fruits (SDR 19 million), and fish and seafood (SDR 6 million), which were partly offset by excesses in sugar (SDR 28 million) and tea (SDR 11 million).

Earnings from miscellaneous agricultural exports rose by 7 percent in 1983/84, after declining by 6 percent and 18 percent in 1981/82 and 1982/83, respectively; at SDR 793 million, earnings in the shortfall year were 3 percent below their preshortfall average. This group of exports was particularly affected by the interruption of normal trade flows in 1982; the increase in earnings in the shortfall year represents, to a large extent, a partial recovery of lost markets. Earnings in 1983/84, were also assisted by an increase in tea production and a rise in world prices for cotton and wool, as well as tea. On the other hand, cotton production and exports were reduced because of floods; wool exports suffered from the lagged effects of a drought on the wool clip; earnings from fruit exports declined because of weak import demand by the EC and quality control problems in Argentina; and earnings from fish and seafood exports dropped because of lack of access to traditional cod fishing grounds off the south east coast of Argentina.

In the post-shortfall period, earnings are projected to increase at an average annual rate of 5 percent. The recovery in earnings in the post-shortfall period is predicated on return of normal weather and an easing of the supply constraints. With the lapse of the 1977 International Sugar Agreement at end-1984, Argentina, an exporting member of that Agreement, is expected to export quantities of sugar that it has had to accumulate in conformity with the stocking and export quota provisions of the Agreement. 2/ Efforts now underway to improve the quality of Argentine fruit are expected to facilitate an increase in fruit exports. Finally, a modest increase is projected in exports of fish and seafood, reflecting an expected increase in shipment of crustaceans, which command higher prices than those of other species.

1/ Tables 1 and 2 in Annex II contain a detailed breakdown of commodities included under "other" agricultural exports.

2/ As required under provisions of the International Sugar Agreement, Argentina constituted 74.6 thousand tons of special stocks. In addition, Argentina accumulated some 325 thousand tons of sugar stocks because of the export quota constraint. With the lapse of the Agreement on December 31, 1984, the special stocks are to be released and the export quota will no longer be binding.

b. Manufactured goods 1/

Manufactured goods consist of a wide range of products including: petroleum (fuel oil and gas oil), consumer goods (books, shoes, wool tops, and tanned leather products), intermediate inputs (valves, electrical conductors, aluminum ingots, iron bars, steel tubes, and paper slabs), and capital goods (bottle washing equipment, statistical machinery, tractors, and refrigerating apparatus). As a group, these export products are calculated to have an export shortfall of SDR 185 million, which corresponds to shortfalls calculated for fuel exports (SDR 72 million) and for "other manufactured goods" exports (SDR 110 million).

(1) Fuel exports

Exports of fuel oil and gas oil, the principal petroleum products exported by Argentina in recent years, reached a peak of SDR 481 million in 1981/82, reflecting increased export volumes made possible by domestic substitution of other energy sources (natural gas, hydro, and nuclear) for heating and electricity generation. 2/ Since then, fuel exports have fallen sharply and in the shortfall year, earnings amounted to SDR 259 million. Starting in 1982, the refineries were restructured to produce more light fuels in response to a shift in domestic demand. As a result, the output of heavy residual fuels produced from a given barrel of crude declined and there was a corresponding fall in the volume of exports; the effect of lower volume, however, was partly offset by rising prices for heavy fuels, in contrast with the general weakening in crude oil prices

1/ Disaggregated value and volume information has been provided for a variety of products accounting for 11 percent of total exports in the shortfall year; these are listed in Table 1 of Annex II. In addition, quarterly data for manufactured exports included under "other" exports have been provided for years ending June; Table 3 of Annex II contains historical and projected earnings for years ending June for a list of products accounting for 50 percent of total manufactures.

2/ Since the end of the 1970s Argentina has become energy self-sufficient. Substantial new finds of natural gas raised proven reserves to over 678 million cubic meters (oil equivalent) by the end of 1983. Although investment in infrastructure--especially for distribution pipelines--has lagged that of exploration, natural gas production has risen steadily, from 11.5 million cubic meters in 1978 to 17.2 million cubic meters in 1983. At the same time, investment in hydroelectric and nuclear powered reactors has more than doubled output between 1978 and 1983, and the share of electricity generated by hydropower and nuclear power increased from 36 percent to 56 percent over this same period. In contrast, crude petroleum production increased from 26.3 million cubic meters in 1978 to a peak 28.9 million cubic meters in 1981, but declined slightly thereafter. The production decline was accompanied by a slowdown in exploration activities by private oil companies in Argentina because of a protracted dispute with the Government over producer prices. By the end of 1983 proven petroleum reserves amounted to 389 million cubic meters, compared with an estimated 400 million cubic meters in 1982.

over this period. On average, domestic retail prices of petroleum products have increased sharply since the end of 1983 and total consumption of petroleum products has fallen. However, the rise in the price of gas oil, a product used extensively in agriculture, was proportionately less than that of gasoline, and domestic consumption of gas oil increased. 1/

A recovery in earnings in the post-shortfall period is expected to result solely from higher export volumes. Domestic production of crude oil, which has remained stagnant since 1981, is projected to increase modestly, following recent agreements between private producers and the Government. Moreover, under a bilateral trade agreement, Argentina is expected to import 600 thousand cubic meters of crude oil per year. Since Argentina is energy self-sufficient and has excess refining capacity, this crude will be processed and exported as products.

Fuel oil exports more than doubled from 1979/80 to 1981/82, reaching a peak of 1.9 million tons in 1981/82; earnings in the latter year amounted to SDR 287 million, four times the value earned in 1979/80 (Annex Table 1). The upgrading of refineries reduced exportable surpluses of fuel oil in the following year and, combined with an increase in domestic consumption resulting from an exceptionally cold winter, fuel oil exports dropped to 1.3 million tons in 1983/84. Realized unit values rose by 14 percent in terms of SDRs (11 percent in U.S. dollar terms) as world fuel oil prices did not follow the downtrend in crude oil prices (world fuel oil prices rose from US\$23.50 per barrel in June 1983 to US\$25.71 in January 1984). 2/ The volume of fuel oil exports in the two post-shortfall years is projected to increase at an average rate of 12 percent per year; fuel oil is projected to constitute one third of the output produced from the imported crude. In line with market prospects for fuel oil, export unit values in the two post-shortfall years are projected to average 4 percent lower than those realized in the shortfall year. Fuel oil exports are calculated to have incurred an export shortfall of SDR 30 million in the 12 months ended May 1984.

Gas oil export earnings reached a peak of SDR 194 million in 1981/82, before declining to only SDR 42 million in the shortfall year. The volume of exports fell from a peak of 758 thousand tons in 1981/82 to only 168 thousand tons in 1983/84, because of reduced gas oil production and of a shift in domestic demand from gasoline to the cheaper gas oil. At the same time, realized unit prices fell pari passu with falling world crude oil prices. In the post-shortfall period, the volume of exports is projected to rise, largely on account of expected increases in crude oil production; export unit values are expected to decline further and export

1/ This demand shift has had the effect of freeing supplies of gasoline for export, and such exports were made in the shortfall year. Thus, the reduction in gas oil exports was offset by an increase in gasoline exports, which are classified under "other" exports.

2/ Fuel oil spot price on the U.S. Gulf coast for fuel of 2 percent to 3 percent sulphur content.

earnings are projected to average SDR 73 million per year. The shortfall on account of gas oil exports is calculated at SDR 36 million for the 12 months ended May 1984.

(2) Other manufactured goods 1/

Export earnings from nonfuel manufactured products have been affected, to varying degrees in recent years, by both external and domestic factors. The adverse effect of the real appreciation of the peso in 1980/81 was reinforced by the 1981-82 recession in industrial countries. In 1981/82, assisted by a realignment of the peso and an average 34 percent depreciation of the peso in real terms, Argentina increased its share of a contracting world market and earnings rose by 56 percent to SDR 868 million. The recovery in earnings was short-lived, however, and earnings dropped to SDR 593 million in 1982/83, notwithstanding the recovery in the economies of industrial countries and the further real effective depreciation of the peso of 40 percent averaged over the 12 months ended May 1983. This was partly attributable to the curtailment of imports by regional trading partners, which traditionally accounted for about two fifths of Argentina's earnings from manufactured exports. Moreover, the conflict in the South Atlantic in 1982 and the ensuing trade embargo interrupted normal trade flows, and traditional importers turned to other suppliers. Once the embargo was lifted, Argentina had difficulty regaining its previous market share, even by offering price discounts. Earnings continued to decline through early 1983 despite further exchange rate action, including the reunification of the exchange rate at the end of 1982 and the adoption of a package of measures aimed at redressing Argentina's financial imbalances.

By mid-1983 there was a relaxation of wage and financial policies and the monthly rate of peso depreciation did not keep pace with inflation; the real effective exchange rate appreciated, on average, by 9 percent in the 12 months ended May 1984. With rising real wages, consumption increased and with an accelerating rate of inflation, demand for real assets rose. At the same time, some of Argentina's manufactured exports, notably steel, were adversely affected by the increased protectionism by industrial countries. On the other hand, foreign demand--mainly from industrial countries as regional markets remained depressed--strengthened further. However, there was adequate unutilized industrial capacity, in aggregate, to meet both rising domestic and foreign demand. The combined effect of all of these factors was to limit the recovery in earnings from manufactured exports (other than fuel) to a mere 4 percent.

1/ Tables 1 and 2 in Annex II contain a detailed breakdown of products included under manufactures. These products accounted for 7.7 percent of total exports in the shortfall year. Relatively large shortfalls are calculated for tanned leather (SDR 19 million), calculating machines (SDR 21 million), steel tubes (SDR 31 million), and books and magazines (SDR 10 million).

In the post-shortfall period, earnings from manufactured exports are projected to recover strongly, rising at an average annual rate of 17 percent. Although capacity was not perceived to be a constraining factor in the shortfall year, it would have become so in the subsequent period had the course of economic policy remained unchanged. The adoption of a comprehensive adjustment package is expected to forestall such an outturn and to set the stage for a further strengthening of the performance of manufactured exports. These exports are also expected to benefit from the recent adoption of an Export Promotion Law under which counter trade is now possible and which provides additional tax credits to small and medium-sized firms exporting to new markets. Finally, the establishment of a revolving line of credit to finance imported inputs, in coordination with the World Bank, is expected to ease industry-specific bottlenecks arising from foreign exchange shortages.

c. "Other" exports

"Other" exports accounted for 27 percent of total export earnings in the shortfall year. Included in this group of exports are both agricultural and manufactured goods; a disaggregation of individual products accounting for 73 percent of "other" exports is provided in Table 6. ^{1/} Included among agricultural exports are the residual meals obtained as byproducts from crushing oilseeds, linseed and tung oils, cereal flours, dairy products, and honey. Manufactured goods are separated into major SITC categories, which include (in order of estimated value shares in the shortfall year), chemicals, machinery and transport equipment, minerals, and metals. Unidentified commodities include minor agricultural and manufactured products, such as oats, barley, rye, birdseed, coal, resins, beverages, and prepared fruit and vegetable products.

The shortfall in other exports, estimated at SDR 165 million, is entirely attributable to a shortfall in manufactured exports (SDR 178 million); excesses are estimated for agricultural products (SDR 15 million), and unclassified items (SDR 29 million), consisting of both agricultural and manufactured products. This pattern of shortfalls, and the factors responsible for them are broadly consistent with the pattern and causes of shortfalls for major agricultural exports and for manufactures discussed above.

Following a decline of 15 percent in 1982/83, aggregate earnings from other exports recovered by 17 percent in the shortfall year, almost back to their 1981/82 level. Agricultural exports rose in both 1982/83 (27 percent) and 1983/84 (12 percent), but manufactures, after falling by 31 percent in 1982/83, stagnated in 1983/84 at a level only 2 percent above that in 1982/83.

^{1/} Data for individual products are available on a quarterly basis, and are for values only; the value data corresponding to years ending May have been estimated for individual products (see footnote 1, Table 6).

Table 6. Argentina: Disaggregation of "Other" Exports, 1981/82-1985/86 ^{1/}

	Years Ending May				Short- fall
	1981/82	1982/83	1983/84	Projected average 1984/85-1985/86	
(In millions of SDRs)					
Total "other" exports ^{2/}	<u>2,177</u>	<u>1,846</u>	<u>2,162</u>	<u>2,802</u>	<u>165</u>
Agricultural exports	<u>489</u>	<u>619</u>	<u>693</u>	<u>825</u>	<u>-15</u>
Oilseed meals	<u>271</u>	<u>395</u>	<u>465</u>	<u>575</u>	<u>-25</u>
Linseed and tung oil	93	83	86	95	4
Flour	71	65	68	75	3
Milk, eggs, and honey	54	76	74	80	-2
Manufactured goods	<u>1,383</u>	<u>955</u>	<u>975</u>	<u>1,259</u>	<u>178</u>
Mineral exports	<u>198</u>	<u>171</u>	<u>180</u>	<u>245</u>	<u>25</u>
Chemical, plastic, and rubber products	333	304	340	462	34
Paper and paper products	9	12	23	30	-4
Fur, leather, and textiles	88	67	74	80	4
Metal and metal products	235	145	127	160	35
Machinery and trans- portation equipment	475	224	200	275	76
Other	45	32	31	37	5
Residual	<u>305</u>	<u>272</u>	<u>494</u>	<u>728</u>	<u>-29</u>
(Annual percentage change)					
Total "other" exports	<u>9</u>	<u>-15</u>	<u>17</u>	<u>19</u> ^{3/}	
Agricultural products	...	<u>27</u>	<u>12</u>	<u>12</u>	
Manufactured goods	...	-31	2	19	
Residual	...	-11	82	30	

^{1/} Disaggregated data are available only on a quarterly basis through March 1984. In order to obtain a distribution of exports on a year ending May basis, the quarterly data were prorated and estimates were made for the period April-May 1984.

^{2/} Actual value of exports through May 1984.

^{3/} Annual percentage changes for the 1984/85-1985/86 period.

The principal factors responsible for the weak performance of minor manufactured exports during 1982/83 and 1983/84 can be traced to the 1982 conflict in the South Atlantic, difficulties in regaining previous markets, and weak external demand, particularly by neighboring countries. To some extent performance was adversely affected in 1983/84 by the rise in real wages and the appreciation of the peso, but on balance it would seem that the external factors were far more significant.

Earnings in the two post-shortfall years are projected to increase at an average annual rate of 19 percent. Growth in earnings from agricultural exports is projected at 12 percent, the same as in the shortfall year. While oilseed crushing is projected to expand further, the impact of higher volumes of meal exports on earnings is expected to be dampened by lower world meal prices. Growth in earnings from manufactured exports is projected to accelerate to 19 percent, reflecting both continued increase in external demand and the stimulus to exports provided by the economic program adopted by Argentina. Other factors include the effects of an export promotion legislation which provides for counter trade, and of increased supplies of chemical and paper products from new capacity which came on steam in 1984.

4. Staff appraisal and proposed decision

The Argentine authorities are expected to request a purchase of SDR 275 million (equivalent to 24.7 percent of quota) under the compensatory financing facility in respect of a shortfall in export earnings estimated for the year ended May 1984. The proposed purchase, which is equal to the calculated shortfall, would raise Argentina's outstanding CF purchases from 46.7 percent of quota to 71.4 percent of quota.

In recent years, Argentina has experienced serious balance of payments difficulties. From 1980 to 1983 there was a marked improvement in the trade balance but this was offset to a large extent by higher interest payments on a rising external debt and the improvement in the current account was much less; large balance of payments deficits were recorded throughout this period. In 1982 and 1983 there was a large accumulation of arrears and at end-1983 arrears amounted to SDR 3.0 billion. It is estimated that the current account and balance of payments improved somewhat in 1984, and recently the authorities have adopted a comprehensive adjustment program which has as one of its principal aims the achievement of a sustainable balance of payments over the medium term and an early regularization of external payments. Nevertheless, in 1984 the balance of payments has continued to be in deficit; a deficit of SDR 2.3 billion is estimated for 1984 and there has been a further buildup in external payments arrears. Therefore, the staff considers that the balance of payments need of Argentina justifies the proposed purchase.

Since the proposed purchase would raise the outstanding CF purchases by Argentina above 50 percent of quota, it requires evidence that Argentina has been cooperating with the Fund in efforts to find appropriate solutions for its balance of payments difficulties. The staff considers that this

requirement is met by the adoption by the Argentine authorities of a financial program in support of which they are requesting a stand-by arrangement from the Fund. The request for a stand-by arrangement is to be considered by the Executive Board concurrently with the CF request. The request is expected to include a statement that Argentina will cooperate with the Fund in efforts to find appropriate solutions for its balance of payments difficulties.

After falling by 20 percent in 1982/83, Argentina's export earnings recovered by 23 percent in 1983/84, the shortfall year. Exports in 1983/84, at SDR 7.9 billion, were still 2 percent below the level of earnings two years earlier. Earnings for the two post-shortfall years are projected to increase at a slower pace (12 percent annually) than in the shortfall year. The recovery in exports in the shortfall year, being from a low base, was not sufficient to raise exports to their medium-term trend value for that year. Based on the annual movement of exports for the five-year trend period (1981/82-1985/86), the shortfall calculated for the 12 months ended May 1984 is SDR 275 million, which is the amount of the proposed purchase.

The overall shortfall of SDR 275 million relates to a shortfall of SDR 185 million for manufactured exports and a shortfall of SDR 165 million for items classified as "other" exports; the agricultural sector, which accounts for nearly two thirds of total exports, recorded an excess of SDR 92 million attributable to a sharp rise (54 percent) in cereal exports. In the aggregate, the shortfall in Argentina's earnings from major commodities accounting for nearly three fourths of total exports was due substantially more to price than to volume factors.

To the extent that the shortfall in Argentina's exports in 1983/84 reflects the 20 percent drop in exports in 1982/83, its causes must be examined in relation to developments in 1982/83. Argentina's export situation in that year was dominated by interruptions to the normal flow of trade caused by the conflict in the South Atlantic in 1982. Other factors that had substantial adverse effects on Argentina's exports in 1982/83 included the world recession, the curtailment of imports by regional partners and transport difficulties within Argentina that hampered the movement of cereals. In the circumstances, Argentina experienced a substantial loss of market shares in 1982/83, despite a 40 percent depreciation of the peso in real terms in that year, following a 34 percent depreciation in the preceding year.

In 1983/84, Argentina's manufactured exports remained depressed, partly because of the lingering effects of the developments in 1982/83. After the South Atlantic conflict ended, Argentina's previous markets continued to be supplied by other countries and Argentina was unable to recover its former markets. In addition, demand in neighboring countries, the outlet for 40 percent of Argentina's manufactured exports, remained depressed because of continuing financial difficulties in these countries. At the same time, some of Argentina's manufactured exports (such as steel) were adversely affected by the intensification of protectionist measures

in industrial countries. A relaxation of domestic policies in the shortfall year resulted in a rise in real wages and an appreciation of the peso in real terms, though the appreciation, at 9 percent, was rather modest when compared with the sharp depreciation that occurred in the preceding two years; compared with the average exchange rate prevailing during the two preshortfall years, the rate in the shortfall year depreciated by 15 percent. Nevertheless, the rise in real wages is believed to have stimulated domestic consumption of exportable products, such as meat and some manufactures, and to that extent, it may have had a depressing effect on export volumes. The effects of certain other factors also should be noted: the overall supplies of meat were low in the shortfall year because of the cyclical downturn in cattle numbers associated with rebuilding the national herd; in the manufacturing sector, the existence of unutilized capacity would suggest that supply was not a constraint on exports of manufactures in the shortfall year. Taking all the above factors into consideration, the staff is of the view that the shortfall in Argentina's exports for the 12 months ended May 1984 was due to factors largely outside the control of Argentina.

Prospects for the two post-shortfall years call for a deceleration in the rate of growth of overall exports to 12 percent annually. The value of agricultural exports is projected to grow at an annual rate of 9 percent (32 percent in the shortfall year) with volume increases averaging some 5 percent; manufactured exports are projected to increase at an annual rate of 15 percent, again based largely on higher volume (14 percent). Modest price increases of about 4 percent a year are projected for both agricultural and manufactured exports. The major underpinnings of the projected volume increases include growth of external markets and enhanced competitiveness of Argentina's exports stemming from the adjustment program adopted by the Argentine authorities. In view of the projected growth in exports, the staff believes that the shortfall in Argentina's exports for the 12 months ended May 1984 was temporary in nature.

The staff considers that the request by Argentina for a purchase under the compensatory financing decision will meet all the requirements set forth in that decision. Accordingly, the following draft decision is proposed for adoption by the Executive Board, after a duly authenticated request has been received:

1. The Fund has received a request by the Government of Argentina for a purchase of SDR 275 million under the Decision on Compensatory Financing of Export Fluctuations (Executive Board Decision No. 6224-(79/135), adopted August 2, 1979, as amended).
2. The Fund notes the representation of Argentina and approves the purchase in accordance with the request.
3. The Fund waives the limitation in Article V, Section 3(b)(iii).

Fund Relations with Argentina
(As of October 31, 1984)

I. Membership Status

- (a) Date of Membership: September 1956
- (b) Status - Article VIII

A. Financial Relations

II. General Department (General Resources Account)

- (a) Quota: SDR 1,113.0 million

	<u>Millions of SDRs</u>	<u>Percent of Quota</u>
(b) Total Fund holdings of pesos argentinos	2,233.6	200.7
(c) Fund credit	1,120.6	100.7
Of which: credit tranches (ordinary resources)	336.8	30.3
enlarged access resources	263.7	23.7
compensatory financing facility	520.1	46.7
(d) Reserve tranche position	--	--
(e) Current Operational Budget: Not applicable		
(f) Lending to the Fund: Not applicable		

III. Recent Stand-By or Extended Arrangement and Special Facilities

- (a) Latest stand-by arrangement
 - (i) Approved January 24, 1983; cancelled January 23, 1984
 - (ii) Amount: SDR 1,500 million
 - (iii) Utilization: SDR 600.51 million
 - (iv) Undrawn balance: SDR 899.49 million
- (b) Special facilities: CFF
 - (i) Year approved: 1983
 - (ii) Amount: SDR 520.1 million

IV. SDR Department

- (a) Net cumulative allocation: SDR 318.37 million
- (b) Holdings: SDR 23.19 million, or the equivalent of 7.3 per-
cent of net cumulative allocation
- (c) Current Designation Plan: not applicable

V. Administered Accounts (amounts)

- (a) Trust Fund Loans: Not applicable
- (b) SFF Subsidy Account: Not applicable

B. Nonfinancial Relations

VI. Exchange Rate

On October 29, 1982, the two official markets--a commercial and a financial market--were unified at a rate of \$a 39,000 per U.S. dollar which represented a depreciation on that date of the exchange rate for commercial transactions of about 13 percent. Since November 1, 1982 the unified exchange rate has been adjusted daily. As of July 1, 1983, the Argentine currency unit was modified with the new peso argentino replacing the Argentine peso, at a rate of one peso argentino equal to ten thousand Argentine pesos. The symbol for the currency (\$a) was left unchanged. On November 5, 1984 the exchange rate was \$a 122.866 per U.S. dollar (buying) and \$a 123.006 per U.S. dollar (selling).

VII. Last Article IV Consultation

The 1984 Article IV consultation discussions were held in February-June 1984 (EBS/84/167) and the consultation was concluded by the Executive Board on September 4, 1984 (EBM/84/132 and EBM/84/133).

Table 1. Argentina: Export Earnings and Shortfalls by Major Commodities, 1979-86

	Years Ending May							Shortfall		
	1979	1980	1981	1982	1983	1984	1985	1986	Geometric	Arithmetic
(In millions of SDRs)										
Total exports	5,420	6,305	6,635	8,110	6,475	7,938	8,900	10,075	275	362
Agriculture 1/	3,053	3,599	3,787	4,584	3,701	4,902	5,243	5,902	-92	-36
Cereals	1,117	1,287	1,572	2,322	1,802	2,770	2,693	2,941	-301	-264
Wheat	309	658	621	705	880	1,332	1,132	1,450	-269	-232
Corn	523	435	574	1,058	484	865	975	908	-36	-7
Sorghum	271	187	345	536	427	558	570	565	-30	-27
Rice	14	7	32	23	11	15	16	18	1	2
Oilseeds and oils	592	781	707	707	655	957	1,368	1,574	34	95
Soybeans	422	491	479	488	361	381	750	890	156	193
Soy oil	27	42	36	40	81	186	205	235	-62	-37
Peanut oil	59	83	40	28	19	16	13	10	--	1
Sunflower oil	73	147	137	141	181	362	390	430	-88	-61
Other oils	11	18	15	10	13	12	10	9	-1	-1
Meat	607	746	547	656	505	382	350	500	85	97
Other agricultural	737	785	961	899	739	793	832	887	35	37
Vegetables and fruits	247	231	232	207	213	185	201	215	19	19
Beans	(45)	(63)	(53)	(51)	(54)	(50)	(55)	(60)	(4)	(4)
Apples	(120)	(98)	(104)	(80)	(78)	(64)	(70)	(74)	(9)	(9)
Fruit juice	(38)	(27)	(39)	(37)	(34)	(32)	(34)	(35)	(2)	(2)
Pears	(28)	(21)	(22)	(22)	(29)	(20)	(25)	(28)	(5)	(5)
Citrus fruits	(16)	(22)	(14)	(17)	(18)	(19)	(17)	(18)	(-1)	(-1)
Wool	182	199	239	277	162	183	187	217	19	22
Sugar	52	47	320	155	90	149	121	105	-28	-25
Fish and seafood	139	161	87	141	166	151	160	170	6	7
Tea	18	18	20	25	27	55	65	66	-11	-7
Cotton fibers	79	102	49	48	42	20	40	52	18	20
Tobacco	20	27	14	46	39	50	58	62	--	1
Manufactures	553	712	842	1,349	928	874	1,042	1,171	185	199
Fuel oil	21	70	188	287	266	217	224	248	30	31
Gas oil	--	19	98	194	69	42	60	88	36	49
Tanned leather	253	317	230	313	214	263	310	325	19	22
Aluminum plates	14	85	70	78	43	76	80	85	-6	-4
Calculating machines	18	33	48	77	98	70	100	115	21	22
Steel tubes	59	48	64	185	86	59	75	85	31	39
Iron plates	42	5	7	51	35	57	65	69	-3	-2
Wool tops	27	26	23	37	33	29	33	35	4	4
Valves	14	15	30	30	13	16	18	25	3	4
Books and magazines	24	31	41	36	22	15	25	30	10	11
Synthetic rubber	4	4	3	13	13	11	13	14	2	2
Bottle washing machines	17	16	15	13	8	6	9	15	4	4
Electric conductors	8	6	11	8	5	5	7	8	1	2
Shoes	8	2	1	4	5	3	4	6	1	1
Paper slabs	2	2	3	5	4	3	4	5	1	1
Tractors	31	29	8	12	12	1	12	14	7	9
Refrigerating machines	11	4	2	6	2	1	3	4	2	2
Other exports	1,814	1,994	2,006	2,177	1,846	2,162	2,615	3,002	165	198

Table 1. Argentina: Export Earnings and Shortfalls by Major Commodities, 1980-86 (Concluded)

	Years Ending May						
	1980	1981	1982	1983	1984	1985	1986
	(Percentage changes)						
Total exports	<u>16</u>	<u>5</u>	<u>22</u>	<u>-20</u>	<u>23</u>	<u>12</u>	<u>13</u>
Agriculture 1/	<u>18</u>	<u>5</u>	<u>21</u>	<u>-19</u>	<u>32</u>	<u>7</u>	<u>13</u>
Cereals	<u>15</u>	<u>22</u>	<u>48</u>	<u>-22</u>	<u>54</u>	<u>-3</u>	<u>9</u>
Wheat	<u>113</u>	<u>-6</u>	<u>14</u>	<u>25</u>	<u>51</u>	<u>-15</u>	<u>28</u>
Corn	<u>-17</u>	<u>32</u>	<u>84</u>	<u>-54</u>	<u>79</u>	<u>13</u>	<u>-7</u>
Sorghum	<u>-31</u>	<u>84</u>	<u>55</u>	<u>-20</u>	<u>31</u>	<u>2</u>	<u>-1</u>
Rice	<u>-50</u>	<u>357</u>	<u>-28</u>	<u>-52</u>	<u>36</u>	<u>7</u>	<u>13</u>
Oilseeds and oils	<u>32</u>	<u>-9</u>	<u>--</u>	<u>-7</u>	<u>46</u>	<u>43</u>	<u>15</u>
Soybeans	<u>16</u>	<u>-2</u>	<u>2</u>	<u>-26</u>	<u>6</u>	<u>97</u>	<u>19</u>
Soy oil	<u>56</u>	<u>-14</u>	<u>11</u>	<u>102</u>	<u>130</u>	<u>10</u>	<u>15</u>
Peanut oil	<u>41</u>	<u>-52</u>	<u>-30</u>	<u>-32</u>	<u>-16</u>	<u>-19</u>	<u>-23</u>
Sunflower oil	<u>101</u>	<u>-7</u>	<u>3</u>	<u>28</u>	<u>100</u>	<u>8</u>	<u>10</u>
Other oils	<u>64</u>	<u>-17</u>	<u>-33</u>	<u>30</u>	<u>-8</u>	<u>-17</u>	<u>-10</u>
Meat	<u>23</u>	<u>-27</u>	<u>20</u>	<u>-23</u>	<u>-24</u>	<u>-8</u>	<u>43</u>
Other agricultural	<u>7</u>	<u>22</u>	<u>-6</u>	<u>-18</u>	<u>7</u>	<u>5</u>	<u>7</u>
Vegetables and fruits	<u>-6</u>	<u>--</u>	<u>-11</u>	<u>3</u>	<u>-13</u>	<u>9</u>	<u>7</u>
Beans	<u>(40)</u>	<u>(-16)</u>	<u>(-4)</u>	<u>(6)</u>	<u>(-7)</u>	<u>(10)</u>	<u>(9)</u>
Apples	<u>(-18)</u>	<u>(6)</u>	<u>(-23)</u>	<u>(-2)</u>	<u>(-18)</u>	<u>(9)</u>	<u>(6)</u>
Fruit juice	<u>(-29)</u>	<u>(44)</u>	<u>(-5)</u>	<u>(-8)</u>	<u>(-6)</u>	<u>(6)</u>	<u>(3)</u>
Pears	<u>(-25)</u>	<u>(5)</u>	<u>(--)</u>	<u>(32)</u>	<u>(-31)</u>	<u>(25)</u>	<u>(12)</u>
Citrus fruits	<u>(38)</u>	<u>(-36)</u>	<u>(21)</u>	<u>(6)</u>	<u>(6)</u>	<u>(-11)</u>	<u>(6)</u>
Wool	<u>9</u>	<u>20</u>	<u>16</u>	<u>-42</u>	<u>13</u>	<u>2</u>	<u>16</u>
Sugar	<u>-10</u>	<u>581</u>	<u>-52</u>	<u>-42</u>	<u>66</u>	<u>-19</u>	<u>-13</u>
Fish and seafood	<u>16</u>	<u>-45</u>	<u>62</u>	<u>18</u>	<u>-9</u>	<u>6</u>	<u>6</u>
Tea	<u>--</u>	<u>11</u>	<u>25</u>	<u>8</u>	<u>104</u>	<u>18</u>	<u>2</u>
Cotton fibers	<u>29</u>	<u>-52</u>	<u>-2</u>	<u>-13</u>	<u>-52</u>	<u>100</u>	<u>30</u>
Tobacco	<u>35</u>	<u>-48</u>	<u>229</u>	<u>-15</u>	<u>28</u>	<u>16</u>	<u>7</u>
Manufactures	<u>29</u>	<u>18</u>	<u>60</u>	<u>-31</u>	<u>-6</u>	<u>19</u>	<u>12</u>
Fuel oil	<u>233</u>	<u>169</u>	<u>53</u>	<u>-7</u>	<u>-18</u>	<u>3</u>	<u>11</u>
Grapes	<u>--</u>	<u>416</u>	<u>98</u>	<u>-64</u>	<u>-39</u>	<u>43</u>	<u>47</u>
Tanned leather	<u>25</u>	<u>-27</u>	<u>36</u>	<u>-32</u>	<u>23</u>	<u>18</u>	<u>5</u>
Aluminum plates	<u>507</u>	<u>-18</u>	<u>11</u>	<u>-45</u>	<u>77</u>	<u>5</u>	<u>6</u>
Calculating machines	<u>83</u>	<u>43</u>	<u>60</u>	<u>27</u>	<u>-29</u>	<u>43</u>	<u>15</u>
Steel tubes	<u>-19</u>	<u>33</u>	<u>189</u>	<u>-54</u>	<u>-31</u>	<u>27</u>	<u>13</u>
Iron plates	<u>-88</u>	<u>40</u>	<u>629</u>	<u>-31</u>	<u>63</u>	<u>14</u>	<u>6</u>
Wool tops	<u>-4</u>	<u>-12</u>	<u>61</u>	<u>-11</u>	<u>-12</u>	<u>14</u>	<u>6</u>
Valves	<u>7</u>	<u>100</u>	<u>--</u>	<u>-57</u>	<u>23</u>	<u>13</u>	<u>39</u>
Books and magazines	<u>29</u>	<u>32</u>	<u>-12</u>	<u>-39</u>	<u>-32</u>	<u>67</u>	<u>20</u>
Synthetic rubber	<u>--</u>	<u>-25</u>	<u>333</u>	<u>--</u>	<u>-15</u>	<u>18</u>	<u>8</u>
Bottle washing machines	<u>-6</u>	<u>-6</u>	<u>-13</u>	<u>-38</u>	<u>-25</u>	<u>50</u>	<u>67</u>
Electric conductors	<u>-25</u>	<u>83</u>	<u>-27</u>	<u>-38</u>	<u>--</u>	<u>40</u>	<u>14</u>
Shoes	<u>-75</u>	<u>-50</u>	<u>300</u>	<u>25</u>	<u>-40</u>	<u>33</u>	<u>50</u>
Paper slabs	<u>--</u>	<u>50</u>	<u>67</u>	<u>-20</u>	<u>-25</u>	<u>33</u>	<u>25</u>
Tractors	<u>-6</u>	<u>-72</u>	<u>50</u>	<u>--</u>	<u>-92</u>	<u>1,100</u>	<u>17</u>
Refrigerating machines	<u>-64</u>	<u>-50</u>	<u>200</u>	<u>-67</u>	<u>-50</u>	<u>200</u>	<u>33</u>
Other exports	<u>10</u>	<u>1</u>	<u>9</u>	<u>-15</u>	<u>17</u>	<u>21</u>	<u>15</u>

1/ Includes seafood.

1/ Includes seafood.

Table 2. Argentina: Value, Volume and Unit Value by Major Commodities
(1984=100: in terms of SDRs)

	Value Share in Total Exports in 1984 (In percent)	Years Ending May							Shortfall in Percent of Level in Shortfall Year	
		1979	1980	1981	1982	1983	1984	1985		
Value	72.7	62	75	80	103	80	100	109	122	1.8
Agriculture 1/	61.8	62	73	77	93	76	100	107	120	-1.9 excess
Cereals	34.9	40	47	57	84	65	100	97	106	-10.9 excess
Wheat	16.8	23	49	47	53	66	100	85	109	-20.2 (excess)
Corn	10.9	61	50	66	122	56	100	113	105	-4.1 (excess)
Sorghum	7.0	49	34	62	96	77	100	102	101	-5.3 (excess)
Rice	0.2	93	47	213	153	73	100	107	120	7.5
Oilseeds and oils	12.1	62	82	74	74	69	100	143	164	3.7
Soybeans	4.8	111	129	126	128	95	100	197	234	41.2
Soy oil	2.3	15	23	19	22	44	100	110	126	-33.1 (excess)
Peanut oil	0.2	369	519	250	175	119	100	80	63	1.2
Sunflower oil	4.6	20	41	38	39	50	100	108	119	-24.2 (excess)
Other oils	0.2	92	150	125	83	108	100	83	75	-11.0 (excess)
Meat	4.8	159	195	143	172	132	100	92	131	22.3
Other agricultural	10.0	93	99	121	113	93	100	105	112	4.3
Vegetables and fruits	2.3	135	125	126	112	116	100	109	117	10.6
Beans	(0.6)	(90)	(126)	(106)	(102)	(108)	(100)	(110)	(120)	(7.8)
Apples	(0.8)	(188)	(153)	(163)	(125)	(100)	(100)	(109)	(116)	(14.0)
Fruit juice	(0.4)	(119)	(84)	(122)	(116)	(106)	(100)	(106)	(109)	(7.3)
Pears	(0.3)	(140)	(105)	(110)	(110)	(145)	(100)	(125)	(140)	(22.8)
Citrus fruits	(0.2)	(84)	(116)	(74)	(90)	(95)	(100)	(90)	(95)	(-6.1) (excess)
Wool	2.3	100	109	131	151	89	100	102	119	10.3
Sugar	1.9	35	32	215	104	60	100	81	71	-18.5 (excess)
Fish and seafood	1.9	92	107	58	93	110	100	106	113	4.1
Tea	0.7	33	33	36	46	49	100	118	120	-20.4 (excess)
Cotton fibers	0.3	395	510	245	240	210	100	200	260	92.2
Tobacco	0.6	40	54	28	92	78	100	116	124	0.6
Manufactures	10.9	63	82	96	154	106	100	119	134	21.1
Fuel oil	2.7	10	32	87	132	123	100	103	114	13.8
Gas oil	0.5	--	45	235	463	165	100	143	210	86.8
Tanned leather	3.3	96	121	88	119	81	100	118	124	7.1
Aluminum plates	1.0	18	112	92	103	57	100	105	112	-7.1 (excess)
Calculating machines	0.9	26	47	69	110	140	100	143	164	29.3
Steel tubes	0.7	100	81	109	314	146	100	127	144	53.0
Iron plates	0.7	74	9	12	90	61	100	114	121	-5.4 (excess)
Wool tops	0.4	93	90	79	128	114	100	114	121	15.0
Valves	0.2	88	94	188	188	81	100	113	156	21.8
Books and magazines	0.2	160	207	273	240	147	100	167	200	63.8
Synthetic rubber	0.1	36	36	27	118	118	100	118	127	15.8
Bottle washing machines	0.1	283	267	250	217	133	100	150	250	61.0
Electric conductors	0.1	160	120	220	160	100	100	140	160	29.1
Shoes	...	267	67	33	133	167	100	133	200	42.7
Paper slabs	...	67	67	100	167	133	100	133	167	37.6
Tractors	...	3,100	2,900	800	1,200	1,200	100	1,200	1,400	652.9
Refrigerating machines	...	1,100	400	200	600	200	100	300	400	170.2

Table 2. Argentina: Value, Volume and Unit Value by Major Commodities (Continued)

(1984=100: in terms of SDRs)

	Years Ending May								Shortfall in Percent of Level in Shortfall Year	
	1979	1980	1981	1982	1983	1984	1985	1986		
Volume	83	81	76	99	87	100	104	114	0.4	
Agriculture 1/	84	79	73	90	83	100	102	112	-3.1	excess
Cereals	60	54	51	82	70	100	89	95	-13.5	excess
Wheat	29	48	37	43	63	100	77	95	-27.7	(excess)
Corn	96	68	67	132	68	100	102	94	-3.0	(excess)
Sorghum	79	49	56	99	89	100	97	93	-4.5	(excess)
Rice	94	47	173	114	96	100	107	111	5.4	
Oilseeds and oils	71	92	91	76	83	100	132	150	4.5	
Soybeans	134	154	160	129	104	100	166	189	33.3	
Soy oil	17	25	24	28	65	100	116	145	-21.1	(excess)
Peanut oil	290	515	223	149	181	100	82	67	8.2	
Sunflower oil	22	43	46	43	65	100	108	119	-18.5	(excess)
Other oils	81	113	126	47	103	100	91	82	-18.4	(excess)
Meat	220	174	119	156	135	100	96	130	21.3	
Other agricultural	117	108	105	105	103	100	116	115	7.6	
Vegetables and fruits	128	108	96	81	108	100	104	108	-0.4	(excess)
Beans	(108)	(133)	(81)	(83)	(122)	(100)	(111)	(114)	5.1	
Apples	(164)	(126)	(124)	(82)	(103)	(100)	(103)	(105)	(-1.8)	(excess)
Fruit juice	(106)	(65)	(105)	(88)	(93)	(100)	(102)	(104)	(-2.8)	(excess)
Pears	(130)	(79)	(72)	(75)	(131)	(100)	(112)	(121)	(5.9)	
Citrus fruits	(86)	(84)	(43)	(64)	(84)	(100)	(82)	(86)	(-17.6)	(excess)
Wool	113	102	116	136	92	100	114	127	12.6	
Sugar	62	41	93	84	77	100	130	85	-6.5	(excess)
Fish and seafood	144	146	79	117	140	100	108	116	15.5	
Tea	56	53	52	52	62	100	106	115	-17.0	(excess)
Cotton fibers	496	536	243	264	236	100	217	265	104.6	
Tobacco	70	77	40	82	80	100	109	119	-3.2	(excess)
Manufactures	80	86	100	143	110	100	117	129	18.9	
Fuel oil	25	47	103	149	140	100	107	119	21.6	
Gas oil	—	41	265	450	163	100	149	219	88.7	
Tanned leather	120	114	92	108	84	100	108	110	1.5	
Aluminum plates	27	122	108	132	83	100	116	128	10.2	
Calculating machines	23	37	43	105	142	100	144	157	27.5	
Steel tubes	114	73	78	141	99	100	116	120	14.2	
Iron plates	97	9	13	103	66	100	113	117	-2.1	(excess)
Wool tops	96	75	71	123	118	100	118	124	16.3	
Valves	272	194	237	235	97	100	112	148	30.5	
Books and magazines	166	183	190	206	146	100	158	180	53.6	
Synthetic rubber	42	33	28	111	121	100	120	123	14.7	
Bottle washing machines	759	814	409	315	180	100	227	361	115.5	
Electric conductors	115	70	119	96	98	100	122	129	8.2	
Shoes	233	37	27	89	121	100	120	163	16.1	
Paper slabs	82	67	84	134	130	100	133	159	29.8	
Tractors	5,184	4,761	933	893	773	100	877	936	463.2	
Refrigerating machines	1,299	334	133	276	125	100	200	237	74.9	

Table 2. Argentina: Value, Volume and Unit Value by Major Commodities (Concluded)

(1984=100: in terms of SDRs)

	Years Ending May							Shortfall in Percent of Level in Shortfall Year	
	1979	1980	1981	1982	1983	1984	1985	1986	
Unit value	<u>74</u>	<u>93</u>	<u>105</u>	<u>104</u>	<u>92</u>	<u>100</u>	<u>104</u>	<u>107</u>	<u>1.3</u>
Agriculture 1/	<u>74</u>	<u>92</u>	<u>105</u>	<u>103</u>	<u>92</u>	<u>100</u>	<u>105</u>	<u>107</u>	<u>1.3</u>
Cereals	<u>67</u>	<u>86</u>	<u>112</u>	<u>102</u>	<u>93</u>	<u>100</u>	<u>110</u>	<u>112</u>	<u>3.2</u>
Wheat	<u>80</u>	<u>103</u>	<u>127</u>	<u>122</u>	<u>105</u>	<u>100</u>	<u>111</u>	<u>114</u>	<u>10.1</u>
Corn	63	74	100	93	83	100	111	111	-1.0 (excess)
Sorghum	62	69	110	98	87	100	106	109	-0.3 (excess)
Rice	100	99	124	134	77	100	100	109	2.4
Oilseeds and oils	<u>88</u>	<u>89</u>	<u>81</u>	<u>97</u>	<u>83</u>	<u>100</u>	<u>109</u>	<u>109</u>	<u>-0.9</u> excess
Soybeans	<u>83</u>	<u>84</u>	<u>78</u>	<u>99</u>	<u>91</u>	<u>100</u>	<u>119</u>	<u>123</u>	<u>5.7</u>
Soy oil	87	91	82	76	67	100	95	87	-15.9 (excess)
Peanut oil	127	101	112	117	66	100	99	93	-6.6 (excess)
Sunflower oil	91	94	82	90	77	100	100	100	-7.1 (excess)
Other oils	113	133	99	176	105	100	91	91	8.9
Meat	<u>72</u>	<u>112</u>	<u>120</u>	<u>110</u>	<u>98</u>	<u>100</u>	<u>96</u>	<u>101</u>	<u>0.9</u>
Other agricultural	<u>79</u>	<u>92</u>	<u>115</u>	<u>108</u>	<u>90</u>	<u>100</u>	<u>91</u>	<u>97</u>	<u>-3.0</u> excess
Vegetables and fruits	106	116	132	139	108	100	105	109	11.4
Beans	84	95	130	123	89	100	99	105	2.6
Apples	115	122	131	153	119	100	107	110	16.5
Fruit juice	113	129	116	131	115	100	104	105	10.5
Pears	108	133	153	146	110	100	111	115	15.4
Citrus fruits	98	138	171	139	113	100	110	110	13.7
Wool	88	107	113	112	96	100	90	93	-2.1 (excess)
Sugar	57	77	230	123	78	100	63	83	-12.9 (excess)
Fish and seafood	64	73	73	80	79	100	98	98	-9.5 (excess)
Tea	59	62	70	88	80	100	112	105	-3.7 (excess)
Cotton fibers	80	95	101	91	89	100	92	98	-6.1 (excess)
Tobacco	57	70	70	112	97	100	106	104	3.7
Manufactures	<u>79</u>	<u>95</u>	<u>96</u>	<u>108</u>	<u>96</u>	<u>100</u>	<u>102</u>	<u>104</u>	<u>1.9</u>
Fuel oil	38	69	84	89	88	100	96	96	-6.1 (excess)
Gas oil	--	110	88	103	101	100	97	96	-8.0 (excess)
Tanned leather	80	106	96	111	97	100	109	112	5.6
Aluminum plates	69	91	85	78	68	100	91	87	-15.9 (excess)
Calculating machines	110	129	159	105	99	100	100	105	1.8
Steel tubes	88	111	139	223	148	100	110	120	34.2
Iron plates	76	104	94	87	94	100	101	104	-3.0 (excess)
Wool tops	97	120	112	104	96	100	96	97	-1.4 (excess)
Valves	32	48	79	80	84	100	101	106	-6.4 (excess)
Books and magazines	97	113	144	117	100	100	106	111	6.6
Synthetic rubber	88	112	107	106	98	100	99	104	1.4
Bottle washing machines	37	33	61	69	74	100	66	69	-25.3 (excess)
Electric conductors	139	172	185	167	102	100	115	124	19.4
Shoes	115	179	122	150	138	100	111	123	23.1
Paper slabs	81	99	119	125	102	100	100	105	6.0
Tractors	60	61	86	134	155	100	137	150	33.7
Refrigerating machines	85	120	150	217	160	100	150	169	54.5

1/ Includes seafood.

Table 3. Argentina: Disaggregation of Manufactured Goods Exports by Value

	Years Ending June			
	1981/82	1982/83	Estimated 1983/84	Projected average 1984/85-1985/86
(In millions of SDRs)				
Total manufactured exports	2,932	1,945	1,945	2,470
Mineral products	681	502	450	575
Fuel oil	293	262	225	250
Gas oil	186	68	45	75
Other	202	172	180	250
Chemical, plastic and rubber products	354	315	355	475
Aromatic hydrocarbons	128	104	55	54
Synthetic rubber	15	13	14	15
Other	211	198	286	406
Paper and paper products	52	38	44	60
Books	39	23	16	25
Paper slabs	5	4	4	5
Other	8	11	24	30
Fur, leather, and textiles	522	328	395	473
Tanned leather	373	222	285	350
Shoes	4	4	3	4
Wool tops	56	35	32	38
Other	89	67	75	81
Metals and metal products	609	352	355	400
Aluminum ingots	89	46	80	85
Iron bars	59	62	70	70
Steel tubes	217	85	75	82
Other	244	159	130	163
Machinery and transportation equipment	660	375	315	449
Bottle washing equipment	15	8	7	13
Statistical machinery	84	106	80	110
Valves	31	14	16	21
Tractors	14	13	1	13
Electrical conductors	8	5	7	8
Refrigerating apparatus	6	2	2	4
Other	502	227	202	280
Other	54	35	31	38
(Annual percentage change)				
Total manufactured exports		-34	--	17 1/2
Mineral products		-26	-10	18
Chemical, plastics and rubber products		-11	13	34
Paper and paper products		-27	16	23
Fur, leather, and textiles		-37	20	20
Metals and metal products		-42	1	8
Machinery and transportation equipment		-43	-16	27
Other		-35	-11	15
(In millions of SDRs)				
Memorandum items:				
Separately identified manufactured exports	1,494	972	962	1,168
Manufactured exports included in "other"	1,438	973	983	1,302

1/ Annual rate of growth calculated for the projected period 1984/85-1985/86.