

NOTE FOR THE RECORD

Argentina

Judith Simpson from the Treasury rang me over the weekend to provide a further report on the banks' negotiations with Argentina. The banks have agreed to take a tough line and to offer Argentina two alternatives:

- i) They would keep on the table the three-part programme put forward a few weeks ago involving a letter of intent, some new loans from the banks, and a contribution from Argentina's own reserves. This offer would remain open until 28 June, provided that Argentina agreed a letter of intent with the IMF and provided \$100 million from the reserves as a contribution towards interest arrears.
- ii) If Argentina could not settle this by 28 June the banks would keep open an alternative offer until 31 July. This would also involve agreement on a letter of intent but in order to keep this option open Argentina would be required to contribute \$350 million from its reserves by 28 June.

Finance Minister Grinspun did not react favourably to these offers but is considering them and is likely to give his reaction during the course of this week.

AT

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