

# CONFIDENTIAL

GRS 170  
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FM UKDEL IMF/IBRD WASHINGTON 271505Z JUN 84  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 130 OF 27 JUNE

MY TELNO 129 OF 25 JUNE : IMF AND ARGENTINA

1. THE MANAGING DIRECTOR'S DISCUSSION YESTERDAY WITH GRINSPUN MADE LITTLE PROGRESS. THE MD DESCRIBED TO GRINSPUN, IN EMPHATIC TERMS, THE POLICY GAP BETWEEN THE ARGENTINES' QUOTE LETTER OF INTENT UNQUOTE AND THE ADJUSTMENT POLICY WHICH FUND MANAGEMENT BELIEVED NECESSARY. TO THAT EXTENT THE ISSUES AT STAKE ARE NOW BETTER DEFINED. THE MD WILL SEE GRINSPUN AGAIN THIS (WEDNESDAY) AFTERNOON AND PERHAPS TOMORROW AS WELL. THERE IS NO EXPECTATION HERE THAT ANYTHING CONCRETE WILL EMERGE.

2. THE MD IS CONTINUING TO MAINTAIN NEUTRALITY IN THE BANKS' DISCUSSIONS WITH THE ARGENTINES, DESPITE PRESSURE FROM CITIBANK'S RHODES, CHAIRMAN OF THE ADVISORY COMMITTEE, TO GIVE HIS VIEW ON WHETHER BANKS SHOULD DISBURSE THE LOAN BEFORE THE END OF THE MONTH. FUND SOURCES TELL ME THAT THE BANKS ARE MAINTAINING THE HARD LINE WITH GRINSPUN THAT MORE ARGENTINE FOREIGN EXCHANGE RESERVES MUST BE USED TO HELP CLEAR ARREARS.

3. FCO PLEASE ADVANCE TO UNWIN AND MOUNTFIELD (TREASURY), TAIT (ERD) AND LOEHNIS AND GILCHRIST (BANK).

WICKS

MONETARY  
FID  
PS  
MR D. THOMAS

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