Folder Title:	President Wolfensohn - Briefing Book for President's Meetings and Events - Mr Guido Di Tella - Minister of External Affairs - Argentina - July 30, 1996
Folder ID:	30485599
Series:	Meeting and event briefing materials
Dates:	07/17/1996 – 07/30/1996
Subfonds:	Records of President James D. Wolfensohn
Fonds:	Records of the Office of the President
ISAD Reference Code:	WB IBRD/IDA EXC-13-07
Digitized:	04/09/2025

DECLASSIFIED

WBG Archives

Archive Management for the President's Office

Document Log

Reference # : Archive-00755 1Rds

Edit Print

A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
- [ ] Speeches
- [ ] Annual Meetings
- [ ] Corporate Management
- [ ] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

B. SUBJECT: MEETING: MR. GUIDO DI TELLA, MINISTER OF EXTERNAL AFFAIRS, ARGENTINA
VENUE: E1227 (CONF. RM.)
CONTACT: MARIA (NOGUES) @ 82082
IN ATTENDANCE: JDW, BURKI, KOCH-WESER, NOGUES
DELEGATION MEMBERS:
MINISTER DI TELLA
AMBASSADOR RAUL GRANILLO OCAMPO
MR. SANTIAGO GALINDEZ
MR. ATILIO AGOSTINO - Photographer from the Embassy
EXC: JOSIE //ALI (7/29/96 5:10p)

DATE: 07/30/96

C. VPU

Corporate
- [ ] CTR
- [ ] EXT
- [ ] LEG
- [ ] MPS
- [ ] OED
- [ ] SEC/Board
- [ ] TRE

Regional
- [ ] AFR
- [ ] EAP
- [ ] ECA
- [x] LAC
- [ ] MNA
- [ ] SAS

Central
- [ ] CFS
- [ ] DEC
- [ ] ESD
- [ ] FPD
- [ ] FPR
- [ ] HRO

Affilliates
- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

D. EXTERNAL PARTNER

- [ ] IMF
- [ ] UN
- [ ] MDB/Other IO
- [ ] NGO
- [ ] Private Sector
- [ ] Part I
- [ ] Part II
- [ ] Other

frm Mark Hagerstrom
July 30, 1996.

This is basically a courtesy call - to deliver President Menem's message.

Meeting with Argentine External Affairs Minister Guido di Tella
Tuesday, July 30, 1996 at 12:40 p.m.
Briefing Note

Meeting Participants

- Mr. Guido di Tella, Argentine Minister of External Affairs
- Shahid Javed Burki, LACVP

Key Issues for Discussion

Purpose

- Minister Guido di Tella is meeting with you to advise the Bank officially of recent changes in the economic team in Argentina, and provide assurances of President Menem's intentions to continue with the general thrust of economic policy, especially the Convertibility Plan.

Facts

- On Friday, July 26, President Menem requested the resignation of Economy Minister Domingo Cavallo. Outbreaks of public in-fighting between the President and his most prominent Minister had become increasingly commonplace to the extent that rumors of Cavallo's imminent departure were rampant.

- President Menem appointed Roque Fernandez, previously head of the Central Bank, as Cavallo's successor as Minister of Economy. Dr. Fernandez, a University of Chicago graduate and one of the architects of the Convertibility Plan, is expected to provide continuity to existing policies and strong commitment to that Plan. Other changes in the economic team have been announced; most of the new appointees have similar economic orientation;

- President Menem held a press conference with Dr. Fernandez on Friday afternoon; this was followed by a Cavallo press conference on Saturday. We and the IMF have issued statements of support for Dr. Fernandez. Most large industrial and banking groups are reassured by Dr. Fernandez' appointment.

- Investor confidence has stabilized. After falling by about 4 percent on Friday afternoon, amidst rumors and incomplete information, the Buenos Aires stock market rose 3 percent on Monday, July 29. Prices of Brady Bonds trading in New York fell 3 1/2 percent on Friday afternoon but stabilized and rose slightly on Monday.

His concern

- Minister di Tella is expected to bring a strong message from President Menem to the effect that his Administration remains fully commited to the Convertibility Plan.

- The Minister may relate the priority the Government is assigning to tightening fiscal policy. The federal deficit for the first half of 1996, reached US$2.5 billion, equivalent to the IMF target for the entire calendar year. The IMF is expected to send a mission in August to discuss measures to address this situation. Minister Fernandez is expected to focus on measures to improve tax administration, and generate additional revenues (e.g. fuel taxes and tougher penalties for tax evasion).

Your Message

- The Bank has worked closely with Dr. Fernandez, and is confident that his appointment as Minister of Economy represents a continued commitment to the Convertibility Plan and the corresponding economic policies that have been beneficial to Argentina.

- The Bank is providing, and will continue to provide, support for the Convertibility Plan and the Government's other major policy initiatives and investments in key sectors, including banking, provincial reform, social security reform, health reform and social protection.

- The Bank is currently in contact with Dr. Fernandez and his team to determine the suitability and convenient timing of a mission to reconfirm the priorities for Bank assistance.

Biographical Information

Dr. Guido di Tella, Minister of External Affairs since 1991, holds a PhD. in Economics from M.I.T. He has had a long career in academic activities, concurrently with high-level political positions. The latter include: National Deputy of the Peronist Party; Argentine Ambassador to the U.S.; and Minister of Defense. He was Chairman of the National Fine Arts Fund from 1974 to 1975.

He knows the Bank well. He's worked as a researcher/consultant.

LAI DMT
Mr. Kharas
Ms. Augusto
Ms. Bernard
Mr. Faiz
Mr. Colliou
Mr. Meo
Mr. Grimes
Mrs. Dy Tang
Mr. Millan
Mr. Mahar
Mr. Schneider

FOR IMMEDIATE RELEASE

The World Bank

1818 H Street NW, Washington, DC 20433, USA

NEWS RELEASE NO. 97/007/LAC

Contact: Mario del C
(202) 473-6

WORLD BANK PRESIDENT JAMES D. WOLFENSOHN BACKS NEW ARGENTINE ECONOMIC MINISTER AND THE COUNTRY'S CONVERTIBILITY PLAN

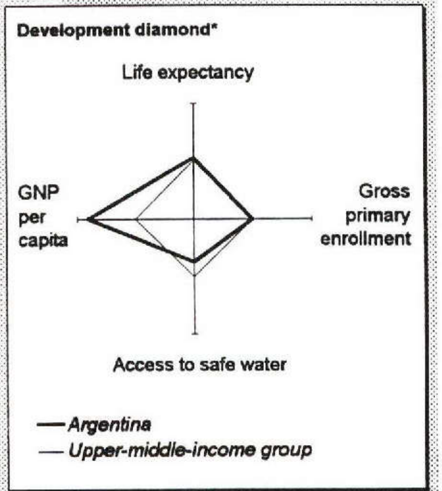
WASHINGTON, July 29, 1996—World Bank President James D. Wolfensohn said today, *"I am confident that the appointment of Mr. Roque Fernandez as Argentina's new Minister of Economy represents a continued commitment to the Convertibility Plan and the corresponding economic polices that have benefited Argentina."* Mr. Wolfensohn added, *"The World Bank has been a strong supporter of Argentina's reform efforts and has worked very closely with all members of the Argentine economic team in the different aspects of its work in support of the government's economic and social reform program."* The World Bank President also noted that the Bank is providing and will continue to provide support for the Convertibility Plan and the Argentine Government's other major policy initiatives and investments in key sectors of the economy including banking, provincial reform, health reform, and social protection.

-###-

Argentina at a glance

POVERTY and SOCIAL

	Argentina	Latin America & Carib.	Upper-middle-income
Population mid-1995 *(millions)*	34.6	481	442
GNP per capita 1995 *(US$)*	7,770	3,320	4,300
GNP 1995 *(billions US$)*	268.8	1,597	1,901
Average annual growth, 1990-95			
Population *(%)*	1.2	1.8	1.7
Labor force *(%)*	2.0	2.4	2.1
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	88	74	74
Life expectancy at birth *(years)*	72	68	69
Infant mortality *(per 1,000 live births)*	24	41	36
Child malnutrition *(% of children under 5)*	4	..	..
Access to safe water *(% of population)*	64	80	86
Illiteracy *(% of population age 15+)*	5	14	13
Gross primary enrollment *(% of school-age population)*	107	110	107
Male	108	..	..
Female	107	..	..

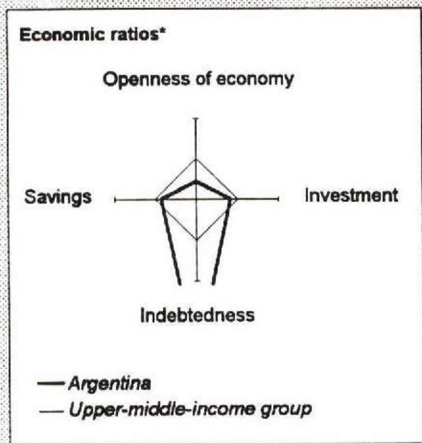


Development diamond*

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995
GDP *(billions US$)*	52.4	88.4	280.5	276.0
Gross domestic investment/GDP	29.4	17.6	19.9	17.8
Exports of goods and non-factor services/GDP	5.8	11.7	6.8	8.9
Gross domestic savings/GDP	29.3	23.1	17.6	18.0
Gross national savings/GDP	26.9	16.5	16.2	16.4
Current account balance/GDP	-2.5	-1.1	-3.7	-1.4
Interest payments/GDP	0.9	5.0	1.4	1.9
Total debt/GDP	14.7	57.8	28.7	32.4
Total debt service/exports	44.7	60.1	42.3	50.2
Present value of debt/GDP	..	..	29.2	..
Present value of debt/exports	..	..	391.2	..

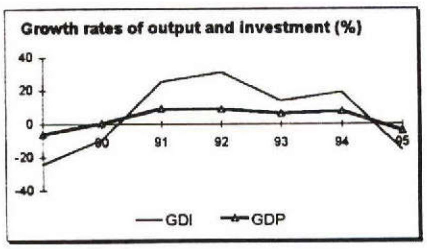
	1975-84	1985-95	1994	1995	1996-04
(average annual growth)					
GDP	1.0	2.8	7.4	-4.4	4.9
GNP per capita	-1.5	2.0	5.9	-5.2	3.7
Exports of goods and nfs	5.1	5.9	14.8	25.7	8.0



Economic ratios*

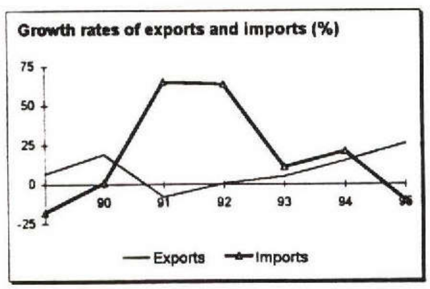
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	6.6	7.6	4.9	..
Industry	50.1	39.3	30.1	..
Manufacturing	38.2	29.6	20.0	..
Services	43.3	53.1	65.1	..
Private consumption	58.1	66.5	69.2	69.6
General government consumption	12.6	10.4	13.3	12.4
Imports of goods and non-factor services	6.0	6.3	9.2	8.7



Growth rates of output and investment (%)

	1975-84	1985-95	1994	1995
(average annual growth)				
Agriculture	1.7	1.6	3.8	2.1
Industry	-1.1	2.7	6.5	-6.0
Manufacturing	-1.4	1.4	4.2	-6.5
Services	2.5	3.1	8.5	-3.4
Private consumption	..	..	..	..
General government consumption	..	..	..	..
Gross domestic investment	-2.4	5.4	19.0	-15.9
Imports of goods and non-factor services	4.5	14.0	20.9	-10.6
Gross national product	0.0	3.4	6.9	-5.0



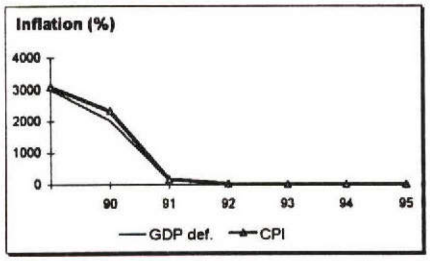
Growth rates of exports and imports (%)

Note: 1995 data are preliminary estimates. Figures in italics are for years other than those specified.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

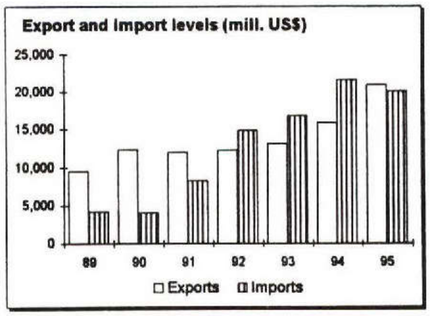
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	182.6	..	3.9	1.6
Implicit GDP deflator	198.2	618.0	1.8	2.5
Government finance				
(% of GDP)				
Current revenue	..	..	16.6	16.5
Current budget balance	..	..	0.7	-0.1
Overall surplus/deficit	..	..	0.0	-1.0



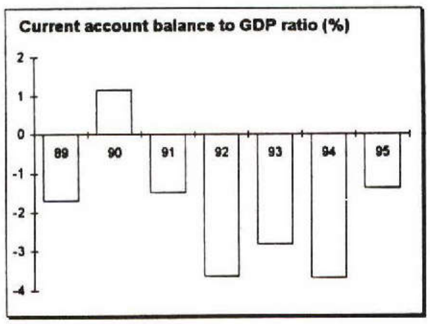
TRADE

	1975	1985	1994	1995
(millions US$)				
Total exports (fob)	2,961	8,396	15,839	20,968
Food	..	..	1,323	1,956
Meat	..	..	1,546	1,572
Manufactures	..	..	8,059	10,635
Total imports (cif)	3,947	3,814	21,590	20,124
Food	..	..	..	..
Fuel and energy	..	..	591	628
Capital goods	..	..	6,039	4,754
Export price index *(1987=100)*	..	..	118	124
Import price index *(1987=100)*	..	..	115	120
Terms of trade *(1987=100)*	..	..	102	103



BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US$)				
Exports of goods and non-factor services	3,498	10,039	18,507	23,857
Imports of goods and non-factor services	4,324	5,285	25,591	23,724
Resource balance	-826	4,754	-7,084	133
Net factor income	-466	-5,706	-2,547	-2,842
Net current transfers	6	0	320	432
Current account balance, before official transfers	-1,286	-952	-9,310	-2,277
Financing items (net)	208	2,200	9,868	2,208
Changes in net reserves	1,078	-1,248	-558	69
Memo:				
Reserves including gold *(mill. US$)*	848	4,703	19,758	19,888
Conversion rate *(local/US$)*	3.70E-10	6.02E-05	1.0	1.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US$)				
Total debt outstanding and disbursed	7,723	50,946	77,388	89,413
IBRD	341	700	4,109	4,375
IDA	0	0	0	0
Total debt service	1,603	6,209	6,692	10,525
IBRD	43	114	709	565
IDA	0	0	0	0
Composition of net resource flows				
Official grants	0	6	16	..
Official creditors	58	217	745	..
Private creditors	-111	2,350	5,809	..
Foreign direct investment	0	919	1,200	..
Portfolio equity	0	0	1,205	..
World Bank program				
Commitments	0	0	508	..
Disbursements	19	144	548	941
Principal repayments	17	68	425	259
Net flows	1	75	123	682
Interest payments	26	46	284	306
Net transfers	-25	30	-161	376