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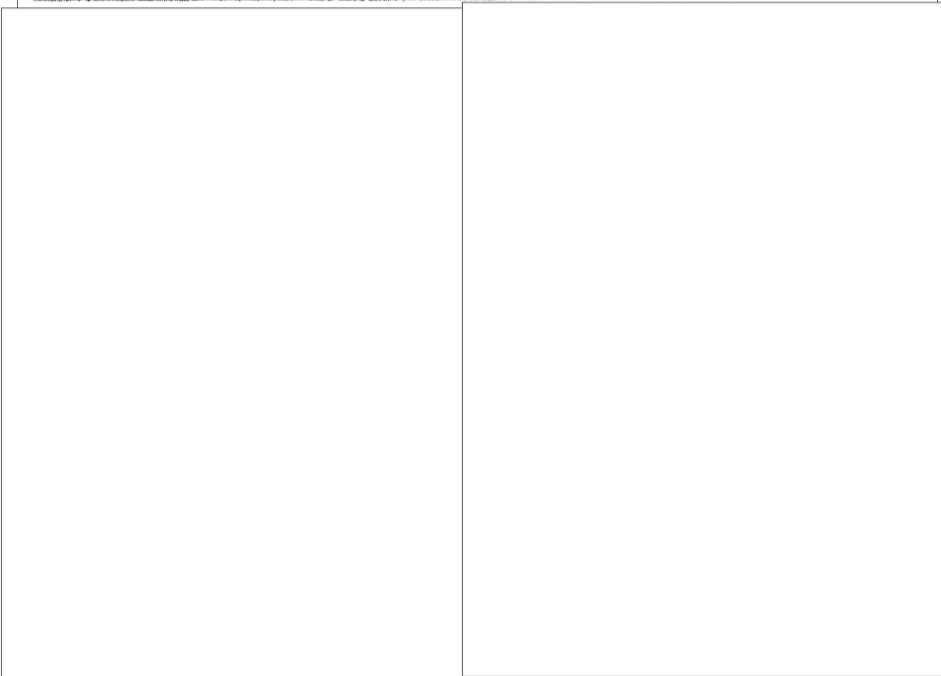
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Argentina

Capital Repatriation Ban

Argentina is planning to impose a six-month ban on the repatriation of funds by foreign business firms, according to a press report.

The move may be a response to unexpectedly high rates of capital repatriation since the regime last month greatly liberalized the rules governing foreign investment. The junta virtually repudiated the restrictive Peronist code in an effort to attract foreign capital back to Argentina.

Now, however, the junta may have found that the amount of capital being repatriated under the new law is greater than the still shaky economy can safely tolerate.

The six-month ban probably does not signal a wholesale retreat from the liberal economic policies the junta has favored to date. It does point, however, to serious problems—notably in the balance of payments—that persist despite the very real progress made thus far.

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