

G-20 agrees to additional 6-month debt suspension for poor nations



G 20

IMF head Kristalina Georgieva said global economic activity suffered an unprecedented drop when 85 percent of the global economy was in lockdown for weeks.

Washington, October 14 (RHC)-- The Group of 20 nations, representing the world's biggest economies, have agreed to extend the suspension of debt payments by an additional six months to support the most vulnerable countries in their fight against the coronavirus pandemic.

The G-20 says the extension will provide ongoing relief for the \$14 billion in debt payments that would have come due at the end of the year otherwise. Wednesday's decision gives developing nations until the end of June 2021 to focus spending on health care and emergency stimulus programs rather than debt repayments.

The G-20 announcement was made initially on Twitter during a meeting of the group's finance ministers and central bank governors and later confirmed at a news conference. The virtual discussions are being held at the start of this week's meetings of the 189-nation International Monetary Fund and the World Bank, which are also being conducted virtually because of the coronavirus pandemic.

International aid groups expressed disappointment that more debt relief isn't being provided by extending the moratorium on debt payments for a full year or by forgiving part of the debt rather than merely suspending payments.

"This pandemic has laid bare a glaring and unjust double standard: The world's wealthiest countries play by one set of rules, and the world's poorest by another," said David McNair, executive director for global policy at ONE, an international aid group.

G-20 officials argued that the relief that is being provided is helping 46 of the 73 countries eligible, with efforts under way to expand.

"We still need to do more," Mohammed al-Jadaan, finance minister of Saudi Arabia, this year's chair of the G-20, acknowledged at a news conference after Wednesday's meeting. "We must ensure these nations are fully supported in their efforts to tackle the COVID-19 pandemic. ...We have agreed to extend the debt service suspension initiative by six months."

Al-Jadaan said there will be further discussions during April's meetings to decide whether the suspension should be extended for an additional six months. He stressed that the pandemic has threatened the fiscal stability of many countries, particularly the poorest.

Al-Jadaan said another virtual finance ministers' meeting was planned for next month, before the leaders' summit on November 21-22, and that it would aim to agree on a framework that goes beyond even the current debt suspension initiative.

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