

Argentina pays the IMF with CAF credit and agreement with China



The Minister of Economy assured that "using geopolitics with creativity and with the assistance of friendly countries we can definitely get out of the crisis". | Photo: EFE

Buenos Aires, August 1 (RHC)-- Argentina will comply with a payment of 2.7 billion dollars to the International Monetary Fund (IMF), through agreements with China and a loan from the Development Bank of Latin America (CAF), according to the Minister of Economy and presidential pre-candidate, Sergio Massa.

"I want to bring you peace of mind, Argentina is not going to use a single dollar of its reserves to pay today's maturity," he announced in a message offered from the Treasury Palace. "On Friday, based on an agreement with the Latin American Development Bank, better known as CAF, with the approval of 20 of the 21 member countries and the decision of the entire Latin American community to assist and strengthen Argentina's reserves, a disbursement of 1 billion dollars was approved", he assured.

Likewise, he indicated that the People's Bank of China and the Government decided to extend the use of the second tranche of the 'swap' (currency exchange) it has with Argentina allowing the additional 1.7 billion dollars to complete the payment of the 2.7 billion dollars to be made in yuan.

"In this way, we protect the reserves in a year in which to the problem represented by the inheritance of the debt with the Fund, we added the worst drought in history, which cost us more than 20 billion dollars of our exports for this year and more than 5 billion of national public sector income as a consequence of the taxes generated by those exports."

On the other hand, during his appearance, he criticized the \$44 billion credit assumed by the preceding administration of Mauricio Macri (2015-2019), which turned out to be "the worst inheritance" received, because "it only served to finance capital outflows".

"This is a debt that is neither in roads, nor schools, nor hospitals, nor in any improvement, neither for companies nor for Argentine families," he stated.

IMF staff confirmed on Friday that it reached an agreement with the Argentine government whereby it will advance the country \$7.5 billion in August so that it can meet the maturities of the loan granted in 2018 to the government of Mauricio Macri.

Under the new agreement, the Argentine government committed to maintain the deficit guideline for this year of 1.9 percent of gross domestic product (GDP).

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