

Brazilian Finance Minister Calls Argentina's Debt Dilemma 'Impasse'



Rio de Janeiro, August 1 (Xinhua-RHC) -- Brazilian Finance Minister Guido Mantega said Thursday that Argentina's technical debt default can be more accurately described as an "impasse."

"I don't think Argentina is in default, because it is paying its debts," Brazil's G1 news website cited the minister as saying.

"It is an exceptional situation, because a United States judge is preventing it from making the payment," Mantega said.

Mantega said he believed negotiations could still continue between Argentina and the so-called vulture funds that triggered the technical default.

He also said that while credit rating agencies were already beginning to downgrade Argentina, the market in general was waiting to see how the situation unfolds and even adjusting to the new reality.

On Wednesday, Argentina technically missed its deadline to make an initial payment to creditors. Even though it had deposited the funds in a New York bank, a New York judge barred the transaction due to legal wrangling.

Argentina is one of Brazil's main trading partners, and both countries are founding members of the Southern Common Market, MERCOSUR.

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