

Argentina and Mexico request debt relief for middle-income countries from IMF and World Bank



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Washington, April 8 (RHC)-- The presidents of Mexico and Argentina have called for the implementation of new mechanisms for debt relief for middle-income countries, arguing that it could avert a financing

crisis stemming from the COVID-19 pandemic.

In a joint statement at the spring meetings of the International Monetary Fund (IMF) and the World Bank (WB), Andres Manuel Lopez Obrador of Mexico and Alberto Fernandez of Argentina said that middle-income nations in difficulty should have greater access to IMF reserves known as Special Drawing Rights.

In addition, they proposed analyzing the creation of a specific fund within the international financial institutions to favor a more orderly restructuring of the debt of middle-income countries that require it or the improvement of their financing conditions.

"This will prevent the health and economic crisis from turning into a debt crisis in the medium term, allowing the vast majority of the world's population not to become the forgotten majority," the governments of Mexico and Argentina said in the communiqué.

Mexican public sector debt closed 2020 at 52.3 percent of Gross Domestic Product (GDP), according to official data, and by the end of this year this proportion is expected to fall to 51.4 percent and to 51.1 percent in 2022.

The weight of financing in the national GDP has been increasing after the ravages of the epidemic on economic activity, which in 2020 plummeted 8.5 percent at an annual rate, its largest drop since the Great Depression of the 1930's -- some 90 years ago. In 2019, Mexico's debt-to-GDP ratio was 44.8 percent and in 2018 it had been 44.9 percent.

On the other hand, the coronavirus crisis has devastated Argentina's already weakened economy, complicating efforts to meet its obligations.

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