



The G24 seeks the IMF to eliminate surcharges on loans due to their "regressive nature"

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The group that brings together [emerging countries](#) , the G24, today urged the International Monetary Fund ([IMF](#)) to modify its policy of interest rate



The meeting of ministers was held within the framework of the joint Spring Assembly of the IMF and the [World Bank](#) , which is being held this week in Washington.

The position of the G24 reflects the claim promoted by Minister Guzmán during the 2020 meetings. They urged the need to correct its "regressive and pro-cyclical nature" and help the economic recovery.

“Given that this is the year for the IMF to review its policies on access limits and interest rate surcharges, we urge the Fund to correct the regressive and pro-cyclical nature of the surcharge policy and to consider specific measures, such as suspending such surcharges. at this time, to help the economic recovery of the countries ”, the text indicated. **“ We encourage the IMF to continue to consider a significant permanent reduction of surcharges or their elimination, ”** he added.

Guzmán had said on different occasions that the policy of surcharges is "regressive and pro-cyclical", the same words that the G24 expresses today in its statement. "It is uneven, because it disproportionately affects emerging and middle-income countries with the lowest quotas, and it is pro-cyclical, because it



Guzmán's exhibition before the G24

Martín Guzmán spoke at the meeting of G24 Finance Ministers, where he advocated for an equitable recovery in the context of [Covid-19](#) . For that, he emphasized the reduction of the surcharges that the agency adds to the credits it grants. " **An immediate suspension of surcharges while policies are reviewed would help countries recover,** " the official said.

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In addition, he argued that **"to ensure a sustainable recovery, equitable access to vaccines is necessary . "** "The divergence in access to vaccines is worrying, both in terms of humanitarian and economic consequences. Add asymmetries to existing asymmetries that are already large. If we do not change the situation in the post-pandemic, an even more unequal world will appear, with more economic, social and political instabilities. Therefore, we must work together to achieve changes on this crucial issue ", he determined.

On the other hand, he observed that for **"an inclusive recovery"** developing countries need **"greater liquidity"** . In this regard, he stated that he **"strongly**





he added.

Finally, he **welcomed the G24 position on "the urgent need for a review of the Policy on Access Limits and Interest Rate Surcharges in IMF loan programs . "** He believed that it is a "regressive and pro-cyclical policy that affects more countries that are in the most adverse circumstances and that it is not aligned with the mission of improving global financial stability." "In the context of the pandemic, an immediate suspension of surcharges, while policies are reviewed, would help countries recover and should be considered," he said.

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“We have to keep working on building better frameworks so that we can have more global public goods and we can protect existing ones in ways that lead to greater economic and financial stability, as well as a more sustainable mode of production that protects our environment and I hope that we can work together to achieve significant progress during 2021 on all these issues, ”concluded Guzmán.