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Economy

China and the IMF, supported by BRICS+, provided a lifeline to Javier Milei's far-right government in Argentina

- Features -

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In September 2025, after having presided over the country since December 2023, the neo-fascist Javier Milei suffered an electoral defeat in an important vote. The result was the election in the province of Buenos Aires. This election renewed 46 seats in the provincial Chamber of Deputies and 23 in the provincial Senate. The Peronist opposition beat Milei's party by 13 points and holds a majority in the Buenos Aires Provincial Senate. The capital province represents about 37-38% of the national electorate. The provincial elections in Buenos Aires always serve as a major test at the national level, including for Javier Milei this year.

In this context, we must assess the role of the considerable financial aid provided by the IMF (with the unanimous support of BRICS+), the World Bank, and China to President Milei in April 2025. Milei was losing his economic and political gamble when the aforementioned lenders stepped in to provide him with a much-needed lifeline, or in other words, a rescue package. Indeed, while discontent was growing without significantly destabilising Milei, his economic policy was showing clear signs of failure. Contrary to his hopes, he had not succeeded in attracting the windfall of foreign capital on which he was counting. As a result, foreign exchange reserves to cover imports and debt payments were at an all-time low.

If this lifeline had not been extended to Milei, he could have faced a more significant political defeat in September 2025 and potentially a serious setback in the midterm elections at the end of October 2025. The future will reveal the precise consequences of this assistance to neo-fascist Milei, particularly in relation to analysing the results of the elections scheduled for October 26, 2025.

Milei's economic situation is so precarious that he was compelled to appeal to Trump in September 2025, seeking financial aid from the US Treasury prior to the elections. Trump responded favourably, but the financial assistance had not been disbursed at the time of this writing.

In what context did the IMF and China throw Javier Milei a lifeline in April 2025?

In April 2025, [the IMF's executive board approved a new \\$20 billion loan to support Javier Milei's government](#), saving him from a clear economic failure that would have cost him dearly politically in the October 2025 elections [1]. The IMF disbursed \$12 billion almost immediately, as the situation was so dire that it required an urgent injection of foreign exchange reserves. At the same time, China renewed its credit swap agreement for the equivalent of \$5 billion, which also constituted vital aid for Milei. Meanwhile, the World Bank (WB) announced that it would lend \$12 billion and the Inter-American Development Bank (IDB) \$10 billion over a three-year period.

The conservative Spanish daily *El Mundo* announced the measure with the headline:

"Argentina receives a \$20 billion lifeline from the IMF." It went on to say: "This news comes at a crucial moment for the Argentine economy, which has begun to show worrying signs in recent weeks: inflation has stopped falling, the dollar has started to rise and the country's risk rating has exceeded 1,000 points. Amid the international financial turmoil and an extremely delicate moment for his government, Javier Milei welcomed the \$20 billion 'lifeline' that the International Monetary Fund (IMF) has thrown to Argentina. "Come on, Luis Caputo, damn it!" the Argentine president wrote on social media on Tuesday evening, quoting his economy minister." [\[2\]](#)

On 12 April 2025, the daily newspaper *Le Monde* published the headline "Argentina obtains \$42 billion from international financial institutions" (with \$20 billion from the IMF, \$12 billion from the World Bank, and \$10 billion from the IDB, as noted above) and included the following in the body of the article:

"Milei needs this agreement like air." Le Monde reported that the Managing Director of the IMF, Bulgarian Kristalina Georgieva, had posted a message on X stating that "This is recognition of the impressive progress made in stabilising the Argentine economy" and a "vote of confidence in the government's determination to continue with reforms" [3].

The conservative Argentine daily *Clarín*, for its part, reported:

"The IMF will grant Argentina a loan of \$20 billion as part of a four-year programme. This includes an initial payment of \$15 billion in fresh funds." [4]

For its part, [the Argentine government obviously welcomed the IMF's support](#) and used it in its communications with the Argentine public and foreign investors. [5]

At the time of writing, on 22 September 2025, according to the IMF website, Argentina owes it 40,260 million SDRs (SDR = IMF unit of account [6]), equivalent to USD 55,253 million. Argentina is the country most exposed to the IMF and, conversely, the IMF is more exposed to Argentina than to any other country. If Argentina were unable to continue making repayments to the IMF in the future, the situation would put the organisation in great difficulty.

Argentina's debt to the IMF is approximately 12.6 times Argentina's IMF quota [7], or 12,600% of its quota. To compare with the situation of other countries heavily dependent on the IMF, Greece's debt to the IMF is about 2.8 times its quota, Pakistan's debt to the IMF is about 3.3 times its quota, Egypt owes about 4.3 times its quota to the IMF, and Ukraine owes about 5.4 times its quota to the IMF. So Argentina's situation is much more serious, and the IMF is well aware of this.

What was Javier Milei's economic record?

The timing chosen by the IMF and other lenders is crucial. Indeed, the hyper-brutal economic programme of the neo-fascist President Milei was (and is) on the verge of failure, even though inflation had fallen. While at the beginning of his term Milei had sharply devalued the Argentine currency against the dollar, he then pursued a policy of revaluation or appreciation of the exchange rate. This policy allowed the Argentine peso to revalue against the dollar in 2025, but it had the effect of consuming a significant portion of dollar reserves, particularly to support the payment of imports and allow the upper middle class and the capitalist class to purchase dollars for tourism abroad. As for the evolution of poverty in Argentina, after a sharp increase during the first half of Milei's presidency, it declined at the end of 2024. In terms of economic activity, after a sharp decline in 2024 that prolonged the 2023 recession, a recovery occurred in 2025. However, if we compare the level of gross domestic product achieved in 2022 with that of 2025, we see growth of barely 1% during this period. Thus, despite Milei's statements, the growth of 2025, which follows the recession of 2023-2024, must be put into perspective. Some sectors are growing (oil and agribusiness, both export-oriented), and others are in sharp decline (those that require the most labour). 150,000 jobs have been lost in construction and 30,000 in industry, and the downward trend is continuing. The purchasing

power of pensions has permanently decreased by 15%. In addition, 52,000 civil service jobs have been cut, and public spending has been reduced by nearly 35%. The IMF management has welcomed the budget surplus that resulted from this adjustment. But foreign exchange reserves were at their lowest level. The country faced enormous financial difficulties in meeting its import payments and repaying its external debt, both to private creditors and to the IMF.

We must also take into account the significant popular mobilisations that took place in 2024 and 2025, among both employees and pensioners, in universities, within the feminist movement and among the unemployed organised in the various *piqueteros* movements.

Despite this, Milei managed to maintain public support, but this began to erode in the face of the government's constant refusal to increase social spending and the [corruption scandal linked to the overpricing of medicines](#) for disabled people, [in which Karina Milei, the president's sister, is implicated](#). This scandal follows that of the \$LIBRA cryptocurrency "*Milei coin*". [8]

The economic failure became apparent to the country's public opinion a few months later, before the October 2025 elections, during which part of the legislative power will be renewed. Milei risked losing the parliamentary majority he enjoys thanks to the support of the traditional right wing and some Peronist parliamentarians. He also risked a poor election result for his candidates.

Consequently, Donald Trump exerted intense pressure on the IMF to provide Milei with a lifeline.

Trump had already come to the aid of a right-wing president in Argentina in 2018 during his first term, hadn't he?

Indeed, Trump had already done this in 2018 during his first term to support Mauricio Macri by getting the IMF to lend Argentina \$45 billion in an attempt to avoid electoral defeat in 2019.

[The 2018 loan was odious because it went against the interests of the population](#). A large part of the loan sum was transferred abroad in the form of capital flight. Macri lost the presidential elections in October 2019. A Peronist front led by Alberto Fernandez and Cristina Kirchner won the elections by promising a progressive change in policy. But subsequently, the Peronist government that came to power did not have the courage to confront creditors, particularly the IMF. To repay the odious debt contracted by Macri in 2018, [the Peronist government itself requested a new loan from the IMF in 2022 for 45 billion dollars](#). The wait-and-see policies, which became increasingly unpopular, that this Peronist government had imposed under the guidance of the IMF (to meet the conditions set by the latter and satisfy the interests of big capital) had caused great disappointment among its electoral base.

What was Javier Milei's economic gamble?

In the October 2023 elections, Milei won the presidential election by presenting himself as a saviour and using communication methods similar to those of Trump. He immediately received congratulations from the IMF. Argentine and international big business was pleased. But the shock measures he took caused a drop in consumption and an increase in poverty, and did not really revive the economy. The already low foreign exchange reserves were further reduced. Milei hoped that his ultra-unpopular austerity policy and multiple deregulation measures would attract a

large influx of foreign capital. This did not happen. As a result, his government was running out of foreign exchange reserves to meet the repayments demanded by the IMF. To get out of this situation, he absolutely had to obtain a new loan from the IMF in order to continue repaying it and to pay the bill for imports.

What was the discussion within the IMF about providing assistance to Milei?

An important internal debate confronted the IMF's management. How could it justify a new, enormous loan when the official rule was that the IMF could only lend if the loan it granted made the debt sustainable? However, it was clear that the two previous loans, the \$45 billion in 2018 followed by an additional \$45 billion in 2022, had not made the debt sustainable. The debt had increased significantly.

Within the IMF's management, voices were raised to say that the new loan and the new programme linked to it would not yield better results than the previous ones. The IMF's permanent staff were well aware of this. But Trump put maximum pressure on Kristalina Georgieva, the Managing Director, and on the staff.

What was the position of the BRICS+ members within the IMF?

The BRICS member countries notably acquiesced to Trump's pressure, unanimously voting in April 2025 in favour of the \$20 billion loan. Lula's Brazil took an active role in persuading other Latin American nations to support the loan, although Milei poses a significant threat to democracy in the region and endorses Bolsonaro and the far-right in Brazil, who are vying for victory in the upcoming elections in October 2026.

China, Russia, India, South Africa, and the other new BRICS members, as well as representatives on the IMF's executive board, all voted in favour of the \$20 billion loan. China (6.08%), Russia (2.59%), Brazil (2.22%), India (2.63%) and South Africa (0.63%) together hold 14.14% of the votes in the IMF's management (as in the World Bank, more or less). If we add the five new BRICS members, namely Indonesia (0.95% of the votes), Iran (0.74%), the United Arab Emirates (0.49%), Egypt (0.43%) and Ethiopia (0.09%), the BRICS+ hold almost 17% of the votes (for percentages, see <https://www.imf.org/en/About/executive-board/members-quotas>). However, with 15%, it is possible to block a decision because an 85% majority is required when voting on controversial issues. In any case, regardless of the calculation of votes, it is certain that the BRICS representatives could have opposed the decision in the discussion and made it very difficult to take, as other countries were clearly hesitant.

It is therefore grave that BRICS leaders have decided to support Milei, taking the risk of offering him the opportunity to remain in power and have a contagious effect on the rest of the region and beyond. Such an outcome could have even more dramatic consequences than those we are currently experiencing, both for the Argentine people and for many other peoples.

What is currently unfolding between Argentina, the IMF, and other creditors may prompt other governments to adopt increasingly harsh anti-social policies, as they will recognise that, even in the face of evident macroeconomic failure, they can rely on the IMF's support.

What role has China played?

It is essential to clarify the role of China, which stands as Argentina's second-largest trading partner, significantly surpassing the United States. China accounts for approximately 15% of Argentina's exports, while Brazil represents 20% and the United States 7-8%. The primary products that Argentina exports to China include soya and soya products, beef, wine, oil and petroleum products, and lithium. Additionally, around 15% of Argentina's imports originate from China, primarily consisting of industrial machinery and equipment, vehicles, spare parts, and electronic products. Therefore, the relationship between China and Argentina exemplifies the dynamics between an industrialised nation (China) and a country (Argentina) that predominantly exports raw materials.

On the eve of the IMF's loan to Argentina in early April 2025, China renewed a credit line for the equivalent of \$5 billion to Milei's Argentina (as it had done with right-wing President Mauricio Macri in 2018 and then with Peronist President Alberto Fernandez, who succeeded him). China has therefore also provided a lifeline for Milei. The loan granted by China will enable Milei's government, if necessary, to make repayments to the IMF, repay other creditors, including Chinese ones, and pay part of its bill for imports of Chinese industrial products.

The Chinese credit swap enables Milei to present a positive gross foreign exchange reserves figure, despite the fact that the net level of reserves is actually negative, as indicated in a note from the rating agency Fitch dated April 2025, which can be accessed [here](#): [9] Trump pressured Milei not to renew his credit request from China¹⁰. But Milei was in such a desperate situation that he resisted the urgent request from his mentor Trump. China assisted Milei while also ensuring that he could continue to pay Argentina's debt to China and manage his bills for Chinese imports. Therefore, China prioritised its economic and geostrategic interests.

Conclusions

The BRICS countries have adopted a very complacent attitude within the IMF leadership towards Trump and his allies, but this has not prevented the US president from going on the offensive against them.

Javier Milei's Argentina illustrates how inseparable international politics and finance are. In April 2025, the IMF, China, the World Bank and the IDB offered the Argentine president a \$42 billion lifeline, enabling him to stave off an imminent crisis. This support, obtained under pressure from Donald Trump and validated by the BRICS+, reveals that geopolitical considerations take precedence over any economic logic of debt sustainability. Yet Argentina's situation is alarming: record debt to the IMF, depleted foreign exchange reserves, virtually zero growth for the period 2022-2025, and a social fabric deeply weakened by austerity policies. Despite a budget surplus welcomed by creditors, popular discontent is palpable. The BRICS+ countries' decision to support Milei, which contradicts their rhetoric of breaking with the Western financial order, confirms that their priorities remain dictated by their own commercial and strategic interests. China, in particular, has prioritised the security of its exports and receivables. Lula's government has also prioritised its economic interests, as it is counting on IMF money to enable Milei's Argentina to continue paying its import bills from Brazil. Ultimately, this aid guarantees neither Milei's political stability nor the sustainable recovery of the Argentine economy. It merely postpones the deadline, at the cost of ever more unsustainable debt and continued hardship for the working classes.

26 September 2025

Source [CADTM](#).

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[1] IMF, "IMF Executive Board Approves 48-month US\$20 billion Extended Arrangement for Argentina", 11/04/2025, <https://www.imf.org/en/News/Articles/2025/04/12/pr25101-argentina-imf-executive-board-approves-48-month-usd20-billion-extended-arrangement>

[2] *El Mundo*, "Argentina receives a US\$20 billion lifeline from the IMF", 9 April 2025, <https://www.elmundo.es/economia/macroeconomia/2025/04/09/67f5fff7fdddf59738b456f.html>

[3] *Le Monde*, "Argentina obtains \$42 billion from international financial institutions", 12/04/2025, https://www.lemonde.fr/international/article/2025/04/12/l-argentine-conclut-un-accord-pour-un-pret-du-fmi-et-la-levee-du-controle-des-changes_6594422_3210.html

[4] *Clarín*, "One by one, the government's new economic measures: end of currency controls and fresh funds from the IMF for US\$15 billion," 12/04/2025, https://www.clarin.com/economia/nuevas-medidas-economicas-gobierno-fin-cepo-fondos-frescos-fmi-us-15-mil-millones_0_gWZ3bYdtLi.html See also the official statement from the Argentine government: <https://www.argentina.gob.ar/noticias/argentina-anuncia-un-programa-de-facilidades-extendidas-con-el-fondo-monetario>, 11/04/2025.

[5] Read: Ministry of Economy, "Argentina announces an extended facilities programme with the International Monetary Fund for USD 20 billion" 11 April 2025 <https://www.argentina.gob.ar/noticias/argentina-anuncia-un-programa-de-facilidades-extendidas-con-el-fondo-monetario>

See critical information showing that part of the loaned funds has left the country in the form of capital flight:

https://www.reddit.com/r/argentina/comments/1m6e0s4/en_45_d%C3%ADas_se_fugaron_us_5300_m_el_44_del?tl=en

See also an assessment from July 2025: *Buenos Aires Times* and Bloomberg, "IMF to discuss Argentina amid US\$20-billion programme's first review", 22 July 2025, <https://www.batimes.com.ar/news/economy/imf-to-discuss-argentina-amid-us20-billion-programmes-first-review.phtml>

Furthermore, under pressure from Milei, the IMF has removed one of its senior Chilean officials who was considered too critical: *Perfil*, "El FMI 'le hace caso' a Milei y corre al chileno Rodrigo Valdés de la dirección para América Latina El funcionario había sido desplazado el año pasado de la negociación del programa de la deuda tras las críticas de Javier Milei. He will now head the Public Finance Department at the IMF." 14 September 2025, <https://www.perfil.com/noticias/internacional/el-fmi-nombro-en-un-nuevo-puesto-a-rodrigo-valdes-quien-tuvo-una-relacion-tensa-con-argentina.phtml>

[6] Special Drawing Rights (SDRs) are not a currency in the strict sense. They are a unit of account created by the IMF in 1969, which serves as a reference for: valuing IMF transactions; serving as an international reserve asset; supplementing the official reserves of member countries. The value of 1 SDR is defined on the basis of a basket of major currencies (currently the US dollar, euro, renminbi, Japanese yen and pound sterling). According to current IMF rates, 1 SDR = USD 1.37.

[7] The quota is the "share of capital" that a country holds in the IMF. Each member country must subscribe to a quota when it joins the Fund. This quota is expressed in Special Drawing Rights (SDRs). The quota represents a country's contribution to the IMF's resources (similar to a capital contribution to a cooperative). Voting rights: The quota determines the number of votes a country has in IMF decisions. Access to

financing: The quota sets the ceiling on a country's borrowing from the IMF. Normally, a country can borrow up to a certain multiple of its quota (e.g. 145% per year, 435% cumulatively, unless an exception is granted). When a country has a debt to the IMF of 3, 5 or 10 times its quota, this means that it has benefited from exceptional exemptions.

[8] Javier Milei has been the subject of controversy for vigorously promoting a cryptocurrency called \$LIBRA, which collapsed shortly afterwards, causing losses to his supporters. He is accused of abusing his position of economic influence to carry out a dubious financial operation. The cryptocurrency was presented as a means of protecting against rampant inflation in Argentina and as an investment for the future. Milei, an advocate of anarcho-capitalism and a fervent critic of the central bank, lent it considerable credibility. The problem: shortly after its launch, the price of the \$LIBRA "Coin Milei" collapsed, losing almost all of its value. Many investors who had bought the cryptocurrency on Milei's recommendation lost their money.

[9] Fitch Ratings, "Argentina's FX Policy Shift Opens Clearer Path to Reserve Accumulation", 17 April 2025

<https://www.fitchratings.com/research/sovereigns/argentinas-fx-policy-shift-opens-clearer-path-to-reserve-accumulation-17-04-2025>