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U.S. Financial Support to Argentina

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Since assuming office in December 2023, President Javier Milei has sought to overhaul Argentina's economy through pro-market and public sector reforms, while increasing foreign policy alignment with the United States. Despite the economic reform agenda, the Argentine government has struggled to stabilize its currency. In October 2025, U.S. Treasury Secretary Scott Bessent announced U.S. financial support for Argentina, including a $20 billion currency swap line financed through the Treasury Department's Exchange Stabilization Fund (ESF).

Although Secretary Bessent describes Argentina as a systemically important U.S. ally in Latin America, some Members of Congress have raised concerns about the use of taxpayer funds to support Argentina. For example, they have argued that the policies disadvantage U.S. exporters competing with Argentina in global markets (particularly for soy products); that a prospective increase in U.S. imports of Argentine beef could negatively impact U.S. ranchers; that U.S. support is not justified on economic grounds and puts taxpayer dollars at risk; that the measures amount to interference in a foreign democratic election; that the support unduly benefits private investors who had invested in the Argentine assets; and that the terms and details of the financial support are not public.

As Congress evaluates the Administration's policy response to Argentina, Congress might conclude that the current status of ESF operations is the appropriate policy course and endorse the status quo. Alternatively, Congress might conclude that the current policy response is not optimal for U.S. interests. In that scenario, Congress has a number of policy options for shaping U.S. financial support to Argentina, depending on its policy goals. If Congress has concerns about financial support to Argentina, Congress could, for example, limit the Treasury Secretary's ability to use ESF funds to support foreign governments or require the Treasury Secretary to disclose details about ESF operations involving foreign governments to key congressional committees. If Congress endorses greater financial support to Argentina, it could, for example, direct the Treasury Secretary to increase the amount and duration of currency swap line or explore additional measures of support.

For background on Argentina and the Milei administration, see CRS Report R48303, *Argentina: Overview and U.S. Relations*, by Joshua Klein.

SUMMARY

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Economic Crisis in Argentina

Argentina has a long history of economic turbulence—it has defaulted on its debt nine times since gaining independence in 1816, since 1950 it has had more economic recessions than any other country, and has been on an International Monetary Fund (IMF) financial assistance program for more than half of the years it has been a member of the organization.[1] Analysts have pointed to a number of factors to explain the pattern of Argentina's recurring and long-standing economic challenges, including exchange rate policy decisions, trade and investment policies, and unsustainable levels of government spending, among many others.[2]

Argentina's current President, Javier Milei of the right-wing *La Libertad Avanza* (LLA) coalition, was elected in November 2023 on pledges to radically overhaul Argentina's economy through libertarian free-market policymaking. Milei's administration continues to face economic challenges and has struggled to stabilize Argentina's currency, the peso. Some Members of Congress have expressed a range of concerns about the currency swap line extended by the Trump Administration to Argentina in October 2025.

Economic Reforms during the Milei Administration

Since taking office, President Milei has sought to introduce a pro-market, economic reform agenda. Although Milei is a polarizing figure in Argentina, he appears to have benefited from public disenchantment with traditional political parties, in part due to deteriorating economic conditions. In 2023, for example, annual inflation surpassed 200% under President Alberto Fernández (2019-2023) of the left-of-center *Unión por la Patria* coalition. President Milei has aimed to reduce inflation and improve Argentina's economic prospects by implementing pro-market reforms and cutting government spending, while asserting such measures could cause short-term economic pain. Between late 2023 and 2024, the Milei administration used presidential decrees and collaborated with the Argentine congress to pass legislation that repealed or modified hundreds of laws, reduced the number of federal government ministries by nearly half, and eliminated tens of thousands of public sector jobs.

Although Milei campaigned on dollarization (officially replacing the Argentine peso with the U.S. dollar) as a way to bring stability to the country's currency, the Milei administration instead opted for a sharp (50%) devaluation of the peso in December 2023. The "shock therapy" devaluation sought to bring the peso's value closer in line with its market value, as well as to boost exports. The administration also announced measures for further controlled deprecation of the peso (1%-2% depreciation monthly), and, starting in April 2025, allowed the peso's value to fluctuate within preset limits (often called an exchange rate band). The administration sought to prevent more rapid depreciation of the peso due to concerns about inflation and upcoming debt payments.[3] As part of a four-year, $20 billion financial assistance program with the IMF, finalized

[1] Ben Bartenstein et al., "One Country, Nine Defaults: Argentina is Caught in a Vicious Cycle*, Bloomberg,* September 11, 2019; World Bank Group, *A New Growth Horizon: Improve Fiscal Policy, Open Markets, and Invest in Human Capital*, 2024, p. 3; and International Monetary Fund (IMF), Argentina: History of Lending Commitments as of November 30, 2025.

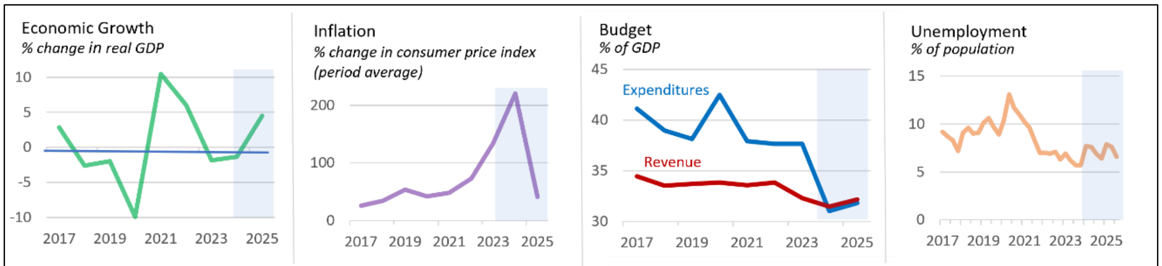
[2] See, for example, Eduardo Levy Yeyati, "It's Groundhog Day in Argentina," *Americas Quarterly*, April 22, 2019 and Hector Torres, "How to Fix Argentina's Recurrent Debt Crises," *Foreign Policy*, October 31, 2020.

[3] Currency depreciation generally leads to inflation, as the price of imports rise. Currency depreciation also increases the size of the debt in terms of the national currency. More than half of Argentina's outstanding debt is denominated in foreign currencies.

in April 2025, the Argentine government committed to transitioning to a fully market-determined exchange rate (a "floating" exchange rate).

After a period of economic recession in the first half of 2024, President Milei's economic adjustment policies have improved some economic conditions in Argentina. Notably, growth rebounded, inflation fell, and in 2024, the government's ran its first fiscal surplus in more than a decade, due in large part to spending cuts (**Figure 1**).[4] At the same time, labor unions, higher education sector workers, pensioners, health care workers, and others have organized national protests and strikes in response to the government's spending cuts. Additionally, unemployment has fluctuated during President Milei's tenure.[5]

Figure 1. Argentina: Key Economic Indicators



Source: IMF, World Economic Outlook Database, October 2025 & Argentina's National Institute of Statistics and Census (INDEC).
Note: 2025 data is a projection.

Exchange Rate Instability Ahead of the October 2025 Midterms

Figure 2. Exchange Rate

April – November 2025

Source: Central Bank of Argentina.
Note: Downward trend is depreciaition of the peso relative to the U.S.$.

The value of the peso came under renewed pressure in the runup to the October 26, 2025 midterm legislative elections. President Milei faced declining public approval ratings and increasing opposition in Argentina's congress. Investors grew concerned that political pressures would cause the Milei government to roll back economic reforms and stymie future reforms. Investor confidence in Argentina's economy continued to weaken as the peso hovered around the floor of the exchange rate band (**Figure 2**).

To keep the peso in the exchange rate band, Argentina's central bank intervened in foreign exchange markets. Specifically, it bought pesos and sold foreign currencies. By decreasing the supply of pesos in circulation, it was able to increase the value of the peso. However, there were questions about how long the central bank could sustain this policy. For example, in one three-day period, it sold more than $1.1 billion in foreign currencies; its total foreign currency holdings at the time were around $40 billion.[6] Normally central banks need

[4] IMF, World Economic Outlook Database, October 2025.

[5] Instituto Nacional de Estadística y Censos, *Mercado de Trabajo. Tasas e Indicadores Socioeconómicos (EPH). Primer Trimestre 2017 a Segundo Trimestre de 2025*.

[6] Facundo Iglesia, "Caputo Vows to Sell 'Down to the Last Dollar' as Central Bank Loses US$1.1bn in 3 Days," *Buenos Aires Herald*, September 19, 2025.

foreign currencies for a variety of functions beyond management of the exchange rate, including debt payments and imports.

U.S. Financial Support

On October 9, 2025, U.S. Treasury Secretary Scott Bessent announced on X (formerly Twitter) a $20 billion currency swap with Argentina's central bank. Specifically, the Treasury Department agreed to purchase up to $20 billion worth of pesos from Argentina's central bank in exchange for U.S. dollars, using resources in the Department's Exchange Stabilization Fund (ESF, see **text box**). The arrangement gives the Argentine government access to U.S. dollars and supports the value of the peso, an important objective of the Milei administration. Neither the Treasury Department nor the Argentine government has publicly disclosed the specifics of the agreement, including its duration. By the end of October 2025, Argentina's central bank had traded pesos for $2.5 billion through the swap line.[7] It is unusual, but not unprecedented, for the Treasury Secretary to use ESF resources to support foreign governments. Before Argentina, the most recent example is a $1.5 billion credit arrangement with Uruguay in 2002.[8]

The Exchange Stabilization Fund

Created by Congress in 1934, the ESF—whose holdings are composed of U.S. dollars, foreign currencies, and international reserve assets—was originally intended to give the United States adequate financial resources to stabilize the value of the dollar in global markets. Since the 1970s, the ESF's role has expanded, and the Treasury Secretary has broad authority to use the fund to support domestic and foreign policy objectives (31 U.S.C. §5302). For example, the Treasury Secretary has used ESF funds to finance loans to foreign countries facing a financial crisis, to intervene in foreign exchange markets, and finance money market guarantees during the 2008-2009 global financial crisis. In 2020, Congress also provided additional funding to the ESF to support eligible businesses and local governments affected by the COVID-19 pandemic.

Congress generally has not appropriated money to the ESF annually. Instead, the ESF retains the earnings from its operations. According to ESF financial statements—required by Congress to be published monthly—its liquid assets totaled about $35 billion in September 2025.

For more information about the ESF, see CRS In Focus IF11474, *Treasury's Exchange Stabilization Fund and COVID-19*, by Marc Labonte, Baird Webel, and Martin A. Weiss.

In addition to the swap line, on October 15, 2025, Secretary Bessent told reporters that the United States was seeking to develop a partnership with private sector investors to provide an additional $20 billion in financing for Argentina.[9] As of late November 2025, three U.S. banks were reportedly considering an agreement valued at about $5 billion.[10] Also in October 2025, the Treasury Department provided $872 million in dollar liquidity support to Argentina through transactions in international reserve assets held at the IMF—support that is separate from, and in addition to, the swap line.[11] The Trump Administration also announced a prospective trade and

[7] Treasury Department, *ESF Monthly Financial Statement for October 2025*.

[8] In 1994, the Treasury Department established a swap line with Mexico through the ESF, in the context of the North American Free Trade Agreement [NAFTA, now the U.S.-Mexico Canada Agreement (USMCA)]. The swap line has been renewed annually; Mexico last used it in 1995. Treasury Department, "Exchange Stabilization Fund History," accessed December 27, 2025; U.S. Federal Reserve, "Central Bank Liquidity Swaps," accessed December 29, 2025.

[9] Ciara Nugent et al., "US Treasury Arranging Fresh $20bn in Debt Market Support for Argentina," *Financial Times*, October 15, 2025.

[10] Alexander Saeedy and Justin Baer, "U.S. Banks Shelve $20 Billion Bailout Plan for Argentina," *Wall Street Journal*, November 20, 2025.

[11] Treasury Department, *ESF Monthly Financial Statement for October 2025*.

investment framework that would seek "to drive long-term growth" in Argentina by reducing tariffs and other trade barriers and improving intellectual property protections.[12]

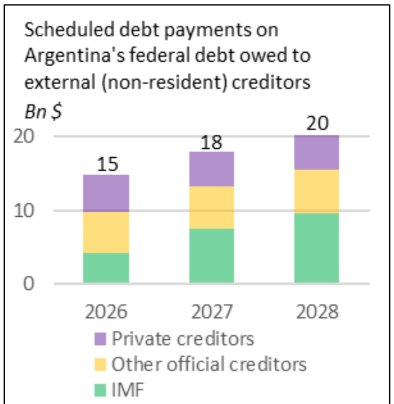
Outlook for Argentina

President Milei's party outperformed some pollsters' expectations in the October 2025 midterm legislative elections, leading to a market rally and greater LLA representation in Argentina's new congress. LLA became the largest bloc in the chamber of deputies and the second largest bloc in the senate of Argentina's new congress (seated December 10), strengthening LLA's position to advance Milei's legislative agenda with the support of allied parties. Recurring public protests against Milei's agenda and investigations into his administration's alleged wrongdoings could challenge advancement of Milei's economic policies. With the peso hovering near the floor of the exchange rate band (**Figure 2**) and government debt payments scheduled to rise over the next three years (**Figure 3**), the Milei administration may face additional hurdles to achieving economic reforms.

Argentina's main source of foreign currency is the remaining balance on its currency swap line with the United States. The central bank's foreign-exchange assets are largely offset by foreign-exchange liabilities, and Argentina does not have a strong trade surplus to generate inflows of foreign currency.[13] If the Milei government finds itself without the adequate foreign exchange to make debt payments and sustain exchange rate policy goals, it will likely face difficult policy decisions, such as whether to default on its debt for a tenth time or allow more flexibility in the value of the peso.

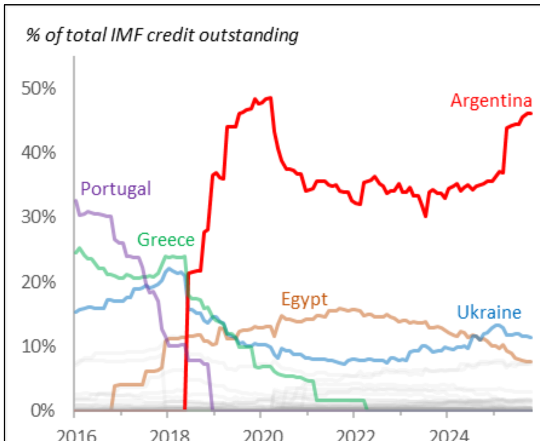
Under such a scenario, the government might seek additional financial support from the United States, the IMF, or other official lenders. The prospects for securing such support are unclear. The willingness of the IMF to extend additional support to Argentina is in question given the level of exposure it faces to Argentina relative to other governments in its membership (**Figure 4**).

Figure 3. Scheduled Debt Payments
2026-2028



Source: IMF, Argentina Program Review Staff Report, August 2025, pg. 45.

Figure 4. Concentration of IMF Lending



Source: IMF Fund Accounts Database.
Note: Programs financed from the main IMF account (the General Resources Accout).

[12] White House, "Joint Statement on Framework for a United States-Argentina Agreement on Reciprocal Trade and Investment," November 13, 2025.

[13] Brad Setser, "Argentina Needs Foreign Exchange Reserves of Its Own," *Council on Foreign Relations*, November 4, 2025.

Additionally, in August 2025, Argentina requested, and the IMF granted, a waiver for falling short of the foreign reserve holdings target established in the program.[14]

Policy Issues for Congress

The U.S. currency swap line with Argentina and related measures reflect a larger trend of strengthening U.S.-Argentina relations since President Milei assumed office. President Trump and President Milei appear to share personal and ideological affinities, and the two leaders have met in the White House twice, most recently on October 14, 2025. Secretary Bessent argued that "[t]he success of Argentina's reform agenda is of systemic importance, and a strong, stable Argentina which helps anchor a prosperous Western Hemisphere is in the strategic interest of the United States."[15] Additionally, President Trump appeared to condition U.S. financial support on a positive electoral outcome for LLA.[16]

Trump officials have made statements that appear to suggest U.S. support for Argentina is intended to counter China's influence in the country. During President Milei's October 2025 White House visit, for example, Secretary Bessent expressed specific concern with China-linked "ports, military bases, and observation facilities that have been created in Argentina."[17] U.S. officials also have reportedly urged the Milei administration to prioritize U.S. investment in key sectors, including critical minerals and telecommunications, over that from China-based firms.[18]

Some Members of Congress have raised concerns about U.S. financial support for Argentina (see **text box**). For example, they argued that

- the policies disadvantage U.S. exporters competing with Argentina in global markets (particularly for soy and other agricultural products);
- U.S. support puts taxpayer dollars at risk, given Argentina's long-standing economic challenges and patterns of default;
- conditioning U.S. financial assistance on certain electoral outcomes amounts to undue influence over a foreign democratic election;
- the support unduly benefits private investors with interests in Argentine assets; and
- the Administration has not disclosed the details and terms of the currency swap line publicly.

From an economic standpoint, there are also questions about the importance of Argentina as a U.S. trading partner or to the U.S. economy. Its previous crises, for example, have not generally spilled over to the United States or the broader global economy.

[14] IMF, *Argentina: First Review under the Extended Arrangement Under the Extended Fund Facility*, August 2025.

[15] Treasury Secretary Scott Bessent (@SecScottBessent), "The @USTreasury has concluded 4 days ... ," X post, October 9, 2025.

[16] Nandita Bose, "Trump Won't 'Waste our Time' with Argentina if Milei Loses in Midterms," Reuters, October 15, 2025.

[17] White House, "President Trump Participates in a Bilateral Lunch with the President of the Argentine Republic," Youtube, October 14, 2025.

[18] Brian Schwartz, "The U.S. Is Trying to Drive a Wedge Between Argentina and China," *Wall Street Journal*, October 21, 2025.

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- Rep. Linda Sánchez, "Sánchez, Sewell Lead 54 Democrats Demanding Answers on $20 Billion Argentina Bailout," October 21, 2025.
- Rep. Josh Gottheimer, "Gottheimer Presses Trump Admin on $20 Billion Argentina Bailout," October 24, 2025.
- Rep. Gabe Evans, "ICYMI: Rep. Evans, Seven House GOP Colleagues Send Letter to President Trump Following Reports of Potential Beef Imports from Argentina," October 30, 2025.
- House Committee on the Judiciary, "Ranking Member Raskin Demands Answers on Role of MAGA Hedge Fund Manager in Trump's $40 Billion Argentina Bailout," October 31, 2025.
- Rep. Angie Craig, "When Did MAGA become Make Argentina Great Again?," *Fox News*, November 5, 2025.

Policy Options for Congress

Congress has delegated broad discretion over the use of ESF resources to the Treasury Secretary. As Congress evaluates the Administration's policy response to Argentina, Congress might conclude that the current status of ESF operations is the appropriate policy course and endorse the status quo. Alternatively, Congress might conclude that the current policy is not optimal for U.S. interests. In that scenario, Congress has a number of policy options for shaping U.S. financial support to Argentina and other foreign governments through the ESF, depending on its policy goals.

- If Congress supports U.S. financial support for Argentina, it could urge the Treasury Secretary to increase the amount or duration of the swap line, as well as coordinate with other U.S. government agencies to identify other potential sources of support. More broadly, if Congress considers the ESF a useful foreign policy tool, it could also consider increasing the size of the ESF. Congress could also provide additional guidance to the Treasury Secretary on expanding the use of ESF funds for foreign governments.
- If Congress opposes financial support to Argentina, Congress could prohibit the use of ESF resources for any foreign government in general or Argentina in particular. It could also bar ESF use for particular categories of governments (e.g., governments of countries that are major export competitors or governments that are not adhering to IMF programs). Legislation has been introduced in the 119th Congress to prohibit the use of ESF funds to support Argentina (S. 2965), as

well as to redirect the funds used for Argentina to other domestic priorities (H.R. 5984; H.R. 6050; and H.R. 6061).

- If Congress wants to preserve the Treasury Secretary's discretion to use ESF during crises while also exerting greater control and oversight of the fund, Congress might consider revising current rules on the use of ESF resources. For example, current law requires the President to submit to Congress a statement explaining the unique or emergency circumstances for an ESF loan or credit to a foreign government for more than six months in any 12-month period. Congress could shorten this timeframe (e.g., to one or two months). Congress also could require the Treasury Secretary to, for example, brief the relevant congressional committees within a week of establishing a new ESF financing arrangement with a foreign government; disclose the terms and conditions of ESF financing arrangements with foreign governments (e.g., to the relevant congressional committees or on the Treasury website); and/or secure congressional authorization for ESF financing to a foreign government above a certain amount or duration. Congress could also request a briefing or report that would assess any potential risks to ESF funds associated with programs to foreign governments or certain types of programs.

Conclusion

The Milei administration's economic reforms have had mixed results. The economy is growing, inflation is down, and the government is running a budget surplus. However, unemployment has fluctuated, and there have been a number of protests against the government's spending cuts. Going forward, questions persist about the stability of the Milei administration's exchange rate policies and Argentina's ability to honor looming increases in scheduled debt payments. There are also questions about whether the government will stay on track with its IMF program. The Trump Administration has used the flexibility granted to it by Congress to bolster Argentina's foreign exchange reserves, an action that Members of Congress have debated. It remains to be seen the extent to which Congress will support or oppose actions by the Trump Administration to provide economic support to Argentina.

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