

Trade and Development Board, sixtieth session
Geneva, 16–27 September 2013

Plenary on Item 8:
Development strategies in a globalized world:
Growing domestic and regional demand for
balanced and sustainable growth

Speaker: Central Bank, Argentina

Wednesday, 18 September 2013

*Not checked against delivery **

* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



Central bank policies to finance economic development: the Argentine experience

Edgardo Torija Zane,
Senior Manager of International Agreements

Trade and Development Board, sixtieth session – UNCTAD
Geneva, 18th September 2013



- 1. The role of the Central bank on financing development**
- 2. The experience of the Central Bank of Argentina**



The role of the Central bank on financing development

- 1990s: Central Bank reform, key component of the new economic agenda of developing economies.
- Key instruments of monetary policy—credit regulation by economic activity and interest rates control—aligned with the governments’ role of promoting economic activity and development, were discredited and discarded.
- “Hands-free” attitude to formulate and execute monetary policy seeking only price or exchange rate stability.
- Central bank reform also came along with a more important reform: financial deregulation and liberalization of cross-border capital flows.
- “Dilemma” and no longer a “Trilemma” of monetary policy independence.
- Increase of the frequency and deepness of financial crisis.
- Need to rethink monetary policy strategy.



The experience of the Central Bank of Argentina

- The framework that the Central Bank of Argentina employed in recent years to promote employment and economic development with equality reflects in large measure the spirit of the policy recommendations of the UNCTAD report.
 - i. Capital account management, FX reserves management
 - ii. In March of 2012, the Argentine Parliament passed a new charter for the Central Bank of Argentina, that embodies some key goals of developmental central banking.



The experience of the Central Bank of Argentina

New Charter

- Article 3 states that the purpose of the Central Bank is to promote monetary stability, financial stability, employment and economic development with social equity, within the scope of its powers and under the framework of the policies determined by the national government.
- Article 4 grants wide range faculties besides aiming at monetary and financial stability to regulate and orientate credit that besides in Article 14 r) could be encouraged to support micro, small and medium enterprises and the less advanced regions of the country via differential minima reserve requirements.



The experience of the Central Bank of Argentina

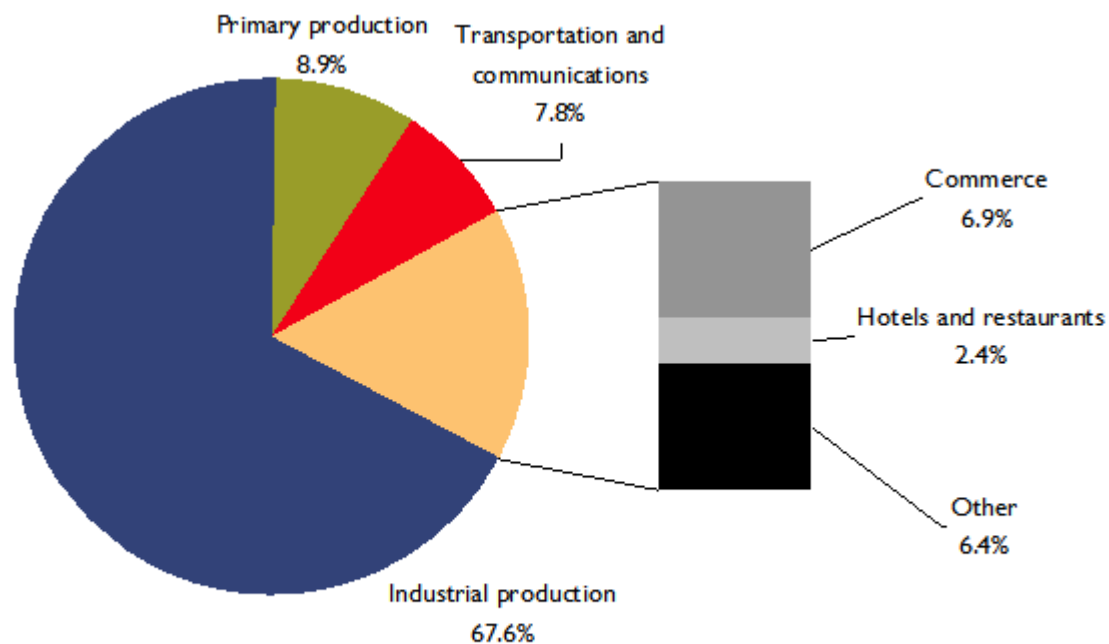
Two Programs which try to bring closer the Central Bank of Argentina to production and regional economies environment:

- The Bicentennial Program for Productive Financing launched in 2010.
- The Credit Line for Productive Investment launched in July 2012.



The experience of the Central Bank of Argentina

The Bicentennial Program for Productive Financing launched in 2010.

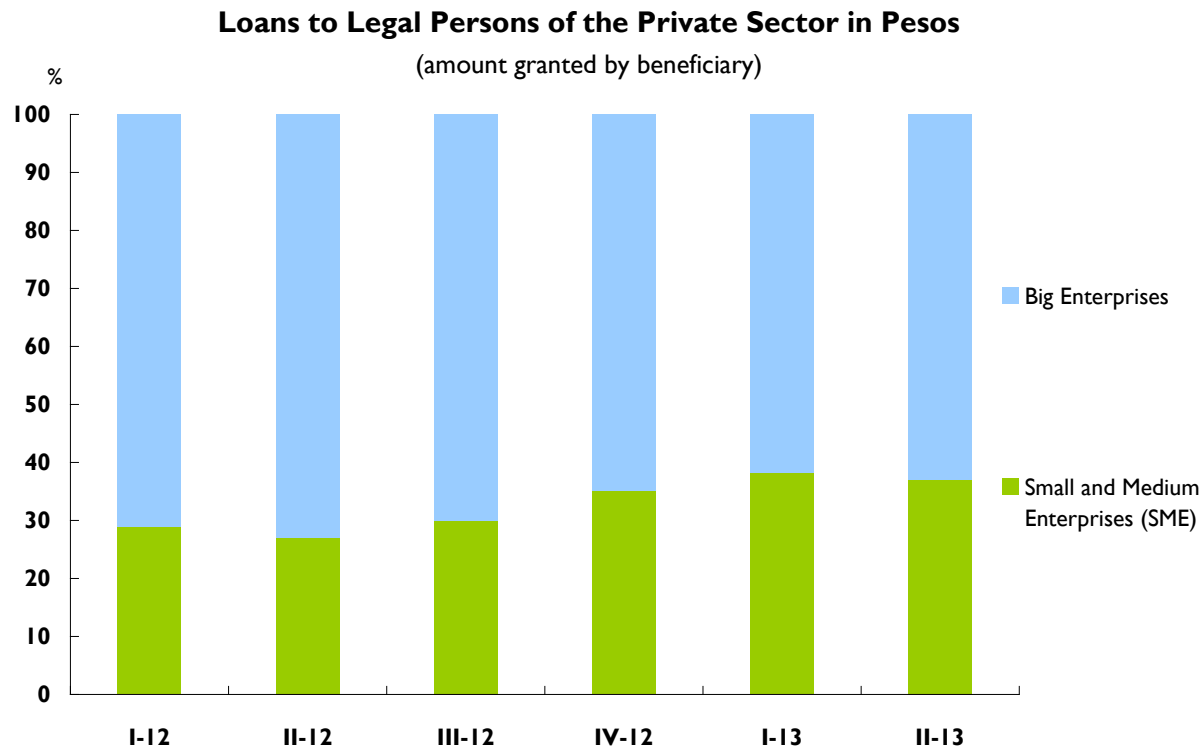


Source: BCRA



The experience of the Central Bank of Argentina

The Credit Line for Productive Investment

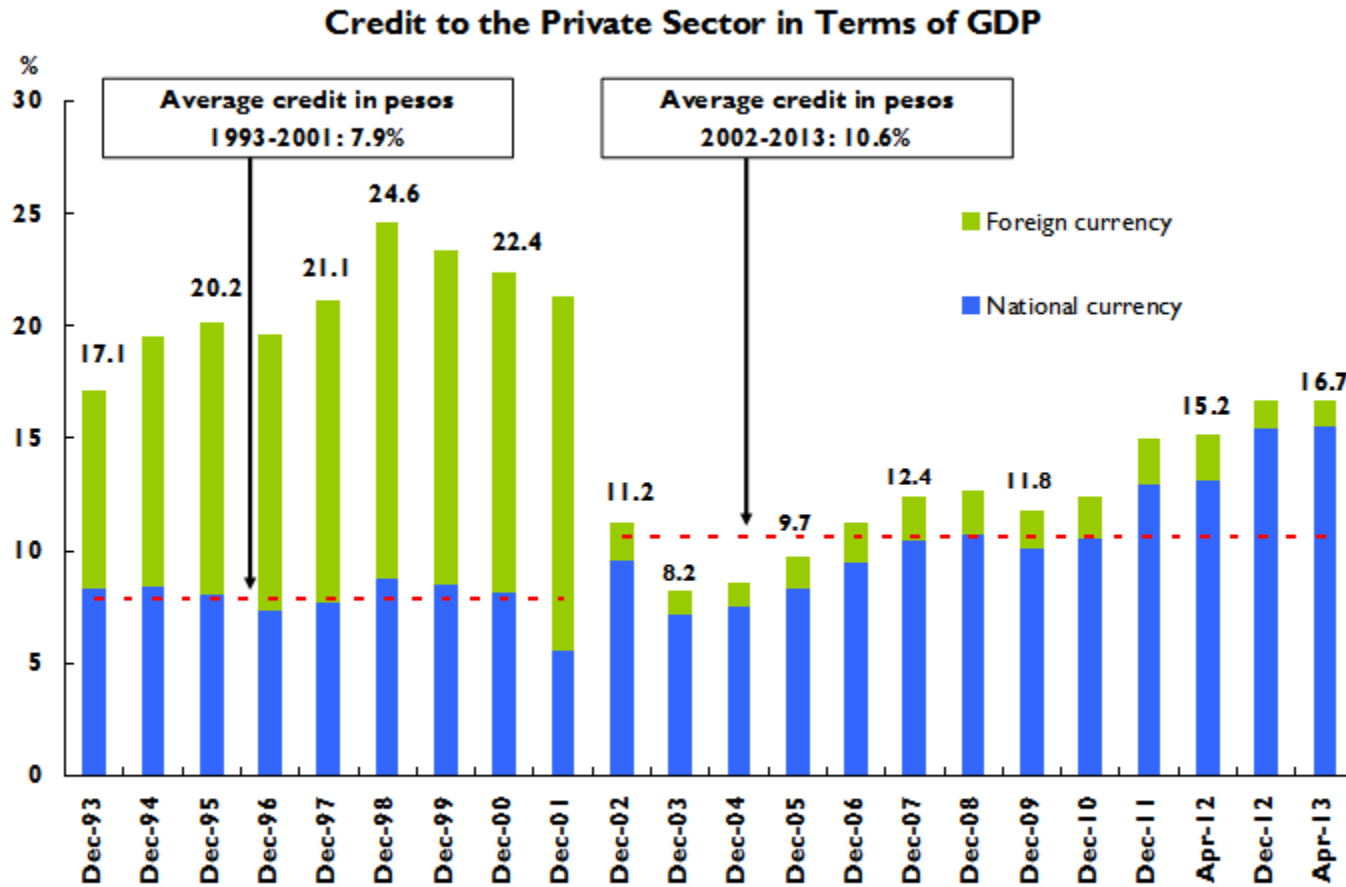


Note: amount granted through notes, pledge-backed loans, mortgages and other loans. II-13 includes April and May.

Source: SISCEN



The experience of the Central Bank of Argentina



Source: BCRA and INDEC



Central bank policies to finance economic development: the Argentine experience

Edgardo Torija Zane,
Senior Manager of International Agreements

Trade and Development Board, sixtieth session – UNCTAD
Geneva, 18th September 2013