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American Task Force Argentina Calls on Argentine Government to Prioritize Its Debts to U.S. Lenders

Argentina Recognizes \$9B Paris Club Debt, Still Refuses to Pay \$3.5B Owed to U.S. Bondholders

WASHINGTON--(BUSINESS WIRE)--Following the recent agreement by the government of Argentina to finally honor its \$9 billion in outstanding debt to the members of the Paris Club, American Task Force Argentina co-chairs Dr. Robert J. Shapiro and Ambassador Nancy Soderberg, along with former Deputy Secretary of the Treasury Stuart Eizenstat and former Under Secretary of State for Economic Affairs Alan Larson, both of whom represent ATFA, called on the Argentine government to honor its debt obligations to U.S. private creditors.

"In settling its debts with the Paris Club, Argentina has acknowledged its ability and willingness to pay," said Shapiro. "Certainly, with over \$54 billion in foreign currency reserves, most of it hidden away in the Bank of International Settlements, and a thriving GDP, Argentina can easily satisfy *all* its obligations – to private lenders and sovereign governments alike. Unfortunately, the current Argentine leadership simply refuses to do so."

"While the news on the Paris Club debts may be welcome to the U.S. government and its other government beneficiaries, it also represents another tacit slap in the face to U.S. bondholders for whom the Argentine government has had nothing but contempt," said Shapiro. "We call on the Departments of State and Treasury to admonish Argentina for these manipulative practices and demand that it make good on all of its long-overdue obligations to American lenders and taxpayers."

Following its negotiations with the Paris Club, a group of leading creditor nations, the Argentine government announced that it will recognize \$6.87 billion in debts along with approximately \$2.2 billion in interest and penalties. Of the total \$9 billion owed to Paris Club member countries, \$360 million is owed to the U.S. Government. The largest obligations are held by Germany (\$2.1 billion), Japan (\$1.415 billion), Spain (\$630 million), Italy (\$515 million), and the Benelux countries (\$460 million). The Buenos Aires government is seeking an extended repayment schedule.

The payments to the Paris Club are viewed by the Argentine government as an unavoidable step in its efforts to access new financing and loan guarantees from international funding agencies which include the Paris Club members. By contrast, the Argentine government has felt no such incentive to satisfy its obligations to U.S. bondholders and, instead, has repeatedly repudiated their obligations despite more than 100 arbitral judgments in U.S. courts.

The \$3.5 billion in U.S. claims are largely being pursued by U.S.-based investment firms which manage the holdings of U.S. pension plans, universities, hospitals, foundations, and private families.

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ATFA urges the U.S. government to intervene with the Argentine Government to honor its obligations to U.S. creditors. Its continuing refusal to do so also breaches its commitments to the U.S. Government as a beneficiary of privileged trade treatment under the Generalized System of Preferences (GSP) program, since it has taken steps to repudiate or nullify an existing contract or agreement with a U.S. citizen or corporation, partnership, or association which is 50 percent or more beneficially owned by U.S. citizens, the effect of which is to nationalize, expropriate, or otherwise seize property (19 U.S.C. § 2462(b)(2) (D) (i) (II)).

Click [here](#) to read the letter that ATFA co-chairs Dr. Robert Shapiro and Ambassador Nancy Soderberg, along with Ambassador Stuart Eizenstat and former Under Secretary of State for Economics Alan Larson, sent to Secretaries Clinton and Geithner on the issue.

Made up of an alliance of diverse organizations, ATFA's leadership includes Executive Director Robert Raben, a former Assistant Attorney General at the U.S. Department of Justice, and is co-chaired by The Honorable Robert J. Shapiro, former Under Secretary of Commerce for Economic Affairs in the Clinton Administration, and Ambassador Nancy Soderberg, Ambassador at the U.S. Mission to the United Nations in New York from 1997 to 2001.

For additional information on ATFA's activities, please visit www.atfa.org, or contact media@atfa.org, or +1-888-662-2382.

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