

Bondholders to Hillary: “Collect on Argentina”

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By Silvina Kristal

Washington – One of the main associations of U.S. bondholders of Argentine bonds in default, the American Task Force Argentina (ATFA), sent a letter to some of the future Barack Obama cabinet members asking that they make the collection on those papers “a high priority in their relations with Argentina.”

The letter, signed by the presidents of ATFA, Robert Shapiro and Nancy Soderberg, went to Timothy Geithner, Hillary Clinton and Jim Jones, that soon will occupy the posts of secretaries of Treasury, State and National Security Adviser at the White House, respectively.

ATFA works to represent several organizations of holders of Argentine bonds in default since 2002 that rejected the restructuring offered in 2005 with payments of 30 cents on the dollar, carrying losses of more than US\$3.5 billion for U.S. investors.

In their roles as presidents, Shapiro and Soderberg work to resolve a “key issue” in relations with Latin America: Argentina’s unpaid obligations with Americans since the default on sovereign debt in 2001 and the subsequent decision to reject debts held by bondholders who declined that “historically low” offer, ATFA says.

The directors urged the future officials to make payment of this debt a policy priority in relations with Argentina. “At a time when public confidence in financial instruments and institutions is dangerously low, this government cannot allow an allied government to void the value of our patrimony. With more than US\$47 billion in international reserves, Argentina can afford to pay its creditors, who have already won numerous lawsuits in U.S. federal courts, but which such decisions Argentina has persistently refused to recognize,” the letter says.

For the organization, as a consequence of these actions, “Argentina is not able to seek loans in the foreign capital markets without being subject to the seizure of the collected funds.”

Shapiro and Soderberg also called attention to the harmful effects that the Argentine default is having on the agricultural and export sectors in the U.S.: “The default produced a drastic devaluation of the Argentine peso, which raise prices of those U.S. products in Argentina and lowered the price of agricultural products in the U.S.” (Agencia ANSA)