

U.S. bondholders want Obama to pressure the country

Friday, December 5, 2008

The holdouts send letters to future officials, like Geithner and Hillary Clinton

By Hugo Alconada Mon

WASHINGTON.- When it rains, it pours. Two months after glimpsing a window of hope which vanished quickly, the largest and most powerful block of U.S. creditors with Argentine debt bonds in default started its campaign within the future administration of Barack Obama. It's objective? To put the holdouts – or them, as it were – at the top of the future bilateral agenda.

The request was pushed forward by the American Task Force Argentina (ATFA). It came together this week with the sending of formal letters to the big guns-to-be: Hillary Clinton, secretary of state; Timothy Geithner, at Treasury; and General Jim Jones, for national security adviser.

"Our organization is seeking a just and equitable reconciliation of the debt," said its directors, Robert Shapiro and Nancy Soderberg, who during the 1990s were high officials in the administration of Bill Clinton, as was its executive director, Robert Raben. Shapiro and Soderberg argued that the repudiation of the debt, as much in the 2001 default as in the 2005 restructuring, generated losses of more than US\$3 billion to U.S. investors and another US\$29 billion to international creditors. And they alleged that since the Central Bank has reserves of US\$47 billion, the government could pay all of them.

"The investors have won numerous decisions in the U.S. federal courts, but Argentina consistently refuses to recognize or comply with those judicial decisions," the signatories said, a refusal that they said has been repeated on other decisions against it "around the world."

ATFA is known for years for the pressure it puts on Argentina. It sought to negotiate a way out with the authorities, but also made pleas against Buenos Aires in the Bush Administration, the U.S. Congress – where they gained the support of at least nine Senators – and in the main capitals of Europe.

The entity, which is made up of the large institutional funds and "vulture" funds with bonds in default, also brought forward a campaign of confrontation with ads in newspapers such as the Wall Street Journal (with photos of the Kirchners with the Venezuelan President, Hugo Chavez, together) and even placed a giant inflatable rat in

front of the Waldorf Astoria when President Cristina Kirchner spoke before a conference of the Council of the Americas.

"Over the last few years we've had productive working relationships with the departments of State and Treasury in our discussions on this issue," they explained to Clinton, Geithner and Jones, before making their objective clear: "We would like to bring to your attention this issue of importance for the American people about Argentina should you speak with the President (Cristina)."

Cristina Kirchner raised their hopes of reaching an agreement in September. From New York she announced that she'd received an offer from three banks -- Barclays, Deutsche and Citigroup- to pay off this debt, which she had seen favorably and could send to the Congress. "The conditions are much more favorable than in the swap of 2005," she said. That possibility was frustrated with the passage of a few weeks, with the slowdown in the local economy and the deepening of the international crisis.

NOTE: DyN news service reprinted a truncated version of the release, and La Gaceta in Tucuman ran the DyN story.