

Congress of the United States

Washington, DC 20515

February 23, 2011

The Honorable Ron Kirk
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Kirk:

Since 1974, Generalized System of Preferences (GSP) benefits have allowed participating developing countries to enjoy duty-free treatment on the great majority of their exports to the United States. As an important tenet of our national trade policy, the bestowal of these benefits should not be taken lightly. However, we believe that Argentina has consistently ignored its responsibilities as a GSP beneficiary.

In this regard, we would urge USTR and the GSP Subcommittee to give careful consideration to the country practices petitions submitted as part of the 2010 GSP annual review. As recommended in the petitions, we encourage you to re-examine Argentina's standing within the GSP program. We believe the facts present a compelling case for withdrawal or suspension of Argentina's status as a Beneficiary Developing Country (BDC) under the General System of Preferences.

As the petitions make clear, the Argentine government has consistently failed to meet the mandatory requirements of the GSP statute. Argentina's failure to provide prompt, adequate, and effective compensation following its 2001 default on \$8.7 billion of government bonds held by U.S. citizens and its persistent refusal to engage in good faith negotiations regarding such compensation constitute a seizure of U.S. property in violation of these requirements. Despite being one of the wealthiest nations to receive GSP benefits, Argentina has consistently refused to recognize over 100 court judgments ruled in the U.S. Southern District Court of New York. With over \$51 billion in Central Bank reserves, Argentina is unwilling, although more than capable, of repaying its debts to U.S. creditors.

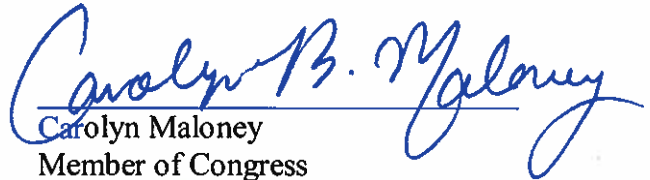
Moreover, Argentina's performance with respect to the discretionary criteria of the statute is seriously deficient. Argentina's average tariff rate is almost five times that of the U.S. (its bound rate 10 times that of the U.S.). In addition, in recent years, the Argentine government has raised tariffs and imposed new customs and licensing procedures and other measures so as to further block access to its market. Argentina also imposes higher export taxes on raw materials relative to those on processed products, effectively subsidizing the export of processed products. Argentina's severe shortcomings in the area of intellectual property – including rampant piracy and counterfeiting – have placed it securely on the USTR's Priority Watch List.

In conclusion, we strongly believe that Argentina's blatant flouting of the statutory requirements of GSP as well as its failure to respect U.S. judicial proceedings concerning its outstanding international debt should disqualify the Argentina from receiving GSP benefits. Until Argentina effectively addresses the issues described above, we ask that, as part of the 2010 GSP Annual Review, you withdraw or suspend its status as a Beneficiary Developing Country under the General System of Preferences.

Respectfully,



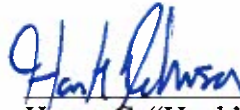
Edolphus "Ed" Towns
Member of Congress



Carolyn Maloney
Member of Congress



Joe Baca
Member of Congress



Henry C. "Hank" Johnson Jr.
Member of Congress



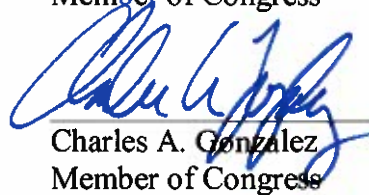
Paul Tonko
Member of Congress



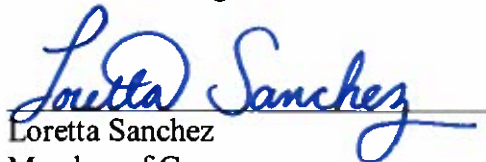
Brian Higgins
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William L. Owens
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