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# Congress of the United States

## House of Representatives

Washington, DC 20515-3214  
April 1, 2008

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The Honorable Daniel M. Zelikow  
Executive Vice President  
Inter-American Development Bank  
1300 New York Avenue, NW  
Washington DC, 20577

Dear Mr. Zelikow,

I am writing in response to reports that the Inter-American Development Bank (IDB) is considering increasing Argentina's long-term credit from \$5 billion to \$8 billion for its 2008-2011 program despite a history of refusing to repay its debts and honor its financial obligations.

Following its 2001 sovereign debt default on more than \$81 billion, former President Nestór Kirchner imposed a restructuring plan in 2005 in which the country repudiated its debt to those not entering the exchange. The plan which offered bondholders approximately 27 cents on the dollar was ultimately rejected by half of international creditors who have yet to be paid. Additionally, the Paris Club is awaiting payment on more than \$6 billion they are owed.

If the IDB extends additional credits to Argentina, the IDB should consider requiring Argentina to repay her existing debts. Continuing to make loans to Argentina without insisting that they demonstrate basic financial responsibility could serve to only encourage the country to persist in its destructive economic policies.

While Argentina remains in default, it is barred from accessing international financial markets, causing it to lose \$6 billion per year in foreign direct investment. Argentina's current President, Cristina Fernández de Kirchner's administration has declared itself much more willing to repay its debts and reenter international markets than her husband, but rhetoric has not yet become reality. If Argentina is allowed to continue to avoid its financial responsibilities, more countries may consider defaults a viable option.

I strongly urge you to act in the best interests of investors, taxpayers, international markets and Argentina herself when considering the extension of further credit. Especially until that nation has repaid its debts, both to sovereign and private bondholders.

Thank you for your consideration.

Sincerely,

*Carol B. Maloney* -

CAROLYN B. MALONEY

Member of Congress

Cc: Henry Paulson, U.S. Governor, Inter-American Development Bank  
Héctor E. Morales, U.S. Executive Director, Inter-American Development Bank  
Hector Timmerman, Argentine Ambassador to the United States