



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

May 20, 2008

The Honorable Cristina Fernandez de Kirchner  
President of Argentina  
Casa Rosada  
Balcarce 24  
Buenos Aires, Argentina AAB1064

Dear President Kirchner:

We write to express our concern about Argentina's refusal to resolve outstanding debts related to the 2001 sovereign debt default and subsequent restructuring. Argentina's unwillingness to honor these obligations continues to have negative consequences for American bondholders, taxpayers, businesses, pensioners, teachers, and our agriculture community.

As you know, the Argentine government's 2005 offer of 25 cents on the dollar to bondholders was far beneath the international norm for sovereign defaults, and was understandably rejected by an unusually large number of holdouts. Argentina has failed to repay the bondholders who declined that offer, marking the first time a sovereign nation has officially repudiated its obligations to bondholders.

American bondholders are still owed a total of nearly \$3 billion, and have won numerous judgments to that effect in U.S. courts. Because Argentina has refused to honor those judgments, the nation can no longer enter international markets for fear its assets will be attached, and has been forced to rely on Venezuelan president Hugo Chavez for capital. A team of Argentine economists led by Martin Krause has estimated that your nation loses an estimated \$6 billion in foreign direct investment every year as a result of the unresolved default.

The default is also affecting America's teachers. TIAA-CREF, America's pension fund representing American teachers and professors, incurred losses of more than \$100 million because of the default, putting educators' retirement savings at risk.

At the same time, American agriculture and livestock groups including the National Grange, the American Corn Growers Association, the U.S. Cattlemen's Association and the Soybean Producers of America have argued that Argentina's failure to put its economic house in order is tantamount to deliberate manipulation of the value of the peso to produce a grossly unfair subsidy for Argentina's products, at the expense of U.S. producers.

In our capacity as Members of the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs, we recently learned that Argentina holds nearly \$50 billion, which suggests that you are able to address the \$3 billion still owed to U.S. investors.

We would appreciate hearing from your government about your plans to address Argentina's outstanding debts. The relationship between our two nations is deeply important. We look forward to working closely with your administration on this and other issues in the coming months.

Sincerely,



Rep. Steve Israel  
Member of Congress



Rep. Mark Kirk  
Member of Congress

cc: The Hon. Hector Timerman, Ambassador to the U.S.  
The Hon. Henry Paulson, U.S. Secretary of the Treasury  
The Hon. Condoleezza Rice, U.S. Secretary of State  
The Hon. Earl Anthony Wayne, U.S. Ambassador to Argentina