



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

Brian M. Kolb  
Minority Leader

March 18, 2011

The Honorable Kirsten Gillibrand  
United States Senate  
478 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Gillibrand:

I write to encourage you to take up the issue in Congress of Argentina's debt obligations to U.S. and New York creditors and taxpayers. Argentina benefits from G20 membership and receives trade benefits under the U.S. Generalized System of Preferences (GSP) yet the government has been accused of corruption and money laundering, and is currently ignoring 114 international and U.S. court judgments ordering the payment of debt owed to U.S. creditors, including many New York citizens. On behalf of New Yorkers, I ask that you take action in Congress to hold Argentina accountable.

Argentina owes \$3.2 billion to U.S. creditors, including many New York stakeholders. Argentina has claimed to be making progress on coming to terms with the Paris Club group of official creditors, but has demonstrated a repeated pattern of proposing unilateral offers on debt restructurings. On March 6, Paris Club officials unanimously rejected the Argentine proposal due to disagreements on the amount of debt, the interest rate, and the terms of repayment. Yet again, Argentina announced its intentions to repay its debt but refrained to hold good-faith negotiations on mutually agreeable terms. Moreover, the U.S. should not support an agreement between Argentina and the Paris Club that would favor debt repayment to foreign governments before repayment to U.S., and specifically New York, citizens.

Tensions between the U.S. and Argentina continue to escalate. In early February, the Argentine government seized a U.S. military plane containing sensitive cargo and grossly mistreated U.S. personnel during a routine visit. Argentina continues to hold hostage the contents from the plane. In seizing the cargo, the Argentine government acquired all the military security codes that the plane held and opened the potential of adversary surveillance into U.S. military information. This development has harmed U.S.-Argentine bilateral relations in an unprecedented way, and threatens U.S. national security interests. Moreover, the action is endemic of Argentina's larger pattern of seizing U.S. property without any recourse.

Additionally, Argentina's status under the U.S. Generalized System of Preferences (GSP) is currently under review by the U.S. Trade Representative. Several petitions recommending Argentina's suspension by U.S. stakeholders are currently under consideration on account of Argentina's breach of GSP statutes through its seizure of U.S. property. Withdrawal of Argentina's preferential benefits would demonstrate the U.S.'s legal commitment to enforce trade policy and would open the opportunity for other, more impoverished developing countries to benefit from GSP status.

Last year, the New York State Senate passed legislation that would tax any new bond emission by Argentina in New York until the country settles its outstanding debts. The American Legislative Exchange Council (ALEC) passed a resolution urging Members of Congress to support legislation to enforce U.S. court judgments ordering Argentina to repaying its debt. I co-sponsored this resolution in hopes that Congress will more aggressively urge Argentina to meet its debt obligations to U.S. citizens.

Until the U.S. has a more effective legislative mechanism for enforcing judgments when debts to U.S. creditors are not honored, countries like Argentina will continue to flout international norms at the expense of U.S. taxpayers. Argentina continues to be an outlier in the international community. For all these reasons above, I encourage you to exercise leadership on behalf of New York citizens to pressure Argentina to repay its debts.

Yours sincerely,



**Assemblyman Brian Kolb**  
**New York Assembly**

Cc.

The Honorable Hillary Clinton, Secretary of State

The Honorable Timothy Geithner, Secretary of Treasury

The Honorable Robert Hormats, Under Secretary of State for Economic Affairs

The Honorable Arturo Valenzuela, Assistant Secretary of State for Western Hemisphere Affairs

The Honorable Ron Kirk, United States Trade Representative

REPLY TO:

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