

AMERICAN TASK FORCE ARGENTINA

The Honorable Robert J. Shapiro
Co-Chair

Ambassador Nancy Soderberg
Co-Chair

August 2, 2010

The Honorable Hillary Clinton
Secretary of State
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

Dear Secretary Clinton:

We write today in reference to your scheduled meeting with Argentine Foreign Minister Hector Timerman on August 11. We are concerned by Foreign Minister Timerman's recent record of providing misinformation about Argentina's long-outstanding debt to U.S. lenders, as well as the Argentine government's recent efforts to distort your remarks on this general subject and those of other US State Department officials. We urge you to take the opportunity of this meeting to underscore to Minister Timerman the importance that his government finally resolve this important issue and set the public record straight.

As you know, in 2001, Argentina announced the largest sovereign debt default in history, including many billions of dollars owed to Americans. For years, Argentina declined to negotiate with its U.S. and other lenders, until it issued a take-it-or-leave-it offer in early 2005. When half of all foreign lenders declined the offer – including U.S. pension funds and others holding several billions of the debt – the Argentine government took the unprecedented step of summarily repudiating all of those debts. As a result, U.S. taxpayers and investors, as well as the creditors, all suffered large losses.

U.S. and other foreign creditors turned to the courts, here and around the world, to uphold their contractual rights; and they have won more than 100 judgments against the Argentine government. Despite the promise to respect such judgments in its original prospectus, Argentina has ignored these holdings. As a result she has become the only nation in the world been effectively barred from international capital markets. Even so, American lenders have continued to ask the Argentine government to negotiate a fair restructuring and repayment, only to be repeatedly ignored.

While Argentina recently offered new terms to its creditors, for a new debt swap, the terms of this restructuring were also unacceptable to most American lenders. In fact, they were no better than the 2005 offer – the lowest sovereign debt restructuring offer of any country in recent times – and gained little more than 66% acceptance. Today, upwards of \$30 billion of debt remain in arrears.

In March, the Argentine government, including then Ambassador Timerman, took comments you had made in Argentina out of context, and used those comments to disparage U.S. creditors. The Argentine government used your words in commercials and other advertisements to “prove” that Argentina's debt record was far better than it actually is. In addition, during his tenure as Argentina's Ambassador to the United States, Mr. Timerman repeatedly made false statements regarding American creditors of Argentina. For instance, he claimed that their bonds were acquired under previous dictatorships, when in fact; they were all purchased on the open market during recent democratic governments.

American citizens, both creditors and investors, have waited long enough for Argentina to honor its commitments and return to the community of responsible nations. During your meeting with Foreign Minister Timerman and in associated public comments, we ask that you state clearly that the issue of Argentina's debt to Americans must be resolved fairly, once and for all.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Shapiro".

Dr. Robert Shapiro
ATFA Co-Chair

A handwritten signature in blue ink, appearing to read "Nancy Soderberg".

Ambassador Nancy Soderberg
ATFA Co-Chair

CC: Under Secretary Bob Hormats
Assistant Secretary Arturo Valenzuela