

Resolution Supporting the Reevaluation of Argentina's General System of Preferences (GSP) Benefits by the U.S. Trade Representative

WHEREAS, 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 since 1974; and

WHEREAS, Argentina has consistently ignored its responsibilities as a Beneficiary Developing Country (BDC) under the General System of Preferences; and

WHEREAS, Argentina's failure to provide fair and adequate 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 violation of these requirements as well as seizure of U.S. property; and

WHEREAS, Argentina's refusal to repay its debt obligations to U.S. and international bondholders cost U.S. taxpayers, investors and creditors \$20.5 billion from 2001 to 2008; Argentina's refusal to repay outstanding debt to New York taxpayers, investors and creditors alone cost \$1,981 million until December 2008; and

WHEREAS, Argentina has also refused to fairly negotiate its debt with Paris Club lenders, an informal group of official creditor nations which includes the U.S. and portions of which were funded with U.S. taxpayer dollars; and

WHEREAS, Argentina is one of the wealthiest nations to receive GSP benefits but has consistently refused to recognize over 100 court judgments ruled in the U.S. Southern District Court of New York ordering repayment; and

WHEREAS, Argentina is in possession of over \$51 billion in Central Bank reserves and is unwilling, although capable, of repaying its debts to U.S. creditors; and

WHEREAS, Argentina's average tariff rate is almost five times that of the U.S. (its bound rate 10 times that of the U.S.); and

WHEREAS, the Argentine government has raised tariffs and imposed new customs and licensing procedures and other measures with the intention of further blocking access to its market; and

WHEREAS, Argentina also imposes higher export taxes on raw materials relative to those on processed products, effectively subsidizing the export of processed products; and

WHEREAS, Argentina's severe shortcomings in the area of intellectual property, which include rampant piracy, counterfeiting, major enforcement problems, and a backlog of patent applications, have placed it squarely on the United States Trade Representative (USTR) Priority Watch List; and

WHEREAS, Argentina also accounts for 84 percent of all pending cases in the World Bank's International Centre for Settlement of Investment Disputes (ICSID) – 27 out of 30 – against institutions in other G-20 countries; as final and binding judgments, Argentina's refusal to recognize and honor these judgments exhibits contempt for international rule of law; and

WHEREAS, Argentina's failure to recognize the validity of ICSID cases judged against it constitutes a breach of its obligations under the ICSID Convention, a multilateral treaty to which the U.S. is a party; and

WHEREAS, the Argentine government has denied full transparency by refusing to take part in the International Monetary Fund's (IMF) Article IV Review since its debt default, which is a prerequisite for receiving IMF loans and negotiating a Paris Club settlement; and

WHEREAS, Argentina has continued to receive benefits from organizations such as the World Bank, a multilateral institution which receives a portion of its funding from the U.S. and its taxpayers; and

WHEREAS, Argentina's pattern of undemocratic domestic policies, including the government seizure of private pension funds and steps to overtake foreign exchange reserves from the Central Bank, should bar its participation in the GSP program as the purpose of these trade benefits is to enhance democracy and economic development; and

WHEREAS, U.S. state exports benefit from reciprocal trade programs; and a foreign trade agreement with Argentina would have a greater effect on the country's policies than participating in the GSP program; and

THEREFORE, BE IT RESOLVED that ALEC supports USTR's reevaluation of Argentina's GSP beneficiary status for withdrawal or suspension; and

BE IT FURTHER RESOLVED that ALEC urges members of the U.S. Congress to support the withdrawal of Argentina's GSP benefits; and

BE IT FURTHER RESOLVED that a copy of this Resolution be forwarded to the President of the United States, to the Chairmen and Ranking Members of the U.S. Senate Finance Committee, U.S. House Foreign Affairs Committee and U.S. House Committee on Ways and Means, to the U.S. Trade Representative and the Subcommittee on Generalized System of Preferences (GSP), and to the Secretary of State.