

The National Grange

Of the Order of Patrons of Husbandry

Building Communities



November 2007

ARGENTINA'S SOVERIGN DEBT DEFAULT IS AN UNFAIR TRADE PRACTICE

WHEREAS, the 2001 Argentine debt default was the largest recorded sovereign debt default in history – over \$100 billion. Argentina owes Americans approximately \$3 billion, and

WHEREAS, the unprecedented restructuring terms unilaterally imposed by the government of Argentina of 25 cents on the dollar have cost American investors, pension funds, mutual funds, taxpayers and companies more than \$10 billion in losses, and

WHEREAS, Argentina refuses to pay back any bondholders who did not accept their 2005 restructuring offer, marking the first time a sovereign country has officially repudiated its legal debt, and

WHEREAS, Argentina's actions are a clear attempt to drive down the value of the Argentine Peso in foreign exchange markets, thus creating an unfair export incentive for their country's exports, especially Argentina's most famous export, agricultural products, and

WHEREAS, Argentina is a major competitor of U.S. farmers in the global market and Argentina's debt repudiation means, as our competitor, they can make infrastructure investments that will increase agricultural output, thus creating further unfair competition for the American farmer, and

WHEREAS, the decision by the U.S. government to intervene on behalf of the Argentine government in court cases brought by bondholders in United States will obviously encourage the exact same practice by other nations, a perilous precedent given Ecuador's interest in a similar repudiation of its \$11 billion global debt, and

WHEREAS, the intervention by the U.S. government in the related U.S. court cases on behalf of the government of Argentina has the immediate effect of encouraging the Argentine government to continue to repudiate debt, devalue its currency and maintain an unfair export incentive, without fear of accountability in a U.S. court of law, and

WHEREAS, the U.S. government's decision comes at a time when the Office of the U.S. Trade Representative is working to eliminate unfair trade practices in the global agriculture market, and

WHEREAS, the domino effect of general down-grading of sovereign debt for developing nations means those nations that are our customers for agricultural commodities will lack proper credit from the commercial international debt market. This means the United States government, the International Monetary Fund and ultimately the U.S. taxpayer will be left responsible for filling the credit gap, therefore be it

RESOLVED that the National Grange call upon the U.S. government to adopt coordinated policies to combat trade distorting practices instituted by foreign governments, such as currency manipulation and unilateral repudiation of sovereign debt; especially in those cases where it becomes more difficult for US farmers and manufacturers to sell their products in overseas markets, and be it further

RESOLVED that the National Grange call upon the U.S. government to reverse its previous position and support domestic investors and bond holders of Argentine sovereign debt in all U.S. court cases brought by those bond holders.

Adopted at the 141st Annual Convention of the National Grange