

January 11, 2011

The Honorable Ron Kirk
U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Kirk:

Since 1974, the Generalized System of Preferences (GSP) has allowed participating developing countries to enjoy duty-free treatment on many of their exports to the United States. As an important part of U.S. trade policy, designation as a Beneficiary Developing Country (BDC) under the Generalized System of Preferences should not be taken lightly.


Unfortunately, Argentina has exhibited its disregard for this program by consistently shirking its responsibilities as a GSP beneficiary, benefits that should now be re-examined for withdrawal or suspension. The Hispanic Leadership Fund believes that the U.S. Trade Representative must take steps to remedy Argentina's refusal to fully participate in the GSP program.

Argentina has consistently failed to meet the mandatory requirements of the GSP statute. After its record-breaking debt default in 2001, the Argentine government failed to provide timely and adequate compensation to U.S. citizens holding over \$8 billion in government bonds. Argentina's refusal to engage in good faith negotiations and fairly compensate bondholders amounts to a seizure of U.S. property. With over \$54 billion in Central Bank reserves, Argentina is more than capable of paying these debts to U.S. bondholders.

Argentina has also refused to reciprocate trade benefits provided by the U.S. Argentina's average tariff rate is almost five times that of the U.S. The Argentine government has also raised tariffs and imposed new customs and licensing procedures and other measures in recent years so as to further block access to its market. Additionally, Argentina imposes higher export taxes on raw materials relative to those on processed products, effectively subsidizing the export of processed products. All of these measures have served to take advantage of U.S. benefits and block U.S. producers from trading in Argentina.

Argentina must be held accountable for its responsibilities as a GSP beneficiary. A re-evaluation of the country's benefits for withdrawal or suspension will ensure that the countries that deserve these specialized trade preferences are receiving them and countries that have outgrown them, like Argentina, are removed from the program. The Hispanic Leadership Fund encourages the U.S. Trade Representative to re-evaluate Argentina's continued participation in the GSP program.

Respectfully,



Mario H. Lopez
President