



VOICEOVER: A message from Dr. Robert Shapiro, Co-chair of the American Task Force Argentina.

SHAPIRO: Since 2001, investors, businesses and governments around the world have watched closely to see how Argentina would handle its unprecedented default of some eighty billion dollars in sovereign debt. Investors and businesses in the United States, Europe, Asia and Latin America were understandably shaken in 2005, when President Nestor Kirchner demanded that lenders accept what was the worst restructuring deal ever offered by any country, and then when he repudiated any obligations to those declining his deal -- they made up nearly half of all of Argentina's foreign lenders, and they still hold some twenty billion dollars in Argentine bonds. The result was entirely predictable: Argentina has been excluded from international capital markets until she honors her obligations, and foreign direct investment in Argentina has slowed.

With this experience as a backdrop, we now see a new and very troubling trend emerging...

Following what threatens to become a new "Argentine precedent", Ecuadorian President Rafael Correa, an ally of Mr. Kirchner and Venezuela's Hugo Chavez, has said that he is willing, and these are his words, to "aggressively renegotiate" what he has called his country's "illegitimate" international debt. President Correa's announcement came after a briefing on restructuring strategies by officials from Argentina's Finance Ministry in Quito -- quickly triggering sharp declines in both the foreign funds flowing into Ecuador and the prices for Ecuador's bonds on international markets.

The prospect of President Correa mimicking Argentina's irresponsible restructuring is very troubling. If Mr. Kirchner's model becomes a new international norm, the

unavoidable result will be a sharp drop in international lending to many developing countries, especially those that need it most.

The ultimate result could be turmoil in international bond markets and economic reverses in parts of the developing world.

Happily, there is an alternative. As Argentina's national elections draw near, President Kirchner, or his successor, can choose to act as a statesman, in the interest of the Argentine people and their economic well-being. Argentina already faces mounting pressure from foreign governments, from their current creditors and international investors to honor her obligations. Argentina's current period of strong economic growth makes now the best time to act. Since January of this year, Argentina's foreign exchange reserves have grown by more than eleven billion dollars; and at current rates, the total will pass fifty billion dollars by the end of this year. Argentina happily now has the means to rejoin the community of responsible nations by coming back to the negotiating table and resolving its repudiated debt. But these favorable conditions won't last forever, since the fortunes of economies like those of politicians inevitably both rise and fall.

The American Task Force Argentina will continue to work towards ensuring that the United States and other G-seven nations fully understand the serious consequences of President Kirchner's debt policies - and that they respond appropriately. Other nations, including Ecuador, should not make the mistake of taking his path. We will pursue this course until Argentina enters into good-faith negotiations with her creditors, who in their own good faith lent Argentina many billions of dollars. Only then can Argentina - and Ecuador once again be responsible and valued members of the community of nations.  
Thank You.

VOICEOVER: For more information, visit the American Task Force Argentina website at: [www.atfa.org](http://www.atfa.org).