

# The Facts of Argentina's Debt Dispute

Two weeks after the United States Supreme Court decided against hearing yet another appeal by Argentina on its unpaid debt, the government of Argentina still refuses to negotiate with its creditors. These creditors are at the negotiating table waiting to talk, but Argentina refuses. As a result, Argentina has placed itself on the brink of default.

Instead of negotiating with its creditors and saving the country from default, Argentina has engaged in a campaign of misinformation. Argentina's leaders are spreading myths while time runs out for the country.

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## MYTH #1:

**Holdout creditors and a judge in New York are forcing Argentina to default.**

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**FACT:** By refusing to negotiate with its creditors, Argentina's leaders are *choosing* to default. Argentina's ongoing refusal to negotiate is the only thing preventing it from avoiding default and achieving a settlement. Argentina tries to blame creditors and judges for its problems, but only Argentina can take the necessary steps to avoid default.

*"The case of Argentina was and remains unique in its unilateral and coercive approach to the debt restructuring."*

— Moody's study of recent sovereign debt restructurings

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## MYTH #2:

**If Argentina pays holdouts, "it will have to pay \$15 billion" out of its reserves "in the immediate future."**

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**FACT:** Argentina could negotiate a settlement without significantly affecting its reserves. Some holdouts have made it clear that they would accept bonds as a portion of the payment. Argentina has successfully negotiated such settlements with Repsol and the Paris Club. Furthermore, the \$15 billion number is completely unsubstantiated: the government has refused to disclose any credible information to support this manufactured number.

*"The Argentine government has said the costs would be as much as \$15 billion, though David Rees, an emerging markets economist at Capital Economics, thinks the cost to paying the holdouts is about half of what the government claims."*

— CNN

*"Elliott is looking to recent deals made by Argentina with other creditors as a potential model for an agreement ... That could include accepting a mix of cash and bonds ..."*

— The Wall Street Journal

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## MYTH #3:

**Argentina needs a "judicial decision" that would give it more time to negotiate.**

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**FACT:** Argentina's expressed desire for a "fair, equal and legal negotiation" is really a smokescreen. Some of Argentina's largest holders of defaulted bonds have made it clear that they would be willing to negotiate with the government to give it more time in exchange for concrete progress toward a settlement. Once again, Argentina has refused to negotiate.

*"Argentine holdouts say they would discuss extension in good faith"*

— Reuters

**Argentina's creditors are ready to negotiate today.  
The benefits to Argentina would be enormous:**

- As much as \$70 billion in lower interest costs in the next ten years
- As much as \$825 million in savings for provinces annually
- Up to \$2 billion in savings for businesses annually
- Immediate relief from inflation
- No need for capital controls

**Argentina's leaders should join its creditors in a negotiation,  
and avoid a catastrophic default.**

**Argentina, It's Time to Negotiate**

To learn more, go to [www.FactCheckArgentina.org](http://www.FactCheckArgentina.org)

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