

Mercosur and Celac stand by Argentina in the hedge funds litigation



Buenos Aires, June 23, (RHC), – Member countries of the Mercosur Trade Bloc and the Community of Latin American and Caribbean states (CELAC) expressed support for Argentina and its ongoing litigation with the holdout hedge funds, particularly last week's decision from the US Supreme Court to dismiss the case, and the financial consequences emerging from such a position.

Mercosur heads of state expressed their “most absolute rejection to the attitude of the holdouts”, whose actions they claim, “are an obstacle for reaching definitive agreements between debtors and creditors and puts at risk the financial stability of countries”.

The release also acknowledges “Argentina's willingness to continue honoring its international financial commitments, as it has been doing systematically since the restructure of its debt in 2005 and 2010, when an agreement was reached with 92% of its creditors”.

Finally they express “solidarity and support for Argentina in its search for a solution that does not compromise its people's development and well being, in consonance with its national development policies”.

Likewise the Community of Latin American and Caribbean States, Celac, reiterated statements from the Havana II Summit, when it underlined that “it is necessary to have instruments that enable reasonable and definitive agreements between sovereign creditors and debtors, enabling to address problems of debt sustainability in an orderly way”.

The statements came in reply to last Monday's US Supreme Court decision declining to consider Argentina's appeal of a US court of appeals order to pay holdout bondholders who had refused to accept the country's debt restructuring in 2005 and 2010, following the 2001 default.

The case involves a long standing litigation with NML Capital that is demanding full payment of 1,3 billion dollars, supported by lower federal courts, and which Argentina hoped the US Supreme Court would help by further delaying payments.

Last week, Argentina's stock market plummeted on Monday after the court action was announced on fears of another national default, which Argentine officials had suggested might occur if they had to pay the debts in full.

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