

German Court Rules against Argentina on Bonds' Interest Payments



Bonn, February 25 (RHC-Mercopress) -- Argentina lost a ruling at Germany's top civil court over interest payments on bonds it sold to investors in the European country that don't have terms that allow for restructuring by a majority vote of creditors, according to a report from Bloomberg at Karlsruhe.

The Federal Court of Justice rejected Argentina's argument that international law allows countries that default to withhold payments on all of its bonds if it reaches an agreement with most creditors, Presiding Judge Hans-Ulrich Joeres said at a hearing in Karlsruhe, on Tuesday.

Argentina's default on a record 95 billion in 2001 set off more than a decade of litigation over what its creditors should receive, with today's case being the second in a European court in as many weeks. Euro-denominated Argentina bonds soared to an eight-year high after a London judge ruled last week they were covered by English law.

Today's cases concern two German consumers who bought bonds in 1996 and 1997. Argentina stopped interest payments on both securities in 2002. Both plaintiffs had already won several rulings over various

periods of interest payments in lower courts.

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