

Petition 0058/2010 by Nicola Stock (Italian), on behalf of the Task Force Argentina, on the risk for a large number of EU citizens to suffer new prejudice in connection with the imminent debt swap offer for defaulted bonds issued by the state of Argentina

The Task Force Argentina (TFA) represents 180,000 Italian investors towards the International Centre for Settlement of Investment Disputes for an asset value of some 4,4 billion USD. On account of a serious economic crisis in 2001 Argentina defaulted on its bond issues. In 2005 Argentina made a public offer for a debt swap at conditions judged to be unacceptably unfavourable by many to all its bond holders throughout the world. A large number of investors - including the Italians represented by TFA - refused the offer.

The Argentinean Minister of Finance recently announced a new debt swap offer to those who refused the offer in 2005. The purpose is to replace the defaulted bonds still in circulation, worth some 20 billion USD, and raise new capital of another 1 billion USD. The details of the operation have yet to be published. Rumour has it that the conditions will be even less favourable than for the 2005 debt swap. It would appear that Argentina intends to launch the bond offer in Luxembourg for the European market, based on Directive 2003/71/EC (Prospectus Directive). Thus Argentina could, in full compliance with EU legislation, launch a new financial instrument throughout Europe, based on a few pages of translated summary information, which would most likely not disclose full details and background of the operation. The many thousand holders of defaulted bonds would find themselves in a position of having to decide on whether to accept the debt swap offer, based on inadequate information. The petitioner asks the European authorities to take decisive action to protect the large numbers of Italian and other European investors from this imminent risk.

Information

Petitions 313/2007 and 670/2009 concerned the Argentina bonds default and have been reopened.

Recommendations

- Declare admissible;
- ask the Commission for information;