

Argentine Sovereign Debt Dispute Reaches Critical Moment

“Tango Bonds” Arbitration Brought by Italian Bondholders Goes to Final Hearing at the World Bank

As the World Cup starts for Argentina and Italy in Brazil, Argentines and Italians are also descending on the World Bank in Washington, DC, for a critical hearing over sovereign debt. Nicola Stock, President of TFA, states: “Argentina is reaching the endgame of more than a decade of deceit and refusal to negotiate which have damaged tens of thousands of individual bondholders.”

On Monday, 16 June 2014, at the headquarters of the World Bank in Washington, DC, Argentina faces the endgame of a long-running battle with thousands of Italian holders of Argentine bonds which have been in default for more than 12 years. The final hearing is beginning in the arbitration brought by tens of thousands of Italian Bondholders under international treaties before the World Bank’s International Centre for Settlement of Investment Disputes (ICSID). A host of Argentines, Italians and international experts are descending on Washington for the critical hearing.

The World Bank hearing is a central element in the multi-front battle between bondholders and Argentina which has been raging for many years as Argentina has continued to deny its continuing responsibilities for its unprecedented international default. This battle is now in a critical phase as Argentina simultaneously faces the World Bank hearing and a critical step before the United States Supreme Court related to another case involving its unequal treatment of creditors. Although Argentina has newly concluded a negotiation with the Paris Club over Argentina’s defaulted debt owed bilateral creditors, Argentina continues to ignore and refuse to negotiate solutions with its private creditors, including with the largest bloc of bondholders, who are pursuing the case at the World Bank.

The final hearing in the World Bank case, known as *Abaclat v. Argentine Republic*, is scheduled to take place over the next two weeks. The Tribunal will hear argument from both Parties. In addition, the Tribunal will hear testimony from a total of 15 experts and witnesses, including former Argentine officials, economic experts, Argentine law experts, and damages experts. The Tribunal also has called for testimony the independent expert appointed by the Tribunal who performed an extensive verification review of the electronic database containing the evidence of each individual Claimant.

“Argentina is reaching an end game for more than a decade of deceit and refusal to negotiate which has damaged tens of thousands of individual bondholders,” states Nicola Stock, President of Task Force Argentina (TFA), the umbrella group of Italian bondholders.

The hearing marks a critical milestone as the “Tango bonds” case nears its conclusion. The case has faced delays caused by Argentina’s dilatory tactics and arguments that the issues did not fall within the jurisdiction of ICSID. Argentina ultimately lost in its myriad efforts to avoid jurisdiction and the final hearing. As reported in the London-based *Global Arbitration Review*, a multinational survey of international lawyers named the landmark tribunal decision on jurisdiction as the *most important arbitration decision of the past decade*. The case now goes to the final hearing on the merits.

“Argentina’s efforts to avoid the final hearing have failed,” added Stock. *“The international Tribunal will hear the evidence of Argentina’s continuing breaches of its bonds and Treaty obligations, and Claimants’ evidence on individual claims. The Tribunal will also hear about*

Argentina's failure to take responsibility for its political decision to default, and Argentina's uniquely recalcitrant approach to its creditors including refusal of any negotiations for more than twelve years. The time for recognition of these just claims has arrived."

The hearing is the culmination of a series of phases in the arbitration. The international tribunal issued a 283-page Decision on Jurisdiction and Admissibility on August 4, 2011. The decision confirmed jurisdiction over claims for compensation brought by the Italian bondholders under the Argentina-Italy bilateral investment treaty in connection with Argentina's issuance of sovereign bonds and sovereign debt restructuring. The Tribunal also has issued rulings on provisional measures, confidentiality and individual claims verification, among other things. Last year, an independent expert issued a report on the verification of individual claims following an extensive review process.

The full name of the World Bank case is *Abaclat and others* (Case formerly known as *Giovanna a Beccara and Others*) *v. Argentine Republic* (ICSID Case No. ARB/07/5). The Italian Bondholders are represented by White & Case LLP of Washington, DC, and Legance of Rome.

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This Press Release is issued further to the Tribunal's Confidentiality Order, which authorizes the publication of decisions and orders by the Tribunal and communications regarding the status of the proceeding. Italian bondholders participating in the ICSID arbitration may obtain information on the case by sending a request for information to info@tfargentina.it or consulting the website www.tfargentina.it. Any participating bondholders who revoke their participation in the cases against Argentina referenced above place the protection of their rights against Argentina at risk.

Rome, 16 June 2014