

AMERICAN TASK FORCE ARGENTINA

The Honorable Robert J. Shapiro
Co-Chair

Ambassador Nancy Soderberg
Co-Chair

April 9, 2008

The Honorable Tom Shannon
Assistant Secretary of State for Western Hemisphere Affairs
Department of State
2201 C St., NW
Washington, DC 20520

Dear Secretary Shannon:

As you prepare for your trip to Argentina later this week, we wanted to follow up on our earlier meeting regarding the failure of Argentina to address its outstanding international obligations, as well as our increasing concern over the foreign policies of the Fernandez administration. We urge you to raise these issues during your important visit.

Argentina is in the midst of a political upheaval resulting from energy and food shortages, strict government price controls, and labor disputes. One of the factors contributing to this crisis is Argentina's continued repudiation of more than \$20 billion in sovereign debt obligations, including more than \$3 billion owed to U.S. bondholders. The failure to make good on this debt has cost Argentina access to international capital and has also contributed to a decline in foreign direct investment in the country. In addition, Argentina has failed to pay off its \$6 billion in debt owed to the Paris Club. Since the government's initial offer to settle this debt was turned down by nearly half of its international creditors, Argentina's economy has experienced nearly 8% economic growth annually. Yet, its refusal to honor its debt obligations has put the country on the brink of another potentially devastating economic decline, the region's second largest economy.

As this debt burden continues to increase, President Cristina Fernandez de Kirchner and her predecessor, President Kirchner, have turned repeatedly to Venezuela for more than \$5 billion in aid, as well as the alleged \$800,000 in undeclared cash was seized from a private plane. But most importantly, Buenos Aires and Caracas have developed a relationship that is increasingly dangerous to the national security of the United States.

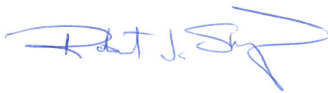
Overall, Argentina has been helpful in supporting U.S. anti-terrorism efforts in South America, including endorsing the Proliferation Security Initiative and implementing the

Container Security Initiative and the Trade Transparency Unit. That cooperation is certainly critical. However, the country's relationship with and outspoken support for Hugo Chavez represents a significant departure from that cooperation and a potential threat to our security in the region. As you know, Hugo Chavez is a strong supporter of Colombia's terrorist organization, the FARC, is reportedly considering developing a nuclear energy program and has sought closer ties to North Korea and Iran.

Argentina must understand that its relationship with Hugo Chavez comes at a cost to its relationships with responsible international actors. As a non-NATO ally, Argentina has access to grants of surplus U.S. military hardware. Argentina must understand that such privileges are put at risk by its coziness with Chavez and his anti-American policies. In addition, irresponsible efforts to detract public attention from the underlying domestic problems, such as President Fernandez statements reclaiming the Falkland Islands, will only serve to weaken Argentina's international standing. Given Argentina's increasingly irresponsible international behavior, we urge you to conduct a thorough review of bilateral security programs between the U.S. and Argentina to evaluate whether they are appropriate in light of Argentina's behavior.

We are deeply concerned about the direction of Argentina, on both the economic and foreign policy front. We urge you to raise these issues with President Fernandez and other Argentine officials. Thank you for your consideration of these important issues.

Sincerely,



Robert J. Shapiro



Nancy Soderberg

cc: The Honorable Condoleezza, Secretary of State
The Honorable Henry Paulson, Secretary of Treasury
Ambassador Hector Timmerman, Argentine Ambassador to the U.S.