

Chamber of Deputies Act

Order of Business

presented by

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UNOFFICIAL TRANSLATION

The Chamber,

considering that

the bankruptcy of the Argentine Republic in December 2001 was one of the most serious cases of financial default within a sovereign country in contemporary history;

the event not only caused enormous damage to the global financial market, but also breached its basic rules;

the consequences for our country related to not just the holders of public securities of the Buenos Aires Government but also had a negative effect on the entire Italian economy and the public accounts;

about 450,000 Italians, over the last decade, purchased Argentinean State securities for a value of 15% of the total value of the public supply, a total of about 12.7 billion US dollars;

many *tango bonds* were sold by Italian banks often, as judged by many Italian Courts, without the information required, as specified by Consob standards;

many other rulings to pay damages have been issued because these securities were also sold to savers by the banks (who had them in their portfolios) when the default was imminent; the default came on December 23, 2001, but it had already been foreseen in the reports of banks and international institutions;

as of January 2005, the Argentinean bankruptcy has cost Italian investors – according to accredited estimates - about 11.3 billion US dollars (7.4 billion in capital loss and 3.9 billion in lost interest) and caused lower proceeds for the Treasury, as a result of the failure to reimburse the bonds, between 4.2 and 4.3 billion US dollars;

the conditions set by the Argentinean Government for the restructuring – a debt swap that leads to a capital loss of about 70% - have been understandably seen by the majority of Italian savers as too onerous and unacceptable;

the entire restructuring plan for the Argentinean debt has been a major example of a breaching of international agreements and standards (which, in general, envisage a capital reimbursement of at least 45 or 50%), creating a dangerous precedent and making international loans riskier and more onerous, acting as a deterrent for financial and technological transfers, especially towards developing countries;

hundreds of thousands of Italian savers have taken legal action in the form of international arbitration on the basis of the "Icsid Convention", which has little chance of success because, although the 143 States that signed the Convention (including Italy and Argentina) are obliged to recognize and observe the rulings of the Icsid, art. 55 of that Convention grants immunity from seizure of the public assets of sovereign states by the other nations that signed the Convention, making any legal action taken against the Argentine Republic practically null and void;

in accordance with articles 2947 and 2948 of the Italian Civil Code, we are by now very close to the time for the prescription of the crime – five years after the Argentinean default – and so legal action runs the risk of no longer being sufficient for obtaining compensation for the damages created by the financial operators involved;

it is in the interests of our country and the entire European economy – as well as Argentina – to maintain a high and active level of investment in one of the most potentially dynamic markets in the world;

to deal with the increase in tax created by the Budget Laws, the related measures and the law plans presented by the Government, the recovery of the investments in Argentinean bonds would create a healthy flow of resources to Italian savers and, as a result, in favor of the public accounts;

a more decided and strategically structured attitude by this Government at the recent official meetings with the Argentinean Government could have dealt with many of the consequences of the Argentinean bankruptcy, which affected small savers, leaving many of them in serious difficulty;

in the international forum, we now run the risk that other countries may adopt the "strategy" used by the Argentinean Government, breaching international regulations and standards and putting at risk the integrity of the foreign investment sector for developing countries;

the sustained economic growth – 8.6% of Gross Domestic Product in August 2006 compared to the same month the previous year – is allowing Argentina to consistently increase its currency reserves and, therefore, its chance to compensate;

we insist that the Government

does all it can through all diplomatic and political channels to revise, as soon as possible, the conditions of the debt reconciliation agreement with the Argentine Republic;

informs the Argentine Government about the strong political desire of Italy for a solution that fully complies with international standards and agreements for defaulting and debt restructuring.

Benedetto Della Vedova