

UNCTAD's Seventh Debt Management Conference

9-11 November 2009

Argentina : A country with limited access to
financing in the capital markets

by

Mr. Norberto Lopez Isnardi

Director Nacional

Ministry of Economy and Public Finance

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD

*Ministry of Economy and Public
Finances*


Under secretariat of Financing



REPUBLIC OF ARGENTINA

A country with limited access to
financing in the capital markets

November 2009

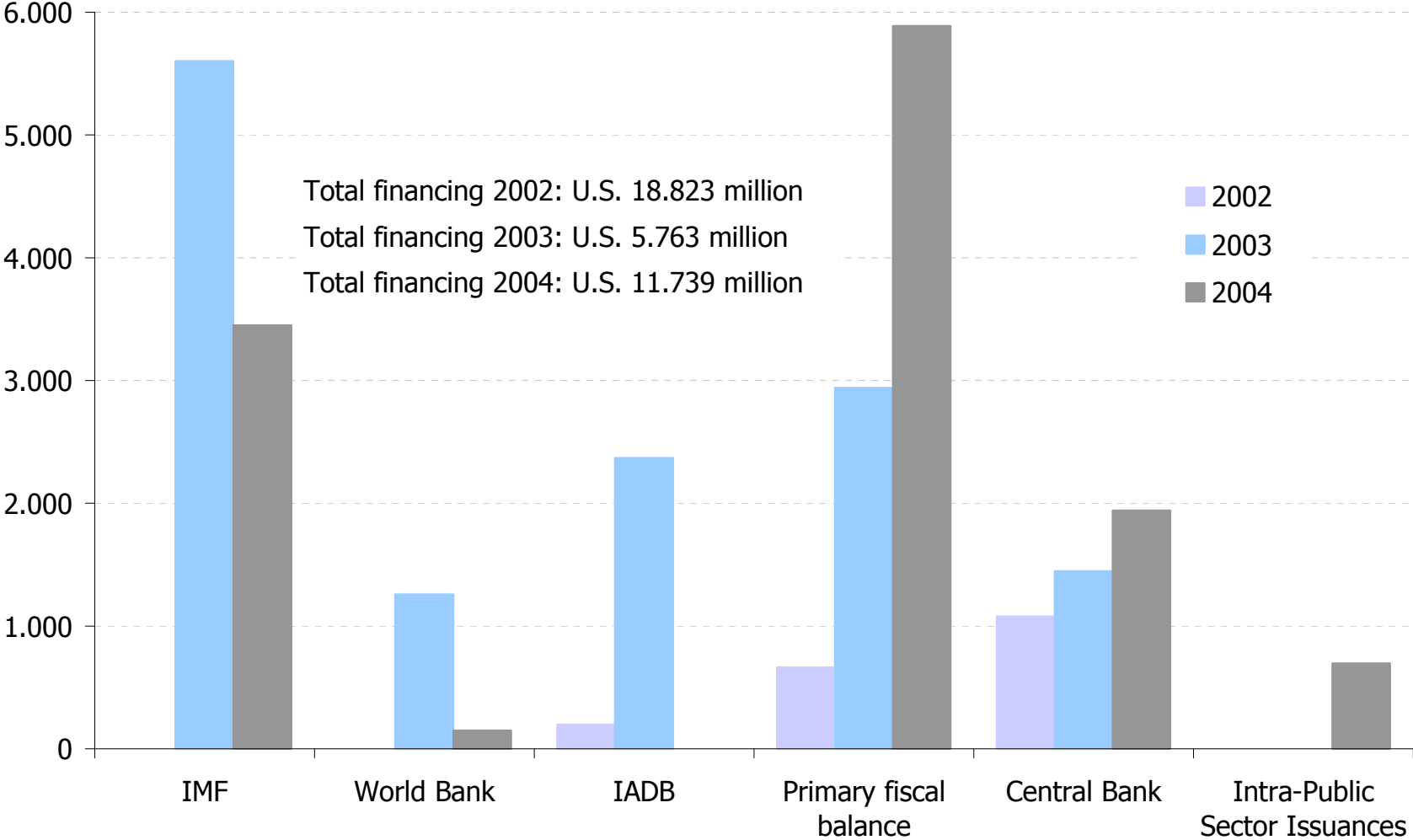


On December 24, 2001, the Government suspended payments on a substantial portion of Argentina's public debt prior to 12-31-01 except Multilateral Debt and National guaranteed loans.

Gross Public Debt as of December 31, 2001

	In millions of U.S. dollars	As a % of total public debt
Performing debt	52.673	36,5%
Multilateral debt	32.362	22,4%
National Guaranteed Loans	20.311	14,1%
Non-performing debt	91.779	63,5%
Bonds	55.057	38,1%
- Peso-denominated bonds	1.505	1,0%
- Foreign currency-denominated bonds	53.552	37,1%
National Guaranteed Loans	21.947	15,2%
Treasury notes	6.746	4,7%
Bilateral debt	4.477	3,1%
Private banks (commercial banks)	2.015	1,4%
Other debt	1.537	1,1%
Total gross public debt	144.453	100,0%

Sources of funds of the National Government 2002-2004 (in millions of U.S. dollars)



2005 Debt Exchange

- The aggregate value of securities that were eligible to participate in the exchange (including nominal value of the eligible securities and accrued past due interest accumulated as of December 31, 2001) was approximately U.S.\$81.8 billion. This amount was U.S.\$ 102.6 billion with interest arrears.
- Tender debt amounted to U.S. 62.2 billion, 76.15% of total eligible debt
- In exchange for all tendered amounts, Argentina issued approximately an aggregate principal amount of:
 - U.S.15.0 billion in Par Bonds,
 - U.S.11.9 billion in Discount Bonds; and
 - Ps.24.3 billion in Quasi-Par Bonds (approximately U.S.8.3 billion).
 - GDP-linked securities in a notional amount of approximately U.S.62.3 billion.
- Issuances of bonds in U.S, Euros, Yenes and Arg. \$
- This debt exchange implied a reduction in public debt stock of U.S.\$ 67.3 billion.

2005 Debt Exchange

USD Million

Eligible Bonds	81.836
Tender Debt	<u>62.318</u>
Acceptance of tenders	76,15%

	Old Debt	New Debt
Par Bonds	15.000	15.000
Discount Bonds	35.405	11.932
Cuasi Par Bonds	11.913	8.329
Total	62.318	35.261

Gross Public Debt as of June 30, 2005 (1)

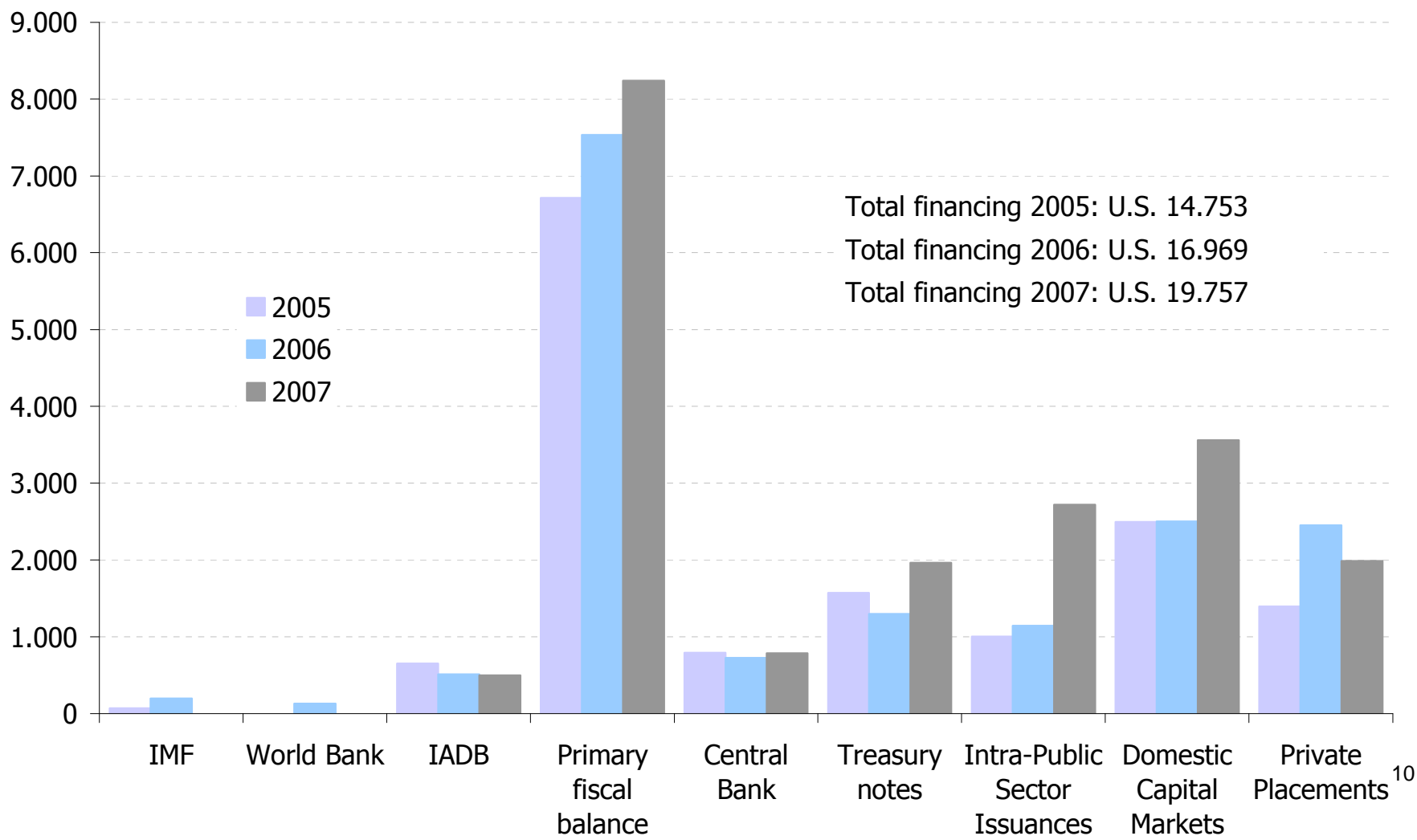
	In millions of U.S. dollars	As a % of total public debt
Performing debt	119.130	94,2%
Multilateral debt	27.400	21,7%
BONDS	60.458	47,8%
National Guaranteed Loans	15.083	11,9%
BOGAR	10.995	8,7%
Temporary Advances	4.949	3,9%
Others	245	0,2%
Non-performing debt	7.336	5,8%
Bilateral debt	2.911	2,3%
Principal and Interest arrears	4.426	3,5%
Total gross public debt	126.466	100,0%

(1) Excludes bonds that do not participate in the 2005' exchange of debt

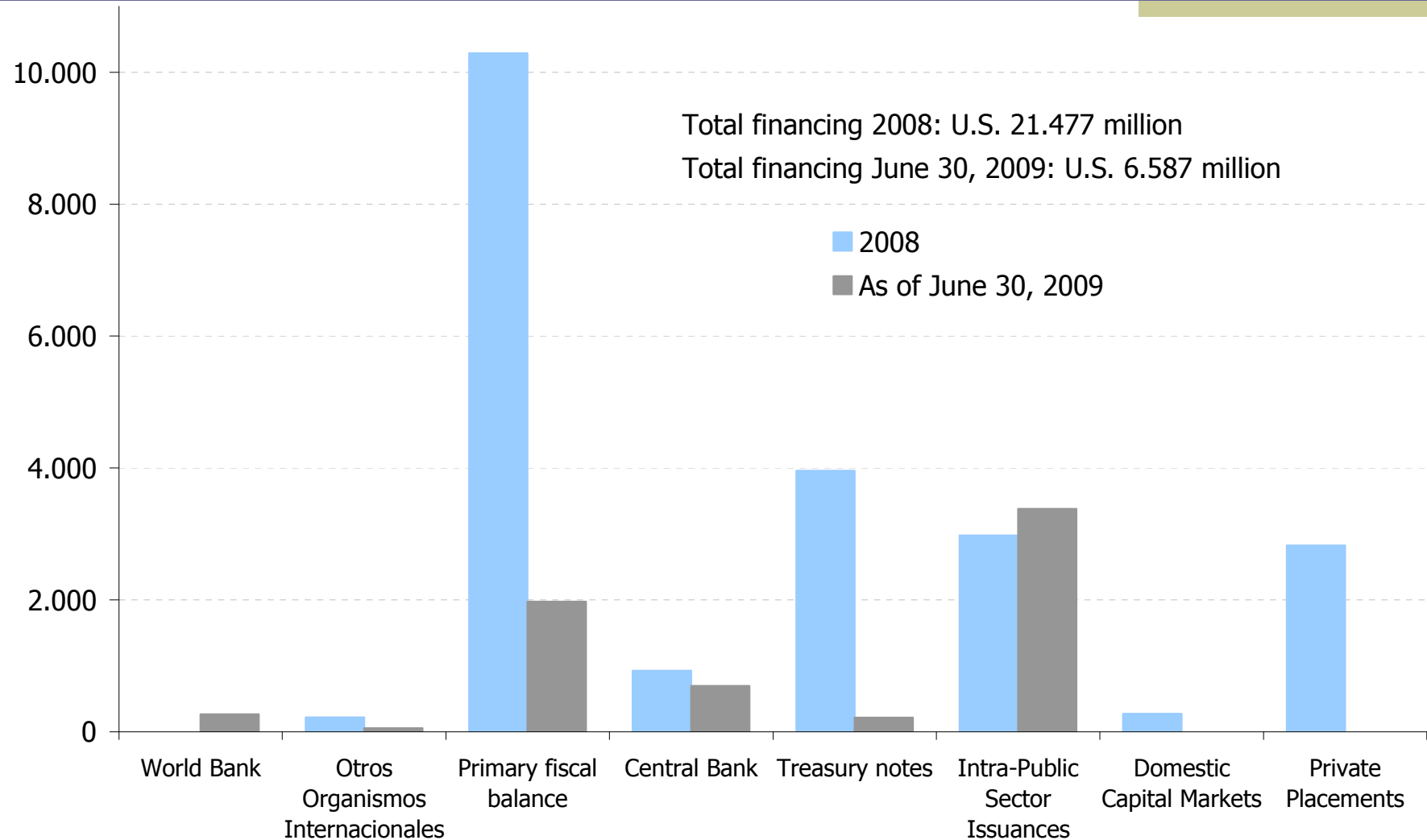
Sources of funds of the National Government 2005-2007 (before 2008 International crisis)

- Primary Surplus of Public Sector
- Multilateral Organizations Loans
- Market Placements :
 - Restart dialogue with market participants, contact with investors (local and international).
 - Bonds Issuances:
 - o Domestic market auctions in tranches
 - o Private placements
 - Design of instruments that contemplate investors needs and the objectives of the National Government:
 - o U.S denominated bonds
 - o Medium and long term debt
 - Greater participation of International Investors:
 - Local Institutional Investors
 - Coordination with Central Bank

Sources of funds of the National Government 2005-2007 (in millions of U.S. dollars) (before the crisis)



Sources of funds of the National Government 2008-2009 (in millions of U.S. dollars) (during the crisis)

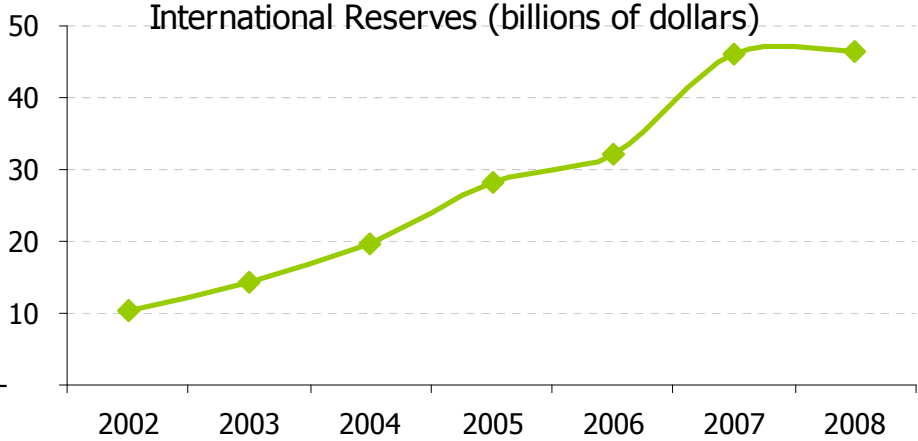
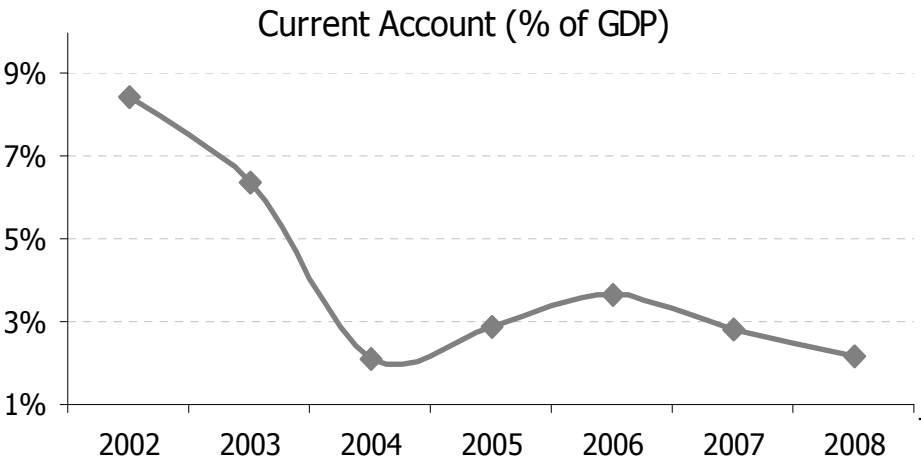
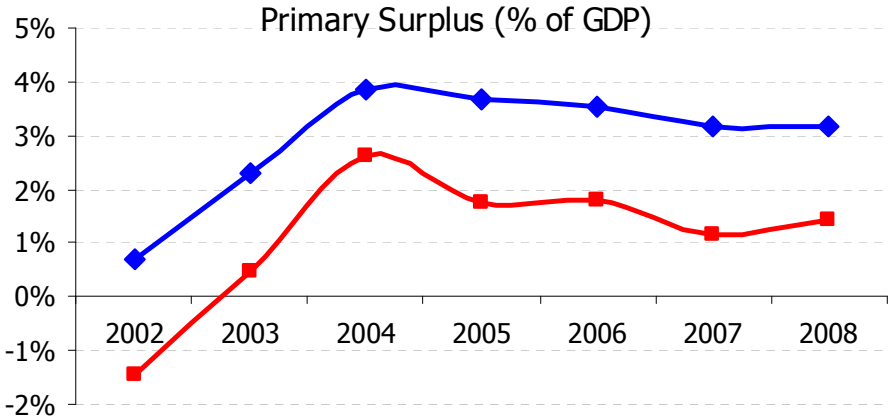
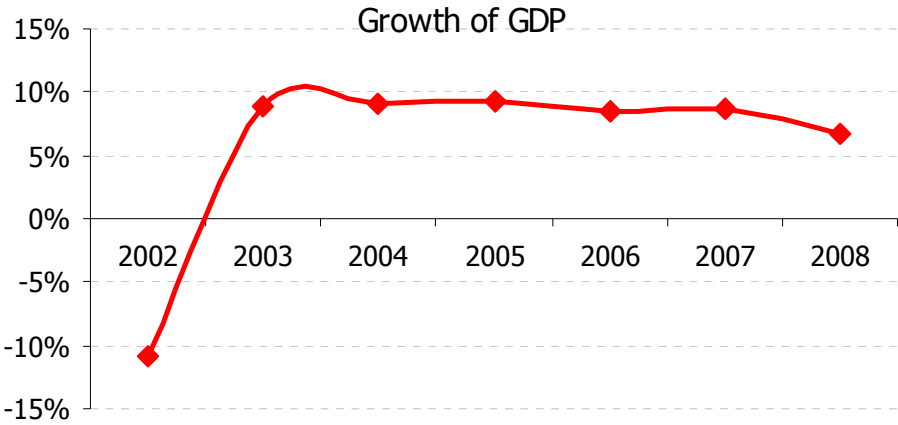


2010 Financing Strategy

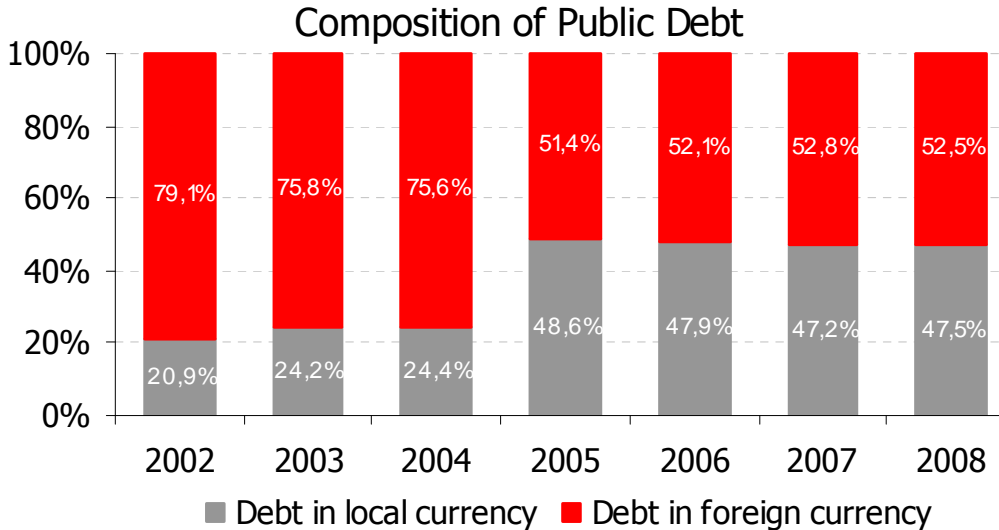
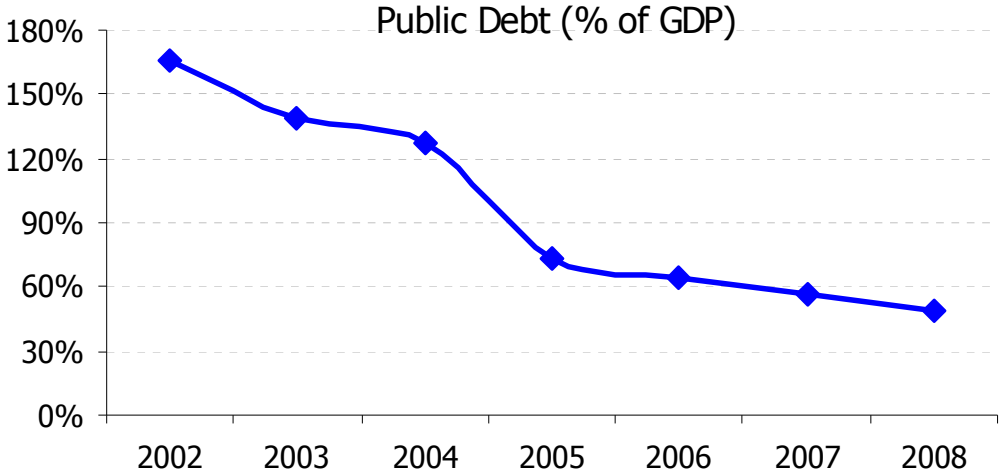
- Primary Surplus of Public Sector
- Liability management
- Multilateral Organizations Loans (IADB, WB and CAF)
- Argentina will proceed to restructure its Untendered Debt
- Market Placements
 - Intra-Public Sector financing
 - Financing in the Capital Markets

- Argentina will continue with the normalization of its relations with the international community

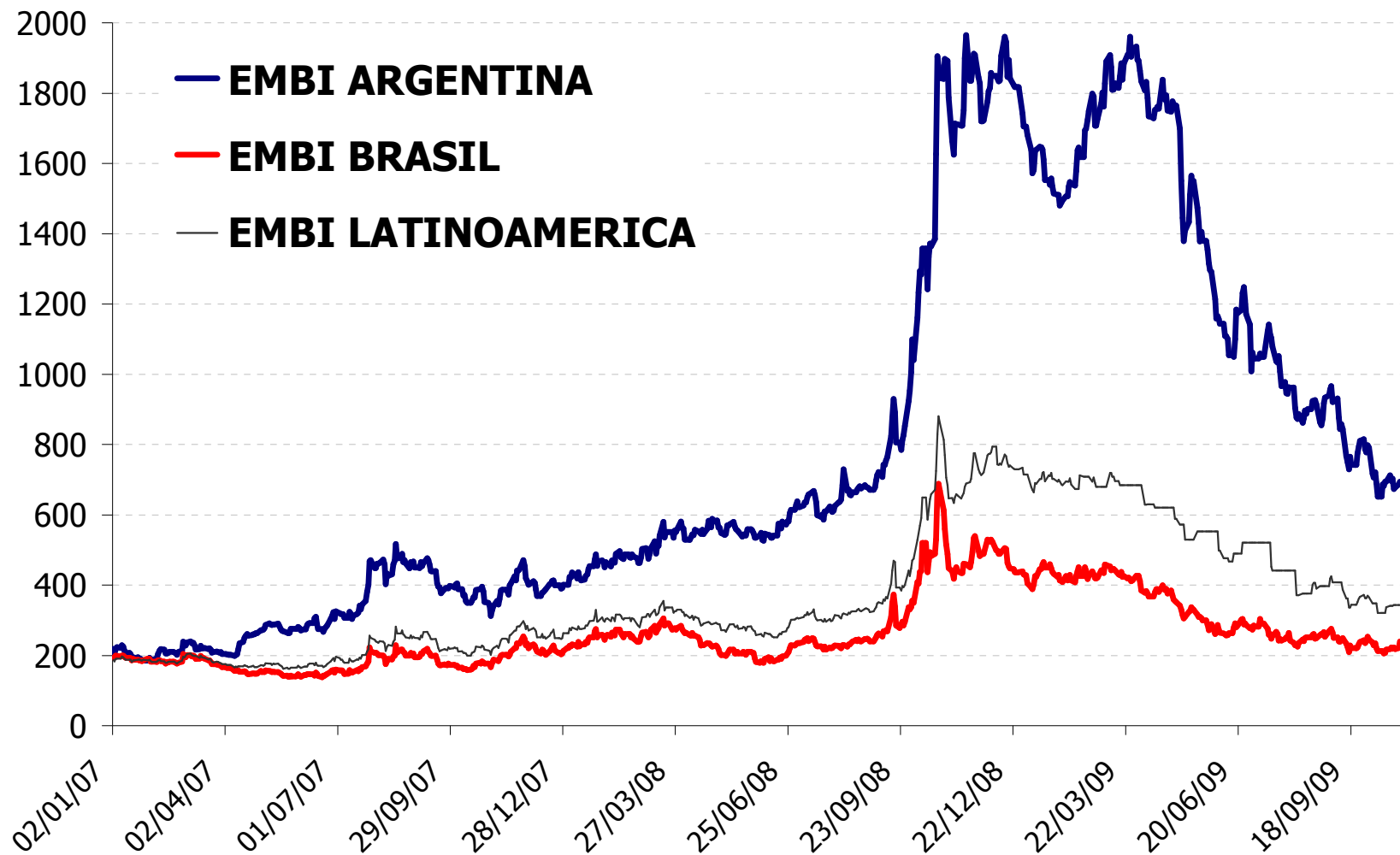
Macroeconomic Indicators



Public Debt Burden Indicators



Emerging Markets Bond Index (EMBI)





Thank You!

<http://www.mecon.gov.ar/finanzas/sfinan/>

oncp1@mecon.gov.ar