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## **Argentine Economy Minister met with Special Master**

By Luis A. Arana Tagle

Yesterday Axel Kicillof (Argentina's Economy Minister) met with Daniel Pollack, the special master appointed by U.S. District Judge Thomas Griesa to preside over the negotiations between Argentina and the holdout hedge funds. After the meeting, the Argentine Ministry of Economy made a press release where it stated that in his meeting with Mr Pollack, Mr Kicillof:

- a)** went through the 2001 default, the subsequent debt exchange and all relevant events leading to the present conflict with the holdouts,
- b)** stated that Judge Griesa's order—that Argentina pay the holdout bondholders if it seeks to pay its restructured debt—cannot be complied with, and that it is necessary to reinstate a stay on that order, and
- c)** indicated Argentina's will to continue discussions with an aim to secure fair, equitable and legal conditions, which requires contemplating the interests of all the bondholders.

It is yet to be seen what the next step will be in these discussions. According to estimates by leading economists (see article mentioned below), the Argentine government will require at least US\$ 3,800 million during the rest of 2014 to meet its liabilities in hard currency (including inter alia the US\$ 650 million due to the Paris Club before the end of July) and at least another AR\$ 100,000 million to cover its budget deficit. There was speculation in the past months that the Argentine government would try to meet these needs by resorting to international financial markets.

However, according to an article published today in La Nación (a leading Argentine daily newspaper, quoting undisclosed government sources), even if a reinstatement of the stay on Judge Griesa's order is achieved, Argentina has no plans to issue debt in international financial markets during the rest of 2014. Rather, it will seek financing from alternative sources.

Here is the La Nación article:

<http://www.lanacion.com.ar/1708016-el-gobierno-descarta-emitir-deuda-en-el-exterior-en-el-segundo-semester>

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