

**Opening Statement  
Chairman Connie Mack  
Western Hemisphere Subcommittee  
Markup of H.R. 1798  
November 29, 2012**

**H.R. 1798, To prevent foreign states that do business, issue securities, or borrow money in the United States, and then fail to satisfy United States court judgments totaling \$100,000,000 or more based on such activities, from inflicting further economic injuries in the United States, from undermining the integrity of United States courts, and from discouraging responsible lending to poor and developing nations by undermining the secondary and primary markets for sovereign debt.**

The Judgment Evading Foreign States Accountability Act draws our attention to a serious problem that requires our immediate attention.

The Republic of Argentina has incurred substantial debt in the United States and has subsequently defaulted on those debts.

Going back more than a decade, in 2001, Argentina defaulted on more than \$81 billion in sovereign debt. In 2005, Argentina refused to negotiate with creditors and unilaterally offered creditors 27 cents on the dollar.

Despite having agreed to submit to the jurisdiction of U.S. courts, specifically the State of New York, and waive claims of sovereign immunity, Argentina has contested at least 151 lawsuits and has refused to honor 116 court judgments against it, totaling more than \$6 billion dollars.

Additionally, Argentina has demonstrated a similar disregard for arbitral awards granted to United States investors by the International Centre for Settlement and Investor Disputes (ICSID), a tribunal of the World Bank.

Currently Argentina is the respondent in more ICSID cases than any other G-20 nation, accounting for more than 66% of such cases.

Argentina's arguments for nonpayment have been outright rejected by both the World Bank and the U.S. State Department.

Argentina's behavior undermines the viability of the World Bank's arbitration process, thereby harming the worldwide investments of U.S. businesses that rely upon this forum for adjudication purposes.

The Obama Administration has taken some action against Argentina, such as suspending Generalized System of Preferences (GSP) benefits as well as voting against new loans to Argentina through the World Bank and the Inter-American Development Bank.

However, the Obama Administration has not gone far enough to protect United States businesses and investors.

Many people in the United States are unaware of Argentina's irresponsible behavior and blatant disregard for the rule of law. U.S. citizens continue to invest in, lend to, and do business with Argentina and are unfamiliar with the associated risks. Those who are injured as a result of this conduct often have little or no recourse.

H.R. 1798, the Judgment Evading Foreign States Accountability Act, takes bold steps to protect U.S. businesses and investors.

This bill denies Argentina and other foreign states that have been in default of U.S. court judgments exceeding \$100 million dollars for more than two years access to U.S. capital markets, as well as requires the U.S. Government to consider the default status of countries prior to granting them aid.

I urge all of my colleagues to work with me to ensure the passage of the Judgment Evading Foreign States Accountability Act.