

**Financial Times** **Cristina Fernández de Kirchner**

## Fernández will 'negotiate' with holdouts

By Ed Stocker in Buenos Aires JUNE 20 2014

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Cristina Fernández, Argentina's president, on Friday said she was willing to negotiate with holdout bondholders and intended to honour the country's financial contracts.

"We are people capable of sitting down to negotiate and agree," she told a partisan crowd in the city of Rosario on Flag Day, a national holiday. "We're willing to honour our commitment."

Buenos Aires has sent mixed signals since Monday's Supreme Court ruling ordering the country to pay billions of dollars to "holdout" creditors who refused to take part in debt restructurings in 2005 and 2010 at the same time as it makes any repayment to those who agreed to the deals. Ms Fernández slammed the ruling in a televised address, in which she would not yield to "extortion."

But on Friday, the president was keen to quash the uncertainty which has rattled local markets, saying that she had given instructions to the economy minister Axel Kicillof to tell lawyers to find a "fair and equal" solution for 100 per cent of bondholders and not just holdouts.

Earlier this week, lawyers for Argentina told a US court that Buenos Aires would send a delegation to New York next week to negotiate with the holdouts, led by NML Capital, and so settle a 12-year long legal dispute that has kept the country locked out of capital markets.

At the Rosario speech, which was also attended by vice-president Amado Boudou, Ms Fernández continued her criticism of the hedge funds that she refers to as "vulture funds".

"I can't believe any country's legislation in the world says that you have to ruin 92.4 per cent in order to save 1 per cent," she said. "I don't think there's judicial legislation that can justify that."

The president was referring to the group of holdouts led by NML Capital, a subsidiary of Elliott Capital Management, a hedge fund controlled by the US billionaire investor Paul Singer.

New York district Judge Thomas Griesa ruled in 2012 that if Argentina continued payments to creditors who participated in the two debt restructurings it must also pay the full value of the bonds owned by holdouts. The Supreme Court upheld the decision on Monday.

Buenos Aires claims it would have to pay \$15bn, over half its reserves, although analysts claim the figure is \$6bn-\$8bn.

Ms Fernández's speech, in which she emphasised the need to leave a lasting legacy after she leaves office in just under two years' time, still leaves it unclear how a potential default at the end of June will be avoided.

The mixed messages from the government are "probably a reflection of divisions inside the government or doubts about which direction to take," said Buenos Aires-based analyst Federico Thomsen. "The handling has been very incompetent."

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