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Congress of the United States

Committee on International Relations

House of Representatives

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June 28, 2005

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Mrs. Jonna Bianco
President
American Bondholders Foundation, LLC
2840 Glasscock Road
Lewisburg, Tennessee 37091

Dear Mrs. Bianco:

Thank you for taking the time to keep my colleagues and me apprised of your efforts to assist nations, including those with successor government regimes, in honoring their sovereign obligations, especially, those with defaulted Sovereign debt. This has become an issue because participation in this globalized economy requires nations to not only embrace by words, but follow through with actions, their international trade and treaty obligations, such as those associated with the World Trade Organization and the premise for which it stands.

Your testimony given before the House Committee on International Relations on October 21, 2003, described the formation of the American Bondholders Foundation (ABF) and your leadership role in garnering the interest of individual American bondholders seeking settlement on China's defaulted bonds. Such initiatives are symbolic of the American character and should be not only applauded, but encouraged, by our country's leadership. Through coordinating debt recovery efforts through the ABF, thousands of American individuals, whose lone voices would otherwise go unheard, are given the opportunity to present a united, determined attitude for fair treatment and due recompense.

Your 2003 testimony also referred to international debt exchange transactions as a possible form of settlement. This appears to be a good application of international law and trade practices. Certainly, an indirect route can serve the purpose when the other side refuses to come to the table. Interestingly, your approach conforms to the attention the Paris Club has been giving to debt relief for debt-burdened countries. I note, for example, that the Paris Club nations not only created an approach for their members to provide up to 80 percent debt relief to Iraq, but added encouragement to Iraq to achieve comparable relief from non-Paris Club

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members, such as the People's Republic of China (PRC). It seems to me that the approach of the ABF to barter intermediary debtor countries bondholders' claims, at a substantial discount as an intermediary step for a subsequent direct country-to-country debt cancellation exchange, is an imaginative and constructive way to contribute significantly to the Heavily Indebted Countries debt relief objective of this Administration and the Congress.


I understand these ABF efforts have found a receptive environment among oil-exporting Arab countries, themselves burdened with PRC debt. Yemen is an example of a Heavily Indebted Country under the World Bank's definition. Yemen's participation in a program such as this ties in exactly with the type of debt relief attitude President Bush and Prime Minister Blair were supporting earlier this week. Certainly, Iraq and other countries would benefit by participating in such debt relief procedures, while furthering the President's objectives.

The initiative the ABF is taking on the settlement of the defaulted bonds, pursued in a manner consistent with recognized international standards, is helping to reinforce the multi-lateral system where nations trade and invest globally. Without investment "best practices" and a system of compliance, established "rules of the road" will give way to degraded practices in an environment where the "little guy" will get the short end of the stick.

Keep up your fine efforts and please continue to keep in touch.

With best wishes,

Sincerely,



HENRY J. HYDE
Chairman

HJH:TEM/mco