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Congress of the United States
House of Representatives

HOUSE COMMITTEE ON
ENERGY AND COMMERCE

SUBCOMMITTEE
COMMERCE, TRADE AND
CONSUMER PROTECTION

ENVIRONMENT AND HAZARDOUS
MATERIALS

TELECOMMUNICATIONS
AND THE INTERNET

June 23, 2005

Mrs. Jonna Bianco
President
American Bondholders Foundation, LLC
2840 Glasscock Road
Lewisburg, Tennessee 37091
(931) 359-8781
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Dear Mrs. Bianco,

I, along with a number of my colleagues, appreciate the periodic updates on your efforts to achieve settlement with nations, including those with successor government regimes, to make good on their sovereign obligations, including especially defaulted Sovereign debt.

Our global economy requires nations to live up to their international trade and treaty obligations, such as those associated with the World Trade Organization ("WTO") and its charter. This was not only the expectation, but the clear pre-condition of Congressional support of the People's Republic of China's admission to the WTO. Therefore, continuing to monitor China's actions to adhere to international trade and investment laws and practices is a natural oversight responsibility of Congress. In fact, I look upon the PRC's recognition and settlement of defaulted obligations as a litmus test of their overall good economic intentions.

The efforts of the American Bondholders Foundation ("ABF") to encourage and assist individual American bondholders seeking settlement on China's defaulted bonds has been most helpful to thousands of American individuals who's lone voices would go unheard, but through the initiative of the ABF present a united, determined attitude for fair treatment and due recompense.

In testimony you delivered before the House International Relations Committee in 2003, you referred to international debt exchange transactions as a possible form of settlement. This appears to be a good commonsense 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. This approach is similar to that used by the Paris Club to provide debt relief to debt burdened countries. I note, for example, that the Paris Club nations not only created an approach for its members to provide up to 80% debt relief to Iraq, but added encouragement to Iraq to achieve comparable relief from non-Paris Club members (i.e., the PRC). The approach of the ABF to barter to intermediary debtor countries bondholder's 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 the Administration and the Congress.

I understand these ABF efforts have found a receptive environment among oil exporting Arab countries that also carry significant levels of PRC debt. Yemen is an example of a Heavily Indebted Country under the World Bank's definition. Yemen's participation in a program like this ties in exactly with the type of debt relief attitude supported recently by President Bush and Prime Minister Blair. Certainly Iraq and other countries would benefit by participating in such debt relief procedures, while furthering the President's objectives

The ABF initiative 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. This approach is an important step to the adoption of best practices and consistent international procedures to make sure individual bond holders of China debt have a way to receive fair treatment and repayment.

I encourage you to continue the good work of the ABF.

Sincerely,



LEE TERRY
Member of Congress