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From: PETTINATO Carlo (TRADE)
Sent: 24 September 2012 19:05
To: AGUIAR MACHADO Joao (TRADE); PETRICCIONE Mauro Raffaele (TRADE); LOBILLO BORRERO Cristina (TRADE); IDIL Celine (TRADE); NYMAN Jon (TRADE); FRONTINI Gaspar (DEVCO); RUBINACCI Leopoldo (TRADE); IRUARRIZAGA DIEZ Ignacio (TRADE); GEHL Fabien (TRADE); TUIS Lucrezia (TRADE); DUEERKOP Marco (TRADE); CZARNECKA Ewa (TRADE); BAULE Sylvia (TRADE); CZARNECKA Ewa (TRADE); SPATOLISANO Maria Francesca (EEAS-PARIS); LIIRA Minna (EEAS-PARIS)
Cc: LEVIE Damien (TRADE); PERESSO Elena (CAB-DE GUCHT); JORGENSEN Matthias (TRADE); CLANCY John (COMM); LEFORT Benoit (TRADE)
Subject: Meeting KDG with Repsol - flash report

Participants EU: Commissioner De Gucht, Damien Levie, Elena Peresso, John Clancy, Matthias Jorgensen, Benoit Lefort, Carlo Pettinato.

Repsol: Mr Luis Suarez de Lezo, General Counsel and Secretary of the Board of Directors; Arturo Gonzalo Aizpiri, Director of Institutional relations

This afternoon Commissioner De Gucht received Mr Suarez de Lezo (SdL), of Repsol, who first of all wished to thank the Commission for all the support received in the context of the Repsol/YPF expropriation by Argentina. Mr Suarez explained that thanks to the strong EU support to Repsol (which President Fernandez did not expect), the YPF case has not been forgotten and Argentina has found itself isolated by the international community.

KDG observed, however, that Brazil had been very cautious vis-à-vis Argentina Deleted and that Argentina had initiated WTO DS consultations against the Spanish measure restricting biodiesel imports. Two years ago, when he last visited Argentina, KDG noted that the Government was eager to regain access to the international financial markets. But these last moves, such as the YPF expropriation, do not help them in this process. Since they don't have access to external finance, Argentina needs to balance its current account, thus they impose trade balancing conditions on importers.

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They do want regain access to international financing (IMF, WB), also because they need to finance their imports and subsidies in the energy sector.

As regards the international arbitration, SdL explained that, although the Spanish BIT requires an 18 month cooling off period before presenting a claim, they will resort to the MFN clause that allows them to shorten this to 6-months. Thus, Repsol will present their claim in early November. Having said this, according to SdL, the example of an arbitration between Daimler and Argentina which was finalised after 9 years, shows that it will not be easy to obtain justice along that route. Argentina would use all possible delaying tactics to avoid paying a fair compensation. For the reasons above, SdL suggested the following other ways through which the EU could help to exert pressure on Argentina:

1) Deleted

- 2) OECD: EU and MS could certainly exercise political pressure by highlighting the Argentina case in the Investment Committee. He thanked for the support received so far by the COM, in the preparation of the agenda of the next Investment Committee.
- 3) EU could coordinate with the US that the major oil companies do not invest in Argentina until the Repsol case is solved.

KDG replied as follows:

1) Deleted

- 2) OECD is a good political platform (or high level think tank), Deleted

3) Perhaps better not to rely on competitors to plead for Repsol's case.

Comments: Tomorrow's meeting between Repsol representatives and DG Trade at 10am will allow us to deepen some of the technical aspects of the discussion.

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