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SHALL GENERATE
THE CONDITIONS
FOR PRIVATE
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THE TOP
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G20

TOWARDS THE
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SUMMIT

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ARGENTINA IN FOCUS

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The Argentine President at the Council of the Americas

PRESIDENT ALBERTO FERNÁNDEZ: "WE SHALL GENERATE THE CONDITIONS FOR PRIVATE CAPITALS TO INVEST IN ARGENTINA"

In a virtual meeting organized by the Americas Society/Council of the Americas (AS/COA), which was followed live on the Internet by over 130,000 people, President Alberto Fernández offered significant definitions regarding his perspective on the challenges facing Argentina and the world in general.

Covid-19. Referring to the impact of the pandemic and how a huge crisis can always be seen as an opportunity, the President stated "the pandemic taught us something that we Argentines weren't practicing many years ago: unity. We all understood that we face an unknown risk and that we should face it together so that we can prevent



Once again I have the pleasure of sharing the latest edition of our Embassy Newsletter. In this edition, we share with you an article on President Alberto Fernandez's participation at the Council of the Americas, and his perspective on the challenges faced by Argentina and the world.

This edition also includes an article on US foreign direct investment in the Republic of Argentina and the strategic relationship with the United States.

Finally, you will find an article on the second G20 Sherpas Summit and the key issues for Argentina towards the G20 Leaders Summit in November.

Jorge Argüello
Ambassador to the United States

that a virus imperceptible to the human eye harms us even more than it already harmed us.

Therefore, I am sure that this opportunity for unity will allow all of us to design another country; a country that is definitely more inclusive, a country that rejects current poverty conditions, and makes efforts to overcome poverty and also understands, once and for all, that to overcome it, what is needed is investment that generates production, provides jobs, and enables development."

Investments. Regarding the role of key players for domestic development and private investment playing a vital role in this framework, President Fernández expressed his hope that "the government generates the conditions required for private capital to invest and that Argentina can benefit from investments and the jobs they create. That is the only path I know to achieve the country's development, so that it can overcome Argentina's current stagnation."

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Foreign debt. A decisive constraint faced by the country to be able to get back on track towards sustainable growth, is the debt it inherited, a consequence of wrong decisions made in our recent past.

In this regard, the President recalled that during the four years before he took office, he publicly questioned Argentina's indebtedness, saying it would lead the country to where it is at present.

However, as happened in 2003, under a similar situation, it is up to us to once again focus on applying a responsible solution: "Now we need to leave this problem behind, and we aim to deal with this in a serious manner, because I could not bear to have someone tell me: 'you promised to do something and you are not doing it.'"

Finally, the President provided his insights regarding the final stage of the ongoing debt restructuring process: "My government is not here to fight with anyone, we do not wish to argue with anyone; we are trying to address this problem in a reasonable way. We have made an enormous effort and we continue discussing the debt issue, even though the pandemic has taken its toll on our country, because we want to solve this. What we need is everyone's understanding; we can be accused of many things, but there are two things no one can accuse us of: either of not always been open to dialogue, or of not having made a massive effort to try to find a solution.



President Alberto Fernández at AS/COA

Do not doubt for a minute that we will do whatever we can but please also believe that this is what we could do, we cannot do any more than this, it is not a whim... it is common sense. And it is also because our intention is to not swindle our creditors by promising them something that we cannot fulfill."

In closing, he gave a forward looking message: "I am very confident that creditors will understand that we are making an enormous effort by presenting the offer we made and that it is the most that we can do. I ask you to please help Argentina get out of this terrible situation, and let's start looking at the future, because in the future there are many more opportunities than today, and Argentina is not going to end up in a debate about bonds, or about the value of bonds. Our country has a lot to look forward to. Help us attain that future, one which will surely be the best for the creditors as well.



UNITED STATES IS THE TOP INVESTOR IN ARGENTINA

By Juan Usandivaras, Executive Chairman of the Argentine Investment and International Trade Agency (AAICI) and Santiago Paz, Investment Director (AAICI)

The United States is the top foreign direct investor in the Argentine Republic. The relevance of its presence highlights this strategic relationship that has endured over time and confirms that our country has a positive environment to do business. Foreign direct investment (FDI) by the US is strategic not only due to its volume, but also because it promotes the development of our economy's strategic sectors, boosts regional economies, and creates jobs.

The United States leads FDI in Argentina, with an average share of 30% throughout the past decade. This reflects the historical economic and commercial relationship and the confidence between our countries, especially when compared

to the share of the countries that follow in importance : Spain (8%), and Brazil (6%).

From 2013 to the present there have been 117 investment projects. These ventures, carried out by over 85 U.S. companies in Argentina in diverse sectors of the economy, represent an investment of approximately \$5.7 billion. It is noteworthy that they have made a substantial contribution in terms of employment, with more than 14,000 jobs created.

Over the past year, and despite the difficulties caused by the COVID-19 pandemic since early 2020, 13 investment projects totaling \$560 million have been completed, while another 40 projects totaling more than \$1.250 million were announced.

Photo credits: AAICI



About the AAI

The Argentine Investment and International Trade Agency (AAI) is the State agency that, in coordination with the Ministry of Foreign Affairs, International Trade and Worship and the Ministry of Productive Development, works with companies, exporters and investors to develop their businesses in Argentina and around the world providing support, information and assistance.

The agency coordinates the participation of Argentine companies in international business fairs and provides free and comprehensive support to Argentine companies on how to address challenges in their intelligent global integration, from their first export to opening offices in a new market.

AAI also assists investors in their landing processes in the country by providing key information to develop their businesses, simplifying processes, eliminating bureaucratic hurdles, and acting as a bridge with different areas of the State to streamline this path.

Presence in strategic sectors. A key feature of FDI by the United States in Argentina is that it has played a key role in the development of strategic productive sectors with great potentials, and this trend has intensified in recent years, particularly in the oil and gas industry, telecommunications, electricity and agribusiness.

Several examples of this strategic relationship can be mentioned. Chevron played an important role in the beginning of the Vaca Muerta project; it was the first foreign company to invest in the largest non-conventional basin outside of North America, with more than \$5.8 billion invested since 2014,

and operates alongside YPF at Loma Campana. Exxon Mobil, meanwhile, has been involved in Argentina's oil operations for 100 years.

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In the Neuquén basin, it has invested \$850 million, out of a total of \$2 billion forecast in the next five years, to reach a production of 55,000 barrels per day. Finally, Conoco Phillips announced in November 2019 its operations in Vaca Muerta, in partnership with the German company Wintershall Dea, all of which highlight the presence of the major US oil companies in the Neuquén fields.

Regarding electricity generation, companies such as AES and APR Energy, operate thermal and hydroelectric plants in the provinces of Buenos Aires, Neuquén, Salta, and San Juan. There are several expansion plans in the renewable energy market, including two wind farms under construction (100 MW each, in Neuquén and Buenos Aires Provinces, with an estimated total investment of \$250 million).

Also notable is the presence of U.S. companies in the telecommunications, media, and technology industry. Investments in infrastructure in wireless communications, mobile communications infrastructure, open TV channels, data centers, and fiber optic submarine cables, have already been made or are being implemented by world-

renowned firms such as American Tower Corporation, SBA Communications, Viacom, Edgeconnex, Amazon, Google and Seaborn Networks, among others.

The agribusiness sector has also had an important share of U.S. investments. Over US\$300 million have been invested in strategically important projects, thereby contributing to Argentina's most competitive exportable supply chains. In addition to investments in grain production and marketing projects, there are also value-added products, such as oils, frozen foods, wines and animal feed, among others, as well as advances in agrochemical and biodiesel production. Companies like Simplot, Albaugh, ADM - Toepfer, and L. Catterton LTD have counted on our country to be part of their growth strategy in this sector, whose enormous potential and competitiveness rank among the highest in the world.

Geographical diversity and a boost to regional economies. When analyzing the geographical distribution of the United States' investments in the Argentine Republic, one can observe its outstanding contribution to the development of regional economies: projects in 14 provinces in the past five years.

In fact, besides the investments made in the main districts of the country, due to their economic relevance and population density (Province of Buenos Aires and Autonomous City of Buenos Aires) over \$1.6 billion was invested in projects throughout the country during the last five years, with over 5,200 direct jobs created.

Tourism and hotel projects with more than \$20 million invested in provinces such as Neuquén, Entre Ríos, Salta and Córdoba; over \$30 million in Chaco; and more than \$40 million in Catamarca; over \$200 million invested in agribusiness in Córdoba, San Luis and Mendoza; and projects in the industrial and commercial sector with investments of more than \$300 million in Santa Fe, Neuquén, and Tucumán, highlight the importance of FDI flows for regional development.

Both the investments made in recent years and the announcement of new projects, as well as projects currently under development, represent a clear demonstration of the interest and confidence by the American private sector in the Argentine economy and the country's potential for foreign and local companies to develop their operations in a peaceful society, with strong institutions and reliable public and private stakeholders.





Argentina at the 2nd Extraordinary Meeting of Sherpas

TOWARDS THE G20 LEADERS SUMMIT

The Second G20 Extraordinary Sherpa Meeting was held virtually on July 24, under the presidency of Saudi Arabia, with participation from all its members, invited countries, and international organizations.

The Sherpas discussed opportunities to build long-term resilience, such as better prepared health and social protection systems, emergency response for least-developing countries, and efforts to protect the environment for a stronger global recovery.

They also assessed the progress in all the G20 work streams, and the way forward towards the G20 Leaders' Summit in November.

In the past, the G20 has shown its great potential to deal with a global crisis. Its decisive policy impulse ensured that the 2008 financial crisis did not lead to another Great Depression. The Covid-19 pandemic is another global crisis, which requires coordinated and bold action globally.

The pandemic demonstrates powerfully the need for multilateralism, enabling different countries with distinctive political, economic, and social systems to come together to address problems that are shared by all.

For Argentina, the G20 work toward the Leaders' Summit in November should be focus on the interrelationship established in the March 26

Leaders' statement: the intertwined health, social and economic impacts of Covid-19 -under a Global Solidarity Pact- as was stated by President Fernandez in the Extraordinary Leaders' Summit.

All the countries of the world, including Argentina, have taken decisive steps to contain the outbreak, by testing, tracing and quarantine and imposing safe distancing. These measures slowed down infection rates, relieved our healthcare systems and minimized fatalities. But we are still at risk.

Every day coronavirus reminds us of the importance of immunization. Even if one or more vaccines or other treatments emerge promising to make people less susceptible to Covid-19, the public health problem will not be eliminated immediately.

Beyond local or regional initiatives to secure the availability of vaccines or treatments, the G20 should work toward a global understanding to commit to an equitable access and distribution of the Covid-19 vaccines and treatments.

The world cannot allow access to vaccines or treatments to increase inequalities within or between countries. Therefore, the G20 must ensure that they will be distributed according to a set of transparent, equitable and sound scientific principles. An organized global flow of vaccines will require mutual trust, transparency, and accountability.

This issue together with the systemic weaknesses in health systems and gaps in the ability to prevent and respond to pandemic threats was one of the issues highlighted by Argentina.

But the Covid-19 crisis has also unprecedented economic and social impacts.

THE G20 SHOULD WORK TOWARD A GLOBAL UNDERSTANDING TO COMMIT TO AN EQUITABLE ACCESS AND DISTRIBUTION OF THE COVID-19 VACCINES AND TREATMENTS

Global growth is projected to contract sharply by -4.9 percent in 2020 (IMF, June 2020) and working hours are estimated to decline by 14 percent in the second quarter of 2020, which is equivalent to 400 million full-time jobs, resulting in massive losses of jobs and incomes (ILO, July 2020), disproportionately affecting the most vulnerable, including women.

In that context, the IMF projects that in Latin America the regional GDP will contract around 9.4 percent, the worst when compared to Africa, the Middle East or Asia. That means, according to the World Bank projections (WB, June 2020), that the income of 53 million people in the region this year will fall below the regional poverty line (US\$ 5.50 per day), and it could be much worse under a downside scenario.

The G20 is in an historic position to provide a concrete and lasting response to help countries alleviate the adverse social effects of the Covid-19 pandemic in the short, medium and longer term, while increasing resilience and preparedness for future crises, in both developing and developed countries.

While the pandemic is affecting all countries in the world, its impacts are different due to the specific challenges for emerging countries that go beyond what advanced economies are experiencing.



Ambassador Jorge Argüello (G20 Argentine Sherpa) and Ambassador Eduardo Tempone (Sous-Sherpa)

Some of these challenges, including high levels of informality, inequality, more limited policy space to respond, and financial spillovers, such as capital outflows, drop in commodity prices, increased sovereign credit spreads, and currency depreciation.

A second wave of the virus could trigger these developments once again, and the fiscal and monetary position of these countries will be weaker to react accordingly.

Therefore, it is crucial that the G20 explore potential international actions that could be further implemented to help address these issues such as specific measures to provide global liquidity.

It is also clear there is a need to continue to support the economy with demand policies even after confinement measures are lifted, given the particular nature of this crisis and the uncertainties and difficulties we are facing to restore activity to pre-pandemic levels as confinement measures are eased.

The G20 has a pivotal role in ensuring multilateral coordination, to foster global cooperation, promote unity with an aim to strengthen recovery, and resilience towards realizing opportunities of the 21st century for all. Argentina will continue working in this direction.



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