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ON CRITICAL
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AND BATTERY
COMPONENTS

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ARGENTINA IN FOCUS

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Ambassador Jorge Argüello (left) with Assistant Secretary Brian Nichols (right).

WORKING MEETING WITH ASSISTANT SECRETARY BRIAN NICHOLS

On January 4, Ambassador Jorge Argüello held a working breakfast at the Argentine Embassy with the Assistant Secretary for Western Hemisphere Affairs, Ambassador Brian Nichols, accompanied by the Deputy Director of the Southern Cone Affairs Office, Bruce Friedman, and the Argentina Desk Officer, Daniela Nevarez.

Both officials discussed the state of the bilateral relation on the occasion of the 200th anniversary of the bilateral

relationship. In this regard, they discussed the possibility of holding events to celebrate the bicentennial.

Likewise, Ambassador Argüello personally delivered an invitation from the Argentine President, Alberto Fernández, addressed to the President of the United States, Joe Biden, to participate in the next Summit of the Community of Latin American and Caribbean States (organization chaired by Argentina), which will be held on



Once again, I share with you the latest edition of our Embassy Newsletter. This edition includes an article about the meeting with the Assistant Secretary for Western Hemisphere Affairs, Brian Nichols, the Deputy Director of the Southern Cone Affairs Office, Bruce Friedman, and the Argentina Desk Officer, Daniela Nevarez.

In this edition we also include an article on the agreement between YPF and Johns Hopkins University to carry out joint research work to address energy transition challenges.

Finally, an article which includes our points of view on the anticipated direction of the IRA Regulation on critical minerals and battery components issued by the Treasury Department.

Jorge Argüello
Ambassador to the United States

BOTH OFFICIALS DISCUSSED
THE STATE OF THE BILATERAL
RELATION ON THE OCCASION
OF THE 200TH ANNIVERSARY OF
THE BILATERAL RELATIONSHIP.

January 24 and 25 in Buenos Aires.

Likewise, Argentine Foreign Minister Santiago Cafiero's invitation was transmitted to the Secretary of State, Antony Blinken, to visit Buenos Aires, as a follow-up to the trip that the Argentine Minister made to Washington in January 2022.

On the other hand, Argentina raised its concern about the Inflation Reduction Act signed into law in the United States, regarding subsidies or tax credits granted to electric vehicles contingent on the North American content requirements of critical minerals and batteries. As other trade partners have already noted, Argentina understands that if certain provisions of the law are not addressed when drawing up these regulations, the paradoxical effect of its application could be that lithium originating in our country (which has 14-20% of global reserves) are exported to other markets in a context characterized by an excess of global demand vis-à-vis the supply capacity in the short and medium term.

During the breakfast the main issues that make up the regional agenda were also discussed, and within the bicentennial framework, to not only celebrate the shared past, but also to deepen the joint work regarding the shared hemispheric challenges and opportunities faced by both our countries. ■

YPF AND JOHNS HOPKINS UNIVERSITY TO UNDERTAKE RESEARCH PROJECTS TO ADDRESS ENERGY TRANSITION CHALLENGES

At the end of 2022, YPF and Johns Hopkins University announced they had signed an agreement to carry out joint research work in the following four major key areas:

1. New materials for lithium batteries
2. Hydrogen transportation through gas pipeline networks
3. Storage of carbon dioxide
4. Direct extraction of lithium

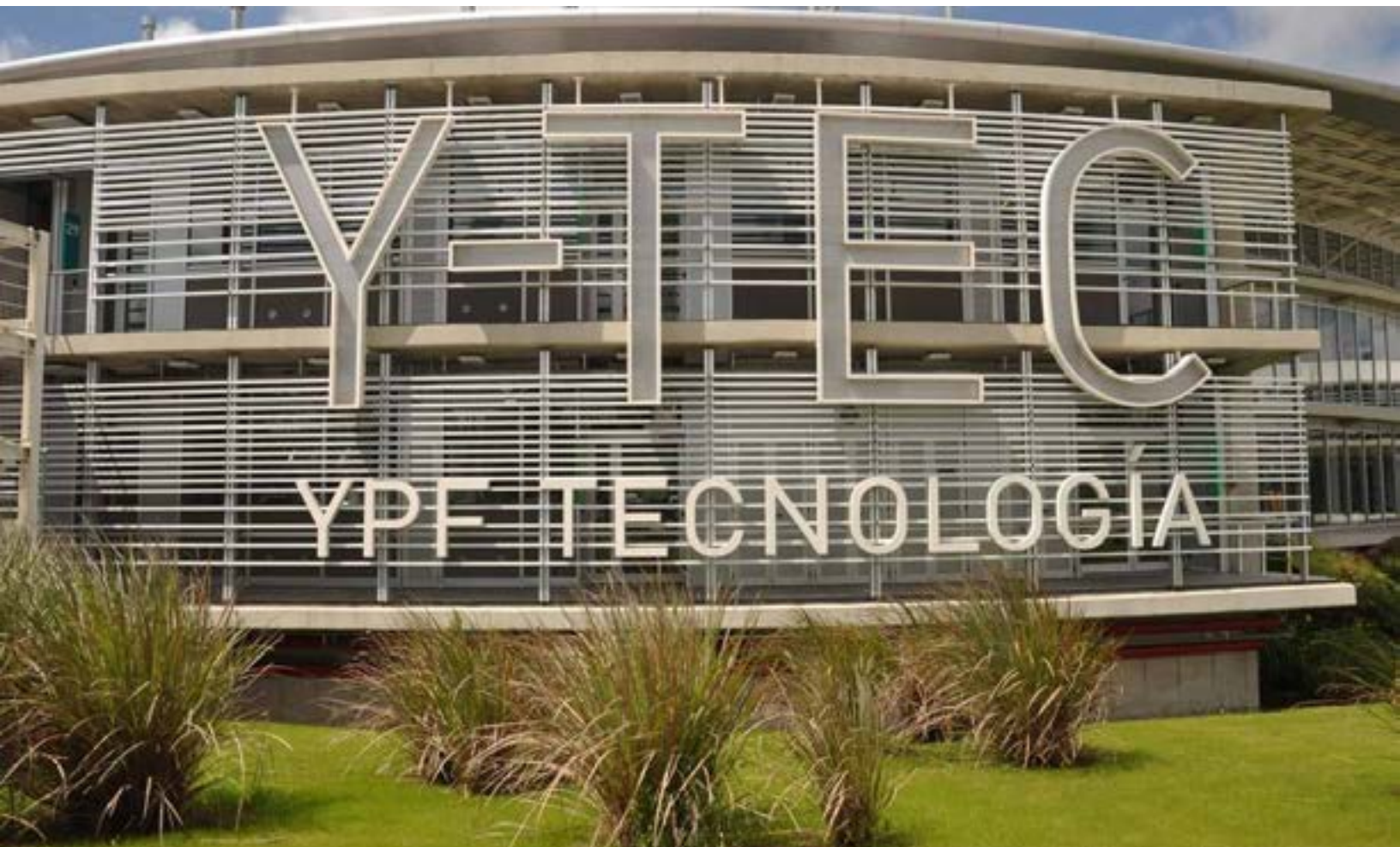
The president of YPF, Pablo González, and the executive director of the Student Services Excellence Initiative (SSEI) at Johns Hopkins University, James Aumiller, signed a framework cooperation agreement under which the Argentine company will work in lines of research focused on new energies and sustainable development.

The energy company will carry out research projects through Y-TEC, the technology-based company that it oversees together with CONICET.

Founded in 2012, Y-TEC is a technological development company in the energy sector that uses an innovative model, unique in the region that combines the experience of YPF (the largest energy company in the country) and CONICET (the main agency for the promotion of science and technology in Argentina). In this way, a space of synergy is generated on a day-to-day basis, in the largest state-of-the-art technological center in Argentina.

Y-TEC centers its lines of research on strategic problems and opportunities in the industry and prioritizes the execution of high-impact projects in the energy sector. In

Y-TEC YPF Building.



THE ENERGY COMPANY
WILL CARRY OUT RESEARCH
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THAT IT OVERSEES TOGETHER
WITH CONICET.

turn, its professionals are known for their expertise and technical capacity, and the company continuously strives to partner with leading research groups or institutions at a local or global level to complement their capacities.

In this context, it reached an agreement with Johns Hopkins University, considered the first research university in the United States, also known for its high standards in the field and considered one of the most important academic and research institutions in the world.

“This agreement is very important for us: for the global challenges posed by the energy transition that we will face together, and for the partnership model in research projects implemented through Y-TEC”, González said when signing the arrangement.

The agreement came about after González’s visit to the United States at the end of September, when he participated in a workshop at the university with professors from different areas of science related to the energy sector.

On that occasion, the president of YPF made a presentation about the company, its affiliated firms, projects focused on sustainability, as well as the investments made in renewable energies. ■



Jujuy Salinas. Photo Credit: TELAM.

SOME REFLECTIONS REGARDING ANTICIPATED DIRECTION FOR IRA'S REGULATIONS ON CRITICAL MINERALS AND BATTERY COMPONENTS

On December 29, the Treasury Department issued a document titled "Anticipated Direction of Forthcoming Proposed Guidance on Critical Mineral and Battery Component Value Calculations for the New Clean Vehicle Credit".

The document itself clarifies that it does not create any right or benefit and that the Treasury/IRS do not expect to receive formal comments until the final regulation is proposed in March 2023. However, this document defines key terms and includes other relevant considerations, in addition to welcoming stakeholder input. In that same spirit, we at this Embassy would like to present comments that we have transmitted in recent months to different levels of the United States government with which we

have had the opportunity to talk, on every occasion that we have had, with the same spirit and desire to avoid misunderstandings or misinterpretations, notwithstanding that in March, once the final regulation proposal is known, we will have other formal comments to make.

The context of the Inflation Reduction Act (IRA) is, on one hand, that of a genuine desire of the Biden administration to seek new paths and tools to decisively face the existential challenge of climate change. In this regard, President Biden's leadership and the efforts of his Special Envoy John Kerry have been essential to reenergize an international agenda that is in the international community's interest, and can hopefully generate the desired results posed by this huge challenge. The other key element in the context

THE DOCUMENT ISSUED BY THE TREASURY REFERS TO THE POSSIBILITY OF ADDING OTHER TRADE AGREEMENTS TO THOSE LISTED IN THAT DOCUMENT AS BEING ELIGIBLE FOR SUBSIDIES.

of our interpretation of the IRA refers to the strategic competition between the United States and China.

On this last issue, we will not reflect here on this competition and its potential effects on third parties. We consider it an unavoidable reality. We only wish to point out that in the specific case of this recent law passed by the United States Congress, the paradoxical effect of an implementation that is not appropriately calibrated could be contrary to its own objectives.

We have told the US authorities, and in our dialogue with congress members and staffers, what international companies - including US companies- with operations and ongoing projects to extract lithium in Argentina tell us: if under the regulations issued under this law, Argentina does not receive the same treatment as North America (United States, Canada and Mexico) and the trading partners with which they have free trade agreements, then these companies would be forced either to sell their product to other markets, or to sell their assets to investors from another origin.

Likewise, with similar arguments, last week the Executive Vice President of the European Commission

for An Economy that Works for People and European Commissioner for Trade, Valdis Dombrovskis, expressed his concern about the IRA. We know that this concern has arisen not only in the EU and Argentina, but also includes other countries that are friends of the United States.

The document issued by the Treasury refers to the possibility of adding other trade agreements to those listed in that document as being eligible for subsidies. Perhaps this path can generate perspectives that not only reflect the interests of the United States' trading partners and friends, including Argentina, but also in terms of the same interest the United States has to guarantee its access to a critical mineral such as lithium, as in the short and medium term, specialists are projecting a strong disparity between the exponential growth of demand and the limited capacity of supply to satisfy this growing demand.

Argentina currently has 20 projects for lithium extraction underway or in the process of development, and estimates have indicated that they could multiply their production tenfold by 2030. ■