

*Finance*

ARGENTINA  
ACHIEVES 98.8%  
ACCEPTANCE FOR  
ITS LOCAL  
JURISDICTION  
DEBT SWAP

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*Bilateral relations*

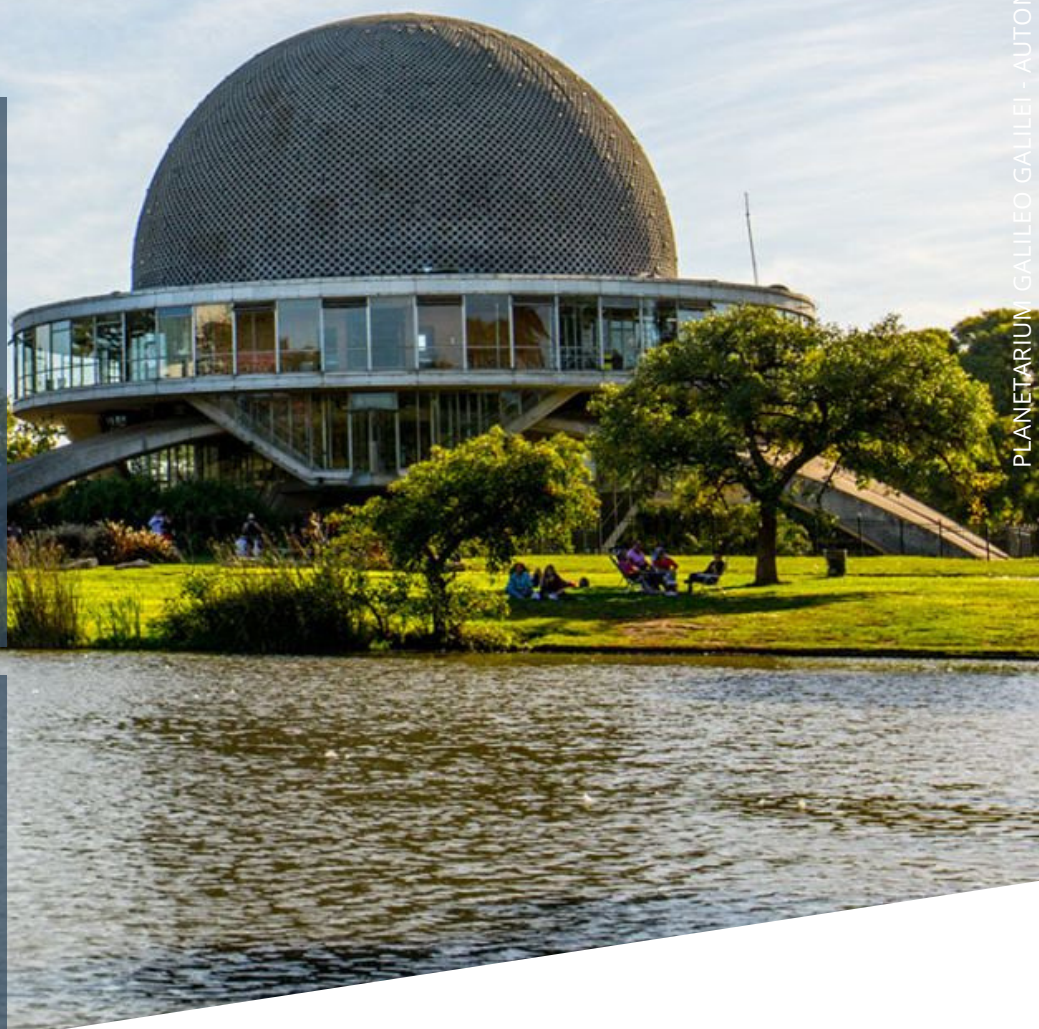
AGRIBUSINESS, AN  
ACTIVITY  
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TRANSFORMATION

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*G-20*

INFRASTRUCTURE:  
THE KEY TO AN  
INCLUSIVE AND  
SUSTAINABLE  
DEVELOPMENT

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EMBASSY OF ARGENTINA, WASHINGTON, D.C.

# ARGENTINA IN FOCUS

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SEPTEMBER 2020 // NEWSLETTER



President Alberto Fernández

## ARGENTINA ACHIEVES 98.8% ACCEPTANCE FOR ITS LOCAL JURISDICTION DEBT SWAP

On September 4th the Argentine Government announced that holders of 98.8% of eligible dollar denominated bonds subject to Argentina law accepted the Republic's proposal. Thereby, \$40.9 billion out of the \$41.4 billion bonds eligible for this debt swap were successfully restructured in the early phase.

This was a process carried out in parallel, and under equitable terms, to the swap with bond holders subject to foreign law accepted by 99.01% of bond holders days before. In both cases, the Republic's invitation was pretty close to get unanimous acceptance from creditors; adding up these two swaps the Republic has managed to restructure bonds for an overall amount which is slightly above 100 billion dollars.



Once again I have the pleasure of sharing the latest edition of our Embassy Newsletter. In this edition, we share with you the latest news on the Argentine domestic debt restructuring process.

This edition includes as well, thanks to the collaboration of the Argentine Investment and International Trade Agency, the first one of a series of articles on the Argentine agribusiness sector and its enormous potential.

Finally, an article on the G20 infrastructure investment agenda as driver of economic prosperity and the role technology can play in achieving better results.

Jorge Argüello  
Ambassador to the United States



## PRESIDENT ALBERTO FERNÁNDEZ' ADMINISTRATION HAS SOLVED THE UNSUSTAINABLE DEBT PROBLEM.

In a press conference in Buenos Aires last Friday, Minister Guzmán said that, in light of the above referred results, the problem of unsustainable foreign currency denominated debt had been solved.

Minister Guzmán availed the opportunity to highlight the fact that restoring debt sustainability has been a state policy which garnered bipartisan support and from the Argentine society more broadly; and that preserving debt sustainability should become a state policy for the future.

These great achievements are a starting point for Alberto Fernández' administration, and not ends in and of themselves, but deemed to be essential for giving the Argentine economy the calm it needs; building blocks whereby the transit towards greater economic security and more opportunities to create jobs and to add value were enabled.

The Argentine Government also welcomed the increasing capacity of the Treasury to refinance its obligations in local currency markets at lower interest rates. This is a positive development for the macroeconomic and exchange rate stability, and therefore to pursue the goals of job creation and exports growth.

The focus of attention in Buenos Aires will now move to September 15, when the Executive Branch will send to Congress its 2021 draft Budget Bill, showing its vision for achieving the much needed economic recovery.

This draft Budget bill will include policies aimed at breaking the recurrent dynamics of balance of payments crisis and generating foreign exchange revenues to sustain growth. It will also show the path for fiscal consolidation over time.

Through this first budget, the administration will have the tools to promote a fast recovery and, thereby, also improve the public sector consolidated balance. ■

## AGRIBUSINESS, AN ACTIVITY UNDERGOING A SPEEDY TRANSFORMATION

The Argentine agribusiness sector has been traditionally known globally for products such as grains, meat, and leather. The importance of the soybean, corn, and wheat sectors, which add more than \$26 billion a year in exports (around 40% of total) is clear, while exports of the meat and leather sector exceed \$4 billion, according to the INDEC, under Exports by sectors in 2019.

However, in recent years, a true technological revolution has taken place in the Argentine countryside due to the institutionalization of systematic processes of public-private collaboration in basic and applied research, and the transfer of these technological advances to agricultural companies. A new and highly sophisticated agri-food and agribusiness supply, has emerged, adapted to new consumption trends which matches the most demanding international health and environmental standards.

Considering that processed and differentiated foods represent almost two thirds of the value of the world's agricultural trade, Argentina's participation in the world food market undoubtedly has enormous potential. Indeed, to validate this claim, one only has to review the natural conditions of its diverse production ecosystems, the diversity and specialization of its regional production, its highly qualified and skilled human resources, the research and innovation applied to agriculture and biosciences, and its long tradition of environmentally sustainable production.

Regarding poultry meat, producers implemented novel integration models, and this sector's ambitious strategic plans generated a great productive upturn, accompanied by a growth in sales both in the domestic and foreign markets. At present, Argentina ranks tenth among producers

Credits: Ministry of Agriculture, Livestock and Fisheries



## A NEW AGRI-FOOD AND AGRIBUSINESS SUPPLY EMERGES IN THE COUNTRY, WHICH MEETS THE MOST DEMANDING INTERNATIONAL HEALTH AND ENVIRONMENTAL STANDARDS

and ninth as exporter of chicken meat in the world. Here too, Argentine companies act responsibly regarding health requirements required by the destination markets and animal welfare guidelines. Likewise, as a positive externality to the poultry industry, a modern balanced feed industry was developed, one that not only supplies the domestic market, but has also become an important exporter.

Fruit growing is an important activity in several provinces; it dates back to the immigration of European farmers. Argentina is well placed in the international market for fruits such as pears, lemons, apples, peaches and dessert or table grapes, as well as new options such as blueberries, kiwis and nuts (such as pecan), and regional products destined almost exclusively to manufacture sweets and preserves, such as native or cultivated berries in Patagonia. Its location in the southern hemisphere enables it to cover large-scale counter-season markets such as the United States (with blueberries from Tucumán that are exported for Thanksgiving, for example), and other markets such as Europe, the Middle East, and China.

In the case of fruit and vegetable juices, very competitive industries with a global scale were established, such as in the citrus fruit sector, while grape must is already a traditional export from Argentina, complementing its position as a producer and exporter of high quality wines. Wine production grew in quality and volume and after substantial investments, it entered the most dynamic markets in Europe, the United States and Asia, offering varietal wines of medium and superior range, bottled at origin.

As to organic food, Argentina has the foundations to become a strong global competitor, and the potential to double its production of organic fruits and vegetables, since it has the second largest area worldwide for this product, according to reports by the International Federation of Organic Agriculture Movements (IFOAM). It should be noted that this sector as a whole has a well-structured entrepreneur system, with strong companies that in some cases have decades of experience and is open to connecting with investors to achieve a greater scale or maximizing returns. In this regard, in the past five years there were over 150 projects in different products and regions, with investments of more than \$3.200 billion, according to data from AAI and Orbis Crossborder Investment.

The wide range of possibilities for development and growth of the Argentine agrifood chains is almost infinite and represent diversified investment alternatives for international companies. This also allows specialization or integration in specific niches of the value chains, or even to opt for several options in different areas.



Credits: Ministry of Agriculture, Livestock and Fisheries

Likewise, given that all the sectors that make up Argentine agribusiness involve net export activities, this guarantees investment profitability in foreign currency.

Going forward, Argentina faces the challenge and opportunity to use its enormous competitiveness in this sector to efficiently transform its grain production into animal protein, thereby increasing its penetration in markets with an increasing demand. This is especially true in countries with a growing middle class, such as those in Asia, Latin America and the Middle East, according to data from FAO's Food Outlook: a real opportunity to invest in the natural and technological conditions of the Argentine production sector. ■





3rd Infrastructure Working Group Meeting

## INFRASTRUCTURE: THE KEY TO AN INCLUSIVE AND SUSTAINABLE DEVELOPMENT

Infrastructure is one of the most important drivers of economic prosperity and can provide a solid basis for strong, sustainable, balanced, and inclusive growth. It also has a positive short-term economic impact, as it increases productivity and job creation, enhances competitiveness, and promotes a more sustainable economy, one that is more efficient in its use of resources.

The G20 recognizes the importance of infrastructure for growth and economic development. In recent years, the G20 has turned its attention towards policies, frameworks, and mechanisms to increase investment in this field.

This year, under the Saudi Arabian Presidency, it developed a more comprehensive agenda than under previous presidencies and aims to enhance both public and private investment in

infrastructure, by adopting technology-based solutions (InfraTech).

InfraTech supports the G20's goal of promoting infrastructure financing, highlighting the important role technology can play in helping countries make well-informed decisions and achieve more efficient financial results, by enhancing service delivery, while also taking into account environmental, social, and economic benefits.

According to the evaluation prepared by the Global Infrastructure Hub, when compared to other sectors, the proportion of digital technologies is relatively low in infrastructure. This offers new opportunities for public and private capital to obtain a higher return on investment.

## THIS YEAR THE G20 DEVELOPED A BROADER AGENDA ON IMPROVING INVESTMENT THROUGH THE ADOPTION OF TECHNOLOGY- BASED SOLUTIONS.

While a global shift towards financing quality infrastructure was already in motion prior to COVID-19, there is now a new dimension in view of the current economic, social, and political conditions.

The real impact of the pandemic is still uncertain, but we know it has affected both advanced and emerging economies. COVID-19 is a symmetric shock that is impacting all countries, but emerging and developing economies will suffer from an asymmetric negative amplification effect due to spillovers.

Infrastructure is key to address the pandemic, both immediately and long term. This is why the need to close the financing gap is even more crucial than before, as governments face increasing fiscal restrictions due to the COVID-19.

This has been clearly demonstrated by the capital flight registered in recent months, surpassing in their scale and speed the one experienced during the global financial crisis. In just two months, investors pulled out more than \$80 billion from emerging markets; this figure is three times higher than during the 2008 global financial crisis.

The first response to the COVID-19 crisis has centered on direct transfers made to people unable to work, and to companies unable to open. However, as the challenge turns from an immediate emergency response towards economic recovery, governments will require infrastructure more than ever, in order to drive growth, job creation, and reduce poverty.

For Argentina, infrastructure represents a tool for providing an immediate response; it is key for long-term economic recovery, as well as for a sustainable and inclusive development.

A few days ago, when president Alberto Fernández announced that 99% of the Argentine debt governed by foreign law had been successfully restructured, he stated that the goal is now focused on production and work. He highlighted the importance to “develop infrastructure, public works, and housing” throughout the country, as this “will be the driving force to move the Argentine economy short term.”

Infrastructure is the foundation to build resilience in times of crisis. We are facing a rare opportunity to build a better, forward-looking world, one that creates millions of jobs.

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