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EMBASSY OF ARGENTINA, WASHINGTON, D.C.

# ARGENTINA IN FOCUS

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President Alberto Fernández

## PRIORITIES OF PRESIDENT ALBERTO FERNANDEZ'S ADMINISTRATION

Yesterday, the Executive Branch presented the draft 2021 Budget to the Chamber of Deputies.

Minister Martín Guzmán stated that it defines “a path towards economic recovery within a framework of prudence.” In this regard, the budget projects growth will be 5.5% in 2021, starting the road to recovery after three years of a very deep recession, and which was exacerbated by the pandemic.

The bill sent to Congress reveals the strategic priorities of the administration of President Alberto Fernández in its first budget: namely, to reactivate production, create jobs, enhance innovation, and allocate more resources to education and health. Likewise, for the first time, a gender and diversity perspective is added to the budget.



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 the Argentine Government budget proposal for 2021, featuring President Fernandez's priorities.

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

Finally, an article on the B20 Argentina-Arabia Dialogue, organized by the Argentine Industrial Union (UIA) and the G20 Presidency.

Jorge Argüello  
Ambassador to the United States



President Alberto Fernández and Minister of Economy, Martín Guzmán

## EFFORTS TO ADDRESS A FISCAL BALANCE WILL BE CONSISTENT WITH PATH TOWARDS AN INCLUSIVE GROWTH

The State will play a key role in promoting an inclusive and federal economic recovery process; the government's plan aims to enhance the country's productive capacities and its global integration within the framework of an economy that fosters a more equitable distribution of income and greater opportunities for progress for the most disadvantaged groups.

When preparing a budget, fiscal sustainability is one of the guiding principles. Minister Guzmán indicated that sustainability cannot be achieved haphazardly, and that it requires "consistent efforts, in pursuit of fiscal balance, that are compatible with a path towards inclusive growth."

The strategic priorities of the Argentine government are reflected in the six pillars of its public investment policy:

- Infrastructure will once again be a driving force of the economy, of job creation and competitiveness for Argentine companies,

using inclusive criteria at a federal level, based on an investment that will climb to 2.2% of GDP in 2021, doubling the 2019 budget in real terms.

- Investment in Innovation and Development will grow 160% in real terms compared to the 2019 budget, thereby sustaining the extraordinary investment level of 0.5% of GDP spurred by the pandemic.
- Investment in Public Health will increase 49% in real terms when compared to the 2019 budget (pre-pandemic), and will reach 0.5% of GDP.
- Investment in Education and Connectivity will increase 11% in real terms.
- Investment in active social inclusion will grow 49.5% compared to 2019 and will represent 0.7% of GDP.
- Investment in Gender and Diversity will multiply by more than thirteen times when compared to the last budget of the previous administration.

## AGRIBUSINESS: ¿PARTNERS OR COMPETITORS?

A preliminary review of the production of food and agricultural products in Argentina reveal that there are clear similarities with the United States and, transcending distances and volumes, we both participate and compete in the same international markets.

Indeed, both countries rank among the world's top 10 of trade (USDA Trade Map) of many types of foods. For example, fresh lemons, where Argentina occupies 4th place and the USA 5th; bovine meat, a sector in which Argentina recovered the 5th place, and remains one position behind the US; poultry meat, where the US is the 2nd world exporter and Argentina the 10th; and sorghum, in which both countries share top rank (US is 1st and Argentina, 2nd). Reference can also be made to soybeans and peanuts: the

United States ranks 2nd and Argentina 3rd; and prawns, as Argentina is the 7th world exporter while the USA is 10th, just to mention a few examples.

Notwithstanding this similarity, a space for cooperation was created, both in the public and private sectors. Indeed, from international fairs, conferences, and technical missions, to bilateral negotiations public-private cooperation has always been aligned in laying the foundations for new business opportunities for both countries.

Argentine companies tend to rely on their technological strength, as well as leverage US capital finance their growth and investment. At the same time, US companies capitalize on the productive efficiency of Argentina

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Credits: Ministry of Agriculture, Livestock and Fisheries



## OUR COUNTRY IS IN SECOND PLACE AMONG THE DESTINATIONS CHOSEN BY THE US COMPANIES TO SETTLE IN THE REGION.

and our expertise, to turn their local operations into commercial management centers to supply the southern cone. Companies such as Mars, PEPSICO, Mondelez, Simplot and P&G, among others, base their operations in Argentina to later develop the markets in Chile, Uruguay, Bolivia and Paraguay and thus supply a region with 85 million people.

Over the years Argentina has shown to be an efficient hub that makes it a strategic link in global value chains for the development of international business.

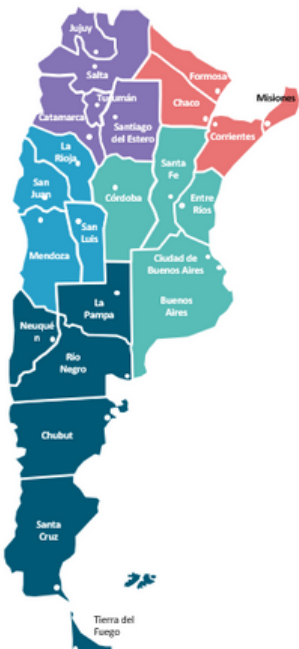
### Local production for a global business.

Argentina, like the United States is a federal country, and offers diverse investment opportunities that, together with an extensive infrastructure and transportation network, enable local marketing of products, as well as exports.

The US is the major foreign investor in local agribusiness, which demonstrates the US companies' confidence in the credibility and potential of Argentina.

The country has been a privileged destination for US agricultural investments: it ranks second, after Brazil, as a South American destination and represents about 20% of the total amount invested by the US in the region in productive ventures, with investment projects for over \$ 2,140 million, according to AICI based on own estimates, and data from Orbis Crossborder Investment.

## Argentina has 5 main economic regions with diverse resources and activities



NORTHWEST	Agricultural products: soy, corn, sugar cane, rice, citrus fruits, wood. Mining: gold, silver, lithium, potassium.
NORTHEAST	Agricultural products: rice, soy, corn, 'yerba mate', tea, tobacco, citrus fruits. Forestry (pulp and paper), aquaculture. Mining: precious and semi-precious stones. ICT, software (Misiones, Chaco).
CUYO	Mining: gold, silver, copper, lime. Agricultural Products: wine, nuts, olives. Electronic appliances manufacturing. Renewable energy (solar and wind). ICT and software (Mendoza).
CENTER	Agricultural products: soy, wheat, corn, sunflower, peanuts. Stockbreeding, dairy. Industrial: Automotive industry. Agricultural equipment, petrochemical, pharmaceutical, real estate, creative, and cultural industries. ICT (Buenos Aires, Córdoba).
PATAGONIA	Agricultural products: fish, fruit, sheep farming. Energy: petroleum, shale oil, shale gas. Renewable Energy (wind). Industrial: manufacturing of electronic devices.

### INFRASTRUCTURE

- Airports: 55
- Docks: 101
- Routes: 500,000 km
- Federal routes: 37,500 km
- Railways:  
Cargo: 12,000 km  
Passengers: 3,870 km
- Electric Power Generation:  
12,623 Ttoe

These investments were made mostly by companies already installed in the market, which demonstrates their trust and conviction in the present and future of Argentina.

Some of the projects were allocated to the production of pet-food, made by Royal Canin/Mars, to traditional businesses such as food and beverages, by giants such as Pepsico and Mondelez, or seeds and grains from Albaugh LLC, among others.

Regarding M&A operations, Argentina is once more in second place among the destinations chosen by US companies to settle in the region, focused especially on operations in companies with value-added products, mostly for mass consumption, indicating the commitment to the local consumer market and as a platform for expansion in the region. Among some of the examples, the acquisition of ADES by Coca Cola Co., La Salteña by Gral. Mills, as well as the investment in the Susana Balbo and Luigi Bosca winery by L. Catterton, among others.

Continuing and expanding this trend based on the strengthening of mutual complementation, is the immediate challenge faced by both countries. The results of this complementation transcend their leading position as food suppliers and are reflected in diverse issues that require a consensus in their positions in order to provide global responses to issues such as access to markets, investments, intellectual property and the environment. An example of this is the global response that the two countries can offer as members of the Ag-5 group on food security and agricultural trade, based on scientific principles and sound risk analysis. (Argentina in Focus No. 13)

US COMPANIES CAPITALIZE  
ON THE PRODUCTIVE  
EFFICIENCY OF ARGENTINA  
AND OUR EXPERTISE, TO TURN  
THEIR LOCAL OPERATIONS  
INTO COMMERCIAL  
MANAGEMENT CENTERS TO  
SUPPLY THE SOUTHERN CONE.

There is a future field of work for consensus in which, far from being competitors, we are strategic partners in the regional and global agri-food market. ■



Sherpa B20 Abdulwahab Al-Sadoun, Argentine Ambassador to the United States and G20 Sherpa Jorge Argüello, President of the Unión Industrial Argentina Miguel Acevedo

## THE B20 CREATES A SPACE FOR DIALOGUE

Created in 2010 in South Korea, the Business 20 (B20) is one of the engagement groups of the G20, and the premier international gathering of business leaders from all member countries. With the aim of debating and working on solutions to facilitate international business and cooperation, the B20 is vital not only for international economic welfare and to build economic relationships between nations, but also for global economic development to be accomplished in a sustainable and responsible manner.

On August 20th, the Unión Industrial Argentina (UIA) and the G20 Presidency of Saudi Arabia organized the "B20 Argentina-Saudi Arabia Dialogue", in which four of the six B20 task forces presented at a national level their recommendations that will be submitted to the

G20 Leaders in the upcoming Summit, in November.

Among the speakers were UIA President, Miguel Acevedo; the B20 Sherpa, Abdulwahab Al-Sadoun; UIA VP Daniel Funes de Rioja; the Argentine Sherpa, Ambassador Jorge Arguello; Argentine Foreign Affairs Secretary, Ambassador Pablo Tettamanti, and businessmen representing the different B20 task forces. The Argentine B20 Sherpa, Fernando Landa, moderated the event that had over 100 participants.

Ambassador Arguello highlighted the key role and responsibility that the G20 has in providing answers to the global health and economic crisis; and in leading the way towards a new world.

## FOUR OF THE SIX B20 TASK FORCES PRESENTED AT A NATIONAL LEVEL THEIR RECOMMENDATIONS THAT WILL BE SUBMITTED TO THE G20 LEADERS IN THE NOVEMBER SUMMIT.

The B20's goals for the Saudi Arabian presidency this year have been sorted into six task forces, and four of them made their presentations at the B20 Argentina-Saudi Arabia Dialogue: Integrity and Compliance, Future of Work and Education, Trade Investment and Energy, and Sustainability and Climate.

The goal of the task-force on Integrity and Compliance is to comprehensively identify causes for bad governance and corruption, and to develop global solutions. This task-force aims to advance the anti-corruption agenda, touching upon topics such as regulatory compliance, transparency, and high standards of ethics and integrity. It recommends that the G20 pursue a culture of high integrity in the public and private sectors, leverage emerging technologies to manage risks relating to corruption and fraud, and enhance integrity and transparency in public procurement.

The Future of Work and Education task-force seeks to develop recommendations to improve the parameters for more and better employment, to provide adequate work conditions and to prepare the labor force for the challenges ahead. In this manner, they have issued recommendations to implement reforms to ensure safe employment recovery within a more

resilient labor market, proactively enable small and medium businesses and entrepreneurs, and to boost employability at scale through transformed education and lifelong learning, aimed at ensuring opportunities both for aging and young populations.

The objective of the Trade and Investment task-force is to promote inclusive growth in the context of volatile markets as well as to facilitate public and private sector coordination towards increased international partnership. The world stands to increase its trade value by \$4.7-\$6.3 trillion over the next year, which translates to \$7.9-\$10.1 trillion in GDP in G20 countries by 2025 if the costs to do business drop in every country and productivity increases.

In order to achieve this, the task-force believes that several actions need to take place, including a multilateral reform of the World Trade Organization (WTO) enhancing its negotiation, compliance and dispute settlement functions. Nations need to be more transparent as to the subsidies that they provide their businesses but even more importantly a level playing field must be ensured by updating the rules, taking into account structural changes such as the increasing economic relevance of State Owned Enterprises. G20 should foster the growth of e-commerce, and promote sustainable trade and investment in line with the United Nations Sustainable Development Goals (SDGs).

Lastly, the Energy, Sustainability, and Climate task force focuses on key issues related to carbon emissions reduction, allocating and utilizing resources to create sustainable production and consumption practices, ensuring security and access to potable water, and establishing resilient infrastructure, all while fostering sustainable

economic growth for both developed and developing countries. As such, they ask that G20 nations commit to action towards carbon neutrality, strengthen climate resilient infrastructure, and promote sustainable use of freshwater systems and the ocean.

In his closing remarks, Argentine Secretary of Foreign Affairs, Ambassador Tettamanti, highlighted that the pandemic spreads the inequality within and among countries; and underscored the challenges that SMES face, as well as emerging countries that are disproportionately affected by the crisis.

Governments and businesses must work together to achieve these goals for the benefit of society at large; it is necessary to include new perspectives and to encourage entrepreneurs to take a more active role in creating technologies and innovations that can help us overcome the ongoing COVID-19 crisis and pave the way for decades to come. ■



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[arginfocus@embassyofargentina.us](mailto:arginfocus@embassyofargentina.us)

[eeuu.cancilleria.gob.ar](http://eeuu.cancilleria.gob.ar)