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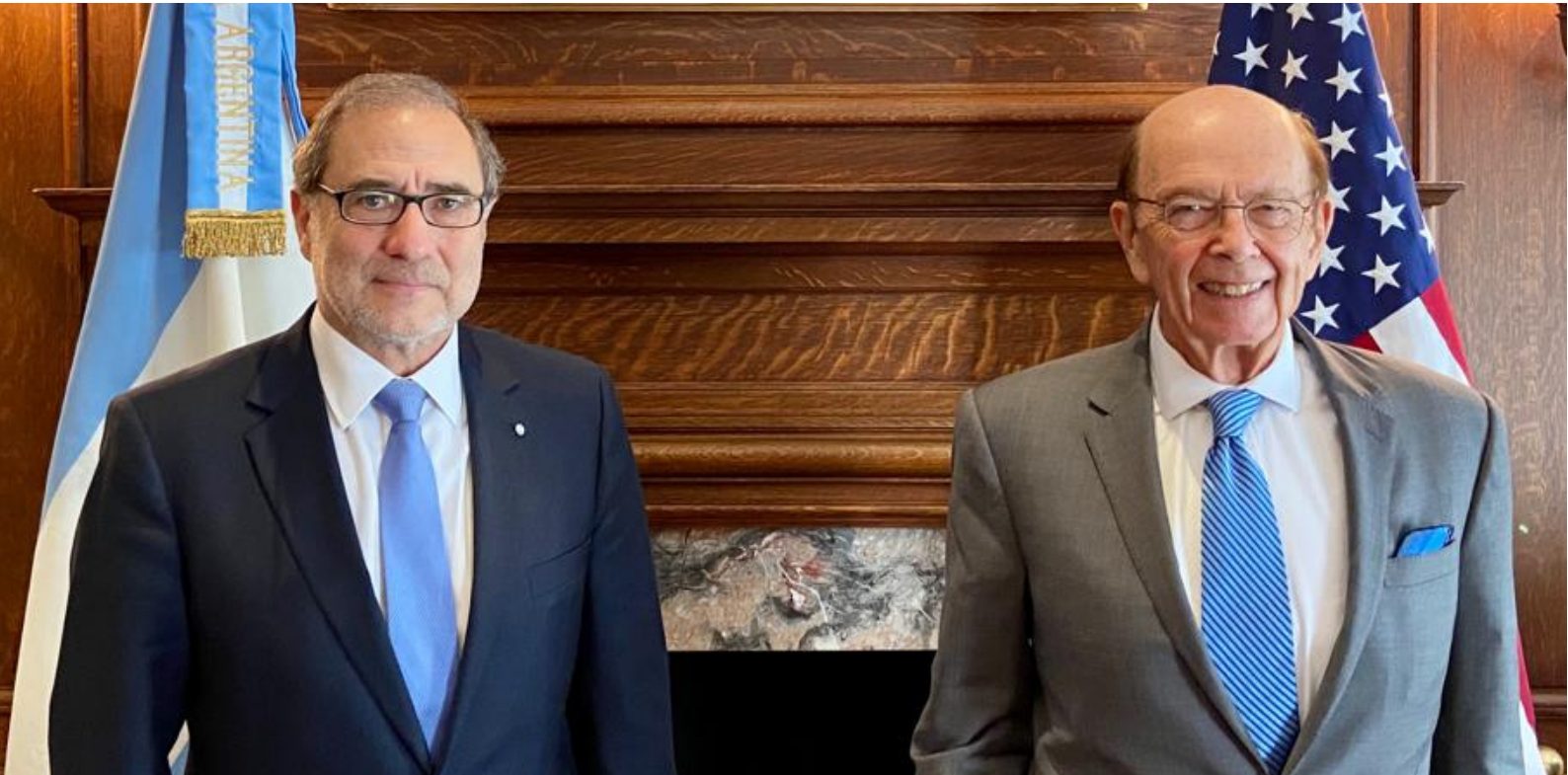
EMBASSY OF ARGENTINA, WASHINGTON, D.C.

# ARGENTINA IN FOCUS

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SEPTEMBER 2020 // NEWSLETTER





Secretary of Commerce Wilbur Ross and Ambassador Jorge Argüello

## U.S.-ARGENTINA BUSINESS FORUM MEETS DESPITE THE PANDEMIC

The U.S.-Argentina Business Council (USABC) is one of the best forums to flag the existing bonds between our countries.

Created in 2017 under the initiative of the United States Chamber of Commerce (USCC), AmCham Argentina, and the Argentine business chambers represented by the Business Convergence Forum (Foro de Convergencia Empresarial o FCE), this Council works with a view to set principles for cooperation and, thereby, improve the business climate in areas of mutual interest.

In that vein, USABC also seeks to advance policy recommendations to promote growth in both Argentina and the United States.

In three years of existence, the USABC organized several meetings enriching thereby public-private sector dialogue. On September 16, the Council hosted the U.S.-Argentina Business Forum, an event which convened high level officials and representatives of the companies with large investments in Argentina to exchange views with senior Argentine and United States officials about



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 September 16 U.S.-Argentina Business Forum, an event which convened high level officials and representatives of the companies with large investments in Argentina.

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

Finally, an article on the G20 Finance & Health Ministers Meeting in which member countries pledged to encourage efforts and global cooperation to deal with COVID-19.

Jorge Argüello  
Ambassador to the United States

THE U.S. IS THE TOP FOREIGN  
DIRECT INVESTOR IN ARGENTINA,  
WITH A LONG-DATED PRESENCE IN  
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the prospects for the economy and the bilateral trade and investment relationship.

The event was hosted by Neil Herrington, senior vice president of the US Chamber of Commerce; Alejandro Díaz, CEO of AmCham Argentina; and Isabel Quiroz, Executive Director, U.S.-Argentina Business Council. Several C-level executives that participated in the event discussed their perspectives on engagement in Argentina.

Wilbur Ross, U.S. Secretary of Commerce, and Edward Prado, ambassador of the United States in Argentina, represented the U.S. government in this event, as a demonstration of the importance given by the U.S. administration to the ongoing dialogue on trade and investments issues.

Argentine Foreign Minister Felipe Solá availed the opportunity to describe the outlook for an economic recovery in the aftermath of the pandemic, and the important role of increasing exports and investments in key sectors to achieve development goals. On the global stage, he pointed to the need to strengthen international cooperation, including to ensure the normal functioning of global supply chains and facilitate the flow of goods and services. On the bilateral relationship, Minister Solá highlighted that the United States is the top foreign direct investor in Argentina, with a long-dated presence in strategic sectors of our economy. He underlined the importance of the bilateral dialogue and cooperation to foster our economic relationship.

Ambassador Jorge Argüello discussed the long tradition of friendship and cooperation between Argentina and the U.S. and highlighted the potential for expanding the bilateral agenda to strengthen our cooperation and to further deepen our ties. Underscoring the recent milestone of Argentina's debt restructuring process, he discussed the role of the US private and public sector in expanding trade and investments in Argentina, as essential pillars to promote sustainable growth.

Matías Kulfas, Minister of Productive Development and Gustavo Beliz, Secretary for Strategic Affairs of the Presidency, also gave remarks at the event. Minister Kulfas highlighted the potential of growth that bilateral trade has, especially in the knowledge-based services sector and the opportunity for Argentina to insert itself in the restructuring process that global value chains are having, where Companies are looking to have their suppliers closer and where Latin America is presented as one of the best options for U.S. companies.

Representatives from the private sector expressed their views, welcomed the successful debt swaps agreed with private bond holders and also aired some concerns in relation to some emergency regulations.

Investment and exports are expected to be the engines that will allow for a swift economic recovery in Argentina once the pandemic gives all of us a respite. The United States-Argentina business forum will remain to be a fundamental platform for such a fruitful dialogue with the business community, an essential partner for building a better future for all.

## PROMINENT PRESENCE OF U.S. COMPANIES IN FOOD PRODUCTION SECTOR IN ARGENTINA

U.S. companies have a long and successful track record in Argentina contributing to the development of agribusiness and the country's positioning as a reliable global food supplier, as stated in our last edition of "Argentina in Focus".

Certain emblematic companies, such as Cargill and John Deere, have been operating there since the late 40s or 50s; however, new players are also now present, such as Simplot, a company which recently established operations there.

Cargill, a leading company in food, agricultural, financial, and industrial products and services, began its activities in Argentina in 1947, "with the conviction that the country offered high potential", as the company pointed out. It was the first subsidiary devoted to agro-industrial production established by the company outside the United States.

It currently has more than 3100 employees and a strong presence in Argentina's agro-industrial value chain, in activities such as grain origination and exports, industrialization of soybeans to produce and export flours, oils and biodiesel (products in which Argentina is a world leader), and corn wet milling to produce ingredients destined for the local and international food and beverage industry. In Rosario, Cargill also has one of the seven shared service centers that the company established globally.

Cargill's assets are distributed in over 60 locations in eight provinces. They include the following:

- 5 port terminals.
- 3 soybean processing plants.
- 1 biodiesel plant.
- 1 wet maize milling plant.
- 1 premixing plant for animal nutrition.
- A wide network of industrial establishments, stores, and commercial offices.

Credits: Ministry of Agriculture, Livestock and Fisheries





CERTAIN EMBLEMATIC COMPANIES, SUCH AS CARGILL AND JOHN DEERE, HAVE BEEN OPERATING IN ARGENTINA SINCE THE LATE 40S OR 50S; HOWEVER, NEW PLAYERS ARE ALSO NOW PRESENT, SUCH AS SIMPLOT.

This logistics network provides significant added value to the country's agricultural production, enhanced in turn by the scale and global presence of the company, which plays a key role in expanding markets for Argentine agro-industrial exports to Brazil, Chile, the United Kingdom, the European Union, Vietnam, Indonesia, India and China.

**Machinery for the world.** "John Deere's track record of producing in the country and our confidence in the local countryside has driven us to invest consistently Argentina," says Sergio Fernández, President of Industrias John Deere Argentina S.A. Since 1958, John Deere has been manufacturing equipment in Argentina. More recently, since around 2012, it has made significant investments: from the development of a Spare Parts Distribution Center, to a Training Center, a product quality test track, production installations and manufacturing lines.

These investments were enhanced by the acquisition of King Agro and PLA, both in 2018. King Agro, a local company produces carbon fiber booms for sprayers, and is located in Campana, Buenos Aires.

PLA, is Argentina's leading company in sprayers, planters, and specialty machinery for agriculture, with production facilities in Las Rosas, Santa Fe.

"This led us to significantly increase Deere & Company's local payroll, as well as reaffirm our commitment to Argentine talent, development, industry and countryside," Fernandez said.

The company's production activities employ nearly 3,000 employees and it exports from all its plants. At the Rosario engine factory (Granadero Baigorria), 90% of its production is exported: it is the main supplier of all the company's machinery plants in South America. A similar case occurs with the Campana plant, with a volume close to 80% destined for export.

"In addition, we count on local suppliers; due to their world-quality level, today they are part of the company's global supply chain, thereby boosting direct exports", says Fernández.

**New players.** Among the U.S. companies that have recently joined the market is Simplot Argentina. In March 2019, it opened a frozen pre-fried potato processing plant in Luján de Cuyo, Mendoza, with state-of-the-art technology; it is fully automatic from the reception of incoming raw material, processing, packaging, and palletizing. Its design involves a very efficient use of energy, as well as a modern effluent treatment plant. It has the capacity to process 220,000 tons of potatoes per year.

Some data on the importance of this company:

- The Simplot plant in Mendoza employs 150 people directly and more than 2,500 indirectly.



Credits: Ministry of Agriculture, Livestock and Fisheries

- It exports 70% of its production mainly to large fast food chains such as McDonald's, Burger King, KFC, Bob's, among others.
- The company expects to export \$50 million by the end of 2020.
- For 2021, it estimates a 30% growth in its exports to other continents, as well as to Mercosur.

To sum up, U.S. companies play a prominent role in the country and promote the development of its regional economies, as well as the development of Argentina's vast natural resources. By interacting with the local production structure, they generate value, employment, technological progress, and exports. ■



G20 Joint Meeting of Finance and Health Ministers

## HEALTH AND THE ECONOMY AT THE TOP OF THE AGENDA

Argentina participated in the G20 Joint Finance & Health Ministers Meeting, in which member countries pledged to encourage efforts and global cooperation to deal with COVID-19. The purpose is to reduce existing gaps in global capacities for preparedness, detection, and global response to the pandemic.

The September 17 virtual meeting was held as a way to follow up on the guidelines issued by the Leaders at the 26 March Summit, when they committed to doing “whatever it takes and to use all available policy tools to minimize the economic and social damage from the pandemic, restore global growth, maintain market stability, and strengthen resilience.”

In this regard, they decided to undertake actions required to provide a coordinated and multilateral response in the international fight against COVID-19 and lay the foundations for global economic recovery.

Martín Sabignoso, Secretary for Health Equity of the Ministry of Health, reaffirmed the country's commitment to work together with the international community in a framework of cooperation and solidarity. Faced with overwhelming global socioeconomic damage, there is a need to continue this work through a comprehensive approach, implementing measures that mitigate the negative effects on the community, prioritizing and protecting people's health and lives.



## THE G20 SEEKS TO DEEPEN EFFORTS AND COOPERATION THROUGH GLOBAL RISK MONITORING, IN ORDER TO BE ALERT AND AVOID FUTURE CATASTROPHES.

Containing and mitigating contagions requires international cooperation and multisectoral collaboration, in order to ensure that health systems have sufficient capacity to stop the complex spread of the coronavirus. However, when it comes to preventing, detecting, and responding to these types of threats, the pandemic has also revealed certain vulnerabilities in communities' capacities worldwide, and it is these weaknesses that must be overcome.

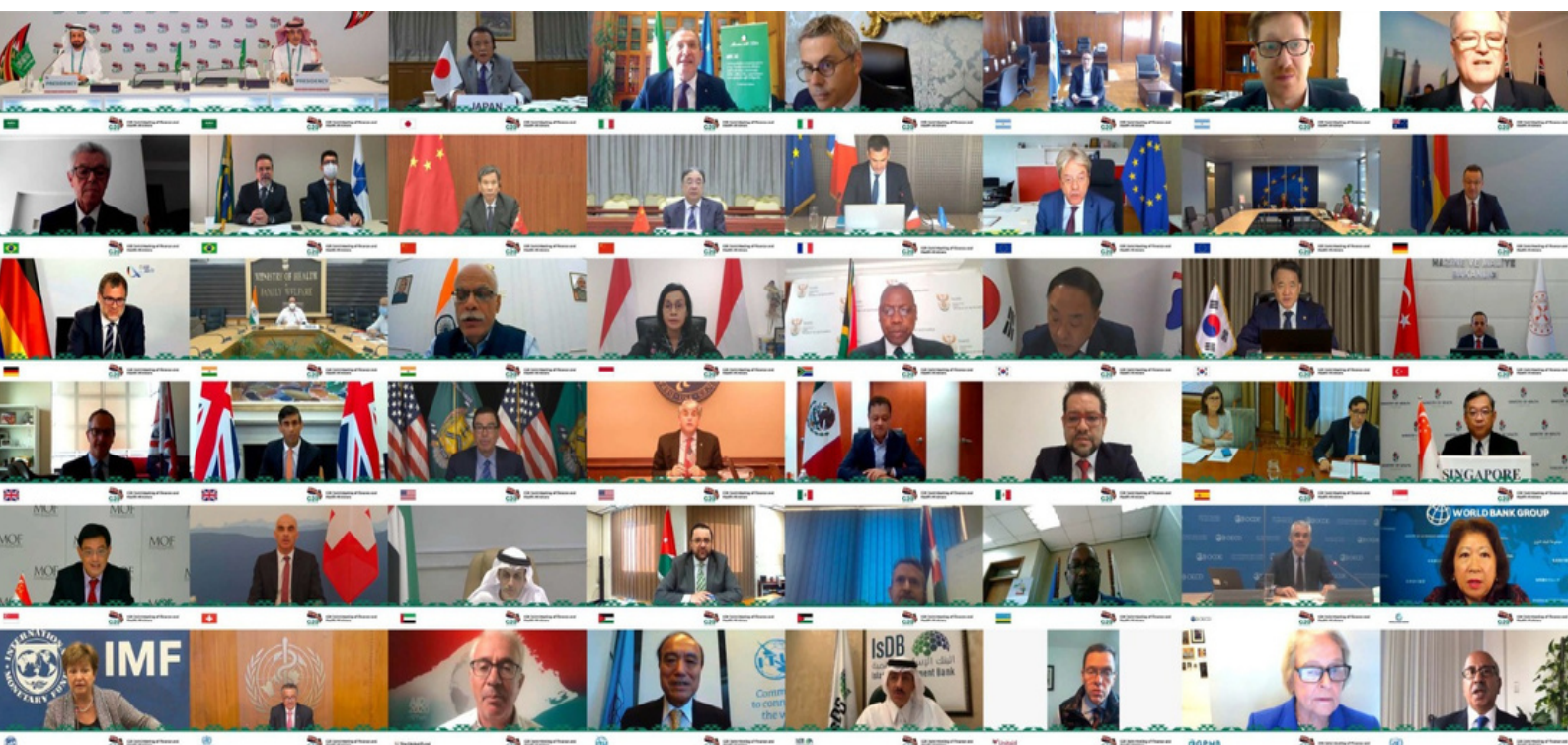
Argentina promotes initiatives that provide access to scientific knowledge, diagnostics, vaccines, treatments, and medical products, based on an equity and affordability criteria, as

their benefits for public health worldwide will depend on them being universally available. This issue was recognized as key to overcome the pandemic and return to a path of global economic recovery.

During the meeting, Haroldo Montagu, Secretary for Economic Policy of the Ministry of Economy, highlighted the measures adopted by our country aimed, first of all, at protecting the most vulnerable sectors, i.e., those at a greater risk of suffering devastating losses. Although the pandemic has affected all countries, its negative effects are exacerbated in emerging and developing economies because they have fewer tools to face a crisis of this magnitude.

In the joint communiqué, unanimously supported by member countries, the G20 seeks to deepen efforts and cooperation through global risk monitoring, in order to be on the alert and avoid future catastrophes. This preventive action enables the world to be better prepared to face new crises that may threaten public health.

G20 Joint Meeting of Finance and Health Ministers





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The conclusions of the meeting will be reflected in the G20 Action Plan adopted in April, a constantly evolving document that is updated according to changing situations and the countries' needs.

The Plan establishes the principles and specific actions that should guide the response to COVID-19: a) ensure that all elements of the healthcare response are fully funded; b) minimize the economic and social damage; c) support the countries most need it to address future risks; d) use available policy tools to restore a strong, sustainable, balanced and inclusive growth; e) improve preparedness and increase investments to avoid future risks.

With a view to the next G20 Leaders' Summit to be held in November, the Ministers of Finance and Health of the different countries, with the support of international organizations, will propose recommendations to achieve the objective of reducing the existing differences in resources between countries, in order to address and prevent global crises such as the one caused by this pandemic.

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