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ARGENTINA IN FOCUS

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ARGENTINA BETS ON THE KNOWLEDGE ECONOMY

President Alberto Fernández was the keynote speaker today at the opening of the virtual conference "Forecast on Latin America and the Caribbean", organized by the Association of American Chambers of Commerce in Latin America and the Caribbean (AACCLA).

Distinguished personalities from the region, such as the Executive Secretary of ECLAC, Alicia Bárcena, and Congressman Henry Cuellar also participated in the meeting.

President Fernández briefly reviewed the difficulties the country's administration faced at the end of 2019, when it began its mandate, with an economy in free fall and in default, a situation he likened to "a patient that was already in intensive care when COVID arrived."

Likewise, President Fernández made reference to the measures taken by his government to adapt the health care system to the extraordinary demand created by the pandemic, with 60 new hospitals and the expansion of more than 3,000 intensive care beds in a few months. At the same time, wide-ranging programs were implemented, designed to sustain the formal jobs and the income of nine million people with jobs in the informal economy.



President Alberto Fernández



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 opening of the virtual conference "Forecast on Latin America and the Caribbean" in which President Alberto Fernández was the keynote speaker.

This edition includes as well, thanks to the collaboration of the Argentine Investment and International Trade Agency, an article on the Argentine hydrocarbon market that represents almost 90% of the energy matrix.

Finally, an article on the Urban 20 and the policy recommendations to rebuild cities in a post-pandemic world.

Jorge Argüello
Ambassador to the United States

PRESIDENT FERNANDEZ PROPOSED A ROADMAP WITH A FOCUS ON PRIVATE INVESTMENT AND A STATE GENERATING FAVORABLE CONDITIONS FOR INVESTMENT.

In his presentation, the President pointed out the progress made to normalize the Argentine economy, in particular the successful restructuring of the debt with the private creditors, as well as encouraging data regarding the current situation, such as the emerging recovery of tax revenues, as well as of energy consumption in the industrial sector, which recovered its pre-pandemic levels.

Regarding the ongoing negotiations to reach an agreement on a new program with the IMF, President Fernández was optimistic based on what he considered a realistic global perspective by the IMF Managing Director, Kristalina Georgieva, with whom he “shares a vision” on the diverse problems that are impacting the world economy.

President Fernández drew up a roadmap for the future based on clear objectives: growth, production, and job creation, with private investment as the hub of a virtuous process in which the State also plays an important role in generating the right conditions for those investments.

Regarding the need to promote investments focused on exporting and added value, President Fernández highlighted that the Argentine Congress approved the Knowledge Economy Law yesterday. This new legal framework provides incentives for the establishment of local and

foreign companies in a sector that has been experiencing a significant growth in Argentina since the enactment of the Software Law in 2005 and today generates \$6 billion in exports.

Likewise, the President stated that his administration will seek to promote traditional sectors with an agro-industrial plan he plans to send to Congress, as well as incentives to develop our country's vast resources in unconventional oil and gas, mining in particular: gold, silver, copper, lithium, and renewable energy. These sectors will continue to drive the generation of foreign currency, essential for the development of the country

The President thanked the invitation to speak at a forum of this importance and especially appreciated the contribution of United States' companies to the national economy and invited them to deepen this bond in the future. In this regard, he highlighted the permanent commitment made by over 300 U.S. companies, as they employ approximately 150,000 people in Argentina.

In what he highlighted as the challenge of the “pandemic generation”, the president recalled Pope Francis' message that “no one is saved alone”, and called for working together, with creativity and a spirit of solidarity, to build a better world.



ARGENTINA, A COUNTRY WITH ENORMOUS AND UNTAPPED ENERGY RESOURCES

Our country has a developed and mature hydrocarbon market that represents almost 90% of the energy matrix, complemented by other sources such as hydroelectric, nuclear, and renewable energy. Energy plays a strategic role in economies that seek to position themselves on a path towards economic development. Argentina aims to provide abundant, clean energy at competitive prices, not only to the domestic market, but seeks to also become a global energy supplier through a massive and responsible development of unconventional resources.

Argentina's energy potential has already been demonstrated; its volume of unconventional oil and gas resources are among the highest in the world. It ranks second among countries with the most unconventional gas resources, and fourth in unconventional oil resources. In turn, it is one of the few countries that is actively exploiting this type of hydrocarbons; among them, the United States, Canada, and China.

Due to the high quality of its resources and the prompt adoption of technology by companies, Argentina has been positioning itself to attract investments. Since 2012, more than \$37,5 billion have been invested in conventional hydrocarbons, and \$28 billion in unconventional sources, according to data from the Undersecretariat of Hydrocarbons (as of July 2020), including investment projections for this year. It is worth highlighting that over the past four years, there has been a perceptible change in the composition of investments, as the unconventional segment has now taken the lead.

Due to the increased activity in unconventional production in recent years, performance has been improving while production costs are declining. Therefore, our resources are now much more competitive, especially when compared to other world-class resources such as the Permian Basin in the United States.

Credits: Secretary of Energy of the Nation



The Vaca Muerta formation is Argentina's main shale formation. It is located in the Neuquén basin (provinces of Neuquén, Río Negro, Mendoza, and La Pampa) and covers an area of 30,000 km². Among its geological distinctive features is that it is characterized by the following:

- Good permeability
- Significant thickness
- Important amount of Total Organic Carbon (TOC)
- High pressure

In addition, it offers several advantages. It is located far from urban centers, on a desert plateau, making it easier to carry out operations; its depth is over 2,500 meters, away from freshwater aquifers, thus reducing the risk that hydrocarbons and substances used in hydraulic fracking can reach them. Vaca Muerta is mainly situated in the province of Neuquén where hydrocarbons have already been produced throughout the past 100 years. This is another great advantage, as it means the existing infrastructure can be used.

In total, over 30 companies are exploring and extracting gas and unconventional oil in Vaca Muerta, including ExxonMobil, YPF, Chevron, Pan American Energy, Petronas, Pluspetrol, Shell, Tecpetrol, Wintershall DEA, Total, Dow Chemical, among others. There are currently different

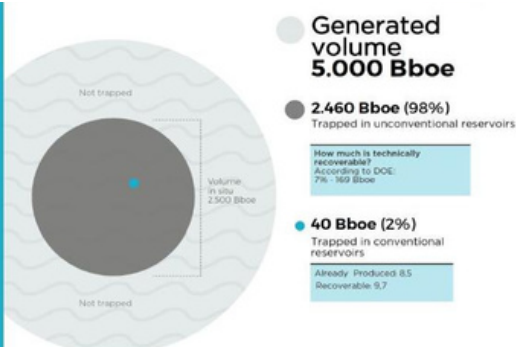
OVER 30 COMPANIES ARE EXPLORING AND EXTRACTING GAS AND UNCONVENTIONAL OIL IN VACA MUERTA, INCLUDING EXXONMOBIL, YPF, CHEVRON, PETRONAS, AND SHELL.

projects undergoing a massive development in Vaca Muerta, which represent only 5% of the surface of the formation. In other words, there is a vast potential for expansion.

In order to achieve a further development of the hydrocarbon sector, the Ministry of Energy is about to launch a competitive 4-year gas auction scheme (Gas Plan IV), making investments more viable and generating long-term certainty for the sector. Likewise, the government is analyzing a new Law for the Promotion of the Hydrocarbon Industry, with a new program to promote the exploration and production of hydrocarbons, including tax benefits and export promotion, among others.

To cope with the increase in production, new hydrocarbon collection systems, treatment plants and the construction of a new gas pipeline are required to transport gas production from the Neuquén basin. In the first stage, one of the objectives is to increase the volume of gas exports to neighboring countries, and then, at a second stage, to launch projects to export liquefied natural gas (LNG).

The large-scale development of this strategic sector in Argentina's productive matrix would not only represent a considerable increase in its foreign currency income, but would also create thousands of new jobs in the Patagonian region.





First Sherpa Meeting U20-February 2020

THE URBAN 20 APPROACH ON COVID-19: WHAT CITIES WILL NEED TO BUILD BACK BETTER

The Urban 20 is one of the G20's engagement groups, launched in 2017 at the "One Planet Summit" in Paris. The group brings together 27 cities that represent a major economic or political powerhouse in a G20 country. Together, the U20 cities have a population of over 230 million and are responsible for over 8% of the global GDP and collectively constitute the world's third-largest economy.

The first U20 summit was held in the city of Buenos Aires in October 2018, and the second was held in Tokyo in 2019.

At the third Summit, held virtually from September 30 to October 2, 2020, the Riyadh-led Urban 20 brought together representatives from 42 cities in a collaborative process to present critical urban policy recommendations to the G20.

As a result, a 27-point Communiqué was co-developed by U20 mayors with policy recommendations to rebuild cities in a post-pandemic world, based on findings from 15 white papers drafted throughout nine months of seminal research and analysis into rebuilding cities in a more sustainable, inclusive and naturally diverse way to achieve equitable, carbon-neutral, inclusive and healthy societies

AFTER COVID-19, CITIES WILL REQUIRE GOOD GOVERNANCE AND BE AGILE ENOUGH TO ADAPT PUBLIC POLICIES TO MEET THE NEEDS AND SAFETY OF THEIR CITIZENS.

During its presidency, Saudi Arabia has focused its agenda on three task force groups: Circular Carbon-neutral Economy, Nature Based Urban Solutions, and Inclusive Prosperous Communities. Representing 23 cities, in collaboration with 31 knowledge partners and through extensive research, the task forces have collectively issued more than 160 actionable recommendations, which were the basis of the key findings discussed in-depth during the Mayors' Summit.

In 2020, the COVID-19 pandemic brought an additional challenge for the U20. Cities represent the closest level of government to citizens and are therefore the first responders to today's global challenges. As densely populated hubs of activity, they have been on the frontline of the fight against the pandemic, accounting for nearly 90% of global COVID-19 cases according to the UN.

With many cities still dealing with response strategies to stop the spreading of the disease, many others are already working on the recovery from the socio-economic impact of the crisis, developing plans for urban life post COVID-19.

The pandemic has emphasized the need to redesign and reorganize public space to continue attracting economic activity, maintain competitiveness and ensure equitable access to opportunities, while balancing the negative impacts on the environment.

As Fernando Straface, Secretary General and International Relations of the City and Sherpa of the U20 for Buenos Aires, pointed out during the Second Meeting of the U20 Sherpas this year, "We must put quality of life at the center of our priorities: key issues such as sustainable mobility, public space and gender gaps in the labor market must be addressed as we recover from the pandemic."

After Covid-19, cities will need to have good governance and be agile enough to adapt public policies to meet the needs and safety of their citizens. They will also need to provide people with a healthy living environment to move in a world where social distancing will be the norm for the foreseeable future.

The "15-minute cities" trend show us that it's time to reshape our cities on a human scale. We must improve the resilience of cities to tackle future threats, including the climate crisis. We need to "Build Back Better" and deliver a green and just recovery.

However, cities will need help to manage investments in physical and social infrastructure that the recovery will demand in the coming years. With this in mind, this year the U20 created a Special Working Group (SWG) on COVID-19, supported by Riyadh and co-chaired by the cities of Buenos Aires and Rome.

The SWG seeks knowledge-sharing and the exchange of best practices, policy decisions and key actions taken by global cities in the fight against COVID-19. But most importantly, it aims to drive global dialogue on financing urban recovery post-pandemic. Cities and experts will work together to generate concrete and viable policy recommendations to the G20 leaders.

CITIES WILL NEED HELP TO MANAGE THE INVESTMENT IN PHYSICAL AND SOCIAL INFRASTRUCTURE THAT THE RECOVERY WILL DEMAND IN THE UPCOMING YEARS.

Francisco Resnicoff, Undersecretary for International Relations and Buenos Aires' U20 Co-Sherpa, noted the importance of transforming international financial architecture for a sustainable recovery in cities. "Local government budgets will not be enough to carry out the sustainable urban reconstruction and job creation that will need to take place in the coming years. We need to use our collective voice to support innovative financial instruments that favor 'green' financing, and to facilitate cities' access to stimulus and recovery packages" he said.

The objective of the U20 is to bring urban issues to the forefront of the G20 agenda, as both a unique platform and a call to action for local government leaders to step up and establish a high-level dialogue with national leaders. The Special Working Group will present its policy recommendations to the G20 leaders at the next summit to be held virtually in Riyadh, on November 21 and 22. ■

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