

Science & Technology

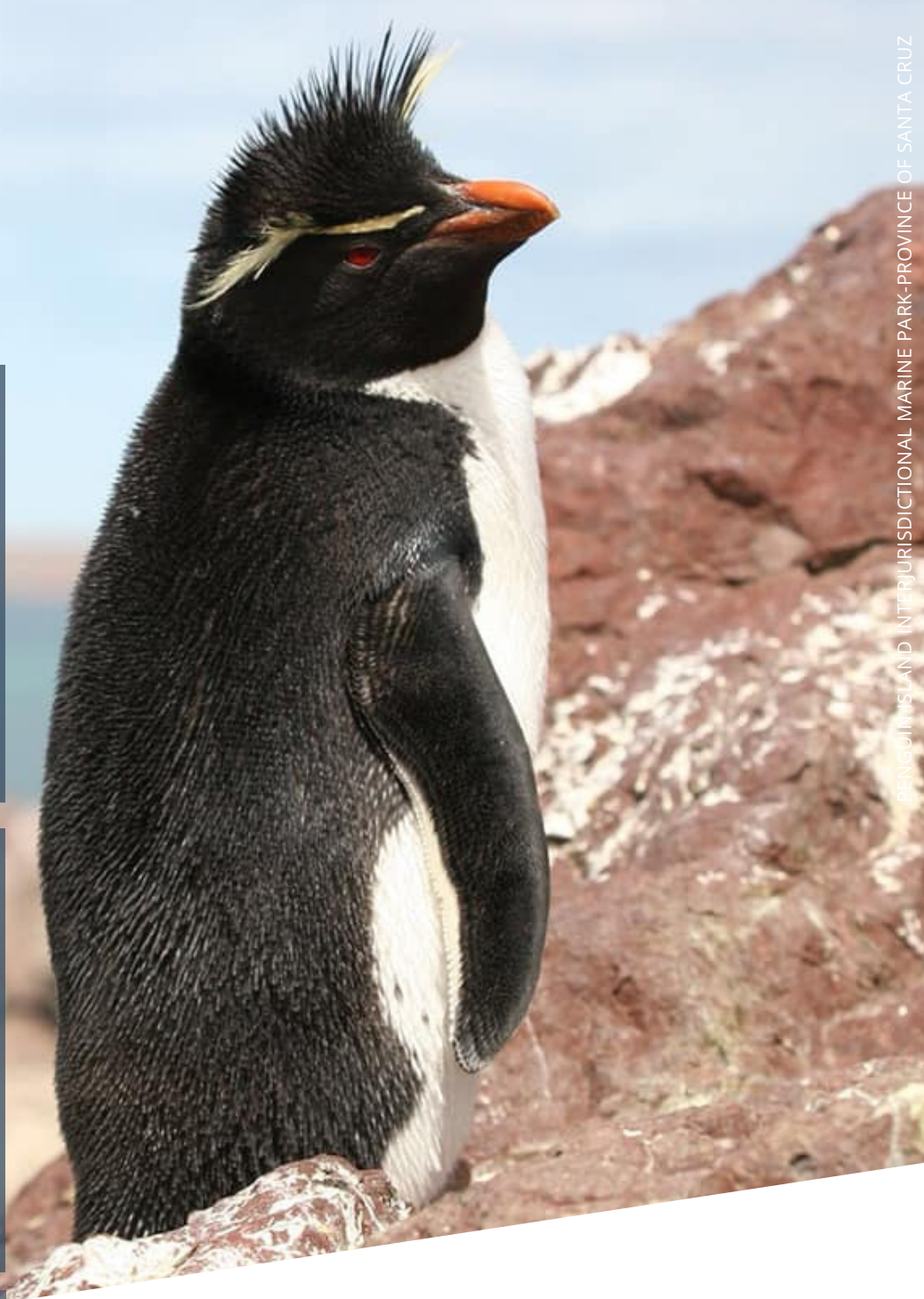
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Trade & Investment

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G-20

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PENGUIN ISLAND INTERJURISDICTIONAL MARINE PARK-PROVINCE OF SANTA CRUZ

EMBASSY OF ARGENTINA, WASHINGTON, D.C.

ARGENTINA IN FOCUS

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Argentine satellite SAOCOM 1B, launched on August 30, 2020 from Cape Canaveral, USA // Photo credit: INVAP

ARGENTINA AND MEXICO LEAD REGIONAL INTEGRATION IN SPACE

"Satellites improve life" was the theme this year at the United Nations World Space Week, established to celebrate worldwide the contributions of space science and technology to the betterment of the human condition

During that week, an event held annually between October 4 and 10, Argentina once again demonstrated its leadership in the efforts to promote the development of space programs, and also highlighted the importance of enhancing international cooperation in space.

In this context, Argentina and Mexico signed the "Declaration on the Establishment of a Regional Mechanism for Cooperation in Space", which lays the foundations for the creation of a Latin American and Caribbean Space Agency.

This Declaration is the outcome of the agreements reached at the Latin American and Caribbean Meeting on Space which took place on July 2, 2020, as part of the first item of Mexico's 2020 Work Plan in this country's capacity as President pro Tempore of the Community of Latin American and Caribbean States (CELAC).



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 "Declaration on the Establishment of a Regional Mechanism for Cooperation in Space" signed by Argentina and Mexico.

This edition includes as well, thanks to the collaboration of the Argentine Investment and International Trade Agency, an article on the U.S. companies investment on energy development in Argentina.

Finally, an article on the increase of the global insertion of Micro, Small and Medium-Sized Enterprises and the role they play in the economies.

Jorge Argüello
Ambassador to the United States

ARGENTINE GEOSTATIONARY AND EARTH OBSERVATION SATELLITES ARE CURRENTLY IN ORBIT, WHILE PROJECTS ARE BEING DEVELOPED FOR A LAUNCHER AND AN OCEAN SATELLITE.

Under the firm conviction that science represents one of the tools to build the future, our country promotes the creation of a regional space platform, as this will be important for social and economic development, and enable a better use of our resources to carry out regional projects for the benefit of our societies.

For decades, Argentina has considered space a strategic issue, and our country has a long and recognized track record in this area. Thanks to the National Space Plan, a high-priority State policy, Argentine geostationary and earth observation satellites are currently in orbit, while projects are being developed for a launcher and an ocean satellite. The cornerstones of the Strategic Plan, whose primary objective is the development of space knowledge and technology, are Earth observation, the exploration and peaceful uses of outer space, as well as the promotion of technological development for the use of space.

The signing of the Declaration represents a milestone and is part of our country's efforts on two fronts: space development and the consolidation of regional integration. Thus, Argentina and Mexico pledged to invite the nations of Latin America and the Caribbean to become parties to the Declaration, thus strengthening the main purpose of the establishment of the regional space agency.

In this way, and through joint efforts, our nations' high-quality human resources will be further enriched, and our countries' capacities will be enhanced, thereby tracing a solid path towards the economic and social development of our region. ■

U.S. COMPANIES AND A BET ON ENERGY DEVELOPMENT IN ARGENTINA

The extraction of energy resources is an objective shared by the United States and Argentina. Both countries agree on the need to boost private capital to invest in the energy value chain, a key sector of economic development. The presence of U.S. companies in Argentine territory, dating back 100 years, is highlighted by the important investment announcements made by U.S. companies.

For the United States -main investor worldwide, and also in Argentina- our country ranks fourth among the most attractive destinations in Latin America for foreign direct investment (FDI), and oil and gas projects are prominent, due to the scale of the amounts allocated.

Our country aims to become a global energy supplier through a massive and responsible

development of unconventional resources, an effort pioneered by U.S. companies. Due to the quality of its resources and companies' rapid implementation of technology, unconventional deposits are profitable: the price of a barrel of crude oil is at \$40 or less, according to estimates made by the YPF oil company, which makes the country a focus of investment potential.

In recent years, performance in unconventional production has been improving while production costs are decreasing, and Argentina is at the same level of the best shale operators in the United States, according to the consultancy firm Wood Mackenzie.

Pioneers. Chevron was the first foreign company to invest in Vaca Muerta, together with YPF. Chevron Argentina is the country's eighth largest

Credits: Secretary of Energy of the Nation



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oil producer, with concessions in the Neuquén basin. Jointly with YPF, it operates the largest unconventional development in the country, Loma Campana, and has invested \$5.8 billion since 2014.

In 2019, Chevron's daily net production in Argentina averaged 23,000 barrels of crude oil and 25 million cubic feet of natural gas. Chevron holds a 100% stake in the El Trapial concession, and also a 14% stake in Oleoductos del Valle S.A., a midstream company that transports crude oil from the Neuquén basin in western Argentina to the Buenos Aires area.

On the other hand, last year Chevron moved its regional Shared Services Center from Venezuela to Argentina. This center is based in Buenos Aires and provides information technology and accounting support services for affiliates in Latin America, the United Kingdom, and the United States.

ExxonMobil has been extracting oil in Argentina for 100 years. Its largest confirmed investment is in the Neuquina basin, located in Bajo del Choique-La Invernada, a 400 km² block where Exxon holds a 90% stake, while the remaining 10% belongs to Gas y Petróleo de Neuquén. Up to 2019, \$850 million had been invested; that year, it went from a pilot phase to mass development. They plan to invest \$2 billion over five years, to produce 55,000 barrels/day.

Another company with a significant presence is The Dow Chemical –DowDuPont– the world's largest petrochemical company. In Argentina it has had petrochemical operations for 60 years in the area of Bahía Blanca; together with YPF they have invested \$60 million in El Orejano-Vaca Muerta. The last major U.S. company to announce its entry to Vaca Muerta was Conoco Phillips; in 2019 it reported it had reached an agreement with the German company Wintershall DEA to develop the Bandurria Norte and Aguada Federal blocks.

Currently, approximately \$7 billion per year is invested in the Vaca Muerta development, but it is estimated that this figure should double, thereby achieving a significant production increase in production to generate hydrocarbon exports of \$10 billion.

In Vaca Muerta several operators are working and obtaining optimal results with very favorable productivity. The Argentine Government encourages the continuity of private investments, and considering that the ongoing projects cover only about 20% of the formation, the country continues to offer huge opportunities for new international players that wish to be part of one of the most dynamic productive sectors in the country.



G20 Trade and Investment Ministers Meeting

MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES AND ITS INTEGRATION INTO THE GLOBAL ECONOMY

The Minister of Foreign Affairs, International Trade and Worship, Felipe Solá led the Argentine delegation in the G20 Trade and Investment Ministerial Meeting that took place on 22nd September. The meeting finalized with the adoption of a Communiqué about how to further strengthen trade and investment cooperation among the members, in particular on the issues related to the following G20 work priorities proposed by the Saudi Presidency on this field for 2020: recent trade developments and the COVID-19; the Riyadh Initiative on the Future of the WTO; the increase of the global insertion of Micro, Small and Medium-Sized Enterprises (MSMEs); economic diversification; and investment promotion in developing countries.

In relation to MSMEs, the Ministers stressed the critical role they play in the economies, considering that they employ between 40 to 90 % of the labor force, account for 95 % of firms across the world, and generate 35 to 60 % of the GDP.

At the same time, the document highlights that these companies “face disproportional challenges in their efforts to become more competitive and more integrated into the global economy” and in the context of the pandemic they are “particularly vulnerable to shocks”, considering their relative “lack of resources, information and skills, including to adapt to technological changes”, in relation to, for example, multinational companies.

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The Ministers also agreed “to do whatever it takes and to use all available policy tools to minimize the economic and social damage of the pandemic, restore global growth, maintain market stability, and strengthen resilience”, which is particularly important for MSMEs, due to those immense challenges they encounter.

Fixed costs of entry to markets, such as access to data on standards or foreign distribution networks, are some of the main obstacles preventing MSMEs from engaging in export activities. Therefore, MSMEs would benefit from progress in transparency, trade facilitation, e-commerce, access to credit, technical assistance and capacity building, in particular those located in developing countries. MSMEs' ability to continue growing and to increase their contribution to economic activity depends, in part, on their further integration into the international economy.

For Argentina, MSMEs are at the center of the economy and society: they account for around 90% of enterprises and they generate the majority of the employment. They are the main actors of the productive and social network, and are at the heart of regional development and poverty eradication.

Our country thus welcomes the G20 work on MSMEs, given that it is of the essence to reduce the current productivity gaps between MSMEs and large companies, increase investments, and improve production with more technological innovation.

With this belief, Argentina also participates actively in the Joint Statement Initiative on MSMEs in the WTO framework for their further insertion into international markets, with a view to making progress towards the 12th WTO Ministerial Conference in 2021.

Furthermore, in the context of the COVID-19, Argentina has put in place several emergency measures to support MSMEs to cope with the pandemic, given they have been among the hardest hit. The “Emergency Assistance Program for Work and Production” -created through Decree 332/2020- provides relief to those companies and workers directly affected by the decrease in economic activity during the pandemic, including MSMEs. Firms in affected sectors have been exempted from up to 95% of social security contributions, and the government pays 50% of their wages. Credit measures have been focused on MSMEs, which face more liquidity constraints than big firms. Banks offer special lines of credit to MSMEs: the expected credit volume generated by this measure represents 50% of current bank financing to MSMEs. As a result, interest rates paid by MSMEs have decreased by almost 15 percentage points since last March.

Digitalization for MSMEs is also a national priority. Public-private collaboration offers technological solutions to MSMEs in the health emergency, including for these companies to be able to take advantage of the new opportunities offered by

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e-commerce, bridging the digital divide. The “Capacitar Program” includes strategies to improve entrepreneurship and to enhance business competitiveness.

MSMEs are at the core of an inclusive, sustainable and resilient post-pandemic recovery. In line with the 2030 Agenda and its Sustainable Development Goals, we will only be able to “recover better” if we continue to support MSMEs, as backbones of our economies and societies. This requires from the international community a coordinated and balanced response that puts at the forefront those that are most fragile, including MSMEs. The G20 is giving right steps in this direction. ■

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