

*Trade & Investment*

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EMBASSY OF ARGENTINA, WASHINGTON, D.C.

# ARGENTINA IN FOCUS

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Vaca Muerta: President Alberto Fernández (ctr.) and Secretary of Energy, Darío Martínez (ctr. left.)/Photo Credit: Argentine Presidency

## PLAN GAS 4, A COMMITMENT TO THE DEVELOPMENT OF THE ENERGY SECTOR

Surrounded by the oil and gas fields of Loma Campana, one of YPF's flagship developments in Vaca Muerta, President Alberto Fernández announced a new plan to incentivize natural gas production in Argentina.

The new gas plan, known as Plan Gas 4, is a four-year tender scheme in which producers would be able to offer natural gas to the market at a price of up to \$3.70/MBTU. This plan highlights the Argentine government's commitment to the development of the energy sector, especially gas

production, which in addition to being essential for supplying the domestic market, is also exported to neighboring countries. This price was set above the value of the Henry Hub, the pricing point for natural gas futures contracts on the New York Stock Exchange. In other words, the Argentine Government will provide support to local and foreign companies alike that invest to increase gas production, with a price which is highly attractive when compared to other investment opportunities in international markets, thereby creating the necessary incentives for private sector investment.



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 President Alberto Fernández' announcement of a new plan to incentivize natural gas production in Argentina.

This edition includes as well, thanks to the collaboration of the Argentine Investment and International Trade Agency, an article on *Argentina Delivers*, a state-of-the-art way to promote Argentine IT services to the U.S. market, in partnership with Clutch.co.

Finally, an article on the think tank community dealing with the consequences of the pandemic and its recommendations to the G20.

Jorge Argüello  
Ambassador to the United States

## YPF SA, THE LEADING OPERATOR IN VACA MUERTA, ALREADY ANNOUNCED A \$1.8 BILLION INVESTMENT IN NATURAL GAS PRODUCTION OVER THE NEXT THREE YEARS

The 2020-2023 Plan to Promote Gas Production in Argentina aims to produce additional 18 billion m3 of gas which is currently imported, through a \$5 billion investment by the producing companies. YPF SA, an Argentine company, and the leading operator in Vaca Muerta, already announced a 1.8 billion investment in natural gas production over the next three years.

This important commitment made by YPF SA will be followed by other operating companies in the Neuquén basin that benefit from this opportunity to get a good return on their investment. After the renegotiation of Argentina's foreign debt is over, new possibilities arise for investments in this sector, with the government's clear commitment to guaranteeing an adequate legal framework that promotes investments in the gas sector by creating promising business opportunities.

Through a public-private work scheme, the plan represents a foreign exchange savings of \$5,6 billion and a tax saving equivalent to \$1,17 billion. The new investments will also create new jobs, and the inclusion of technology with national added value.

The two main chambers that represent the oil companies operating in the country expressed their support for this Plan, understanding that it will have "a multiplying effect of employment and gas activity."

The Cámara de Exploración y Producción de Hidrocarburos (CEPH), the entity that represents national and foreign oil companies, indicated that is "An adequate policy to increase local natural gas production in order to satisfy internal demand and reduce imports", and that "it will enable a higher level of activity and provides predictability which encourages investments."

The State's commitment regarding the development of the Vaca Muerta Project is at the top of the agenda. The President made the announcement along with the Minister of Economy, Martín Guzmán and the Secretary of Energy, Darío Martínez. The President also announced that the Argentine Secretariat of Energy will move its offices permanently to the province of Neuquén, where Vaca Muerta, the main source of oil and gas reserves is located, highlighting the government's commitment to the development of the energy sector.

According to the U.S. Energy Information Agency (EIA), Vaca Muerta has technically recoverable resources of 308 Tcf of natural gas in an area of 8.6 million acres. It is geologically comparable to the Eagle Ford Shale operations in South Texas, but only 4% of Vaca Muerta's acreage has entered into a development phase, with plenty of space still available for new investors.

## ARGENTINA DELIVERS TO THE KNOWLEDGE ECONOMY IN THE UNITED STATES

The Investment and Trade Promotion Agency, the Ministry of Foreign Affairs of Argentina and the Embassy of Argentina recently launched *Argentina Delivers*, a state-of-the-art way to promote Argentine IT services to the U.S. market, in partnership with Clutch.co, the leading B2B platform for unbiased and third party reviews of IT and software services in the U.S. market, which is the biggest and most dynamic for Argentine IT service exports: it accounted for nearly \$900 million exports in 2019.

Today, every company in the market is a tech company with a significant need for technology resources and talent to transform its performance and enhance its competitiveness.

The pandemic has increased a trend whereby demand for IT talent continues to grow at

a steady pace, and spending on IT services worldwide is expected to surpass the one trillion dollar mark (Statista). In that vein, according to Ibis World, the IT consulting services industry in the U.S. is expected to grow in the next five years at 4,8% annually, with revenues of \$400 billion projected for 2020.

Together with Clutch.co, Argentine service providers created a Co-Partner Directory that lists more than 1,000 Argentine companies, making it easier for buyers to evaluate high quality alternative solution sources for U.S. companies.

The value proposition of *Argentina Delivers* goes beyond sharing the same time zone, which facilitates a timely response to inquiries; the existence of cultural similarities; internationally competitive costs and the abundant English

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President of the Argentine Investment and International Trade Agency, J. Usandivaras, and Ambassador J. Argüello



## THE DECISION TO BET ON THE KNOWLEDGE ECONOMY IS A STATE POLICY IN ARGENTINA BASED ON THE POTENTIAL OF QUALIFIED HUMAN RESOURCES.

Considering the size of the market and cost-effectiveness of the Argentine service providers, we expect that *Argentina Delivers* will help them compete even more effectively, and think of this platform as a nearby, agile, and creative hub for reaching cost-effective solutions. ■

language skills of Argentine service providers, to ensure an unwavering commitment to provide value and effective solutions to their clients.

The decision to bet on the knowledge economy is a state policy in Argentina based on the potential of qualified human resources. The recent Economy Knowledge Law passed by the Argentine Congress is a milestone in the strategy to further develop a knowledge-based service economy and will help our IT industry continue with its dynamic development under a stable regulatory framework.

This law will have a direct impact on investments on R&D, the creation of new jobs, and will set the conditions for the development of the ecosystem and integration of new technology skills and innovative solutions.

Coursera recognized Argentina's creative and tech skills when it was ranked first in technology skills in 2019. That recognition signals the availability of tech skills required for new technologies, shifting away from traditional "cash cow technologies". Because technology evolves rapidly, this gravitation is also highly relevant as it means efficient services will persist as time goes by.

Argentine IT service exporters reach out to the U.S. market looking for partners, either for traditional staff augmentation or for virtual teams focused on added value and innovation.





T20 Inception Conference, January 19 & 20 2020

## COVID-19 AND ITS AFTERMATH: THE ROLE OF THINK TANKS IN CREATING GLOBAL PUBLIC GOODS

The ongoing pandemic will have (we are already witnessing it) a huge impact in every corner of the world. The overall sanitary, economic, and political consequences are still unknown. But what we do know is that it is taking place at a unique moment in history: at a time when global capitalism was undergoing a transformation after the fourth industrial revolution; and when the multilateral order was under strong scrutiny. COVID-19 seems to be accelerating these trends, while also showing the urgency of creating global public goods to address existing and future global challenges.

Against this background, since the early days of the pandemic, the think tank community has united to share lessons learnt in dealing with the consequences of the pandemic. Different initiatives are playing a key role in fostering this, such as the CSTTP's Global Town Hall Meetings and the Digital Knowledge Hub for the Global South. In this vein, the Think 20 (T20), as a network of think tanks advising the G20, seeks to provide food for thought and, more importantly, a forum for a truly plural and global debate. In 2020, under the presidency of Saudi Arabia, more than 145 policy briefs have been prepared by over 900 authors, from more than 150 institutions and

## THE THINK TANK COMMUNITY HAS UNITED TO SHARE LESSONS LEARNT IN DEALING WITH THE CONSEQUENCES OF THE PANDEMIC.

69 countries around the world. In the next two months the Policy Briefs will be published, the T20 Communiqué will be finalized and issued, and the T20 Summit Season –a series of webinars in which each Task Force will discuss the key issues and recommendations identified over the course of the year, concluding with a two-day virtual conference on October 31st – November 1st.

Since Argentina's G20 presidency in 2018, the year in which the Center for the Implementation of Public Policies Promoting Equity and Growth (CIPPEC) co-chaired the T20 network with the Argentine Council for International Relations (CARI), both organizations have been deeply involved in the process. Together with other think tanks from Argentina and the region, they seek to take part in key discussions and provide the Global South's perspective. This year, both Julia Pomares, CIPPEC's Executive Director, and Gustavo Martinez, CARI's Managing Director, are part of the T20 Saudi Arabia 2020 Advisory Board representing the T20 Argentina under the Saudi presidency.

In this context, the Argentine network of experts from both CARI and CIPPEC has focused its involvement on several of the issues being addressed by the different Task Forces: how to tackle the challenges in education in a post COVID-19 world, when 1.6 billion students have been affected by school closures worldwide this year; the need to set minimum levels of social protection, which has a vital importance, as country GDPs have been severely hit; and the impact of the pandemic on the digitalization of labor markets, AI global governance; the impact of the pandemic on employment, social cohesion, the financial situation of countries and their companies, as well as on global trade.

Unilaterally responses will not be successful. Global cooperation becomes essential because solutions are very costly in terms of human lives, and in social and economic terms. At a local level, the development of a new Welfare State is necessary; at a global level, new and more empowered international institutions are needed. ■

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