

*Trade & Investment*

ARGENTINA, A  
LEADER IN  
DEVELOPMENT  
AND THE  
EXPORT OF  
KNOWLEDGE

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*Technology*

SPACE  
COOPERATION  
WITH THE U.S.,  
PROGRESS  
AND  
OPPORTUNITIES

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*G-20*

ANOTHER GREAT  
OPPORTUNITY FOR  
THE G20

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EMBASSY OF ARGENTINA, WASHINGTON, D.C.

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## ARGENTINA, A LEADER IN DEVELOPMENT AND THE EXPORT OF KNOWLEDGE

Knowledge-based Services (KBS) -those intensive in medium and highly qualified human capital, and whose provision requires the use of information and communication technologies- represent a powerful engine for economic growth. Its dynamic nature stems both from its high demand for qualified talent, and by the fundamental role it plays in absorbing and

spreading knowledge, which contributes to enhance the economy's productivity through linkages between the different sectors.

Argentina occupies a leadership position in the Latin American context. It is the source of five of the sixteen unicorns in the region. With more than 40 technology hubs, it is the main exporter of



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 active role of Argentina in promoting the knowledge industry and its great competitive advantages in Latin America.

This edition also includes an article on a webinar organized by CompTIA-Sec and the Embassy of Argentina about Space Cooperation between U.S. and Argentina.

Finally, an article on the G-20 and its historic opportunity to provide response that alleviates the adverse social effects of the COVID-19 pandemic.

Jorge Argüello  
Ambassador to the United States

## OUR COUNTRY RANKS THIRD IN LATIN AMERICA WITH THE MOST COMPANIES IN THE FINTECH SECTOR, CURRENTLY MADE UP OF 190 COMPANIES.

software, computer, and audiovisual services of Mercosur, according to the Knowledge Economy Observatory, and the leading exporter of software in Latin America. Global Services are the third largest export complex in the country, with more than \$6.1 billion dollars exported in 2019 (Indec, 2020), the main destination for these services is the United States, since the U.S. market accounts for one out of every two dollars sold abroad.

It should be highlighted that the Argentine State plays an active role in promoting the sector, since it grants incentives to the companies that comprise it, thereby boosting the generation of new investments and improvements to existing services and promoting sales abroad. The recently enacted Knowledge Economy Law features the type of incentives implemented in this regard.

**At the service of knowledge.** The knowledge industry is a mature sector in the country; its origin dates back more than a decade. It is currently made up of more than 5,000 software companies and other technical and cultural services. The most important variable for understanding the growth of the sector and its potential, employment, has increased by 47.8% between 2009 and 2018 (almost 6% last year). During the past 10 years, revenues from abroad grew at an annual rate of 7.2% on average.

Argentina has great competitive advantages in Latin America (LATAM) when developing and exporting global services. It stands out for the quality of its human resources and for having a time zone similar to that of the United States. The country has a highly qualified workforce that possess enhanced language skills, and it ranks first in LATAM and nineteenth in the world in the use of English.

Our country also ranks first globally for its technological abilities (Global Skills Index, Coursera), followed by the Czech Republic, Austria, Spain, and Poland. In this regard, the Harvard Business Review publication points out that “Argentina has developed a successful model that includes having its universities focus on teaching practical technology skills, and also has partnerships with governments to spur entrepreneurship.”

Financial services are the main service export item, followed by software and IT. Together they account for 50% of this sector’s sales abroad. The United States is the main destination, with a 49% share, followed by the LATAM countries.

Argentina ranks third in Latin America as the country with the most firms in the Fintech sector, currently made up of 190 companies. In this sector, the Fintech B2B services stand out in particular: they aim to generate financial services and provide the required technology, which usually involves complex procedures and specialized software. The number of companies doubled in the last year, while job opportunities in the sector tripled.

On the other hand, Argentina has around 130 video game studios. It is an eminently federal industry since it is located in different provinces

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such as Buenos Aires, Córdoba, Santa Fe and Mendoza.

**A new driver.** In order to continue promoting new technologies and fostering growth in the export of services, the Argentine government recently passed the Knowledge Economy Law.

It covers the software, nanotechnology, biotechnology, audiovisual, aerospace and satellite industries, engineering for the nuclear industry and robotics, among other activities.

The law provides diverse benefits, by reducing labor costs from 70% to 80%, and a lowering the income tax rate, according to a percentage that varies depending on the size of the company.

The new legislation aims to double jobs in the sector and multiply exports by two and a half times -going from \$6 billion at present to \$15 billion- while committing to an inclusive and federal industrial development that promotes female employment and diversity.

The quality of our human resources, Argentina's geographical and cost advantages, and the government's determined support, make the knowledge industry one of the most interesting sectors for attracting investment and exporting services.





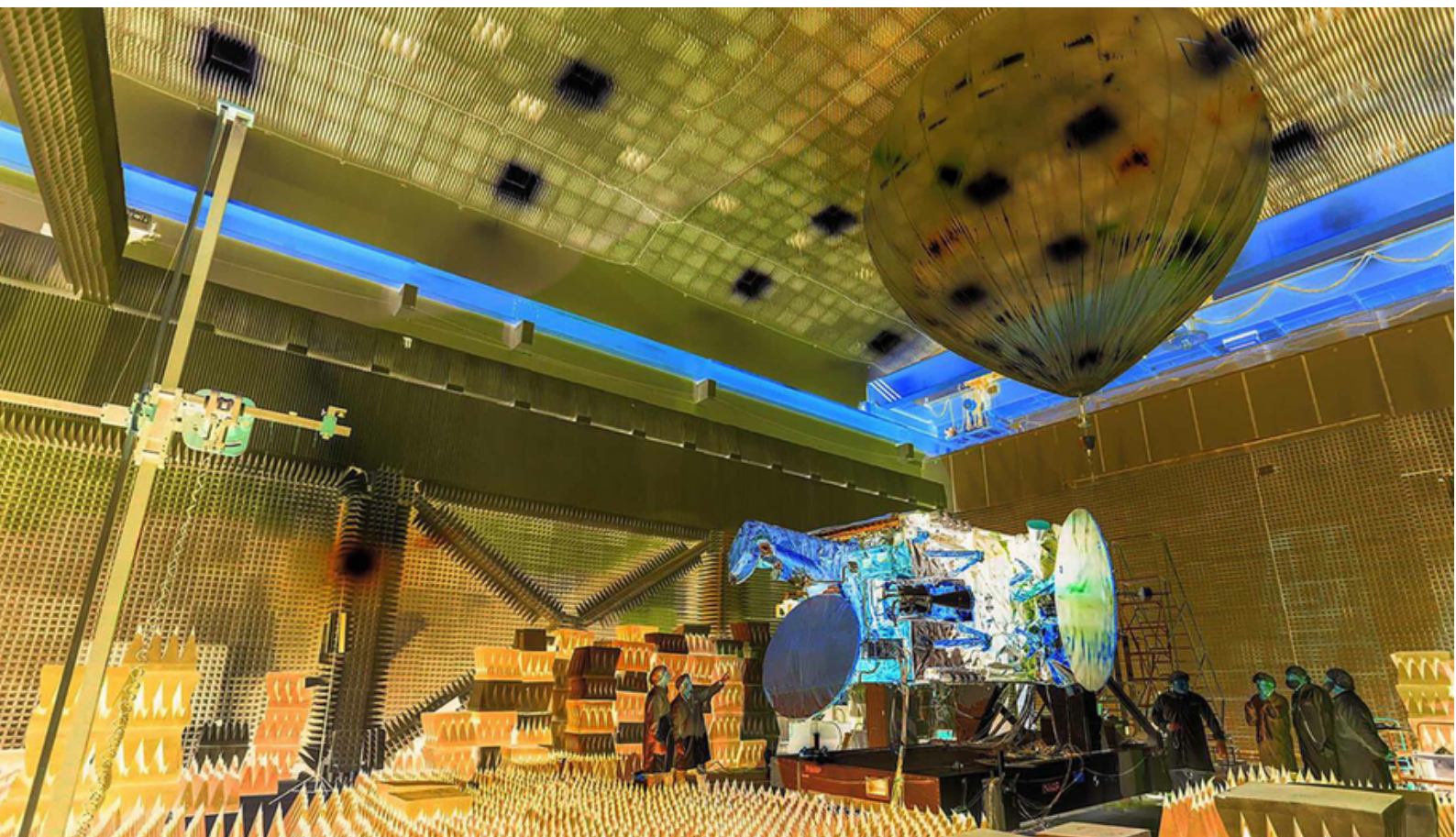
## SPACE COOPERATION WITH THE U.S., PROGRESS AND OPPORTUNITIES

Argentina and the United States have longstanding cooperation in the space sector that has remained strong for decades, and that is a model example of collaboration among government agencies. The Argentine satellite industry has been growing during the past decades thanks to the impulse given by CONAE, which through its numerous projects was promoting the development of specialized companies that were acquiring capacity and technology. Today these companies have the technology and the ability to expand their horizons and go out into the world to offer their products and services. Space cooperation between Argentina and the United States provides the basis for promoting greater collaboration between companies of both countries.

Last July, a new chapter of that cooperation opened when a group of Argentinean companies from the satellite and aerospace sector signed a MOU with CompTIA-Space Council (SEC), which includes more than 30 of the most important companies in the sector in the United States. This MOU was a milestone in the cooperation among industries and a new roadmap for mapping commercial opportunities and joint innovation projects.

As part of that roadmap, last October 22nd, a group of Argentinean companies that subscribed to the MOU: INVAP, VENG, DTA. S.A, ARSULTRA, SATELLOGIC, and the CARAE, together with the Argentine National Space Activities Commission (CONAE by its signals in Spanish), participated in a webinar organized by CompTIA-Sec and the

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## THE ARGENTINEAN NATIONAL SPACE PLAN HAS BOOSTED COMPANIES' CREATION AND GROWTH TO DEVELOP INNOVATIVE SPACE TECHNOLOGIES.

Embassy of Argentina called "An In-Depth Look at the U.S.-Argentina Space Cooperation: Current Progress and Future Opportunities."

The Argentinean and U.S. companies exchanged about their current capabilities, products and services, and how both industries can cooperate in the area of "space economy." On the U.S. side, the companies present were New Route, Viasat, GEOShare/Milo Institute, and Oakman Space. David Turner, Director of the Office of Advanced Technologies and Space of the State Department, highlighted the long history of cooperation with Argentina and described it as the most important in South America.

The opening remarks to the event were given by the Argentine Ambassador to the United States, Jorge Arguello, who highlighted the long history of cooperation between both countries in the sector and the importance of mapping commercial opportunities between companies from both countries, due to the economic and social effects that the development of the sector brings, intensive in knowledge and technology, capable of generating changes in the quality of life in addition to motorizing production and the generation of added value in the industrial networks.

The Executive and Technical Director of CONAE, Raúl Kulichevsky, presented the Argentinean National Space Plan and how it has boosted companies' creation and growth to develop innovative space technologies.

Many of those companies were present in the webinar presenting their specific capabilities, with highly skilled human resources and developed under the "wing" of the CONAE. Raúl Kulichevsky mentioned this "Nowadays, Argentina has a mature group of companies that can take advantage of the cooperation with the US private sector. Not only the ones that work under the National Space Program but also other companies like Satellogic that are doing an excellent work with the private sector of the U.S."

Mr. Kulichevsky added that "From CONAE, we are committed to supporting Argentina's private sector. We also celebrate this first step for the possibility of working together with the Argentine and U.S. companies. We will accompany and support the process."

David Logdson, Executive Director of CompTIA-SEC, mentioned, "Argentina is such a compelling country to partner with, that has the ideal ecosystem and focus on a 21st-century workforce. The satellite platform that brings that data ecosystem to Argentina and takes that data to knowledge and action that grows the economy means a very compelling partner for the United States. This is the first of many steps as we move forward."

The Embassy of Argentina will continue working closely with the Argentine companies so that this relationship grows and the identification of joint commercial opportunities for traditional and innovative space technologies, goods, and services in the international space market.





Sherpa, Ambassador Jorge Argüello (right), and Sous Sherpa, Eduardo Tempone at the 3rd. Sherpas Meeting, held from October 27 through 29.

## ANOTHER GREAT OPPORTUNITY FOR THE G20

By Ambassador Jorge Argüello.

The Group of 20 (G-20), created in 2008 to coordinate with unparalleled speed the common efforts of the developed and emerging countries in addressing that huge financial crisis, now faces an even greater test due to the COVID-19 pandemic, but also a unique opportunity to provide global governance the conditions for development and inclusion that these complex new times require.

The pandemic, which has already left more than a million people dead and inflicted unprecedented damages to the world economy, forced the G-20 early on to rethink the XV Leaders' Summit's agenda in Riyadh (November 21 and 22), on which the Sherpas, finance ministers and central bank governors of the 19 member countries, including Argentina, plus the European Union, worked on.

In March, as soon as the pandemic began to spread from East to West, the leaders of the G-20

promptly put in place the virtual international summits, thereby reorienting the priorities of Riyadh 2020. There, President Alberto Fernández proposed a "Global Solidarity Pact", and as part of this extraordinary cooperation effort, universal access, and a suitable distribution of vaccines against COVID-19 are currently in their final phase.

In strictly economic terms, at that first virtual summit the G-20 leaders pledged to "do 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."

The representatives of the G-20 countries were put in charge of debating and designing a set of coordinated measures that could be taken immediately. The situation was very adverse,

characterized by cross trade wars and strong questions arose regarding multilateral organizations such as the WTO.

Even so, since then, in dozens of virtual meetings, the Sherpas, ministers and engagement groups of the G-20 have analyzed alternative coordinated actions on health, work and employment, trade and investment, agriculture, education, tourism, digital economy, development, environment and climate change, energy and finance.

The options discussed, some with a consensus and others which have not reached a basic agreement, will be addressed by the leaders in November.

Before that, the finance ministers and central bank governors will update an Action Plan that includes not only fiscal and monetary policies that allow the global economy to recover in a sustainable and inclusive way, but will also strengthen the health defense of a planet exposed to new pandemic and all its consequences.

Meanwhile, the new economic, social and health reality imposed by COVID-19 can be seen. According to the IMF global economic growth will contract 4.9% this year and hours worked will fall 14% in the second quarter alone, which represents 400 million jobs and poses a social impact with inevitable political echoes in our democracies.

In particular, in Latin America the regional GDP will shrink by 9.4% on average, the largest contraction on the world. The income of 53 million people will fall below the regional poverty line (\$5.50/day) and could be even worse under more negative scenarios, as estimated by the World Bank last June. This, in a context of inequality that has continued to worsen.

The pandemic affected the whole world, but its impacts are different and pose specific challenges in emerging economies that go beyond those experienced by the most advanced ones.

At present some of those challenges include high levels of informal economy, inequality, more limited fiscal policy spaces, capital outflows, falling commodity prices, rising sovereign credit spreads, and currency depreciation.

And this is where the political will and coordination capacity demonstrated by the G-20 since 2008 needs to increase even more. This forum, which arose to enrich the questioned multilateral system born in the 20th century, may today be our best antidote to the COVID-19 crisis and a valuable cooperation tool for decades to come.

The G-20 faces an historic opportunity to provide a concrete and lasting response that alleviates the adverse social effects of the COVID-19 pandemic in the short, medium and long term, increasing resilience and preparing both developing and developed countries to face future crises.



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

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