

Finance

ARGENTINA SUPPORTS
JANET YELLEN'S CALL
FOR AN
INTERNATIONALLY
AGREED MINIMUM
GLOBAL CORPORATE TAX
RATE

## ARGENTINA IN FOCUS

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Secretary of State Antony Blinken (left) and Foreign Minister Felipe Solá (right)

## FIRST DIALOGUE BETWEEN MINISTER FELIPE SOLÁ AND SECRETARY ANTHONY BLINKEN

On April 2, Foreign Minister Felipe Solá held a telephone conversation with Secretary of State Antony Blinken, thereby building up on the high-level conversations that began with the first telephone contact between President Alberto Fernández with then-President-elect Joseph Biden, on November 30, 2020.

Secretary Blinken has repeatedly referred to the need to "reaffirm and reimagine the alliances" of the United States.

Those responsible for our countries' foreign relations clearly expressed, during a very constructive dialogue that lasted almost an hour, their commitment to deepen and enrich a bond based on one of the most solid pillars of this will: the scope and breadth of our shared values.

Among the many issues addressed, the fight against climate change deserves to be highlighted. The parallels between both countries, and the drive and leadership on this



Once again, I share with you the latest edition of our Embassy Newsletter. This edition includes an article about the telephone conversation held on April 2 between U.S. Secretary of State Antony Blinken and Foreign Minister Felipe Solá.

In this edition we include an article on the first virtual event organized by the Argentine Embassy, together with the Wilson Center and the Inter-American Development Bank, to analyze the outlook for the Argentine lithium industry.

Finally, an article on U.S. Treasury Secretary Janet Yellen's remarks on the need to globally agree on a level playing field to stop an ongoing process that she described as a "destructive tax competition" between countries.

Jorge Argüello
Ambassador to the United States

AMONG SOME OF THE MOST WELL-KNOWN EXAMPLES OF THE CONVERGING VIEWS ARE MULTILATERALISM AND ITS INSTITUTIONAL FRAMEWORK, WITH SPECIAL RELEVANCE IN THE FIELD OF HEALTH GIVEN THE CURRENT SITUATION.

issue that they respectively exercise, including in the implementation of the Paris Agreement, led to an exchange of mutual consideration, in which the participation of President Fernández in the next Leaders Summit on Climate was confirmed; he was invited, along with 39 other heads of State, by President Biden. The United States pondered on the role that Argentina can play in Latin America regarding this existential challenge faced by the entire international community and is a priority.

"America is back," declared President Biden last February. The challenges of the global scenario and the renewed US commitment made it possible to ratify diverse understandings. Among some of the most well-known examples of these converging views: multilateralism and its institutional framework, with special relevance in the field of health given the current situation, as well as other issues of vital sensitivity, such as nuclear non-proliferation.

Finally, both parties clearly stated their diplomatic commitment to democracy in the region. The capacity that President Fernández has shown for dialogue, in a troubled era full of uncertainty and polarization, undoubtedly constitutes an asset that contributes to a way to address the challenges we face in the hemisphere.

A dialogue with so many coincidences between the heads of our respective diplomacy enables us to be optimistic that we will be able to reaffirm, reimagine and strengthen our bilateral relationship for the benefit of our peoples.

## LITHIUM, A BRIDGE BETWEEN ARGENTINA AND THE UNITED STATES

On April 7, the Argentine Embassy, together with the Wilson Center and the Inter-American Development Bank, organized a high-level virtual meeting to analyze the outlook for the Argentine lithium industry and its role in transforming the global energy matrix. The event was the first in the Argentine Embassy's "Federal Agenda" program that seeks to shed light in the United States about the investment and trade opportunities offered by the different Argentine provinces, from a federal perspective.

Among other distinguished panelists, officials from the national and provincial governments participated in this event: the Minister of Productive Development, Matias Kulfas; the Secretary of Mining, Alberto Hensel; and the governors of the three Argentine provinces that

are part of the "Lithium Triangle": Gustavo Saenz (Salta), Gerardo Morales (Jujuy) and Raúl Jalil (Catamarca).

These governors represent diverse political forces that are united in pursuit of a shared objective: increasing Argentina's participation in the lithium value chain, thereby contributing to address the existential challenge that climate change poses to humanity.

In his introductory remarks, Benjamin Gedan, Director of the Argentina Project at the Wilson Center, highlighted the potential of the region and Argentina in particular, stating that there are "concrete signs of a promising advance within the framework of the renewable energy revolution and the actions aimed at combating climate change".

First event in the Argentine Embassy's "Federal Agenda" program organized with Wilson Center and the Inter-American Development Bank.



IT IS ESTIMATED THAT BY 2030
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For his part, Ambassador Argüello stressed that "at present, lithium represents a bridge between Argentina and the United States, where investment, trade and cooperation are essential", adding that the country has "an opportunity to attract large investments to increase lithium production, but the biggest challenge will be to develop the derivative industry so that the country can play a leading role in the links that make up the long lithium chain."

Mining Secretary Hensel described the elements that make Argentina the first investment destination in the region, including an abundance of resources, skilled labor, and an attractive legal framework.

Raul Jalil, Governor of Catamarca, highlighted the creation of the National Lithium Round Table, as a coordination space to provide effective responses to the different challenges involved in the exploitation of this resource, including a better quality of life in the communities involved.

Gustavo Saenz, Governor of Salta, also stated his appreciation for the coordination between the country and the provinces to lay down clear rules for all those who decide to invest. He made reference to approximately 20 projects, of which three are currently in the construction stage, nine in the exploration process, and the remainder are in the preliminary steps to begin exploration in his province.

Gerardo Morales, Governor of Jujuy, explained that his province contributes 17,500 tons and that with the planned investments of \$300 million (Orocobre) they will produce 42,500 tons in the second half of 2021. The basic rules established by the province to promote a favorable environment for investment are fiscal stability, legal certainty, and an effective control of the environmental impact. Likewise, Morales stressed the importance of holding assemblies with local communities as part of the social responsibility process.

Today Argentina exports 40,000 tons of lithium carbonate, a figure that could triple or quadruple in a short time. However, the greatest challenge is to add value and generate quality jobs.

It is estimated that by 2030 the demand for lithium could rise to 1,800,000 tons per year - tripling the current demand - and that Argentina could contribute 17% to the worldwide supply. Argentina is already the third largest producer on a global scale. As Minister Matías Kulfas highlighted, this "white gold" represents an opportunity to create quality employment and added value on Argentine soil.

Minister Kulfas stated that Argentina seeks to become a "technological producer", based on a local industrialization of the lithium chain as an essential resource for an energy transition and the so-called "green revolution" underway throughout the world. Kulfas also mentioned that private investors play a key role in driving investment, with a State as a guide and strategic facilitator of these investments, a vision shared with the provinces as the owners of natural resources in Argentina. In this way, they can jointly advance in a comprehensive development of the lithium chain, add value, and develop

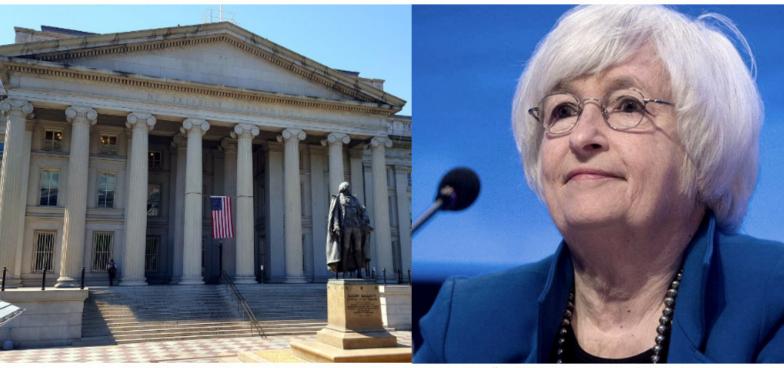
TODAY ARGENTINA EXPORTS 40,000
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science and technology linked to the industrialization of this mineral.

The Minister also highlighted that a new electromobility regime that the Government hopes to enact into law in 2021 will offer "fiscal and tax incentives to promote this investment, as well as incentives for buying electric vehicles with one main requirement: that some of the manufacturing components be made in the country to strengthen the value chain in the country and the region".

Paul Graves, CEO of LIVENT, highlighted sustainability in the development of this resource, as a distinctive aspect of production in Argentina.

Graves explained that his company has invested in Argentina for more than three decades and that it obtains its resource using a sustainable process that minimizes the impact on the surrounding ecosystem by returning the brine to the surrounding habitat. In turn, it provides educational programs in the local community. For these reasons, BMW, the world's first car manufacturer to join the Initiative for Responsible Mining Assurance (IRMA), signed a contract of around \$300 million with LIVENT to acquire lithium for its automobiles' batteries.



Janet Yellen, U.S. Treasury Secretary. Photo credit: TELAM

## ARGENTINA SUPPORTS JANET YELLEN'S CALL FOR AN INTERNATIONALLY AGREED MINIMUM GLOBAL CORPORATE TAX RATE

Janet Yellen, U.S. Treasury Secretary, made remarks of huge importance last week regarding the need to globally agree on a level playing field to stop an ongoing process that she accurately described as a "destructive tax competition" between countries, which results in fewer resources to invest in infrastructure and other essential public goods. This is a dynamic in which, strictly speaking, everybody loses.

This was important due to the role that Yellen occasionally plays as Treasury Secretary, but also because of the established authority of her position and expertise on these issues.

In an opinion column published in the April 8 edition of The Wall Street Journal, Janet Yellen explains her critical questioning of the trend to

progressively decrease taxes on companies as follows: "lower rates, the argument went, would lure production and investment to our shores, but that hasn't happened- and for an obvious reason: Other countries see what we are doing and respond. When they see us lower our rates, they lower theirs to undercut us. In the end, no nation ends up more competitive. The result is a global race to the bottom: Who can lower their corporate rate further and faster? (...) Destructive tax competition will only end when enough major economies stop undercutting one another and agree to a global minimum tax".

We share this diagnosis -with regard to global incentives for a destructive tax competition, as on matters of tax policy in the United States, it is not our place to voice an opinion- and its framework

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of a solution: the way out of this prisoner's dilemma is to understand, in a reasoned manner, the dynamics of this problem and in consequence, approach a coordination exercise in international forums to define rules of the game that lead to a better outcome for all. As Pope Francis teaches us, no one is saved alone.

Likewise, Argentina has a solid tradition of promoting cooperation in tax matters at an international level. We have been among the most active members at the OECD Global Forum and in discussions at the G20 to mitigate the harmful impact of tax havens and noncooperative jurisdictions on the global economy, and have actively worked on, for example, the development of standards regarding exchange transparency and the of tax information. Also, since its inception, we have participated in the initiative known as BEPS, Base Erosion and Profit Shifting, at the OECD.

As President Alberto Fernández has expressed in different forums, the challenge of our time is to build a more humanitarian capitalism that necessarily implies strengthening the ties of solidarity in the international community. Initiatives such as those outlined by Janet Yellen,

even in their embryonic stage, will undoubtedly contribute to the path that lies ahead of us to build a better world.

The Argentine Minister of Economy, Martín Guzmán, expressed his position using the following arguments: "Tax avoidance and evasion by multinational corporations constitute one of the most toxic aspects of globalization. A fair tax policy for multinational companies is a prerequisite to be able to build the type of societies we aspire to. Tax systems need to reflect this principle so that countries can grow in an equitable and sustainable way, improving the living standards of the great majority (...) For a very long time, the international institutions managing have been unable to deal with this problem properly. What we are beginning to see in recent weeks could constitute a reversal in global trends. We must work collectively within multilateralism for this changing trend to take hold. It would be the most effective way to have a more equitable income and wealth distribution".

Consequently, Argentina adheres to the opinions expressed by the Treasury Secretary Janet Yellen and shares the rationality of her proposal as well as the values it involves. We will support the initiatives that are eventually proposed on international tax cooperation by the G20 and in specialized forums.

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