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ARGENTINA IN FOCUS

EMBASSY OF ARGENTINA, WASHINGTON, D.C.

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BILATERAL RELATIONS | ARG IN FOCUS



Presitent Alberto Fernández and Juan González, Special Assistant to the President and NSC Senior Director for the Western Hemisphere (right)

VISITS, WORDS, GESTURES AND SYMBOLS THAT STRENGTHEN THE BILATERAL RELATIONSHIP

On January 20, the Biden-Harris Administration began the mandate conferred on it by the will of the people. The pandemic, other emergencies and the many internal priorities in a context so fraught with challenges, have been the main focus of the Administration's attention as it nears its first 100 days in office.

The United States' diplomatic deployment has expanded and intensified in recent weeks. As to its relationship with Argentina, in a period of twenty days, the signals, gestures and contacts have multiplied at the highest level: President Alberto Fernández received an invitation from President Joseph Biden to participate in the Leaders Summit on Climate, along with 39 other Heads of State and Government; Foreign Minister Solá held an extensive telephone conversation with Secretary of State Anthony Blinken; and there were two high-level visits to our country during the past week.

Between April 7 and 9, the Southern Command Commander, Admiral Craig Faller, visited Buenos Aires and Ushuaia. He met with the Minister of Defense, Agustín Rossi, and the head of the Joint



Dnce again, I share with you the latest edition of our Embassy Newsletter. This edition includes an article about the intensification of the diplomatic relationship between the governments of Argentina and the United States.

In this edition we include an article on the virtual event with the Secretary for Economic Policy, Fernando Morra, with members of the US Chamber of Commerce.

Finally, an article on the participation of Juan Cabandié, Minister of the Environment and Sustainable Development, on the virtual event organized by the Wilson Center's Latin America Program: "Environmental Leadership: Latin American Perspectives on the Climate Crisis".

Jorge Argüello Ambassador to the United States MORE THAN 50 PERCENT OF ARGENTINA'S BUDGET FOR MILITARY EQUIPMENT IS USED TO ACQUIRE MATERIAL ORIGINATING IN THE UNITED STATES.

Major Command of the Armed Forces, General Juan Martín Paleo. The relationship is close; more than 50 percent of Argentina's budget for military equipment is used to acquire material originating in the United States. In fact, the Argentine Ministry of Defense has the largest representation abroad in the United States.

Likewise, on April 13 and 14, Juan González, Special Assistant to the President and NSC Senior Director for the Western Hemisphere, and Julie Chung, Department of State Acting Assistant Secretary for Western Hemisphere Affairs, visited Argentina. They were received by President Fernández, accompanied by Foreign Minister Solá and the Secretary for Strategic Affairs, Gustavo Béliz, for lunch, and with whom they also held working meetings. Regional priorities, the need to cooperate to effectively address the challenges of the climate crisis and COVID-19, threats to democracy, human rights and security in our hemisphere and around the world, were part of their discussions.

Juan González delivered a personal letter from President Joe Biden to President Alberto Fernández, who is already in clear recovery after having undergone a COVID contagion without major setbacks.

Diplomatic dialogue also includes words, gestures and symbols. Both this Embassy and the United

States Embassy in Buenos Aires have actively worked to promote these enriching, ongoing, and varied events that have strengthened our bilateral ties in a short period of time. We share the political will to enhance the build-up of a cooperative and diversified relationship, based on mutual values and our many converging interests. ■

VIRTUAL MEETING WITH THE SECRETARY FOR ECONOMIC POLICY, FERNANDO MORRA, AT THE US CHAMBER OF COMMERCE

On April 14, Fernando Morra, Secretary for Economic Policy, participated with Ambassador Jorge Argüello in a virtual meeting with Neil Herrington, Vice President for the Americas Department of the USCC, Isabel Quiroz, Executive Director of the Argentina-United States Business Council, and representatives of the companies that make up the US Chamber of Commerce.

In his presentation, Secretary Morra presented a detailed analysis of Argentina's macroeconomic prospects. In particular, he highlighted the process of recovery of economic activities that has been going on for nine consecutive months, although it is a heterogeneous process in which the goods sector already exceeds its prepandemic levels, while the services sector on average has not yet recovered the level it had

before the pandemic, particularly in sectors related to hospitality (restaurants, transportation, tourism). However, all sectors are on track with the recovery of the Argentine economy, albeit at different speeds.

According to the Secretary, the second wave of COVID-19 represents a challenge for recovery, although the comparative experience seems to show a lesser impact on the economy of the region vis-a-vis the first wave of infections registered in 2020.

On the other hand, Secretary Morra highlighted the positive effect of a series of fiscal measures that in 2020 mitigated the serious social and economic consequences of the pandemic. In this regard, the economic recovery with its impact on real growth of

USARGENTINA

BUSINESS COUNCIL

Virtual Meeting organized by the US Argentina Business Council of the US Chamber and the Argentine Embassy

MEASURES ADOPTED FOR THE PROMOTION OF EXPORTS

Regime to Promote Investments for Exports

 Companies that make an investment of over USD 100 million are allowed to access the foreign exchange market for up to 20% of foreign currency obtained from exports related to the project.

> Promotion Regime of the Knowledge-Driven Economy

 Tax benefits to companies that fulfill certain requirements, such as exporting goods or services derived from knowledge-based activities (0% export taxes for knowledge-based services).

> Export duties

Herrington, N. 🗞

 Maximum tax rate of 8% for mining and energy. For the industry sector, differentiated export duties according to the value added (3% for processed inputs and 0% for final goods). For the automotive industry, there was a decrease to 0% of export taxes for final goods incremental exports and a generalized decrease for intermediate goods.

Plan of Promotion of Argentine Natural Gas Production

Preferential export conditions would be offered for up to 11MMm3/d, exclusively during the non-winter period, and
access to the foreign exchange market for the repatriation of direct investments, their profits or for the payment of
debt obligations.

THE SECOND WAVE OF COVID-19 REPRESENTS A CHALLENGE FOR RECOVERY, ALTHOUGH THE COMPARATIVE EXPERIENCE SEEMS TO SHOW A LESSER IMPACT ON THE ECONOMY OF THE REGION VIS-A-VIS THE FIRST WAVE OF INFECTIONS REGISTERED IN 2020.

tax collection, together with the reversal of temporary fiscal stimulus measures, will allow us to experience a drop in the primary fiscal deficit this year. This decline is expected to go from a deficit of 6.5% of GDP in 2020 to a projected deficit of 4.2% of GDP in 2021. The 2021 budget foresees an expansion in capital expenditures, which will strengthen the virtuous cycle of recovery, growth and convergence to fiscal consolidation over time.

Likewise, Secretary Morra underscored the importance of strengthening reserves, with the trade account surplus being a key element in this strategy, as it will gradually provide greater flexibility to capital account controls, as the level of reserves increases.

Among the policies designed to enable a greater foreign currency inflow and increase the dynamics of the export sectors, Morra listed the main policies through which Argentina will seek to mitigate the external restrictions posed by the current economic context:

- 1) Promotion of Investments for Exports Regime
- 2) Promotion of the Knowledge-Based Services Regime
- 3) Natural Gas Promotion Plan
- 4) Hydrocarbons Promotion Plan
- 5) Agro-Industrial Inter-Ministerial Board

For his part, Ambassador Jorge Argüello highlighted the high point of the bilateral relationship, characterized by a fluid dialogue between both administrations and diverse contacts that have taken place at the highest level, including the dialogue between President Alberto Fernández and then-President-elect Joseph Biden at the end of last year; the extensive and fruitful telephone conversation between Chancellor Felipe Solá and Secretary Anthony Blinken earlier this month; and the recent visits to Buenos Aires by Juan González, NSC Senior Director for the Western Hemisphere, and Admiral Craig Faller, Commander of the U.S. Southern Command.

CLIMATE CHANGE | ARG IN FOCUS



"Environmental Leadership: Latin American Perspectives on the Climate Crisis", Wilson center's program on April 12.

MINISTER JUAN CABANDIÉ AT EVENT ON ENVIRONMENTAL LEADERSHIP ORGANIZED BY THE WILSON CENTER

On April 12, Juan Cabandié, Minister of the Environment and Sustainable Development of Argentina, together with ministers and authorities from Latin American governments and the United States government, participated in a virtual event organized by the Wilson Center's Latin America Program: "Environmental Leadership: Latin American Perspectives on the Climate Crisis".

On that occasion, Minister Cabandié reaffirmed the will of the Argentine government to prioritize to its climate change agenda; in this regard, internal discussions have been actively supported and progress made on regulations that reinforce this prioritization. Among these advances, the adoption of the Law of Minimum Budgets for Adaptation and Mitigation to Global Climate Change and the creation of the National Climate Change Cabinet can be highlighted. Another achievement is the preparation and presentation of a new Nationally Determined Contribution (NDC) to cut emissions to nearly 26% lower than the one presented in 2016. Likewise, the Environmental Education Law being discussed in Congress was approved by the Lower House, and once it passes, the idea is to teach this subject at all educational levels to promote critical thought among citizens through the teaching of environmental content.

The government is also promoting a legislative project that improves the forest law to reduce the rate of deforestation in our forest basins and includes the clearing of forest basins in native forests in the Criminal Code, as well as a law of responsibility to be extended to producers of

THE DISCUSSION ON GREATER CLIMATE GOALS MUST ALSO ADVANCE REGARDING THE MEANS FOR THEIR IMPLEMENTATION.

containers to reduce the amount of these products that end up in rivers and seas.

Within the framework of a firm commitment made by the President, government officials and the country, to advance in regulations and actions, Minister Cabandié also stressed that the discussion on greater climate goals must also advance regarding the means for their implementation.

In the regional context, the problem of the pandemic is amplified in some cases by the debt crisis. Minister Cabandié highlighted the environmental contribution that our ecosystems make to humanity and stressed the need for the most developed countries to comply with the commitment made in Copenhagen in terms of investments in low-income and middle-income countries.

"We believe that countries such as ours, that are debtors in financial terms, are also creditors in environmental terms," said the Minister. For this reason, we must make efforts to build a new financial architecture for low-income and middleincome countries, with the aim of enabling a better, fairer ecological transition, and also accelerating the adjustment of the energy matrix and obtaining compensation for our ecosystems, our forest basins, which are the ones that allow us to capture carbon from greenhouse gases. Finally, the Minister of Environment and Sustainable Development of Argentina expressed his enthusiasm regarding the Leaders' Summit to be held on April 22 and 23, convened by President Biden. This meeting could mark a "before and after" in the collective response to the greatest existential challenge facing humanity. Aware of the need to undertake drastic changes to preserve ecosystems and protect our planet, Minister Cabandié underscored our country's commitment to the success of the Leaders' Summit, stating that the moment for concerted and ambitious environmental action has come.

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