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EMBASSY OF ARGENTINA, WASHINGTON, D.C.

ARGENTINA IN FOCUS

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US CHAMBER OF COMMERCE IN ARGENTINA: WE SUPPORT A VIABLE AND SUSTAINABLE SOLUTION TO THE FOREIGN DEBT OBLIGATIONS

Alejandro Díaz, CEO of AmCham Argentina

I have the pleasure to share with you once again our Embassy's Newsletter. In this issue, we're sharing with you the assessment of the American Chamber of Commerce in Argentina (AmCham Argentina) CEO, Mr. Alejandro Díaz of the debt restructuring negotiations and the positive and prospects for the Argentine economy once a successful agreement is reached.

This number also includes an article on the bilateral trade and investment possibilities for Argentina and the United States that will come with the future growth of the Argentine Economy, once a debt restructuring agreement is achieved.

Finally, you will find an example of the G20's efforts to support the tourism sector and to boost its role as engine of a post-pandemic economic growth.

Jorge Argüello
Ambassador to the United States

We are pleased to see, as the American Chamber of Commerce in Argentina (AmCham Argentina), the gradual progress towards a consensual agreement with the sovereign bonds' holders under foreign legislation, within the framework of the Argentine Debt Restructuring process that we are following very closely. For our members, to reach an agreement in the next few weeks will be decisive in several ways: it will allow the National and Provincial Public Administration to access again to the international credit system, which has been forbidden for the last two years; it will facilitate the private debt's placement in global markets at reasonable rates for national and international companies operating in our country; and finally, the private sector will find in turn the possibility of identifying investment projects that approach the possible conditions of profitability and viability, especially for foreign direct investment.

The agreement will be successful if, on the one hand, it contemplates the possibility and feasibility of its future cancellation and, in turn, a satisfactory consensus acceptance by the main holders of sovereign bonds.



Alejandro Díaz, CEO of the United States Chamber of Commerce in Argentina (Amcham)


Once this stage has been satisfactorily concluded, it is expected that a sustainable economic plan will be prepared and implemented to generate business opportunities and that would be framed within a scenario of macroeconomic predictability and clear rules. It will be necessary to implement economic and fiscal incentives aimed at natural value generators, such as companies. These programs will result in the improvement and availability of greater resources for the State, which will then be able to direct them to social development programs in health, security and education, and to initiatives that accelerate the development of infrastructure in pursuit of a

substantial improvement in the inclusion of the vast sectors of the population that are still affected and marginalized.


Argentina has countless opportunities, which should be promoted through a strategy of integration into the world, competitive manufacturing and the development of knowledge-based sciences. The promotion and investment in innovation and technologies that cut across multiple sectors: agrobusiness, energy, mining, exportable services, will be decisive. Our challenge will be to make the most of our technological, human, scientific and productive resources.

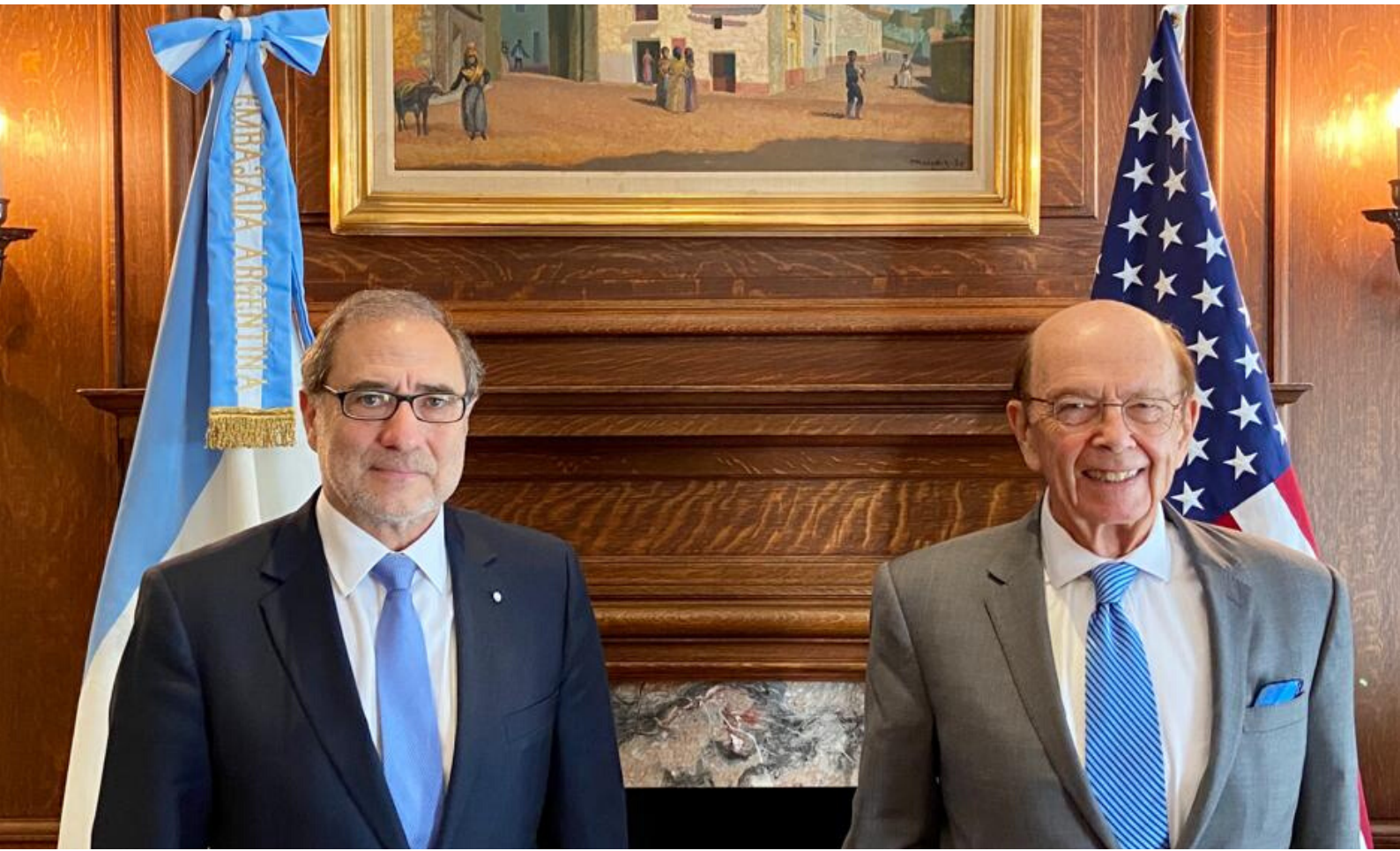
On May 19, 2020, we spoke with the nation's Minister of Economy, Martín Guzmán, in a video conference co-organized with the Argentine Embassy in the United States and by AmCham Argentina and the US Argentina Business Council. We positively highlight the Minister's considerations, who stated that the government is fully committed to restore macroeconomic stability and to make Argentina a country where there is more production aimed at strengthening international commercial relations that will soon foster a better business climate. Likewise, we highlight their plans to build a production structure of which goals will be to achieve sustainable inclusive processes, development and economic competitiveness.

That is why we support our National Government in the search for a viable and sustainable solution to the foreign debt obligations. We hope with optimism to be able to see the culmination of this first indispensable step, in order to then think about the recovery and subsequent economic and social development of our country.



*WE SUPPORT OUR NATIONAL
GOVERNMENT IN THE SEARCH
FOR A VIABLE AND SUSTAINABLE
SOLUTION TO THE FOREIGN
DEBT OBLIGATIONS.*





Ambassador Jorge Argüello and U.S. Secretary of Commerce Wilbur Ross

TOWARDS A NEW TRADE AND INVESTMENT RELATION BETWEEN ARGENTINA AND THE UNITED STATES

This week we welcomed at the Embassy the visit of Secretary of Commerce, Wilbur Ross and his chief of staff, Michael Walsh.

With all the precautionary and social distancing measures in place to address the new normal of a post-pandemic environment, we were pleased to exchange views on a wide range of issues with such distinguished guests.

Argentina and the United States have a long-standing trade and investment relation and it is our shared objective to make such bonds deeper.

There is a strong and historic presence of US companies in Argentina, with approximately 400 companies that employ 140,000 people. Several of them have been doing business in Argentina for over a century. The US market currently ranks third as destiny for Argentina's exports.

On May 19th in the context of a virtual presentation to US Chamber of Commerce members with nearly 1,000 attendees, Minister of Economy Martin Guzman highlighted three critical issues of his agenda, namely: i) an orderly debt restructuring scheme as building block to achieve

macroeconomic stability; ii) a set of policies conducive to job creation, and iii) a set of policies to enhance productivity of firms and enhance dynamism of the Argentine economy in general.

Minister Guzmán was encouraged by the constructive messages he received in this event from a business community that has a long term engagement and commitment with our country as trading partner.

Argentina's new administration is determined to further expand and diversify the productive matrix of our economy, by encouraging new investments in key strategic sectors that will foster productivity, job creation and exports required to resume a trajectory of sustainable growth. In this vein, US investments in Argentina, which are already making an important contribution in a varied range of strategic sectors such as agribusiness, energy, manufacturing, communications, IT, chemical industries, automotive, knowledge based services, tourism, and resilient infrastructure are and will remain to be vital to this process.

We are eager to overcome a situation where trade flows have remained stagnated for quite some time, most likely as a consequence of Argentina's long recession. When the Argentine economy grows, so does the amount of imports of capital goods and inputs which are demanded by the Argentine manufacturing sector. To illustrate the point, the last year of growth in Argentina (2017), the imports of capital goods from the US reached the amount of US\$ 3,148 million, while two years later, with the economy in deep recession, imports of capital goods from the US were marked down to US\$ 1,882 million.

ARGENTINA INTENDS TO FOCUS ON FACILITATING TRADE AND BUSINESS OPPORTUNITIES FOR BOTH COUNTRIES AND CREATING STRONG AND LASTING PARTNERSHIPS WITH THE BUSINESS COMMUNITY.

We are confident that an orderly debt restructuring scheme will be achieved in the next few weeks, and once the debt restructuring is over, the business climate will be more conducive to realize the great potential our investment and trade bilateral relation has. We have to be prepared to seize the opportunity though.

As discussed with Secretary Ross, Argentina intends to focus on facilitating trade and business opportunities for both countries and creating strong and lasting partnerships with the business community.

It is a huge challenge that lies ahead, with the COVID 19 pandemic as main hurdle still among us, but we are confident that if we manage to deliver on concrete initiatives and issues, we will be able to take our bilateral trade and investment relationship to a high level of trust and cooperation. ■

JOINT EFFORTS TO SUPPORT THE TOURISM SECTOR

The whole world is facing an unprecedented challenge, one that demands concrete and joint actions among countries to mitigate the crisis caused by the COVID-19 pandemic.

The tourism and travel industry is one of the most affected and therefore requires a wide-ranging commitment to reduce this impact as much as possible.

According to projections from the Organization for Economic Cooperation and Development (OECD), a 45% decline in international tourism is expected in 2020, which could reach 70% if recovery efforts are delayed until September. For its part, the World Travel and Tourism Council (WTTTC) estimated that up to 75 million jobs are at risk in this sector.

Against this background, on 24 April 2020, the Minister of Tourism and Sports of Argentina, Matías Lammens, participated in a virtual meeting with his tourism peers from the G20 countries, which issued a Joint Ministerial Statement that addresses this situation. The document reflected a commitment to work together to support the sector and highlighted the importance of transnational efforts to mitigate the social and economic impacts of this pandemic.

The G20 Action Plan includes measures to maintain businesses and support households most impacted by the crisis, safeguard employment, and ensure support for developing and low-income countries. In Argentina, the tourism sector was included in the National Government's Assistance Program for Work and Production (ATP) Program.



Accordingly, the impacted companies can postpone or reduce up to 95% of the payments for employer contributions; for the compensatory allowance to wages, through which the State pays 50% of the workers' wages, and a system of credits at 0 interest rate for single tax system payers and self-employed workers, among other benefits.

Over 15,000 tourism sector companies and 175,000 employees will receive this assistance. In the gastronomy sector, 80% of registered employees and 63% of companies registered were included. In turn, 85% of hotel employees registered for this program received the benefit, as did 63% of the registered companies. One of the most impacted areas by the pandemic are the travel agencies. Of those that registered with ATP, 80% received benefits. As for employees, 92% of the total received these benefits.

TOURISM WILL BE A STRATEGIC ENGINE FOR ARGENTINA'S RECOVERY AND DEVELOPMENT IN THE COMING YEARS.

The G20 Ministerial Declaration also established a commitment to ensuring a safe travel environment that helps rebuild consumer confidence in the sector by strengthening regional and international coordination. That is why it seeks to help companies in the tourism sector, especially the micro, small and medium-sized enterprises (MSMEs), entrepreneurs and workers, so they can adapt and prosper in the post-crisis era.

In this regard, biosecurity protocols are being prepared by the Ministry of Tourism and Sports, allowing the tourism sector to adapt to new global demands. These documents, written together with the private sector and the Federal Tourism Council (CFT), a body representing all 24 provinces, aim to implement consistent recommendations for all Argentina, which represent the country's diverse realities.

Likewise, the agency is developing an ambitious initiative: the Tourism Aid, Training, and Infrastructure Plan (PACIT), which allocates a series of specific funds aimed at protecting the tourism sector and preparing it to become one of the engines of recovery. The measures not only respond to the current urgency, but also present a medium- and long-term vision. This plan envisages the creation of three funds whose budget will amount to approximately \$ 53 million.

The first one is the Tourism Aid and Training Fund (FACT), with a budget of \$ 34,5 million, which jointly with the Inter-American Development Bank (IDB) aims to include MSMEs in the hotel and gastronomy sectors, as well as travel agencies. They will be given assistance to help them overcome the current emergency situation by maintaining their payroll and adapting their offerings to tourists in the new post-COVID-19 scenario, through training and improvements in services.

The second one is the Supplementary Fund for entrepreneurs, which allocates \$ 1,5 million pesos to providers of complementary activities such as guides, drivers,

short excursions, and cabin renters. Priority will be given to projects aimed at developing activities in this sector, the promotion of social inclusion and gender equality, innovation and creativity of their tourist offers, among others.

Lastly, the 50 Destinations Plan will grant \$16 million originated in the PAIS tax, of which approximately half a million will be allocated per province to carry out tourist infrastructure works targeted at stimulating this sector, with improvements that enhance the offerings to tourists and promote competition within this sector.

Despite the difficulties facing the tourism industry, which in Argentina employs over one million people, special attention is given on joint efforts undertaken at national and international level to deal with the crisis caused by the coronavirus. At the ministry headed by Matías Lammens, they stressed their conviction that tourism will be a strategic engine for the country's recovery and development in the coming years. ■

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