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ARGENTINA IN FOCUS

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I am pleased to share with you a new edition of the Newsletter of our Embassy. In this issue, we share with you an article by the Minister of Foreign Affairs, International Trade and Worship of my country, Felipe Solá, outlining the course taken by the Argentine Government in its first 6 months in office.

This issue also includes an article on the wine industry and its potential for bilateral trade and investment between Argentina and the United States.

Finally, you will find an example of the G20's efforts, through international cooperation, to promote the proper functioning and strengthening of energy systems.

Jorge Argüello
Ambassador to the United States

SIX MONTHS, ONE DIRECTION

By Felipe Solá, Minister of Foreign Affairs, International Trade and Worship of the Argentine Republic

On June 10, President Alberto Fernández completed six months as head of the Argentine administration. Half of that period under pandemic conditions.

It is a short time in terms of management: only one eighth of the whole four-year mandate.

But, as our friends in the United States already know, six months are enough to confirm a course.

Our contacts with President Donald Trump's administration are strong. President Trump already knows about our appreciation for his support for a sustainable foreign debt agreement. "I have instructed the IMF to work with you", he told Mr. Fernández in November when he had already been elected but not yet taken office. "Tell President Fernández he can count on this president", Mr. Trump assured our ambassador to Washington, Jorge Argüello, in February, when he received his credentials during a ceremony in the Oval Office.

On Monday June 8, during a productive video meeting, I was myself glad to highlight our gratitude to my colleague Secretary Michael Pompeo. And we will meet in person soon.

As you all US readers know, President Fernández did not take that debt with the International Monetary Fund and with private creditors. He inherited it. But you also know that he does not ignore it.



Felipe Solá, Minister of Foreign Affairs, International Trade and Worship of the Argentine Republic

Argentina is only seeking a restructuring that allows to take the weight off our backs of a burden that the IMF itself considers unsustainable. Argentina wants to turn the current debt into a payable debt. What does payable mean? A solution that allows to clean up public finances and give more certainty to both the national and the foreign private sectors. Volatility is a bad scenario for everyone. We urgently need today to provide working capital to companies so that they can continue to generate capital and jobs. That was the situation even before Covid-19. Now the pandemic also turned important into urgent.

As I have just underlined in a fruitful working session with members of AmCham, the United States Chamber of Commerce in Argentina, US investments are ranked first when considered by country of origin. They have been deployed for decades in sectors such as energy, fuels, pharmaceuticals, agribusiness, beverages and articles for daily consumption. Now, there are opportunities ahead in infrastructure linked to production, in large irrigation projects to expand new production areas, in routes, border crossings and the design of multimodal systems that combine trains with trucks. There are also opportunities in high technology industries.

Vaca Muerta is the second shale reserve in the world after the American one. It is true that oil prices collapsed and that, in the short term, prospects are harsh. However, shale cannot be taken as the fever of a day. Will shale era end in the United States? Will renewable energies end soon?

The official criterion to think in the long term and with an open mind may be valid for any sector imaginable for an entrepreneur. I can say it from my own experience. I was Secretary of Agriculture of the Nation, congressman and governor of the huge Province of Buenos Aires. I have always thought that governments should accompany those employers who give jobs, who export and import. This has just happened with exporters of chilled kosher certified meat. The government aid helped them to overcome the logistical difficulties imposed by the pandemic, including facilitating the trip of two rabbis, and Argentine steaks could make it to New York just a day after being packed in La Pampa.

Following the same concept of collaboration, we also assist Argentine biodiesel producers who face restrictions preventing sales to the United States of \$ 1.3 billion -a quarter of Argentina's total exports to the US market. It would be interesting if the end of the story were a review of the countervailing duties orders. I hope this is resolved for the benefit of all.

It is already clear that in the Southern tip of the continent a serious and practical-minded government is in command. A government that embodies a democratic system based on respect for individual guarantees and the possibility of alternation.

President Fernández succeeded, without any institutional shocks, a government of another

ARGENTINA WANTS TO TURN THE CURRENT DEBT INTO A PAYABLE DEBT, ALLOWING TO CLEAN UP PUBLIC FINANCES AND GIVE MORE CERTAINTY TO BOTH NATIONAL AND FOREIGN PRIVATE SECTORS

political sign. Without boasting, there cannot be a stable South America without a predictable Southern Cone. And there cannot be a predictable Southern Cone without a calm Argentina. A realistic analysis reveals that we therefore represent a positive asset for the entire continent. The Covid-19 underscored that even more. As in any democracy, government and opposition argue strongly. However, there were no substantive differences, for example, among the different governors, nor between them and the President, on how to manage social isolation and avoid Covid-19 deaths to the maximum extent possible.

The pandemic will not last forever. The Covid virus will not be able to put a stop to relations between Argentina and the United States. In my view, it is only reasonable to stop to express gratitude and pay tribute. To express gratitude since, as Minister of Foreign Affairs in the times of Covid, I do not want to miss this opportunity to communicate without telling US readers that the help of the United States authorities has been crucial to repatriate Argentine citizens who wanted to return home in the midst of the pandemic. To pay tribute, on behalf of the President, while embracing the relatives of the dead. They belong to all of us as much as only thanks to all will we attain a safe world.



"Las Nubes" Estate in Cafayate, Salta Province—

ARGENTINE WINE, NEW STRATEGIES AMID A PANDEMIC LOCKDOWN

Argentina is a recognized wine producer around the world and reached 5th place in the world ranking of wine production, leading the production in Latin America. The United States is the first country in wine consumption and Argentina is the sixth wine provider, with exports of nearly US\$ 270 million, which represents a share of 4% over the total of US imports.

Being not only one of the world's largest producers, but Argentina is also one of the world's largest exporters and consumer markets in the world. The vast areas available for production -

more than 2,000 km away from Buenos Aires- has caught the eyes of many worldwide recognize winemakers and companies. Apart from Mendoza, the stereotypical wine region from Argentina, Salta, San Juan, la Rioja, and Patagonia offer unique nature of the soils and different altitudes for the development of unique wines, with their distinctive character and footprint.

The attention captured by Argentina's land for grape growing has conquered many international names such as Hess Collection, Michelle Rolland, Pierre Lutar, and Laffite Rothschild.

Particularly, in the case of the U.S., the most paradigmatic case study is the investment made by Paul Hobbes in Mendoza back in 1999. Mr. Hobbes, usually recognized as “The Steve Jobs of Wines” investment and creation of the winery “Vina Cobos” had the 20th anniversary back in 2019. He arrived in Argentina in 1988 and started to work with one of the top wineries in Argentina, Catena Zapata. He fell in love with Mendoza and with Malbec, a grape that was not known outside Argentina at that time. Ten years later, he decided to establish his winery, with great success and was one of the winemakers who led the successful entry of the Argentine wine into the United States market.

But the history of Cobos winery is not the only undertaking that links Argentina and the United States. It is not strange to find U.S. entrepreneurs venturing into land acquisition and production. Such is the case of “Vines in Mendoza” a joint venture between two Argentinean associates and Michele Evans. They invested in 250 acres of land, with the dream of bringing wine lovers closer to the possibility of having their own vineyard and their quality wine.

These, and other joint partnerships, allowed the wine industry to scale business and increase their exports and the services associated with the US industry such as packaging, logistics, importers and distribution, marketing, and sales ventures. In this regard, according to Gromberg-Frederickson, in 2019 the revenues of U.S. businesses on wine imports were of US\$ 24,5 billion. In this, Argentina contributed with 3,5 million cases, being the 5th import origin to the U.S.

MALBEC IS THE FAVORITE GRAPE DEMANDED BY U.S. CONSUMERS AND ALSO OUR MOST ENDEARING “SUCCESS STORY” BUT, DURING THE PAST YEARS, NEW VARIETALS CAUGHT THE EYES OF US CONSUMERS

Malbec is the favorite grape demanded by U.S. consumers but also our most endearing “Success Story”. Consumers can find the most diverse offering of Malbecs across the U.S, from Disneyland and cruise ships to online platforms and restaurants. But, during the past years, new varieties caught the eyes of US consumers such as Torrontés, Cabernet Sauvignon, Cabernet-Franc, Pinot Noir, and new amazing blends, all coming from different regions and terroir that gives to this traditional vines a different and unique taste.

This “other than Malbec wines”, are expanding the offer of quality Argentine wines in the US market. In the case of Pinot Noir, which has a high demand among US consumers, the search for refinement and freshness has led Argentine producers to the high Uco Valley and Patagonia, in search of a cooler climate. With more than 2000 planted hectares, Pinot is now playing a major role in high-class Argentine wine with its subtle aromas, flowing texture, and balanced acidity.

Argentina is also starting to get recognized as a benchmark within the sustainable wine segment and in the luxury wines category as well.

The traditional malbec is also changing, with a tendency to show the unique taste of the different terroirs, especially in the high altitude Uco Valley, from where the best exponents of the traditional Argentine grape are emerging. As they learned more and more about the varietal, vineyards, and terroir, winemakers began to produce more creative approaches, resulting in far more personal and diverse wines, which are now competing against the most famous wine regions around the world.

As we can see, Argentina has a wide and diversified offer of wines to satisfy the most demanding consumers and our Embassy works together with our wineries and wine promotion associations to sponsor our wines and reach US consumers. During this pandemic, there have been some changes in wine sales. Sales off-premise had skyrocketed, and the number of new consumers has grown seven times comparing April 2020 to the same month of the previous year. Frequent and sporadic consumers have also grown, being the main segment of growth the millennials and generation Z.

Given this pick of demand on behalf of consumers, Wines of Argentina, the Argentinean Ministry of Foreign Affairs and the Embassy of Argentina are designing digital campaigns to present the wines offering to the U.S. market, the newest labels, the different wine regions, and micro-regions and the stories behind the different wineries. Since our clients are no longer going to bars or restaurants because of the pandemic, we try to give them experience at home and enjoy access to famous winemakers and master sommeliers.

To unveil the story behind the Argentine wine, the new opportunities, and how this evolution process has taken to where we are today Wines of Argentina launched the campaign "Argentina Breaking New Ground". This campaign embodies the pioneering spirit of the first immigrants that arrived at Argentina, restless winemakers with a passionate character that transferred these characteristics into our wines.

For the upcoming months of June, July, and August, different campaigns with special promotions will be held on different platforms such as Wine.com and Binny's. The Embassy will be also having a webinar with the renowned wine educator Nora Favelukes, regarding the new wine regions, where the consumer will be able to learn about the latest labels coming from micro-regions in the North, Patagonia, and East Coast of Argentina.

For all this, we will be posting in advance each promotional activity in the Embassy social media accounts and website.

We hope you can join us!



TOWARDS ENERGY SUSTAINABILITY

The Saudi Arabia G20 Presidency convened an Extraordinary G20 Energy Ministers' virtual meeting on Friday, 10 April 2020, to foster global dialogue and cooperation. In addition to its direct health and economic and social impacts, the COVID-19 pandemic has also contributed to the destabilization of global oil and gas markets and compromises energy security for many nations.

Building on the Leaders' commitment at their Summit held on March 26, "to use all available policy tools to maintain market stability," Energy Ministers considered ways to ensure that the energy sector continues to make a full, effective contribution to overcoming COVID-19 and powering the subsequent global recovery.

The G20 is a group of major emerging and industrialized economies, a high-level political forum that brings together a heterogeneous set of members.

The Group carries great weight in international energy governance, and accounts for 80 percent of the world's total primary energy consumption and 82 percent of global energy-related CO2 emissions. Thus, decisions and actions of the G20 and its members have the capacity to significantly impact global energy systems.

The Saudi Arabia G20 Presidency addressed the energy agenda through the Energy Sustainability Group. On this occasion, the presidency focused on certain new topics, although it also continues to work on issues that have been mainstays of the energy group in the past.

Thus, the Energy Access and Affordability agenda, which was also promoted by Argentina during its Presidency and focused on Latin America and the Caribbean, is once again a priority during the Saudi Presidency, now focusing on Sub-Saharan Africa.

Extraordinary G20 Energy Ministers' Virtual Meeting to Address Energy Markets Stability



Minister Kulfas attending the Extraordinary G20 Energy Ministers' Virtual Meeting

Just ten years away from the date set for achieving the Sustainable Development Goals of the 2030 Agenda, it is important to make progress to achieve SDG 7 on “Affordable and clean energy” and its targets regarding an increase in renewable energy, improvement in energy efficiency and access. In terms of access, the goal of SDG7 is “to ensure universal access to affordable, reliable and modern energy services”.

According to estimates made by the Saudi Presidency and by Sustainable Energy for All (SE4ALL), 798 million people still lack electricity worldwide and 2,8 billion have no access to clean cooking.

THE ENERGY ACCESS AND AFFORDABILITY AGENDA IS A PRIORITY AND THE SAUDI G20 PRESIDENCY FOCUS IS ON THE URGENT MEASURES REQUIRED TO ACHIEVE UNIVERSAL ACCESS TO ENERGY

That is why this year the Saudi G20 Presidency has focused on the urgent measures required to achieve universal access to energy and has mainly studied access to electricity and clean cooking facilities. It does so within the framework of the Presidency's second priority, as it refers to the Circular Carbon Economy which promotes the use of all innovative technological solutions, and all energy sources that reduce emissions in order to achieve affordable, reliable, cleaner and sustainable energy systems.

The third priority of the Saudi Presidency is Energy Security and Market Stability.

So far this year, two crucial events undermined the stability of the global oil markets: the pandemic caused by the spread of COVID-19, which significantly reduced the world's energy demand, and compounded by diverse strategies put in place by the large oil producers. All this brought about an oversupply in the crude oil market.

In turn, the COVID-19 pandemic produced a historic drop in oil demand, which led many countries to cast doubts about the very viability of this activity, while in turn creating enormous pressure on the existing storage capacity that, if surpassed, would have forced a shutdown of production and closing of oilfields in many places.

This dire situation prompted a coordinated multilateral response, which included Argentina's participation and contributions.

The OPEC plus meeting held on April 9, in which Argentina participated as an observer country, brought together most of the major oil producing countries in the world. At that meeting, an agreement was reached to cut supply by almost ten million barrels a day, the largest production cutback agreed to in history.

This situation was discussed at the Extraordinary Energy Ministers Meeting. In line with its unrestricted defense of work and production as the means to overcome the crisis, Argentina promoted collaborative and coordinated responses, in the framework of the principle of preserving the organizational capital of companies, taking into account that every time production capacities are destroyed, their recovery is extremely difficult and expensive.

These meetings confirmed the value of international cooperation to promote the proper operation and strengthening of energy systems. The G20 countries joined the OPEC plus countries in stabilizing markets by corrections in production made through mechanisms applicable to their respective laws.

As a result of these events, a Focus Group was established, of which Argentina is a part of, with the aim of continuing to monitor market conditions.

Progress is expected in discussions on other issues such as Access and Affordability, the Circular Carbon Economy and Principles for Energy Security and Market Stability, to be considered by the Energy Ministers next September. ■