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## **Argentina Re-Open for Business**

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Argentina's Presidential inauguration took place last December amidst a climate of optimism, created partially by the Christmas festivities and the then approaching summer holidays, but also by the fact that, after more than 10 years of alternate terms by the Kirchner couple, the electorate had showed clear signs that it wanted change.

The Macri Administration, facing the legacy of a populist government, price distortions, rampant corruption, producer and consumer subsidies, and international isolation, embarked at once on significant changes. These included a swift solution to the dispute with holdout creditors, allowing Argentina to return to the international credit markets; and the lifting of internal exchange barriers, ushering in a generalized business-oriented environment.

After years of holding Argentina at arm's length, high-level foreign visitors started to appear. Since December they have included President Hollande of France, Italy's Prime Minister and US President Barack Obama. In turn, President Macri visited several world leaders, including Germany's Angela Merkel, as well as the EU institutions in Brussels. In the process he met representatives of European and American business and technology forums. High-level contacts were also renewed with neighbouring countries (Mercosur and Chile) and with the rest of Latin America.

Raising Argentina's profile as a member of international organisations is on the agenda, too: Argentina's Foreign Minister is a candidate for the post of UN Secretary General; Buenos Aires will host the G20 in 2018 and hopes to host the next WTO Ministerial, in 2017; and relations have been renewed with the OECD with a view to Argentina's re-joining.

Although Argentina's economy is the second largest in South America, and grew at an average rate of 4.6% between 2004 and 2014, the pace of growth has slowed over the last 18 months and economists are predicting a modest contraction due, among other factors, to China's slowdown and the political and economic crisis in Brazil, Argentina's largest export market.

But many of the ingredients exist for the economy to revive and return to a vigorous growth path before long: large deposits of shale gas and oil; under-exploited mineral reserves and, above all, the country's traditional capacity to serve as a very significant producer of agricultural commodities.

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These economic assets need to be managed and developed on the basis of sound and realistic policies. It is the intention of the Macri Administration to do just that. And they have the drive and will to address the problems created by twelve years of populist policies as well as difficulties resulting from factors beyond their control.

Most independent observers are optimistic that over time the policies which the new administration has adopted will deliver good results, revive investor interest in an extensive productive sector, and enable Argentina to become once more a reliable business partner. Such world leaders as China's Xi Jinping and America's Obama concur in judging that the nature and scope of the adopted reforms are worthy of praise.

The hope is that this economic programme will bring about increased quality-employment and greater prosperity. That, in turn, can help Argentines to understand the benefits of a relatively free market economy and discourage the electorate from succumbing to the siren call of populism when elections are next due, in 2019.

A taste of the Macri administration's approach can be found at the site of the Argentina Business and Investment Forum: <https://argentinaforum2016.com/>. This conference was held in Buenos Aires from 12 to 15 September. It was designed to highlight investment opportunities, attract foreign direct investment, and mark the country's return to international markets.

The Financial Times has also organised an event: "FT Investing in the New Argentina", to be held at the New York Exchange on September 19<sup>th</sup> (see <https://live.ft.com/Events/2016/FT-Investing-in-the-New-Argentina>). Speakers include the Argentine President, two Ministers, and leading businessman.

These events are important milestones in the implementation of Argentina's business and investment reforms.

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