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EMBASSY OF ARGENTINA, WASHINGTON, D.C.

# ARGENTINA IN FOCUS

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AUGUST 2020 // NEWSLETTER



Martín Guzmán, Minister of Economy of Argentina

## THE FINAL STEPS TOWARDS AN ORDERLY DEBT RESTRUCTURING WITH PRIVATE CREDITORS

On August 4th, the Government of Argentina announced an agreement with the Ad Hoc Group of Argentine Bondholders, the Argentina Creditor Committee, the Exchange Bondholder Group and certain other significant holders that paved the way for an orderly debt restructuring. It was a milestone in the process that requires an amendment to the invitation to exchange bonds in order to reflect the terms of the agreement in the documents.

Hence, on August 17th, the Government of Argentina announced the revised terms of its invitation and filed it with the Security Exchange Commission for a subscription period that will extend until August 28th. The results of the debt swap shall be announced by August 31st, and the settlement date for the exchange remains to be September 4th.



Once again I have the pleasure of sharing the latest edition of our Embassy Newsletter. In this edition, we share with you the latest news on the Argentine debt restructuring process and the substantial advances achieved towards a successful settlement.

This edition also includes an article on the working partnership between Argentina and the United States in the context of the Ag-5 group to foster collaboration on agriculture.

Finally, thanks to the collaboration of the Argentine Investment and International Trade Agency, you will find the second of three articles on the Argentine mining sector, presenting the lithium industry and the U.S companies commitment for its development.

Jorge Argüello  
Ambassador to the United States

THE THREE CREDITOR  
COMMITTEES HAVE  
CONFIRMED ITS SUPPORT TO  
ARGENTINA'S AMENDED  
INVITATION TO EXCHANGE  
BONDS FILED ON AUGUST  
17TH.

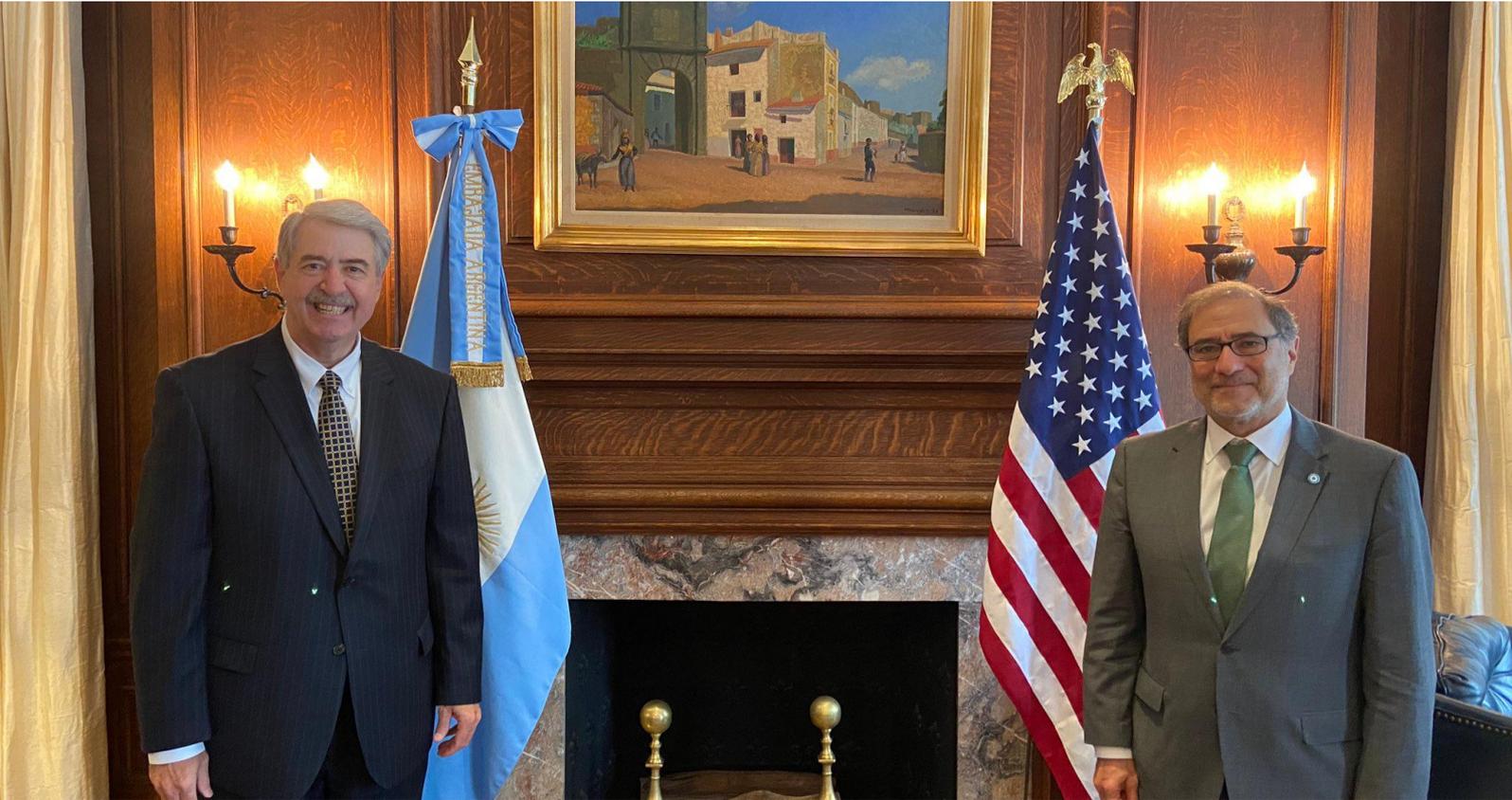
On the same day the revised invitation was disclosed and offered for subscription, two creditor groups confirmed its support through a press release: "Following a constructive and successful engagement with the Argentine government to reach an agreement for the restructuring of Argentina's outstanding debt, the Ad Hoc Argentine Bondholder Group and the Exchange Bondholder Group confirm our support for the amended offer announced today by the Republic of Argentina". On the day after, August 18th, it was the remaining creditor group which had reached an agreement on principle with the Republic on August 4th, the Argentina Creditor Committee, that confirmed its support to the amended offer.

In its amended invitation, the Government of Argentina has enhanced the value of its proposal by adjusting and bringing forward some payment dates without increasing the aggregate amount of principal payments or interest payments included in its July 6th invitation to exchange some eligible bonds. Additionally, Argentina has adjusted certain aspects of the documentation that seek to strengthen the effectiveness of the contractual framework as a basis for the resolution of sovereign debt restructurings as per creditors' request, and with the necessary support from market participants and the international community more broadly.

In parallel, the Government has made meaningful progress to restructure its dollar denominated debt subject to Argentine law under equitable terms for investors vis-a-vis those currently being offered to holders of debt subject to foreign law. In that respect, on August 8th Law 27.556 which set the terms of the above referred equitable treatment was promulgated after being approved with broad support in Congress, unanimously by the Senate and with 247 affirmative votes, two negative votes, and one abstention in the lower chamber.

Hence, Argentina's creditors subject to Argentine law are offered a similar timeline and equitable terms than bond holders subject to foreign law. The early subscription period for the invitation to exchange eligible bonds subject to Argentine law started on August 18th and will extend until September 1st whereas the late subscription period will start on September 2nd and will extend until September 15th. The settlement date for early offers shall take place on September 7th and for late offers on September 21st.

With all necessary legal and technical steps already made and a calendar established with settlement dates in early September, our expectation is to achieve an orderly debt restructuring of private debt subject to foreign and Argentine law in the coming weeks. ■



Under Secretary for Trade and Foreign Agricultural Affairs Ted McKinney and Ambassador Jorge Argüello

## STRENGTHENING TIES IN AGRICULTURE

On August 6th we welcomed the visit of Ted McKinney, USDA Under Secretary for Trade and Foreign Agricultural Affairs and Daniel Whitley, Associate Administrator of the Foreign Agricultural Service to discuss the bilateral agricultural agenda and also the common challenges we face, and particularly ongoing cooperation in the Ag-5 coalition to ensure that measures taken by countries to address the pandemic do not adversely affect trade in food and agricultural products.

Argentina and the United States are among the largest exporters of food and agricultural products in the world and, therefore, we also face the same challenges and opportunities to produce enough food, feed, fiber and energy for a growing world population that is projected to reach between 9-10 billion in 2050.

In that vein, FAO estimates that agricultural production will have to increase by 60% to meet this new demand.

Argentina and the United States have been working together within international organizations with the aim to foster international coordination and collaboration. Recognizing these challenges, in 2019 the Ministers of Agriculture of Argentina, the United States, Brazil, Canada and Mexico created the Ag-5 group of Western Hemisphere countries with the goal of working together to champion global food security and agricultural trade on the basis of sound science and risk analysis principles.

The Ag-5 Ministers stand to work in partnership, and jointly with additional countries, to support

regulatory approaches that are risk- and science-based, predictable, consistent, and transparent. The five nations recognize that innovations in the agriculture sector contribute to improved productivity, including by smallholder and young farmers, and rural women, in a safe and sustainable manner, and to our countries' ability to meet the ever-growing global demand for food. With the world's population projected increase, science and innovation will play a key role in enabling agriculture producers to safely feed everyone.

Timely before the pandemic disrupted all international travel, Luis Bastera, Minister of Agriculture, Livestock and Fisheries of Argentina, came to Washington invited by the Secretary of Agriculture of the United States, Sonny Perdue, to participate in USDA's Agricultural Outlook Forum where he met with the other Ag-5 agricultural ministers to discuss a wide range of topics including farmers and ranchers worldwide access to the agricultural tools needed to increase productivity; reduce food loss and waste; protect soil, water, and biodiversity; and produce safe, nutritious, and affordable food products year-round, to the benefit of the world population.

Following the meeting, the Ministers discussed cooperative approaches to promoting agricultural innovation and global trade as foundations of global food security. The group agreed to work together through science-based initiatives related to antimicrobial resistance, international standard setting bodies, low level presence, innovative technologies, pesticide maximum residue levels, and sustainability.

## ARGENTINA AND THE UNITED STATES ARE AMONG THE LARGEST EXPORTERS OF FOOD AND AGRICULTURAL PRODUCTS IN THE WORLD AND, THEREFORE, WE ALSO FACE THE SAME CHALLENGES AND OPPORTUNITIES.

Since its inception in 2019, the Ag-5 coalition has spoken out for science-based decision making in Codex Alimentarius, the organization that sets international food standards, guidelines and codes of practice that contribute to the safety, quality and fairness of international food trade and held a workshop at the Inter-American Board of Agriculture on maximum residue levels of pesticides (MRLs), to promote a science based approach when establishing this pesticide limits to ensure consumer safety and the availability of crop protection products for farmers and ranchers.

The Covid-19 pandemic demonstrated better than ever the critical importance of food and a well-functioning agricultural supply chain in times of crisis. This global challenge requires a global response and Argentina is ready to continue working cooperatively with the U.S., the Ag-5 coalition and other like-minded countries to address food security, nutrition and health of our people in an effective manner. ■

## STRATEGIC PARTNERSHIP IN THE LITHIUM INDUSTRY'S TECHNOLOGICAL DEVELOPMENT

In the previous edition of the Newsletter we outlined the enormous potential of the mining sector in Argentina. We highlighted its sustainable growth and promising future, bolstered by high environmental standards, regulatory and fiscal stability, and new exploitation projects; this is what has allowed our country to develop a long tradition in gold, silver, lead, aluminum, and copper production.

However, the growing global demand for lithium has radically expanded this situation, positioning us as one of the leaders on a global scale. Indeed, Argentina has the third largest lithium reserves and ranks fourth among the major global producers.

Rechargeable batteries are a key element in the growing market for portable electronic devices, and in the even more demanding world of electric vehicles.

Electromobility is a breakthrough factor in the market: only one company, Tesla, which in July 2017 began operations at the Gigafactory plant in Nevada, announced that it will produce over 500,000 cars, which signifies a demand for lithium equivalent to the current global production.

The United States is the main destination for Argentine lithium exports, and Argentina is the main lithium supplier to the U.S., representing 53% of its lithium imports for 2020. This commercial relationship is far from new since the U.S. company Livent Corp., formerly known as FMC, has been operating in Argentina for almost 30 years and was the first company to produce lithium there in 1997.

For its part, Albemarle, another U.S. company, and one of the four largest lithium producers, leads one of the main exploration projects located in

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Salinas Grandes- Jujuy, Argentina



OUR COUNTRY  
HAS THE CAPACITY TO  
MULTIPLY ITS EXPORTS MORE  
THAN SIX-FOLD AND COULD  
REACH AN ESTIMATED \$2.1  
BILLION IN 2025

the Salar de Antofalla, and has an agreement with the Bolland Minera company to operate in the province of Catamarca.

The main producing companies in the world are currently operating 18 advanced lithium exploration projects in our country. According to the Argentine Investment and International Trade Agency, this involves investments of approximately \$5.4 billion. Looking towards the medium term, Argentina has the capacity to multiply its exports more than six-fold and could reach an estimated \$2.1 billion in 2025.

The combination of vast mineral reserves in our territory, US companies' commitment to continue making significant investments, added to the technical expertise and high-quality human resources of both countries, makes Argentina and the United States strategic partners in lithium production, and undisputed players in a new technological era that is already underway. ■

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