

WEEKLY ASADO

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Below marginal cost: Dumping delayed is not dumping denied

Argentine, Indonesian Biodiesel Face U.S. Dumping Penalty

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The U.S. Department of Commerce [announced](#) Monday a fresh set of tariffs against the major Argentine export to the United States, biodiesel. The antidumping measures set a range of 54 percent to 70 percent tariffs on soy-based Argentine biodiesel. This is on top of countervailing duties of up-to 64 percent that the United States levied against Argentine biodiesel in August. The Argentine Foreign Ministry dismissed the new tariffs as irrelevant (“no practical effect”), because the earlier penalties alone shut out Argentina from the U.S. market. In 2016, imports of biodiesel from Argentina were valued at \$1.2 billion. Commerce Secretary Wilbur Ross, [in a statement](#), said negotiations were continuing with Argentina, and the United States could still suspend the measures. While Argentina failed to forestall the duties, it succeeded in postponing the announcement until after Sunday’s midterm elections. President Mauricio Macri [raised the issue](#) in a call with President Trump [on October 18](#), and Foreign Minister Jorge Faurie reached out to the State Department the next day.

Think Wall Street is intrigued by Argentina? At J.P. Morgan's conference at the International Monetary Fund/World Bank annual meetings, at the Mayflower Hotel, there were *three* separate Argentina panels, addressing fiscal policy, monetary policy and the prospects for reforms following Sunday's midterms.

Buenos Aires: Initial here

The Weekly Asado style guide does not require specifying whether a reference is to the city or province of Buenos Aires, but initials are strictly prohibited. That's a shame, because there are great options. Here's the annotated guide: CABA ("es más un término más moderno, más que nada tiene que ver con dirección postal"); BsAs; BUE "suena a aeropuerto, y BA a acrónimo de EEUU."

Taking sides: Boca vs. River

It is not quite as sensitive as the islands dispute, but outsiders in Buenos Aires are typically interrogated within 24 hours of arrival about their preference in the Boca Junior vs. River Plate soccer rivalry. Former U.S. Ambassador to Argentina Noah Mamet had an elegant solution: he ordered a custom-made, double-sided frame for the two clubs' jerseys, hung it in his office at the U.S. Embassy and made sure the right one was hanging at the right time, such as for visits from the club presidents. During his Skype appearance at a recent Argentina Project [event](#) in Washington, the moderator, La Nación reporter Rafael Mathus Ruiz, spotted a framed jersey in the hallway in Ambassador Mamet's Puerto Madero apartment and under questioning, Ambassador Mamet revealed his scheme – still handy, apparently – to navigate one of the fiercest rivalries in South America.

Human rights advocacy: Parsing motives



Ernesto Calvo, a University of Maryland political science professor, made an interesting observation regarding human rights advocacy at a recent [panel discussion](#) at the Wilson Center. Both former

President Cristina Fernández de Kirchner and Mr. Macri have attracted criticism after *defending* human rights, because critics questioned their motives. First, Mr. Macri, in May, objected to the so-called two-for-one Supreme Court ruling that would have decreased jail time for convicted human rights abusers from the “Dirty War,” as opponents complained that he only acted after gauging public outrage. Next, Ms. Fernández de Kirchner sparked complaints – and a popular Twitter hashtag, #CristinaCinica – when she championed the case of a [missing activist](#), Santiago Maldonado, in what appeared to be a political maneuver to bolster her floundering Senate campaign.

Dietrich: Planes, trains and the transportation minister

Add Guillermo Dietrich, the Argentine transportation minister, to the list of government officials beating a path to the United States. In late November, Mr. Dietrich is expected to make the rounds in New York City and Washington. He will reportedly be looking for U.S. investors to help fund public-private partnerships in Argentina’s ambitious, though so far underfunded, Plan Belgrano infrastructure development program. In Washington, Mr. Dietrich is slated to meet with his U.S. counterpart, Elaine Chao (Senate Majority Leader Mitch McConnell’s wife) and hold discussions at the U.S. Chamber of Commerce.

Misery loves company: CFK shares midterm malaise



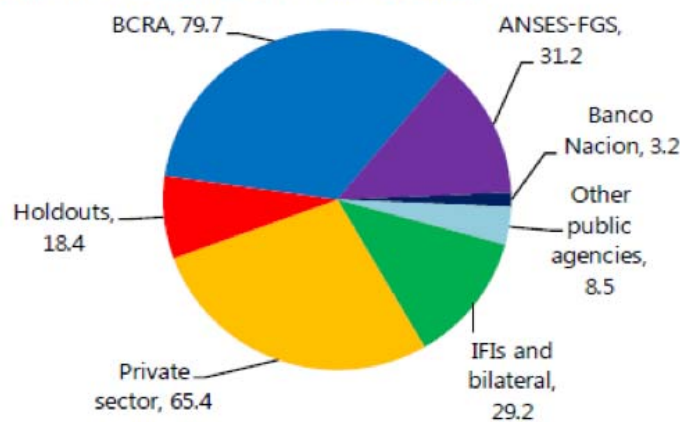
The headlines after Sunday’s midterms spoke of a surging Cambiemos and sputtering Unidad Ciudadana. But it was not only the *Kirchneristas* disappointed by the results. Martín Lousteau, Argentina’s former ambassador to the United States, won a seat in the Lower House, but finished a distant third behind Cambiemos’s Elisa Carrió and Unidad Ciudadana’s Daniel Filmus. Mr. Lousteau’s poor showing casts doubt on his viability as a candidate in the Buenos Aires City mayoral election in 2019, and on the future of his political party, Evolución. (Fortunately, not all is dreary in the Lousteau household; his wife, the actress Carla Petersen, stars in “Mama se fue de viaje,” which is performing well at the box office.) Another one-time rising star in Argentine politics, Juan Manuel Urtubey, also saw his hopes dashed in the midterms. The Salta governor had been promoting his future presidential candidacy for years, but as it turned out, he couldn’t even defeat Cambiemos on his home turf. Mr. Urtubey’s Peronist Party candidate for the Lower House finished six points behind the Cambiemos rival. (Like Mr. Lousteau, however, Mr. Urtubey’s celebrity family should buoy his spirits; his wife, telenovela star Isabel Macedo, is expecting a [baby](#).)

The Argentine government has been daydreaming about a flood of foreign direct investment since the late 2015 election, a mystical bounty that repeatedly failed to materialize. Now, a new report from the American Chamber of Commerce in Argentina suggests foreign money might finally be headed in. The chamber projects \$13.7 billion in inbound FDI over the next three years, with U.S. investors targeting the petrochemical, automotive and infrastructure sectors. That would be significant, especially if European and Asian investors follow the stampede. After all, total inflows in 2014 were just \$6.6 billion, and did not exceed \$11.5 billion in 2015, according to CEPAL data.

Weekly Asado Explainer: Argentina's national debt

Federal Government Gross Debt by Creditor

(Billions of U.S. dollars, end-March, 2016)



Sources: Ministerio de Hacienda, BCRA, and ANSES.

During the midterm election campaign, critics of Mr. Macri accused him of dragging Argentina back into its Menem-era borrowing habits. Under the previous two presidents, Argentina was a pariah in the global financial system. But after settling the country's epic dispute with bondholders, Mr. Macri returned Argentina to capital markets. In 2016, Argentina sold \$16.5 billion of sovereign debt, in its first international bond issue since its 2002 default. However, thanks to the Kirchners' radioactive reputation among creditors, Mr. Macri inherited a country with relatively little debt. Despite the renewed borrowing, by late 2016, Argentina's debt was only 52 percent of GDP, compared to 73 percent in Brazil. There are warning signs. Fitch has expressed concern about Argentina's high share of debt in foreign currency (68 percent); high near-term debt maturities; and chronic budget deficits. Indeed, Mr. Macri has [projected](#) \$50 billion in borrowing in 2018, the same level as this year. But the IMF does not appear concerned about Argentina's debt sustainability; in its last Article IV report, it projected debt to *decline* to 47.5 percent by 2021.

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