

# WEEKLY ASADO

Woodrow Wilson International Center for Scholars  
Latin American Program  
Friday, January 19, 2018



## G-20: Road show

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60

WORKING GROUP  
MEETINGS

11

FINANCE MEETINGS

41

SHERPA MEETINGS

7

ENGAGEMENT GROUP  
MEETINGS

1

LEADERS SUMMIT

President Mauricio Macri is beginning his first major international trip since Argentina assumed the G-20 presidency in December. The trip would have been notable in any circumstances; Mr. Macri will meet with Vladimir Putin in Moscow on Monday; participate in the World Economic Forum in Davos, Switzerland, January 22-26; and see Emmanuel Macron in Paris on January 26. But Argentina's G-20 leadership adds to Mr. Macri's cachet and relevance. It also puts more pressure on his government. That is because the G-20 – always a diverse club – is increasingly fractious in the Trump era. Argentina, for example, is under pressure to negotiate a strong statement on climate change while somehow preserving consensus. At the last leaders' summit, in Hamburg last July, the White House refused to approve the joint climate statement, and the United States remains an outlier on the issue. Trade is another headache for Mr. Macri's G-20 negotiators, including his G-20 "Sherpa," [Pedro Villagra Delgado](#). In Hamburg, Mr. Trump's first G-20, the U.S. delegation thwarted efforts to repeat the 2016 G-20 pledge to oppose protectionism in "all forms" and commit members to a "standstill and rollback" of protectionist measures. Last December, at the World Trade Organization ministerial in Buenos Aires, the United States once again trolled free trade advocates. In a joint statement with Japan and the European Union, the United States focused instead on "unfair competitive conditions" and the importance of a "global level playing field."

Fortunately for Argentina, the G-20 agenda these days touches upon a [diverse](#) set of issues, and Argentina has been active in kick-starting negotiations almost a year in advance of the Nov. 30-Dec. 1 G-20 leaders' summit. (Mr. Macri's priorities include the "future of work," "infrastructure for development" and a "sustainable food future.") The first Sherpa meeting occurred in Bariloche December 14-16, and the Sherpas meet again in Ushuaia May 2-4. The first meeting of finance ministers and central bank presidents is in Buenos Aires March 19-20. Meanwhile, the civil society networks designed to contribute to G-20 policymaking are also up and running. The T-20's first meeting is in Buenos Aires January 31- February 2, and the Science-20, Civil-20, Youth-20 and Women-20 all plan summits in Argentina this year.

## *Clarín: The original ‘fake news’*



Mr. Trump’s “Fake News Awards” are a novel provocation in the United States, and a worrisome escalation in the traditional tensions between a president and White House press corps. But for Argentines, it all sounds familiar. Mr. Macri’s predecessor, Cristina Fernández de Kirchner, waged a lengthy, multipronged battle against the powerful media conglomerate Clarín. In a supposed attempt to diversify media ownership, she advanced legislation designed to break up Clarín. That campaign also involved harsh criticism by government officials of journalists, and prompted regular criticism of Argentina by Freedom House and the U.S. Department of State. But Ms. Fernández de Kirchner’s team also exhibited Trumpian flare in its slugfest with Clarín. “Clarín Miente” – a predecessor to Mr. Trump’s “fake news” smear – appeared on banners, balloons, socks and hats. Like today’s “fake news” phenomenon in the United States, Ms. Fernández de Kirchner’s confrontation with journalists was not contained within Argentina’s borders. While traveling overseas, Ms. Fernández de Kirchner’s combative commerce secretary, Guillermo Moreno, displayed anti-Clarín propaganda.

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## *Steam Train, Dream Train: Railroad tracking Chinese investment*

Mr. Macri is cautious about trumpeting ties to Beijing, the Frente para la Victoria’s favorite ally and banker. (From 2005 to 2016, China’s policy banks loaned Argentina \$15.3 billion, according to the Inter-American Dialogue’s [China-Latin America Finance Database](#), primarily during Ms. Fernández de Kirchner’s presidency.) Last year, Mr. Macri made sure to visit Washington in April, *before* heading to see Xi Jinping the next month. Nevertheless, Chinese investment in Argentina has continued apace. This is particularly true in infrastructure – a priority for a government that has otherwise opted for austerity. The Macri administration hopes infrastructure spending will reach 3.5 percent of GDP this year, in part from increased public-private partnerships. Rescuing Argentina’s tumbledown railroads is a major focus and for that, Argentina is relying upon the Chinese. For example, the rehabilitation of both the Belgrano and San Martín railroad lines involves Chinese financing. Novam Portam reports that Chinese locomotives for the San Martín line left China last month, and Chinese locomotives for the Belgrano line, between Rosario and Buenos Aires, arrived this month.

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## *Macri: Friends in high places*



The momentum from Mr. Macri's triumph in the [October midterms](#) did not last long. Modest pension reforms approved in December were unpopular with older voters, and violent clashes in front of the Argentine Congress undermined the government's image as an unflappable, technocratic juggernaut. In a [panel](#) I moderated January 10 at the International Republican Institute, Mr. Macri's allies conceded that Cambiemos had not effectively educated the public about the legislation. In Poliarquía's December survey, *Mr. Macri's approval rating fell eight points, to 54 percent.*

But there is at least one group that remains smitten with Mr. Macri: elites. In November, Poliarquía interviewed 200 Argentine bigwigs, movers and shakers, opinion makers and graybeards. They were overwhelmingly positive about the president. *Eighty-seven percent approve of the government*, up from 71 percent in 2016. Sixty-nine percent have a positive impression of the state of the country, compared to 31 percent in 2016, and 72 percent expect improvements this year.

The results should be reassuring to Mr. Macri, whose modest economic success had led some to question the *gradualista* approach championed by his powerful chief of staff, Marcos Peña. An expected flood of foreign investment has not materialized, and the 25 percent inflation rate last year far exceeded the central bank's 17 percent target. In December, the government raised this year's inflation target from 12 percent to 15 percent. Nevertheless, almost half of elites surveyed (48 percent) have a positive view of the economy, up from 18 percent in 2016. Notably, they remain patient with the pace of reforms, including the shrinking of the budget deficit.

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### *'The Limits to Russia and China's support of Venezuela'*

Mr. Macri surprised even Venezuela hardliners in November, when he told The Financial Times that the United States should [impose an embargo](#) on Venezuelan oil. Since then, the Organization of American States secretary general, Luis Almagro, has also urged the White House to [consider limiting](#) Venezuelan oil sales in the United States. In [an op-ed](#) Monday in RealClearWorld, Michael McCarthy and I emphasized the importance of continued international pressure on the Venezuelan government. Unfortunately, because a bailout by China or Russia is widely expected, some policymakers in the United States and abroad exaggerate President Nicolás Maduro's hold on power and underestimate the value of international action. "Overstating the likelihood of a bailout has serious implications. That common misunderstanding leads to foreign policy positions that assume Maduro's regime will survive, deflating international efforts to compel a democratic transition and discouraging the domestic opposition from unifying and mobilizing."





I was in Lake Tahoe in December, close enough to San Francisco to catch up on the latest dining trends. To my surprise, it looks like Argentina’s national drink, yerba mate, is catching on in northern California. The caffeinated beverage – long known to the Guaraní for its rejuvenating effects – has never captured the imagination of Americans. Coffee is king in the United States, and mate, for all its folksy charm, is often consumed unsweetened in Argentina, Paraguay and Uruguay. Which is to say, it is an acquired taste. Now, however, it appears that [Guayakí](#) might be pulling off a Jarritos-style, cross-cultural crossover. The company offers traditional loose-leaf mate, as well as energy shots and carbonated varieties. Headquartered 50 miles north of San Francisco, it describes itself as the world’s only certified fair trade yerba mate enterprise. It pitches its tea as a “sacred beverage,” shade-grown in the rainforest, aged, “crafted like a fine wine” and “teeming with nutrients and flavor.” The other secret to its success? Many of its products are generously sweetened with cane sugar, such as its mint tereré, which includes 20 grams of sugar per 16-ounce bottle.

Depending upon its ad budget, Guayakí might consider former President Barack Obama as a pitchman. During his historic visit to Buenos Aires in 2016, Mr. Obama sang mate’s praises: “I’ve been a big fan of Argentinian culture. When I was in college, I read a lot of Argentinian literature. And I am proud to announce that I just tried mate for the first time. Because when I was in college, I would read Borges or Cortázar – these people, and they were drinking mate. And I didn’t know what this was. So I knew that when I finally arrived in Buenos Aires, I would try some. And I just had some, and it was quite good. So I may take some home with me when I go back to the United States. I don’t know what kind of import and export controls I may be violating, though. On Air Force One, I can usually do what I want.”

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