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Mauricio Macri

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Hostages to fortune

Argentina salvaged its reputation in settling its 15-year bond dispute but the terms of the deal must not set a precedent, says **Martin Wolf**



In April, less than five months after coming into office, president Mauricio Macri of Argentina ended the 15-year history of rancorous dispute that followed the country's default in December 2001. The new government's willingness to make a genuine effort to secure a settlement won him the blessing of the US courts and then secured a settlement acceptable to most of the hold-out creditors. With a settlement in sight, the Macri government was able to borrow \$16.5bn in April, at a modest interest rate, for a serial defaulter,

of 7.5 per cent. So it was able to pay off the creditors, at last.

Is this a happy ending? The answer has to be: only up to a point.

From the Argentine point of view, the advantages of settling the dispute would seem overwhelming. The country is no longer a financial pariah. It has access to capital markets and this, in turn, gives the government new opportunities. Even so, it faces dangers. One is that the temptation to borrow too much will again prove overwhelming, particularly for the government of a politically divided country with a long history of irresponsible policies. Another is that Argentina might become too

'Vultures, never again' say the signs during a demonstration outside congress this March

attractive to capital, both foreign and domestically owned, and so suffer an economically damaging appreciation of the exchange rate.

From the vantage point of the creditors, the benefits of the deal would also seem considerable, at first glance. The funds due to holders of the bonds offered by the Argentine government in 2005 and 2010, in exchange for the defaulted bonds, are no longer held hostage to the dispute between the hold-out creditors and Argentina. Those who accepted a deal early on will now receive the interest and principal they are due.

Holders of hold-out bonds seem

More expeditious ways must be found to resolve sovereign bankruptcies

to have done well, too: after a long struggle, the strategy of endless litigation seems to have worked. But, it appears, holders of so-called “Floating Rate Accrual Notes due 2005”, which offered extraordinarily favourable terms with respect to the interest rates, have done best. Other hold-outs have not done so strikingly well relative to those who accepted the exchange in 2005.

The big concerns arise, however, over the effects of the deal on the management of sovereign defaults, more broadly. Such defaults are inevitable. Indeed, the fact that yields on sovereign bonds vary widely shows investors believe some bonds are substantially riskier than others. Defaults become a big problem, however, if, as happened in the case of Argentina, they lead to a 15-year struggle between the debtor and creditors.

Just as bankruptcy procedures replaced prison for debtors in the 19th century, so more expeditious and effective ways need to be found to resolve sovereign bankruptcies.

The International Monetary Fund argued persuasively for such a formal procedure — a “sovereign debt restructuring mechanism” — in 2002. It was unable to obtain support from important countries, notably the US, for an idea that would have delivered binding international oversight over sovereign defaults. Instead, agreement was reached on the insertion of collective action clauses into bond contracts, as a way of encouraging settlements.

The Argentine experience again underlines the need for such collective action clauses. But those clauses must allow aggregation across debt instruments, in order to prevent creditors from obtaining blocking positions in particular instruments relatively cheaply.

A further point that is now widely understood is that, in new contracts, the “pari passu” clause must be clarified. As interpreted by US courts in the Argentine case, this apparently innocuous phrase allowed hold-outs to obtain an injunction that prevented payments to those who had accepted exchange bonds if payments were not also made to the hold-outs. This clause should, in future, rule out an equal obligation to service debt owed to those who have accepted a debt restructuring and those who have not.

Such changes would appear to remove the most disturbing features of the Argentine case. Yet, in the absence of a global sovereign bankruptcy procedure, such changes will only apply in future. This creates a big transitional problem, since huge quantities of outstanding debt have been issued with defective clauses.

Given the success of the hold-out strategy in the Argentine case — ultimately, these creditors forced Argentina to settle on fairly

favourable terms — the incentive to pursue this strategy in future must be strong. Moreover, since it was the agreement of those who accepted less in the past that allowed the hold-outs to be paid off, the willingness of all creditors to accept terms in a negotiation will now be weaker.

An important question is whether US courts will act in the same way as they did in the case of Argentina, even if debtors behave more reasonably than Buenos Aires, which was highly confrontational under previous governments.

Given the incentives for holding out and this legal uncertainty, one can reasonably fear the emergence of similarly difficult cases in future.

Yes, we can hope the Argentine case will prove a depressing exception, not a precedent. Unfortunately, that might prove rather too optimistic. ●

Martin Wolf is the FT's chief economics commentator

Dan Pollack (centre) was the mediator between Argentina and bondholders who will now receive the interest and principal they were due



Window of possibility

The reforms of new president Mauricio Macri are having a positive impact but time may be his biggest obstacle. By **John Paul Rathbone**

I am surprised you are not watching your phones,” teased Alfonso Prat-Gay. It was the morning of June 24 2016, and Argentina’s finance minister was warming up his crowd: a group of New York-based investors who, potentially, might sink billions into his country. It was also the day after the UK had voted to leave the EU.

Global markets had gone haywire. Traders and investors everywhere were on alert. Many had cancelled meetings. Yet at the Park Avenue mansion, the conference room was packed to overflowing — a sign of the excitement that the “New Argentina” can generate abroad. Even Larry Fink, chief executive of BlackRock, the world’s largest asset manager, was there.

“Whether it is Brexit... or the political realities of the US... these are expressions of popular anger. Conventional wisdom has often been wrong in interpreting this anger,” Fink told the rapt audience at the Americas Society/Council of the Americas. “[But] I do think there are some countries seeking to arrest that anger and build a better future... President Macri has shown what he can do. Hopefully, Europe will look to Argentina.”

Mauricio Macri has enjoyed similar accolades — at least abroad — as his government has begun to reverse Argentina out of the cul-de-sac into which his predecessors, Cristina Fernández de Kirchner and her deceased husband Néstor Kirchner, drove

the country during 12 years of populist rule. Macri’s first task — apparently undramatic but in fact revolutionary — is to make Argentina a normal country again.

In quick succession, he has lifted currency controls; settled a decade-long lawsuit that blocked Argentina from international capital markets; launched a \$16.5bn bond, the largest ever in emerging markets; begun to compile and release accurate national statistics for the first time in a decade; and hiked heavily subsidised utility tariffs. Buenos Aires has also openly criticised democratic abuses in Venezuela in a rare example of regional leadership but in keeping with Macri’s simple desire “to tell the truth”.

This no-nonsense approach has refreshed a country suffering from populism fatigue. Nine months on,

Macri’s appeal to Argentines to save energy in a bitter winter provoked public ire



Macri still enjoys approval ratings above 50 per cent. Such continued popular support is particularly impressive given that his reform programme is being delivered by a minority government, and by a president known for his stand-offish lack of charm in a country that often prefers warmth and flair.

Still, however impressive this might be, is it enough to declare that it heralds a “new” Argentina, given that the country — a century ago, one of the world’s 10 richest — has suffered so many false dawns?

“No non-Peronist government has ever finished its term, so everyone always asks: what is different this time?” says Emilio Ilac, chief executive of Puente, an investment bank in Buenos Aires. “It is a legitimate question.”



There are several reasons why Argentina could be different this time. First is the quality of Macri's government. It is stuffed with competent officials, many of whom have given up high-flying private-sector jobs abroad. "In 50 years, I have never seen such an influx of competence," says Martín Migoya, chief executive of Globant, a Buenos Aires-based tech company. "It gives me confidence, however difficult the situation. It may even be a model for the rest of Latin America."

Much of Macri's administration also comes from a younger generation that does not automatically define itself in reaction to the military dictatorship. "It's a different mindset," says Sergio Berensztein, a political consultant. "It allows

Central Buenos Aires, above; a 'pot-banging' protest, left, this July in the city against energy price hikes

them to be instinctively pro-market, a first for this country."

Furthermore, although the economy is in recession and 40 per cent inflation is biting hard, the mess Macri inherited "is not as big as the sovereign default of 2001, which Néstor Kirchner had to deal with, nor is there hyperinflation, which [Carlos] Menem [president from 1989 to 1999] had to face," Berensztein adds.

The second reason is an increasingly flattering comparison with the previous administration, thanks to a series of mind-boggling corruption scandals. This has fractured the opposition Peronist party, helping Macri win political support. In just the most recent example, police in July opened an investigation as to why Fernández's 26-year-old daughter

kept \$4.6m in a safety deposit box (both women say they are innocent and victims of a smear campaign).

The third reason is the government's reform programme. This combines openness to the world and business-friendly regulation, with sensitivity to social issues and domestic politics. Indeed, despite a reputation for chilly bloodlessness, Macri has maintained social programmes; austerity has so far only included tariff increases. Domestic energy prices, frozen for a decade, quadrupled in March, yet even then remained below production costs.

This is pragmatic but risky, as high government spending in response to popular pressure is a perennial Argentine Achilles heel. One warning came in July, when Macri suffered his first public protests. He had appealed to Argentines to save energy in the middle of winter by cutting down heating. But as he had recently been photographed at home with his wife, who was barefoot and in shirt-sleeves, the appeal provoked public ire and helped unite the opposition. Complicating matters further, the Supreme Court ruled in August that the energy increases had to be reversed until public hearings were held.

While most Argentines continue to buy into Macri's approach, for now, such setbacks show that his biggest challenge is to convince them that his new approach will stick — and beyond the end of this administration.

Here, too, there is a "sequencing plan". Officials hope that by October 2016, falling inflation and a recovering economy will help Macri's coalition win a majority in congressional elections. That, in turn, would help the president press on with structural reforms — such as overhauling the corrupt judiciary — and win a second term.

Remarkably, there is already rumoured jostling among Macri's ministers as to who might follow him after that. This, surely, is premature and a sign, perhaps, that some things in any new Argentina, such as the inflated egos that its talented countrymen are teased about, may never change. Nobody said forging a new Argentina would be easy. ●



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Man in a hurry

Argentina's president tells **Benedict Mander** his austere approach can revive the economy and turn the page on mistakes of the past. Portrait by **Ignacio Coló**

M

auricio Macri's high-ceilinged office is unexpectedly warm. Lately, the new president has been on a crusade to drill into Argentines that they should get used to the idea that monthly electricity bills should cost a bit more than a cup of coffee. Mentioning the subject whenever he gets the chance, he even chastised the organisers of a recent public event as the television cameras were rolling, complaining it "wasn't cold enough" and insisting the heating had been turned up "a couple of degrees" too high.

"Today it is not so cold. The rain and humidity help," says Macri, gesturing towards the windows of his office in the Casa Rosada presidential palace, which reveal the late afternoon gloom of a rain-drenched Buenos Aires. Despite a harsher than usual winter, Argentina's centre-right president is unapologetic about his austerity drive and presses his point home. "We have to commit

to consuming as little [energy] as possible," he says, well wrapped up with a jumper and jacket over his open-necked shirt, in keeping with his technocratic administration's business-casual style.

Argentina's energy crisis is proving to be one of Macri's biggest challenges since he took office in December 2015. It lies at the heart of the tangle of intractable economic problems his government inherited after 12 years of populist rule under Cristina Fernández de Kirchner and her late husband and predecessor, Néstor Kirchner. They had kept utility prices frozen since the grinding recession that followed Argentina's economic meltdown in 2001, while inflation rose by about 700 per cent.

The Kirchners' lavish subsidies pushed Argentina's fiscal accounts deep into the red, and Macri is well aware that regular economic crises over the past century, ultimately caused by profligacy,



Mauricio Macri
is the first civilian
president in a
generation who is
not a lawyer

INTERVIEW MAURICIO MACRI

have all too often led to the undoing of governments.

"I understand that many of the decisions I have taken are not so easy for many people," says the 57-year-old millionaire and oldest child of one of Argentina's most prominent industrial tycoons. His move to increase utility tariffs by as much as five times has met with intense opposition: this July, for the first time since Macri came to power, Argentines returned to their time-honoured tradition of taking to the streets to bang pots and pans in protest. "If there were any alternative to increasing tariffs, I would have taken it, but there is not," he says.

Despite the tricky situation — his name's appearance in the Panama Papers exposé only fuelled criticisms from political enemies — Macri is doggedly confident that things are going according to plan. He repeats that his government is heading "in the right direction" three times during the interview. "We must keep going down the road we have chosen," he insists.

Although Macri is noticeably less exuberant, he has not wavered from his optimistic message since he last spoke to the Financial Times, at the end of his eight-year run as mayor of Buenos Aires. At the time he had just achieved an unexpectedly strong performance in the first round of presidential elections in October. But gone are

the giddy days when Argentines cringed as the Freddie Mercury fan seized every opportunity to dad-dance a jig to celebrate his narrow victory over the ruling Peronist party.

"My concern is making things work. It is what my people need," says Macri, who trained as an engineer. His down-to-earth, problem-solving attitude has been celebrated by many Argentines relieved that he is their first civilian president in more than a generation who is not a lawyer. Macri, scorned by his detractors as an aloof playboy, may lack the oratorical flair of his populist predecessors, but he takes pride in his no-nonsense approach.

"I promised to tell people the truth," he says. "I don't believe in messianic leaderships but in teamwork," he adds in fluent English. His linguistic skill is a break from Argentina's recent tradition of monoglot presidents; Fernández once described her English as "absolutely Tarzanesque". As if to ram home their points of difference, Macri removed from the president's office the independence-era

'I promised to tell people the truth. I don't believe in messianic leaderships but in teamwork'



LET'S CHANGE

In 2003, Macri founded Commitment to Change, later becoming the Republican Proposal (PRO) party, in the aftermath of Argentina's economic crisis. The victory of his coalition Cambiemos ('Let's Change') in the 2015 elections marks the first time a new group has taken control democratically since Juan Perón won a monopoly on Argentine politics more than 70 years ago. If Macri reaches the end of his mandate, that would be unprecedented for a non-Peronist government.

paintings installed by Fernández, replacing them with jazzy modern Argentine art.

So far, Macri thinks things are going "quite well," despite "a very difficult starting point". "It is not so easy to [rebalance] an economy after a decade of lies. They were taking Argentina towards the same kind of problems that Venezuela is facing now," says Macri, referring to the mass shortages and high-on hyperinflation laying waste to its economy.

There have been impressive early successes, prompting US president Barack Obama to describe Macri approvingly as a "man in a hurry" during a visit to Buenos Aires this year that was itself a big foreign policy coup for the new government. But inflation remains stubbornly high and the economy has yet to re-ignite. "Things cannot change in just seven months, but every day we improve a little bit more," says Macri, who is optimistic about growth projections of 3 to 3.5 per cent for next year, after an expected contraction this year.

Macri's big bet to revive Argentina's stagnant economy is to boost foreign investment, which sunk to historically low levels thanks to the Kirchners' hostility towards the private sector. Macri bats away concerns that investment is not arriving quickly enough, arguing it is increasing in a steady flow, rather than one abrupt step-change. Sitting bolt upright, he uses two fingers to trace two lines that gradually get wider apart. "You see? Every day there is more good news," he says.

As evidence that Argentina is a "very attractive place for investors right now", Macri points to Argentina's success in pulling off the biggest emerging market bond issue ever for \$16.5bn, in its much-vaunted return to the international capital markets after resolving a decade-long creditor dispute. "There is no other country in the world with as much upside as Argentina," he insists.

The drive for foreign investment is part of a broader attempt to re-connect with the world, after many years of isolation under the Kirchners when relations with



PHOTO: AFP/GETTY IMAGES

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western powers such as the US and the UK collapsed. “We want to be part of the world, part of the future, part of the solution,” says Macri, rattling off an ambitious list of areas where he believes Argentina can contribute, including food security, energy, drug-trafficking, terrorism and nothing less than world peace. “We have a lot to put on the table,” he says.

Closer to home, Macri reserves special criticism for the “disaster” in Venezuela. “I can’t understand how people can say they are practising democracy — that’s not democracy,” he says, shaking his head and rejecting any suggestion that he has softened his stance against the administration of Nicolás Maduro, Venezuela’s president, since taking power. He insisted he had fought for a referendum to remove Maduro, as well as for the “freedom of political prisoners”.

Perhaps the latter issue has special resonance for Macri, who keeps a large photograph of Nelson Mandela beside his desk. He gave his ministers copies of *Knowing Mandela*, John Carlin’s biography of the South African leader, to underline his more conciliatory approach after more than a decade of confrontational politics under the Kirchners. Indeed, Macri was once a prisoner himself, albeit at the hands of rogue police officers who kidnapped him for a fortnight when he was 32.

Macri says Argentina has ‘a lot to put on the table’ in world affairs

He has said that the experience of being jammed in a coffin for days on end convinced him to go into politics — though not before a successful 12-year stint, starting in 1995, as president of Argentina’s legendary football club, Boca Juniors. Trophies from that era also decorate his office.

“I always say football represents very clearly what happens in society,” says Macri, who compares his job to a groundsman’s — someone who ensures the pitch is well tended so that teams can play by the “rules of the game”. He is most at ease when talking about

‘Football represents very clearly what happens in society... it was in a mess, full of corruption’

Argentina’s favourite sport. Like the country he inherited, he says the state of Argentine football was “in a mess, full of corruption and a complete lack of professionalism”.

But he says Argentina will be “more than ready” for the 2018 World Cup — the same year that Argentina will host the G20 summit. “We will have our revenge against Germany,” Macri jokes, hoping that Lionel Messi, “the best player in the world” will be part of the team he recently announced he was quitting. “I told him I

would be very happy, proud and honoured if he [stayed],” Macri says with the reverent tone he otherwise uses for Pope Francis I, whom he describes as “the most important Argentine”.

Macri’s telephone rings. His helicopter is about to land, to take him back to the presidential compound in the leafy suburbs of Buenos Aires, a couple of minutes ride up the River Plate, where he lives with his third wife, Juliana Awada, a 42-year-old fashion designer. Photographs of her and their young daughter Antonia, his fourth child, occupy prominent positions in his office. There is time for one more question: after so many false dawns in Argentina in recent decades, why should things be any different this time?

Macri laughs. “It is the same question I get asked in Berlin, in Davos, in Silicon Valley. I really believe that finally we have learnt from our mistakes,” he says, leaning forward. He points to the fact that all the major laws the government has sent to congress this year have been passed with an “incredible” majority as evidence that the Peronist party “supports what we are doing”. Regional opposition governors are working with the government and often travel abroad with the president.

“This shows a different Argentina. There is a new generation in politics that wants to be part of the 21st century.” ●

PHOTO: IGNACIO COLO





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La Martina

The Argentine brand that conquered the world

The Argentine company with global presence in over 70 countries with more than 120 stores presents its story to the Financial Times through the memories and reflexions of founder and owner, Lando Simonetti. 30 years after its creation, he recalls the highlights along the way and glimpses on how “the next 30” will be approached.



Which are the most important milestones in the 30 year-old history of La Martina?

In December '15 we celebrated our 30th anniversary in the retail world, but our project had initiated much earlier on. Having created a respected and valued brand is undoubtedly the first and essential milestone to recall.

La Martina is a brand that was conceived and born in Argentina, becoming a global player, which is a crucial asset for us.

The brand's DNA is Polo, interpreted from a lifestyle perspective and a tightly knitted relationship with the “Sport of Kings”. Through this, we have been able to establish precious ties with remarkable and extremely prestigious individuals and institutions worldwide.

Having created and positioned a brand that represents an iconic sport with authentic and true personal style, we were given the recognition of becoming “Marca País” by the Argentine government, as a true agent and example of what the country has to offer in terms of its entrepreneurial spirit and accomplishments. La Martina is the only Argentine brand in the apparel industry to ever truly make it internationally, competing hand in hand with real market leaders and trendsetters in this ever-evolving business.

La Martina is the only Argentine brand in the apparel industry to ever make it internationally.

We happened to become a case study, catching the attention of impressive Universities such as Harvard, IMD and the London Business School. Those are priceless milestones that speak of consistency and a lot of hard work under our belt.

Consequently, La Martina is proud to be partner of the most relevant Clubs and Polo Teams, actively participating in over 100 events around the globe, sharing our core values with the outmost remarkable luxury brands.

Meeting and relating to sports personalities as well as influential opinion leaders constantly keeps us on the edge and exceedingly motivated to follow our leading path.

As a result of such stimuli we have created the “La Martina Foundation”, where we project a fully immersive work focused on giving back to local communities.

Whether it is our time to share experiences in academia and related situations, or help organise charitable work aimed to provide wellness for health-impaired patients through equine therapy.



The La Martina family: Adrian Simonetti, Ignacio Archain, Gachi Ferrari, Lando Simonetti and Santino Simonetti.

¿What are the challenges the brand faces in this new global scenario?

Certainly, Manifesting La Martina as a leading lifestyle brand by responding to altered customer expectations, a process of change that has already started. Our major ambition is closing the gap between the physical & digital worlds.

Our first challenge is becoming completely connected and capable of managing this fusion between the physical and the digital.

Re-designing not only the retail operations but also the whole company culture on a human and attitudinal level.

Our major ambition is closing the gap between the physical & digital worlds.

As ambassadors to the sport and overall universe of Polo, we aim to stretch our philosophy and presence to new markets and consumers who are fascinated by the inherent elegance and refinement, virtually “transporting” them into the field.

All of this, while keeping up with development and innovation on our lifestyle products as well as our technical gear, continuously supporting players and polo institutions, key pillars to La Martina values and authenticity.

ADVERTISING FEATURE

Hand in hand with the spin of a new and much determined Argentina, we see a great opportunity in the digital economy as a complete game changer for our business model.

Staying lean and flexible has been very helpful in the transition, but we now face the challenge of talent and management to scale and be up to standard in different markets that feature diverse complexities and needs.

Consumers are changing rapidly and see everything through a digital lens. Staying relevant means meeting expectations and delivering best-in-class experiences, consistently and innovatively all along.

How do you see the future of La Martina?

(...)“The Brand of the future must compete with leisure experiences such as travel or sports, for a share of the consumer’s valuable free time way beyond the mere products or services it offers”(…)

As the brand continues to evolve in new directions, our vision is established upon creating a platform through the sport we nurture and represent truly since day one.

We are currently working on a completely new business environment, both as a family and corporately. Family-wise, we have a purpose to express our integrity and culture as a way of doing things, materializing our vision.

As a company, we are becoming more and more of an ecosystem that creates value beyond just products and services. By crafting diverse programs in which to integrate customers “into the Polo field”, we are prioritizing core principles such as family, sustainability, wellness and a sense of belonging in order to narrow the path between the brand and the individual.

These essential drivers constitute our vision for the next years to come, focusing on the four pillars / spheres of our unique identity: Brand, Product, Digital and Social.

Ultimately, "Brands become platforms" that create clear and perceivable value much beyond just mere products and services.

Consumers are changing rapidly and see everything through a digital lens.

Staying relevant means meeting expectations and delivering best-in-class experiences, consistently and innovatively all along.

What is the expansion plan La Martina has in mind and which are the territories in which you mostly see growth opportunities?

For the past 10 years we have been experiencing an unprecedented growth through our core business through lifestyle collections over the path of retail. This has supported

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ECONOMY

Trickle effect

Foreign companies have promised to invest \$30bn since Macri took over but only \$1.3bn materialised in the first half of this year. By **Benedict Mander**

Whether it was their attempts to impound the presidential jet, the alleged harassment of her daughter or just the accusations of embezzlement and money-laundering, there is no question that Cristina Fernández de Kirchner developed a special kind of loathing for what she called “vulture funds”.

So it was no surprise that Argentina's former president should have been so disparaging of the new government's success in ending an agonising legal dispute with US hedge funds. The hedge funds had sought repayment on bonds in default since 2001, which did more than perhaps any other single issue to destroy Argentina's reputation among foreign investors.



The Buenos Aires stock exchange yet to rev into action, below; Mauricio Macri, bottom centre, confirms an \$800m deal this July for Renault-Nissan to build vehicles in Argentina

“They thought it would rain dollars after that agreement,” a scoffing Fernández told foreign journalists in July, poking fun at Mauricio Macri’s rosy forecasts during the 2015 presidential campaign that the floodgates of foreign investment would burst open were he to win.

Certainly, the deal with the “hold-out” bondholders was an essential part of the “normalisation” of Argentina’s economy so important for luring back investors. Currency and trade controls were also swiftly removed, and steps were taken to strengthen transparency, institutions and political dialogue in a bid to regain business confidence. The market responded with enthusiasm — bankers soon filled up flights to Buenos Aires and booked rooms at the city’s smartest hotels.

Even so, some argue that the pace and magnitude of investment have been disappointing. There

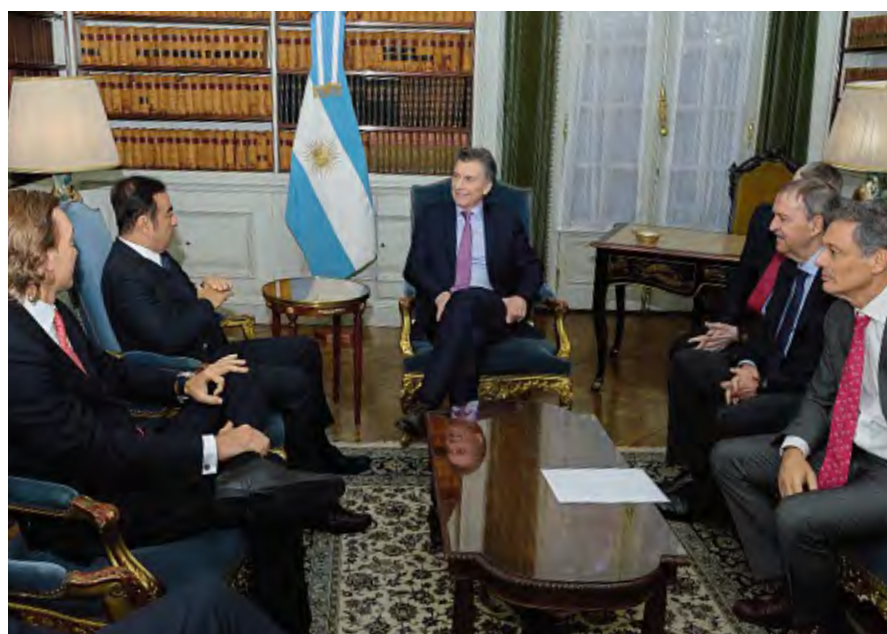
has been only a limited impact so far on the economy, which is expected to contract in 2016. A slow recovery could become a problem for the government if its supporters begin to lose patience as an austerity drive bites harder.

“Dollars aren’t just going to fall from the sky. You have to do a lot of work,” says Mario Blejer, a former central bank governor who advised Daniel Scioli, Fernández’s chosen successor in last year’s elections. Nevertheless, he is “optimistic” that “definitely quite a lot of foreign investment” is heading Argentina’s way — especially, he says, if that includes as much as \$400bn that Argentines have stashed in foreign bank accounts. Much of that is now expected to return to the country after congress approved a tax moratorium in June.

“The opportunity [to invest] is there,” says Blejer, emphasising that after an investment drought of more than a decade there is a significant need for it. “There are signals that already some investment is coming in, but although there is quite a lot of renewal of old or obsolete capital stock, the point is that there is no new investment in big quantities.”

Juan Procaccini, who leads the government’s newly created investment promotion agency, says many companies are still waiting to see “more control” over the economy, as the government battles to extinguish stubbornly high inflation at the same time as reactivating economic growth. “But others know [these problems] will be fixed [and therefore are investing already], especially those who are already here and know Argentina has changed,” he says.

“This is moving very fast,” Procaccini continues, arguing that Argentina boasts the “perfect mix” of a new political cycle with a pro-investment government, diverse opportunities and a region where there is no major conflict. “Argentina was totally out of the equation for the last 10 years,” he says, adding that the country needs \$25bn of investment a year just to “catch up” with levels in the rest of the region. While foreign direct investment in Latin America in the period since 2008 is about 4.5 times that in the 1990s, in Argentina it has



ECONOMY

remained largely flat, its share of total regional FDI plummeting drastically.

Procaccini has identified more than \$170bn worth of projects where the government is looking for investment across a range of sectors, including \$75bn in infrastructure, with roads, railways and sewage systems the highest priorities. A further \$75bn has been earmarked for energy and mining, especially in renewable energy and Argentina's vast shale and lithium resources. Agribusiness is another source of high hope.

Since Macri took power, a variety of companies have announced some \$30bn in investments. They include carmakers such as Toyota, Renault-Nissan, GM and Fiat; energy companies ExxonMobil, Dow and

moment," says Familiar, who in July announced new investments in Argentina of \$845m.

But many local companies, whose memories of Argentina's past economic debacles are fresh, are circumspect about plunging money into the historically volatile economy. "Investment is going to be slower from the inside than from the outside," admits one government official, who criticises local businesses as too slow to seize the opportunity: "Foreigners will get the first-mover advantage."

I don't think the boom many imagine is going to happen this year or even next year' *Joaquin Cottani*



Axon; miners First Quantum; Coca-Cola, Unilever and Procter & Gamble in the consumer goods sector; and financial services companies Santander, PwC and Accenture. However, in the first half of 2016 only \$1.3bn entered the economy in the form of FDI, according to central bank figures.

There is "enormous enthusiasm" about Argentina abroad, says Jorge Familiar, vice-president for Latin America and the Caribbean at the World Bank. "We are very impressed by Argentina's efforts. We want to accompany the country in this important

Joaquin Cottani, chief Latin America economist at rating agency Standard & Poor's, identifies two particular areas of concern among investors: the fiscal deficit — long the bane of Argentina's economy — and the exchange rate. Despite the devaluation after currency controls were removed in December, the peso has already lost competitiveness thanks to high inflation. "The exchange rate is still perhaps too strong to attract investment in many sectors, and the fiscal situation is not good," says Cottani. "Those two things are working against the boom in

The Argentine government is looking for investment of \$75bn in infrastructure, including railways

investment that people anticipated when the new government was elected."

"So far we've only seen a 'rain of dollars' to finance the deficit of the government itself, and that's because Argentina has been absent from international markets for so long, with all this pent-up demand from investors looking for returns," adds Cottani. Indeed, between the national government, provinces and companies, Argentina issued \$24bn in the first half of 2016, accounting for about a fifth of all emerging market debt issuance.

The government is also expecting an influx of as much as \$30bn when the tax amnesty starts to trigger the repatriation of Argentines' funds abroad. The success of the whitewash could improve investment, but it will also present a challenge for the central bank, which has been struggling with flows of "hot money" as investors seek to take advantage of high domestic interest rates. "It's not a lack of dollars that is the problem. Paradoxically, we have an excess of dollars," says an official at the central bank, which under the new administration is focusing on tackling inflation, rather than seeking to control the exchange rate too.

But Cottani, an Argentine who says he "optimistic" about Argentina's prospects for attracting investment, argues that most businesses will wait on the sidelines to see what happens this year and what the outlook is for important mid-term elections next year. "I don't think the boom that many imagine is going to happen this year or even next year," he says.

Emilio Ilac, chief executive of Puente, an investment bank in Buenos Aires, says Argentina is "already the star emerging market". He is convinced it will keep that status for the remainder of Macri's term. His bank has been inundated by "hundreds" of funds seeking advice, many of which have never invested in the country that had been demoted to a "frontier market" during the Kirchner years. "When something is too good to be true it usually is — but this is Argentina," he says. ●

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AGRICULTURE

Fat of the land

Macri wants Argentina to be “the supermarket of the world”. He has scrapped taxes on beef and grain exports – but what else needs to follow? **James Wilson** reports





PHOTO: GETTY IMAGES

The nation's cattle herd is growing once more after a period when it shrank alarmingly



Even after 120 years, the annual show staged by Argentina's Rural Society is a highlight of the agricultural calendar. Crowds flock through huge halls packed with agricultural machinery. In pens, farmhands use air blowers to gently remove sawdust from the pristine hides of some of Argentina's most cosseted livestock.

But this year's event in Palermo was notable not just for its exhibits — visitors spotted a very rare breed: a government minister.

For more than a decade, no one from government came to the show, amid a deepening conflict with farmers. The presence of Ricardo Buryaile, the agriculture minister, was an indication of a big change in sentiment towards Argentina's powerful rural sector. The rapprochement has been helped by the decision early on in the presidency of Mauricio Macri — in office since last December — to remove most of the agricultural export taxes that crippled commercial relations with the world.

Optimism abounds. "We have a lot of reasons to be happy, for there to be a change of mood — it is going to be a different landscape," says Luis Miguel Etchevehere, president of the Rural Society. "We are back," said Buryaile. "The

conflict between the government and farmer is over."

Farmers' protests erupted in 2008 when the previous government pushed through big tax hikes on agricultural products to fund social programmes. Later the rift came to be exemplified by government anger at the appearance across the countryside of white, sausage-shaped "silo bags" — a way for farmers to store produce rather than export it under what they considered unfavourable conditions.

Ernesto Ambrosetti, chief economist at the Rural Society, lists signs that confidence is returning. Sales of agricultural equipment are up 30 per cent, he says, and demand for fertiliser has risen. One-fifth more wheat has been planted. The cattle herd — which had shrunk alarmingly, while beef exports fell below those of most neighbouring countries — is growing once more.

Alfredo Rodes, executive director of Carbap, an organisation that represents 40 rural associations in two of Argentina's most productive provinces, expects big increases in output of many crops. "We can have commercial relations with the rest of the world and we can begin to look forward," he says.

That would be welcome. Since the days of the 19th century when Argentina began exporting huge quantities of refrigerated beef, agriculture has usually been one of the most dynamic and outward-looking parts of the economy.

While the gaucho costumes and riding displays at the Rural Society show may speak of continuity and tradition, they barely reflect much of the country's agricultural sector today, where pragmatic agroindustrialists on large farms have built some of Argentina's



most successful businesses, accustomed to competing aggressively in export markets. “It is Argentina’s innovative farmers that have made it a successful country in agriculture. Farmers have embraced new techniques,” says Gonzalo Ramírez Martiarena, chief executive of Louis Dreyfus Company (LDC), one of the world’s largest agricultural commodity trading houses.

The grand scale and readiness to innovate are evident in places such as Rosario, the port city 300km upriver from Buenos Aires, where swaths of riverfront are given over to huge plants that process tens of thousands of tonnes of soya beans each day, prior to loading them on ships for export. This cluster — including international companies such as Glencore, LDC and Bunge but also sizeable Argentine counterparts such as Vicentin and Molinos Río de la Plata — is one of the “biggest and most efficient on the planet”, according to Andrés Alcaraz, corporate communications manager at Ciara-CEC, a chamber that represents oilseed producers and exporters.

In Argentina’s fields, the sector’s ability to compete is reflected in the extensive use of technology, including what is known as *siembra directa* — sowing seed without ploughing as a method of retaining nutrients in the soil.

Argentina has overwhelmingly adopted genetically modified crops, while fields are monitored via satellite or drones so fertilisers can be applied in precise locations and doses. “There are no gauchos left any more — it is people in 4x4s controlling everything with laptops and WiFi,” says one worker in the sector.

Modern Argentine farming is exemplified by entrepreneur Gustavo Grobocopatel, the so-called “king of soya” and business school case study, whose Los

Fields are often monitored via drones so fertilisers can be applied in precise locations and doses

In Argentina’s fields, the ability to compete is reflected in the extensive use of technology

Grobo company once farmed half a million hectares of soya without owning the land. He is confident the country will play a full part in a coming green revolution. Latin America, he says, “is a massive area of photosynthesis where sunlight is transformed into products that benefit humanity”.

Soya — which is still taxed on export, although the rate is set to decline — is at the root of about half of Argentina’s agricultural exports. As Grobocopatel points out, the country’s soya meal — used for animal feed — helps

to produce everything from Norwegian salmon to French cheese and Italian prosciutto. Soya oil is sold around the world.

Macri wants more of the country’s exports to add value, making Argentina “the supermarket of the world”. Javier Racciatti, head of LDC’s regional operations, says: “Argentina has been adding a lot of value in its oilseeds through production of products such as biodiesel and glycerine. In some crops there is probably more to do in terms of using them to raise livestock for meat exports, as a way of adding value to what is grown here.”

While private businesses continue to invest — LDC opened a port terminal at Bahía Blanca, 600km south of Buenos Aires, in July — farmers lament poor public infrastructure. “We have a totally inadequate old rail and road system,” says Carbap’s Rodes.

Argentina also has to win back markets. Beef sales have tumbled so dramatically the country does not even fulfil its quota for sales to the EU. Overall agricultural exports have fallen 23 per cent since 2011, says Marisa Bircher, secretary for agroindustrial markets, while the number of registered exporters has fallen from 16,000 to 9,500. “We want to diversify markets, diversify the number of our exporting companies and, of course, diversify products,” she says. There are promising signs: Argentine grape producers have won access to the Chinese market, and Argentina can again sell beef to the US after a 15-year ban linked to foot and mouth disease. In total, says Bircher, Argentina is talking to 33 countries about improving market access.

While trade talks could be slow, overall confidence in the sector is at least more palpable than in the recent past. LDC’s Martiarena — who is Argentine — says: “You have efficient producers, a government that is pushing agriculture to grow, private companies that are developing the export infrastructure and a world where demand keeps on rising. Everything is coming together in a way that gives very good prospects for Argentina to grow.” ●

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Imagination at work

Untapped potential

Despite vast reserves of shale oil and gas and huge scope to produce renewable power, the country's energy market is beset with patchy supply and low capacity. By **James Wilson**

A

bout 1,000km south-west of Buenos Aires, a drill rig towers over a low plateau of Patagonian scrubland. Inside a cabin nearby, engineers working for YPF, Argentina's state-controlled oil company, use a computer screen to monitor the steady advance of the drill: it has so far bored some 3,300 metres into what the company hopes is some of the best rock on earth.

This is the latest so-called "unconventional" oil well being sunk in the Loma Campana field — a joint venture between YPF and Chevron, the US oil producer. Loma Campana taps the resources of the Vaca Muerta formation — a layer of shale bearing oil and gas that can be liberated by fracking, just as similar resources in Texas and elsewhere have transformed the US's energy supply.

Will such shale resources do the same for Argentina? Hopes are high: Vaca Muerta — which covers 30,000 sq km and is hundreds of metres thick — is one of the assets that put Argentina among the countries best endowed with shale oil and gas, according to the US Energy Information Administration.

"In terms of productivity Vaca Muerta compares very favourably. If you look at current well results there, the best are in line with the

A cluster of signs for transport in the Vaca Muerta field, below



PHOTOS: REUTERS; NEW YORK TIMES/REDUX/EYEVINE



top shale plays in the US,” says Horacio Cuenca, research director for Latin America at industry analysts Wood Mackenzie.

Development of the fields here will play a key part in solving one of Argentina’s great conundrums: the disparity between its huge energy potential and its rickety energy supply. This potential is based not just on reserves of hydrocarbons such as Vaca Muerta, where companies such as Dow Chemical, Exxon and Total are also among the investors. Argentina is also ideally placed to generate renewable energy, across sparsely populated regions from sun-baked deserts to windswept Patagonia.

Yet as a producer Argentina languishes, having gone from being

Shale oil drilling in the Vaca Muerta formation in Patagonia, above

a net exporter to today relying on imported gas and diesel to keep the lights on. Generating capacity, like the current account deficit, is under strain.

Juan José Aranguren, a former head of Shell in Argentina appointed as energy minister by president Mauricio Macri, lays much of the blame at the door of the previous government for distorting the energy market with subsidised domestic energy prices, boosting demand while creating a disincentive to supply.

The tariff structure for domestic energy that Macri’s government inherited was only covering about 10 per cent of generating costs, Aranguren says. “Argentina got used to basically

having energy that was next to free.” But his attempts to change the situation have already brought severe protests that show the size of the task confronting the government. Vocal opposition to his *tarifazo* — his attempt to raise domestic energy prices by several hundred per cent — are already showing that energy is an important battleground for the government if its reform agenda is to be cemented and implemented.

Daniel Montamat, a former energy minister and analyst, identifies two priorities for Argentina. First, to increase domestic natural gas supply to fill the gap being plugged by imports from Bolivia and Chile as well as by liquefied natural gas. Second,

ENERGY

to diversify the country's sources of electricity generation away from reliance on fossil fuels — something Macri's government is starting to do with a programme to raise the tiny share of power generated from renewable sources.

Another analyst, Francisco Mezzadri, reckons it will take until 2030 to restore to Argentina's power generating capacity a comfortable reserve margin to cope with sporadic peaks in power use or maintenance outages. The necessary investment could amount to \$4.5bn annually, he says.

This year the government has awarded 2,900MW in thermal generation contracts and in recent months has also tendered for at least 1,000MW of renewable energy supply, in a bid to start expanding and renewing generating capacity.

Yet if Argentina's return to financial markets gives more grounds for optimism that the country can attract investment

A protest this July in Buenos Aires, below, demanding the resignation of energy minister Juan José Aranguren

to its energy sector, the currently depressed global prices of oil and gas present strong headwinds.

Argentina has endeavoured to shelter the industry from some of the downturn, maintaining a minimum domestic price for oil and gas that is higher than the international market price. Aranguren says this measure has also safeguarded jobs and revenues in many provinces.

But in the long term only a continued drive to improve the competitiveness of the country's oil and gas resources will have the desired effect — and a key part will be played by the drill rigs of the Vaca Muerta fields. "Shale is the future of hydrocarbons in Argentina," says Daniel González, chief financial officer of YPF.

Ernesto López Anadón, president of the Argentine Institute of Oil and Gas (IAPG), cites three advantages for Argentina in shale in Vaca Muerta: the quality and quantity of the resource; the basin's sparse population, allied with plenty of the water resources that fracking needs; and the fact that the basin has been part of Argentina's conventional oil and gas fields for decades, so has plenty of necessary infrastructure.



\$4.5bn

Estimated annual cost to 2030 to bring Argentina's power-generating capacity to required levels

In Neuquén, the regional capital that is a hub for operations in the Vaca Muerta, Pablo Bizzotto, the regional head of YPF's unconventional business, says rapid improvements in drilling methods and local availability of key supplies such as sand, are helping to cut costs and raise returns. "We are half a year ahead of where we wanted to be," he says. "We want everything that is good in Loma Campana to happen in other fields too. We need to keep the learning curve as short as possible."

Measured against these improvements are complaints from many in the industry about Argentina's disadvantages. These include inadequate road infrastructure and high labour costs: drill crews, protected by strong trade unions, typically have more workers than in the US and generously paid travel and rest time. Meanwhile, wind speeds that would not halt work in Texas do so in Argentina.

Much will depend on YPF, which was taken out of the majority control of Spanish group Repsol under Argentina's previous government in 2012. The company has been under new leadership since Miguel Galuccio, its internationally respected chief executive, quit amid signs that he did not see eye to eye with Aranguren.

Wood Mackenzie's Cuenca says YPF "is sitting on a lot of the best acreage" in Vaca Muerta. "But how much capacity does the company have to develop them? They only have so many resources and so many people — it means a slower overall ramp-up of shale production for Argentina," he says.

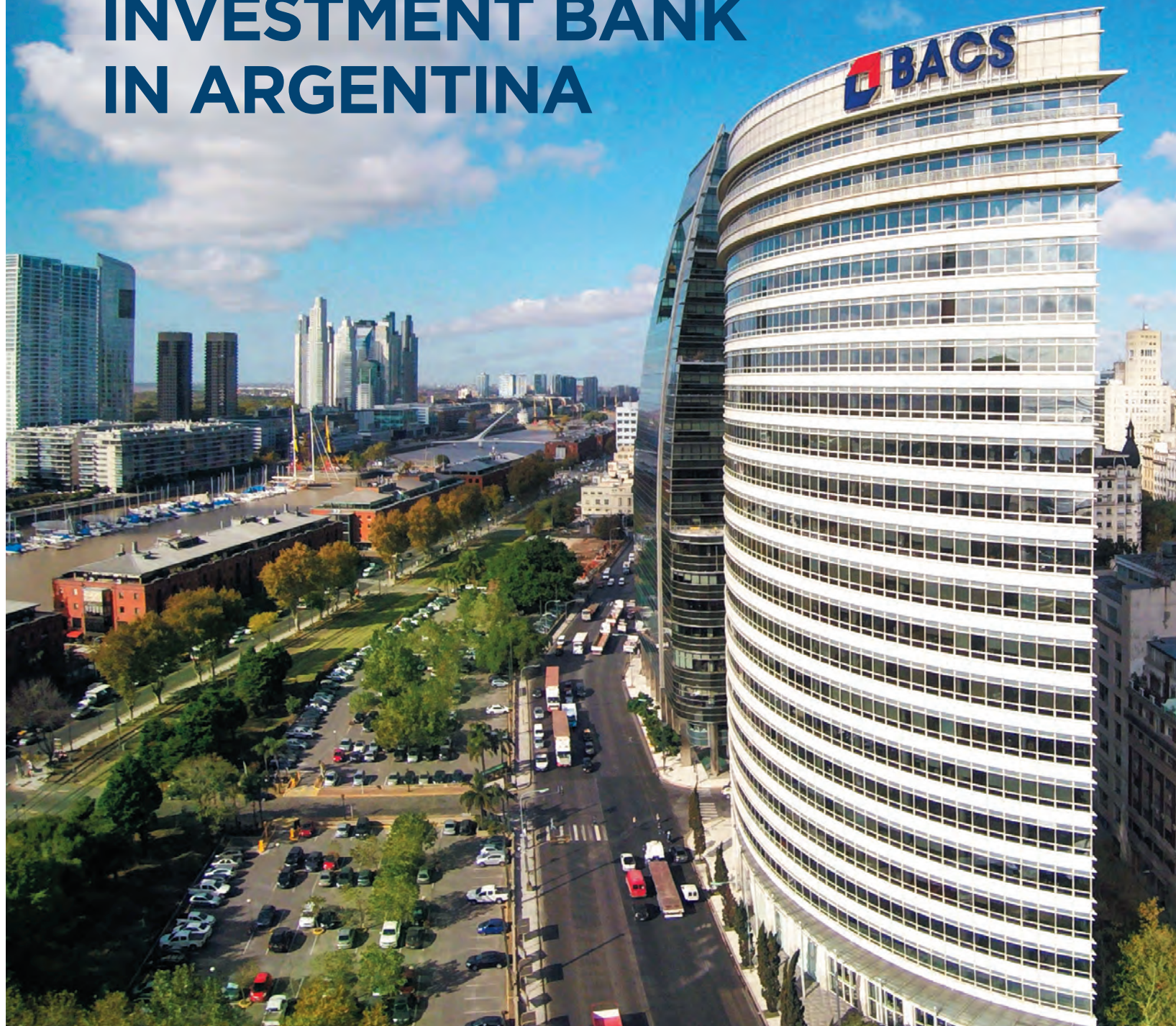
Montamat says Argentina needs fewer advantages for

Energy is a key battleground for the government if its reform agenda is to be implemented



PHOTOS: REUTERS; MATIAS SUBAT

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incumbent producers — and more of the sort of small nimble companies that helped to propel shale development in the US. “We need many more players — more competition and more innovation,” he says.

Marcelo Álvarez, president of the country’s renewable energy chamber, says Argentina is still a “microscopic” market compared with its potential — behind even countries such as Guatemala and Panama in its use of renewables.

The government’s target is that renewables should provide 8 per cent of power by 2018 and 20 per cent by 2025. Sebastián Kind, the government’s under-secretary for renewable energy, says the



20%

Targeted proportion of power to come from renewables by 2025

government now “has the tools” to make this happen, including a series of guarantees — including one from the World Bank — to make sure that contracts awarded to providers of renewable energy will be honoured.

Ultimately, says Kind, the cost of capital is decisive in making sure that renewable energy providers can be competitive — and the guarantees to bidders in the programme are a way to mitigate the Argentine country risk that has held back development.

“We have to provide an extra step to give confidence in the programme,” he says. “This is three levels of warranties — a full set.”

Asked whether renewables providers can be competitive, Kind has a simple answer that sums up the urgency of Argentina’s desire to leave behind its current energy scarcity. “The most expensive power,” he says, “is that which we don’t have.” ●

MINING

Rocky patch ‘Everything to play for’

Alongside agriculture and the extraction of oil and gas, mining is Argentina’s third great primary industry but is a considerably weaker pillar. Nor is it anywhere near as important as in neighbouring countries such as Chile, in spite of obvious similarities in geology that have led to some attempts at cross-border mining projects high in the Andes.

International companies, including Glencore, Goldcorp and AngloGold Ashanti, are mining successfully for minerals, from lithium in sun-baked northern salt pans to gold in Patagonia. But much of Argentina remains unexplored.

Daniel Meilán, the country’s mining secretary, says that of the 750,000 sq km of the country that might reasonably be expected to contain worthwhile mineral deposits, less than 25 per cent has been awarded in concessions, and of those more than 90 per cent are still at early-stage exploration, with less than 4 per cent hosting operating mines. “There is everything to play for,” says Meilán.

Even without Argentina’s recent economic turbulence, and the

in areas where projects are operating or about to start.

“The biggest challenge for mining in Argentina is to recover society’s trust,” says Marcelo Álvarez, country manager for Goldcorp and since last year the head of Argentina’s mining chamber. However, an accident at Veladero, a Barrick Gold mine, that released a cyanide solution into a river last year can scarcely have helped public confidence.

Álvarez says there is \$20bn of planned investment in the sector, from exploration to construction, but in spite of the recent government support, many of the projects are likely to be on hold until global sentiment over commodities improves. Another executive says: “It would be naïve to think that after six months of nice messages the pipeline would start up like a factory and we would be delivering mines as if we were producing cupcakes — the industry does not work like that.”

Argentina’s resources in precious metals and lithium — the object of an excited scramble because of demand to make batteries for electric cars — probably have the best short-term prospects.

One recent investor is Canada-listed Fortuna Silver, which in July acquired Goldrock, owner of the Lindero gold project in Salta province. Jorge Ganoza, Fortuna’s chief executive, said the company had first looked at Lindero and Goldrock in 2010 but had not proceeded because of the political situation in Argentina at the time. Under the Macri government, “we have seen what we want to see”, Ganoza says. Fortuna hopes to start mining in 2018.

Meilán acknowledges that patience will be required for all of the promised investment by other companies.

“I am trying to get everything in order,” he says, “so that when the train comes past we are all waiting in the station, ready to board.”

James Wilson

Precious metals and lithium resources probably have the best short-term prospects

downturn in much of the mining sector, there are plenty of obstacles. At least seven provinces — which own rights over minerals — have placed some sort of curbs on the industry, out of concern over the potential impact on the environment.

Meilán says he wants to establish much more coherence and consensus over mining policy. He also plans to set up a fund, paid for by a levy on exports, to help build support for mining

The essential partner for the private sector in Argentina

AFISA  US \$56 million	Afluenta  US \$4 million	Arcor  US \$50 million	Axion Energy  US \$420 million	Banco Galicia  US \$130 million
Banco Itau  US \$50 million	Banco Patagonia  US \$50 million	Banco Santander Río  US \$50 million	BBVA Banco Francés  US \$124 million	CAPSA  US \$124 million
Exolgan  US \$30 million	F.V.S.A.  US \$30 million	Grupo ASSA  US \$11 million	InvoiNet  US \$4 million	Medanito  US \$34 million
Molino Cañuelas  US \$80 million	Pan-American Energy  US \$520 million	Pampa Agribusiness Fund  US \$24 million	S.A San Miguel  US \$5 million	Vicentin  US \$135 million

If crisis and opportunity do indeed go hand in hand, then Argentines have had no shortage of chances. A large Argentinian diaspora is leaving its mark; many more have stayed at home. **Daniel Politi** profiles six men and women shaping how the world sees their nation

Rising Argentina



María Eugenia Vidal

The governor tipped as a future president

During María Eugenia Vidal's campaign to become the governor of Buenos Aires province last year, she highlighted how a vote for her would signify a break from the past. "So, I don't look like a Buenos Aires governor?" Vidal famously asked in one campaign ad. "We're off to a good start."

It was also a strong finish. The former deputy mayor of Buenos Aires went on to win the governorship of Argentina's most populous province, becoming the first non-Peronist to hold the job for 28 years.

Her success was at least in part because she went out to meet voters. While her competitors preferred to campaign from television studios and pinned their chances on old clientelistic networks to get out the vote, Vidal prioritised direct contact with constituents, a trend she has continued since taking office.

Vidal now faces myriad challenges governing a province known for its rough-and-tumble politics. But many are already talking about the 43-year-old as a future candidate for the presidency. After all, Mauricio Macri the former mayor of Buenos Aires, made a similar transition.



Ángel Correa

The footballer who has overcome adversity

One of the Argentine players on pitches abroad is Atlético Madrid's Ángel Correa, renowned for his potential to dribble past opponents and wriggle out of tight spots, leaving spectators open-mouthed.

Hailing from Rosario, Argentina's second city and Lionel Messi's home town, Correa was key to Buenos Aires club San Lorenzo's stellar 2013-14 season. The forward was then snapped up by Atlético Madrid, where he was hailed as a successor to fellow countryman Sergio Agüero. In July, it was reported Atlético had rejected a bid for him from Barcelona.

Correa, 21, grew up in poverty and as a child lost both his father and brother. Only two years ago he had heart surgery to remove a tumour, shortly before his move to Atlético. At the Rio Olympics he missed a penalty and Argentina were knocked out in the group stage. Yet that defeat was more a reflection of the financial and structural chaos enveloping the AFA, the country's football federation, than the failure of any single player. Argentina will remain one of the world's biggest exporters of footballers.



Santiago Mitre

The indie film-maker ready for the big time

A sudden rise of Argentinian film-makers on the international festival circuit two decades ago led many to talk about the dawn of New Argentine Cinema. But this scene quickly grew tired, as what was once innovative became cliché.

More recently, though, a younger crop of film-makers has emerged who are reviving local productions by shining a light into often-ignored areas of Argentinian life. Santiago Mitre, 35, made a splash with his 2011 directorial debut *El Estudiante* (*The Student*), an unflinching look at the underbelly of university politics. His next feature, *La Patota* (*Paulina*) was a provocative film that raised questions about the country's judicial system and naive idealism of some do-gooders. It won the top Critics' Week award at Cannes last year.

Now Argentina's biggest movie star, Ricardo Darín, has signed up to be in Mitre's next film, *La Cordillera*. Darín will play a fictional Argentinian president who has to deal with a complicated personal drama while at a three-day regional presidential summit in Chile.



Gabriel Rabinovich

The biochemist who wants to cure cancer

Gabriel Rabinovich this year became the seventh Argentinian to be accepted into the US National Academy of Sciences. Yet one key difference separates the 47-year-old biochemist from the previous six: he has pursued his entire career in Argentina. Rabinovich is disproving the conventional wisdom that scientists who want to make it big need to leave Argentina.

Rabinovich has dedicated his career to studying a protein that could be key to combating tumours and autoimmune diseases like multiple sclerosis and rheumatoid arthritis. He has identified a novel protein, Galectin-1 that is used by a number of tumour cells to in effect cloak themselves from the normal surveillance of the immune system. Blocking this protein could amount to a paradigm shift in the way doctors can treat tumours created by several types of cancers, including melanomas, lung and breast cancer. “We’ve identified one of the villains in the movie,” is how he puts it.

Rabinovich and his team of 30 at the government-funded National Scientific and Technical Research Council are working on galectin inhibitors including a monoclonal antibody that neutralises this protein in cancer; in pre-clinical studies with mice they have shown significant success. Now the scientist — who is more used to long hours in a laboratory — is spending his days building contacts with the pharmaceutical industry to create private-public partnerships and carry out clinical trials for the antibody. In May, Rabinovich helped organise a conference under the optimistic banner “Winning the war against cancer”. If he has his way, at least one battle in that war could be won in Argentina. “I’m proud that all this work has been done in Argentina with students from public universities,” he says.



Emiliano Kargieman

The entrepreneur who aims to democratise space

When Emiliano Kargieman launched his first two small commercial satellites in May on the Chinese Long March 4B space mission, he named one Fresco and the other Batata. The ode to the classic, simple Argentinian dessert consisting of cheese (*fresco*) and sweet potato jam (*batata*) was also a nod to the decidedly local origins of the twin satellites.

Argentina is no stranger to start-ups and many have credited the combination of a highly educated workforce that is used to dealing with crises and unexpected curve-balls as ideal for creating highly motivated entrepreneurs. Yet none has Kargieman’s space-wide ambitions.

It all began in 2010, when the former hacker — who founded his first company at 15 — came to realise the space industry was still working under old paradigms of building huge, expensive satellites that were out of reach for anyone but state actors and the wealthiest companies.

Kargieman, 41, founded his company Satellogic with the goal of opening up space by building satellites that cost “hundreds of thousands of dollars rather than hundreds of millions of dollars,” he says. Starting in 2013, the company launched three successful prototypes. And now, once Fresco and Batata — each weighing just 35kg — are fully operational, Satellogic will begin commercial operations before the end of the year, providing images to clients. Kargieman says he has already drummed up interest from numerous industries, with a particular focus on oil and gas, agriculture and even governments that want to keep track of critical infrastructure.

Satellogic currently has 70 employees, a number that is likely to grow in the near future — the company already has contracts in place to launch four additional satellites into space next year.



Soledad Nardelli

The chef who is reviving provincial flavours

When Soledad Nardelli became the head of kitchen at Buenos Aires’s Chila 10 years ago, she did what seemingly all fine dining establishments were doing in the capital at the time: she looked to Europe.

But one year later she made a dramatic shift on her menus, partly out of necessity: “Imports were blocked and we suddenly had to start relying more on national production,” Nardelli explains. The new situation suited her, however. “As a cook I was tired of always taking my cues from Europe,” the 37-year-old now says.

So she went exploring. Nardelli travelled across the country, often with a camera for a television show on the Gourmet cable channel, to discover ingredients and flavours that were barely recognised in Buenos Aires. Nardelli — a rare woman on the Buenos Aires culinary landscape — became part of a group of chefs who sought to rebrand Argentinian food and demonstrate that there was more to local cuisine than the world-famous steak.

Critics began to notice. Nardelli has won numerous awards and Chila, located in the upscale Puerto Madero neighbourhood, came at number 21 in the 2015 Latin America’s 50 Best Restaurants rankings, the fourth-highest ranked in the country.

Late last year, Nardelli embarked on her latest challenge by also taking charge of the kitchen at Club Tapiz, a restaurant in the wine-producing province of Mendoza that grows its own vegetables and uses products only from the local region.

Nardelli may have spent a decade discovering flavours in forgotten corners of her country but, she says, the task is not finished. “We still have a lot of learning to do.” ●



The New York Stock Exchange is proud to be the listings home for 17 companies in Argentina with a total market capitalization of \$53 billion.

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Unicorns riding high

A global mindset among its entrepreneurs has made Argentina a natural home for fast-growing tech start-ups. By **Benedict Mander**

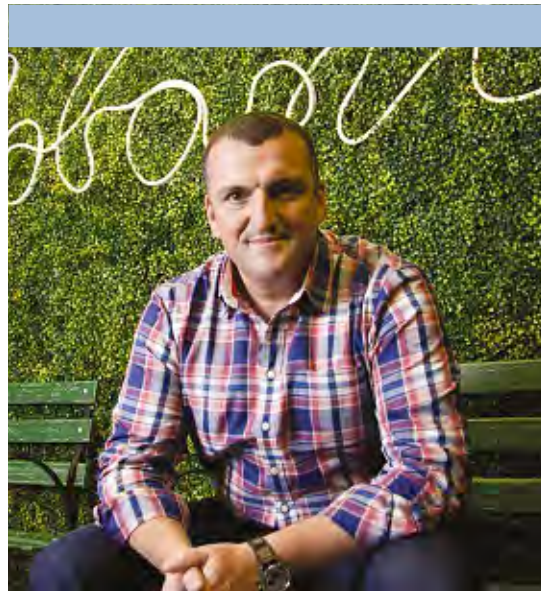
Few economies have performed as poorly over the past century as crisis-plagued Argentina.

The nation even has the unique distinction of losing a tenure, albeit a brief one, in the early part of the 20th century as one of the world's 10 richest nations to become just another developing country.

But Lino Barañao, Argentina's minister for science, technology and innovation, says a chronically dysfunctional economy has — perversely — been almost beneficial for start-ups. Often having to struggle with double-, sometimes triple-digit inflation as well as all manner of economic controls, necessarily financially savvy Argentines have been forced “to find ways to dodge the rules”, says Barañao. “In many ways that is negative, but it can be good for innovation.”

“There is a rebel spirit in Argentina,” he says, arguing that this has been instilled by waves of ambitious immigrants from Europe and beyond. This has given rise to a diverse and creative population that has benefited from an excellent public education system, as well as some 40 universities and more than 30 research centres.

Barañao was the only minister asked to stay on from the previous administration. In the past decade he has overseen a cultural change in which Argentina's universities have been shedding a solely academic focus on producing research papers. Students are increasingly encouraged to make prototypes and investigate the feasibility of setting up technology companies. State funding is available for the best proposals.



Indeed, a lack of financing opportunities from the private sector has so far presented one of the biggest challenges. But that may be changing as interest from US venture capital companies grows, thanks to a regulatory system that is more agile than that of the US.

And, after years of a complicated climate for businesses in Argentina, the new government has made important moves in its drive to “normalise” the country. Moreover, says Barañao, “for the first time there is strong co-ordination between the national and city governments”, both of which are focused on promoting Buenos Aires as a technology hub.

The market in Argentina itself is relatively small, but that has bred a more global mindset among its entrepreneurs than in countries such as Brazil or Mexico, where they concentrate on servicing their own huge markets. Perhaps it is unsurprising, then, that four of Latin America's six “unicorns” — tech start-ups now valued at more than \$1bn — emerged in Argentina.

Globant chief executive Martín Migoya has seen the company's share price quadruple since 2014

Globant

Founded 2003

Genesis Four friends came up with an idea in an Irish pub in central Buenos Aires after they lost their jobs in the 2001 crash

Value \$1.7bn

Globant develops software for big companies mainly in the US and the UK. Its exclusive focus on emerging technologies, as opposed to traditional IT companies, has driven rapid growth and earned the company a reputation as one of Latin America's most innovative businesses.

The company aims to build and improve what it calls “digital journeys” for consumers, enabling its clients to engage better with their users through highly targeted and fast-evolving technologies such as big data.

Globant's first client was UK travel website lastminute.com and in 2006 it became the first tech company to secure a contract with Google, helping it to build

The domestic market is relatively small, but that has bred a more global mindset

an impressive client portfolio that includes Coca-Cola, Disney, LinkedIn, Fifa and NatGeo.

In 2014, Globant became the region's first software company to float on the New York Stock Exchange. Since then its share price has quadrupled. Based in Buenos Aires, it has offices across Argentina and in 12 countries.

Chief executive and co-founder Martín Migoya, who likes to call his 5,200 employees “globers”, says he is following in

the tradition of Silicon Valley's most successful companies to combine engineering, innovation and world-class design with scale.

MercadoLibre

Founded 1999

Genesis Co-founder Marcos Galperin delivered his pitch to John Muse, a private equity fund founder he was driving to the airport. Muse had just given a talk to Galperin's class at Stanford University

Value \$6.5bn

MercadoLibre, Latin America's answer to eBay, is the region's most visited ecommerce website. A household name across Latin America, it is the region's only internet company listed on Nasdaq.

After surviving the 2000 dotcom crash thanks to co-founder Marcos Galperin's ability to raise financial support, the company swiftly caught the attention of eBay. The US giant acquired a 19.5 per cent stake in exchange for eBay's Brazilian subsidiary pledging not to return to Latin America for at least five years.

That cleared the way for MercadoLibre's rapid expansion, executing a timely initial public offering in August 2007, helping it to weather the global financial crisis that was setting in at exactly the same time.

Now one of Argentina's biggest companies and with a market capitalisation of more than \$6.5bn, each year MercadoLibre matches 30m buyers and sellers (about 5 per cent of the region's population) of anything from computers to cars. The site boasts a gross annual merchandise volume of some \$8bn.

But Galperin, who is MercadoLibre's chief executive and its biggest shareholder, reckons this is "minuscule" compared with the growth he expects in the next 20 years, as more and more Latin Americans gain access to the internet and broadband penetration deepens.



Alec Oxenford says OLX took the 'Martian approach', targeting foreign markets before the Argentine one

OLX

Founded 2006

Genesis The co-founders first talked about the business while hiking Argentina's Perito Moreno glacier

OLX is one of the world's leading online classifieds companies. Like its Craigslist inspiration, OLX — the initials stem from "online exchange" — connects people buying and selling second-hand goods, as well as job- and home-hunters.

Co-founder Alec Oxenford has described the company's growth strategy as the "Martian approach": launching first

Only a fifth of airline tickets are sold online in Latin America, compared with half in the US

in foreign markets perceived as having the fastest growth potential — India, Brazil and Kenya, for example — leaving the Argentine market for several years later.

In 2010 South African media conglomerate Naspers acquired a 67.8 per cent stake in the company, since increased to 95 per cent. When Naspers consolidated its online classified services

in Indonesia, Thailand, the Philippines, Poland, Bulgaria and Romania under the OLX brand, OLX became one of the world's biggest internet brands developed outside Silicon Valley. The online platform for consumer-to-consumer trade is now used in more than 45 countries — mostly emerging rather than developed markets — and boasts more than 300m users every month.

Despegar.com

Founded 1999

Genesis After meeting at Fuqua business school in the US, the founders put together the Despegar idea via email

Annual revenues \$4bn

Despegar.com, from the verb "to take off", is Latin America's largest online travel agent and the fifth-largest in the world, operating throughout the region, as well as the US and Spain. Its biggest market is Brazil, where it has an important subsidiary, Decolar.com.

The site allows leisure and business travellers to research and book airline tickets, hotel rooms, rental cars, holiday packages, cruises and tourist attractions. Expedia.com, the world's biggest online travel agent, paid \$270m last year for a 16 per cent stake, deepening a commercial relationship in which the two companies already shared customers.

Co-founder and chief executive Roberto Souviron recently announced plans to launch an IPO on Nasdaq by 2017, selling about 10 per cent of the company's shares.

Souviron believes sales of \$4bn expected this year could double over the next five years and triple over the next 10. Only a fifth of airline tickets are currently sold online in Latin America, compared with about half in the US. Like MercadoLibre, the company stands to benefit from increased and faster broadband access in the region. ●

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Borges redux

As the cult of the Kirchners is swept away in public life, more open-minded Borgesian ideals are coming to the fore.

By **Benedict Mander**

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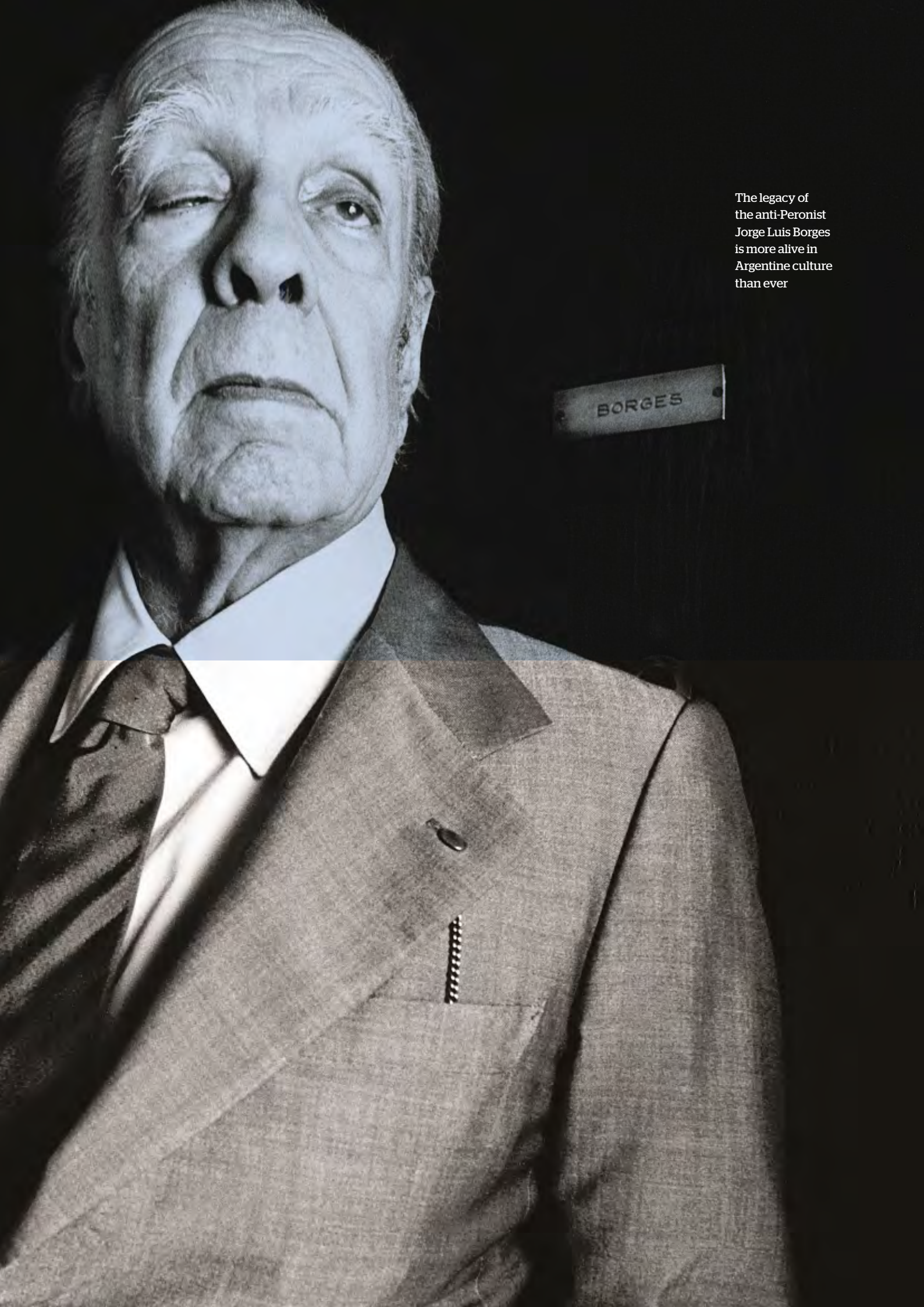
grand neoclassical edifice that once housed the Buenos Aires central post office was hastily inaugurated last year — in good time for the presidential election — as the Kirchner Cultural Centre. The name commemorates Néstor Kirchner, the late husband and predecessor of outgoing president Cristina Fernández de Kirchner and was emblazoned in bold letters across the building, a few hundred metres from the Casa Rosada, the presidential palace.

But this year the new government of Mauricio Macri added to the façade, in yellow neon lights, a quotation from the great Argentine writer Jorge Luis Borges: “*Nadie es la patria, pero todos lo somos.*” In part, the famous line, which means “No one is the fatherland, but we all are”, advertises a new exhibition

about the giant of Latin American literature. But it also contrasts starkly — and intentionally — with the Kirchners’ divisive claim that their populist movement represented the *patria*. The line encapsulates what is being seen as a cultural shift, with the ideas of Borges at its forefront.

“Essentially what Borges is saying is that we should stop fighting,” says Maria Kodama, the widow of the man regarded as one of the most important literary figures of the 20th century. The couple married in 1986, just months before Borges died aged 86. Kodama, who is 79, says that Latin American politicians, such as the Kirchners, too often pursued the confrontational logic of “either you’re with me or you’re against me”. “Time and again we repeat the same mistake,” she says.

PHOTO: GETTY IMAGES



The legacy of
the anti-Peronist
Jorge Luis Borges
is more alive in
Argentine culture
than ever

BORGES

But Alberto Manguel, an Argentine writer and a renowned disciple of Borges, argues that “a fundamental Borgesian idea” is gaining ground in Argentina. Manguel, who as an adolescent read to the blind writer, cites an important 1930s essay in which Borges argued that Argentine writers have two options. “We can either rely on local colour and write about what is almost a caricature of Argentina — tango, the Pampas, maté and so on — or we can be universal,” explains Manguel, who returned to Argentina this year after living abroad for decades to become director of the national library — a position that Borges himself held in the 1950s.

“We are going from a populist demagogic nationalism to something more open and universal, and that is something that Borges would have approved of,” says Manguel. Borges, he adds, “despised” Juan Perón, who in the 1940s founded the political movement known as Peronism. The movement, which the Kirchners followed, has dominated Argentine politics ever since. “Borges thought Perón was a villain of Argentine history,” he says.

Pablo Avelluto, the culture minister, says the government is trying to “update the cultural agenda” with a more

“contemporary” and “open-minded” approach. He regards the 12 years under the Kirchners as a period when “the state told you what to think”. “We were discussing things that we were discussing here 40 years ago.”

“It’s an old phenomenon in Argentina, that of opening up to new ideas, the dialogue with ideas from Europe and elsewhere,” says Avelluto, pointing to the waves of immigration to Argentina from Europe around the turn of the 20th century. “It was the role that Borges and Sur [the literary magazine founded by Victoria Ocampo] had in the 1930s and 1940s.”

Now, a so-called “de-Kirchnerisation” of culture is under way. Nowhere is the shift away from the personality cult of *Kirchnerismo* towards more universal Borgesian ideals more evident than in the displacement of the “Néstor Kirchner experience” at the very cultural centre that bears his name.

The display — “a place for the Néstor that we all carry

‘We are going from a populist demagogic nationalism to something more open and universal... Borges would have approved’

Alberto Manguel



MODERNISMO

Victoria Ocampo was a wealthy intellectual and founder of Sur, the influential literary magazine that launched Borges. In 1929 Ocampo built a house in Buenos Aires inspired by Le Corbusier; the house is considered the first work of modernist architecture in Argentina. It languished during the Kirchner years, but this year the building was re-inaugurated as a cultural centre by the National Arts Council. Part of its collection of modern Argentine paintings is on show on the ground floor, in a space previously used as a car park.

within us”, according to one of its organisers — has been ousted in favour of the temporary exhibition celebrating Borges on the 30th anniversary of his death. Instead of a space adorned with huge posters glorifying the hook-nosed Patagonian leader, visitors are treated to a new look at Borges’ obsession with dreams, labyrinths, mirrors and infinity.

With more than 160 public spaces in the country named after Néstor Kirchner, this process of depoliticisation will take time. But a marble bust of the former president has already been moved from a prominent position in the entrance of the Casa Rosada to the side passage to join the busts of his predecessors. Posters of leftist icons such as revolutionary Ernesto “Che” Guevara and late Venezuelan president Hugo Chávez have been taken down from the palace walls. The Bicentenary Museum, beside the Casa Rosada, which tells Argentina’s history since independence in 1816, used to devote about half of its floorspace to the Kirchners; their part of the narrative now occupies a more proportionate space.

“It’s not about replacing that political-cultural narrative with its opposite in a kind of confrontational logic, but broadening it to multiple narratives and voices and discussions,” says Avelluto. “There isn’t one vision, nor are there two — there are multiple visions.” The Kirchners’ confrontationalism was “very characteristic of the 20th century”, he believes.

He compares this unfavourably with the PRO, Macri’s party, which was founded in the early years of the 21st century in response to the political, economic and social crisis that exploded in 2001. The party was aimed at a new generation of Argentines who had lived all their lives in democracy and sought a new kind of politics.

But Ricardo Forster, an Argentine philosopher designated by the previous government as “secretary of strategic co-ordination of national thought”, brands the new administration’s moves as “socio-economic



The Kirchner Cultural Centre

PHOTO: REUTERS/LAMY



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CULTURE

revanchism". "This government wants to pasteurise culture and memory, and reduce it to not even a museum piece, without depth or conflict," he says, describing the new "market-worshipping" government's approach to culture variously as "prejudiced", "lightweight" and "without effervescence". "They think they are fashionable, but they conceal a profound ignorance," he says.

Forster, who describes himself as a "passionate reader of Borges", and has even dedicated a book to him, admits that the writer's work can be seen as elitist. "There has always been a complex relationship between the

high culture of Borges and the emergence of popular culture and governments linked to the popular class, like Peronism," he says.

But despite Borges' sometimes "reactionary" political positions, Forster points out that he was fascinated by marginal cultures — evident, for example, in his penchant for stories about knife fights — making him both local and cosmopolitan, something that is "deeply ingrained" in Argentine culture. "He is profoundly Argentine and universal at the same time," Forster argues.

Certainly, Borges is more alive in Argentine culture than ever. But the Kirchners' place in history

"This government wants to pasteurise culture and memory, and reduce it to not even a museum piece, without depth or conflict"

Ricardo Forster

appears less firm, despite their best attempts at self-glorification. The pharaonic cultural centre took nearly a decade to complete and officials now say costs over-ran by 450 per cent. But even the plaque that commemorates those responsible for its construction contains an irony. In pride of place is the name of the now former public works secretary José López, who earlier this year was arrested trying to hide almost \$9m in cash in a convent outside Buenos Aires. He is in jail pending his trial.

In a sense, though, Borges' legacy is not unambiguously positive for all Argentines either. Avelluto says his towering literary presence can be "oppressive" for writers attempting to forge a new path. "Borges is both a blessing and a curse: on the one hand, it is a blessing to have had someone so great. But on the other hand, after Borges, where do you go from there?" ●



Cristina Fernández de Kirchner, above, beside a bust of her late husband in the Casa Rosada; the arrest of José López this June, left



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Fever pitch

Football in Argentina, like its history, is a volatile mix of big personalities and controversy. By **Jimmy Burns**

It was while covering the Falklands war as the FT's Buenos Aires correspondent that I first witnessed the singular passion generated by football in Argentina. Fans at the Boca Juniors stadium — Diego Maradona's home ground — used to jump up and down roaring: "*El que no salta es un inglés!*" — "If you don't jump you're an Englishman!" Nor was the military junta shy to exploit Argentina's footballing pedigree: one propaganda leaflet depicted a cartoon of a Maradona look-alike accepting the surrender of an imperial British lion.

The junta ended up surrendering to the British military in June 1982, and weeks later Argentina's national team surrendered the World Cup. A nation's illusion of invincibility was crumbling but four years later Maradona almost single-handedly returned Argentina to World Cup victory in Mexico.

Football, with its visceral extremes often mirroring political upheavals, exercises a powerful grip on Argentine culture. Even the new president of Argentina, Mauricio Macri, is a former president of Boca Juniors, and the Buenos Aires-born Pope Francis is an unabashed fan of the city's San Lorenzo side.

Maradona is long retired but the superlatives (a 2000 poll voted him greatest player of all time) have moved on to his countryman, the Barcelona forward Lionel Messi, five times FIFA world player of the year.

But both men's reputations off-pitch have known controversy: the former for his drug-taking; the latter for a conviction in a Spanish court for tax fraud, a charge he denied.

Of the two, Maradona most personifies Argentine popular culture because of his poor, semi-indigenous roots, and the fact that he has lived and played longest in his native country. Messi has lived in Barcelona since he was 13, and his most memorable performances have been for club, not country.

And in a sign of internal squabbles affecting the national sport, Messi recently announced he was quitting international football. The player missed a penalty in Argentina's defeat by Chile in the Copa América final; then he excluded himself from the 2016 Olympics team.

Maradona, a celebrity still, is consistently unafraid to criticise the management

Tougher sentences for off-pitch violence are aimed at "civilising" the national sport



of the Argentine Football Association. He recently accused its former president, and senior FIFA executive, the late Julio Grondona, of having run a Mafia-like organisation.

Maradona's latest intervention gives him unlikely common cause with the country's president, who is backing robustly a FIFA investigation into the longstanding unaccountability of Argentine football, calling it "a system of bad habits and corruption".

In truth Maradona is an unpredictable ally, given his support for Macri's bitterest adversary, former president Cristina Fernández. Nor does the Maradona lifestyle play to the kind of accountable, trustworthy new Argentina model that Macri aspires to. Nevertheless, Macri is very aware of Maradona's special status — the triumphant statue of the player inside La Bombonera, the Boca stadium, is one reminder.



Above: fans of the Argentina national side display their reverence for Diego Maradona, Pope Francis and Lionel Messi
Opposite: Boca Juniors supporters at La Bombonera, their home ground

Maradona regularly attends La Bombonera, boosting its already feverish atmosphere. *Bombonera* means chocolate box in Spanish, but there is nothing sweet or contained about the stadium. To this day an enduringly militant section displays its tribal loyalty with an intensity hard to find in any other sports arena in the world.

Nothing can contain the fans occupying the most popularly priced section, called *La Doce* (No 12), because the level of support here is equivalent to putting an extra player on the pitch. Concrete terraces vibrate as fans pogo up and down; frenzied drumbeating, chants, fireworks and blatant intimidation of visiting players and officials a reminder of Argentina's social divide and potential for violence.

The stadium may be less of a cauldron than when I first attended, thanks to improved security, a legacy of

Macri's clean-up campaign at the club. There has also been modernisation to boost sponsorship and executive hospitality. But only the most hardened visiting overseas fan will find the atmosphere at La Bombonera, and other stadiums in the capital, so absorbing that he will forget all fear.

Many of the most fanatical supporters in Argentine football organise themselves into rival club gangs — the so-called *barras bravas* ready to confront rivals or riot police alike.

Macri's desire to defuse the violence and political influence of the *barras bravas* continues a campaign embarked upon when he took over at Boca Juniors in 1995. He had mixed results, largely because the power of the gangs had its roots in a failed state outside the club.

Governments and the Argentine Football Association alike had ignored the problem for decades, allowing rival

barras bravas to be embedded in organised crime. These violent mini-mafias were involved in money-laundering, drug-dealing and gun crime, often with the complicity of police, politicians and club officials.

The government now has a zero tolerance policy towards football violence, alongside tougher sentences aimed at "civilising" the national sport. Macri, the former football executive, is seemingly well placed to eradicate the corrupt links between football, business and political interests that flourished under previous military and civilian governments. And he does have the pontiff on his side. ●

Jimmy Burns is a former Buenos Aires correspondent of the FT. He is the author of The Hand of God and Francis: Pope of Good Promise, biographies of Diego Maradona and Pope Francis, respectively



WINE

The Malbec effect

The country's 500-year-old wine industry had struggled for international respectability until, two decades ago, along came a Frenchman. By **Benedict Mander**



Michel Rolland is credited with revolutionising Argentine winemaking

T

he French winemaker and consultant Michel Rolland takes a long, deep sniff from a glass of Mariflor Camille 2009. With a deftness that betrays decades of practice, he takes a swig, gurgles and spits it into a jug. “It has everything, but a bit more,” he announces.

Dressed entirely in black, Rolland sits back to absorb the flavours of the inky Malbec wine with an air of satisfaction. “Nothing is harsh or disturbing to the mouth. It takes on another dimension,” he says, “a blend between power and finesse.”

That the renowned oenologist so approves of this particular Argentine wine is not entirely surprising — he made it himself. Modesty may not be Rolland’s forte, but as one of the most influential figures in the world of wine he has probably earned the right to brag.

In Argentina in particular, the 68-year-old Bordeaux-based winemaker is credited with revolutionising an industry once content to turn out mainly table wines. He helped to introduce techniques — such as pruning vines and limiting irrigation — that have

PHOTOS: AFP/GETTY IMAGES

ushered in a new era for Argentine wine over the past two decades. Some of its now trademark Malbecs are among the best in the world.

So it is with some trepidation that, as someone who delights in a nice glass of wine but is no expert, I try Rolland's Mariflor Camille 2009. We are sitting in his Buenos Aires waterside apartment and he is peering intensely at me as I sip.

"Do you like it?" he asks. I certainly do. "That's the most important thing. Forget about the adjectives," he says, displaying a healthy disregard for the extravagant vocabulary often employed to describe wine.

Rolland first came to Argentina in 1988, when Arnaldo Etchart, an ambitious winemaker in the northern province of Salta, enlisted his help to break into a hitherto unimpressed US market. Etchart's subsequent success, thanks to the Frenchman's talent for turning around a wine's fortunes, meant Rolland became the most sought-after wine consultant in Argentina. His many clients in the country have included the Trapiche, Norton, Salentein and Benegas Lynch wineries.

Some might argue too many: the man who travels so extensively around the world's vineyards that his nickname is the Flying

Frenchman is not without critics. He has many supporters and many satisfied clients, and his influence on the industry is undeniable. But some fellow professionals accuse him of dumbing down viniculture, of pandering to mass-market tastes. A 2004 film, *Mondovino*, aired much of that controversy.

Argentina has been making and drinking wine for nearly five centuries, starting with the country's first vineyards cultivated by Spanish colonisers in the mid-16th century. Thanks to large numbers of later European immigrants, by the 1970s Buenos Aires was third only to Paris and Rome in wine-consuming capitals. Yet despite the demand, Argentina produced mainly average wines.

In 1999 Rolland started planting his own vines in what is now Clos de los Siete, an exclusive group of seven high-altitude vineyards in Mendoza province in a magnificent setting at the foot of the Andes. That was when he became truly invested in Argentina. "We wanted to show that Argentina

Vineyards
in Mendoza
province at
the foot of the
Andes

was a country with great potential. It wasn't so obvious then, even if it is obvious today," he says.

Indeed, it wasn't so long ago that in his native France, wine professionals were dismissive of Argentina. Many were barely even aware that the country made wine at all. "French people used to ask, 'They make wine there?' They're not asking that question any more," he says. Indeed, the Malbec grape, originally from France, is today largely identified with Argentina.

Malbec is certainly the most consistent grape in Argentina, prospering even in the bad years in a uniquely extensive wine region that runs along the foothills of the Andes for some 2,000km from close to Argentina's border with Bolivia in the north to Patagonia in the south. But Rolland predicts that Cabernet Franc will also have "a very good story" in Argentina. "Malbec is always quite strong and powerful, while Cabernet Franc is the best example of elegance and finesse, so the mix is doing very well," he says. "I would like to plant more."

There are challenges to wine cultivation in the Andean foothills, such as hailstorms, which one year tore down from the mountains to wipe out an entire harvest at Clos de los Siete. But Rolland is optimistic about the prospects for Argentine wine, especially after the recent change in government that he says has greatly improved business conditions: "Politics is much more dangerous than hail. But it's getting better now."

Even so, Rolland acknowledges that superior Argentine wine is a very young industry. The best wines only emerged from about 2000 onwards. "Good wine and great wine are not the same thing. You can only know if it's a great wine 20 years after making it, so we don't know yet in Argentina," he says.

That is one reason why Rolland has named the wine we are drinking after one of his grandchildren, Camille. "When you are a grandfather you do everything you can for your grandchildren," he says. "In 20 years I may not be around but my grandchildren will be." ●

'French people used to ask, "They make wine there?" They're not asking that any more'

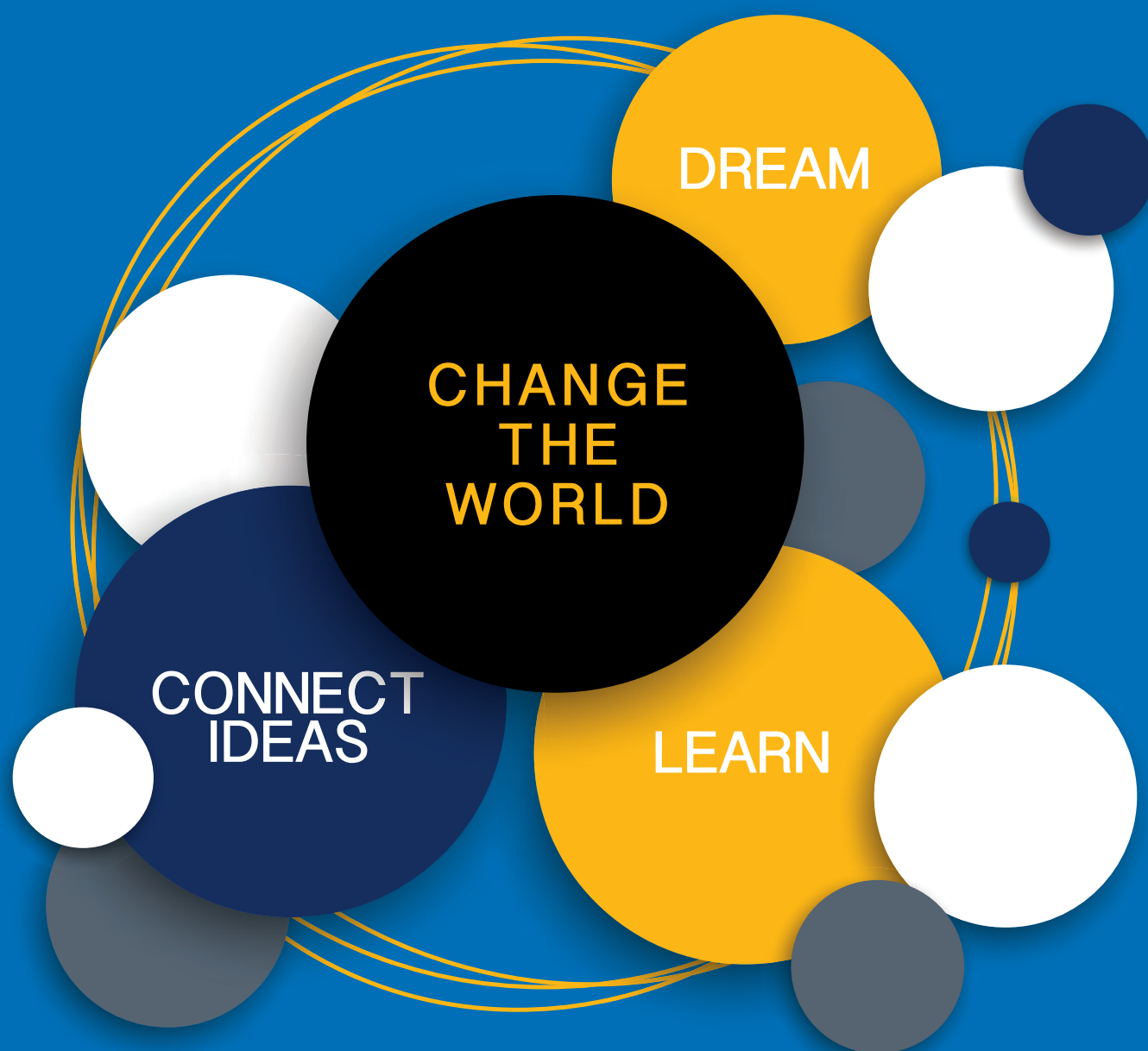


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WINE



Nose for nuance Peter Richards assesses the country's changing industry, and selects Argentine wines to look out for

Like its football and tango, Argentina's wines have an inherent tendency to exuberance. This can be a good and a bad thing, though. Its vineyards are hunkered at the foot of the Andes in what is essentially a high-altitude desert. Intense flavours, extreme ripeness, high alcohol – all these things come naturally to Argentine wine, products of a bright sun, dry climate and eager winemakers.

And yet, as superficially impressive as these characteristics can be, they can also render wine undrinkable, lacking any sort of refreshment value or ability to pair with food, two of wine's most essential duties. What is exciting right now is that the best Argentine producers have realised their real challenge is not size but proportion. That is, how they can make their wines elegant and refined at the same time as retaining a unique Argentine character.

"When it comes to fine wine, less is more," says consultant winemaker Alberto Antonini, partner in Mendoza-based Altos las Hormigas. "But to do less, you need to know more."

Applied research into Argentina's myriad winemaking terroirs is one of the most thrilling aspects of the country's modern wine scene, from the windswept plateaus of Patagonia in the south to the breathless, sun-baked slopes of Salta in the north via the rugged heights of the Uco valley in Mendoza, the heartland of national wine production. The lush, baroque charms of Argentina's signature

'When it comes to fine wine, less is more, but to do less, you need to know more'

Alberto Antonini

grape variety, Malbec, are starting to be imbued with more subtlety and nerve; the likes of Cabernet Franc, Bonarda, Tannat, Tempranillo, Pinot Noir and Chardonnay are also starting to shine, in a more nuanced fashion.

Peter Richards is a Master of Wine and television presenter

Six of the best

● **Gen del Alma JIJJI Malbec Pinot Noir 2015, Gualtallary, 12%**

As the name (roughly, "hahaha") suggests, this is something a bit different. In a country where macho reds abound, this is ethereal, light-hearted and full of fun. It's a delicious anti-establishment protest packed with juicy cherry flavours and floral hints. True to form, it's an eclectic blend, grown using biodynamic practices and made in the Beaujolais style.

● **Weinert Carrascal 2009, Mendoza, 14%**

A sensational-value wine that will appeal to those who are partial to classics such as claret or Rioja. Weinert has an old-school, European lilt to it – the founder was of German descent, the winemaker is Swiss and the long ageing in European oak vats gives the wines a leathery, tobacco-inflected swagger.

● **Colomé Torrontés 2015, Salta, 13.5%**

There is a dramatic intensity to the landscape, people and wines in this northerly outpost of Argentine winemaking. These are some of the highest altitudes in commercial wine production: Colomé (owned by the Swiss Hess family) is not only one of Argentina's oldest wineries, it also has some of its most lofty vineyards, surpassing 3,000m. This Torrontés has a heady, exotic perfume but with a juicy, invigorating flavour profile.

● **Bodega Noemía A Lisa 2013, Patagonia, 14%**

South America's southern extremities have the potential to host some of the continent's most exciting vineyards. The closer you get to ice-strewn Antarctic waters, the cooler and cloudier the weather, giving naturally fresher and more invigorating wines. This beautifully floral, peppery red is mainly Malbec with a touch of Merlot. The estate is co-owned by Italian vintner Countess Noemi Marone Cinzano and Danish winemaker Hans Vinding-Diers.

● **Zuccardi Tito Paraje Altamira 2013, Uco, 14.5%**

Few Argentine family producers are as energetic, ground-breaking and downright friendly as the Zuccardis. Father-and-son team Sebastián and José Alberto have invested their heart and soul in fine-tuning their high-altitude Uco vineyards in recent years. This deep-hued blend of Malbec with a touch of Cabernet Sauvignon and Ancellotta is wonderfully dense but also elegant, savoury and seriously classy. One to stick away for a few years, if you have the patience.

● **Yacochuya 2008, Cafayate, 15%**

To conclude, one of Michel Rolland's own wines. Rolland began consulting in Salta in 1988 and immediately saw its potential. He found an old Malbec vineyard at 2,035m altitude and this 2008 vintage shows the tobacco-scented, softened edges typical of fine bottle-aged reds. At its core, though, this is a hedonist's wine, one for those who like maximum impact – a dense, sinewy, full-throttle red with tons of peppery spice, juicy acidity and rich ripe fruit.

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TRAVEL

Wider horizons

It's not all about the Andes... as Argentina gets cheaper and easier to visit, Buenos Aires resident **Benedict Mander** flicks through his travel journal



Campo de Piedra Pómez

Some 20m years ago, a volcano in the high-altitude *puna* of the north-western province of Catamarca spewed out a giant field of pumice stone about 25km long and 10km wide. Over the millennia, the pink-hued stones of the Campo de Piedra Pómez, as it is known in Spanish, have been sculpted by the elements into bold, undulating formations. These are even more breathtaking for the few visitors that make it to this extremely remote part of Argentina than the altitude of more than 3,000m above sea level.

M

ention Patagonia, and few travellers with a spirit of adventure struggle to conjure up its wild scenery. Yet such an image rarely springs instantly to mind of the *puna*, the arid and often surreal moonscapes of the upland plateau in north-west Argentina.

But the high-altitude region's valleys and volcanoes are just as rewarding as the vast plains and peaks of Patagonia. Building up the *puna* brand is just one of many initiatives that Argentina's new government has in mind for its diverse tourism sector, in the hope of boosting international visitors from 6m to 9m annually by 2020, especially from markets such as the US and China.

Having slumped since 2013 — particularly because of the economic crisis in Brazil, which accounts for some 1m visitors — tourism has started to pick up again. The removal of currency controls triggered a devaluation that made Argentina cheaper for overseas visitors.

"We are sending a very clear message that we are a friendly country again, a country that is open to the world," says Gustavo Santos, the tourism minister. As examples, he cites the suspension of a \$160 "reciprocity fee" for US citizens as well as plans to eliminate value-added taxes for foreigners. The government also intends to waive visa requirements for those Chinese visitors who already have visas for the US or EU.

Santos is working closely with regional governments and the private sector to develop new destinations. These include the north-eastern wetlands of the Esteros del Iberá. The late US philanthropist and ecologist, Douglas Tompkins, donated land for a national park that Santos says will have "the greatest biodiversity in South America". "Tourism is one of the sectors with the greatest potential for private investment.

PHOTO: GETTY IMAGES



It has been underutilised,” says Santos, whose aim is for tourism to generate 300,000 jobs over the next four years.

A range of hotel projects is already being developed by, among others, Spanish groups Iberostar and NH that together are worth around \$170m. The government is keen to promote niche sectors too, from gay tourism to ecotourism, as well as travel for those keen to learn Spanish. Even “fertility tourism” is on the rise, thanks to a combination of low costs and the high success rates of IVF treatment in Argentina.

Meanwhile, Santos hopes to double flight capacity over the next four years after the “misguided” and protectionist policies of the previous government often made domestic flights more expensive than international ones. Colombia’s Avianca has bought a small Argentine executive flight and charter company called MacAir Jet — owned by the family of president Mauricio Macri. The long-awaited arrival of low-cost airlines in Argentina could also shake up the market, with Irish operator Ryanair aiming to start operating in the country as soon as next year. ●

PHOTOS: JOHANES DUARTE, ED NORTON PHOTOGRAPHY/GETTY IMAGES, ISTOCK



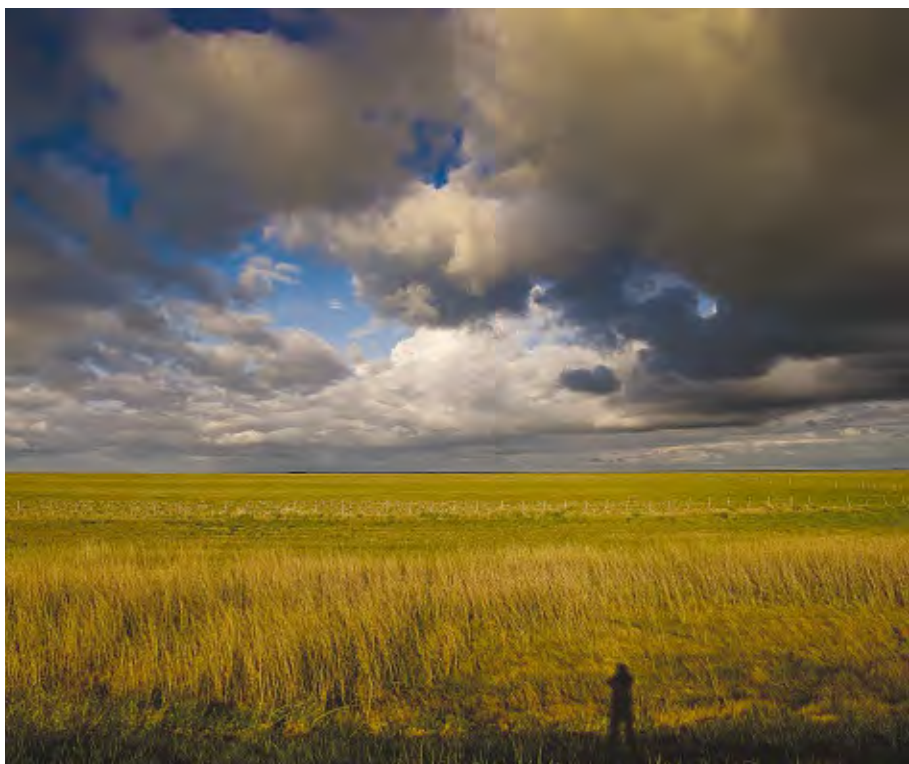
Perito Moreno glacier

The sight of giant chunks peeling off the Perito Moreno glacier's colossal ice wall and crashing into Argentino lake below is already one of South America's star tourist attractions. Now "mini-trekking" on top of the Patagonian ice allows tourists an entirely different view, giving them the chance to examine up close the monstrous shapes formed by the twisted ice. On their descent tourists are treated to a whisky, served with fresh glacial ice, naturally.



The Pampas

The fertile plains of the Pampas, a vast agricultural belt with Buenos Aires at its epicentre that stretches from southern Brazil to the Patagonian steppe, made Argentina rich a century ago. Traditionally, the Pampas were the home of the gaucho, Argentina's answer to the cowboy. Although the grasslands are increasingly being turned over to more profitable crops such as soya, the trademark ponchos and *bombachas* (trousers) of that brooding Argentine archetype remain very visible at *estancias*, the ranches that are opening up to high-end tourism.



San Ignacio Mini

The Jesuit mission of San Ignacio Mini in the far north-east of Argentina, in the province of Misiones, is one of the best preserved of the dozens of "reductions" – missions – that were built in the area some four centuries ago. It housed as many as 3,000 Guaraní Indians at its peak, but the expulsion of the Jesuits from the Spanish empire in 1767 led to San Ignacio's inevitable decline. It was pulled down by the Indians a few decades later but subsequently restored. In 1986, it was designated a Unesco World Heritage Site.





TRAVEL



Iguazú Falls

They are neither the highest nor the widest waterfalls in the world, but for beauty and spectacle the Iguazú falls deserve a special mention. As many as 300 waterfalls of varying shapes and sizes crash over about 2.7km of basalt cliffs, and in 2011 they were voted one of the New7Wonders of Nature in a poll organised by the eponymous Swiss foundation. Close to the triple frontier between Argentina, Brazil and Paraguay, about 80 per cent of the waterfalls are in Argentina, where an intricate network of paths and walkways allow visitors to get up close – and very wet.

Esteros del Iberá

This limpkin, so called because it appears to limp when it walks, is part of a hugely diverse collection of wildlife, which also includes yacare caimans, giant ant-eaters and jaguars, in the second-largest wetland in the world after Brazil's Pantanal. The Esteros del Iberá patchwork of swamps, bogs and lagoons in the north-eastern province of Corrientes is soon to be upgraded to a national park. The move follows a vast land donation by the widow of US ecologist and philanthropist Douglas Tompkins, who died last year in a kayaking accident in Chile.

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A nation of yearners

Early 20th century Italian and Spanish immigrants to the country bequeathed an enduring sense of dislocation, says **John Carlin**

Argentina has led the world in the politics of magical realism that shapes the era of Brexit and Donald Trump. Peddling dreams and evading hard truths has been the staple of Peronism, the populist force that has dominated the country's politics since 1946 and ruled the country under Néstor Kirchner and then his widow Cristina Fernández between 2003 and December last year.

In most other respects Argentina has lagged behind, a unique global example of progressive underdevelopment since the end of the second world war, a time when aspirant immigrants in Europe would toss a coin between sailing across to New York or down to Buenos Aires. Each seemed to offer equally inviting economic prospects.

I lived in the Argentine capital as a child in the 1960s, as a young adult between 1979 and 1982, and have returned often since, the last time two years ago. Some glossy new buildings have gone up but otherwise the pavements have become more decrepit, the walls more badly in need of paint, the beggars more abundant, the shanty slums ever closer to the city centre. It was on beef exports from the Pampas that the economy was substantially built but meat, daily fare for all during the two periods when I lived there, is almost a luxury item today. I have travelled widely all my life and know of no other country that has experienced such visible decline.

It's what happens when an economy is built on myths,



When the riches never came, Argentines took solace in the nostalgia and melancholy of the tango

in the Argentine case on the Peronist one that the country would get rich quick on the fat of the land with negligible government discipline and minimal personal toil.

Analyses abound. I'll offer one. Immigrants to Argentina, the bulk of whom populated the country early in the 20th century, differed from those that went to the US in one critical respect. Those who went to the US did so disposed to abandon

as if — to use a phrase coined by Gabriel García Márquez — it is by “an error of God” that Buenos Aires happens to be in the deep south of Latin America and not in Europe, where it belongs, alongside Barcelona, Paris or Milan. If you are looking for an explanation of why Buenos Aires has long been the city with the world's highest number of psychoanalysts per capita, part of the answer might reside in the widespread perception of ill-fated isolation and muddled sense of place.

The Peronists, attuned like none of their political rivals to the national unconscious, have skilfully pandered to the electorate's yearning for instant economic cures while preaching a message of patriotic identity based more on bombast than on collective accomplishment.

The challenge of the new anti-Peronist president, Mauricio Macri, is finally to drag Argentina into the modern age, while shunning the Trumpist politics of his predecessors. He aspires to be a pragmatist, settling his country's international debts, ending the Kirchners' untenably profligate electricity subsidies, thinning the ludicrously overpopulated civil service. There has been much kicking and screaming, in particular among the Peronist-controlled unions, but Macri's chief enemy is time. If the rewards of the fiscal common sense he seeks to impose do not kick in soon, the dream-peddlers will make political hay, reaping economic chaos once again. ●

John Carlin lived in Argentina from the age of three to 10; his first job in journalism was at the Buenos Aires Herald in 1981

‘Evading hard truths was the staple of the populism that dominated the country for decades’

the past and settle for good, embracing the American Dream. Those who went to Argentina, chiefly from Italy or Spain, did so with the notion that they would thrive fast and return to their places of origin, enviably rich.

For most the Argentine Dream failed to materialise, hence the nostalgia and melancholy of the tango, hence Argentines' enduring habit of referring to their country as “the arsehole of the world”, hence the sense of dislocation many have,

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