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Argentina: An Overview

Situated on the Atlantic coast of South America’s Southern Cone, Argentina has a vibrant democratic tradition and has Latin America’s third-largest economy. U.S.-Argentine relations have been strong in recent years.

Figure 1. Map of Argentina



Source: CRS.

Political and Economic Environment

Current President Alberto Fernández of the center-left Peronist-led *Frente de Todos* (FdT, Front for All) coalition won the October 2019 presidential election and was inaugurated to a four-year term in December 2019. He defeated incumbent President Mauricio Macri of the center-right *Juntos por el Cambio* (JC, Together for Change) coalition by a margin of 48.1% to 40.4%. The election also returned to government former President Cristina Fernández de Kirchner, from the leftist wing of the Peronist party, who ran on the FdT ticket as vice president. In concurrent legislative elections, the FdT won a Senate majority, while in the Chamber of Deputies, neither coalition won a majority. Midterm legislative elections for one-third of the Senate and one-half of the Chamber of Deputies are scheduled for November 14, 2021.

In the 2019 presidential election, a unified Peronist ticket and Argentina’s economic deterioration, marked by high inflation and increasing poverty, were major factors in Macri’s defeat. Macri had ushered in economic policy changes in 2016-2017 that lifted currency controls; reduced or eliminated agricultural export taxes; and reduced electricity, water, and heating subsidies. In 2018, as the economy faced pressure from a severe drought and large budget deficits, the International Monetary Fund (IMF) supported the government with a \$57 billion program. The

reforms and IMF support were not enough to stem economic decline, and the government reimposed currency controls and took other measures to stabilize the economy.

Upon taking office, President Fernández faced an economy in recession, high poverty, and unsustainable public debt. He pledged to restructure Argentina’s debt and opened talks with bondholders and other creditors. He also rolled out several measures, including a food program and price controls on basic goods, aimed at helping low-income Argentines cope with inflation and increased poverty.

Argentina at a Glance

Population: 45.4 million (2020, IMF est.).
Area: 1.1 million square miles, about the size of the United States east of the Mississippi.
GDP: \$388 billion (2020, current prices, IMF est.).
Real GDP Growth (constant prices): -2.1% (2019, est.); -9.9% (2020 est.); 6.4% (2021, projected). (IMF)
Per Capita GDP: \$8,555 (2020, current prices, IMF est.).
Key Trading Partners: Exports—Brazil (14.5%), China (9.6%), United States (5.9%); Imports—Brazil (20.5%), China (20.4%), United States (10.3%). (2020, EIU)
Legislature: Bicameral Congress, with 72-member Senate and 257-member Chamber of Deputies.
Sources: IMF (*World Economic Outlook Database*, April 2021, and *World Economic Outlook Update*, July 2021) and Economist Intelligence Unit (EIU).

Negotiations with bondholders led to two debt-restructuring agreements with private creditors in 2020 for over \$100 billion in bonds. In August 2020, the government reached an agreement for \$66 billion in bonds governed under foreign law; in September 2020, it reached a second agreement for almost \$42 billion in bonds governed under national law. The Fernández government also is seeking a new agreement with the IMF to replace the arrangement signed by the Macri government, for which Argentina owes \$44 billion. In August 2021, Argentina received \$4.3 billion in financing from the IMF as part of a special program to help countries cope with the Coronavirus Disease 2019 (COVID-19) pandemic.

Argentina has been hard hit by the pandemic. COVID-19 cases and deaths surged in May and June 2021 but have since declined. As of September 29, 2021, the country reported over 115,000 deaths, with a mortality rate of 255 per 100,000 people, according to Johns Hopkins University. Although the procurement and rollout of vaccines was initially slow compared with some other countries, as of September 29, 48.1% of Argentina’s population was fully vaccinated. The IMF estimates Argentina’s economy

contracted 9.9% in 2020 due to pandemic-related restrictions and projects 6.4% economic growth in 2021 (boosted in large part by rising prices for Argentina's agricultural exports). Progress in COVID-19 vaccinations will be a key factor in restoring growth. Poverty was increasing in Argentina even before the pandemic, reaching 35.5% at the end of 2019, and it grew to 42% by the end of 2020, according to Argentina's National Institute of Statistics and Census.

On foreign policy issues, the Fernández government shifted Argentina's stance on Venezuela in 2020, withdrawing recognition of Juan Guaidó as interim president and joining the European-backed International Contact Group to work through dialogue to bring about transparent elections. In March 2021, Argentina withdrew from the Lima Group, maintaining that the group's policy of isolating Venezuela under the government of Nicolás Maduro had "led to nothing." The Lima Group was formed in 2017 with the backing of the Macri government and has been focused on rejecting the rupture of democracy in Venezuela.

Amid the pandemic and its economic fallout, President Fernández's popularity has declined. The November 14, 2021, midterm legislative elections will be a key test for Fernández and his FdT coalition. In an open unified congressional primary held on September 12, the FdT fared poorly compared with the opposition JC. If such a vote were replicated in November, the FdT could lose control of the Senate and the JC could gain enough seats in the Chamber of Deputies to block Fernández's legislative proposals. The primary results led to open sparring between the vice president and president and a Cabinet reshuffle.

U.S.-Argentine Relations

U.S.-Argentine relations have been characterized by robust commercial linkages and cooperation on issues such as nonproliferation, human rights, education, and science and technology. Both the Obama and the Trump Administrations engaged Argentina on various bilateral, regional, and global issues, and this engagement has continued under the Biden Administration. In an April 2021 call with Argentina's foreign minister, Secretary of State Antony Blinken underscored the importance of working together to combat the climate crisis and the imperative for regional diplomatic engagement to address threats to democracy, human rights, and security in the hemisphere.

President Fernández participated in the April 2021 virtual Leaders Summit on Climate hosted by President Biden. On September 8, 2021, Argentina hosted a virtual High-Level Dialogue on Climate Action in the Americas, with representatives from more than 20 countries reinforcing their commitment to ambitious climate action.

U.S. Foreign Aid and Other Support. The United States provided \$20.1 million in assistance to Argentina in FY2019 (latest full-year data available). This total included support to help with the influx of Venezuelan migrants (currently estimated at 174,000) due to the crisis in that country, training and equipment support to Argentina's military, assistance to support the elimination of child labor,

counternarcotics assistance, anti-corruption assistance, and technical assistance to improve Argentina's efforts to deter money laundering. Argentina's status as a major non-NATO ally since 1998 makes it eligible for preferential treatment for U.S. exports of excess defense articles. The U.S. International Development Finance Corporation also currently supports financing for five projects in Argentina involving oil and gas, wind farm, and transportation and warehousing projects.

In July 2021, the United States donated 3.5 million doses of COVID-19 vaccine (Moderna) to Argentina. In addition, according to the U.S. Embassy in Buenos Aires, the United States has donated more than \$4 million in COVID-19 relief supplies, including three relief hospitals and other supplies provided by the U.S. Southern Command.

Trade and Investment Issues. The United States ran a \$1.8 billion trade surplus with Argentina in 2020, exporting \$6.0 billion in goods to the country (led by machinery and mechanical appliances, oil, and electrical machinery and equipment) and importing \$4.2 billion (led by oil, gold, aluminum, and wine). In 2020, U.S. services exports to Argentina amounted to an estimated \$4.2 billion and U.S. services imports were \$1.7 billion. The stock of U.S. foreign direct investment in Argentina was \$8.7 billion in 2020, led by information services, holding companies, manufacturing, and finance. Argentina has been on the U.S. Trade Representative's Special 301 Priority Watch List since 1996 due to protection and enforcement problems with intellectual property rights.

The United States and Argentina have made progress on some trade issues, with the main mechanism for discussion the Trade and Investment Framework Agreement signed in 2016. In 2018, Argentina gained access to the U.S. market for lemons and fresh beef, which it had sought since 2001; the United States gained access to the Argentine market for pork (the first access since 1992) and full market access for beef and beef products that had been banned for more than a decade. Challenges remain on other trade issues. The United States imposed countervailing and antidumping duties on biodiesel imports from Argentina in 2018 because of Argentina's subsidies to its producers.

AMIA Bombing. Congress has expressed concern over the years about progress in bringing to justice those responsible for the July 18, 1994, bombing of the Argentine-Israelite Mutual Association (AMIA) in Buenos Aires, which killed 85 people. Argentina has linked both Iran and Hezbollah (the radical Lebanon-based Islamic group) to the attack, as well as to the 1992 bombing of the Israeli Embassy in Buenos Aires, which killed 29 people. On the 25th anniversary of the AMIA attack in 2019, the House and Senate approved resolutions (H.Res. 441; S.Res. 277) reiterating condemnation of the attack and support for accountability. Argentina also designated Hezbollah a terrorist organization and ordered the freezing of its assets.

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