

EMERGING MARKETS DINNER SPEECH, HAMBURGO (13/11/2012)

Dear ladies and gentlemen,

I would like to thank Mr. Malte Dreher from Private Banking Magazine for the opportunity of addressing you this evening. After a series of talks by experts, which have analyzed the investment opportunities that the so-called “emerging” countries, but I prefer to call “from the new world”, offer, I would like to give you some useful information about my country, Argentina, which is a “new world” country with great potential and constitutes a strategic productive investment destination.

Argentina introduction

First of all, I think one of the best ways to convey a precise description of Argentina is to say that it is a country which boasts diversity as one of its most characteristic features. Extremely different landscapes and climates coexist in the same country, from the imposing mountains and glaciers in southern Patagonia, (Calafate or Ushuaia) to the tropical and exuberant Iguazú Falls, not to forget the magnificence of the Aconcagua peak in the Andean mountains in Mendoza Province, land of the some of the world's finest wines, and all the elegance, sophistication and cultural vibrancy of Buenos Aires City.

Argentina extends 3,694 km from north to south and 1,423 km from east to west, and its population (today more than 40 million people) is also a mix from local ancient inhabitants and those who came from all over the world. From the mid-19th Century to the 1950's wave upon wave of European immigrants, mostly Spanish and Italian joined by groups of the Middle-east, arrived to Argentina's

shores. In the last 40 years there's been a significant immigration from neighbouring countries, particularly from Bolivia, Paraguay, Chile and Peru, as well as from China and South Korea. This has resulted in a culture in which the fusion is not an exception but rather the norm, a culture in which the concept of mixture is seen as an advantage, and where differences are not merely tolerated but considered to be essential components that enrich our reality and strengthen our society. Therefore, the current Argentine society is a successful melting pot, quite homogeneous in its diversity -if you allow me the expression, meaning that the differences between people that have chosen to live in the country have been harmoniously dealt with.

Argentina has prodigious natural resources, and this is matched with a high level of human development and a stable democratic political system. Concerning its skilled workforce, we can say that Argentina has prestigious institutions, companies and public and private universities dedicated to the development of science and technology.

Argentina's Economy

Coming now to its economy, from 2003 onwards Argentina displayed one of the most impressive economic performances in the world, with high and steady GDP growth rates. From that year to 2010 the GDP grew at an average annual rate of 7.4%. Unemployment in Argentina has been gradually declining and nowadays amounts to only 7.1%. Argentina came out successfully from its public debt crisis back in 2001 thanks in part by not following IMF advice. Like Greece today, Argentina 10 years ago was suffering under a high debt burden

and an overvalued currency. The IMF then decided to suspend disbursements triggering a panic run on commercial banks and the peso. Argentina did not follow the austerity measures demanded by the IMF since they only served to exacerbate the crisis. The IMF austerity program would have pushed an already depressed economy even deeper into recession. The economy recovered strongly after that the 2003 economic plan was implemented. To explain Argentina's exceptional performance in the last 10 years, I have to mention that a strategic decision has been made to focus on the expansion of the amount and the quality of the goods which are produced in the country, either to be exported or for the domestic market. This bears a relation to the current economic agenda of the Argentine government, which follows the direction of the model established in Argentina in 2003, and is still in place. This model amounts to prioritizing the development of the industrial network and the creation of employment as a means to stimulate economic growth and social justice.

In 2010 Argentine GDP annual growth rate was 9.2% and in 2011 of 8.9%. This year, the economic growth will be somewhat lower, and for the coming year a rate of 4% to 5% is estimated. These are figures that point out to a strong developing, dynamic and healthy economy with solid foundations, in a global context in which the goods that Argentina produces most efficiently (food and agricultural products) will continue to enjoy an increasing demand from the emerging world (India, China, etc.) and therefore high prices. 90% of Argentina's food production is exported. Agriculture has reached high productivity levels, achieving per hectare yields well above those of other world

leading producers. Argentina feeds 400 million persons while it only has a population of 41 million. From the almost USD 84 billion Argentina exported in 2011, food accounted for more than USD 25 billion. It's also worth mentioning that Argentina has the biggest per capita GDP in the whole of South America, and its domestic market has been very dynamic since 2003, with an expansion of consumption of 8% annually. A record harvest is expected for 2013, which will create an extra inflow of foreign currency to the domestic economy.

Of course, there are some minor downsides to this great economic performance, like a two digits inflation rate that should gradually go down, but if we consider the whole picture, that is to say, a model that privileges growth and employment, we will have a more accurate image of the reality. We have learnt from our experience the best way for an economy to develop is not through austerity measures and reducing public spending but stimulating and expanding the Aggregate Demand.

Argentina Investment facts and figures

Coming now to the particular investment prospects the Argentine economy provides we can quote OCDE's "Foreign Direct Investment Regulatory Restrictiveness Index" for 2012, which mentions that Argentina is a very open country to Foreign Direct Investment (FDI), particularly one of the eleven more open to the FDI economies in the World. Among the G-20 economies it is only surpassed by Germany in its openness level. Besides this, Argentina is the second most open economy in Latin America, according to the OECD figures. In the last ten years, Argentina has received a level of FDI which has been higher

than its average in the last 30 years. And according to UN figures, Argentina is the South American country which has the largest proportion of technological intensive projects as a part of the investment in the country.

More than 2.000 foreign companies are operating in Argentina, with a vision of a long term investment in the country, and benefiting from an attractive profitability. Thus, high levels of profitability are another remarkable feature of foreign investment in Argentina. Profits as a percentage of FDI stock averaged 10% during the period from 2006 to 2009. The Profit/Sales Ratio for the leading foreign firms operating in the country averaged 12.5% between 2008 and 2009, and reached 13.7% in 2010.

The good results attained in FDI can be seen crystal clear in the following figures: FDI inflows to Argentina grew 43% per year on average from their lowest level in 2003 to 2008, when they reached a record USD 9.7 billion. It contracted during 2009 in line with trends around the world as a result of global economic crisis, but began to grow once again in the last two years.

The composition of FDI has improved steadily since 2004, largely driven by an increase in the productive capacity of foreign companies established in Argentina, the arrival of new international firms and Greenfield investments. This can be observed by an increase in the share of new capital injections and reinvested earnings, as well as a very low rate of mergings and acquisitions.

The manufacturing sector represents the highest proportion of FDI stock, reaching 40% of the total in 2010, while natural resources is slightly lower, standing at 31%, followed by the services sector (29%).

As it is usual in economies integrated to the world market, the growth of the GDP in Argentina has a direct correlation to its international trade, which has grown steadily over the last nine years. The degree of openness of the Argentine economy (exports plus imports over GDP) reached in 2011 35%, the highest level in the last 20 years, which speaks of an economy well integrated to global trade.

To give you a recent example of the kind of investment we welcome in Argentina, I can mention that last month Daimler has announced a new Mercedes Benz investment in the country, which adds to the longstanding presence of this car brand in my country (since 1951). The investment entails a disbursement of USD 169 millions allocated to their existing plant in La Matanza, Buenos Aires province, where a new model of a van is going to be produced.

Mercosur - Regional integration

Concerning Argentina's regional integration it's necessary to mention its membership in the MERCOSUR trade block, which is a key element to understand the investment possibilities the country offers. Mercosur, the Common Market treaty signed by Argentina, Brazil, Uruguay, Paraguay and Venezuela is one of the common pillars of the foreign relations of these countries. This common market has increased exponentially not only the trade between their members, but also the level of integration between the industries and the economies of the countries. A good example of this is the deep production linkages that exist between the Argentine and Brazilian automotive

industries. Besides, Mercosur grants access to the internal markets of the other member countries, which all in all totals more than 250 million people that live in very dynamic economies. Mercosur members negotiate trade agreements jointly. This kind of agreements reached with other Latin-American nations have created a free trade area in South America. MERCOSUR has also trade agreements with India, Southern African Customs Union, Israel and Egypt.

Investment Institutions designed to help investors

The importance Argentina concedes to investment is reflected in the numerous institutions and incentive programs in place –at national, provincial and municipal levels- which have been designed to facilitate domestic and foreign investment likewise in the country.

SUDIC and BAPIP

It is also very important to mention the assistance available to investors through the Undersecretariat for Investment Development and Trade Promotion of the Argentine Ministry of Foreign Affairs, institution whose main objective is the worldwide promotion of the productive investment opportunities that Argentina offers. They provide specific information about business sectors and geographical locations throughout the country; identification of investment and innovation opportunities in strategic sectors; personalized and professional services to facilitate the investment process throughout the project; and contacts and assistance to develop linkages and partnerships between international investors and local companies.

They also manage the Productive Investment Opportunities Database (BaPIP, for its acronym in Spanish), an online portfolio designed to connect potential investors worldwide with the wealth of investment opportunities existing in Argentina. This database that has incorporated its 100th project in mid October this year, and for those of you interested in accessing this tool, you can have more information through our Embassy on the particular projects.

The Argentine Embassy is organizing many seminars about investment opportunities in Argentina. The last one was held in the city of Erfurt last July and the next one –to which you are cordially invited- is on the 20th November in the Chamber of Commerce (IHK) of Leipzig and will be focused on the possibilities of renewable energies in Argentina and the particular case of the automotive industry.

Argentina has a great variety of sectors that deserve to be highlighted as sectors where opportunities for productive investments exist, such as renewable energies, biotechnologies, software and IT, without forgetting the traditional sectors of food and wines. In all these sectors there are profitable business opportunities. Let me briefly overview each one:

Renewable Energy

Argentina is a country that has a bit of everything. We are rich in land, minerals and have a diverse climate. Argentina is the 8th country in the world in terms of surface area. The geographic and climatic factors transform Argentina into one of the countries with the highest potential for renewable energies.

The production of clean renewable energy is growing fast in Argentina. The country is currently the third-largest producer and leading exporter of biofuels in the world. The productive capacity of Argentine biodiesel reached 3 million tons in 2011 of which 2 million was exported, mainly to Europe. The Biodiesel industry is based on the use of soybean oil. It is estimated that production may reach 5 million tons or more by 2015.

From agriculture comes another source of clean energy: biomass. Since Agriculture, Livestock, Forestry and Fishing represents 12.2 % of our GDP, agriculture and forestry wastes are abundant. Argentina possesses more than 33 million hectares of native forests and 1.2 million hectares of planted forests. Rice husks, peanut hulls, and waste from sugar and edible-oil industries can be converted into biomass.

Another important source of clean energy that Argentina possesses is wind. Argentina is a Latin American pioneer in wind energy generation with 15 operating wind parks and one of the areas with the highest concentrations of wind mills in the world, which is located in the Pampas region.

There is also a huge potential for developing wind energy in Patagonia where the winds have great velocity and constancy. Argentina is in 6th place at the global level as one of the countries with the most potential for wind energy. As well as the ideal climatic conditions there is a cluster of 60 companies that are qualified to construct and maintain wind parks.

The provinces of the northwest have a high potential for the installation of photo-voltaic panels. In the west, along the Andes mountain range there are quite a lot of sites to develop geothermal energy.

I would also like to draw attention to the rich mineral deposits of the Andes, which contain mining deposits of gold, silver, lead and many other minerals. Argentina also has some of the largest lithium deposits in the world, a mineral increasingly in demand due to its low environmental impact and use for cellular phone and car batteries.

Our hydraulic energy, which already accounts for more than one third of the country's total electricity output is based on large-scale dams. There are still opportunities for expansion in this field, particularly in the area of small hydropower plants of up to 30 MW.

Biotechnology

A key sector in Argentina's well-developed manufacturing industry is biotechnology. Argentina stands at the forefront of biotechnology applications for agriculture, food and human health. It is one of the few countries in the world with animal cloning technology. Moreover Argentina has a long tradition of scientific excellence, Argentine professionals are renowned for their outstanding skills and their capacity for innovation. The country has the highest ratio of researchers to the economically active population in Latin America; of 60,000 researchers and academics, 1,350 specialize in biological sciences. Top global names—such as Basf, Bayer CropScience, Dow AgroSciences, Monsanto and Pioneer—, as well as successful local companies with international growth

potential are developing biotechnology applications and building on the country's competitiveness through innovation.

Software and IT services

Another important frontier sector that has many investment opportunities is the software and IT services sector, which encompasses 1,600 firms, ranging from globally consolidated multinationals to a growing network of highly innovative small and medium-sized enterprises. The sector's strong export performance makes Argentina one of the top 15 IT exporters in the world. Some 120,000 students are currently enrolled in IT courses at 50 educational institutions throughout the country. The level of education is comparable to developed countries and surpasses Latin America standards. Investors highlight local human resources' creativity and talent for innovation as one of the sector's greatest attributes. Argentina also boasts a modern telecommunications system and one of the highest rates of broadband penetration in the region. Companies operating locally have access to a technological platform that allows them to compete with key global players in the industry.

Food and Wine

Finally, we should not forget the sectors by which Argentina is worldwide renowned for: food and wine. Its vast area of extraordinarily fertile agricultural lands, covering a surface area of some 180 million hectares, places Argentina among the world's top food producers. Argentina is also the world's top soybean oil producer and second sunflower oil producer. It ranks fifth as a wine producer just behind the United States and above Australia, China and Chile and ninth as a wine exporter worldwide. From award-winning Malbecs to unique

varieties such as Torrontés, Argentina produces an eclectic and celebrated range of outstanding white, red and rosé wines.

CONCLUSION

Having had a glimpse of some of the most attractive sectors that Argentina offers to foreign investment, you can now be certain that there are many opportunities in my country which are waiting for the right investors to come and profit from them. Moreover, Argentina has many cities which are a pleasure to live in, with a high quality of life, and a very active and thriving democracy where people are allowed to express their political sympathies freely, maybe a bit too much for the german taste, but which shows a very lively and participative attitude.

I hope this presentation has awakened your interest in Argentina and that you will find profitable investment opportunities that can also contribute to our country's employment, competitiveness, and sustainable development.

Thank you for your attention.