

# ARGENTINA

## AN EMERGING MARKET FOR FOREIGN INVESTMENT

In spite of the current economic difficulties being experienced by Argentina, prospects for Canadian exporters remain relatively promising over the medium and long term, especially in the investment sector where Argentina is one of the leading emerging markets for foreign direct and indirect investment opportunities. The recent sluggish economic performance had somewhat dimmed investor confidence in Argentina, although the US\$40-billion, IMF-sponsored debt-refinancing package announced in December 2000 has had a significant effect in reducing Argentina's risk lending rate and its consequent image in the international bond market.

Two-way trade between Canada and Argentina fell in 1999 to \$515 million, from a peak value of \$641 million in 1997, no doubt as a response to the recession. Approximately 50% of Argentine exports to Canada are agri-foods, and a further 23% are leather products, with the balance including steel-mill products and crude petroleum. In return, Canada exports machinery, agricultural products, mineral and metals, telecommunications equipment, mechanical and electrical appliances, news print, plastics and chemicals to Argentina. In 1999, the EDC supported Canadian exports to Argentina valued at \$514 million, a 40% increase over 1998.

To stimulate the economy and create jobs, the Argentine government has recently launched an ambitious Federal Infrastructure Plan, which includes some 2,800 public works projects, including highway construction; water resource management; irrigation works; rail, airport and navigation projects; and water and sanitation services, all to be carried out during the next five years. A massive home-building plan is also in development to offset the critical housing shortage that has resulted from a burgeoning urban population.

