



SPECIAL LEADERS' SUMMIT REPORT

# G20 ARGENTINA

CONSENSUS · FAIRNESS · SUSTAINABILITY



**Building consensus for fair  
and sustainable development**

PUBLISHED BY FIRST TO MARK  
THE G20 LEADERS' SUMMIT IN BUENOS AIRES

**FIRST**

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**FIRST**



Committed to leading change  
in our industry



BRITISH AMERICAN  
TOBACCO



Foreword by  
Rupert Goodman DL  
Chairman and Founder  
FIRST

It gives me great pleasure to introduce this Special Report to mark the G20 Leader's Summit in Buenos Aires. Lord Cormack, Lord Hurd and I are especially grateful to His Excellency Renato Carlos Sersale di Cerisano, the Argentine Ambassador, and his Embassy staff for all their help and guidance in the preparation of this report. We are also very grateful to the distinguished group of Ministers from Argentina for contributing such important and personal articles.

The G20 Leaders' Summit is particularly timely and will help focus the attention of business leaders and policy makers on the many opportunities that exist in Argentina. The 2018 G20 Leaders' Summit in Buenos Aires will be the 13th meeting of the G20 Leaders (the Group of Twenty) and will be the first ever hosted in South America. As the host nation, Argentina has invited a number of guest countries and international organisations to participate including Chile and The Netherlands along with the Caribbean Community, the Inter-American Development Bank and the Development Bank of Latin America.

The G20 Summit will focus on three key agenda priorities; the future of work, infrastructure for development and a sustainable food future. As President Macri has stated 'with a people-centred vision, Argentina will place development, fairness and sustainability at the forefront of the G20 Agenda.'

The G20 Leader's Summit will also focus attention on the vital political and economic transformation initiated by President Macri.

These strategic decisions have included liberalising the economy, lifting capital controls, reducing energy subsidies, floating the currency, removing export controls on some commodities and reforming official statistics. Argentina has also worked closely with the IMF on stabilising the nation's finances and is now returning to international capital markets.

Argentina is participating fully in the international sphere, including hosting the World Economic Forum on Latin America and the World Trade Organisation (WTO) Ministerial conference. The G20 Presidency is part of this renewed international integration. GDP real growth is forecast to be around 3 per cent with a GDP purchasing power parity total of US\$920 billion.

Argentina also benefits from significant natural resource wealth, a very literate population, a diversified industrial base and an export-oriented agricultural sector. The country therefore represents an important opportunity for trade and investment – further enhanced by pension, tax and fiscal reforms.

The G20 Leader's Summit, while providing an opportunity for private discussions, will give us all an opportunity to study important global developments and to weigh carefully the opportunities for all countries to work more closely together.

We at FIRST are delighted to have produced this special publication to mark the Buenos Aires Leader's Summit 2018 and hope that it contributes, in a small way, to its success and the further development of international relations especially in the area of trade and investment. **F**

# G20 Leaders' Summit 2018



**MAURICIO MACRI**  
Argentina

“An important part of what we’re doing at the G20 has to do with the major goal we have in Argentina: to reduce poverty. Our vision is for the G20 to be a group of countries that cooperate to generate inclusive growth. In light of this, we have decided on the slogan for our presidency: “Building consensus for fair and sustainable development.” We lead the G20 based on the principle of putting people first, with a focus on equality and sustainability.



**SCOTT MORRISON**  
Australia

“We are a pro- trade country. We’re also a pro- investment country. We’re a pro- immigration country - three of the great pillars of Australia’s economic prosperity over 200 years and more. So it’s to stand up for those values and stand up for those mechanisms in the global market place, whether it be the G20 or the WTO or anywhere else. We are not for closed shops, on trade or the shop floor and Australia has an important role to champion free trade, open trade. We must continue to do that without allies and our strategic economic partners.”



**XI JINPING**  
China

“The G20 has an important mission, which is to reaffirm the vision of pursuing inclusive growth and strike a balance between fairness and efficiency, between capital and labour, and between technology and employment. To achieve this goal, we must ensure synergy between economic and social policies, address the mismatch between industrial upgrading and knowledge and skills, and ensure more equitable income distribution. “



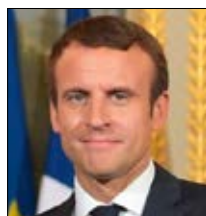
**MOON JAE-IN**  
South Korea

“Korea firmly supports efforts being made by the G20 member states to fight trade protectionism, to strengthen the multilateral trading systems centered on the World Trade Organization, and efforts to expand free trade. The benefits of free trade should be more fairly shared and to this end, the Korean government will actively work to minimize disadvantages that smaller companies or agricultural businesses might face as we expand free trade”



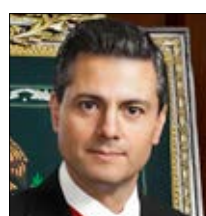
**JUSTIN TRUDEAU**  
Canada

“As our planet becomes increasingly interconnected, we need to promote strong, sustainable economic growth that works for everyone, and embrace the need to be socially and environmentally responsible. This is about creating jobs and opportunities for everyone, and building a healthier and more prosperous tomorrow for our children and grandchildren.”



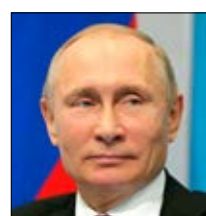
**EMMANUEL MACRON**, France

“In order to defeat inequalities, we must change approach and scale. First of all, revise both our trading and social rules; rather than pursuing protectionism, we must all work together to radically revise the WTO rules. We must restore the WTO’s ability to resolve conflicts, enact rules to deal with unfair trade practices, non-respect for intellectual property and forced technology transfers, which no longer allow for a fair fight. This year, the G20 in Argentina must give us a credible road map for radically reforming the WTO.”



**ENRIQUE PEÑA NIETO**, Mexico

“Mexico attends these meetings with a sense of responsibility. We reiterate the commitments we have made as a nation, precisely in favour of protecting and caring for the environment. We believe that the digital age and the use of digital technologies opens up spaces of opportunity to achieve greater social inclusion, facilitate entrepreneurship, and enable the new generations to be incorporated into the productive era, precisely through the use of information technologies”



**VLADIMIR PUTIN**  
Russia

“G20 is primarily an economic forum, even though many political and similar issues emerge. Nevertheless, the main issue is the development of the global economy. Overall, this forum is definitely effective, and I believe it will play a role in stabilising the global economy in general.”



**RECEP ERDOGAN**  
Turkey

“We reached an agreement to do our best so as to render global financial safety nets more effective and flexible. We expressed support for the formation of an IMF structure that has a strong, quota-based and adequate financial resource as well as a more effective lending toolkit.”



**JEAN-CLAUDE JUNCKER & DONALD TUSK**, European Union

“The G20 has played a critical role in bringing the global economy back to its feet after the crisis. Now it must ensure the global economy works for everyone. Strong, sustainable, balanced and inclusive growth relies on multilateral cooperation and a rules based order. It also requires that we put all economic policy tools to work - monetary, fiscal and structural.”



**ANGELA MERKEL**  
Germany

“There was a multilateral response aimed at resolving the great challenge of 2007 and 2008, the international financial crisis. This response took the form of meetings between the Heads of State and Government of the G20, whose Presidency is held by Argentina this year. Germany held the Presidency last year and the motto of our Presidency was “shaping an interconnected world”. We tried to foster global cooperation in what is not a particularly easy time. We made progress in global cooperation in the health sector, the partnership with Africa and the global steel forum, which addresses dumping and fair trade. We tried to strengthen the role of multilateral organisations and sought to promote an open global trade system.”



**MICHEL TEMER**  
Brazil

“It should be recognised that, despite our collective efforts, the global economy still has lower economic growth than what was seen before the global crisis that began in 2008. I want to mention that three elements have deserved our special attention. First, the evolution of commodity prices. Second, the effects on the markets of monetary policies of some developed countries. And third, the volatility of financial markets - amidst factors such as high instability in geopolitically-sensitive regions of the planet and terrorism.”



**GIUSEPPE CONTE**  
Italy

“Shared responsibility, in the framework of building peaceful, equitable and sustainable societies, is a call that we share and accept as an invitation to change: the same spirit of change that characterizes the action of the Government that I lead”



**THERESA MAY**  
United Kingdom

“The UK is a leading advocate for free trade and open markets, for the World Trade Organisation, and for a global economy that works for everyone. But it is also important that we acknowledge some people feel left behind by globalisation, and that not all countries are playing by the rules. I have encouraged leaders to take steps to make the international trading system work better, to ensure that all our citizens can share in the benefits of the global economy.”



**KING SALMAN**  
Saudi Arabia

“The Kingdom also participated in the G20 Summit, a step reflecting the prestigious and important position of our country in the map of the global economy. During this summit, the Kingdom has contributed to develop economic relations among the countries, overcome the obstacles and constraints and encourage and support the flow of investments, exchange of the expertise, technology transfer and cooperation in all fields for the benefit and interest of all.”



**DONALD TRUMP**  
United States

“When the United States grows, so does the world. American prosperity has created countless jobs all around the globe, and the drive for excellence, creativity, and innovation in the U.S. has led to important discoveries that help people everywhere live more prosperous and far healthier lives. As the United States pursues domestic reforms to unleash jobs and growth, we are also working to reform the international trading system so that it promotes broadly shared prosperity and rewards to those who play by the rules.”



**NARENDRA MODI**  
India

“As opposed to globalisation, the forces of protectionism are emerging. Their intent is to not only safeguard themselves from globalisation, but also to alter the natural flow of globalization. One of its result is that we are witnessing new types of tariff and non-tariff barriers. Bilateral and multilateral trade agreements and negotiations seems to have been stalled. Cross-border financial investment has decreased in most countries. And the growth of global supply chains has also stopped. The solution to this worrisome situation against globalisation is not in isolation. Its solution lies in understanding and accepting the change, it lies in making smart and flexible policies with the changing times.”



**JOKO WIDODO**  
Indonesia

“I appreciate the efforts of OECD and G20 countries in overcoming Base Erosion Profit Shifting (BEPS), facilitating Automatic Exchange of Information (AEOI), and implementing Multilateral Instrument (MLI). We should ensure that AEOI can return taxpayer’s obligations to its countries and ensure that the exchange of data will provide benefits.”



**SHINZO ABE**  
Japan

“Addressing climate change, marine pollution, and disaster risk reduction are critical pillars for achieving the UN’s Sustainable Development Goals. Japan will preside over the G20 next year and focus on accelerating the virtuous cycle of environmental protection and economic growth. When the seventh Tokyo International Conference on African Development is held in Japan, we will extend support to African countries. We invite the rest of the world to join us in tackling this tough challenge.”



**CYRIL RAMAPHOSA**  
South Africa

“The G20 Compact with Africa is a pioneering initiative to support Africa’s ambition to mobilise domestic and international savings through an improved investment framework. The initiative is based on the premise that accelerated economic development is achievable when African countries, G20 partner countries and international organisations work together to create a better environment for private investment to lift the standard of living for our people.”



Introduction by  
Rt Hon Jeremy Hunt MP,  
Secretary of State  
for Foreign and  
Commonwealth Affairs,  
United Kingdom

This is a pivotal moment in history. As leaders of the G20 gather in Argentina, Britain's world role and the global balance of power are both changing. I believe that we must use all the tools and influence at our command to become an invisible chain linking the world's democracies.

We should start by building on the strengths that are deeply rooted in our national character. Britain is the home of parliamentary democracy. We have a profound belief in the institutions that allow the peaceful transfer of political power.

As an outward-looking, seafaring nation, Britain knows how to build alliances in every corner of the globe. As a country endowed with the best universities, scientists, engineers, artists and authors – alongside, of course, the world's language – we have immense reserves of soft power.

Our history has created special bonds with the world's most powerful democracy, the United States, and its largest democracy, India. We also have the closest of relationships with other parts of the English-speaking world, from Ireland to Canada, Australia and New Zealand. Our impending departure from the European Union will make no difference to Britain's ties of culture and friendship with our European neighbours.

All of this is built on our shared values of democracy, the rule of law, human rights

and free trade. When these values are under threat – as they are today – then Britain's role, indeed obligation, is to come to their defence. So how do we do this? First, we must reinvigorate and expand British diplomacy.

In the past you might have heard of retrenchment and retreat. Not any more. As Foreign Secretary, I am leading the biggest expansion of Britain's diplomatic network for a generation, including 12 new Posts and nearly 1,000 more personnel by the end of 2020.

Within the next ten years, we will double the number of British diplomats who speak a foreign language in the country where they serve, meaning that getting on for half of our overseas postings will be staffed by linguists. We will also broaden the pool of talent we tap into for our Ambassadors.

As we regain control of our trade policy, it makes sense to open up applications to external candidates, so that one or two ambassadorial positions every year might be filled by people with important experience from outside the civil service, especially the world of commerce.

This amounts to a considerable investment in our diplomatic service, its capacity and its future. We must now use that network to the best of its ability.

Second, we must redouble our efforts to defend the rules-based international order. To do so, we need multilateral organisations that are fit for purpose.



Reforming outdated and bureaucratic structures is the best way to make sure the institutions they serve do not collapse. This means delivering UN reform, as advocated by UN Secretary General Guterres. It means fairer burden-sharing in NATO, which continues to be the bedrock of European security. It means WTO reform, so we succeed in warding off the dangerous temptations of protectionism. And it means reforming the structures of the Commonwealth, so there is proper accountability for the Secretariat and a more effective decision-making process.

To strengthen that invisible chain between the democracies, we must also ensure that we are better at acting in concert against real and present threats. This was shown to great effect after the nerve agent attack in Salisbury in March. Then, far from buckling in the face of Russian aggression, 28 democracies came together and evicted 153 spies, the biggest coordinated expulsion in the history of diplomacy. When we act in unison, the price for transgression becomes too high for the perpetrator.

But we must also become better at standing together to defend the values we share. Whether that is: the prevention of sexual violence in conflict, the struggle against the illegal wildlife trade, or threats to freedom of expression.

Finally, as we strengthen our diplomatic efforts, we must never forget the importance of speaking from a position of strength. Soft power matters a great deal, but it is immensely more effective when backed up by hard power. In the last resort, we need to be able to call on Britain's fine armed forces, whose importance was recognised by new funding in the Budget in October. So Britain will continue to spend at least two percent of GDP on defence, and we will replace our independent nuclear deterrent.

Like so many times before in our long history, we must seize the opportunities created by a changing global order. As we leave the EU, Britain has a vital role to play. Our network of friendships and our unique combination of soft and hard power gives us a real ability to shape the course of history in line with our values. E

**We must redouble our efforts to defend the rules-based international order. To do so, we need multilateral organisations that are fit for purpose**



Rt Hon Jeremy Hunt MP  
Secretary of State for Foreign and Commonwealth Affairs

# 'Intelligent insertion' worldwide

By **JORGE FAURIE**

MINISTER OF FOREIGN AFFAIRS, ARGENTINE REPUBLIC



**JORGE FAURIE** is a career diplomat and prior to being appointed Minister, he served as Argentina's ambassador to France and ambassador to Portugal. He has held different positions at the Argentine embassies in Chile, Brazil, Romania, Trinidad and Tobago, Jamaica, and Venezuela. Among other posts, he served as chief of protocol during the government of former President Carlos Menem, chief of staff of the Secretary of Foreign Relations from 1997 to 1998, and director of Mercosur at the Ministry of Foreign Affairs from 1992 to 1994. He is a lawyer by training.

Argentinian foreign policy is driven by the principle of "intelligent insertion" on the global stage. This principle targets, together with other Government initiatives, the primary goal set out by President Mauricio Macri's administration: to reduce poverty and improve the quality of life of Argentinians.

This goal is the fundamental motivation behind the persistent work of the Foreign Ministry, in coordination with the other ministries and the representations our country has abroad.

"Intelligent insertion" is, for us, an insertion into global affairs which generates opportunities. Ours is an open foreign policy focused on our interests which - without ideological constraints but committed to democracy, human rights and multilateralism - will consolidate Argentina's presence in the world, capitalise on our relations with countries in which opportunities exist, increase our access to potential markets and achieve deeper access to those already in existence.

It is essential to emphasise that "intelligent insertion" does not mean maintaining exclusive links. Having a productive relationship with one country does not mean not doing so with others. In an interdependent and constantly evolving world, establishing exclusive partnerships would lead to increasing our vulnerability.

It is not a matter of obtaining deeper links with either Latin America or with Asia, with either the European Union or with the United States, with either China or with Russia: it is a matter of obtaining deeper links with each and every one of them and with new, future partners. That is why after more than two years along a road towards "intelligent insertion", today we are in commercial negotiations with almost 50 per cent of global GNP.

Of course, one pillar of this intelligent insertion is the international relaunch of Mercosur. Together with the other members, we are approaching not only the EU, but also Canada, Australia, New Zealand, South Korea, the EFTA and the ASEAN. Negotiations with the EU have received new stimulus during our pro tempore presidency and we desire a prompt settlement of this agreement with a market of 500 million inhabitants and principal source of FDI in the world.

Regionally, we have established dialogue with the Pacific Alliance so that both blocs will be engines for unprecedented integration. After years of competition,

we are agreeing a specific roadmap including the facilitation of trade, customs cooperation, commercial promotion and physical integration.

In turn, we are strengthening the Economic Complementation Agreements we have with Chile, Colombia and Mexico. We are recovering a mature relationship with the United States, which has opened up numerous commercial possibilities - we were reincorporated into the Generalised System of Preferences last December and so we will be increasing our exportable supply. On the other side of the globe, 28 Argentinian fishing companies have now been authorised to export to Russia and the plant-health requirements have been agreed for exporting fruit. Similarly, based on our complementary qualities, we are strengthening links with Gulf and Maghreb countries as well as with Israel and Egypt.

We also have the challenge of further bettering our relationship with the emerging economies and powers of Asia. China is a key partner for us and the relationship between President Macri and President Xi Jinping has improved considerably. Additionally, we are agreeing the extension of the admission of beef, goat and sheep meat to this market. We are reopening our embassy in Singapore, one of Asia's strongest economies, and that country has again authorised the importing of Argentinian foods with Halal certification. In addition, Indonesia has recognised Argentinian safety controls for 17 fresh products, and our country is now one of a select group with recognition of their food safety systems.

With Japan, in the last two years, reciprocal visits by President Shinzo Abe to Buenos Aires and President Macri to Tokyo have been completed, the leaders having ratified the strategic relationship. We have advanced into the final stage of a bilateral investment treaty and an agreement to avoid double taxation. Recently, a Japanese business delegation carried out a trade mission to Argentina to explore investment possibilities in the coming years.

These are just some examples among the many and varied contacts with whom we are maintaining dialogue seeking to generate tangible results, without subordinating our national interest to prejudices of an ideological nature which would deny our people potential benefits.

But interpreting Argentinian "intelligent insertion" requires an understanding of the dynamics of the

international system. In a scenario beset by multiple uncertainties, we have proposed taking on a participative and constructive role. It is in that spirit that we are chairing the G20 throughout 2018, to coordinate policies in the face of the world's principal challenges.

Argentina leads the G20 under the motto: "Building consensus for fair and sustainable development". Our vision is determined by what we are: a developing country, extensive and diverse, which is undergoing a fundamental move towards increasing integration with the world. We strive to further dialogue and build bridges between different visions, aware that commitments made at a multilateral level have led to more robust agreements and to a more consistent basis for international cooperation and the strengthening of the rule of law.

We have put forward three priorities for the G20 this year: the future of work, infrastructure for development and a sustainable food future.

The future of work consists of finding ways to release the potential of people while taking advantage of technological advances, thereby driving growth and productivity. Here, education has a fundamental role. We have created the Education Working Group, and the members of the G20 were called to a joint Ministerial Meeting of Employment and Education Ministers, focusing on the development of skills for an inclusive employment future.

Investment in infrastructure can also drive growth and productivity, whilst simultaneously promoting inclusion by offering the physical and digital access necessary to make the most of the opportunities provided by the current industrial revolution. Last March, the Finance Ministers of the G20 and the Governors of the Central Banks approved a "Roadmap towards Infrastructure as an Asset Class". The objective is to build towards an instrument covering the financing of infrastructure with greater standardisation of contracts and improved risk mitigation, while taking into consideration the specific conditions of each country.

A sustainable food future is essential for promoting stability and guaranteeing better living conditions for all. The Agriculture Ministers of the G20, at their meeting in Buenos Aires, undertook to achieve the objectives of eradicating hunger and developing sustainable agriculture, with a view to achieving a future in which everyone will have access to sufficient safe and nutritional food for active and healthy living.

We have also established a new focus on gender for the G20. The Argentine presidency has driven a strategy of integration

of the gender perspective into the whole of the agenda: instead of dealing with the matter in just one area, all working groups incorporated the gender perspective into each of their areas, with a view to putting an end to inequality between men and women.

Through its presidency of the G20, Argentina seeks to be the voice of Latin America, putting the concerns and potential of our region on the global agenda. In addition we wish to make a substantive contribution: ten years ago, the leaders of the member countries decided that the G20 could no longer focus exclusively on the financial question. They raised the level of seniority, extended the agenda, and organised the first meeting of leaders in Washington.

At that time, everything seemed to indicate that we were heading towards a global crisis. But international cooperation, particularly at the G20, allowed it to be avoided, mitigating its effects based on coordination of policies. Currently there is no way of remaining isolated. Globalisation cannot be avoided by political decisions and challenges of a global nature can only be tackled jointly. For this very reason, we need to rediscover the importance of finding space for common understanding.

We were able to achieve a consensus on many delicate matters and we are in the final phase of the process. Ten years ago, the merely technical vision would not have been sufficient to avoid the crisis. It was the political element which made the difference. We are working hard to find that element again and include everybody, with a view to fulfilling the objective of not leaving anybody behind.

Today we are in commercial negotiations with almost 50 per cent of global GNP

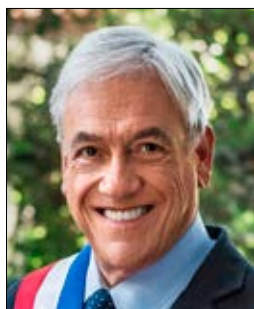
Jorge Faurie at the first meeting of Sherpas, G20 Argentina



# Chile on the path to development

By **H.E. SEBASTIÁN PIÑERA ECHENIQUE**

PRESIDENT OF THE REPUBLIC OF CHILE



**SEBASTIÁN PIÑERA** was elected president of Chile in December 2017 and he took office in March 2018. Piñera previously served as Chile's president from 2010 until 2014. Piñera graduated from the Pontifical Catholic University of Chile in 1971 and later studied at Harvard University, where he graduated with a PhD in economics. He has spent over 30 years in politics, since first being elected as senator in 1990. Previously, he was an entrepreneur and has also worked for the Inter-American Development Bank, the World Bank and the Economic Commission for Latin America and the Caribbean.

A new world order emerges as we approach the end of this decade. Born from a revolution which, unlike the previous ones, presents more challenges and opportunities than any other. This new order – rather different from the one our parents knew – offers possibilities of material and spiritual progress for billions of people on the planet. Opportunities that, only a few years ago, were impossible to imagine

This is the revolution of knowledge, technology and information. The deepest, in both magnitude and scope, that mankind has known. A revolution that will be very generous with those states that want to embrace it, but indifferent and even cruel, with those that simply ignore it or let it pass.

Yet, the opportunities brought by this revolution come with risks and challenges that far exceed the ability of governments to act individually. The threats and dangers of modern society, such as terrorism, drug trafficking and organised crime, do not recognise any borders or jurisdictions.

No nation can be called to face this challenge alone or beyond its possibilities, which is why the community of nations as a whole has the largest responsibility of all, in pledging that the benefits of this revolution will not favour some at the expense of others, but reach effectively every corner of the planet

Therefore, the burden is placed upon us, the community of nations, to decide whether this revolution becomes a factor of unity and progress or a new source of rupture. The question is whether the second half of the 21st Century will be a bridge that shortens the distances connecting developed and emerging nations or, on the contrary, a wall that furthers the distance between the world of the wealthy from that of the poor.

Our first responsibility as Heads of State or Government is to seize this revolution while it is still knocking gently at our doors. In the case of emerging nations, such as Latin American states, this poses the additional – and unique – responsibility to vindicate our past and, above all, our future.

Because the truth is that Latin America has everything to overcome poverty and achieve development: extensive and fertile territories, abundant natural resources, two sister languages. And, most importantly, a thriving and giving people that

have proven to be capable of overcoming any obstacle that nature presents to us. Likewise, we did not face the wars that devastated Europe in the 20th Century, nor the ethnic or religious conflicts that affect other regions of the world today.

However, once and again, we were late to the industrial revolutions. This explains why we continue to be an underdeveloped continent, profoundly unequal and where a third of our population lives in conditions of poverty.

Chile was in fact the poorest colony of the Spanish Crown. A territory isolated by natural boundaries, such as the Cordillera de Los Andes to the East, the Atacama desert to the North, millenary ices to the South and the immense Pacific Ocean to the West. Despite this, Chile has been able to overcome enormous obstacles and progress in many aspects, providing better living conditions for its citizens.

Chile has reached today the highest level of social, economic and human development in its history. A road that began thirty years ago, when Chileans chose freedom as their path to development. Our people conducted an exemplary transition from dictatorship towards a representative democracy. We decided to vigorously face poverty and excessive inequalities through a social market economy.

Trusting in the power of freedom is precisely what allows us to continue growing rapidly. And today we not only have one of the highest per capita incomes in Latin America, but also one of the lowest rates of poverty in our region. This has been possible due to the strength and determination of the Chilean people and the contribution of the democratic political sectors, who chose the common good before their partisan interests.

Chile concluded its first transition three decades ago, by restoring democracy and ensuring full respect for human rights. A new era began, attributable to a generation that was able to forge broad agreements and secure social peace as the foundations for Chile's future progress.

That first transition, that furnished us with stability and a strong institutional framework, is now part of our history. Today we are in the verge of a second transition: to consolidate the progress made so far and transform Chile into the first fully developed country that defeats poverty in Latin America

What does it take to become a developed country in the 21st Century? It is not only about economic growth or reaching a certain level of income per capita. Our conception of development is much broader, for it must be integral, inclusive and sustainable

Integral, because development must encompass all aspects of our life. It requires simultaneous progress in all spheres of life, such as education, health, culture, sports and democracy. Without neglecting that economic growth is a necessary condition for it, it must go much further than that.


Inclusive, because development must encompass the entire population and all regions of our territory. A State cannot reach development if a significant part of its population or its territory is not able to participate in the generation of growth. That is why we must insist on equal opportunities and decentralisation, which are key elements towards achieving inclusion as a pathway to progress, with less inequality and a more cohesive society.

Sustainable, because development would be an illusion if it could not be projected towards future generations. And this requires, without doubt, taking care of our environment and wonderful nature.

And so, what are we doing in Chile to achieve this integral, inclusive and sustainable development?

Although we inherited an economy that was growing very weakly, with large fiscal imbalances and public debt, today we are amending the course, correcting errors, attending emergencies and at the same time, cementing our capacity to achieve integral development and defeat poverty. Indeed, this is how we have set off again the engines of growth: investment, innovation, entrepreneurship and technology.

And the results speak for themselves. Our country grew by 4.8 per cent during the first semester: above the world, the OECD average and the Latin American average. Furthermore, we estimate that investment will grow around 6 per cent during 2018 and we will undergo a recovery in productivity, which reached 2.6 per cent in the last quarter.

But much more important than economic figures is our mission to transform Chile into a developed country, without poverty, with greater equality of opportunities, more social mobility, greater justice and more solidarity. This is the mission that motivates us to work with faith and optimism every day. 

**The question is whether the second half of the 21st Century will be a bridge that shortens the distances connecting developed and emerging nations or, on the contrary, a wall that furthers the distance between the world of the wealthy from that of the poor**



Chile has reached today the highest level of social, economic and human development in its history

# Argentina's G20 Presidency

By PEDRO VILLAGRA DELGADO

ARGENTINE G20 SHERPA



PEDRO VILLAGRA DELGADO

joined the Argentinean Foreign Service in 1978. From 1980 to 1988 he served at the Permanent Mission of Argentina to the UN and from 1992 to 1996 as Consul General in London before returning to Argentina as Director of the Division for International Security at the Ministry of Foreign Affairs. From 2005 to 2016 he was the Argentine Ambassador to the Commonwealth of Australia and Dean of the Diplomatic Corps in Australia. Between 2016 and 2017 he successively served as Chief of Cabinet of the Foreign Minister and Deputy Foreign Minister.

The G20 is the pre-eminent forum for international economic policy coordination and its actions aim at providing stability and governability to finance and macroeconomics.

Created in 1999 at the level of Ministers of Finance and Governors of Central Banks, its composition includes countries that represent around 85 per cent of world's GDP, close to 70 per cent of the world's landmass and about two thirds of the world's population. They also played over decades a significant systemic role in the elaboration of international norms relevant to the international community. Countries of all major regions of the world are represented at the G20. Argentina is a member of G20 since its beginnings.

In 2008, when the Global Financial Crisis broke out, it was decided to elevate it to Leaders level, as political decisions were necessary to solving one of the deepest economic crisis ever. Without concerted cooperative action by the main actors of the international community, that crisis could have led to the collapse of the whole system, risking dire consequences both economically and politically. Cooperation amongst those actors prevailed and even though the consequences of that crisis were very serious, a collapse of unforeseen consequences was averted.

The G20 is not an international organisation, but an informal Leaders' mechanism that provides a space for them to freely discuss and agree on issues of global interest, addressing them in a cooperative way to find solutions. Its agenda has been progressively broadened both in the financial and macroeconomic subjects that constituted its original focus, as well as in social and political matters which also have an impact on those.

It is a consensus mechanism and thus requires dialogue, political will and a vocation to explore solutions which can benefit all, including those who do not sit at the G20 table, as global macroeconomic stability and governability can significantly contribute to peace, inclusive growth, sustainable development and lead to better quality of life for people everywhere.

President Mauricio Macri won the elections for President of Argentina in November 2015 and soon after being sworn in decided to advance our candidature to preside over the G20 in 2018. This constituted a big challenge in terms of logistics and organisation of the different teams which should deal with the broad agenda

the forum has. It sent the right signal that we were ready to re-engage actively with the whole international community to work on all matters of interest, responding to what has always been in Argentine DNA: a country open to the world, reflected in the plural society we are, with people whose origins are from different corners of the world and yet we are one. Seeking to preside over the G20 for this year was part of that coming back to our best traditions and policies.

We also wanted to play a more active role at the G20 not only as a member but also by heading the group. We are thankful of the trust given to us by all the members in having selected us for this challenging but rewarding task which we started discharging on December 1st 2017 and will culminate at the Leaders' Summit to be held in Buenos Aires on November 30th and December 1st 2018.

We will bring to the G20 our vision from the South, as the developing country we are and specifically from Latin America where we belong.

The work of the G20 is organised into a Finance and a Sherpas tracks. The first take the matters that led to the creation of the forum and still can be said to represent its core business: those dealing directly with stability and governability of global finance and macroeconomics and were the reasons for its creation. To achieve strong, sustained, balanced, inclusive and equitable growth; fiscal policies which help that growth; strengthening the global financial safety net and the central role of the IMF; addressing risks for the global economy; cross border capital flows; international tax systems which can be globally fair, sustainable and modern; adding transparency and resilience to the global system; promoting investment for infrastructure for development; international financial architecture; financial inclusion; inclusive finance; combatting illicit financing of terrorism, organised crime or corruption, etc., are just some of the topics that the Finance Track deals with.

The Sherpas Track came into being when the G20 became a Leaders' mechanism in 2008. The Sherpas are the representatives of the Leaders in the negotiations of what would be included in the final document that they would adopt at their Summit. Its Working Groups and Ministerial Meetings address issues on labour and employment; climate change; trade and investment; anti-corruption; agriculture; digital economy; health; gender equality and women's empowerment; social

development; and education.

The agenda of both tracks was developed during the whole year and in the case of the Argentine G20 Presidency, before the Summit there were close to 60 meetings from the different Working Groups. Many specific documents were agreed with actions for implementing the measures recommended to advance the objectives set by the Leaders on all the subjects mentioned above, as well as studies which could and will lead to other policy recommendations and actions in the future were agreed. These actions, once approved by the Leaders, can either be referred to international bodies with specific mandates and tools suited for their implementation, such as the International Monetary Fund, the Fiscal Stability Board, World Bank, etc. in the Finance Track or to the United Nations, the World Trade Organisation; the Food and Agriculture Organisation, the International Labour Organisation, etc. in the Sherpas Track.. They can also and more importantly, lead to action by each of the members of the G20 to include in their domestic legislation and regulations the actions that have been agreed, thus providing effective coherence to policies and factual results.

Besides addressing the matters that come from previous presidencies as part of the mandates received, the Argentine G20 Presidency has brought three specific priorities.

*The first is the future of work*, linked to education and the digital economy, for preparing our present and future generations for the challenges of ever changing technologies, production methods, automation, 4.0 new industrial revolution, etc. to be able to benefit from them and from the new jobs which are and will be created in this new economy, as well as to allow those peoples whose jobs might disappear because of these changes, to reinsert themselves into the new ones, thus keeping decent work at the top of the agenda. In a global and connected world actions on this complex matter needs to be addressed internationally as many of these new jobs are cross border by their own nature and also because location is becoming not just mobile but also virtual. We must all ensure to promote new technologies and make them work for the benefit of all our peoples.

*Our second priority is to promote investments for infrastructure projects* and develop them as an asset class, which can receive funds, public and private, from all over the world to provide the needed roads, transport, connectivity, services, etc. which are needed to bring wellbeing into every

part of every country in a sustainable and inclusive manner. For that, contractual standardisation, bridging data gaps and risk mitigation mechanisms are needed and the G20 is a good place where to agree on which all those should be.

*Our third priority is to move towards a sustainable food future*, where everyone in the planet may have nutritious, abundant and healthy food available and its cost be reasonable both for consumers and producers, as incentives to better production and applying sustainable technologies for better yields and consumers.

To these priorities we add the commitment that gender perspective be included in every item of the G20 agenda, in both tracks, as equality between men and women is not only a matter of justice but also makes eminent economic sense. Not having more than half of the world's population fully participating in every field of human activities, implies a huge loss even in economic terms. Women should be fully part of production, trade, science, government, etc., at every level and that will require political will not just from governments but also from the private sector to break glass ceilings, mop sticky floors clean and mend broken ladders which hold women behind.

Finally, we are also committed to make the fight against corruption a critical part of the G20 agenda, as this is a scourge that deprives millions of people around the world of much needed services that could be provided to them if corruption could be ended.

We look forward to the G20 Summit in Buenos Aires and trust that all participants will come with good will and lofty goals in mind which will allow for agreeing to a set of principles and actions that will benefit real people everywhere.

## We will bring to the G20 our vision from the South

At the official launch of the Argentine G20 presidency, President Mauricio Macri committed to "build consensus for fair and sustainable development."



# Global growth strategy

By **NICOLÁS DUJOVNE**

MINISTER OF FINANCE, ARGENTINE REPUBLIC



**NICOLÁS DUJOVNE** holds a degree in Economics from the University of Buenos Aires and the University of California. He worked as an economist in the banking sector with Citibank and Banco Galicia and was Secretary of the National Treasury Department between 1997 and 1998 and represented the Ministry of Economy in the Central Bank of Argentina. He was also a consultant to the World Bank as well as a columnist with the daily newspaper La Nación. He was appointed Minister of Finance in January 2017.

It has been a privilege to have the Presidency of the G20 in 2018. Argentina is conscious that the Presidency came at a key juncture – 10 years after the global financial crisis shook the foundations of the modern economic order and the point at which the G20 was transformed into a leaders' forum. This has been a year, not only of reflection but also one of action. We have sought to deliver a forward-looking and people-centred agenda that: places global growth on a secure trajectory; improves financial system resilience; promotes sustainability; and helps our citizens capitalise on the transformational changes that are shaping our economies. In the Finance Track, our priorities have been the Future of Work and Infrastructure for Development. In addition, we have been keen to ensure that we consider how gender equality can be promoted across the entire G20 agenda, given the significant economic benefits that greater female participation can deliver.

Our international strategy is part of our broader reform agenda on which President Macri embarked upon taking office in 2016. Over the past two years, we have put in place ambitious reforms spanning our fiscal, structural, and monetary policy settings. Our objective has been to restore the rule of law, regain a sustainable growth path, and integrate our economy to the world. While our transition has not always been smooth, we are confident that we are now on a path to raise Argentina's economic dynamism, encourage investment in our economy, reduce poverty, improve social cohesion, and raise the living standards for all Argentines.

## **The global economic outlook**

We have been very fortunate that the global outlook has improved and the expansion underway continues. In October, the IMF projected solid growth for 2018-19 at 3.7 percent. What has been clear over the course of the year is that the expansion has become less synchronised with activity in some large advanced economies moderating. In addition, risks have increased, with the balance of risks now tilted to the downside both in the short and medium term. There is broad consensus among G20 members that in order to secure a stronger medium-term growth outlook, it is important that we are alert to possible risks, that we act to mitigate them and that we are prepared to respond should they materialise. This has been the key focus of our discussions this year. We have canvassed a range of risks such as financial

vulnerabilities, the retreat to inward looking policies, structurally weak growth, the potential impacts of cyber-attacks, and geopolitical tensions.

One of the key issues that attracted much debate in the G20 meetings this year is the retreat to inward looking policies which manifested in trade tensions between some of the major economies. As G20 President, our objective was to use the meetings to keep the dialogue open, give members the space to share their views and look for the common ground. On all sides, there was consensus on the importance of trade and investment as engines of growth, productivity, innovation, job creation and development. There was also agreement on the need to resolve current trade tensions. This dialogue has been important to help bridge the differences and keep all countries to work together to achieve positive outcomes.

In light of current events, discussions also centred on the impact of a faster than expected tightening of financial conditions and the on-going importance of continued monitoring of cross border capital flows. Members recognise that these flows provide substantial benefits for countries but their scale, composition and volatility can pose challenges for many economies, particularly emerging markets, which tend to be more vulnerable to abrupt reversals. As demonstrated by Argentina's own experience, sound domestic policies are the first line of defence against these challenges. But this is complemented by the G20's work in this area which is designed to deepen members' understanding of how capital flow management measures can be employed in certain circumstances to mitigate risks and how macro-prudential measures can help contain the build-up of systemic financial risks.

## **Argentina's priorities**

Within the G20's Finance Track, we have focused on two key priorities to help us achieve our objectives.

### *The future of work*

The extraordinary advances in technology (in terms of both pace and scope) are reshaping global economy. These advances provide an opportunity to boost economic growth and improve living standards.

Argentina's future of work agenda recognises these shifts and reflects that policy responses can shape the outcomes by harnessing the opportunities and mitigating the risks. We have agreed a *Menu of Policy Options for the*



*Future of Work* which is the first step in setting the ground work to ensure we can respond to the changes taking place and act in the best interests of our citizens.

The Menu focuses on policy options to: underpin productivity and growth; support transitions and distributional challenges; promote sustainable tax systems; improve data availability. It outlines a number of measures that countries are already taking to deal with the impact of technology.

#### *Infrastructure*

Recognising the importance of infrastructure investment for economic prosperity, sustainable development and inclusive growth, in 2018 Argentina focused on ways to further catalyse private sector investment into infrastructure.

An estimated global infrastructure gap of US\$14.9 trillion between now and 2040 must be funded in order to keep pace with projected growth. Public sector funds alone remain insufficient to fulfil long-term infrastructure financing needs and International Finance Institutions' balance sheets are limited for project financing. To bridge the financing gap, significant private sector investment in infrastructure is needed. In 2017, it was estimated that approximately US\$80 trillion in private funds were searching for high yielding assets.

To help bridge the gap, we have focused on lifting private investment by creating the environment for infrastructure to develop as an asset class. We have agreed a Roadmap to Infrastructure as an Asset Class to help us meet our ambition. The Roadmap outlines the key steps to promote bankable projects, improve financing arrangements and investment environment, and promote greater standardisation. Under the Roadmap, we have delivered the *G20 Principles for Project Preparation* which lay the foundation for making projects bankable and will help attract additional private capital into infrastructure. We will continue pursuing implementation of the Roadmap in other areas such as contractual standardisation and infrastructure financing instruments, data gaps, and risk mitigation instruments. Work under the Roadmap will continue next year.

#### **Other measures to support growth and resilience**

We have also continued to advance the G20's broader agenda. Significant progress has been made on the international tax agenda, particularly in the areas of tax transparency and the implementation of the Base Erosion and Profit Shifting agenda. A key challenge now is to ensure we achieve a consensus based solution on how to deal with the tax implications of the digitalisation of the economy.

Similarly, a lot of progress has been made on the financial regulation agenda since 2008. We have implemented measures to build resilient financial

institutions, address concerns about too big to fail, address shadow banking risks and make derivative markets safer. The G20 continues to monitor new developments and emerging risks. This year we have focused on the benefits and risks of technology in the financial sector, in particular those relating to crypto-assets and the underlying technology. International bodies such as the Financial Stability Board and the Financial Action Task Force are monitoring the rapid advances and their potential impact on financial stability, consumer protection, terrorist financing and money laundering.

Improving the international financial architecture has also been an important priority of the G20. In context of on-going risks in the global economy and volatility in financial markets it is important that we continue our efforts to reinforce the strength of the global financial safety net. We have been monitoring capital flows so that we can reap the benefits while minimising the risks they may pose when volatile. We have previously agreed that the 15th General Review of Quotas be completed by the 2019 IMF/WBG Spring Meetings and no later than the 2019 Annual Meetings. The Review encompasses consideration of IMF resources, quota formula and the realignment of quota shares. The objective is to ensure the IMF is well resourced and that its representation reflects global realities. The G20 continues to give political impetus to this work with a view to ensuring the agreed deadlines are met.

We have also continued our work on improving debt transparency and sustainability in low-income countries.

Finally, we have also progressed work which supports the deployment of sustainable private capital and measures to further improve financial inclusion.

The G20's agenda is very ambitious. We have worked hard this year to ensure that we are focused on the most important issues facing the global economy. It is important that we maintain this focus so that we are prepared to address the most pressing challenges and continue to contribute to the core G20 mandate of achieving strong, sustainable, balanced, and inclusive growth. E



**In 2018  
Argentina  
focused  
on ways  
to further  
catalyse  
private sector  
investment in  
infrastructure**

Puerto Madero, the financial district of Buenos Aires

# Enabling an effective future

By DANIEL FUNES DE RIOJA

CHAIR OF BUSINESS 20 (B20)



DANIEL FUNES DE RIOJA is an academic at the National Academy of Law and Social Sciences in Buenos Aires and Vice President of the National Academy of Business Sciences. He is Vice-President of the Argentine Industrial Employers Chamber (UIA) and President of the Food Industry Chamber (COPAL). He combines several years' experience in labour relations and policy building with international experience as President of the Business Advisory Committee on Labour Relationships at the Organization of American States (CEATAL/OAS). He also served as President of the International Organisation of Employers.

The priorities set by the Argentine government for B20 were clear: unleash people's potential through quality education, build infrastructure for development, ensure a sustainable food future, and promote gender equality. These are the fundamental enablers of a developed and inclusive future.

In that context, the B20 Business Engagement Group strongly agrees that multilateral cooperation is crucial to define consistent rules and standards that ensure investment predictability, promote economic growth and ultimately improve governability.

In this respect, the United Nations 2015 Sustainable Development Goals comprise the most ambitious multilateral consensus. Consequently, the B20 adopted this agenda as fundamental guidance for policy making.

Since we began work on November 1st 2017, 1700 members (1200 titular and 500 deputies, 27 per cent of which were women, 34 per cent representing small and medium-sized enterprises, and 80 per cent of which were the most senior leaders in their companies, employing over 35 million people globally) and national business federations were engaged in more than 56 task force meetings to provide meaningful consensus-based recommendations for the G20 leaders as a contribution toward these goals.

Following up on the German process (2017) and as part of the "Troika" (Germany-Argentina-Japan) we went through a learning process to lead the Argentine round and convey reliability to all the G20 stakeholders and strengthen our work methodology and structure. At local level we worked closely with the binational Chambers of G20 countries while engaging national business organisations and companies in the process.

Together with an executive Sherpa, a policy Sherpa, and the co-chair group, the G6 – a group of business organisations made up of the Association of Banks of Argentine Capital (ADEBA), Buenos Aires Stock Exchange (BCBA), Argentine Chamber of Commerce and Services (CACCS), Argentine Chamber of Construction (CAMARCO), Rural Society (SRA) and Industrial Union of Argentina (UIA) – we have organised ourselves as a cohesive team to lead this Argentine round.

In line with the agenda defined by the G20, we set up eight task forces, led by relevant Argentine business leaders, for trade and investment, financing growth and infrastructure, employment and education,

energy resource efficiency and sustainability, Digital Economy and Industry 4.0, Sustainable Food System, development of Small and Medium Enterprises, and Integrity and Compliance.

In addition we organised a high-level caucus (for advocacy), comprised of the top business leaders of national business federations and the most prominent leaders engaged in the B20 process, to provide a space to exchange strategic insights and views about the B20's progress and its policy recommendations.

We also organised the national leaders forum: several meetings took place in different provinces and regions, with the objective of facilitating the participation of the domestic business community, and as a way to engage SMEs on issues that have substantial relevance for economic development, thereby linking local concerns to global strategies.

Throughout the process the B20 worked with other engagement groups to promote a comprehensive viewpoint on themes aligned with the priorities set by the G20 Argentine Presidency. As a result, seven joint documents were also issued with the C20, L20, W20, T20 and Y20.

In this regard, we focused on fundamental and structural issues deemed to be urgent and correctible, either at a multilateral level or within national policies. We always look for consensus on best practices for moving forward.

Our main conclusions are as follows:

*Promoting equal opportunities and inclusiveness.* Despite economic growth over the past decades, shared economic development continues to be a pressing challenge as many of the key pillars for inclusion such as decent employment opportunities, satisfaction of basic needs for all, elimination of social discrimination and exclusion, remain unresolved. In fact, income inequalities in OECD1 countries are at the highest level of the past half century and seven times higher than 25 years ago.

To ensure social development with inclusion, seven topics were addressed under this pillar:

1. Guaranteeing quality education for all
2. Building a culture of integrity
3. Eradicating malnutrition
4. Achieving gender equality
5. Ensuring formal and inclusive labour markets with these concrete obligations:

- Promote diverse forms of work
- Rollback on informality
- Inclusion of vulnerable groups

*Promoting growth.* Sustainable economic growth is a fundamental driver to lift people out of poverty. Adequate structural conditions that enable formal job creation, investment in infrastructure and adoption of technologies need to be ensured. Growth also calls for a competitive level playing field that promotes participation in global value chains.

In this regard, the B20 Argentina recommendations comprise two categories with several subtopics for each one:

1. Driving national economic growth enablers:
  - Entrepreneurship as a fundamental source for job creation
  - Boosting investment in infrastructure
  - Ensuring access to affordable, reliable and sustainable energy
  - Reaching global connectivity
  - Enhancing productivity through technology adoption, including supporting *Industry 4.0*, promoting SMEs' competitiveness and growth, and supporting innovation in financing technology.
2. Reshaping the global trading system for a level playing field
  - 1. Eliminating state-related competitive distortions
  - 2. New rules for the digital age
  - 3. Removing food trade barriers
  - 4. Structural reforms of the WTO
  - 5. Multilateral investment policy

*Climate action and sustainable use of resources.* Increasingly, the "growth" debate has stressed the relevance of including environmental concerns given its potentially negative effects on people's well-being around the world. Population growth, with the consequent need for expansion of urban spaces and the new demand on public provisions, will create new challenges to reconcile increasing production with finite and limited natural resources. Economic growth should not be at the expense of life-supporting ecosystems.

The B20 identified six subtopics for policy development belonging to this category:

1. Sustainable food production
2. Minimising food loss and waste
3. Fostering resource efficiency and circular economy models
4. Facilitating transitions towards cleaner energies
5. Implementing energy efficiency practices
6. Investing in climate action

All this work would be insubstantial without implementation. Almost 75 per cent of our proposed action plans are implementable at national level and should therefore offer a compelling agenda for G20 governments. The remaining 25 per cent of the B20

action plans are to be discussed and implemented within multilateral forums.


During the whole process, we have decided to define crystal-clear policies, not only for large businesses, but also for SMEs, and not only internationally, but also laying out a "local commitment within the global system" for each one of the G20 countries.

We believe that business plays an essential role in the effort for inclusive and interconnected development. It is the incubator of new technologies and innovation, delivers jobs, incomes, and livelihoods, allows for community integration and facilitates greater economic and social equity and inclusiveness.

From today, the challenge for the B20 Argentina is to secure the adoption and implementation of our recommendations. We aim to promote structural reforms to create "enabling environments for business" that foster investment and growth, creating more and better jobs and simultaneously to respect global rules.

It is necessary to focus on structural recommendations that can be implemented in all countries participating in the process because this is not just about theoretical suggestions; our recommendations are substantive and subject to follow up. Our main purpose is that these suggestions become effective policies for all state members.

For the business community, the B20 means cooperation amongst private initiative, the integration of international markets, fair rules on trade, and creating effective public-private partnerships.

Dialogue and consensus building were and must continue to be the real drivers of the process and should therefore lay out an agenda for G20 governments facing the challenge of turning sustainable development goals into an effective reality for all. 

## Business plays an essential role in the effort for inclusive and interconnected development

On July 18th, B20 Chair Daniel Funes de Rioja participated in Coloquio Fortuna. His panel, "B20 Argentina 2018: Businessmen's recommendations to G20 leaders"



# Sustainable management of soils

By **ROBERTO WILLIAMS**

CHAIR OF SCIENCE 20 (S20)



**ROBERTO WILLIAMS** is Distinguished Professor, Emeritus, at the Department of Chemical and Food Engineering of the University of Mar del Plata, Argentina. He was the instigator and first director of the Institute of Materials Science and Technology (INTEMA) and a member of the Directory Board of CONICET. He currently serves as President of the National Academy of Exact, Physical and Natural Sciences (ANCEFN, Argentina) and as a fellow of the World Academy of Sciences. In 2011, he received the Presidential Award (Investigador de la Nación), the highest award bestowed on a scientist in Argentina.

**S**20 (Science 20) is the 7th and youngest engagement group established by the G20 countries to provide their governments with feedback from Academies of Sciences regarding the G20 agenda. Its first summit took place in Halle (Germany) in March 2017 with a discussion topic on global health. The second S20 summit took place in the city of Rosario (Argentina) on July 24 and 25, 2018. The selected topic was the sustainable management of soils within the general topic of food and nutrition security. Delegations of 20 countries were present with more than 400 participants. Recommendations of S20 about the sustainable management of soils are described below. At this summit, the Inter Academy Partnership (IAP), a world association of Academies of Science, Research and Health, presented a set of recommendations on food and nutrition security that are also incorporated to this document.

## Improving Soils and Increasing Productivity (S20 Recommendations)

Soils are fragile surface formations that are responsive to human activities. As the World Soil Charter states: “Soils are fundamental to life on Earth but human pressures on soil resources are reaching critical limits” (FAO, 2015a). Knowledge and protection of soils is essential to sustain human civilisation.

The list of soil-related issues on the agricultural agenda has increased greatly in recent years. The 2015 *Status of the World’s Soil Resources* identifies the main threats to soils as soil erosion, loss of organic carbon, and nutrient imbalances. Other threats include soil salinisation and sodification, loss of soil biodiversity, soil contamination, acidification, and compaction (FAO, 2015b). Additionally, high quality soil is being lost to urbanisation and industrial development. According to the FAO (2015b), 33 percent of the world’s soils are moderately to highly degraded due to these threats.

Soils, water and energy are essential resources for ensuring food security in the world. FAO (2015c) estimates that approximately 95 percent of global food production comes directly or indirectly from soils. At the current population growth rate, and projected changes in diets, it is estimated that the world will need to produce 60 percent more food by 2050, which necessitates prioritisation of the preservation of functional soils for a food-secure world.

The management of soil needs to encompass sustainable agriculture as well as the broader functions of soils for the maintenance of natural ecosystems and for climate regulation. A multidisciplinary concept of global soil sustainability is needed to quantify biophysical, economic, social and policy dimensions.

Soil sustainability requires knowledge, legislation and education in good agricultural practices of a natural resource that is often privately owned and yet is an important public commodity. Broad access to the information generated is imperative.

A diversity of sustainable soil management approaches is described in reports by UN organisations, for example, FAO (2015b) and UNCCD (2017). These aim to combat soil erosion, increase soil organic matter and promote soil carbon sequestration, limit soil sealing, enhance soil biodiversity, and long-term physical and chemical fertility. They all share the premise that sustainable soil management, using scientific, evidence-based and local knowledge can maintain or increase nutritious food supply, while also contributing to climate mitigation and safeguarding of ecosystem services (FAO 2015b).

In this context, the S20 affinity group makes the following specific recommendations aimed at improving the evidence base for the sustainable management of soils and increasing productivity

**1. Promoting good soil governance** implies soil protection against the threats mentioned above. Priorities should be given to limiting urban sprawl and devising adaptive strategies of soil management to climate change.

Soil monitoring based on benchmark sites and/or permanent observatories is necessary to assess soil restoration programmes, and detect tipping points in soil degradation. Indicators must be defined according to regional and local conditions to generate relevant information for policy makers and stakeholders. Integration of soil, water and crop data into scientifically based models allows for building scenarios and supporting decisions. Science is needed to inform policy actions by governments and civil society, particularly legislation concerning soil conservation and protection. It is necessary to promote education (schools and media) as a means to increase public awareness of the essential role of soils. Programmes aimed at educating farmers in sustainable soil management are strongly needed.

**2. Substantial progress in soil knowledge** involves integrating soil data into decision tools. Comprehensive 3D high-resolution (30-m) digital mapping is necessary to generate knowledge of soil properties and its relevance to research and management. This effort must be extended to all geographical regions of the world in order to identify soil deficiencies, and to underpin new practices which can improve soils. Integrating 3D digital soil properties with weather monitoring and crop suitability will improve water and fertiliser efficiency, and define best practices adapted to local and regional conditions. These soil and crop suitability maps should be complemented by methods of proximate soil sensing employing real-time big data to hasten digital agriculture. This will reduce inputs and improves environmental outcomes while maintaining or improving productivity.

The research agenda on soils must include the following:

a) Deciphering the mechanistic functions of the soil microbiome and its biodiversity on soil function and on plant and human health, is one of the more interesting challenges in modern biology. Modern high-throughput sequencing will be the basis for quantifying the genetics and enzymatic controls on an array of soil processes fundamental to agriculture, climate and medicine. Although this complex research area is at its infancy, these studies can eventually be useful to increase soil productivity and for decontamination by microbial remediation.

b) Research on the efficiency and the effective recycling of fertilisers, a critical global constraint to achieving yields.

c) The study of the short- and long-term sequestration of carbon, the preservation of soil organic matter and the rehabilitation of degraded soils.

d) Programmes aimed at reducing and eventually avoiding soil contamination should be encouraged, focusing on the toxicology and environmental aspects of agrochemicals and on sustainable practices. Examples include the combat of pests by ecological procedures, the use of less-toxic and rapidly-decomposing pesticides, and highly targeted treatments.

**3. Increasing international scientific cooperation programmes** in sustainably managing soil. Doctoral and post-doctoral programmes that enhance professionals and scientists of less developed countries should be specifically established and promoted.

#### Food and Nutrition Security (IAP Analysis)

All countries face the problem of combatting the burden of malnutrition as part of their efforts to achieve the UN Sustainable Development Goals. A project organised by IAP and involving the four regional academy networks has assessed a wide range of science opportunities for

tackling food and nutrition security, with the objective of providing access for all to a healthy and affordable diet that is environmentally sustainable and culturally acceptable. The four regional reports have been published ([www.interacademies.org](http://www.interacademies.org)) and a global report is in course. Emerging points of this global report are:

1. Taking a food systems perspective to deliver health and well-being, with research priorities, for example, in food processing, reduction of food losses and ensuring market resilience.

2. Understanding food production and utilisation issues, covering considerations of efficiency, sustainability and diversity of resources, with research priorities, for example, in evaluating impacts of climate change, issues for new farming structures, and new food sources.

3. Capitalising on opportunities coming within range in the biosciences and rapidly advancing sciences, with research priorities, for example, for novel breeding techniques and precision agriculture.

4. Emphasising transformation to a healthy diet, with research priorities, for example, for understanding consumer behaviour and private sector innovation.

5. Addressing the linkages food-energy-water-health, with research priorities, for example, to assess trade-offs between different ecosystem services.

6. Promoting activity at the science-policy interfaces and reconciling policy disconnects, for example, with regard to the priorities for global capacity building in generating and sharing research, promoting public-private partnerships and developing flexible and proportionate regulation of innovation.

FAO (2015a), *Revised World Soil Charter*, Food and Agriculture Organization of the United Nations, FAO (2015b), *Status of the World's Soil Resources*, Food and Agriculture Organization of the United Nations, FAO (2015c), *Healthy soils are the basis for healthy food production*, Food and Agriculture Organization of the United Nations, UNCCD (2017), *The Global Land Outlook*, United Nations Convention to Combat Desertification.

**Knowledge and protection of soils is essential to sustain human civilisation**

The Science 20 (S20) Summit was in July in Rosario, Argentina and offered recommendations for achieving a sustainable food future



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# The gender perspective

By **SUSANA BALBO**

CHAIR OF WOMEN'S 20 (W20)



**SUSANA BALBO** is the first female winemaker to graduate in Argentina with a Master's Degree in Winemaking (awarded with distinction) by the Universidad Juan Agustín Maza (Mendoza). She runs Susana Balbo Wines, a major business which exports globally. In 1997 she was elected Women Entrepreneur of the Year by the Argentine Organization of Businesswomen (Asociación Argentina de Mujeres de Empresa, OAME) and between 2006 and 2016 was President of Wines of Argentina (WofA). In December 2015 she was appointed National Deputy for the province of Mendoza at the Honorable Chamber of Deputies of Argentina's National Congress.

For the fourth consecutive year W20 passed the baton, this time from Germany to Argentina, and I had the honour to lead this process as Chair of this engagement group. The experience turned out to be an interesting combination of trying to keep up the good work already done, while also facing new challenges.

One of our first major challenges was to strengthen our delegates' network. W20 is a group which takes decisions only by consensus and has to represent the opinion of civil society of all member countries. This meant increasing the number of representatives per country to ensure a plurality of voices, which is a guiding principle for us, and the representation of all countries. Today we are proud to say that we have 155 delegates representing a balanced proportion of academia, NGOs, international organisations and the business community.

We have also worked hard to achieve greater interaction between delegates through our online platform, delivering webinars, surveys and forums and, of course, through the Roundtables we held in Paris, New York, Riyadh and Salta.

A strategic aspect of leading W20 was working closely with the other engagement and government groups and mainstream gender. As a result we have produced three Joint Declarations with engagement groups: One advocating for the implementation of the 25x25 commitment urging states to implement plans and monitor accordingly; another declaration highlighting the fundamental importance of education with a gender perspective, and a third statement linking gender inequality and corruption. In addition we have articulated outlines with government groups as we have been invited to present the W20 agenda at the Sherpas' meetings in Ushuaia on the Future of Work, in Geneva, Buenos Aires and Mendoza with the Education and Employment Group and in Tucumán with the Development Group. Perhaps this articulation was one of the most challenging aspects but of course, completely linked to our success.

A major decision W20 took this year was related to the main topics of discussion. So far W20 had been working on the Digital, Financial and Labour inclusion of women, all of which remain necessary and with un-met demands for women in all G20 countries. Though these topics would remain the

axis of W20 Argentina, the Development of Rural Women became a new priority for this presidency. In a context where G20 countries account for around 60 percent of the world's agricultural land, and around 80 percent of global agricultural trade, the issue of how women fit into this scenario became of relevance. It should be noted that not all women living in rural areas work in agro-business, W20 worked hard to include all their diversity into our work.

Rural women play important roles in the production of food, keeping culture and traditions alive, sustaining families and strengthening rural communities. However they are at a disadvantage compared to rural men and urban women and face multiple and interrelated structural and cultural barriers that limit the realisation of their human rights and their economic empowerment. Implementing policies to improve the living conditions of rural women and girls, fulfil their human rights and promote their economic and political empowerment are essential to the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

W20 Argentina approached the issues of women living in rural areas by recommending leaders to secure women's access to comprehensive and gender responsive social services, including education, health and legal services in rural areas, where they usually are less accessible and of lower quality and culturally insensitive. In terms of access to infrastructure, a major request by rural women, W20 demands governments to invest in infrastructure for rural development and ensure the participation of women of all stages of the process, taking into account their specific needs and work opportunities. Infrastructure projects should also incorporate gender violence protocols. Finally, due to the lack of funds and technical assistance we urge leaders to increase fund allocation for women living in rural areas to strengthen their cooperatives, entrepreneurship, organisations and value chains, promoting access to credit and training, enabling women's economic participation and inclusion in decision making and governance.

In terms of the labour inclusion of women, our first priority was to increase women's presence in the labour market and hold states accountable



for prior commitments. That is why we ask to accelerate the pace of implementation of the 2014 Brisbane commitment to reduce the gender gap in labour force participation by 25 per cent by 2025, by developing and funding National Plans and reporting the progress on an annual basis.

Another major issue is violence against women in the workforce. Thirty per cent of women in G20 countries report having been victims of harassment at work. We ask leaders to strengthen and enforce regulations, ensure equal access to justice, as well as support international processes leading to setting standards on “ending violence and harassment in the world of work” in order to protect women from all forms of violence, including online violence.

Another barrier for women’s labour inclusion relates to the difficulties and prohibition to access productive resources. We need to remember that almost half of the world’s women do not have an income of their own. It is important that countries eliminate all forms of discrimination against women, particularly in laws and regulations on access to and control of land, assets and resources and promoting mechanisms to guarantee equal pay for work of equal value.

Another major challenge for women’s labour inclusion relates to the time devoted to care and domestic unpaid activities. In most countries the lack of care services places a heavy burden on women, affecting their participation in the labour market. That is why, it is of utmost importance that G20 members invest public funds to ensure affordable, quality and professionalised universal care services for people with dependents, including those in the informal sector. They should also implement policies for mandatory paid parental leave schemes by 2025 that include nontransferable entitlements for a second caregiver to promote shared responsibility of care work and a better work-life balance.

Failing to tap the participation of all women in all their diversity not only implies a violation of their human rights but also reflects a waste of talent, skills and abilities that inevitably impact on national development and poses a demand for social justice. In a “full potential” scenario in which women play an identical role in labour markets to that of men, as much as US\$28 trillion, or 26 per cent, could be added to global annual GDP by 2025 (McKinsey, 2015).

Many things have been stated about the future of work and the promise it holds for younger generations. However, W20 believes that analysing the Future of Work from a gender perspective and design policies to ensure equitable impact is a matter of justice. Major trends such as the gig economy, automation and machine learning should be addressed in terms of their gender-specific impact, focusing on

social protection and labour rights of women workers.

To ensure that women can reap from the benefits of technology and become digitally included, holistic and cross-sectoral policies that abolish the barriers to women’s access and use of digital technologies and the internet should be developed, especially in rural and remote areas. Governments should improve access, affordability, safety and security of digital services, broadband and connectivity plans, and the availability of relevant content and services, while taking into consideration women in all their diversity. More importantly, leaders should work together to guarantee inclusive educational programs through the promotion and investment in initiatives that boost the equal participation of women and girls in STEAM studies and support women’s digital rights and citizenship. Training programs should promote women’s life-long learning and provide frequent updating of digital skills to increase opportunities for both employment and entrepreneurship. G20 countries must also foster the equitable participation of women in the development and governance of STEAM-related industries, while ensuring women’s participation in the development and modification of algorithms in artificial intelligence in order to avoid gender bias.

Another important aspect of women’s development relies on their financial inclusion. Women in G20 countries own 30 per cent of SMES and receive less than 10 per cent of the loans. Ensuring equal access to credit, financial services, equity and markets for women, and designing initiatives to improve women’s financial and legal literacy and entrepreneurial capacity is a priority. As traditional scoring systems tend to leave women behind, countries should also use and promote alternative forms of credit scoring, including alternative data to evaluate MSMEs credit worthiness in order to increase women’s access to financial services. Enhancing transparency and supporting measures for public procurement contracts awarded to women-owned and women-led businesses and increasing their share by a minimum of 10 percent taking into consideration the situation of each G20 country is also a way of creating new opportunities for women-owned business, that otherwise, are left behind in public bidding processes.

Finally, in order to ensure that policies are based on real evidence on the needs and demands of women, the G20 should support gender budgeting and together with international partner organisations and relevant national partners develop statistical systems based on indicators that are gender disaggregated and consider women in all their diversity. E

**In a “full potential” scenario in which women play an identical role in labour markets to that of men, as much as US\$28 trillion, or 26 per cent, could be added to global annual GDP**

# The Think 20 in Argentina

By JULIA POMARES

EXECUTIVE DIRECTOR OF CIPPEC AND CO-CHAIR, THINK 20 (T20)



**JULIA POMARES** is the Executive Director of CIPPEC (Centre for the Implementation of Public Policies for Equity and Growth), an independent non-profit organization that works on building better public policies. She holds a Ph.D. in Political Science and an M.A. in Comparative Politics and Research Methods from the London School of Economics and Political Science as well as a B.A. in Political Science from Buenos Aires University (UBA). She is specialised in governance issues with a focus on institutional reform and accountability, and in use of evidence in public policy design and evaluation.

**W**e are living in times of unprecedented change. Dissatisfaction with globalisation is no longer limited to a handful of developing countries but has now spread into advanced nations. Years of successful international cooperation have given way to disagreements between countries on trade, tax issues, technology, and the environment.

The G20 was successful in handling the global financial crisis of 2008 and containing its aftershocks. Since then, the G20 played a fundamental role in promoting international financial stability. Unfortunately, and despite the importance of today's global challenges, the world does not seem to perceive them with the same sense of urgency. Climate change, food security, the distribution of the costs and benefits of trade and technology and rising inequality are global challenges that create negative externalities.

The Think 20 (T20) is an open and independent network of think tanks from around the world that seeks to develop concise, research-based policy recommendations to enable a broader vision in directing the G20 policy making process. It seeks to demonstrate that technical knowledge is at the service of the world's population and countries' growth and development.

It is our duty as members of think tanks, to produce evidence and actively look for new solutions in order to achieve an economically prosperous, environmentally sustainable and socially inclusive future. The current scenario calls for a collaborative enterprise, global problems demand cooperative responses and institutions that can generate stable commitments. In our current context, multilateral institutions are finding it difficult to reach global solutions. The G20 is more important than ever before - no one country can solve these challenges by itself.

In 2018, during Argentina's G20 presidency, the Argentine Council for International Relations (CARI) and the Centre for the Implementation of Public Policies Promoting Equity and Growth (CIPPEC) were mandated by the Argentine government to organise and co-chair the T20 process during Argentina's G20 presidency. At the start of the process, the working groups were organised into 10 separate task forces that have been working on concrete and relevant policy challenges. These task forces provided a platform for the free exchange of evidence-based views and opinions

among experts from more than 150 think tanks and senior representatives of the private sector and international organisations from over 60 countries. This successful process resulted in more than 80 policy briefs with evidence-based policy recommendations to address global challenges such as climate change, food security, multilateral trade, global inequality and more.

In September 2018, we hosted the T20 Summit in Buenos Aires where we presented the policy recommendations gathered in the T20 Communiqué. We were honoured to hand this document to President Mauricio Macri, at the Summit, which was attended by over 1,000 participants from more than 68 countries.

Global challenges such as climate change, food security and the distribution of the costs and benefits of trade and technology are collective action problems. Countries have little incentive to implement individual solutions because these are costly and imply conflicts of interest, and those who instigate solutions will not be the only ones to reap the benefits. However, global well-being is unattainable if each country is not prepared to make concessions and promote international cooperation.

Our recommendations include that the G20 should start a dialogue to redesign the World Trade Organisation (WTO) and prevent worsening recent trade frictions. The main aim is helping societies adapt to the productive, technological, and social challenges of the twenty-first century. A creative agreement between G20 leaders prioritising the principle of cooperation would help kick start the much-needed reform of the WTO and strengthen the international trading system.

A second and urgent goal is to fulfil the Paris Agreement. The G20 needs to play a central part in the fight against climate change. If current trends continue, global warming will exceed the 2°C limit increase by 2050. Only immediate cooperative action on the part of the international community, led by the G20 countries, can reverse this situation.

A third goal, is to promote a New Social Contract a high-quality education system that enables workers to collaborate and interact with next-generation AI. There should also be a social protection system that protects those who may become displaced as not everyone may be able to adapt readily to new technologies. Closing gender gaps must be at the heart of this new social contract as gender economic equity is imperative for the global economy. **F**

# Young movers and shakers

By AGUSTÍN BATTO

CHAIR OF YOUTH 20 (Y20)



AGUSTÍN BATTO was selected by the Presidency of Argentina to Chair the Youth 20 in the framework of the G20 Chief of State summit. He also serves as the Regional Focal Point on SDG 8 and the Future Of Work for Latin America and the Caribbean for the United Nations Major Group for Children and Youth. He is also the Founder & CEO of Eidos Global, an NGO. Previously he worked as a coordinator in various functions with the Ministry of Education in Argentina and Mercosur, the South American trade bloc.

Young people are usually seen as “adults in-the-making.” Neuroscience and developmental psychology show that by the age of 15 young people have reached most of the intellectual markers of adulthood. Furthermore, puberty to 25 years has been identified as a period of heightened neuroplasticity – a feature that is connected with great potential for learning, more risk taking and status quo challenging attitudes. With the right environment and support, this breeding ground for creativity can become the passport for humanity to solve our biggest challenges. The UNDP has demonstrated that “young people’s exclusion from substantive discussions and decisions over SDG, can significantly slow development progress, damage social trust, challenge the representativeness of governance institutions and ultimately jeopardise peace.”

Before becoming the Y20 chairs, EIDOS Global and AIESEC Argentina designed learning experiences to foster the skills needed for their development. When gathering G20 young people’s visions and recommendations we did not doubt the potential: Y20 2018 would become a platform to showcase the challenges that matter to young people and the solutions they are developing. As a result, the Y20 focus on “Future of Work”, one the central axis of the G20 agenda, with four issues that have implications on all G20 discussions: Sustainability for Development, Education and Skills for the 21st Century, Entrepreneurship and Self-Employment, and the Future of Work, with a gender dimension.

## Meaningful proposals for G20 Leaders

The Y20 summit gathered young social innovators and delegates, inviting both to work side by side. By the end of it, they were able to show that this generation can create relevant policy recommendations. The Y20 have outlined recommendations for setting a path towards a safe, resilient, inclusive, equitable and sustainable future for all.

The Y20 urges G20 leaders to move beyond the current concept of “growth” and incorporate circular economic performance into periodic national and corporate reporting through standardised indicators. In order to promote workforce skills development with joint commitments from companies and government, the Y20 recommended to establish a progressive

scheme for companies’ expenditures dedicated to re-skilling programmes.

The Y20 also recommends incorporating cross-cultural and diverse identity education, including social and interpersonal skills in the national curricula which promotes innovation and entrepreneurial spirit.

## The extra mile: the Social Innovation Warehouse

A young man using 3D to print prosthesis for children in Argentina. On the other side of the world Ryan founded an enterprise that builds an ecosystem for People with Disabilities to become leaders. Then there’s Wadi, aged 21, founder of a non-profit focused on access to education for children and specially girls victims of insurgency in Nigeria. What do they have in common? All of them were under 30 years old when they embarked on the adventure of solving challenges and improving lives of millions.

The main legacy of the 2018 Y20 Summit is the creation of the Social Innovation Warehouse, a digital platform which gather projects that have been implemented by youth, which are tested and can be scaled and replicated by governments and civil society worldwide. The main aim is to share global best practices and give an actual tool for governments in order for each state to be able to implement -already proven successful projects- to tackle the main social issues and achieve the commitments made in the G20 process.

## Y20 Summit Argentina 2018

With a focus set on creating an inclusive, disruptive and impactful experience that leaves a legacy, this years Y20 was a 5 days Summit from August 13th-18th, held in Córdoba, Argentina, which included an Advocacy Session with the Chairs of the Employment and Development Working Groups working together for the development of recommendations.

The 2018 Y20 Summit gathered over 75 young leaders. The official delegates, chosen carefully by each of the G20 countries, were joined by young special guests who were selected based on their outstanding profiles and experience in the fields of social innovation. The participants of the 2018 Y20 Summit are not only “thinkers” but rather “doers”; young leaders that are already creating positive impact in their own communities. We are a generation who is shaking the present and building the future.

# An opportunity for investment

By **MARIANO LAMOTHE**

UNDER-SECRETARY OF MINING DEVELOPMENT, MINISTRY OF PRODUCTION, ARGENTINE REPUBLIC



**MARIO LAMOTHE** holds a degree in Economics from the University of La Plata. He completed a postgraduate degree in Finance at the Universidad Torcuato Di Tella. From 2005 to 2018 he served as a coordinator of technical teams, developing economic and business consulting work focused on the energy, mining and infrastructure sectors.

The President, since he came into office, has defined mining as one of the strategic sectors for growth and balanced development of the whole country. Our country offers multiple opportunities, the product of its valuable natural resources and its outstanding human talent. These factors make our land a matchless opportunity for investors. The sustainable production policy concerning non-renewable natural resources must be based on respect and compliance with the rules established based on national and provincial laws which regulate the activity.

The geological characteristics of Argentina make it one of the most important regions in the world and we are opening the doors to its development. The discovery of major deposits has generated a significant increase in proven reserves and they have placed the country among the 10 most important with regard to copper, lithium, silver, borates and potassium. These conditions mean that there can be no doubt about the potential to become a major mining country, bearing in mind the capacity to become one of the 10 largest producers of gold, silver and copper within the next decade.

The product of investments and work carried out in exploration, we have 17 mines in production, two expanding, three under construction, 6 projects in the advanced pre-feasibility phase, 11 projects under economic analysis, 25 advanced projects, 45 average and early projects and another 400 being prospected. Deposits include gold, silver, copper, molybdenum, lithium and uranium, as well as applicable quarries and rock. It should be pointed out that more than 65 per cent of the land is still unexplored. Lithium is currently going through a very busy phase, especially in the so-called lithium triangle region, shared with Chile and Bolivia. Including inferred, indicated, proven and probable resources, Argentina has 78 million tons of identified Copper resources and a geological potential of a further 282 million tons, 143 million ounces of gold and potential for a further 300 million, and 3,600 million ounces of silver and potential for a further 3,500, as well as Lithium with 60 million tons of resources plus another potential 100 million tons.

We are a young country with regard to mining and we have the opportunity to engage in a modern and more sustainable system, one of the most attractive countries for mining investment, relevant and strategic

in terms of reserves, production and exports of various minerals. Therefore we join in with the UN's 17 SDG (Sustainable Development Goals) principles, the G20, where Argentina introduced itself in 2018 under the motto "Building consensus for fair and sustainable development", the Mines Ministries of the Americas Conference (CAMMA) where a Public Policies for Mining Framework is being worked on, the Organisation for Economic Co-operation and Development (OECD), the EITI (Extractive Industries Transparency Initiative), the Canadian TSM (Towards Sustainable Mining) programme, the Open Government initiative, amongst other measures to guarantee sustainable development for the sector.

We support and contribute to the guaranteeing of a fair and stable regulatory framework for investors. In the case of Mining, in particular, we promote development with the objective of improving the quality of life for people and care of the environment. We are convinced that the strengthening of this sector will permit the development of our regional economies and, therefore, the development of historically neglected areas.

One of the most important aspects we consider when talking to investors is the difficulty in understanding the legal aspects and the system of government of our country. They constitute the principal doubts of those who consult regarding how to do mining business in Argentina. The basis for mining activity is established in the National Mining Code, which establishes that mining resources are of a "non-renewable" nature, therefore their exploitation requires certain conditions like remuneration for the right, it requires the payment of royalties, care of the environment, administrative expenses, etc. According to legislation, mineral deposits are the property of the provinces.

Our objective is to convert Argentina into a global leading mining country, and therefore Argentina has a special system for the sector, which is the Mining Investments Act which gives double deduction of exploration expenses, early return and financing of VAT, fiscal and exchange rate stability, accelerated depreciation for capital investments, reimbursement for expenses to create an Environmental Conservation Fund, exemption from contributions on mining property.


Given that we are a federal country, the Federal

Mining Council (COFEMIN) constitutes a fundamental tool for standardising and making transparent processes and procedures, and establishing good practices in national mining. There are provincial laws which establish the terms and the specifications required for each provincial state regarding mining activity.

For two and a half years, mining has been considered a State policy and incorporated into the national production framework with the incorporation of the Mines Policy Secretariat into the Ministry of Production and Employment. In addition to the State, other relevant players in the sector besides COFEMIN, the Argentinian Chamber of Mining Entrepreneurs which represents mining companies and also materials for construction at all stages of production, founded to unify and strengthen the mining industry in Argentina; the Mining Geological Service, whose role is the generation and dissemination of environmental and mining technological, geological information for rational and sustainable use of natural resources, AOMA and ASIEMIN, Trade Unions which bring together the sector's workers.

From our Secretariat and the Ministry of Production and Employment we are driving mining activity, a strategic sector in the production chain, for development of regional economies and their communities, therefore we are keen that the countries

which are looking at Argentina, should evaluate investments in our country bringing the best available technologies to carry out low environmental-impact mining and best mining social practices including for the people, to generate employment and the development of small and medium sized associated companies. We are a young country, as far as mining is concerned, which translates into an opportunity for investors. We possess a vast territory for investing in projects whether at an initial or advanced stage for the sustainable development of the country's different regions, its regional economies and its communities.

In this new phase, we are looking for Junior companies to explore in the country, mining companies to develop advanced mining projects, talents and suppliers to join in with development, to achieve significant growth in production which will drive us to become a strategic player in the industry. With improved competitiveness and promotion of sustainable development, we firmly believe in the possibility of being a world leader in mining. We are improving competitiveness, it represents one of our biggest challenges and we are continuing along the road to become one of the world's best indicators. For that, we are optimising the existing infrastructure and investing in the development of new infrastructure, we are reducing taxes and simplifying administrative processes. 

**Our object  
is to convert  
Argentina  
into a global  
leading  
mining  
country**



Image: NASA

Brilliant white in this true-color image, Argentina's Salar del Hombre Muerto is a high-altitude salt pan rich in minerals such as lithium

# An ambitious G20 agenda

By H.E. MARK KENT

AMBASSADOR OF THE UNITED KINGDOM TO THE ARGENTINE REPUBLIC



MARK KENT

is a graduate in Law from the University of Oxford. He gained a Master's degree in European Law and Economics from the Université Libre de Bruxelles in Belgium, and has a postgraduate qualification in Business Administration from the Open University. He has language qualifications in Spanish, Portuguese, French, Dutch, Vietnamese and Thai. He previously served as Ambassador to the Kingdom of Thailand (2012-2016) and Ambassador to the Socialist Republic of Vietnam (2007-2010). He has been British Ambassador to the Argentine Republic since July 2016.

Argentina is the first South American country to host the G20 and has led an excellent presidency this year. From the outset, Argentina enthusiastically embraced the opportunities and challenges that come with the G20 Presidency. President Macri established clear objectives to run a successful Presidency by building “consensus for fair and sustainable development.” We welcome Argentina's return to the forefront of the international stage and see the Presidency as a tangible demonstration of Argentina's “intelligent insertion into the world.”

Argentina's overarching vision for G20 cooperation is to generate inclusive growth, through “building consensus for fair and sustainable development”. Their three priorities have been the *Future of Work*, *Infrastructure for Development* and a *Sustainable Food Future*.

The *Future of Work* has focused on how technology is changing traditional employment structures and how countries can best prepare for the future. G20 countries share an interest in ensuring that technological change is inclusive and that we harness its benefits.

For Argentina, *Infrastructure for Development*, a key global priority, was chosen to help catalyse private sector investment and close the global “infrastructure gap.” More efficient transportation services, better sanitation and access to energy flows and digital connectivity is important in creating a more equitable world.

The G20 collectively account for 60 per cent of all agricultural land and almost 80 per cent of world trade in food and agricultural commodities. The focus on a *Sustainable Food Future* and soil productivity was chosen because of the concern that this limited resource needs protection in order to secure sustainable development.

Argentina's priorities worked in alignment with the key themes of Canada's G7 Presidency, with both fora making the issue of empowering women a lynchpin of their work. The W20 engagement group also played a vital role in bringing together civil society, think tanks, businesses, NGOs and entrepreneurs to influence policies at the very heart of the G20.

Argentina has not shied away from an ambitious agenda, including bringing together trade ministers to discuss keeping markets open, addressing economic development and reinvigorating the international trading system. Throughout the year, Argentina built consensus through the various statements and communiqués that G20 Ministers have agreed to over the course of 2018.

The UK has supported Argentina's ambitions throughout, with frequent Ministerial contact. We co-hosted the exercise at the Health Ministerial to test G20 leaders on how we would tackle the spread of an infection that is resistant to antibiotics. The crisis simulation placed ministers in a fictional scenario where an outbreak spread across borders, putting public health, livestock, trade and travel at risk.

Bilaterally, the G20 has helped us deepen engagement with Argentina on a range of global issues. We have supported numerous visits by British experts and institutes to share their knowledge with both Argentina and the G20 on a wider scale.

The G20 has showcased the best of Argentina to the world. Throughout 2018, Argentina has hosted over 50 official-level meetings covering themes such as climate sustainability to digital economy. These have prepared the ground for the nine Ministerial meetings (Finance Ministers and Central Bank Governors held further meetings outside Argentina) and the Leaders' Summit.

The seven official G20 Engagement Groups have hosted their own Summits and there have been many side events linked to G20 themes. The B20 hosted over 1800 participants from the private sector, governments and international organisations to discuss the need to create jobs, provide quality education, develop infrastructure and generate equal opportunities for all. The T20 brought together a similarly diverse crowd including some of the most important think tanks in the world – 54 sessions with over 170 high level international speakers, including from the UK. Argentina has also broadened outreach further. For the first time ever, the J(ustice)20 invited Supreme Court representatives of G20 countries to discuss the role played by the judiciary in solving today's global challenges.

As 2018 draws to a close, minds will turn towards Argentina's G20 Presidency legacy. Argentina will remain a member of the G20 Troika next year, alongside Japan and Saudi Arabia as G20 Presidency hosts in 2019, and 2020 respectively.

The Presidency comes at a time of considerable global, political and economic challenges, but Argentina has succeeded in establishing itself as a constructive and reliable international partner. President Macri set out to ensure that Argentina was able “to join a global conversation” and in this, Argentina has been supremely successful. F

# Walking together for benefit

By H.E. RENATO CARLOS SERSALE DI CERISANO

AMBASSADOR OF THE ARGENTINE REPUBLIC TO THE UNITED KINGDOM



**RENATO CARLOS SERSALE DI CERISANO** trained as an economist before joining the Argentine diplomatic corps in 1979. He subsequently worked as an Argentine representative in various UN institutions in New York City and the Food and Agriculture Organization of the United Nations (FAO), before participating in cooperation treaty negotiations between Argentina and Italy. In the 1990s he worked for the United Nations Development Programme (UNDP). In 2005 he was appointed Ambassador to South Africa. He was appointed Ambassador to London in 2016.

Argentina's G20 Presidency underscores President Mauricio Macri's strategic policy of re-engaging Argentina with the global economy. At the same time, it reflects a contribution to building consensus through multilateral dialogue in all areas of the G20 agenda facing global challenges. In this sense, Argentina's G20 Presidency focuses on "Building consensus for fair and sustainable development" setting out three pillars: the future of work, promoting investment for infrastructure, and securing a sustainable food future.

The G20 is not just a summit that provides an annual gathering for the heads of state of the 20 countries that shape the global economy. It is an ongoing process that, in Argentina's case, started almost a year before the Summit. During that time fifty-four preparatory meetings were held, most of them at ministerial level, addressing the various areas of the G20 agenda with the aim of building consensus on how to tackle global challenges. These meetings provide vital inputs for the Summit's Final Declaration. Argentina's G20 Presidency thus encompasses a commitment to multilateralism and transparency that is shared across the international community.

During this period Argentina has engaged in other important initiatives highlighting our commitment to re-engaging with the global economy. The WTO Ministerial Conference hosted in Buenos Aires in November 2017 has been praised for the professional organization, dedication and hospitality shown by our country. At a regional level, following a 20-year hiatus, Mercosur has re-launched negotiations for a free-trade agreement with the EU and the Pacific Alliance has welcomed Argentina as a new Observer State. Argentina has requested accession to the OECD and in doing so is adopting international standards that will guide us,

institutionally and economically, toward the changes needed to fully reintegrate into the global economy.

As ambassador to the United Kingdom, the G20 process and in particular its three pillars has provided guidance to our bilateral agenda whilst simultaneously contributing to the global agenda of the G20.

The joint communiqué between Argentina and the United Kingdom agreed on September 13th 2016 serves as a roadmap in that direction. It provides for consultation and cooperation in different areas such as democracy, human rights and gender issues, cooperation in international peace and security, non-proliferation, drug trafficking and terrorism, fighting corruption and organized crime, the environment, climate change, clean/green energy, trade and investment, science, technology and innovation, tourism, the arts, culture, education and sport.

Since President Macri's government took office, we have signed and started to implement fifteen agreements, foremost among which is the Memorandum of Understanding on "UK-Argentina Commercial Dialogue" (2017). This agreement aims to foster trade and investment, which, in line with Argentina's priorities, could help expand both the infrastructure and mining sectors. Likewise, the UK is committed to this strategy and to that effect has, through its UK Export Finance (UKEF), established a £1 billion export credit facility to support trade with Argentina as well as established high value campaigns, i.e. sectors where joint cooperation between our business communities is promising, such as in oil and gas, infrastructures and agritech. In the field of science and technology, we have been working together in agreed areas, focusing particularly on applied science. Our Ministry of Science, Technology and Productive Innovation and the British Department for Business, Energy and Industrial Strategy (BEIS) have signed an agreement to promote cooperation in biology, agritech, nanotechnology, communication and information technologies, paleontology and oceanographic research.

Finally, putting all of the above into perspective, Argentina –within its MERCOSUR institutional framework– is keen to cooperate with the UK in order to leverage the mutually complementing economies seeking comparative advantages the two countries share in trade, investment and finance. Thus our approach is one of "walking together" for the benefit not only of both our countries but also for the benefit of a prosperous and sustainable world.



UK Foreign Secretary  
Jeremy Hunt with  
Ambassador Sersale  
and Argentine Foreign  
Minister Jorge Faurie

# Gulfstream

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# Upholding multilateralism

By H.E. LIU XIAOMING

AMBASSADOR OF THE PEOPLE'S REPUBLIC OF CHINA TO THE UNITED KINGDOM



**LIU XIAOMING** was educated at Dalian University of Foreign Languages and also earned a Master's degree in International Relations at Tufts University, USA. He joined the Chinese Foreign Service in 1974. Following postings in Zambia and the US, he was appointed Ambassador to Egypt in 2001. He became Vice Minister of the Office of Foreign Affairs Leading Group of the CPC Central Committee in 2005 and was appointed Ambassador to the Democratic People's Republic of Korea (DPRK) in 2006. He was appointed Ambassador to the United Kingdom in 2009.

Amid raging anti-globalisation and rising unilateralism and protectionism, people are wondering where the world should be going. Countries are looking to the upcoming G20 Summit in Buenos Aires, which will be the tenth ever held and the first one in South America, for an answer. In my opinion, G20 should and can play an important role in three areas.

First, it is a "major battlefield" for safeguarding multilateralism. G20 was set up ten years ago in response to the ravaging international financial crisis. Today, G20 is an important venue for consultation and decision-making on issues of development and global governance by developed and developing countries alike on an equal footing. This definitely signifies the victory of multilateralism.

History has shown that multilateralism conforms to the trend of the times and serves the common interests of all countries. That is why China believes in building a new type of state-to-state relations featuring win-win cooperation, resolving differences through equal-footed consultation in multilateral institutions based on international law and rules, and improving the global governance system through reforms. I hope that G20 will send a clear message that it upholds multilateralism so as to lead economic globalisation in the right direction.

Second, G20 is a "major platform" for strengthening economic and financial governance. With its members accounting for two thirds of the global population, 60 per cent of the world's land, 85 per cent of global GDP and 80 per cent of world trade volume, G20 plays an indispensable role in providing guidance to global economic cooperation.

In the early years of G20 its members coordinated their fiscal and financial policies and promoted reforms in the international financial institutions. These efforts have successfully led the world out of the financial crisis and back on the track of stability and recovery. Now is a new critical moment. As the world economy faces increasing risks and uncertainties, striking inequality and imbalance, and surging protectionism, it is all the more important that G20 should uphold the spirit of partnership, shore up global confidence and work for robust, sustainable, balanced and inclusive world economic growth.

Third, G20 is a "major channel" for addressing issues of global development. Many of problems facing the world boil down to insufficient development. With

half of its member being developing countries, G20 represents the interests of the vast majority of developing countries and thus has the obligation to create more opportunities for them by promoting world economic growth, and to offer them more support by enhancing international cooperation on development.

Going forward, G20 should continue to give priority to the issue of development as it coordinates global macro policy. This includes implementing the 2030 Agenda for Sustainable Development, making preferential policies that facilitate development and create new driving forces for developing countries to eradicate poverty, tackle the bottlenecks and grow their economy.

In China, forty years of reform and opening up have not only created a development miracle but also created enormous opportunities for the world. Going forward, China will continue to expand opening up, improve IPR protection and foster a world-class business-friendly environment.

The numerous measures of further opening up taken over the past year have already led to huge progress. According to the World Bank's Doing Business 2019 report released recently, China has overtaken 32 countries in the ranking of business environment.

Another of China's concrete efforts to promote trade liberalisation and open up its market to the world is the first-ever China International Import Expo. This Expo, recently opened in Shanghai, has been welcomed by the international community and hugely successful, attracting more than 3,000 companies from over 130 countries, including the UK.

Prime Minister May said that Brexit is "not a rejection of multilateralism or international cooperation", and that "the best way of resisting protectionism is to ensure that this century is defined by open markets". Like China, the UK is an influential economy and important member of G20. Both China and the UK are active participants, important contributors and firm defenders of the international economic governance system. As a Chinese adage goes, "Nothing, not even mountains and oceans, can separate people who have common goals and vision". Under the current circumstances, China and the UK should join hands with other members of G20 to oppose unilateralism and protectionism, uphold the world economic order and the multilateral trade regime, safeguard the common interests of all mankind and promote global prosperity and stability.

# ASEAN's Economic Development

By **DATO LIM JOCK HOI**

SECRETARY-GENERAL, THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)



**DATO LIM JOCK HOI** was the Permanent Secretary at the Ministry of Foreign Affairs and Trade, Brunei Darussalam since 2006. During his tenure he served as Brunei Darussalam's Senior Official for the ASEAN Economic Community Pillar (SEOM), APEC and the Asia-Europe Meeting. He was Brunei Darussalam's Chief Negotiator for the Trans-Pacific Partnership Agreement (TPP). He entered government service as an education officer in 1977 and is a graduate of the City of London Polytechnic with a B.Sc (Hons) in Economics. He is a recipient of The Most Honourable Order of Seri Paduka Mahkota of Brunei.

A decade after the global financial crisis, the quest for global stability and inclusive growth is being mired again in downward pressures amid the escalation of trade tensions and weakening of multilateralism.

Despite these challenges, ASEAN continues to support the global trading system as the region's trade and investment regime is kept open. Such interdependence has been consistently observed throughout its history, in which regional economic integration is undertaken alongside the principle of open regionalism and the pursuit of political stability in the region. Thus, under the ASEAN Community Vision 2025, the goal is to establish an integrated, inclusive, peaceful, and stable regional economy.

External economic relations are an integral part of ASEAN's economic integration agenda. Both go together rather than substituting each other. While opening the region's economies exposes the region, it also provides unprecedented market opportunities and allows the region to leverage on its collective strength to compete better globally.

This belief also underlies the region's pursuit of the Regional Comprehensive Economic Partnership (RCEP); a proposed modern, comprehensive, high-quality and mutually beneficial economic partnership agreement between ASEAN and its existing six FTA partners (Australia, China, India, Japan, Korea, and New Zealand). At its core, the RCEP signifies ASEAN's role in upholding an open, inclusive, and rule-based trade in the region and beyond.

Engaging with the world has made ASEAN more dynamic. Between 2000 and 2017, ASEAN grew by an average 5.3 per cent annually, significantly higher than the global average of 3.8 per cent. In 2017, the region's combined GDP reached US\$ 2.8 trillion, and, by 2030, ASEAN is projected to be the fourth largest economy in the world. Today, ASEAN is the fourth top exporting region globally. It is also quickly becoming a preferred investment destination.

These benefits could nevertheless be made more visible and more equitable. As the region approaches the midway mark in the implementation of the ASEAN Community Vision 2025, and the fourth year of the 2030 sustainable development goals, ASEAN must redouble efforts in tackling the hard questions of inequality, sustainability, and productivity.

To date, 1.3 billion people still live in multidimensional poverty, of which 118 million are in East Asia and the Pacific. ASEAN has achieved remarkable success, reducing the proportion of poor people by more than two thirds over the past two and half decades. But there remain pockets of poverty, including in urban areas, which, if left unattended, may pose risks to stability. For this reason, narrowing the development gap and inclusive growth continue to be central themes to the region's work.

Furthermore, environmental sustainability and social responsibility are increasingly recognised as integral parts of growth strategy. Underlying this is a long term perspective to growth. To be profitable in the long term, businesses shall co-exist in harmony with the environment and community. In the past, mass production significantly boosted affordability at marginal costs. Today, concerns over excess, waste, and ethics have brought conversations around sustainable production and consumption to the fore. For ASEAN, the cross-disciplinary nature of causalities requires coordination across our three community pillars of political security, economic, and socio-cultural.

Another challenge faced by the region is in productivity. Improving access to resources and focusing on skills development could contribute to this effort. To this end, resource mobilisation is key. Banking integration in the region enhances financial intermediation, and, hence, availing financial resources for productive investment. On skills development, the focus is on whether the education and training system is agile enough to respond to and evolve with changes in the industry and environment.

But perhaps the biggest challenge to ASEAN is embracing the Fourth Industrial Revolution (4IR), and leveraging technological development for the region's future growth.

The digital transformation may widen the development gap through the digital divide. But the opportunities are at least as great. New technologies connect societies in unprecedented ways, thus providing access to networks, resources, information, and markets that would otherwise be unavailable. ASEAN is also leveraging financial technology to further bolster financial inclusion and financial stability in the region. A recent ADB study, for example, shows that digitally driven acceleration in financial inclusion

could boost GDP by 2 per cent to 3 per cent in countries such as Indonesia and the Philippines, and even 6 per cent for Cambodia.

Technologies may offer innovation and new solutions that could help the region address sustainability concerns. They already contribute to disaster management efforts, expansion of the reach of education and training, and improvement in climate-resilient food production to enhance food security. McKinsey estimated that disruptive technologies can lead to US\$216 billion to US\$627 billion in productivity gains in the region.

One of the key challenges presented by the 4IR is the risks to jobs. Automation, advanced robotics and artificial intelligence are likely to replace some manpower in many industries. Despite such challenges, 4IR also brings about opportunities. A recent study by Oxford Economics and Cisco, for example, argues that 4IR will create new demand for workers across industries. The task at hand is to ensure that the education and training system produces workers with the required skills and ability to adapt to and use technologies.

ASEAN has taken important steps forward under the chairmanship of Singapore this year in accelerating work on electronic commerce and digital economy, through the recently signed ASEAN Agreement on Electronic Commerce and the endorsement of the ASEAN Digital Integration Framework. The ASEAN

Secretariat has likewise completed an assessment of ASEAN's readiness for the 4IR. Efforts across ASEAN countries and the region collectively are also being stepped up for more strategic and coordinated response to the multidimensional challenges of the digital age.

To be sure, ASEAN's journey towards fair and sustainable economic development depends so much on its ability to keep markets open while also being inclusive, environmentally sustainable, and socially responsible. This would require a collective effort to reform and strengthen, not weaken, multilateralism; to make it more inclusive, sustainable, and resilient to new challenges.

In the near future, ASEAN and the wider international community, including the G20 economies, will need to renew their commitments towards economic openness and global solidarity. The voice and participation of the silent majority needs to be amplified, dialogue platforms made available, and ideas translated into concrete proposals and actions. Otherwise, it risks leaving the shape of global governance in the hands of the vocal few.

Moving forward, it is imperative for ASEAN to remain steadfast in adapting, adjusting, and embracing the 4IR so challenges can be addressed and opportunities seized. By working in partnership with others, technological advancement can further pave the way for ASEAN's collective journey to fair and sustainable future. E

**McKinsey estimated that disruptive technologies can lead to US\$216 billion to US\$627 billion in productivity gains in the region**



The ASEAN region is embracing the 4th Industrial Revolution

# Infrastructure: the way forward

By **DR IBRAHIM ASSANE MAYAKI**

CHIEF EXECUTIVE OFFICER, NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)



**IBRAHIM MAYAKI** is a former Prime Minister of Niger, from 1997 to 2000. He holds a Master's degree from the National School of Public Administration (Enap), Quebec, Canada and a PhD in Administrative Sciences from the University of Paris I, France. He worked as a Professor of Public Administration in both Niger and Venezuela. He previously served as Minister of African Integration and Cooperation and Minister of Foreign Affairs of Niger. From 2000 to 2004 he was a guest Professor at the University of Paris XI, where he lectured on international relations.

Considering its role as the Development agency of the African Union, the NEPAD welcomes the Compact with Africa put forward by the G20. First because it acknowledges that the aid model is not the solution to meet our continent's development challenges. This is not a question of saying whether aid is good or bad. Aid is simply not enough. Just one figure to substantiate this: we believe that Africa needs between US\$130bn and US\$170bn to develop its infrastructure each year. But the total aid it receives each year does not amount to much more than US\$60bn. In this sense, the Compact is in line with Africa's objective to attract more private investment.

There is one other essential dimension in the Compact with Africa, which is to consider projects on a regional scale. The NEPAD has long been advocating that optimal solutions are found at the regional level and not at the national one. We must think in terms of cross-border corridors, be it in energy or communication corridors. The regional dimension is vital and must get greater attention. Infrastructure covering several countries in the same region is also more attractive to investors (both public and private) because it allows the pooling of costs and promotes integration.

In 2012, the African Union set up an African Infrastructure Development Program (PIDA) managed jointly by the NEPAD Agency and the African Development Bank (AfDB). Its roadmap focuses on structuring cross-border projects, numbering 51, for a total package of US\$360 billion. They are the pivot of the continent's real economic takeoff. The approach chosen by PIDA is highly original in that it anchors the projects exclusively to Public Private Partnerships (PPP). All this points to a new business climate for investors in Africa. The G20's help in accelerating this is welcome.

The G20 has also emphasised the need to build more infrastructure, the number one area that is fundamental to lay the groundwork of any economic takeoff - and one that we have been relentlessly pushing forward in our discussions with our partners. We need to rethink the financing and construction model for infrastructure in Africa. The Compact is welcome because it provides a framework for boosting private investment and increasing the provision of infrastructure.

The initiative aims to help African countries seize their potential for sustained and inclusive economic growth by mobilising governments and their

international partners to implement concrete measures to significantly increase private and infrastructure investment in Africa. It covers at the same time the macroeconomic, the business and the financing areas. The NEPAD has been campaigning for such holistic thinking in its approach to infrastructure for a long time. It is fundamental if Africa is to meet its development challenge.

Let's first consider the macroeconomic reasoning behind the priority we should be giving to infrastructure. It is the most daunting shortcoming faced by our continent and it is very well documented. It is most obvious in the energy sector - although 145 million people on the African continent have been able to connect to electricity since the beginning of the millennium, 645 million Africans are still deprived of it. How can we expect to start a virtuous circle of industrialisation if the most basic prerequisite - access to affordable energy - is not fulfilled?

As mentioned above, the African Development Bank reckons that between US\$130bn and US\$170bn would be needed annually to finance the backbone of our development, building roads, power stations, ports and water and sanitation facilities. Instead, in the five years from 2012 to 2016, the total spent on infrastructure on the continent was US\$150.7bn.

From a business perspective, and this in turn should be a concern to all, the lack of infrastructure carries big costs. When economies are isolated, they become less attractive, since unified markets on a regional scale are difficult to create. Inadequate infrastructure increases production costs, weighs on business's competitiveness and negatively impacts foreign direct investment. Let's keep in mind that Africa must create 450 million jobs over the next twenty years to absorb its population growth. World Bank studies have shown that infrastructure deficit costs the continent two points of annual growth and generates a 40 per cent shortfall in competitiveness gains for its enterprises.

The third concern is how to mobilise finance. Contrary to what is often heard, African states do invest in infrastructure. But it is money ill spent. They support 80 per cent of infrastructure funding through national budgets, which is both a strain on their public finances and plainly inefficient. Investment in infrastructure is an absolute necessity, but it must not be to the detriment of other equally important programs such as investment

in education, health or agriculture. Therefore, association with the private sector on the one hand, and international cooperation on the other hand, are credible alternatives to state funding.

We need a new investment model based on the mobilisation of our own savings, adequate regulation, a strong guarantee scheme and the political will to make projects happen. It is all the more crucial that, given Africa's demographic explosion already in full swing, infrastructure is fast becoming a sensitive political topic all over Africa.

From a financial standpoint, it is striking to realise that only 1.5 per cent of the assets under management of African pension funds and sovereign wealth funds are invested in infrastructure in Africa. These investors cannot be blamed for their need to invest in low-risk investments. But if we look at the long term, investments in Africa will be more profitable than those in developed countries, provided that we succeed in de-risking African projects.


Therefore, the key issue lies in private sector participation in the major PIDA projects (the projects we are supporting through our Programme for Infrastructure Development in Africa). In this regard, the NEPAD Agency launched the "5 per cent Agenda" in 2017. This campaign aims to raise awareness and mobilise the African financial sector and encourage African insurance companies and pension funds to invest at least 5 per cent of their investment portfolio into infrastructure.

The growth margins are considerable because the amount of assets under management held by African

pension funds, insurance companies, and institutional investors stands at US\$1.1 trillion. In addition to its exemplary nature, we hope the "5 per cent Agenda" will act as a positive signal; not only will it reduce the perception of risk on the continent, it will also leverage the private sector and international partners participation in the financing of major African infrastructure.

A number of issues need to be addressed to facilitate long-term allocations. Chief among these is the need to reform national and regional regulatory frameworks that guide institutional investment. Likewise, new capital market products must be developed that can effectively de-risk credit and, hence, allow African asset owners to allocate finance to African infrastructure as an investable asset class in their portfolios. There is no doubt that this will lead many more international investors to consider Africa's infrastructure as a bankable asset class.

Another concern among the private sector is the lack of payment guarantees and of innovative financial structures to circumvent these issues. For this reason, we need to gather the development finance institutions and the multilateral development banks for a frank and open discussion on the establishment of an aggregated scheme that will pool all the partial guarantee instruments into a "big facility". This would provide 100 per cent financial guarantee for institutional investors.

The G20 Compact with Africa could provide new perspectives and new ways to engage with our partners in sustainably financing our future if it is consistent with Africa's priorities. 

**The regional dimension is vital and must get greater attention**

The G20 Compact with Africa (CwA) was initiated under the German G20 Presidency to promote private investment in Africa



# Major investment potential

By **SIR MICHAEL RAKE**

NON-EXECUTIVE CHAIRMAN, PHOENIX GLOBAL RESOURCES



**MICHAEL RAKE** is a former Chairman of BT Group plc as well as Worldpay Group plc, a director of S&P Global and chairman of Majid Al Futtaim Holdings LLC. He was President of the CBI from 2013 to 2015 and a member of the Prime Minister's Business Advisory Group. He served as non-executive director of Barclays plc from 2008, becoming Deputy Chairman and as Chairman of EasyJet plc from 2010 to 2013 and as the first Chairman of the UK Commission for Employment and Skills. He was knighted in 2007.

## How have you seen Argentina changing as an investment destination over the last few years?

Argentina has the potential for a materially different economic future compared to where the country was pre-2015. The election of Cambiemos, which was reaffirmed in the October 2017 mid-term elections, was hugely positive for international investment and the rehabilitation of the economy.

President Macri's economic strategy, centred on business and foreign direct investment, has given increased confidence for the future Argentina. Whilst difficult choices have been made, the positive progress in laying the foundation for growth has been recognised by the IMF providing significant support during what has been a turbulent year.

From my perspective, the investment fundamentals remain in place underscored by a pragmatic policy agenda.

## What are the key changes in Argentina you believe are most helpful to investors?

The economic reform policy agenda is central to creating an environment in Argentina that is conducive to continued and sustained investment. This has included widespread corporate tax, labour and capital market reforms that, together with the government's

zero-tolerance policy on corruption, have been key to stimulating economic growth.

Focusing on normalising economic imbalances and the deregulation of currency, commodity and capital markets underpinned the MCSI's decision to reclassify Argentina as an emerging market in June 2018. It is important that deregulation continues with market prices established across the economy.

Having been involved with British-Argentine commerce and business for some time, it is clear to me that Argentina now has the potential to be a major focus for international investment. Argentina is an extraordinary country with a proud commercial heritage, blessed with a wealth of natural resources and a skilled, well-educated workforce.

## What influence will the development of Argentina's natural resources, and particularly Vaca Muerta, have on the country?

The Vaca Muerta shale oil and gas deposit is a world-class unconventional resource play which has the potential to transform the future of Argentina's economy. Realistically, the sectors of the economy with the potential to reverse the balance of payments deficit and bring in hard currency are oil and gas and agriculture.



Phoenix holds the licence to some 560,000 acres of Vaca Muerta

The government has a clear agenda for the development of Argentina's oil and gas resources focused around Vaca Muerta and other unconventional plays. Having produced in excess of 90,000 boepd in 2017 and with production expected to increase to 110,000 boepd in 2018, largely driven by the efforts of YPF, Argentina is capable of being a net exporter of oil and gas in the not too distant future.

As production increases then inward investment will follow suit. This is happening already with significant investment by major international players including ExxonMobil, Chevron, Shell, Total, Pan American and Equinor. In 2017, US\$7.5bn was invested into the Vaca Muerta and we believe this will only increase further. It is critical that investment continues to be made in infrastructure and attract further investment and support economic growth in Argentina.

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**What will be key to the development of the Vaca Muerta going forward?**

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The economic production of shale oil and gas is technology driven. The adaptation of Argentina's considerable expertise in conventional oil and gas extraction to unconventional production is key.

This has started with a number of the international service companies now operating in-country bringing the experience, knowledge and technology developed in comparatively mature unconventional production regions, notably the United States, to bear in Argentina.

Recognising the importance of technology, Phoenix has a dedicated technical centre in Houston focused on the transfer of technology and expertise to our teams on the ground in Mendoza and Neuquén.

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**How does Phoenix's position fit in the overall context of what is happening at Vaca Muerta and what makes you unique?**

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Phoenix's sole focus is Argentina's oil and gas and the rapidly developing unconventional sector.

Our oil and gas licences give us approximately 7.5 per cent of the total acreage of the Vaca Muerta, equating to some 560,000 net acres focused around three key areas, Puesto Rojas, Mata Mora and Corralera. This significant focused acreage position is unique among the independent operators in Argentina.

In addition, we have access to capital and during the early phase of our development have enjoyed strong financial backing from our primary shareholder, Mercuria. We continue to be listed in both London and Buenos Aires giving investors the opportunity to participate in our story and, importantly, providing optionality for funding.

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**What will be the focus of the company going forward?**

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To date we have been most active in our traditional heartland in the Puesto Rojas area to the north of the Vaca Muerta formation in Mendoza Province. Earlier in the year we were successful in securing acreage the prospective Mata Mora and Corralera concessions. Together these areas will be our primary focus for unconventional activity. We recently undertook our first unconventional evaluation programme, including commencing drilling our first horizontal well and are focused on de-risking our key acreage positions to move from exploration and evaluation into development and production. E

**Argentina is an extraordinary country with a proud commercial heritage, blessed with wealth of natural resources and a skilled, well-educated workforce**



Production at Vaca Muerta is expected to increase to 110,000 boepd in 2018



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Energy. We almost never see it, but it's essential to human progress. As the world's population grows and prosperity increases, energy needs are rising. The good news is we're using energy more efficiently every day. By 2040, even though the global economy will be about twice as large as in 2016, energy demand will rise at a much lower rate. The dual challenge is providing reliable, affordable energy to support prosperity while reducing impacts on the environment, including the risks of climate change. It's what the nearly 70,000 ExxonMobil employees work to achieve each day.

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# The parliamentary perspective

By CORNELIA SCHMIDT-LIERMANN

PRESIDENT OF THE FOREIGN RELATIONS AND WORSHIP COMMITTEE OF THE HONOURABLE CHAMBER OF DEPUTIES, ARGENTINE REPUBLIC



CORNELIA SCHMIDT-LIERMANN

is an Argentinian lawyer and politician. She has served as a parliamentary deputy for Buenos Aires since 2011. Of German heritage, she holds a Bachelor's of Science from the Goethe Institute and postgraduate qualifications from the University of Buenos Aires and Hamburg, Germany. In the Chamber of Deputies she is currently the President of the External Relations Committee.

The G20 Summit in Argentina gives us an indication of how the member states of this mechanism have resolved to extend its role to matters outside its traditional remit of global finance and economics. The member states have taken on other issues aimed at providing answers to the new problems of global governance.

In that respect, managing the complexity of the politics of power and navigating the changing dynamics of a new world order is increasingly important, and requires strategies to confront these new challenges. Given the present context of global restructuring, collective decision-making and problem-solving have become increasingly difficult but more necessary.

Within the said context, the G20 is no longer seen as a static and unrepresentative forum for deliberations, but on the contrary has started to function as an effective transition mechanism between informal multilateralism and institutional multilateralism. It involves not only governments but civil society and various other stakeholders (NGOs, business, Parliamentarians, scientists, think-tanks, women and young people) and other forums like the P20 and that of the Supreme Courts. This has given the G20 a new prominence, necessary for tackling the challenges of the 21st century.

Proof of that is the message resulting from the deliberations at the Parliamentary Forum (P20). The final document, the fruit of intense debate and exchange of legislative experience of the visiting delegations, declared, not only to the G20 but to society in general, a commitment to solving global problems through the principles of co-operation, unity and consensus-building.

The joint work of the parliamentary delegations was a unique opportunity for the exchange of learning and experience. The work represents our commitment to the multisectoral task incumbent not only upon the political leaders of the G20 but on all like-minded groups.

Currently, with a global governance system which seeks to address the deficiencies of national democratic institutions, parliaments continue to be an irreplaceable institution to respond to the challenges of the globalised world.

The P20 Forum has allowed us to reflect on the role which Parliaments play in each of the countries in the international community and our aspiration to join the

complex world of decision-making of the G20 leaders. We wish to cooperate with other parties involved in the formulation of solutions and who recognise the needs of our societies. This demonstrates a high degree of political maturity, only possible in environments which favour democratic exercise and the search for reconciliation in the event of conflicting interests.

Our work has covered challenges as diverse as the future of work, financing for development, the fight against corruption, empowerment of women and young people and a renewed commitment to multilateralism. All from the perspective of the parliamentarians from G20 members states, elected leaders decisive in designing political efforts to combat poverty and promote fair and sustainable international development.

Our delegations agree that one of the most pressing matters for current and future generations is the future of work. The world is going through a period of rapid technological change which will have a major impact on the global economy and labour market. Although the adoption of new technologies will increase GNP and productivity, it will also lead to job losses and greater inequality between different social groups.

According to the World Bank, robotics will have an explosive impact on production and it estimates in 2019 the world will have 2.6 million robots, mainly in the automotive, electronics, metallurgical, chemistry, rubber and plastics sectors.

Without a doubt, with the advance of technology, we are faced with a "civilisation revolution". Therefore, we must not neglect the values which we want to be maintained or even strengthened in this new era: fraternity and solidarity. My favourite expression is "add ethics to cybernetics".

I am a believer that new technologies must be used for greater integration, to strengthen the concept of family: but this requires the consensus of all players in the labour relationship, to achieve legal "mobile frameworks".

We must find the benefits and quickly reorganise those sectors which are most exposed to the risk of disappearing. And which, sadly, impacts on those who have least.

To paraphrase the message the P20 delivered regarding the future of work; we stress the importance of a social dialogue between workers and employers to make the most of the opportunities formed by new technologies in terms of job creation and human well-being and we firmly

The P20 Forum has allowed us to reflect on the role that Parliaments play in each of the countries in the international community

advocate decent work for all, the rights of workers to negotiate collectively for fair working conditions, and the construction of more robust safety nets to facilitate the transition of displaced workers to new jobs. We also ask for an adequate and updated regulatory framework and special measures to assist young people, older generations and people with disabilities to enter the labour market as entrepreneurs or workers.

In the case of Argentina, the future of work provides our country with countless opportunities and challenges. Our inclusion in global value chains shows promise, given that Argentina is a serious player in international commerce on account of its agribusiness and services exports.

Argentina has adapted rapidly to the new geographical axes of production and innovation. According to recent studies, 37 per cent of private employment in our country could be almost completely automated over the next 15 years.

This accelerated automation is a serious challenge and establishes a new reality for our country's labour market. It offers huge benefits but also creates new problems which will have to be solved in a coordinated manner by those responsible for ensuring the right to work.

For example, governments must ensure that registration of intellectual property for technological processes and the work of our creative professionals is enforced in the countries where they are going to be used most, namely the United States and Europe. Governments must also ensure that royalties also benefit the countries who trained those creative professionals. In Argentina we have many brilliant young people who have developed software processes, but few have

managed to register their patents because of their high cost. They are often sold at low prices to companies which then develop them worldwide.

Similarly, it is necessary to understand that training in digital skills needs to be carried out from an early age. A new focus on education and learning is required to ensure that early-years schooling provides children with the capacity to master digital technologies, adapt to technological change and develop skills for innovation and problem-solving.

I also feel that it is necessary to highlight the importance of quality internships for integrating young people into the labour market. If non-formal mechanisms continue expanding, the role of the State, other agents and the G20 in education should be re-evaluated. And in this respect, I recall a passage from our great leader Domingo Faustino Sarmiento, which he wrote during his exile in Chile in 1845: *“Education must prepare nations en masse for the use of the rights which today no longer belong to such and such a class of society, but simply to the condition of man... The power, wealth and strength of a nation are dependent on the industrial, moral and intellectual capacity of the individuals who make it up. And public education must have no other purpose than to increase these production, action and management strengths, constantly increasing the number of individuals who possess them.”* Similarly, the government, together with universities and businesses, should focus on supporting innovation and encouraging the financing of development for the most dynamic production sectors.

We must also promote the inclusion of women into work, given that a wide gender gap still persists: women participate less in the labour market, their working conditions are worse, they come up against glass walls and ceilings and they are discriminated against by law. Achieving gender equity is not just a moral imperative, it is also key for growth and economic development. The G20 countries have undertaken to reduce the gap in labour participation by 25 per cent by 2025, but progress is limited and, therefore, innovative solutions need to be implemented.

The G20, and its like-minded groups and forums like the P20, have the legitimacy and capacity to provide innovative, evidence-based, cooperative solutions. This, in turn, will allow us to build a new political agenda with the objective of achieving fairer and more inclusive sustainable development allowing the most vulnerable groups in world society to be reached.

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## WE ARE INVESTING IN THE LONG-TERM DEVELOPMENT OF ARGENTINA AND THE FUTURE OF ENERGY

**PHOENIX GLOBAL RESOURCES PLC** is a London and Buenos Aires Stock Exchange listed (AIM: PGR; BCBA: PGR) upstream oil and gas company, which offers its investors exposure to Argentina's Vaca Muerta shale formation and other unconventional resources.

The Company has 560,000 net Vaca Muerta acres covering approximately 7.5% of the formation, with three core Vaca Muerta areas (Puesto Rojas, Mata Mora and Corralera). The Vaca Muerta is the only producing shale outside North America and has attracted significant major entrants including Total, BP, Chevron, ExxonMobil, Qatar Petroleum, Petronas, Shell and Equinor.

The Company's unconventional acreage is underpinned by 57.2 MMboe conventional proven and probable reserves and 11,070 boepd of production in 2017. The Company's strategy is to invest in drilling activity in its Vaca Muerta acreage to increase resources, reserves and production and is well capitalised and of a scale to do so.

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