



Updated December 8, 2022

Argentina: An Overview

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

Figure 1. Map of Argentina



Source: CRS.

Political and Economic Environment

Current President Alberto Fernández of the center-left Peronist-led *Frente de Todos* (FdT, Front for All) coalition won the October 2019 presidential election and was inaugurated to a four-year term in December 2019. He defeated incumbent President Mauricio Macri of the center-right *Juntos por el Cambio* (JC, Together for Change) coalition by a margin of 48.1% to 40.4%. The election also returned to government former President Cristina Fernández de Kirchner (2007-2015), from the leftist wing of the Peronist party, who ran on the FdT ticket as vice president. A unified Peronist ticket and Argentina’s economic deterioration, marked by high inflation and increasing poverty, were major factors in Macri’s defeat.

In November 2021 midterm legislative elections (for a third of the seats in the Senate and half of the seats in the Chamber of Deputies), the FdT lost its Senate majority but remained the largest bloc in the Chamber of Deputies, albeit without a majority. The economic impact of the Coronavirus Disease 2019 (COVID-19) pandemic and rising inflation were key factors in the legislative race.

Argentina’s next presidential and legislative elections are scheduled for October 2023. Argentina’s difficult economic situation will likely be a major factor in the elections. In early December 2022, Vice President Fernández de

Kirchner was convicted on corruption charges; while she vowed to appeal the verdict, she also said that she would not run for any future office.

When President Fernández took office in 2019, he faced an economic recession, high poverty, and unsustainable public debt. Fernández rolled out several measures, including a food program and price controls on basic goods, to help low-income Argentines. His government negotiated two debt-restructuring agreements with private creditors in 2020 for over \$100 billion in bonds.

Argentina at a Glance

Population: 45.8 million (2021, IMF est.).

Area: 1.1 million square miles, about the size of the United States east of the Mississippi.

GDP: \$487 billion (2021, current prices, IMF est.).

Real GDP Growth (constant prices): -2.0% (2019); -9.9% (2020); 10.4% (2021, est.); 4.0% (2022 projected); 2.0% 2023 (projected) (IMF)

Per Capita GDP: \$10,617 (2021, current prices, IMF est.).

Key Trading Partners: Exports—Brazil (15.1%), China (7.9%), United States (6.3%); Imports—China (21.4%), Brazil (19.7%), United States (9.3%). (2021, EIU)

Legislature: Bicameral Congress, with 72-member Senate and 257-member Chamber of Deputies.

Sources: IMF, *World Economic Outlook Database*, October 2022; and Economist Intelligence Unit (EIU).

The Fernández government also sought a new International Monetary Fund (IMF) agreement to replace the \$57 billion program entered into by the previous Macri government in 2018. In March 2022, the IMF approved a new \$44 billion, 30-month arrangement that, according to the IMF, sets pragmatic objectives along with policies to improve public finances and reduce inflation.

In July 2022, Argentina’s economic situation deteriorated further, with accelerating inflation and the peso rapidly losing its value. Political infighting within the government led to the resignation of Minister of Economy Martín Guzmán, considered the architect of Argentina’s recent IMF agreement, which was strongly criticized by the leftist wing of the FdT. Fernández initially replaced Guzmán with an official considered to the left of Guzmán, but in late July President Fernández appointed the more moderate Sergio Massa, the leader of Argentina’s lower house, to head a more powerful economy ministry that also oversees manufacturing and agricultural policy.

In early December 2022, the IMF concluded a third review of its arrangement with Argentina that will likely lead to the release of \$6 billion in funding. The IMF assessment maintained that Argentina’s high inflation rate is

moderating and is expected to decrease from 95% at the end of 2022 to 60% at the end of 2023.

Argentina was hard hit by the COVID-19 pandemic with several surges of infections, most recently in February 2022, but deaths have declined significantly because of the country's high vaccination rate. As of December 8, 2022, the country reported over 130,000 COVID-19-related deaths since the pandemic began (with a mortality rate of 287 per 100,000 people), according to Johns Hopkins University, and had fully vaccinated 84% of its population.

The IMF reports that Argentina's economy contracted 9.9% in 2020 due to pandemic-related restrictions but estimates it began a strong recovery in 2021 with 10.4% growth. The IMF projects 4% growth in 2022 and a slower growth rate of 2% in 2023. Argentina's urban poverty rate was increasing in Argentina before the pandemic, reaching 35.5% at the end of 2019. It grew to 42% by the end of 2020 but declined to 36.5% by mid-2022, according to Argentina's National Institute of Statistics and Census.

On foreign policy issues, the Fernández government shifted Argentina's stance on the Venezuela crisis in 2020, withdrawing recognition of Juan Guaidó as interim president and joining the European-backed International Contact Group to work through dialogue to bring about transparent elections.

Over the past decade, Argentina and the People's Republic of China (PRC) have significantly increased their economic engagement, including trade relations. In February 2022, Argentina joined China's Belt and Road Initiative, and President Fernández conducted a state visit to China. China also runs a space research facility in western Argentina; the U.S. Southern Command has expressed concern that the facility could track and target U.S. satellites.

Argentina voted at the U.N. General Assembly to condemn Russia's 2022 invasion of Ukraine and to suspend Russia from the U.N. Human Rights Council. Before the invasion, however, President Fernández held talks with Russian President Vladimir Putin in early February 2022 aimed at strengthening ties with Russia.

U.S.-Argentine Relations

U.S.-Argentine relations are characterized by robust commercial linkages and by shared interest and collaboration on such issues as democracy and human rights, civil nuclear cooperation and nonproliferation, counterterrorism, climate change, science and technology, and education. Both the Obama and the Trump Administrations engaged Argentina on various bilateral, regional, and global issues, with Congress expressing support for such engagement and closer relations.

The Biden Administration has continued this engagement, including through a bilateral working group on defense issues and a joint committee on nuclear energy cooperation. In 2021, President Fernández participated in the virtual Leaders Summit on Climate and the Summit for Democracy hosted by President Biden. In June 2022, President Fernández attended the Ninth Summit of the Americas, where he signed the Los Angeles Declaration on Migration and Protection to help reduce and manage irregular migration in the hemisphere. In December 2022, the United

States and Argentina signed an intergovernmental agreement to share financial information in order to improve international tax compliance.

U.S. Foreign Aid and Other Support. The United States provided \$11.8 million in assistance to Argentina in FY2020 (latest full-year data available). U.S. assistance has supported humanitarian assistance to help with the influx of Venezuelan migrants (currently estimated at around 171,000), training and equipment support to Argentina's military, assistance to support the elimination of child labor, counternarcotics assistance, anti-corruption assistance, and technical assistance to improve Argentina's efforts to deter money laundering. Argentina's status as a major non-NATO ally since 1998 makes it eligible for preferential treatment for U.S. transfers of excess defense articles and other defense cooperation. The U.S. International Development Finance Corporation currently supports financing for two projects in Argentina involving warehousing operations and COVID-19 vaccine purchases. Since July 2021, the United States has donated 3.5 million doses of COVID-19 vaccine (Moderna) to Argentina.

Trade and Investment Snapshot. The United States ran a \$2.6 billion trade surplus with Argentina in 2021, exporting \$7.7 billion in goods to the country (led by machinery, mechanical appliances and oil) and importing \$5.1 billion (led by oil, gold, fish and crustaceans, aluminum, and wine). In 2021, U.S. services exports to Argentina amounted to an estimated \$4.8 billion and U.S. services imports were almost \$1.9 billion. The stock of U.S. foreign direct investment in Argentina was \$12.5 billion in 2021, led by information services, manufacturing, finance, and holding companies. Argentina has been on the U.S. Trade Representative's Special 301 Priority Watch List since 1996 due to protection and enforcement problems with intellectual property rights. In 2016, the United States and Argentina signed a Trade and Investment Framework Agreement that has been the primary mechanism for discussing trade and investment issues.

Terrorism Issues. Congress has expressed concern over the years about progress in bringing to justice those responsible for two terrorist bombings in Buenos Aires: the July 18, 1994, bombing of the Argentine-Israelite Mutual Association (AMIA), which killed 85 people, and the March 17, 1992, bombing of the Israeli Embassy, which killed 29 people. Argentina has linked both Iran and Hezbollah (the radical Lebanon-based Islamic group) to the attacks; in 2019, Argentina designated Hezbollah a terrorist organization. In the 117th Congress, H.Res. 1231 would condemn the AMIA attack and would call for accountability, and H.Res. 988 would call for accountability for the Israeli Embassy bombing.

In August 2022, an Argentine judge, responding to a U.S. Department of Justice request, ordered the seizure of a Boeing 747 cargo plane operated by a Venezuelan airline; a U.S. warrant maintained that the plane was subject to forfeiture since it had been transferred from an Iranian airline subject to U.S. sanctions because of its affiliation with a designated terrorist organization in Iran.

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