



**ADJUSTED  
GROWTH STRATEGY:  
ARGENTINA**

## ARGENTINA'S ADJUSTED GROWTH STRATEGY, 2015

### Changes to section A (Economic Objective)

Argentina is maintaining both its economic objectives and its commitments, as detailed in the latest growth strategy. However, it stands ready to implement policy changes in response to any developments that might negatively affect the achievement of its objectives, and is, in fact, currently implementing a countercyclical macroeconomic policy, to prevent unfavorable external developments from having an adverse impact on employment and growth.

### Argentina's key 5 commitments

1. Undertake public investment projects in energy and transport.
2. Improve control mechanisms to reduce informality and increase labor demand, with a focus on SMEs.
3. Improve the entrance of young people into the labor market by helping complete their studies and/or their professional training, and provide a state subsidy for wage costs for one year if a firm hires a youth completing a six-month internship.
4. Expand eligibility for pensions.
5. In order to spur investment by SMEs and increase financing for business investment and infrastructure projects, renew two key central bank credit programs.

The specific measures related to these commitments are detailed in Annex 3.

### Changes to section B (Economic Outlook and Challenges to Growth)

Several developments in the global economy pose challenges both at the international level and for the Argentine economy. The rise in the dollar against other currencies, the drop in commodity prices, such as agricultural commodities, the reversion of capital flows towards emerging markets, as well as the forecasted deceleration in the Chinese economy and events in Greece, have all contributed to a rise in uncertainty. Moreover, growth has decelerated significantly in South America, affecting major trading partners. Those developments are having an impact in Argentina, especially lower global growth, and there could also be a further drop in commodity prices. In this context, the government is implementing expansionary policies to offset the adverse effects of the above-mentioned factors and boost aggregate demand. Moreover, these are being coupled with income policies, in order to maximize the real impact of stimulus policies.

With regard to macroeconomic policies aimed at reducing inflation, Argentina believes that it is imperative that macro instruments constitute a coherent and sustainable set designed to attain several simultaneous objectives, including stability but also growth, employment and social inclusion. In that sense, fiscal and monetary policies are two important tools to be constrained only to the objective of reducing inflation. In fact, inflation has been following a decreasing trend this year.

After the exchange variation of the domestic currency in January 2014, the IPCNu (National CPI) jumped to 3.7%, but there has been a deceleration since. The latest inflation figure (August) was 1.2%, and the year-on-year rate has fallen to 14.7%. This is partly a result of the implementation of the “Precios Cuidados” Program, which establishes reference prices for the most important spending categories in the CPI, including Food and Beverages, Personal Care, Home Appliances, Building Materials, Drugs, School kits, etc. Reference prices agreed with the business sector take into account costs plus a reasonable profit for every step in the value chain. The program ensures that relative prices are coherent and that consumers are not abused, guaranteeing at the same time a reasonable dynamic for the nominal variables of the whole economy.

In brief, Argentina’s general policy stance, a countercyclical macroeconomic policy, and programs to remove structural impediments to growth and foster social inclusion, will be maintained throughout the year. In this sense, activity is improving and GDP increased 2.2% in the first semester of the year, driven by consumption, investment and financial stability. Private and public consumption grew 0.8% and 8.4%, respectively, in S1 2015, and investment grew 3.0% explained by construction.

One specific challenge to growth, that was already mentioned in our Brisbane Growth Strategy, are the actions of vulture funds that harm Argentina by restricting its access to international capital markets. By the end of 2014 international markets were expecting the end of the “RUFO Clause”, and then the possibility of a new round of negotiations by the government with the vulture funds. However, by January 1st, 2015, the Argentine authorities reaffirmed that the exchange offer was open to all holders of defaulted bonds, while the vulture funds maintained their non-negotiating position.

It is worth noting that in February, a British court decided that Argentina’s payments of the exchange bonds denominated in Euros must be ruled by English law, supporting the Argentine position, and contrary to US judge Griesa’s injunction that prevents Eurobond holders from receiving their payment. Moreover, in a decision that is again clearly outside the jurisdiction of the US court, Griesa included bonds under Argentina’s domestic law in its ruling that originated in previous restructurings and are being paid in Argentina. In any case, Argentina will continue making payments of bonds under domestic law in Argentina, and those bonds under external law according to the Law of Sovereign Payment of Debt.

Under any circumstances, Argentina categorically reaffirms its willingness to pay in a fair, equitable, sustainable and legal manner, and the crucial importance of preserving the right of holders of restructured debt to get paid.

## Key Indicators

	2014***	2015	2016	2017	2018	2019
Real GDP (% yoy)	0.5%	2.3%	3%	3.2%	3.2%	n/a
Nominal GDP (% yoy)	29.5%	21.9%	21.1%	16.5%	13.8%	n/a
Output Gap (% of GDP)*	n/a	n/a	n/a	n/a	n/a	n/a
Inflation (% yoy)	n/a	15.4%	14.5%	11.5%	9.3%	n/a
Fiscal Balance (% of GDP)**	-2.4%	-0.8%	0.1%	n/a	n/a	n/a
Unemployment (%)	n/a	n/a	n/a	n/a	n/a	n/a
Savings (% of GDP)	n/a	n/a	n/a	n/a	n/a	n/a
Investment (% of GDP)	19.8%	19.9%	20.2%	20.5%	20.9%	n/a
Current Account Balance (% of GDP)	n/a	n/a	n/a	n/a	n/a	n/a

\*A positive (negative) gap indicates an economy above (below) its potential.

\*\*A positive (negative) balance indicates a fiscal surplus (deficit).

\*\*\* Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.

## Changes to section C (Policy Responses to Lift Growth)

Argentina's general policy stance, a countercyclical macroeconomic policy, and programs to remove structural impediments to growth and foster social inclusion, will be maintained throughout the year. However, there are some new measures that the Government has launched after Brisbane, of which the most relevant are detailed in Annex 1.

### • Monetary and Credit Policy

After experiencing exchange market pressures last year, international reserves increased by US\$ 2.5 billion, reaching US\$ 33.5 billion by the end of September. After a significant debt maturity of US\$ 5.9 billion, international reserves remain US\$ 27.7 billion in October.

In the same period, the Argentinian peso showed limited volatility, depreciating against the US dollar and appreciating against the real and the euro.

In order to foster savings in domestic currency in October 2014, the Central Bank has set minimum levels for interest rates paid to individual depositors on term deposits. Due to the success of this measure, in July 2015 it was extended to firms and it was increased the maximum amount covered, from deposits up to AR\$ 350,000, to AR\$ 1,000,000 which currently includes more than 90% of term deposits. The floor rate is a fraction of the benchmark interest rate for the corresponding term, which is the yield of the LEBACs (Central Bank Notes)<sup>1</sup>. For

<sup>1</sup> LEBACs are the main instrument of monetary policy used by the Central Bank of Argentina and the implicit interest rate is considered to be the policy rate.

deposits of less than 45 days, the fraction is equal to 0.91, and it is increased up to 0.99 for terms longer than 180 days. This new scheme, that encourages maturity extension, stimulates long-term credit and promotes financial stability. In September of 2015, the rate of increase in private sector deposits continued to accelerate to 46.2% in annual terms, while loans in pesos to the private sector recorded an annual growth of 32.3%. The liquidity ratio in local currency (sum of cash in banks, current accounts of the entities at the Central Bank and net swaps) remained at a high 38.8% of total deposits in pesos in August.

With the aim of encouraging savings in US dollars in the domestic financial system, the Central Bank re-launched LEBACs denominated in that currency. Simultaneously, the Central Bank set a maximum spread between the LEBAC's cut-off rate (in the auction) and the rate paid for the time deposits in dollars. Thanks to this readjustment, LEBACs in dollars increased significantly and in September foreign currency deposits increased by 18.8% year to date.

Overall, these measures have effectively contributed to achieving a significant rise in time deposits, to contain excessive exchange rate volatility.

One of the countercyclical measures aimed at boosting aggregate demand by means of stimulating credit is the Ahora 12 program, which has been in effect since September 2014. It allows purchasing goods and services with credit cards in twelve installments and with no interest costs in the whole country in all participating shops. The Central Bank implemented a 16 pp. reduction in reserve requirements linked to the amount of financing provided under the program. The number of items included has recently been expanded. Accumulated sales associated with the program reached AR\$ 33.7 billion by late October. With the same goal of sustaining aggregate demand, since June last year, the Central Bank has been setting every month the maximum interest rate on personal loans, secured loans and financing through credit cards. Currently, the limits on these interest rates are 37.6%, 32.41% and 45.75%, respectively.

Finally, new measures were launched to foster SMEs finance. First, a program to increase the competitiveness and productivity of SMEs located in the regional economies (FONCER) has been in force since early this year, and includes two lines of credit, which together cover both investment in fixed assets and working capital loans. Second, in September a set of measures were established with the aim of strengthening SMEs access to financing through the capital market.

- **Investment and Infrastructure**

The authorities believe that significant investment in infrastructure, particularly energy and transport, is essential for Argentina to be able to achieve a rapid rate of growth in GDP in the future. With this aim, the government has been pursuing in the past twelve years a policy that gives priority to those projects which have a higher potential impact, and new initiatives have recently been launched.

Given the adverse impact that the drop in oil prices might have on the incentives for investment in the sector, particularly relevant in the case of non-conventional

sources which are abundant in Argentina, the government has established the “Stimulus Program for oil production”, which will be in effect from 01/01/2015 to 12/31/2015, but can be extended for twelve months.

The program compensates companies that have adhered to it, and its objective is to stimulate the production of crude oil for both domestic consumption and for export. The compensation will amount to a maximum of US\$ 2 per barrel for the total production of each beneficiary company, as long as its daily average of quarterly production of crude oil is equal or exceeds the base production level, which is set on the basis of the daily average in Q4 2014. Moreover, to promote foreign sales, if the quarterly average export level is higher than the base level of exports, the stimulus will increase even more, to up to US\$ 3 per barrel. Thus, despite the drop in international prices, YPF continues to sign agreements to develop new energy projects. Recently, it signed a Memorandum of Understanding with Sinopec and related companies, with the aim of implementing a strategic association to develop conventional and unconventional oil and gas projects in Argentina, with the intention of undertaking a Joint Venture that can operate in different segments of the market.

In particular, from the time of its nationalization in 2012, YPF has significantly increased its production of both oil and gas. In 2014 the increases were 8.7% for oil and 12.5% in the case of gas. This rise in production was enabled thanks to the substantial increase in investment: since its nationalization YPF’s investment had a cumulative grow of 338% between 2012 and 2014. During 2015, YPF issued bonds amounting to US\$ 2.0 bn to finance investment projects, which is the largest issue by a domestic company since the outbreak of the conflict with the holdouts.

Moreover, as from 2003, and to protect households and firms from the sharp rise in energy prices, domestic prices were decoupled from international ones by means of export duties. However, in the current environment the government believes it is necessary to attenuate the transmission of the decrease in international prices to domestic prices, so as to generate incentives for companies to augment production, with the aim of making the country self-sufficient in energy. In December 2014 a new system of increasing differential (export-duty) rates was implemented, which is 1% at the current international prices of crude oil, down from up to 30% previously.

Regarding non-fossil fuel based energy sources, the “Atucha II” nuclear plant reached 100% of its productive capacity in last February, according to the timeline specified in our last GS. Moreover, there is a new project to build, under an agreement with China, what would become the fifth nuclear plant in Argentina (the plan to build the fourth one, “Atucha III”, was included in the last GS), with the technology of pressurized water.

Besides, regarding the two hydroelectric dams to be built in the province of Santa Cruz, Argentina received the disbursement of the first tranche (US\$ 0.287 bn) of financing, and construction has effectively started.

Moreover, the modernization of the railway system is proceeding according to the plan already mentioned in Argentina’s GS. In particular, the passenger railway linking Buenos Aires with Rosario began operating on April 1st this year, and has

involved an investment of AR\$ 0.6 bn. Finally, in March a bill to nationalize the administration of the Argentine railways was approved by Congress. The objective of the initiative is to put an end to the deterioration of the system under private management, and in particular to boost investment in the sector, modernize its technology and capabilities, and increase expenditure efficiency, which was very low among the private operators.

Additionally, regarding investment financing, the Central Bank has extended to the second half of 2015 the period during which the Line of Loans for Productive Investment will be available: the main banks should lend at least 7.5% of their deposits (equivalent to AR\$ 52 bn) and the maximum interest rate was reduced to 18%, by channeling the whole amount to small and micro firms (with the smallest firms in that universe having priority) with lower interest rates and encouraging credit to the regions of the country with lower bank presence.

Lastly, there is new available data about several measures, such as those to finance investment. For example, the PROCREAR program, which up to August 2015 reached to 170,643 housing solutions.

All updates are included in the revised Annex II.

- **Competition**

In the area of telecommunications, Argentina approved the new “Argentina Digital” law in last December, with the aim of stimulating the development of telecommunication networks and the support of cooperatives, SMEs and cable providers. The law protects small-size companies from predatory strategies by the largest firms in the market, so as to guarantee that competition can take place, favoring local consumers and the development of local firms.

Regarding the adjudication of the frequency bands for communication services (3G and 4G), the public tender process to award rights to telecommunication companies was completed and a first payment of about US\$ 800 million was disbursed by companies in late 2014.

Additionally, in September 2015, Argentina launched the ARSAT-2. ARSAT plays a vital role in the Government-funded “Free Digital Television” program. In order to improve television content and offer first-rate services, this program puts special emphasis on the improvement of television image and sound quality and the accomplishment of 100% coverage within the Argentine territory. All this has been taken into account so as to ensure that everyone has democratic access to the contents of free and public television.

- **Employment and Social Protection**

The Second Stage of the Retirement Inclusion Plan has been put into effect (it was a bill when the growth strategy was presented). It enables those that have reached retirement age, but have not contributed the minimum number of years, to benefit from a pension. The aim is to include the elders, but largely women, that belong to the first three deciles of the population, thus reducing the income gap and fostering

gender equality. Our current assessment is that pension coverage will reach 100% (6.85 million people), up from the 92% coverage that had already been achieved before the implementation of this second stage of the retirement plan.

On the other hand, the “PROG.R.ES.AR” program launched in 2014 as the largest youth inclusion program consists of a cash transfer, for young people in between 18- to 24-years, to resume or continue their studies. It reaches now 790,000 vulnerable youth, who receive a profit of AR\$ 900.

- **Other measures**

The falling price of agricultural commodities has led the government to create a fund to support the production of grains and oilseeds by small farmers, which has been in effect as from January 2015. The amount of subsidy is related to the export performance of both commodities.

On the other hand, in order to increase domestic demand, the government kept creating new measures and enhancing currently available programs, in addition to the already explained Ahora 12. A Rodar program is aimed at the purchase of zero kilometer taxis with credits that are charged with a three years fixed annual rate of 17.5% with national state subsidies up to 4.5 percentage points. Moreover, Renovate program promotes the replacement of old refrigerators and washing machines with newer models of national manufacture. It also offers discounts up to 25% for payments in 12 installments without interest. Lastly, SUBEbeneficio is intended to stimulate the consumption of goods and services via discounts granted by presenting the card SUBE used for commuting.

- **Tackle of inequality within Argentina’s growth strategy**

Tackling inequality is one of the main pillars of the strategy of inclusive growth that Argentina has been pursuing. It is not only an objective in itself, but also a building block to achieving sustainable growth, since policies directed to improve the living standards of the population have large multiplier effects on the economy. In that sense, simultaneous implementation of a broad set of policies, many of them included in our Growth Strategy, has made it possible to foster growth and to achieve a significant reduction in inequality.

Among these policies, one of the rock stones are labor policies. The favorable evolution of employment makes it possible to continue improving the distribution of income, which can, in turn, contribute to boosting aggregate demand and achieving a virtuous inclusive growth process. In this sense, the policies directed to the promotion of collective bargaining in order to increase the real wage and enhance working conditions, the ones directed to fostering training and qualification of workers and the increase of the social protection floor are key instruments of Argentina’s approach in tackling inequality. This approach is crystallized in different initiatives compromised by our country and mentioned in our Growth Strategy, as the establishment and regular updates of the minimum salary, the Law for the Promotion of Registered Employment and the Prevention of Labor Fraud, the PROEMPLEAR program and the Repto Program, between others.



The other pillars of such policies are the initiatives directed to the most vulnerable people, as for example the Universal Pregnancy and Child Allowance (in Spanish AUH), which stand out for their reach and relevance<sup>2</sup>. Moreover, the new program *Qunitas*<sup>3</sup>, launched in July 2015, assists mothers who receive the Universal Pregnancy Allowance during pregnancy and after birth, with the aim to ensure the best care and same opportunities for all the newborn.

Other programs as the second stage of the Retirement Inclusion Plan and PROGRESAR program are also very important tools to improve equality and also growth and were included in the Argentine Growth Strategy.

Finally, there are other initiatives which were not mentioned in our GS but have an important direct role to address inequality. Some examples are the "Women do" program (specially designed for woman in order to give them more opportunities in joining a cooperative, training or completing primary or secondary education), the "Connecting Equality" Program (that delivers mini-laptops to students and teachers in public secondary schools, special education schools, and teacher's training institutes) and the Argentina Smiles (which consists in special trucks that travel around the country providing free dental care and dentures to those with special needs).

To sum up, Argentina has been implementing a model of growth that puts economic, social and cultural rights in the foreground, delivering a multidimensional focus in the domestic components of aggregate demand, through the rise in the disposable income that augments consumption, fosters industrial activity and finally delivers more jobs.

## ANNEX 1: NEW AND ADJUSTED POLICY COMMITMENTS FOR 2015<sup>4</sup>

### New and Adjusted Commitments since Brisbane

• FONCER	Facilitates the access to financing by SMEs
<b>Implementation path and expected date of implementation</b>	The FONCER program is being implemented since the beginning of this year. It aims at increasing the competitiveness and productivity of SMEs located in the regional economies. The program includes two lines: <ul style="list-style-type: none"> <li>- Loans for productive investment that cover up to 80% of each project or up to US\$5 MM.</li> </ul>

<sup>2</sup> The Universal Child Allowance extends to all children in Argentina, the right that the children of formal workers have, by perceiving family allowance. It consists in a monthly monetary allowance conditional to the annual accreditation of school attendance and health controls of children. Pregnancy Universal Allowance aims at protecting the pregnant woman that come from vulnerable sectors through a cash aid monthly pay. The requirement is that medical checks are met.

<sup>3</sup> It consists of periodic health checks for the mother and the child, information guides and a kit of items for the infant.

<sup>4</sup> Dollar figures are calculated with the average Exchange rate (9,45 AR\$ per dollar) in 2015 according to the budget

	- Working capital loans, up to US\$1 MM.
<b>What indicator(s) will be used to measure progress?</b>	Progress will be measured by the amount of loans granted; beneficiary companies and requested projects / projects funded.
<b>Explanation of additionality or adjustment (where relevant)</b>	Firms being financed must not be part of the sectors of trading, finance, insurance, legal professional services and / or accounting.

<b>Stimulus Program for small grain farmers</b>	<b>Given the falling price of agricultural commodities the National Government has created a fund to support the production of grains and oilseeds by small farmers.</b>
<b>Implementation path and expected date of implementation</b>	This Program has been in effect from January 2015 and will last until December this year. In July 2015 its scope was extended to reach producers of wheat (up to 1,600 tons), corn, sunflower and soybean (up to 1,000 tons). Producers have to apply through an official web site by completing the required information regarding their production. Monthly payments are directly delivered to the beneficiaries bank accounts.
<b>What indicator(s) will be used to measure progress?</b>	The Secretary of Commerce will estimate an expected monthly export performance for soy, sunflower, wheat and corn, which will then be contrasted with the effective export performance for each product, as reported by the Central Bank.
<b>Explanation of additionality or adjustment (where relevant)</b>	From now on, to claim the benefit, the beneficiary farmers should have a yearly production not exceeding 1,600 tons for wheat, corn and sunflower, and not exceeding 1,000 tons for soybean (previously the limit was 700 tons for soybean, wheat and sunflower and 1,400 tons for corn). The total amount of transfers allocated for the Program are expected to reach approximately Us\$ 345 million budgeted by the National Treasury.

<b>Small Milk Producers Recomposition Regime</b>	<b>Given the falling price of milk, the National Government has created an incentive mechanism for small milk producers.</b>
<b>Implementation path and expected date of implementation</b>	The Program was put into effect in March 2015 and will be in force until August this year. It establishes a scheme to grant a non-repayable contribution of AR\$ 0.30 per litre to small milk producers that produce less than 2,900 litres per day. In July 2015 the regulation was modified in order to ease the process of application.
<b>What indicator(s) will be used to measure progress?</b>	Quarterly monitoring: the beneficiary must inform quarterly production level and distribution.
<b>Explanation of additionality or adjustment (where relevant)</b>	Potential beneficiaries must complete an Affidavit in the Registry of Milk Producers Beneficiaries which is available on the website of the Secretary of Commerce. Then, they must declare on a monthly basis, the milk submitted to the industry.

<ul style="list-style-type: none"> <li>Stimulus Program for oil production</li> </ul>	<p><b>Given of the falling price of oil, the National Government has created an incentive mechanism for oil companies that expand their production</b></p>
<p><b>Implementation path and expected date of implementation</b></p>	<p>The Program was put into effect in January 2015 and will be in force until December this year, though it may be extended for twelve months. An incentive mechanism will be applied to companies, in order to stimulate production, with a subsidy of up to three dollars per barrel, which is applicable to each company's total production, if and only if it is greater than -or equal to- its base line production (which corresponds to the level registered in the fourth quarter of 2014).</p>
<p><b>What indicator(s) will be used to measure progress?</b></p>	<p>Quarterly monitoring, where the beneficiary company must inform its quarterly production level and its quarterly exports.</p>
<p><b>Explanation of additionality or adjustment relevant (where)</b></p>	<p>The program is necessary to compensate the disincentive created by the drop in oil prices which, in the absence of a policy response, could adversely affect the companies' investment plans.</p>

<ul style="list-style-type: none"> <li>AHORA 12</li> </ul>	<p><b>Consumption and production stimulus program</b></p>
<p><b>Implementation path and expected date of implementation</b></p>	<p>The AHORA 12 program has been implemented since September 2014. It aims to stimulate aggregate demand by encouraging consumption and production. The program allows the purchase of a wide range of goods and services with credit cards in twelve installments and with no interest costs. The program has a national scope and different participating shops.</p>
<p><b>What indicator(s) will be used to measure progress?</b></p>	<p>Progress will be measured by the amount and number of sales made through the program.</p>
<p><b>Explanation of additionality or adjustment relevant (where)</b></p>	<p>The number of items included in the program has recently been expanded. Accumulated sales associated to the program reached AR\$ 33.9 bn up to 04th October 2015 (17.5 m transactions). The areas of greatest participation are clothing (37%), building materials (21%) and appliances (12%).</p>

<b>• National Securities Commission measures for SME</b>	
<b>Strengthening SMEs access to financing through the capital market</b>	<ul style="list-style-type: none"> <li>- New measures have been implemented since September 2015 with the aim of strengthening SMEs access to financing through the capital market. The National Securities Commission (CNV) modified its SMEs' regime: the maximum amount of annual revenue for a company to be considered an SME was increased and categorization procedures were simplified.</li> <li>- Postdated checks regulation was improved, in order to provide more transparency and better pricing to check negotiations, which is one of the most used financial instruments among SMEs.</li> <li>- Promissory Notes regime was reformed so that more SMEs could use this medium term financing instrument. The target is to double the number of SMEs that use these instruments.</li> <li>- A Financial Assistance Office was created, to give free advice to these types of enterprises. This office will develop courses and publications on the Capital Market for SMEs, proposals for regulatory changes, and technical assistance.</li> <li>- ASISTIR Fund was created. This fund will finance and help SMEs to place their first issuance of bonds in the capital market.</li> <li>- Negotiable debt regime was improved by increasing the issuance limit in order to finance larger investment projects.</li> <li>- Consultative Council for Micro, Small and Medium Enterprise: The objective of this Council is to establish an institutional space where public sector and SME's representatives can exchange ideas for the analysis, design and implementation of SMEs-oriented policies.</li> <li>- SME Ombudsman: this will be the instance where allegations of abuse by other companies will be documented (breach of contract, abuse of dominant position, etc.)</li> <li>- New requirement for Mutual Funds: they have to invest the 2.5 % of their equity in productive investment, infrastructure development and SMEs financing.</li> </ul>
<b>Implementation path and expected date of implementation</b>	<ul style="list-style-type: none"> <li>- 10,000 SMEs will be benefited by more transparency and less financing cost.</li> <li>- Doubling the amount of issuances of promissory notes. It is expected an increase of AR \$ 1,000 million in promissory notes.</li> <li>- Additional AR\$ 4.500 million for SMEs through the investments of the Mutual Funds.</li> </ul>
<b>What indicator(s) will be used to measure progress?</b>	<p>Measures that aim to increase SMEs participation in Capital Markets are complementary to credit programs that favored lower costs of financing for smaller companies.</p>
<b>Explanation of additionally or adjustment (where relevant)</b>	

## ANNEX 2: PAST COMMITMENTS – ST. PETERSBURG FISCAL TEMPLATE - UPDATE

The fiscal strategy for the current and following years aims at achieving an adequate fiscal surplus in order to guarantee medium-term fiscal solvency, based on reasonable assumptions about future increases in public revenues and primary expenditure.

However, public debt and GDP growth estimates for the short- and medium-term have been updated in order to factor in the new level of the relevant variables. In particular, gross debt estimates for the current and following years have been revised to take into account the following changes:

- a) The previous GDP series (base year 1993) has been replaced by a new GDP series (base year 2004), which shows a higher level of GDP in the base year.
- b) Gross debt has increased as a result of several public debt settlements this year.
- c) The exchange rate has been updated to its latest value and the estimates have been revised accordingly.
- d) The figures for Intra-government financing have been also updated, leading to a revision of net debt projections.

### Estimate Projections

	2013	2014	2015	2016	2017	2018	2019-20
Gross Debt	38.8%	43.0%	46.9%	46.8%	47.2%	n/a	n/a
<i>ppt change</i>	4.2	4.2	3.9	-0.1	0.4	n/a	n/a
Net Debt	15.6%	16%	16.9%	14.8%	13.6%	n/a	n/a
<i>ppt change</i>	1.1	0.4	0.9	-2.1	-1.2	n/a	n/a
Deficit	-1.9%	-4.0%	-1.0%	n/a	n/a	n/a	n/a
<i>ppt change</i>	0.1	-2.1	3.0	n/a	n/a	n/a	n/a
Primary Balance	-0.7%	-1.9%	1.0%	n/a	n/a	n/a	n/a
<i>ppt change</i>	-0.5	-1.2	2.9	n/a	n/a	n/a	n/a
CAPB	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>ppt change</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for inflation and growth:

**Estimate**

**Projections**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Real GDP growth	2.9%	0.5%	2.3%	3%	3.2%	3.2%	n/a
<i>ppt change</i>	2.0	-2.4	1.8	0.7	0.2	0	n/a
Nominal GDP growth	21.7%	29.5%	21.9%	21.1%	16.5%	13.8%	n/a
<i>ppt change</i>	2.5	7.8	-7.6	-0.8	-4.6	-2.7	n/a
ST interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>ppt change</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LT interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>ppt change</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

## ANNEX 3: PAST COMMITMENTS – BRISBANE COMMITMENTS<sup>5</sup>

### Key Commitments for Monitoring Purposes

Stimulus to the Investment in the exploration and production of oil and gas	YPF strategic plans to increase the Production of oil, gas and refined fuels		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>Investment of Phase I &amp; II (Pilot Project) in Loma Campana reached US\$ 1,240 billion. Phase III is underway, where YPF and Chevron continue with their investments on a 50% / 50% basis.</p> <p>Investments in El Orejano amount to US\$ 188 million, of which the private sector will contribute with approximately two thirds.</p> <p>In December 2014, Malaysia's PETRONAS and YPF signed an Agreement to develop a shale oil pilot project in the 187 –square kilometer La Amarga Chica block in Neuquén province, with a joint investment of up to US\$ 550 million. Initially, during the pilot stage, more than 30 horizontal and vertical wells will be drilled, and based on the results, it is estimated that the project, once in production mode, will require an investment of over US\$ 1 billion in the first five years. For YPF, this move represents its first collaboration with a (public) national oil company in shale exploration.</p>	<p>It is estimated that in 2017, 100,000bpd will be produced, as well as 13million of m3/d of gas coming from shale gas formations, which represents an increase in the production of oil and gas of around 40%.</p>	<p>The Loma Campana production has been growing steadily since 2014.</p> <p>The exploration of the Orejano drill will be completed by next June.</p> <p>The exploration in the first well in Amarga Chica block started in April 2015.</p>
<b>Impact of Measure</b>	<p>This project will not only have a direct impact on the production of oil, gas and refined fuels and explored wells, but it will also have a direct impact on job creation as well as on investments in related projects.</p>		

<sup>5</sup> Dollar figures are calculated with the average Exchange rate (9,45 AR\$ per dollar) in 2015 according to the budget.

<b>Construction of the Northeast Gas Pipeline (GNEA)</b>	<b>The objective is to expand the network of natural gas to more than 1.3 million households in the provinces of Salta, Formosa, Chaco, Misiones, Corrientes and Santa Fe.</b>		
<b>Northeast Gas Pipeline</b>	<p>The pipeline project, which represents an investment of US\$ 3.16 billion, will incorporate the provinces of northeastern Argentina to the distribution system of the natural gas network by 4,144 km of Core and proxy pipelines.</p> <p>Juana Azurduy pipeline will be connected to GNEA pipeline in the province of Formosa and the latter will supply 168 locations in 6 provinces: 31 in Formosa, 34 in Chaco, 37 in Santa Fe, 1 in Salta and 65 locations between Corrientes and Misiones provinces.</p> <p>It is a three-stage project, implying 1,810 kilometers of core pipeline, 2,334 of proxy pipeline and 15,000 km of a domestic distribution pipeline.</p>	Deadline	Status
		Two years	<p>Works began in February 2015.</p> <p>Stage 1: includes three different phases, and nearly 40% of these are completed.</p> <p>Stage 2: work has started and is well underway.</p>
<b>Impact of Measure</b>	This project involves the creation of 25,000 jobs and the hiring of more than 20 construction companies. Once completed, the new home networks will provide gas supply to 3.4 million people.		

<b>Completion of the Atucha II nuclear electric power plant</b>	<b>Atucha II will provide the National interconnected system with 695 Mw. Atucha II is the third nuclear power plant of the Argentine electricity system to be completed, together with Embalse (600MW) and Atucha I (335 MW)</b>		
<b>Detailed implementation path and status</b>	Interim Steps for Implementation	Deadline	Status
	The cornerstone of Atucha II was placed in 1982, and between 1994 and 2006 construction was halted, until the Argentine Nuclear Plan was finally re-launched.	Expected Deadline was end 2014 beginning 2015.	On February 2015 the nuclear plant Atucha II began to generate energy at 100% of its capacity.
<b>Impact of Measure</b>	This Nuclear electric power plant will provide the National interconnected system with 695 Mw. It is expected to generate 6,526GWH/year. Thus, in a year Atucha II can generate the energy needed by a province like Tucumán in a 3-year period, by Salta in 5 years or by Santiago del Estero in 9 years. During its construction it created 6,900 jobs.		



<p><b>Construction of two hydroelectric power stations along the Santa Cruz river</b></p>	<p><b>The main objective of this project is the generation of electric power with 1,740 Mw of total installed power and an annual generation of 5,000 Gwh per year, by means of two dams along the Santa Cruz river</b></p>		
<p><b>Detailed implementation path and status</b></p>	<p>The projects involve an investment of US\$ 4.71 billion.</p> <p>These power stations will generate approximately 5,000 GWh per year, covering 4 percent of the country's annual demand for electricity</p> <p>The two dams will generate 1,740 MW of electrical power, equivalent to 5.5% of the country's total installed capacity.</p>	<p>Deadline</p> <p>66 months</p>	<p>Status</p> <p>Work on the dams began in February 2015.</p>
<p><b>Impact of Measure</b></p>	<p>The construction of these dams will cover 4% of the country's demand for electricity, covering the needs of 1.5 million households.</p>		

<p><b>Electric interconnection between Yacyretá and Resistencia city</b></p>	<p><b>The electric power line is intended to give the system stability, security, and reliability, significantly enhancing the electric connection between the Northwestern electric system and the Northeast electric system).</b></p>		
<p><b>Detailed implementation path and status</b></p>	<p>Interim Steps for Implementation</p> <p>The project for the electric interconnection between Yacyretá and Resistencia involves an investment of USD 354 million which has an external funding of USD150 million to be subscribed between Argentina and the Andean Development Corporation (CAF).</p> <p>For the execution of the Project, five (5) components will be developed:</p> <ol style="list-style-type: none"> <li>1. Line of Extra High Tension of five hundred (500) kilovolts (LEAT) between the Transformation Plant Rincón Santa María and the Transformation Plant Resistencia;</li> <li>2. Paraná river crossing;</li> <li>3. Expansion of Transformation Plants of Rincón Santa María and of</li> </ol>	<p>Deadline</p> <p>The execution of this project started in June 2014 and is expected to last for 27 months.</p> <p>Components 1, 2, 3 and 4 are expected to be finished in October 2016, but 42% of these components will have been completed by end 2015. The 5<sup>th</sup> component of auditing and evaluation will be completed in January 2017.</p>	<p>Status</p> <p>Work is underway in each of the 5 components with CAF having already disbursed almost 50% of the loan and local participation has already been mobilized.</p> <p>Mobilized funds were, so far, primarily allocated to the Line of Extra High Tension between the Transformation Plant Rincón Santa María and Transformation Plant Resistencia; for the construction of the Paraná river crossing and for the Expansion of both Transformation Plants.</p>

	Resistencia; 4. Inspection and Environmental costs and; 5. External audit, financing commission and evaluation expenditures.		
<b>Impact of Measure</b>	<p>This project comprises a 270 km interconnection of an extra high tension line of 500 Kv, from Yacyretá dam located in Rincón Santa María (Ituzaingó) to Puerto Bastiani in Resistencia.</p> <p>Since the objective of the program is to give the system stability, security, and reliability on the supply of electric power, the impact will be measured by the enhancement of the electric connection between the NOA and the NEA of the country.</p>		

<b>Electric interconnection between General Cerri and Mar del Plata</b>		<b>This energy generating project is intended to meet the country's growing electricity demand</b>	
<b>Detailed implementation path and status</b>	Interim Steps for Implementation	Deadline	Status
	<p>This Project has two stages. The first one consists of the installation of two turbines with a capacity to generate 600 MW of energy (MV) and an investment of US\$500 Million. The second stage will demand an investment of US\$ 400 Million and allow the addition of an additional 300 Mv, through the reutilization of steam/vapor generated by the turbines mentioned in the previous stage.</p> <p>This project also foresees complementary investments: The execution of a high voltage energy line of 500 MV, another similar line of 9 kilometers that will link the new thermoelectric plant with the Interconnected National System, and a gas pipeline of 2 kilometers intended to supply the plant from the Gas of the South transporter plant.</p>	Expected deadline mid-2015.	At the beginning of May the first turbine started operating. This will enable the thermoelectric unit of 270 MW (megawatts) to start generating electricity in the second quarter of this year. The second turbine with the same power will start operating briefly. They will have a total capacity of 540 megawatts.
<b>Impact of Measure</b>	<p>The Guillermo Brown thermoelectric plant is a project with an estimated total cost of US\$ 900 million and it also involves the construction of a bridge in Puerto Galván.</p> <p>Once the first turbine starts operating, it will add 270 MW to the National Interconnected System (SIN), making it possible to generate more than 2,000,000 MW- hour.</p> <p>When completed, it is estimated that the power plant Guillermo Brown will feed the National Interconnected System (SIN) with power equivalent to the consumption of 1.8 million households. The impact of the project will be measured by the amount of people reached and the power generated.</p>		

Revamping of the national railway system.	The government has undertaken the most ambitious revamping of the national railway system in 50 years. Total projects in the railway system involve more than US\$12 billion.		
<p><b>Detailed implementation path and status</b></p>	Interim Steps for Implementation	Deadline	Status
	<p>The revamping of the national railway system includes several projects, as outlined in the GS. These projects are:</p> <p><b>1 – Purchase of train engines and cars</b> – for the following railway services: San Martin (24 train engines and 160 train cars), Sarmiento (225 train cars), Roca (300 train cars) Belgrano Sur (81 train cars), and long distance railways services (20 train engines and 220 train cars) and Mitre (184 train cars).</p> <p><b>2 – Belgrano cargass</b> (which takes into account work on the Belgrano Cargas, Urquiza and San Martin railways). The investments imply the renovation of 1,511km of track, the acquisition of 100 new train engines and 3,500 train cars, and the repair of 2,000 train cars, which require 3 years of work of local repair shops. The project involves a total amount of US\$2.47 billion, financed by an external private contract of US\$2.1 billion and a domestic public-sector contribution of US\$0.37. The project also involves a second stage that will involve an additional investment of US\$0.4 billion.</p> <p><b>3 – Revamping of the Buenos Aires – Mar del Plata railway system.</b> The project implies the recovery and modernization of the railway services of long distance. It involves a total amount of US\$1 billion. The implementation path started in 2014 and will take 24 months.</p> <p><b>4 – Revamping of the Buenos Aires – Rosario railway system.</b> The project implies the recovery and modernization of the long-distance railway services. It involves a total amount of US\$2.5 billion. The implementation path started in 2014 and will take 30 months.</p> <p><b>5 – Revamping of the metropolitan area passenger railway system.</b> It involves a total amount of US\$4.3 billion for the</p>	<p>Deadlines for each of the projects are as follow:</p> <p>1 – Purchase of train engines and cars: end 2014, second half of 2015.</p> <p>2 – Belgrano Cargas – New acquisitions are expected during 2015 and early 2016 (detail in status). Work regarding train repair will go on for 3 years. The project will be completed by end-2018.</p> <p>3 – Revamping of the Buenos Aires – Mar del Plata railway system- End 2015.</p> <p>4- Revamping of the Buenos Aires – Rosario railway system - End 2015.</p> <p>5 - Revamping of the metropolitan area passenger railway system- 2017.</p>	<p>1 - Purchase of train engines and cars: For the Mitre and Sarmiento railways, engine and cars were delivered in December 2014. For the San Martin and long distance railways, the delivery has already been completed. For the Roca railway delivery started in February 2015 and will be completed by July 2015. For the Belgrano Sur railway, delivery will be completed by the second half of 2015.</p> <p>2- Belgrano Cargas - two payment advances have already been made, and work is under way. Train engines and cars are expected to be delivered by end 2015 and the 1<sup>st</sup> quarter of 2016. Railway tracks and related materials are expected to be delivered between mid- 2015 and end- 2015. Materials for train repair will be delivered in the third quarter of 2015. The project will be completed by end-2018.</p> <p>3- Revamping of the Buenos Aires – Mar del Plata railway system- 50% of the work was done in 2014 and the remaining 50% will be completed in 2015.</p> <p>4- Revamping of the Buenos Aires – Rosario railway system. 50% of the work was done in 2014 and the remaining 50% will be completed in 2015.</p> <p>5- Revamping of the metropolitan area passenger railway system. Work is underway.</p>

	recovery and modernization of the whole metropolitan railway services, including the renovation of rails and stations, and the electrification of the Roca railway system. The implementation path of these projects varies, but on average these revamping projects will take 30 months.		
<b>Impact of Measure</b>	This ambitious program implies the construction and revamping of kilometers of rails, impacting directly in the amount of passengers and loading capacity reaching local economies. When completed, these projects will be assessed on the basis of: km revamped, number of passengers, local economies reached and the expansion of loading capacity.		

<b>Support Investment for SMEs and infrastructure projects</b>	<b>In order to spur investment by SMEs and increase financing for business investment and infrastructure projects, two key central bank credit programs were renewed.</b>		
<b>Detailed implementation path and status</b>	Interim Steps for Implementation	Deadline	Status
	The credit line for productive Investment of the Central Bank was established in 2012. In that year the total allocation of funds was \$17 billion (0.61 of GDP). In 2013, AR\$54 billion (1.58% of GDP were allocated), while in 2014 it reached AR\$123 billion (2.8 of GDP).	The Central Bank has been renewing these lines bi-yearly	a) The credit line for Productive Investment of the Central Bank requires financial institutions to allocate a percentage of their deposit funding to finance capital expenditures by SMEs, with tenors of at least 3 years interest rates capped at 18%. Relatively large banks must allocate at least an amount equal to 7.5% of their private sector deposits to this line. The target for these lines is to allocate AR\$52 billion to the productive sector during the second semester of 2015.  b) The Bicentennial Productive Financing Program, provides loans to the private sector for investment projects that have a positive impact on job creation and output through commercial banks at subsidized rates (funded by BCRA financing), of which around two thirds have been channeled to the industrial sector. The amount allocated reached AR \$8,200 million (0.19% of GDP) in 2014. The program has been renewed this year in order to continue increasing the amount allocated.
<b>Impact of Measure</b>	These lines are expected to boost private investment and, consequently, have impact on employment and growth. In particular, the credit lines to support SMEs will improve their access to bank funding, strengthening their technological capabilities and decreasing informality.		

<b>PROGRESAR PROGRAM</b>		<b>PROGRESAR. consists of a money transfer made to young people, aged between 18 and 24, who want to return to school or to continue their studies</b>	
	Interim Steps for Implementation	Deadline	Status
<b>Detailed implementation path and status</b>	The program has been in effect since January 2014	Between 2015 and 2016	Ongoing. 870,829 benefits already granted by October 2015, with a 70.5% increase year-on-year. Beneficiaries hired under apprenticeship schemes: 33.000 Amount of the allowance: AR\$900. New measure: Increase in the allowance from AR\$ 600 to AR\$ 900 and increase of the maximum income to be eligible for the benefit from AR\$ 4,716 (equivalent to 1 minimum wage) to AR\$ 14,148 (equivalent to 3 minimum wages). The level of income considered for the purpose of assessing eligibility is the beneficiary's income plus the one of his/her family
<b>Impact of Measure</b>	An increase in coverage from 560,000 to 1,200,000 beneficiaries is estimated, which will require an additional yearly investment of US\$753 million, implying an annual total investment of approximately US\$ 1.186 billion.		

<b>PROEMPLEAR PROGRAM and Law 26.940</b>		<b>With the aim of improving control mechanisms to reduce informality, increase labor demand, facilitate employability and protect jobs.</b>	
	Interim Steps for Implementation	Deadline	Status
<b>Detailed implementation path and status</b>	The program has been fully in effect since October 2014.	Between 2015 and 2016.	a) PROEMPLEAR Program: Ongoing. Benefits under the program are currently allocated in the following proportions: 42% for the preservation of employment levels; 11%

			<p>to facilitate the entrance of workers to their new jobs; 47% for on-the-job training.</p> <p>b) Law 26.940: Ongoing.</p> <p>From June 2014 to Jun 2015, the 38% of the job creation in micro enterprises (up to 5 workers) was through the procedures under the law. In small enterprises (up to 15 workers), 13%. In the case of the enterprises from 16 and up to 80 workers, 7% of the employment was done through such procedures.</p>
<b>Impact of Measure</b>	<p>a) 146,896 benefits already granted by September 2015: 67% allocated for adults of 25 years and older, and 33% to young people (up to 24 years).</p> <p>b) By late September, the scheme that reduces social security contributions by microfirms (up to 5 workers) had been used by 53.4% of potential beneficiaries.</p> <p>By late September, the scheme that reduces social security contributions for bigger firms (with up to 80 employees) had been used by 25.6% of potential beneficiaries</p> <p>Since implementation the impact has been a reduction in the non-registered employment rate from 32.8% to 31.9% interannual (1st quarter 2015). Such increase in the regularization rate was possible thanks to an increase in the amount of inspections from 36% in the period 2005/2011 to 44% in the period 2012/2014. By June 2015, the creation of 202.291 jobs and 349.491 jobs with the benefits of the new law.</p>		

<b>New Retirement Pension Plan (Law Nr. 26,970)</b>	<b>The initiative establishes a pension for all the citizens who have reached the retirement age but have not made the required pension contributions</b>		
	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>
	<p>The plan is already being implemented.</p> <p>The beneficiaries will be elderly people – mainly women – living in the most vulnerable 30% of households.</p>	End of 2015.	Ongoing.
<b>Detailed Implementations path and status</b>	<p>The measure aims at people who have reached the statutory retirement age but have not paid the (total) contributions required for receiving pension benefits, or have never made any pension contributions at all.</p> <p>The beneficiaries begin to receive the pension payments before cancelling the amount of the debt outstanding, which is deducted monthly from the amount of the</p>		<p>Around 552,061 pension benefits already granted.</p> <p>Over 96.6% of pension coverage.</p>

	<p>pension benefit, in a maximum of 60 installments. The amount of each installment is scheduled to be periodically adjusted in the same proportion as the level of the pension benefit.</p> <p>The beneficiaries will be able to pay contributions which fell due before (and up to) December 31, 2003 and, in order to be entitled to the benefit, they must neither receive another pension (for example one from the spouse) nor benefit from any transfer from any social program, unless the other pension received is a contributory minimum pension.</p>		
<b>Impact of the new measure</b>	The new retirement pension benefits will imply an almost universal coverage.		

### Other Brisbane Commitments

<b>Reform of Financial regulation</b>	<b>Completing the adoption of the three Pillars in Basel II and the new elements in Basel III in order to guarantee financial stability</b>
<b>Implementation path and expected date of implementation</b>	<p>The measures aim to continue in the process of fully adopting international regulatory standards. During 2015, the BCRA will be introducing:</p> <ul style="list-style-type: none"> <li>- A specific capital requirement for financial institutions' exposures to clearing houses or Central Counterparties (CCPs).</li> <li>- An update of capital requirements for market risk.</li> <li>- A set of tools for the monitoring of financial institutions' management of their intraday liquidity.</li> </ul>
<b>Status of Implementation and Impact</b>	<p>Basel II/III (Risk-based capital): Final rules for Pillar 1 credit risk and Pillar 2 came into force on January 1<sup>st</sup> 2013. Final Pillar 3 rules came into force on December 31<sup>st</sup> 2013.</p> <p>Liquidity (LCR): The Final rule was published on January 8 2015 and has been in force from January 30<sup>th</sup> 2015 (Communication "A" 5693). The monitoring tools and disclosure requirements were published on March 30 2015 and came into force on March 31 2015 (Communications "A" 5733 and 5734).</p> <p>Leverage ratio (disclosure requirements): Banks have to comply with the supervisory reporting regime and disclosure requirements as from the quarter-end September 30<sup>th</sup> 2014 and March 31<sup>st</sup> 2015, respectively (Ordered Text on Third Pillar – Market Discipline, Communication "A" 5674).</p> <p>G-SIB / D-SIB requirements: The methodology for assessing banks' domestic importance has already been published. The final rule was published on January 8<sup>th</sup> 2015 (Communication "A" 5694), with a phase-in period between January 2016 and January 2019.</p> <p>Countercyclical Capital Buffer: The BCRA is discussing the approach that will be used to determine the level of the Countercyclical Capital Buffer rate and the timing of its activation, increase, decrease or release. The Central Bank expects to issue the rule by the third quarter of 2015.</p> <p>Capital Conservation Buffer: We are in the process of analysis and implementation of the Capital Conservation Buffer. The central bank expects to issue the rule by 2016.</p>

<b>PRO.CRE.AR. (Argentine Credit Program for the Bicentennial)</b>	<b>The program aims to increase access to housing finance by means of mortgage loans at subsidized rates, and has flexible eligibility criteria. The program not only attempts to reduce the housing gap, but also to create employment and boost demand in the construction sector</b>
<b>Implementation path and expected date of implementation</b>	<p>The Program was launched in July 2012 and the expected implementation plan lasts for 4 years, with a target of around 400,000 loans, at a pace of around 100,000 loans per year.</p>
<b>Status of Implementation and Impact</b>	<p>Up to July 2015, 170,643 loans had been disbursed, of which 70% have been applied to the construction of new houses.</p>

<b>Audiovisual Communication Media Law. Law 26,552.</b>	<b>The new law 26,552 regulates the Audiovisual Communication Media Sector</b>
<b>Implementation path and expected date of implementation</b>	<p>The law 26,552 (Audiovisual Communication Media Law) aims to increase the degree of competition in the Audiovisual Communication sector, by preventing any economic group from having an excessive share of the total market. The law is intended to foster the diversification of communication firms, and reserves a special role for the non-for-profit sector. Licenses will be allocated for 10 years by public tender and participation is limited to 35%.</p> <p>This law differentiates between the public sector, the private sector and the non-for-profit private sector. For the private sector it requires any company to be dedicated only to the audiovisual media sector and the partnership cannot participate in a public services firm as a shareholder. The nonprofit private sector has the exclusive ownership of 33% of the allocation of radio frequencies.</p> <p>In particular, the Law limits the total quantity of licenses by provider (24) and forbid to a same license holder to own audiovisual communication services in a number and combination different than the one expressed by the Law. This foster competition by setting a maximum level of firm size that is the same for all. On the other hand, the law fosters the vertical disintegration by preventing firms that have ownership of radio licenses to have licenses of free-to-air television (FTA) and vice versa.</p> <p>Also, the licenses will be awarded for 10 years with the possibility of an extension only once in order to foster competition in the media market, where the main economic group used to have the 41% share of the total market.</p> <p>The law entered <b>completely into force in October 2013</b> and nowadays the media sector firms are presenting their plans to comply with the new Law.</p>
<b>Status of Implementation and Impact</b>	<p>Currently the companies of the audiovisual media sector are presenting their adjustment plans to the new Law.</p>



<b>Award of frequency bands for all communication services</b>	<b>Public tender with a public auction for assigning rights to frequency bands for communication services</b>
<b>Implementation path and expected date of implementation</b>	The awarding of the rights to the frequency bands for communication services (3G and 4G), as a result of a public tender process in which telecommunication companies participated through a public auction, has been completed and a first payment of about US\$ 800 million was disbursed by companies in late 2014.
<b>Status of Implementation and Impact</b>	The allocation of 4G radio spectrum bands was completed in June 2015. The winning companies have started using the portion of spectrum acquired and initiate the deployment of infrastructure to provide the service, which will increase the number of operators in quantity and diversity as well as improve the quality of the service provided.

<b>PADEX (Program for Export's Growth and Diversification)</b>	<b>Improving the quality and quantity of Argentine exports, strengthening Argentina's integration to global trade</b>
<b>Implementation path and expected date of implementation</b>	PADEX is aimed at strengthening the country's export potential, contributing to developing regional economies, increasing the number of exporting companies and diversifying exports in terms of both product range and foreign markets.  The plan started in 2014, with completion planned by the end of 2015.
<b>Status of Implementation and Impact</b>	The program is being implemented according to the plan. Since December 2014 to October 2015, our country took part in trade fairs and missions in 24 countries (Angola, Colombia, United Arab Emirates, Chile, Germany, Ecuador, Brazil, Bolivia, China, Russia, United States, Panama, South Africa, France, Japan, India, England, Scotland, Spain, Paraguay, Mexico, Peru, Turkey and Italy). Close to 1400 Argentine companies attended fairs and managed to close over 7,400 business meetings. The sectors covered range between : metalworking industry, machinery for oil and gas, medical equipment, hospital supplies, agricultural machinery, commercial vehicles, auto parts, irrigation equipment, pumps, generators, dairy products, beef, chicken, fish, fruit and citrus oils, fishery products, biotechnology, wines, information technology for agriculture, cosmetics, toys, stationery, school supplies, office equipment, supplies and services for the automotive industry, satellite material industry packaging, gourmet food, clothing, art and design, software, franchises, music and film, videogames, aeronautical and space industries and communication media industry.

<b>Country Value Plan</b>	<b>Increasing employment, production levels, value added, and exports</b>
<b>Implementation path and expected date of implementation</b>	The goal is to encourage companies to hire workers who are entering the formal labor market for the first time. This program will also result in an increase in imports of raw materials, intermediate and capital goods by different sectors of the economy, and to sustain growth. The program started in early 2014 and will continue until the end of 2015.
<b>Status of Implementation and Impact</b>	The Program is being implemented according to the plan. During 2015 inter-ministerial working tables took place with the different value chains involved, to analyze the evolution of economic indicators in each sector. Also, during the first half of 2015 additional value chains were incorporated to the program, including the sectors of sausages, pork, fruit, paper industry, mining, medical equipment, dairy products and tobacco. During the second half of the year, additional value chains will be added until reaching up to a total of 36 sectors. It should be noted that all these

	sectors have good prospects for increasing exports during 2015 from its participation in international business rounds through PADEX as well as taking advantage of active policies to promote registered employment. In this sense, it's noteworthy that, during the first half of 2015, more than 32,000 registered jobs were created in this chains (94,000 registered jobs were created in the entire private sector).
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<b>Trade Facilitation (I)</b>	<b>Prevent, investigate and punish illegal customs operations, allow better application of customs legislation, analyze risk on a more effective basis and improve controls along the international supply chain.</b>
<b>Implementation path and expected date of implementation</b>	Implementation of <b>Information Exchange Customs Records System (INDIRA)</b> together with the states of the MERCOSUR. The goal is to strengthen the management of customs risk through the exchange of information. The system is in continuous revision, incorporating new data and consultations at the request of States Parties of MERCOSUR. The MERCOSUR States Parties are currently working on a project to improve the system, reviewing its structure and expanding the universe of possible statements to be consulted, as well as modifying the consultation methods.
<b>Status of Implementation and Impact</b>	Work has been being conducted to strengthen customs connectivity not only between MERCOSUR members but also with other countries in Latin America and the world. In this direction, the network of agreements for exchanging information has expanded, incorporating Ecuador, Bolivia Chile, México and Panama to the system. Dominican Republic, Colombia, Venezuela, Peru, Russia and Morocco, are in the process of being incorporated. In addition, an initiative with Brazil, Paraguay and Uruguay was signed in June 2015 to harmonize the Data Model Customs Declarations in MERCOSUR which will bring, among other benefits, the improvement of the INDIRA System.

<b>Trade Facilitation (II)</b>	<b>Ensure the safety and fluidity of customs operations, providing greater competitiveness to operators and improving the allocation of customs resources.</b>
<b>Implementation path and expected date of implementation</b>	Implementation of Authorized Economic Operator Program (AEO, in Argentina Customs System of Reliable Operators, SAOC) established by the WCO in 2005. The operators benefit from the streamlining of their operations and cost optimization. It is based on the concepts of collaboration and mutual assistance in order to improve the export/import performance and all aspects of international trade operations. Moreover, the program aims at signing Mutual Recognition Agreements (MRAs) of authorized economic operators with other customs administrations. This program is being strengthened in order to increase the amount of certified companies and negotiations to achieve underwriting future MRAs. Besides, Argentina, Brazil and Uruguay are working on a pilot MRA project for road transit (Venezuela and Paraguay participate as observers). This project is in the stage of implementation.
<b>Status of Implementation and Impact</b>	Work has been being conducted in order to improve and strengthen the implementation of the system, also anticipating a possible reengineering to modernize and continue adapting it to the standards set by the WCO through the SAFE Framework. By end 2014, an agreement was signed with Uruguay for the bilateral implementation of the "Intra-Mercosur Customs Security Pilot Program in Supply Chain of Goods", which will promote the generation of mutual trust between the two countries, contributing to a more effective customs controls with a view to implementing a MRA in the future. In addition, during 2015, our country participated in activities to exchange experiences with other countries in the region and also conducted training involving countries for example Bolivia.

## ANNEX 4: PRE-BRISBANE COMMITMENTS

<b>Commitment</b>	
<i>Primary result compatible with a decreasing debt-to-GDP ratio</i>	
<b>Structural reform</b>	<b>Action Plan</b> <b>St Petersburg and Mexico</b>
<b>Rationale for carrying forward</b>	Contributing to maintaining low public debt levels, so that public debt does not become a destabilizing factor
<b>Update on Progress</b>	Argentina's current debt level, at 18% of GDP in net terms, has dropped to reasonable levels. Moreover, the debt with the private sector in foreign currency is only 9.9% of GDP

<b>Commitment</b>	
<i>To implement countercyclical policies in case the international economic situation deteriorates further</i>	
<b>Structural reform</b>	<b>Action Plan</b> <b>St Petersburg</b>
<b>Rationale for carrying forward</b>	Argentina has historically been very vulnerable to the changes in the international economic scenario. To moderate the adverse consequences of negative developments in the world economy it is imperative to implement policies to sustain an adequate level of domestic demand
<b>Update on Progress</b>	At present, Argentina is implementing countercyclical policies, so as to minimize the domestic repercussions of the sluggish growth in the world economy, and particularly, in the major trading partners.

<b>Commitment</b>	
<i>To develop the capital markets and the insurance sector, in order to channel social and institutional savings to productive projects</i>	
<b>Structural reform</b>	<b>Action Plan</b> <b>St Petersburg</b>
<b>Rationale for carrying forward</b>	Capital markets, including the insurance sector, are underdeveloped in Argentina, and a continuous effort is necessary to reach levels commensurate with the country's potential.
<b>Update on Progress</b>	Implementation of the new insurance law (specifically, the "inciso k" regulation) has generated a significant increase in the share of productive investments in the insurance companies portfolios which, by March 2015, represented 15.6% of their total investments. Moreover, 31% of those investments have been channeled to infrastructure projects. In addition, the public pension system, through the FGS fund, has been growing rapidly, especially in the financing of infrastructure (32.3% from December 2013 to December 2014).