



# Argentina: New President Making Constructive Policy Changes

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## **Key Points:**

- *Economic and regulatory policymaking will improve substantially under President Mauricio Macri, marking a paradigm shift away from the interventionist policies of the two former presidents.*
- *Macri's two main challenges will be to stabilize the economy and to consolidate his power in a context in which the opposition Peronist party, the country's largest political force, remains strong.*
- *In his first week in office, Macri removed currency controls, allowing the value of the peso to move sharply lower; slashed grain export taxes; and eliminated export permits.*
- *In coming weeks, Macri is expected to make additional significant policy changes including a fiscal adjustment (mostly focused on an increase in energy prices) and a loosening of regulations in a range of sectors.*
- *Macri reduced Argentina's export tax from 35 percent to 30 percent. Soybeans and soybean derivatives are Argentina's top exports and therefore a primary source of foreign exchange and tax revenue. Argentina is the world's third largest producer of soybeans, after the U.S. and Brazil.*
- *In anticipation of these agricultural policy changes, Argentina's growers withheld their soybeans from the market and amassed a stockpile of soybeans over the past two years amounting to 10-15 million metric tons – roughly one-third of a year's production.*
- *Argentina's soybean production is expected to expand in 2016, bolstering global supply and applying additional downward pressure on already falling international prices.*