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Argentina: Background and U.S. Relations

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Summary

Argentina, a South American country with a population of almost 44 million, has had a vibrant democratic tradition since its military relinquished power in 1983. Current President Mauricio Macri—the leader of the center-right Republican Proposal and the candidate of the Let's Change coalition representing center-right and center-left parties—won the 2015 presidential race. He succeeded two-term President Cristina Fernández de Kirchner, from the center-left faction of the Peronist party known as the Front for Victory, who in turn had succeeded her husband, Néstor Kirchner, in 2007. Macri's election ended the Kirchners' 12-year rule, which helped Argentina emerge from a severe economic crisis in 2001-2002 but also was characterized by protectionist and unorthodox economic policies.

President Macri has moved swiftly since his December 2015 inauguration to usher in changes to the government's economic, foreign, and other policies. Among its economic policy changes, the Macri government lifted currency controls; eliminated or reduced taxes on agricultural exports; and reduced electricity, water, and heating gas subsidies. The government also reached a deal with remaining private creditors in 2016 that ended the country's 15-year default, an action that allowed the government to repair its "rogue" debtor status and to resume borrowing in international capital markets. Although economic adjustment measures resulted in a 2.3% economic contraction in 2016, the economy is forecast to grow by 2.2% in 2017. In the foreign policy arena, the Macri government has improved relations with neighboring Brazil and Uruguay and with the promarket countries of the Pacific Alliance. Forthcoming legislative elections in October 2017 can be seen as a referendum on Macri's policies.

U.S. Relations

U.S.-Argentine relations generally have been characterized by robust commercial relations and cooperation in such issues as nonproliferation, human rights, education, and science and technology. Under the Kirchner governments, however, there were periodic tensions in relations. Macri's election brought to power a government that has demonstrated a commitment to improved relations with the United States.

The Obama Administration moved swiftly to engage the Macri government on a range of bilateral, regional, and global issues. Demonstrating the change in relations, President Obama traveled to Argentina in March 2016 for a state visit that increased cooperation in such areas as trade and investment, renewable energy, climate change, and citizen security. In August 2016, then-Secretary of State John Kerry launched a High-Level Dialogue with Argentina to serve as a mechanism to ensure sustained engagement.

Strong bilateral relations are continuing under the Trump Administration. President Macri visited the White House on April 27, 2017, with the two leaders discussing ways to deepen relations in such areas as trade and investment, combatting illicit trafficking and financing, cyber policy, and the situation in Venezuela. On trade issues, U.S. officials have raised concerns for a number of years about Argentina's enforcement of intellectual property rights protection and various restrictions on imports; Argentina is interested in the restoration of U.S. trade preferences under the Generalized System of Preferences, which were suspended in 2012, as well as in access to the U.S. market for fresh beef and lemons.

U.S.-Argentine relations largely have been an oversight issue for Congress, but in the aftermath of Macri's election in 2015 key Members of Congress urged the Obama Administration to prioritize relations with Argentina. In the 115th Congress, the House passed H.Res. 54 (Sires) on April 3, 2017, which, among other provisions, upholds commitment to the bilateral partnership between the United States and Argentina. On June 5, 2017, the Senate Committee on Foreign

Relations reported a similar but not identical resolution, S.Res. 18 (Coons), as amended. Another congressional interest has been Argentina's progress in investigating two terrorist bombings in Buenos Aires—the 1992 bombing of the Israeli embassy and the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA)—as well as the 2015 death of the AMIA special prosecutor. H.Res. 201 (Ros-Lehtinen), introduced in March 2017, would express support for Argentina's investigation of the two bombings.

This report provides background on the political and economic situation in Argentina and U.S.-Argentine relations. An **Appendix** provides links to selected U.S. government reports on Argentina.

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Recent Developments

On June 5, 2017, the Senate Foreign Relations Committee reported out S.Res. 18 (Coons), as amended, which would reaffirm the U.S.-Argentine partnership and recognize Argentina's economic reforms. The measure is similar to H.Res. 54, which was passed by the House in April 2017 (see "Trump Administration," below).

On May 1, 2017, the U.S. Department of Agriculture's (USDA's) Animal and Plant Health Inspection Service (APHIS) announced that it would not extend a stay on the implementation of a rule from December 2016 authorizing the importation of lemons from Argentina. (See "Trade and Investment Issues," below.)

On April 27, 2017, President Trump hosted a visit by Argentine President Mauricio Macri at the White House in which the two leaders discussed ways to deepen relations in such areas as trade and investment, cooperation on measures to combat illicit trafficking and financing, and cyber policy. The two leaders also agreed to work closely on the situation in Venezuela. In addition, President Trump delivered a tranche of declassified documents relating to human rights abuses in Argentina during the country's military dictatorship, continuing a process that began under the Obama Administration. (See "Trump Administration," below.)

Political and Economic Situation

Political Background

Argentina—a South American nation located in the continent's southern cone—has had elected civilian democratic rule since the military relinquished power in 1983 after seven years of harsh dictatorship. The military's so-called Dirty War against leftists and their sympathizers in the late 1970s and early 1980s had resulted in thousands of disappearances. The military ultimately fell into disrepute in the aftermath of its failure in the Falkland Islands (Islas Malvinas) war with Great Britain in 1982, and the country returned to civilian democratic rule with the election of Raúl Alfonsín of the Radical Civic Union (UCR) as president in 1983. Carlos Menem of the Justicialist Party (PJ), also known as the Peronist Party, won the 1989 elections and served two presidential terms until 1999, during which he transformed Argentina from having a state-dominated protectionist economy to one committed to free market principles and open to trade.[1] Increasing corruption and

Argentina at a Glance

Population: 43.6 million (2016, IMF).

Area: 1.1 million square miles, about the size of the United States east of the Mississippi; second-largest country in South America and eighth-largest country in the world.

GDP: $545 billion (2016, current prices, IMF est.).

Per Capita GDP: $12,503 (2016, current prices, IMF est.).

Key Trading Partners: Brazil (20.2%), China (11.3%), United States (11.1%) (2016, total trade, INDEC).

Life Expectancy: 76.3 years (2015, WB).

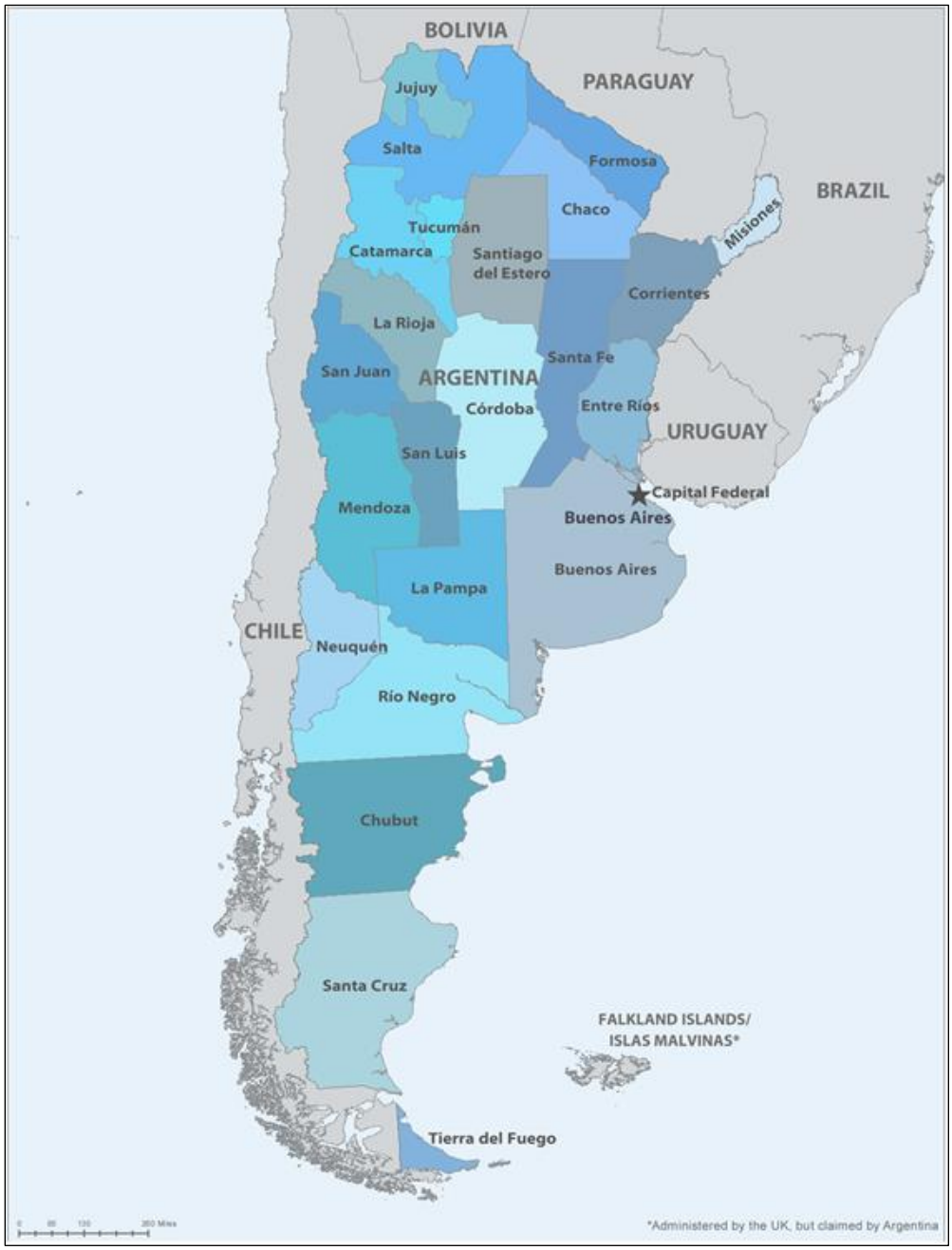
Legislature: Bicameral Congress, with 72-member Senate and 257-member Chamber of Deputies.

Sources: *International Monetary Fund (IMF); National Institute of Statistics and Census, INDEC (Argentina); World Bank (WB); and U.S. Department of State.*

[1] Peronism as a political movement dates to the 1940s when Juan Domingo Peron, a colonel serving as Secretary of Labor in a military government that assumed power in 1943, went on to build a formidable political base through support from the rapidly growing union movement. Peron was ousted by the military in 1955, but after 18 years of exile, he returned and was reelected president in 1973. He died a year later and was succeeded by his second wife Isabel, who had little political experience. Economic and political chaos ensued, with political violence surging and the

high unemployment, however, led to the defeat of the Peronists in the 1999 presidential election, which was won by Fernando de la Rúa of the UCR as the candidate of a coalition known as the Alliance for Work, Justice, and Education.

Figure 1. Map of Argentina, with Provinces



Source: Prepared by Calvin C. DeSouza, Geospatial Information Systems Analyst, CRS.

country experiencing its first bout of hyperinflation. The military intervened in 1976 and ruled until the return to democracy in 1983. Today in Argentina, Peronism has many different factions across the political spectrum.

In 2001-2002, Argentina's democratic political system endured considerable stress amid a severe economic crisis and related social unrest. In late 2001, as the banking system faltered and confidence in the government of President de la Rúa evaporated, widespread demonstrations turned violent, and the president resigned. The subsequent interim government then defaulted on nearly $100 billion in public debt, the largest sovereign default in history at the time. Ultimately, the political system survived the crisis. President Eduardo Duhalde (January 2002-May 2003), a Peronist (Justicialist Party, PJ) senator selected by Congress to fill out the remainder of President de la Rúa's term, implemented policies that stabilized the economy; then, left-leaning President Néstor Kirchner (May 2003-December 2007), a Peronist who had served as a provincial governor of Santa Cruz in Patagonia, further enhanced internal political and economic stability.

Despite some difficulties, Kirchner made popular policy moves in the areas of human rights and economic policy that helped restore Argentines' faith in democracy. In June 2005, the government offered the first of two restructurings of its defaulted private bond debt with a historically low recovery rate to bondholders (about 30% on a net present value basis). While this was politically popular in Argentina, the government's failure to repay its arrears to official Paris Club creditors or to reach a deal with remaining private creditors in defaulted bond debt who did not accept the government's offer continued to prevent Argentina from having full access to international capital markets. Legislative elections in 2005 demonstrated strong support for Kirchner; his left-leaning wing of the PJ, known as the Front for Victory (FPV), made significant gains. Kirchner would have been eligible to run again in the 2007 presidential elections, but instead he supported the candidacy of his wife, Senator Cristina Fernández de Kirchner (hereinafter Fernández).

Cristina Fernández completed her second term as president in December 2015. She had won her first term in 2007 with 45% of the vote, defeating her closest rival by 23 points, and became the first woman in Argentine history to be elected president. In concurrent legislative elections, Fernández's FPV faction of the PJ gained further seats, solidifying its majority in both houses of Argentina's bicameral Congress. Nevertheless, Fernández's political honeymoon was short-lived because of an energy crisis and a series of farmers' strikes that led to the congressional defeat of her proposed tax increase on key agricultural exports. As a result, the Kirchners suffered a significant setback in the 2009 legislative elections, with the FPV losing control of both houses. It appeared that former President Kirchner was poised to run again for the presidency in 2011, but his death from a heart attack changed the political landscape. Instead, Fernández ran for reelection and won a second mandate in October 2011 with 54% of the vote, the largest percentage in a presidential race since the country's return to democratic rule. Her support was buoyed by an outpouring of sympathy after the death of her husband as well as by the absence of a strong opposition candidate. The president's FPV also regained a legislative majority in both houses of Congress.

President Fernández's popularity, however, fell considerably after her reelection amid large-scale public protests against corruption, increasing crime, the government's economic policies, and the government's efforts to exert influence over the media and the judiciary. In Argentina's October 2013 legislative elections, in which one-half of the Chamber of Deputies and one-third of the Senate were at stake, President Fernández's Front for Victory managed to retain control of both houses. The FPV and its allies gained several seats in the 257-seat Chamber of Deputies, and in the 72-member Senate, the FPV lost several seats but retained a majority.[2] Nevertheless, the FPV

[2] "Modest Victory Fails to Mask Uncertain Future for Kirchnerismo," *Latin American Weekly Report*, October 31, 2013.

was unable to secure the two-thirds majorities needed to approve a constitutional reform that would have allowed President Fernández to run for a third consecutive term in 2015.

In 2014, despite her lame-duck status, President Fernández still achieved congressional approval for initiatives to regulate the oil sector, reform telecommunications, and revise the civil and criminal codes.[3] Her government also did an about-face by resolving long-standing arbitral disputes with foreign companies and finalizing an agreement to pay foreign government creditors. However, the Fernández government's impasse with private creditors who did not participate in the government's debt restructurings in 2005 and 2010—the so-called "holdouts"—intensified in 2014 because of U.S. court rulings that made it difficult for Argentina to make payments on its restructured debt unless it also paid the holdouts (see "Debt Issues" below).

In the first half of 2015, the Fernández government was grappling with the fallout from the death of Alberto Nisman, the special prosecutor who, for the last decade, had been investigating the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) in which 85 people were killed. In January 2015, Nisman was found dead from a gunshot wound just a day before he was to testify before Argentina's Congress regarding explosive accusations that President Fernández and other government officials attempted to whitewash the AMIA investigation in efforts to improve relations with Iran. After Nisman's death, an Argentine prosecutor took up Nisman's case against President Fernández related to Iran, but it was ultimately dismissed in April 2015. In the aftermath of Nisman's allegations, President Fernández's popularity fell to under 30%, but it subsequently increased in the second half of the year to 50%.[4] (For more, see "AMIA Investigation and Death of Alberto Nisman," below.)

2015 Presidential Election

On November 22, 2015, Argentines went to the polls in the second round of the 2015 presidential race and opted for change by electing Mauricio Macri of the opposition Let's Change coalition representing center-right and center-left parties. Macri defeated Daniel Scioli, the candidate of the FPV, the leftist Peronist party faction of President Fernández. In a close race, Macri, the mayor of Buenos Aires, took 51.4% of the vote compared to 48.6% for Scioli, the outgoing governor of Buenos Aires province.[5]

Macri is the leader of the center-right Republican Proposal (PRO) party and was completing his second term as mayor. He has a business background and also served as president of one of Argentina's most popular football clubs, Boca Juniors. One difficulty for Macri's candidacy was that his Buenos Aires-centered political party was thought not to have a nationwide reach. During the August 2015 primary campaign, Macri moved more to the center so as not to alienate those Argentines supportive of the government's social programs. As part of an attempt to expand his base, Macri supported protests by farm groups who oppose the government's imposition of export taxes. He emphasized unity among the PRO and two other parties of the Let's Change coalition—the center-left Radical Civic Union (UCR) and the center-left Civic Coalition.

Scioli had won the first presidential round held on October 25, with 37.1% of the vote, compared to 34.2% for Macri, and 21.4% for Sergio Massa, a deputy in Argentina's Congress who headed a centrist dissident Peronist faction known as United for a New Alternative (UNA).[6] A second

[3] M. Victoria Murillo, "Curtains for Argentina's Kirchner Era," *Current History*, February 2015.

[4] "Learning from Cristina," *Buenos Aires Herald*, July 28, 2015; and "Argentina: A Latin America Giant," Agence France Presse, October 23, 2015.

[5] Dirección Nacional Electoral, at http://www.elecciones.gob.ar/index.php.

[6] Ibid.

round was required between Scioli and Macri since no candidate received 45% of the vote or 40% of the vote with a 10-point lead. Macri's strong performance in the first round, between 5% and 8% higher than predicted, gave him significant momentum going into the second round. A key factor in the second round was whether Macri would be able to capture the votes of moderate Peronists who had supported Sergio Massa.

Scioli was a close ally of President Kirchner, serving as his vice president from 2003 to 2007. Going into the presidential race, Scioli reportedly was not close to President Fernández, but ultimately received her endorsement. Some observers contend that Scioli was burdened by being tied to the Kirchners and in particular, the polemic figure of President Fernández. According to press reports, a growing number of Argentines had become fatigued by her strong governing style and reports of corruption by her prominent supporters.[7]

Some observers described Macri's victory as a political upheaval in Argentina that constituted a rebuke for Kirchnerismo, although the close presidential race (with less than 3% separating Macri and Scioli) also reflected a deeply divided electorate. Moreover, although Macri's non-Peronist electoral coalition won the presidency, it won only a minority of seats in Congress. Argentines also voted in legislative elections in October 2015 for one-half of the Chamber of Deputies and one-third of the Senate. The FPV—the leftist Peronist faction of former President Fernández—retained the largest bloc of seats in the lower house and a majority in the Senate.

Macri Administration

Inaugurated in December 2015, President Macri moved swiftly to usher in changes in the government's economic, foreign policy, and other policies. His election ended the 12-year run of Kirchnerismo that helped Argentina emerge from a severe economic crisis in 2001-2002 but also was characterized by protectionist and unorthodox economic policies and at times difficult relations with the United States.

In the aftermath of Macri's electoral victory, some observers believed that the new president would face difficulty moving forward with some of his policy changes, given that his party and other parties in the Let's Change coalition have only a minority of seats in Congress. To date, however, President Macri largely has received backing from Argentina's Congress for key elements of his legislative agenda despite the minority status of his coalition in the legislature. Sergio Massa pledged that his centrist Peronist bloc (now known as United for a New Argentina, or UNA) would support Macri, although Massa maintained that he would not give the president a blank check.[8] The FPV, the leftist Peronist bloc, has faced a number of defections from its ranks as it has confronted high-profile corruption scandals associated with the Fernández government. Former President Fernández herself is facing various corruption-related charges, including those involving a family real estate company and a public works project.[9] On June 14, 2017, Fernández announced the establishment of a new political party, Citizens' Unity, that would present candidates in the October 2017 mid-term legislative elections, although it is unclear if she will be a candidate (see "October 2017 Legislative Elections," below).

Economic Policy Changes. Among its various economic policy changes, the Macri government lifted currency controls within the president's first week in office, which caused a rapid devaluation of the Argentine peso by some 30%. The action was taken to contend with capital

[7] See, for example, Jonathan Gilbert, "Argentina's President-elect Macri Promises an End to Diverse Politics," *Christian Science Monitor*, November 23, 2015.

[8] "Massa Gives Macri His Full Support," *Buenos Aires Herald*, November 23, 2015.

[9] Daniel Politi, "Ex-President of Argentina Indicted Again, Now with Her Children," *New York Times*, April 5, 2017.

flight and generate needed foreign investment. Currency controls had first been implemented by the Fernández government in 2011 to avoid depreciation of the peso. The Macri government also moved to eliminate taxes on most agricultural exports, with the exception of soybeans (Argentina's largest export), for which export taxes were lowered from 35% to 30% and are to be lowered each year by 5% until their elimination. Export taxes had first been imposed in 2002 and were used by the Kirchner and Fernández governments to boost government revenue for social programs, but the policy resulted in a decline in agricultural production and hoarding by some producers.[10] The Macri government also moved forward to eliminate subsidies on electricity, water, and heating gas, actions that have been lauded by the IMF but, not surprisingly, have been politically unpopular.

The Macri government overhauled the leadership and staff of the National Institute of Statistics and Census (INDEC) that for many years the IMF and economists criticized for producing inaccurate inflation and other economic data. The government suspended publication of inflation statistics until INDEC began publishing new data in June 2016. An IMF technical mission to Argentina reported in July 2016 that it was impressed with the Argentine authorities' strong commitment to improving the quality and transparency of official data, a contrast to the IMF's stance toward the Fernández government, which it criticized for publishing unreliable data.[11]

During the electoral campaign, Macri vowed to resolve the long-standing dispute with remaining private or holdout creditors (approximately $15 billion, with principal and past-due interest) who did not participate in previous debt restructurings in 2005 and 2010. His new government held its first formal meeting with holdout creditors in January 2016, and reached agreements with the major holdouts in February. By the end of March 2016, both houses of Argentina's Congress had approved the deal by large margins, essentially resolving a thorny issue that had effectively kept Argentina out of international financial markets. With the issue resolved, Argentina returned to international capital markets in April 2016 with a $16.5 billion bond offer (see "Debt Issues," below).

Economic Outlook

With a gross domestic product (GDP) of $545 billion (2016, International Monetary Fund [IMF] estimate), Argentina has the third-largest economy in Latin America, after Brazil and Mexico. According to the World Bank, the country has vast natural resources in agriculture and energy, is endowed with extraordinarily fertile land, and is a leading food producer with large-scale agricultural and livestock industries. In addition to its large shale oil and gas reserves, the country has great potential for renewable energy as well as significant opportunities in some manufacturing subsectors and innovative services in high-tech industries, according to the World Bank. (World Bank, Argentina Overview, September 2016.)

The Macri government's austerity measures led to an economic contraction of almost 2.3% in 2016, according to the IMF, but also laid the foundation for sustainable economic growth. The IMF forecasts that the country's economy will grow by almost 2.2% in 2017. In terms of inflation, the IMF projects a year-end rate of 21.6% in 2017. This figure was down from a reported rate of about 40% in 2016. (IMF, World Economic Outlook Database, April 2017.)

In early April 2017, a visiting IMF official reported that the Argentine government had "embarked on a much needed and welcome set of reforms to eliminate pervasive distortions and imbalances in the economy." He stated that "sustained effort would provide the basis for higher, more sustainable and inclusive growth" and that "there are early signs of policy success," with signs of the economy rebounding in 2017 and 2018 and inflation continuing to decline. (IMF, "Statement by David Lipton, First Deputy Managing Director of the IMF, at the Conclusion of His Visit to Argentina," April 7, 2017.)

[10] "Argentina: Macri Gets Straight to Work," *LatinNews Daily*, January 21, 2016; "Country Report Argentina," Economist Intelligence Unit (EIU), January 2016; David Haskel, "Argentina Scraps Duties on Grain, Beef Exports," *International Trade Reporter*, December 15, 2015; and "Argentina: Good Times for Grain Exporters," *Latin American Economy & Business*, January 2016.

[11] IMF, "Statement by an IMF Technical Mission to Argentina," press release, July 1, 2016.

Efforts to Combat Organized Crime. In other domestic policy moves, President Macri has taken a series of measures to combat organized crime, particularly drug trafficking, which he maintains was ignored by the previous government. In January 2016, he issued a decree declaring a one-year national security emergency to combat drug trafficking. The decree calls for the immediate deployment of additional federal security at Argentina's borders and the establishment of a new radar system, and it provides authority to the armed forces to shoot down aircraft suspected of drug trafficking.[12] In February 2016, President Macri decreed the establishment of a new drug agency to prevent illicit trafficking, provide technical assistance in related court cases, and oversee the use and control of chemical ingredients and substances that could be used to make drugs.[13] In January 2017, as part of his anticrime agenda, President Macri signed a decree to expedite the deportation of foreign residents who commit crimes and to prohibit the entrance of migrants with prior convictions, a move that some critics dubbed as xenophobic.[14]

Foreign Policy. In the foreign policy arena, the Macri government has moved to improve relations with Brazil, Uruguay, the United States, and the promarket countries of the Pacific Alliance—Chile, Colombia, Mexico, and Peru. Macri has been strongly critical of the Venezuelan government's repression of its political opponents, demonstrating a sharp departure from the Fernández government's close relations with Venezuela. The Macri government has been supportive of the actions of Organization of American States (OAS) Secretary General Luis Almagro to invoke the Inter-American Democratic Charter on Venezuela because of the setback to democracy in that country. In December 2016, Argentina joined Brazil, Paraguay, and Uruguay in suspending Venezuela's participation in Mercosur (Common Market of the South) because of its failure to adhere to the group's membership requirements. With regard to Iran, President Macri announced soon after his election that his government would not appeal a 2014 Argentine court ruling that declared unconstitutional a 2013 agreement with Iran that had been negotiated by the Fernández government to jointly investigate the 1994 AMIA bombing (see "AMIA Investigation and Death of Alberto Nisman," below).

The Macri government also has moved to strengthen relations with the United Kingdom (UK). Following bilateral meetings, the two countries issued a joint communiqué in September 2016 outlining areas of discussion that took place, including agreement to reactivate annual high-level bilateral consultations addressing global challenges and to set up a dialogue to improve cooperation on "South Atlantic" issues.[15]

The South Atlantic issues noted in the communiqué relate to the Falkland (Malvinas) Islands, a British Overseas Territory that Argentina has long claimed sovereignty over; in a 1982 war, Argentina's military occupied the islands until a British naval task force retook them.[16] In the 2016 joint communiqué, Argentina and the UK maintained that the formula on sovereignty regarding the islands reached in 1989 (which essentially recognized the sovereignty dispute and

[12] "Macri Decides to Move Against Drug Trafficking," *LatinNews Security & Strategic Review*, January 2016.

[13] "Argentina Creates New Anti-Drug Agency," EFE News Service, February 15, 2016.

[14] See Simon Romero et al., "Argentina's Immigration Crackdown Rattles Region," *New York Times*, February 5, 2017; and "Argentina's New Immigration Restrictions Elicit Criticism, Concern," *LatinNews Daily*, January 31, 2017.

[15] Argentine Republic, Ministry of Foreign Affairs and Worship, "Joint Communiqué," September 13, 2016, at http://cancilleria.gov.ar/en/joint-communique; United Kingdom, Foreign & Commonwealth Office, "Policy Paper, UK and Argentina Joint Communiqué: 13 September 2016," at https://www.gov.uk/government/publications/communique-between-argentina-and-the-united-kingdom/uk-and-argentina-joint-communique.

[16] For further background, see "Falklands/Malvinas Islands," October 6, 2016, CRS Congressional Distribution Memorandum, prepared by Derek Mix, Analyst in European Affairs and Mark P. Sullivan, Specialist in Latin American Affairs. Available to congressional clients from the authors upon request.

each country's position) applied. Both governments also agreed to take appropriate measures to remove obstacles that limit the economic growth and sustainable development of the islands—including in trade, fishing, shipping, and hydrocarbons—and to establish further air links between the islands and third countries. In addition, both countries expressed full support for a DNA identification process for the unknown Argentine soldiers buried in a cemetery on the islands. Although little advancement has taken place on most of these issues, there has been progress on the soldier-identification process. A framework agreement was reached in December 2016 in which the International Committee of the Red Cross (ICRC) is heading up a forensic specialist team, with Argentine participation; exhumation work is expected to begin in June 2017.[17]

President Macri visited China in May 2017 to attend China's "One Belt, One Road" summit, in which Chinese officials presented plans for infrastructure projects worldwide. The trip reportedly led to agreements for more than $16 billion in Chinese investments in Argentina, including projects in agriculture, transportation, mining, and energy (including two nuclear power plants).[18]

October 2017 Legislative Elections

The forthcoming October 22, 2017, legislative elections, in which one-half of the Chamber of Deputies and one-third of the Senate will be contested, will be an important referendum on the Macri Administration. In March and April 2017, protests increased related to the government's economic austerity program, but the government has resisted pressure to backtrack on the reform process.[19] The protests included a strike by teachers calling for wage increases and a general strike organized by the largely Peronist General Labor Confederation in early April 2017 that, according to some reports, received only lukewarm public support.[20] Moreover, the strength of pro-Macri demonstrations across the country on April 1, 2017, reportedly surprised many observers.[21] President Macri's public approval ratings reportedly showed a downward trend in March 2017, but by April polls showed that he had regained support. One poll showed that Macri's popularity increased 6 points to 53% in April 2017.[22]

Some observers contend that President Macri's Let's Change coalition likely will continue to have minority representation in the aftermath of the October elections given that Peronists have a strong presence nationwide. Nevertheless, an increase of seats by the president's coalition, including his PRO party, could demonstrate support for the government and could augur well for Macri as a candidate in the October 2019 presidential election.[23]

On June 14, 2017, former President Fernández, the leader of the leftist FPV faction of the Peronist or Justicialist Party (PJ), announced the launch of a new Citizen's Unity (*Unidad Ciudadana*) party, which will put forward its own candidates in the legislative elections separate from the PJ. The formation of the new party appears to be a definitive split within the Peronist

[17] "Agreement to Move Forward on Malvinas Soldier Identification Inked," *Buenos Aires Herald*, December 23, 2016; International Committee of the Red Cross, "Falkland/Malvinas Islands: Head of ICRC Team Arrives Ahead of Project to Identify Argentine Soldiers Buried on the Islands," news release, June 3, 2017.

[18] Sean Miner, "Why Argentina's Macri Switched Gearson China, Now His Favorite Business Partner," *World Politics Review*, May 23, 2017; "Argentina Economy: Quick View – Macri Secures Investment Accords in China," EIU Viewswire, May 19, 2017.

[19] Benedict Mander, "Macri Resists Pressure to Ease Argentina Reforms," *Financial Times*, April 12, 2017.

[20] John Paul Rathbone et al., "Argentine Strike Brings Tensions to a Head," *Financial Times*, April 6, 2017.

[21] "Who Controls the Streets in Argentina?" *Latin American Weekly Report*, April 6, 2017.

[22] Alejandro Catterberg, "Resumen de Opinión Pública," Poliarquía Consultores, Newsletter, April 2017.

[23] Country Report Argentina," EIU, June 2017.

party. Some observers view Fernández's move as a major political gamble that could diminish the PJ as a political force in the country. It is unclear if Fernández will run for a legislative seat, but observers believe the party could be a vehicle for her to launch a presidential bid in 2019.[24] An open primary for all political parties is scheduled to be held on August 13, 2017, with parties currently in the midst of choosing candidates.

Human Rights Issues

Prosecutions of Military-Era Human Rights Violations. For more than a decade, Argentine governments have made significant efforts to bring to justice those responsible for the killing of thousands of people (up to some 30,000, according to Argentine human rights groups, although others claim a lower number) and the torture of thousands during the so-called Dirty War, which occurred under military rule from 1976 to 1983.[25] Since the Argentine Supreme Court overturned amnesty laws in 2003, more than 700 people, including many former military and police officials, have been convicted for the atrocities committed under military rule. These have included former military rulers General Jorge Rafael Videla (1976-1981), who died in prison in 2013, and General Reynaldo Bignone (1982-1983), who remains in prison.

In May 2016, Bignone (already convicted previously for human rights abuses) was convicted along with 14 other military officers (including one from Uruguay) for their roles in Operation Condor, a plan among several South American military governments in the 1970s and 1980s targeting regime opponents through kidnappings, torture, and killings.[26] In August 2016, 38 former military officers were convicted (with 28 sentenced to life in prison) for their roles in the killing of several hundred victims in torture centers during the military dictatorship.[27] Argentine judicial authorities continue to investigate and prosecute other cases of individuals implicated in human rights abuses committed during the Dirty War. More than 120 children taken from their imprisoned parents were identified as of November 2016, according to Human Rights Watch.[28]

During his March 2016 visit to Argentina, President Obama announced a decision to identify and declassify additional U.S. documents from the era of military rule. Thousands of State Department documents already had been declassified in 2002. (For more information, see "Bilateral Relations Under the Macri Administration," below.)

In early May 2017, Argentina's Supreme Court issued a decision to apply a sentencing calculation using the "two for one" law (by which each day in prison counts for two days) to effectively reduce the sentence of Luis Muiña, who was sentenced in 2011 to 13 years in prison for kidnapping and torture during the military dictatorship, making him eligible for release in November 2017. In doing so, the court expanded the use of this sentencing calculation to include crimes against humanity. The court decision prompted public outrage, with tens of thousands of Argentines protesting the court's action for fear that it could lead to the commutation of sentences of hundreds of people convicted for crimes during the period of military rule. Political parties

[24] "Kirchneristas Take Massive Political Gamble in Argentina," *LatinNews Daily*, June 15, 2017.

[25] "Argentina: On the Death of Jorge Rafael Videla," Human Rights Watch, May 17, 2013; Jonathan Gilbert, "Argentine Judge Orders Arrest of Spanish Ex-Officials," *New York Times*, November 2, 2014; and Jonathan Gilbert, "Ex-Military Officers Convicted of Human Rights Crimes During Argentina Dictatorship," *New York Times*, August 26, 2016.

[26] Jonathan Gilbert, "Argentine Court Confirms a Deadly Legacy of Dictatorships," New York Times, May 29, 2016.

[27] Jonathan Gilbert, "Ex-Military Officers Convicted of Human Rights Crimes During Argentina Dictatorship," *New York Times*, August 26, 2016.

[28] Human Rights Watch, *World Report 2017*, January 2017.

across the spectrum and President Macri opposed the Supreme Court's action. Argentina's Congress subsequently moved quickly to pass a bill prohibiting the "two for one" rule from being applied in cases of crimes against humanity.[29]

Press Freedom. Some human rights groups had criticized the Fernández government regarding press freedom. Press rights groups criticized the government for punishing media outlets critical of the government by withholding public advertising and instead awarding such advertising to outlets close to the government. In August 2016, the Macri government took action to establish criteria for the use of advertising funds. The State Department's 2016 human rights report for Argentina stated that some Argentine media that had benefitted from a large amount of public advertising money under the Fernández government had shut down or were facing serious economic problems.[30]

The Fernández government also had battled with the Clarín media group, which owns Argentina's most widely read newspaper, as well as radio stations, broadcast and cable television outlets, and an Internet service provider. In 2009, the government enacted a controversial law regulating broadcast and print media that it indicated was designed to strengthen pluralism and information freedom. The government maintained that it wanted Clarín to sell some of its assets in order to create more competition in the media market, while some press rights groups contended that the government actually wanted to muzzle Clarín, which has often been critical of the government. In October 2013, Argentina's Supreme Court upheld key provisions of the law. Clarín subsequently presented a plan to the government to break up its holdings into six different companies. An outline of the plan initially had been approved by the government's regulatory agency, the Federal Audiovisual Communications Authority (AFSCA) in February 2014, but in October 2014, the board of directors of AFSCA voted against Clarín's plan and said that the agency itself would undertake enforcement of the media law and the breakup of the media group. The president of the AFSCA said that Clarín's plan would have maintained linkages among the new companies and violated the spirit of the media law.[31] Clarín maintained that the government was attempting to stifle dissent and appropriate private property.[32]

President Macri issued a decree in late December 2015 that significantly amended the 2009 media law. The decree abolished the AFSCA and another regulatory body that had been set up to oversee telecommunications, the Federal Authority for Information Technology and Communications, and replaced both of them with a new entity, the National Communications Entity. The Macri government and some press rights groups maintained that the regulatory process had become politicized under the Fernández government. Some protests against the Macri government's changes to the media law took place in January 2016, with critics arguing that the government's action removed limits to media concentration and therefore jeopardizes freedom of expression.[33]

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[29] Rut Diamint and Laura Tedesco, "In Argentina, the Supreme Court Spurs National Outrage with Leniency for a 'Dirty War' criminal," The Conversation (website), May 26, 2017, at https://theconversation.com/in-argentina-the-supreme-court-spurs-national-outrage-with-leniency-for-a-dirty-war-criminal-78296.

[30] U.S. Department of State, *Country Reports on Human Rights Practices 2016,* March 2017.

[31] "The Battle for Clarín," *LatinNews Daily Report*, October 9, 2014; "Argentina, Media War, the Government's Media Regulatory Agency Is Forcing a Reorganization of the Clarín Group Under the Country's Broadcast Media Law," Reporters Without Borders, October 23, 2014.

[32] U.S. Department of State, *Country Reports on Human Rights Practices 2014,* June 2015.

[33] "Argentina Quick View: Macri Pushes Through Reforms to Media Law," EIU Viewswire, January 11, 2016; John Otis, "How Argentine Broadcast Law Rewards Friendly Outlets and Discriminates Against Critics," Committee to Protect Journalists, November 6, 2015; and "This Marks a Return to the Privileges Enjoyed by Monopolies," *Buenos Aires Herald,* January 4, 2016.

U.S.-Argentine Relations

Background

In the aftermath of Argentina's return to democracy in 1983, the United States and Argentina developed strong relations, which were especially close during the presidency of Carlos Menem (1989-1999). At times, however, there have been tensions in the bilateral relationship. The tough U.S. approach toward Argentina during its political and financial crisis in 2001-2002, in which the United States supported the cutoff of assistance from the IMF until Argentina committed to a sustainable economic plan, caused friction.

Tensions in bilateral relations increased in 2011 because of two incidents that occurred in the aftermath of a White House decision to exclude a visit to Argentina on President Obama's first trip to South America. First, then-Argentine Foreign Minister Hector Timerman criticized the decision of the then-mayor of Buenos Aires, Mauricio Macri, to send two police officials to the U.S.-backed International Law Enforcement Academy in El Salvador, which provides police management and specialized training to officials from throughout Latin America. Timerman publicly suggested that the school was teaching oppressive tactics. In another incident in 2011, Argentine officials seized U.S. government equipment associated with joint training activities on hostage rescue and crisis management between U.S. military personnel and Argentine federal police. According to the Department of State, the training had been approved by Argentine officials and the equipment involved was standard gear associated with the training.[34] Then-Foreign Minister Timerman supervised the seizure of the cargo at the airport (opening part of the cargo in front of the press), which, according to U.S. officials, was coordinated at the highest levels of the Argentine government.[35] Ultimately, tensions waned after an Argentine court ruled that the incident was not a criminal case, but a problem with customs clearance.

In September 2014, then-Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson acknowledged that U.S.-Argentine relations were in a tough period. She maintained that the litigation involving private creditors is an issue for the courts to decide, but expressed hope "that it can be resolved in a way that Argentina can return to the international community, that Argentina can begin to grow and be productive again."[36] Argentine officials, likely attempting to play to a domestic audience, lashed out at the United States in 2014 regarding the debt issue.[37] President Fernández also asserted in a speech on September 30, 2014, that "if anything happens to me ... look North," referring to the United States, and alleged that economic sectors in Argentina wanted to oust her government with outside help.[38]

[34] U.S. Department of State, "Update on Seizure of U.S. Cargo by Argentine Authorities," fact sheet, February 17, 2011.

[35] Ken Parks and Julian E. Barnes, "World News: U.S., Argentina in Tussle over Seized Cargo," *Wall Street Journal*, February 16, 2011.

[36] U.S. Department of State, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, Roberta S. Jacobson, "U.S. Priorities in the Western Hemisphere," September 26, 2014.

[37] Taos Turner, "Argentina Warns U.S. Diplomat over Remarks to Local Newspaper," *Dow Jones Newswires*, September 16, 2014.

[38] "Presidenta: 'Si Me Pas Algo, Que Nadie Mire Hacia el Oriente, Miren Hacia el Norte,'" *Agencia Diarios y Noticias* (Buenos Aires), September 30, 2014; Cristina Fernández Says 'Look North' If Anything Happens to Her," *Telesur*, October 1, 2014.

Bilateral Relations Under the Macri Administration

In July 2015, during the Fernández Administration, then-U.S. Ambassador to Argentina Noah Mamet maintained that the United States "wants and needs a strong democratic partner like Argentina to address global issues," including working together "to reverse climate change, combat narco trafficking, increase security, provide peacekeeping, and prevent the spread of dangerous weapons around the world."[39] A year later, in July 2016, Ambassador Mamet said that "under President Macri's leadership, Argentina is back now on the global stage, and our bilateral relations are reaching new heights." He noted that the extent of positive change in Argentina "has exceeded all our expectations."[40]

In the aftermath of Macri's election in November 2015, then-Secretary of State John Kerry congratulated the Argentine people for the successful elections, which he said reflected "Argentina's strong democratic values," and said that the United States looks forward to working closely with Macri and his government. The Secretary expressed confidence that the United States and Argentina "would continue to work closely to promote regional security and prosperity, and to enhance human development and human rights both within our hemisphere and across the globe."[41]

The chairman and ranking member of the House Committee on Foreign Affairs, Representative Edward Royce and Representative Eliot Engel, sent a letter to President Obama in November 2015 urging the Administration to prioritize relations with Argentina over the next year. The Members urged the Administration to consider several actions designed to revitalize bilateral relations. The recommendations included increasing public diplomacy with Argentina; initiating a U.S.-Argentina high level economic dialogue; providing technical assistance on economic and trade issues; supporting the resolution of arbitrations claims and "holdout" bond holders; encouraging regional leadership from Argentina; and improving counternarcotics cooperation.[42]

Since Macri's election, U.S. relations with Argentina have notably improved. Then-Vice President Joe Biden met with President Macri on the sideline of the World Economic Forum in Davos, Switzerland, in January 2016. The leaders "discussed opportunities to strengthen bilateral relations in the coming year, including through increased cooperation on commercial and trade ties, defense and security issues, and educational exchanges."[43] Following a sideline meeting between then-Treasury Secretary Jack Lew and then-Argentine Finance Minister Alfonso Prat-Gay at Davos, the Department of the Treasury announced that it would no longer oppose lending to Argentina from the multilateral development banks and that the policy change was prompted

[39] U.S. Department of State, Embassy of the United States, Buenos Aires, Argentina, "Remarks by Ambassador Noah B. Mamet for Independence Day," July 3, 2015.

[40] U.S. Department of State, Embassy of the United States, Buenos Aires, Argentina, Ambassador Noah B. Mamet, "Remarks for Fourth of July Reception, July 4, 2016.

[41] U.S. Department of State, Secretary of State John Kerry, "Final Presidential Election Results in Argentina," press statement, November 23, 2015.

[42] House Committee on Foreign Affairs, "Chairman Royce, Ranking Member Engel Congratulate President-Elect Macri and Urge Obama Administration to Prioritize U.S.-Argentina Relations," November 24, 2015, at http://foreignaffairs.house.gov/press-release/chairman-royce-ranking-member-engel-congratulate-president-elect-macri-and-urge-obama.

[43] White House, "Readout of Vice President Biden's Meeting with President Mauricio Macri of Argentina," January 21, 2016.

by the Argentine government's "progress on key issues and positive economic policy trajectory."[44]

Demonstrating the extent of change in U.S.-Argentine relations, President Obama visited Argentina in March 2016, in the first state visit since President Clinton visited in 1997. The trip was aimed at ways to strengthen bilateral relations in such areas as trade and investment and security and defense and to partner with Argentina in addressing such global challenges as climate change, peacekeeping, refugees, and the defense of human rights and democracy. During the trip, the two countries announced several bilateral agreements related to cooperation on preventing and combating serious crime, advancing law enforcement and counterterrorism, promoting entrepreneurship and small- and medium-sized businesses, and combating money laundering and terrorist financing.[45] The two countries also signed a Trade and Investment Framework Agreement (TIFA) that created a forum for engagement on bilateral economic issues, such as market access, intellectual property rights protection, and cooperation at the World Trade Organization (WTO) and other multilateral forums.

President Obama's trip coincided with the 40th anniversary of the military coup on March 24, 1976, that began the dark period of military rule in Argentina. During a visit to the *Parque de la Memoria* (Remembrance Park), President Obama announced a comprehensive effort to declassify U.S. documents from that era in response to a request from President Macri and to continue to help the families of the victims. The United States already had released some 4,700 partially declassified documents from that period, but President Obama announced that the United States would declassify even more documents, including military and intelligence records. According to the President, "we have a responsibility to confront the past with honesty and transparency." President Obama noted the controversy regarding U.S. policy during those "dark days." He said, "Democracies have to have the courage to acknowledge when we don't live up to the ideals that we stand for; when we've been slow to speak out for human rights. And that was the case here."[46] As part of the new effort, the United States delivered an initial set of 1,000 declassified records to the Maci government in August 2016, which included around 500 newly declassified records.[47]

In August 2016, then-Secretary of State Kerry visited Argentina and, along with then-Argentine Foreign Minister Susana Malcorra, launched a High-Level Dialogue (HLD) to serve as a means of strengthening bilateral relations in such areas as trade and investment; law enforcement cooperation; people-to-people ties; and energy, science, and education cooperation. The dialogue tracked many of the issues covered during President Obama's trip in March, including efforts to address common challenges such as democracy and human rights, peacekeeping, security cooperation, nonproliferation, the environment, climate change, and clean energy. According to a joint statement, Kerry and Malcorra "reiterated their shared commitment to advancing peace, democracy and human rights in the Americas." On the situation in Venezuela, the two leaders urged Venezuelan authorities to promptly set a timetable for the presidential recall referendum

[44] "The United States Says It Will No Longer Oppose Lending to Argentina from Multilateral Banks," Associated Press, January 21, 2015. Despite the previous U.S. policy stance, Argentina has received funding from the World Bank in recent years, including a wide array of projects in agriculture, health, education, infrastructure, and labor. See World Bank, "Projects & Programs: Argentina," at http://www.worldbank.org/en/country/argentina/projects.

[45] White House, "Fact Sheet: United States – Argentina Relationship," March 23, 2016.

[46] White House, "Remarks by President Obama and President Macri of Argentina at Parque de la Memoria," March 24, 2016.

[47] U.S. Department of State, "Fact Sheet: Argentina Declassification Project," December 12, 2016.

process and expressed support for dialogue to address the immediate needs of the Venezuelan people.[48]

Trump Administration Policy

Strong U.S. bilateral relations with Argentina are continuing under the Trump Administration. In February 2017, both President Trump and Vice President Mike Pence spoke in separate phone calls with President Macri. President Trump and President Macri reportedly expressed their shared concern over the political situation in Venezuela. According to a White House readout, President Trump emphasized the strong and enduring ties between their countries, underscored the leadership role he sees President Macri playing in the region, and invited President Macri to visit Washington, DC.[49]

President Macri visited the United States on April 27, 2017, and met with President Trump at the White House. According to a joint statement, the two leaders discussed ways to deepen the close partnership between the United States and Argentina.[50] They underscored their commitment to expand trade and investment and directed their Cabinets "to resolve pending bilateral agricultural issues, based on scientific principles and international standards." The leaders pledged strengthened partnership to combat narcotics trafficking, money laundering, terrorist financing, corruption, and other illicit finance activities through the Argentina-U.S. Dialogue on Illicit Finance that was first started in November 2016.[51] The two Presidents agreed to launch a bilateral Cyber Working Group to strengthen engagement on cyber issues for the protection of security and economic interests.[52] They discussed the deteriorating situation in Venezuela and agreed to work closely to help preserve democratic institutions in the country. President Trump also conveyed that in May 2017 the United States would make citizens of Argentina eligible for the Global Entry Trusted Travelers Program, a program run by U.S. Customs and Border Protection for expedited clearance of preapproved, low-risk travelers for their admission to the United States.[53] Continuing an effort begun in 2016 by President Obama (discussed above), President Trump delivered a tranche of declassified documents relating to human rights abuses in Argentina during its military dictatorship.[54]

One long-standing trade issue discussed during the presidential visit was access to the U.S. market for Argentine lemons. Just several days after the Trump-Macri meeting, the U.S. Department of Agriculture announced that it was lifting a stay on the implementation of a rule that it had issued in December 2016 to allow lemons from Argentine into the United States. (For more, see "Trade and Investment Issues," below.)

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[48] U.S. Department of State, "Joint Statement from the U.S.-Argentina High-Level," August 4, 2016.

[49] White House, "Readout of the President's Call with President Mauricio Macri of Argentina," February 16, 2017.

[50] White House, "Joint Statement from President Donald J. Trump and President Mauricio Macri," April 27, 2017.

[51] For background, see U.S. Department of the Treasury, "The United States and Argentina Hold Inaugural Argentina-U.S. Dialogue on Illicit Finance," November 29, 2016.

[52] An inaugural meeting of the Cyber Policy Working Group was held on May 23, 2017. See U.S. Department of State, "United States and Argentina Strengthen Partnership on Cyber Policy," May 24, 2017, and "Joint Statement on U.S.-Argentina Partnership on Cyber Policy," April 27, 2017.

[53] U.S. Department of Homeland Security, U.S. Customs and Border Protection, "CBP Announces the Expansion of Global Entry to Citizens of Argentina," May 1, 2017.

[54] U.S. Department of State, "Argentina: Declassification of Documents Related to Human Rights Abuses Occurring Between 1975-1984," April 27, 2017.

Legislative Action in the 115th Congress

U.S.-Argentine relations largely have been an oversight issue for Congress, although in the aftermath of Macri's election in 2015, key Members of Congress urged the Obama Administration to prioritize relations with Argentina. In the 115th Congress, Members of Congress have continued to support strengthened relations with Argentina. On April 3, 2017, the House approved by voice vote H.Res. 54 (Sires), which upholds commitment to the partnership between the United States and Argentina; reaffirms that Argentina is a major non-NATO ally of the United States; encourages the Department of State to coordinate a new interagency strategy with Argentina in areas of bilateral, regional, and global concern; commends Argentina for making far-reaching economic reforms; commends Argentina for resolving most of its business disputes at the World Bank's International Centre for the Settlement of Investment Disputes; and encourages Argentina to continue to investigate and prosecute those responsible for the 1994 AMIA bombing in Buenos Aires and the 2015 death of AMIA Special Prosecutor Alberto Nisman. A similar but not identical Senate resolution, S.Res. 18 (Coons), was introduced in January 2017, and reported (as amended) by the Senate Foreign Relations Committee on June 5, 2017.

Another House resolution, H.Res. 201 (Ros-Lehtinen), introduced in March 2017, would express support to the government of Argentina for its investigation into the 1992 terrorist bombing of the Israeli embassy that killed 29 people. The House Foreign Affairs Committee's Subcommittee on the Western Hemisphere amended and reported the resolution on May 24, 2017.

Argentina traditionally has not received much U.S. foreign assistance because of its relatively high per capita income. In recent years, however, Congress has appropriated small amounts of assistance for International Military Education and Training (IMET) and Export Control and Related Border Security (EXBS, part of the Nonproliferation, Antiterrorism, Demining and Related Programs [NADR] foreign aid funding account) to enhance Argentina's strategic trade control compliance and enforcement. Such assistance amounted to $576,000 in FY2015 and $579,000 in FY2016, and the request for FY2017 was for $550,000. For FY2018, the Trump Administration has requested $500,000 in assistance for Argentina, with $300,000 in IMET and $200,000 for the EXBS program.

Trade and Investment Issues

The United States ran a $3.9 billion trade surplus with Argentina in 2016, exporting $8.6 billion in goods to the country (led by machinery and oil) and importing about $4.7 billion in goods (led by biodiesel and other mixtures, wine, and aluminum). In 2016, Argentina was the 30th-largest export market for the United States. The United States was Argentina's third-largest trading partner (after Brazil and China) in 2016, with imports from the United States accounting for almost 15% of Argentina's total imports and exports to the United States accounting for almost 8% of its total exports.[55]

The U.S. Trade Representative's (USTR's) *2017 National Trade Estimate Report on Foreign Trade Barriers* provides background on Argentina's current technical, sanitary, and phytosanitary barriers to U.S. imports—including bans on imports of live cattle, beef and beef products, pork, and poultry because of disease concerns—as well as other tariff and nontariff barriers. As noted above, the United States and Argentina signed a TIFA in March 2016 as a forum to tackle discussions on a range of trade and investment issues. According to the USTR report, the U.S.

[55] U.S. trade statistics are from the Department of Commerce, as presented by *Global Trade Atlas*. Argentina's trade partners were derived from Argentine statistics from INDEC presented by *Global Trade Atlas*.

Department of Agriculture sent a proposal to Argentina in March 2016 requesting full market access for all U.S. beef and beef products.[56]

Argentina has been on USTR's Special 301 Priority Watch List since 1996 because of problems with intellectual property rights (IPR) enforcement. USTR's *2017 Special 301 Report*, released in April 2017, maintains that Argentina continues to present a number of long-standing and well-known deficiencies in IPR protection and enforcement and is a challenging market for IPR-intensive industries.[57] The report expressed concerns over physical counterfeiting and piracy, Internet piracy, and patent protection and enforcement in the agricultural chemical, biotechnology, and pharmaceutical sectors. The La Salada market in Buenos Aires is reported to be South America's largest black market, where "sellers of counterfeited and pirated products deal openly because enforcement reportedly has been small-scale and intermittent."[58] Despite these challenges, USTR noted in its *2017 Special 301 Report* that, over the past year, "Argentina took several noteworthy steps to improve IP protection and enforcement, including legislative initiatives, enforcement operations, procedural enhancements for patent protection, and the creation of bilateral engagement mechanisms."

Among Argentina's trade concerns with the United States, Argentina is seeking access to the U.S. market for fresh beef and lemons, and it is seeking reinstatement of U.S. preferential trade benefits under the GSP program. Argentina was suspended as a GSP beneficiary in 2012 because of failure to pay international arbitration awards to two U.S. companies. Argentina settled those two investment disputes in 2013. In October 2016, Argentina requested designation once again as a GDP beneficiary, and USTR held a public hearing on the issue in January 2017. Argentine officials testified about the economic reforms undertaken by the Macri government and highlighted the TIFA between Argentina and the United States. U.S. officials expressed concerns regarding IPR protection and Argentina's various trade restrictions on imports.[59] (For more information on the GSP program, see CRS Report RL33663, *Generalized System of Preferences: Overview and Issues for Congress*, by Vivian C. Jones; and CRS Report RS22541, *Generalized System of Preferences: Agricultural Imports*, by Renée Johnson.)

With regard to fresh beef imports, in July 2015, the WTO ruled that the United States failed to adhere to its international obligations when it banned imports of fresh beef from Argentina because of concerns over a 2001 foot-and-mouth (FMD) disease outbreak. In July 2015, however, the U.S. Department of Agriculture's (USDA's) Animal and Plant Health Inspection Service (APHIS) issued final rules to allow the import of fresh beef from Argentina.[60] For the import restrictions to be lifted, USDA's Food Safety and Inspection Service must determine if Argentina's food safety system for beef provides the same level of food safety as the U.S. system. Both the House and Senate FY2016 Agriculture appropriations bills, H.R. 3049 and S. 1800, included provisions that would have prohibited USDA funding to implement, administer, or enforce a lifting of the ban on beef from Argentina. Some Members of Congress had concerns

[56] Office of the United States Trade Representative, *2017 National Trade Estimate Report on Foreign Trade Barriers*, April 2017, section on Argentina, pp. 23-33.

[57] Office of the United States Trade Representative (USTR), *2017 Special 301 Report*, April 2017, section on Argentina, pp. 51-52.

[58] USTR, *2015 Out-of-Cycle Review of Notorious Markets*, December 2015.

[59] Brian Flood, "Argentina Wants Tariff Benefits Back, U.S. Raises Concerns," *International Trade Reporter*, January 19, 2017.

[60] Rosella Brevetti, "APHIS to Clear Way for Fresh Beef Imports from Parts of Brazil, Argentina," *International Trade Reporter*, July 2, 2015; "WTO Faults Already Repealed U.S. Ban on Beef Imports from Argentina," *Inside U.S. Trade*, July 31, 2015; "U.S. Compliance with WTO Ruling Threatened by Appropriations Riders," *Inside U.S. Trade*, July 31, 2015.

about the prospect of FMD threatening the U.S. cattle supply. Ultimately, the FY2016 omnibus appropriations measure (P.L. 114-113) did not include such a provision; however, the law did include a provision (Section 752, Division A) requiring APHIS to establish a prioritization process for conducting audits and reviews of countries that have been granted animal health recognition status. A similar provision had been included in the FY2017 Agriculture appropriations bill, H.R. 5054 (Section 738), although the 115th Congress did not complete action on the measure. (For more information, see CRS In Focus IF10373, *Fresh Beef Import Rules for Brazil and Argentina*, by Joel L. Greene.)

Another trade concern of Argentina is the U.S. ban of lemon imports from northwest Argentina since 2001 because of citrus greening disease. In May 2016, USDA's APHIS issued a proposed rule to allow lemons from Argentina, maintaining that lemons were safe to import after a risk analysis.[61] U.S. citrus growers urged USDA not to lift the import ban, maintaining that doing so would risk the spread of the citrus disease.[62] The FY2017 Agriculture appropriations bill, H.R. 5054, had a provision in Section 760 that would have prohibited funds made available by the act from being used for a rule with respect to the importation into the United States of lemons from Argentina until certain certifications were submitted; as noted above, the 115th Congress did not complete action on the bill. In December 2016, APHIS issued a final rule for the importation of lemons from northwest Argentina.[63]

In 2017, under the Trump Administration, USDA's APHIS issued two 60-day stays of the rule, the first in January and the second in March.[64] However on May 1, 2017, just several days after President Trump's meeting with President Macri, APHIS announced that it would not extend the stay beyond May 26, 2017. But the agency also noted that numerous requirements must be met before the lemons can enter the United States and that for 2017 and 2018 Argentine lemons would be imported only into the northeastern United States.[65] U.S. domestic citrus producers based in California and Arizona opposed the Administration's action and filed a court challenge against USDA.[66]

The stock of U.S. foreign direct investment in Argentina amounted to $13.3 billion in 2015 (latest available information), with investment concentrated in manufacturing, information, wholesale trade, and mining.[67] More than 500 U.S. companies are invested in the country. According to the State Department's 2016 Investment Climate Statement on Argentina, the Macri government has undertaken reform to correct macroeconomic imbalances and improve the country's investment climate, including the lifting of capital controls, currency devaluation, reduction of import

[61] U.S. Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS), "Importation of Lemons from Northwest Argentina," 81 *Federal Register* 28758-28764, May 10, 2016. Also see USDA, Animal and Plant Inspection Service, "Fresh Lemon from Argentina," Initial Regulatory Flexibility Analysis, Proposed Rule APHIS 2014-0092, March 2015.

[62] "Growers Warn Against Lifting Ban on Argentine Lemons," *International Trade Reporter*, August 18, 2016.

[63] USDA, APHIS, "Importation of Lemons from Northwest Argentina," 81 *Federal Register* 94217-94230 December 23, 2016.

[64] USDA, APHIS, "Importation of Lemons from Northwest Argentina; Stay of Regulations," 82 *Federal Register* 14987, March 24, 2017.

[65] USDA, APHIS, "APHIS Will Not Extend Stay on Import Regulations for Lemons from Northwest Argentina," May 1, 2017.

[66] "U.S. Citrus Industry Sues USDA over Allowing Argentine Lemon Imports," *Inside U.S. Trade*, May 25, 2017; Brian Flood, "U.S. Growers File Lawsuit Over Lifted Lemon Ban," International Trade Reporter," May 25, 2017.

[67] U.S. Department of Commerce, "U.S. Direct Investment Abroad Tables," *Survey of Current Business*, September 2016.

restrictions, and removal of most export duties.[68] This stands in contrast to the Kirchner and Fernández governments, which had taken actions over the years that dampened the investment climate.

Nevertheless, the Fernández government had taken some positive measures, which included settling several outstanding international arbitral awards in 2013 and 2014 for investment disputes and reaching an agreement with the Paris Club group of official creditors in 2014 to repay Argentina's overdue debt (see "Debt Owed to the Paris Club Countries"). Under the Macri government, in addition to the settlement with private creditors, Argentina agreed in May 2016 to settle an outstanding arbitral award for a U.S. energy company that had been granted by the International Centre for the Settlement of Investment Disputes in 2014.[69]

Debt Issues[70]

Argentina's 2001 default has been a long-standing issue in relations with the United States. Argentina faced an acute economic crisis in 2001 that led to its default on nearly $100 billion of debt: $81.8 billion owed to private creditors; $6.3 billion owed to other governments, including the United States; and $9.5 billion owed to the IMF.[71] Reaching a resolution to the government's default has been a complex process that has taken more than a decade. Argentina repaid the IMF in full in 2006 and reached an agreement to repay other governments in May 2014. In terms of debt owed to private creditors, Argentina restructured more than 90% of the debt owed to private bondholders in 2005 and 2010 but remained in default on the holdouts for more than a decade. Upon assuming office, President Macri made it a priority to normalize Argentina's "rogue" status in the international economy and restarted talks with holdout creditors. They reached an agreement in February 2016 and paid $9.3 billion to holdout creditors in April 2016, effectively ending the 15-year default.

Debt Owed to the Paris Club Countries

After more than a decade, Argentina took steps in 2014 to resolve its default on debt owed to the "Paris Club" countries. The Paris Club is a voluntary, informal group of creditor governments, including the United States, which negotiates and/or reduces debt owed to them by other countries on a case-by-case basis.[72] After defaulting on its Paris Club debt in 2001, Argentina negotiated with the Paris Club in 2008 and 2010, but the parties failed to reach an agreement in these talks.

As economic conditions in Argentina became more difficult, including being cut off from international capital markets and facing a shortage of foreign currencies (particularly dollars), Argentina again approached the Paris Club countries in January 2014 with a proposal for repaying its debts to these governments.[73] In May 2014, a multilateral agreement was reached between the Argentine government and the Paris Club countries that set out repayment terms for

[68] U.S. Department of State, *2016 Investment Climate Statement – Argentina*, June 2016.

[69] Ibid.

[70] Some of the material in this section is drawn from CRS Report R41029, *Argentina's Defaulted Sovereign Debt: Dealing with the "Holdouts"*, by J. F. Hornbeck.

[71] See CRS Report R41029, *Argentina's Defaulted Sovereign Debt: Dealing with the "Holdouts"*, by J. F. Hornbeck.

[72] For more on the Paris Club, see CRS Report RS21482, *The Paris Club and International Debt Relief*, by Martin A. Weiss.

[73] Ken Parks, "Argentina to Start Debt Talks with Paris Club on Wednesday," *Wall Street Journal*, May 27, 2014.

the amount outstanding, which had grown to $9.7 billion (principal and accrued interest), including $608 million to the United States.[74] In addition to the U.S. government, Argentina owes money to Germany and Japan, which together accounts for more than half of Argentina's Paris Club debt, as well as the Netherlands, Spain, Italy, and Switzerland.[75] Markets responded positively to the announcement of the agreement.[76]

Following the Paris Club agreement, the United States signed a bilateral implementing agreement with Argentina in February 2015 that entered into force on April 13, 2015. As a result, Argentina is no longer in default on debt owed to the U.S. government. This lifted restrictions on assistance to Argentina in place pursuant to the Foreign Assistance Act of 1961 (Section 620(q)), which prohibits aid to countries in default to the U.S. government. Argentina has stayed current on its repayments to the U.S. government under the new agreement and, at the end of 2014 (latest data available), owed Paris Club governments about $6.5 billion.[77]

Debt Owed to Private Bondholders

Argentina's default on private creditors was only resolved in 2016, 15 years after the initial default. Most of the defaulted debt held by private creditors was resolved through bond exchanges offered by the Argentine government in 2005 and again in 2010. In the exchanges, the Argentine government extended a unilateral offer to private bondholders to exchange the defaulted bonds for new bonds at a steep loss (approximately a net present value loss of 70%). Although the terms were widely viewed as unfavorable for the bondholders, more than 90% of bondholders agreed to participate in the exchanges. Until recently, investors holding the restructured Argentine bonds received the full payments due on these bonds. Legal rulings in 2014 prevented investors from receiving payments, as discussed below.

A small group of private investors—the holdouts—did not participate in the exchanges and did not receive any payment from Argentina following the 2001 default. In 2014, Argentina estimated that the claims totaled approximately $15 billion, including principal and past-due interest. Most of the holdouts are hedge funds that bought the bonds in secondary markets at steep discounts after the default. The holdouts have pursued litigation to seek full repayment from Argentina, primarily in the United States, since a large proportion of Argentine bonds were issued under New York law.

Although the legal cases have examined a number of issues, the most consequential ruling relates to the interpretation of a clause in the bond contracts that dictates creditors be treated equally: the pari passu clause. A smaller group of the holdout creditors, with claims totaling $1.3 billion, argued that paying the exchange bondholders while repudiating the holdout bonds is a breach of this provision. In 2012, a New York federal district court judge, Thomas Griesa, ruled in favor of the holdouts. As a result, if Argentina did not pay the group of litigating holdouts, U.S. financial institutions legally could no longer transfer interest payments from Argentina to the exchange bondholders.[78] In effect, for Argentina to pay the exchange bondholders, it would have to pay the

[74] Paris Club press release, May 29, 2014, http://www.clubdeparis.org/sections/communication/communiques/argentine/viewLanguage/en.

[75] Leigh Thomas, "Paris Club Invites Argentina to Hold Debt Negotiation," Reuters, March 14, 2014.

[76] Leigh Thomas and Sarah Marsh, "Argentina Clinches Landmark Debt Repayment Deal with Paris Club," Reuters, May 29, 2014.

[77] Paris Club press release, June 22, 2015, http://www.clubdeparis.org/en/communications/page/as-of-31-december-2014.

[78] Richard Deitz, "A Sensible Path for Avoiding an Argentine Default," *Wall Street Journal*, July 2, 2014; Alison

holdouts as well. The ruling was appealed, eventually reaching the U.S. Supreme Court. The Supreme Court announced in June 2014 that it would not hear the case, letting the previous ruling stand.

Following the Supreme Court announcement, the Argentine government faced a difficult decision. It could either (a) pay the holdouts and the exchange bondholders or (b) pay neither group and default on the exchange bonds debt. Paying the holdouts would have been financially and politically costly, requiring a sizeable portion of Argentina's foreign exchange reserves, and could have been seen as the Argentine government "caving" to foreign investors.[79] Even though the Argentine government transferred funds to pay the holders of the restructured bonds, intermediary banks were not legally able to process the payments. In 2014, credit rating agencies declared Argentina to be in default, for the eighth time in the country's history. Some analysts argued that the Fernandez government had "staked [President Fernandez's] political career on fighting the holdouts." In June 2015, the Argentine government announced that it would not negotiate with holdout creditors due to "unwarranted attacks," maintaining that the holdouts "have sought orders freezing immune diplomatic assets ... and sought to thwart clearly legitimate domestic debt issuances."[80]

Argentina's policy stance toward the holdouts changed dramatically after President Macri took office in December 2015. Macri quickly moved to pursue a number of economic reforms to strengthen Argentina's economy, repair its "rogue debtor" reputation, and attract foreign investment. Reaching a settlement with the holdouts was viewed as key to achieving these goals, and the new government restarted negotiations with the holdouts before a court-appointed mediator in January 2016. In early February, Argentina settled with a group of Italian bondholders for $1.35 billion and with two of the six largest hedge funds for $1.1 billion.

As negotiations with the remaining holdouts continued, Argentina appealed to the New York judge, Thomas Griesa, that the injunction preventing Argentina from paying holders of the restructured bonds should be lifted, given Argentina's willingness to bargain with the hedge funds. On February 19, Griesa agreed, saying that Macri's election had "changed everything."[81] The judge's decision increased pressure on the remaining holdouts to reach a deal.[82] The Argentine government reached a deal with four of the remaining hedge funds, including Elliott Management, one of the leading creditors in the dispute, on February 29. The deal provided about 25% less than the hedge funds were claiming, but it also was a gain of roughly 10 to 15 times the hedge funds' initial investment. With this deal, agreements will have been reached with 85% of the disputed debt. An additional 115 individual creditors holding defaulted sovereign bonds also reached a settlement with the Argentina in mid-March.[83]

Implementing the new agreements required legislative action to repeal laws that prevented Argentina from paying holdouts. The Argentine Congress approved the repeal of these laws in March, even though Macri's party is in a minority position in both houses. In April, the Argentine government successfully sold bonds totaling $16.5 billion on international capital markets, its

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Frankel, "The Other Loser in Argentina Debt Saga: U.S. Courts," Reuters, July 31, 2014.

[79] Thomas Landon Jr., "Argentine Economist Says Bond Holdouts Should be Paid," *New York Times*, September 3, 2014.

[80] Richard Lough, "Argentina Says No Debt Negotiations While 'Attacks' Continue," Reuters, June 1, 2015.

[81] "Argentina Reaches a Deal with its Creditors," *Economist*, March 1, 2016.

[82] Steven Davidoff Solomon, "A Fight over Argentina's Debt Produces No Winners," *New York Times*, February 16, 2016.

[83] "Argentina, Creditors Agree to $155 Million More in Default Settlement: Mediator," Reuters, March 19, 2016.

first since the 2001 default and the largest emerging-market debt sale on record.[84] It used a large portion of the proceeds ($9.3 billion) to pay holdout creditors. This payment led Griesa to lift the injunctions that had prevented Argentina from paying other creditors. Analysts and investors have viewed these developments as effectively resolving Argentina's 15-year-long default.

Although the default will weigh on Argentina's sovereign credit rating for some time, the government is able to borrow again in international markets. In January 2017, Argentina sold $7 billion in bonds, which is expected to meet most of its financing needs for the year. Demand for bonds was strong among private creditors; the sale was three times oversubscribed, but the government did not sell more bonds to maintain market credibility.[85]

AMIA Investigation and Death of Alberto Nisman

Congress has expressed concern over the years about progress into the investigation of the July 1994 bombing in Buenos Aires of the Argentine-Israeli Mutual Association (AMIA) that killed 85 people. Both Iran and Hezbollah (the radical Lebanon-based Islamic group with strong ties to Iran) are alleged to be linked to the AMIA bombing as well as to the 1992 bombing of the Israeli Embassy that killed 29 people. As noted above, H.Res. 201 (Ros-Lehtinen), introduced in March 2017 near the date of the 25th anniversary of the 1992 bombing, would express support to the government of Argentina for its investigation of the Israeli embassy bombing; among its provisions, the resolution would call on the U.S. government to assist Argentina in any way possible so that the perpetrators of the 1992 Israeli embassy bombing as well as the 1994 AMIA bombing are brought to justice. The House Western Hemisphere Subcommittee amended and reported the resolution on May 24, 2017; the amended version includes a provision calling upon the U.S. government to weigh evidence uncovered by the special investigator of the AMIA bombing and consider the imposition of visa restrictions and asset blocking sanctions against culpable persons.

Background. In 2004, Argentine Special Prosecutor Alberto Nisman was appointed to lead the AMIA investigation. Until then, progress on the investigation and prosecution of those responsible for the 1994 bombing had been stymied because of the government's mishandling of the case. In September 2004, a three-judge panel acquitted all 22 Argentine defendants in the case and faulted the shortcomings of the original investigation. With Nisman's appointment in 2004, however, the government moved forward with a new investigation. As a result, an Argentine judge issued arrest warrants in November 2006 for nine foreign individuals: an internationally wanted Hezbollah militant from Lebanon, Imad Mughniyah (subsequently killed by a car bomb in Damascus, Syria, in 2008), and eight Iranian government officials.

INTERPOL, the International Criminal Police Organization, subsequently posted Red Notices (international wanted persons notices) in 2007 for Mughniyah and five of the Iranian officials: Ali Fallahijan (former Iranian intelligence minister, 1989-1997); Mohsen Rabbani (former Iranian cultural attaché at the Iranian Embassy in Buenos Aires); Ahmad Reza Asghari (former third secretary at the Iranian Embassy in Buenos Aires); Ahmad Vahidi (who served as Iran's defense minister from 2009 to 2013); and Mohsen Rezai (former commander of Iran's Islamic Revolutionary Guard Corps, 1981-1997, and two-time presidential candidate).[86] In 2009,

[84] Julie Wernau and Carolyn Cui, "Argentina Returns to Global Debt Markets with $16.5 Billion Bond Sale," *Wall Street Journal,* April 19, 2016.

[85] Caroline Stauffer, "Argentina Avoids Trump Uncertainty with Bond Sale, Finance Minister Tells Paper," Reuters, January 22, 2017.

[86] INTERPOL, Media Release, "INTERPOL General Assembly Upholds Executive Committee Decision on AMIA

Argentina also issued an arrest warrant for the capture of Samuel Salman El Reda, a Colombian citizen thought to be living in Lebanon, alleged to have coordinated a Hezbollah cell that carried out the bombing; he was subsequently added to the INTERPOL Red Notice list.

The Argentine government shifted its stance in 2011 with respect to engagement with Iran over the AMIA bombing issue. President Fernández indicated Argentina's willingness to enter into a dialogue with the Iranian government despite its refusal to turn over suspects in the case. Several rounds of talks with Iran were held in 2012, with then-Argentine Foreign Minister Hector Timerman leading the effort. In January 2013, Argentina announced that it had reached an agreement with Iran and signed a memorandum of understanding to establish a joint Truth Commission made up of impartial jurists from third countries to review the bombing case. After extensive debate, Argentina's Congress completed its approval of the agreement in February 2013. Argentina's two main Jewish groups, AMIA and the Delegation of Israeli Associations (DAIA), strongly opposed the agreement because they believe that it could guarantee impunity for the Iranian suspects.[87] Several Members of the U.S. Congress also expressed their strong concerns about the Truth Commission because they believed it could jeopardize Argentina's AMIA investigation and charges against the Iranians.

In May 2013, Nisman issued a 500-page report alleging that Iran has been working for decades in Latin America, setting up intelligence stations in the region by utilizing embassies, cultural organizations, and even mosques as sources of recruitment. In the report, Nisman highlighted the key role of Mohsen Rabbani (one of eight Iranian officials wanted by Argentina for the AMIA bombing) as Iran's South America "coordinator for the export of revolution," working in the tri-border countries of Argentina, Brazil, and Paraguay as well as in Chile, Colombia, and Uruguay.[88] The Nisman report contended that the 1994 AMIA bombing was not an isolated act but was part of a regional strategy involving Iran's establishment of intelligence bases in several countries using political, religious, and cultural institutions that could be used to support terrorist acts.

In May 2014, an Argentine court declared unconstitutional the agreement with Iran to jointly investigate the AMIA bombing. Special Prosecutor Nisman had maintained that the agreement with Iran constituted an "undue interference of the executive branch in the exclusive sphere of the judiciary."[89] The Fernández government maintained that it would appeal the ruling to Argentina's Supreme Court. In a speech before the U.N. General Assembly on September 24, 2014, President Fernández acknowledged the 20th anniversary of the AMIA bombing and expressed support for the memorandum of understanding with Iran, maintaining that it would enable the accused Iranian citizens to make statements before an Argentine judge.

On January 14, 2015, Nisman made explosive accusations that President Fernández and other government officials attempted to whitewash the AMIA investigation to secure oil supplies from Iran and restore Argentina's grain exports to Iran. However, just four days later, and one day before he was to testify before Argentina's Congress, Nisman was found dead in his apartment from a gunshot wound. Although preliminary reports indicated that Nisman committed suicide, a majority of Argentines, including President Fernández, contend that Nisman was murdered. The president maintained that Nisman was misled into making the accusations against her government

Red Notice Dispute," November 7, 2007. The three other Iranians wanted by Argentina not included on INTERPOL's Red Notice list are former President Ali Akbar Hashemi-Rafsanjani, former Foreign Minister Ali Akbar Velayati, and former Iranian Ambassador to Argentina Hadi Soleimanpour.

[87] "A Perverse Manoeuvre in Argentina," *LatinNews Daily*, February 28, 2013.

[88] Alberto Nisman, Fiscal General, Ministerio Público de la Nación, Argentina, Dictamina, May 29, 2013.

[89] "Argentine Court Declares Bombing Probe with Iran Unconstitutional," Agence France Presse, May 16, 2014.

by elements in Argentina's Intelligence Secretariat (SI) that had conducted illegal wiretaps of government officials. Fernández called for the dissolution of the SI, and in February 2015, Argentina's Congress approved a measure setting up a new intelligence service, the Federal Agency of Investigations (AFI). Nisman's death prompted a massive demonstration in Argentina, with tens of thousands of participants. A federal prosecutor in Argentina pursued Nisman's case against President Fernández related to Iran, but the case was thrown out by several Argentine courts and ultimately dismissed by the country's highest appellate court in April 2015.[90]

In the aftermath of Nisman's death, Argentina's attorney general appointed a team of four lawyers in February 2015 to continue the work of the AMIA investigation. Court proceedings began in Buenos Aires in August 2015 against 13 former officials alleged to be involved in efforts to cover up the 1994 bombing investigation. The suspects include former President Carlos Menem (1989-1999), former judge Juan José Galeano, two former prosecutors who conducted investigations during the 1990s, three former intelligence officials, two former police officials, a former head of DAIA, and the owner of a van used in the AMIA bombing.[91]

Efforts Under the Macri Administration. As noted above, soon after his election in 2015, President Macri dropped an appeal that was started by the Fernández government against a 2014 Argentine court ruling that declared unconstitutional the agreement with Iran to jointly investigate the AMIA bombing. In December 2015, President Macri established a special unit within the Justice Ministry to investigate the AMIA bombing. The head of the new unit, former UCR leader Mario Cimadevilla, maintained that Macri's election opened up a new route into solving the case and praised President Macri's decision to drop the agreement with Iran to jointly investigate the AMIA bombing.[92]

The investigation into Nisman's death continues, although observers are skeptical that the truth will be uncovered. In December 2015, a week after President Macri took office, Judge Fabiana Palmaghini took over the investigation of Nisman's death from the prosecutor in the case.[93] On the anniversary of Nisman's death in January 2016, President Macri ordered the declassification of all state information related to Nisman since September 2012, when Argentina's talks with Iran over AMIA reportedly began.[94] In March 2016, just hours after former Secretariat of Intelligence head Antonio Stiuso testified that Nisman had been killed by a group with ties to former President Fernández, Judge Palmaghini ruled that the case should be elevated to the federal courts.[95] The case went to Argentina's federal court in April 2016 but in June 2016 was returned to Judge Palmaghini's jurisdiction until September 2016, when the case was once again elevated to the federal courts.

President Macri has said that he will be respectful of the judicial process but stated in a September 2016 press interview that he believes Nisman was murdered. The president said that a "definitive investigation" is needed to find out how Nisman died and that he wants Argentina's justice system to carry out the investigation with total independence.[96]

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[90] Jonathan Gilbert, "Federal Prosecutor Drops Kirchner Conspiracy Case," *New York Times*, April 21, 2015.

[91] "Trial on Cover-Up of Bombing Set to Begin Next Week," *Buenos Aires Herald*, July 30, 2015; "AMIA Cover-Up Case Reaches Trial Phase," *Buenos Aires Herald*, August 2, 2015.

[92] "New Head of AMIA Unite Announces 'Paradigm Shift' in Probe," *Buenos Aires Herald*, January 4, 2016.

[93] "Judge Takes over Nisman Investigation," *Buenos Aires Herald*, December 18, 2015.

[94] "Macri Puts CFK in Nisman Spotlight," *Buenos Aires Herald*, January 16, 2016.

[95] "Nisman Case Sent to Federal Court," *Buenos Aires Herald*, March 2, 2016; and Nick Miroff, "Argentina Still Gripped by Death of Prosecutor Probing Terrorism Case," *Washington Post*, March 20, 2016.

[96] Andrés Oppenheimer, "Argentine President: Death of Prosecutor in Bombing Case Likely Murder, Not Suicide,"

In December 2016, an Argentine court reopened the case against former President Fernández and other government officials (the complaint originally filed by Nisman) for their alleged role in whitewashing Iran's involvement in the 1994 AMIA bombing.[97]

Outlook

President Mauricio Macri's government has ushered in significant changes to Argentina's economic and foreign policies since his inauguration to a four-year term in December 2015. The Macri government has moved ahead with market-friendly economic policies, including the elimination of currency controls, the elimination or reduction of taxes on agricultural exports, a revamp of inflation statistics, and a resolution of the long-standing dispute with holdout creditors. Economic adjustment measures triggered an economic downturn in 2016, with GDP declining by almost 2.3%, but also are leading to more sustainable growth in 2017, with a forecast for 2.2% growth. President Macri largely has had success receiving approval from Argentina's Congress for his reform agenda, but given that Macri's party and electoral coalition have only a minority in Congress, the government could face difficulty in the future. This is especially true as the country approaches legislative elections in October 2017, which many observers see as a referendum on the policies of the Macri government. In the foreign-policy arena, the Macri government has improved relations with neighboring Brazil and Uruguay, the promarket countries of the Pacific Alliance, and the UK. It also has spoken out strongly about the situation in Venezuela.

U.S.-Argentine relations have greatly improved under the Macri government compared to under the Kirchner governments, when the bilateral relationship was often tense. Macri's election brought to power a government that to date has demonstrated a strong commitment to constructive bilateral relations. The Obama Administration moved swiftly to engage the Macri government, highlighted by President Obama's state visit to Argentina in 2016 and the launching of a High-Level Dialogue in August 2016.

Relations continue to be positive under the Trump Administration, with President Macri visiting the White House on April 27, 2017. The two leaders discussed ways to deepen relations on a host of areas, including trade and investment, combatting illicit financial activities, cyber policy, and the situation in Venezuela. Members of Congress have expressed support for strong relations with Argentina; the House approved a resolution in April 2017 and the Senate Foreign Relations Committee reported a similar resolution in June that upheld commitment to the partnership between Argentina and the United States and encouraged the State Department to coordinate a new interagency strategy to increase cooperation with Argentina in areas of bilateral, regional, and global concern.

Miami Herald, September 30, 2016.

[97] "Nisman AMIA Complaint Against CFK Re-Opened," *Buenos Aires Herald*, December 30, 2016.

Appendix. Selected U.S. Executive Branch Reports

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