

# ICCI GLOBAL MEETING – NOVEMBER 2018

## ARGENTINA'S PANORAMA



### 1. WHAT IS HAPPENING IN YOUR COUNTRY IN THE ECONOMY, POLITICALLY AND LABOR MARKET

#### a) ECONOMY ISSUES

The failure of the actual government of President Macri, to control inflation, with the consequent galloping devaluation of the peso, looms over Argentina like a black cloud, warning that more storms are brewing. (Buenos Aires Times (further BAT) 30-08-18)

**Skyrocketing dollar sends (Argentinian) gov't into crisis mode.** As the value of the US\$ Dollar kept rising ( $\Delta$  72 %) on the last year, the local Central Bank hiked its benchmark annual interest rate from 45 percent to 70 percent – the world's highest – in an effort to halt a sharp slide in the value of the peso against the dollar, and it went successfully. After reaching AR\$ 42.00 per US Dollar on last August, in two weeks it plummeted to AR 35.00 and keeps maintaining around these levels.

Since taking office in late 2015, Macri has struggled to tackle inflation. His government expects it will end the year at between 32 and 32 percent, though most private estimates predict the final annual figure will be slightly higher. (BAT/AFP)

But he said the IMF (Int'l. Monetary Fund) would provide "all the funds necessary to guarantee the fulfillment of the financial programme next year. So Argentina received the first US\$15 billion of the stand-by loan in June and a further US\$3 billion in September. Both, as part of the US\$54 billion (the highest on the IMF history), is to be allocated to support the budget, and the rest to the country's Central Bank to shore up the peso over a three-year period. In return, the government has committed to reducing its budget deficit to 2.7 percent this year, from 3.9 percent in 2017, and to 1.3 percent of GDP next year.

#### b) POLITICAL ISSUES

##### The bribery notebooks scandal

On last August 1, an unexpected and powerful disclosure was published by one of the oldest and most prestigious daily publications of Argentina, the newspaper 'La Nacion', on the discovery of about ten paper notebooks, containing the detailed notes made by a former driver of one of Argentine secretaries (ministers), who carefully took hand written notes during some five years, of the main movements made by her boss, as a presumable "collector" of possible bribes paid by some of the most important companies, on the business of public construction, to obtain preferred contracts from the those days government.

**Once detailed its contents, this immediately became a sizable issue. The press baptized it "the bribery notebooks scandal", being considered by some specialists, as by its scope and reach, comparable to the Brazilian 'Odebrecht - Lava Jato' scandal or the Italian 'Mani pulite'.**

This way, the former president C F de Kirchner become the highest-ranking official being investigated in the so-called 'bribery notebooks' case, which has already ensnared dozens of former government officials and top businessmen. Prosecutors believe a total of US\$160 million may have been paid by business leaders to her, her late husband and her allies and supporters in return for state contracts during a 10-year period from 2005-2015. Fernández de Kirchner is being investigated in five other cases too.

(BTA/NA/AFP)

### c) ARRESTS

**On this growing trial, there have been arrested to date fifteen people, while several others (totaling 47 until now) have secured plea bargains that have granted them a reprieve — possibly only temporarily — from prison.**

At the same time, an Italian court called on last September on local investigating prosecutor Carlos Stornelli to lobby his colleague Eduardo Taiano, who is in charge of the Argentine branch of the international 'Lava Jato' (Brazilian) corruption investigation, to obtain testimony from former Techint (one of the biggest steel producers in Argentina, and an important world player on this industry) and one of his directors, accused of having played a key role in the alleged graft ring. Milan prosecutor Donata Patricia Costa has sought his testimony in the investigation into Italian private sector involvement in the 'Petrobras-Lava Jato' corruption scheme since October last year.

**In case of interest on deepening this analysis, or more details, please find an original article published by The New York Times, attached to this paper.**

### d) CLEARING A CRUMBLE ECONOMY

In the UK not that long ago, a government minister who tried to wriggle his way out of a traffic offence committed years earlier, by saying that his then wife had been at the wheel got sent to jail; **here, a former president who has been plausibly accused of stealing hundred billions of dollars not only remains at large, but still has a chance, albeit a remote one, of returning in triumph to the Pink House and stealing a few billion more.** If the opinion polls are to be believed, that is what about a third of the electorate wants.

Actual President Mauricio Macri seems determined to break with this tradition. Whether because he wants to be remembered as the man who rebooted Argentina or for some other reason, he says he will press on with what he calls "modernization".

To get at the crooked politicians he thinks are holding Argentina back, Macri has to treat those businessmen with equal severity even though they include some of his own relatives and friends. For obvious reasons, picking a fight with a big part of the business community just when the country is facing a prolonged economic drought strikes many as unwise, but he now has little choice in these matters. Macri hopes foreigners out there in New York, London and Frankfurt will be suitably impressed by his determination to rid Argentina of wrongdoers.

### e. BUSINESS CLIMATE

**"A low cost revolution"** Despite general uncertainty about its economic future, Argentina is enjoying a small revolution in the commercial air travel market. Local firm 'FlyBondi' (sort of a flying bus) began operating domestic routes in last January. In Argentina just 25 out of every 100 people fly, less than half

than in Chile (56) and also – according to the Administración Nacional de Aviación Civil Argentina (ANAC) – below the percentages in Brazil, Colombia and Peru, which offer more open skies and routes.

New low cost domestic routes began to open: Norwegian Air currently operates four international flights between Buenos Aires and London. That route will expand to a daily frequency from December, the company announced. Norwegian Air began operating domestic routes in Argentina from October connecting Buenos Aires city with Córdoba and Mendoza (two other main cities), with four Boeing 737s based in Argentina. And one more Low Cost airline is expected to land on next month: the Chilean Jetsmart. (Infobae & others)

## **f) LABOR CLIMATE**

Last figures: COL: August 2018 3,8 % September: 6,5%.

Unemployment: March 2018: 9,1%. September: 9,6% (Estimated 1.850.000 people) The FMI foresight is that it will increase to 10,9% in 2019.

On this regard it is to be noted that:

- There has not been a big increase on the lay offs, but what has heavily diminished are new hirings.
- On a Manpower survey the employment expectation is now the lowest one of the last two years. (Clarín October 10, 2018)

### **2. What is happening in the profession of career coaching?.**

On this kind of earthquake, there is a common discouragement feeling.

### **3. What strategies are career coaches using to compete in today's market place**

We ourselves just keep trying to do our best, to keep being updated and alert for any new possibilities. As previously mentioned, meanwhile the private companies are not firing so much people (there are some exemptions like the automotive and luxury goods importing companies), they are not interested – at least for the time being - on paying for Outplacement nor Coaching programs...

Mouth to mouth commendations keep working, even when on poorer proportion than those of the last years. And what about our colleagues from other countries referrals, which used to be our reliable spine, even when those almost disappeared on the last two years. And of course, we keep expecting better times for 2019.

**YOUR COMMENTS, QUESTIONS AND/OR SUGGESTIONS, ARE ALWAYS WELCOME**