

# *Argentina*

Stepping out of the shadows – and into the limelight

Investment Series 2006



# Back in the Black

**A**rgentina has come a long way since the dark days of default and devaluation. Since the 2001 crisis the economy has been growing strongly at around 8 per cent a year.

This rapid turnaround has been built on fast-growing exports and improved competitiveness, in part due to the devaluation. Exports have reached nearly \$40 billion, boosted by strong demand from China and other Asian countries for agricultural products such as soy, resulting in high prices for these Argentine commodities on global markets. Regional trade has likewise grown by around 40 per cent on the back of the agreement between South American countries to gradually reduce trade tariffs.

Argentina's export-led recovery, combined with the government's stricter financial discipline and more effective tax collection, has produced a fiscal surplus representing 4 per cent of GDP – a far cry from the situation in the nineties when fiscal deficits of 2 per cent or more were the norm.

The Governor of Argentina's central bank, Martin Redrado, sees this fiscal discipline as part of a broader trend in Latin America towards greater prudence and better debt management. On the debt front, some 76 per cent of Argentine debt was renegotiated following devaluation, subsequent to which debt repayments have been far smoother than anticipated.

In recent months the International Monetary Fund's (IMF) loans were paid off two years ahead of schedule, thereby strengthening the country's steadily improving credit status and standing with international financial institutions. After restructuring, outstanding debt now represents a manageable 2-3 per cent of Argentina's GDP.

Redrado also points to the "very prudent, predictable and transparent monetary policy" that has been adopted as underpinning the broader economic revival. "We have been complying with specific, self-imposed targets for monetary aggregates", he says, adding that since the IMF program was wound up nearly two years ago this discipline has been voluntary.

## NEW BANKING STRENGTHS

Also crucial to the sustainability of Argentina's recovery, in Redrado's view, is the emergence of a much stronger financial system, with the main foreign banks having recapitalized their subsidiaries by more than \$1.5 billion, a greatly improved currency match between assets and liabilities, and, in terms of systemic risk, an all-time high in measures of both liquidity and solvency.

Inflation, currently running at 12 per cent, remains a worry, though this is far lower than previous levels and is in large part fuelled by delayed price adjustments of utilities and other services. "My approach towards this", says Redrado, "is that we need a tight fiscal policy, tight salary policy, and a tight monetary policy. For our part of the game, we will continue to deliver a very strict monetary policy and will therefore continue to be on a contractionary stance."

With the government seeking to stabilize inflation at around 10-11 per cent, the consensus for Argentina's future economic growth is that it will trend slightly downwards from today's 'China-like' 8 per cent to between 5 and 5.5 per cent per annum. But the important thing is that, at these levels, continued growth will be far more sustainable.

## INVESTOR OPPORTUNITIES

Clearly, investors' confidence has returned, with new investment levels up from near

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**Clearly, investors' confidence has returned, with new investment levels up from near zero ... to around 21 per cent of GDP today**

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zero in the immediate aftermath of the crisis to around 21 per cent of GDP today. Yet, even in the depths of the crisis, some international investors saw opportunities in post-devaluation Argentina where asset prices were low. Among them was the doyen of counter-cyclical investment strategies, George Soros, who seized the moment to expand his agri-business interests in Argentina significantly.

The combination of much lower labor costs following devaluation and a highly skilled workforce make Argentina a competitive and highly desirable investment destination. Agri-business remains globally very competitive, but opportunities in mining – particularly in the provinces of San Juan and La Rioja – have attracted international interest.

Tourism is growing rapidly, with a carefully laid out plan through to 2016 that should see revenues treble to between \$6.5 and \$8.5 billion as the country's massive diversity and touristic potential is unlocked. Meanwhile, Argentina's information technology sectors combine high skills with a relatively low cost base.

It has been estimated that a further 2-2.5 per cent of capital investment will be needed to maintain long-term and sustainable growth rates above 5 per cent a year. To achieve that, Argentina needs to continue to rebuild its image as a safe home for international investments. Provided that it sticks to a tight monetary policy and fiscal responsibility, and further improves its record on transparency and certainty of contracts, that should pose no insurmountable obstacles to further investment. For, on the ground, the opportunities are there. ■

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# Call of the Wild

**S**tretching from its tropical forests in the north down to the world's southernmost point at Tierra del Fuego, and from the highest peaks of the Andes along its western border to the vast grasslands of the pampas, Argentina has enormous potential as a tourist destination.

It is a country where you can relax on expansive estancias after tasting world-renowned wines and beef reared on the ranch, where you can go skiing in July and embark on adventure holidays through truly virgin territory. And yet, much of that natural potential is still waiting to be opened up – especially in the provinces distant from the capital, Buenos Aires, which are only just beginning to develop as tourist destinations.

Until now, as Argentina's Secretary of Tourism, Enrique Meyer, points out, most visitors have concentrated on just three areas: Iguazú, in the north, with its spectacular falls; the capital, Buenos Aires; and Patagonia, in the far south. "Buenos Aires is almost always included," he says, "because it is the international link to all destinations in the provinces – though it is also a major attraction in its own right for its tango shows, its polo matches, and designer hotels like the Philippe Stark-designed Faena, along with sophisticated and competitively-priced shopping. Other Latin Americans consider it to be the 'Paris of South America'."

#### GROWING TOURISM COMBATS UNEMPLOYMENT

Indeed, Latin America, along with the United States, has been the main tourist market for Argentina, though more

recently Europe has been growing fast and especially EU countries like Spain, Germany, the United Kingdom and Italy. There has been a large increase in recent years of promotional activities in these markets, with the Secretariat of Tourism more than doubling participation in international fairs in 2004 alone. This has shown immediate results, with the number of arrivals at

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**The tourism sector is growing rapidly as the country's massive diversity and touristic potential is unlocked**

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*Patagonia - Argentina - Patagonia - Argentina - Patagonia - Argentina - Patagonia*



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*fin del mundo*



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Buenos Aires International Airport up by 20 per cent in the first quarter of 2005.

Both the federal and regional governments are looking to the labor-intensive tourism industry to help with the ongoing problem of unemployment. Large tourist developments like hotels, airports, and holiday resorts are major employers in themselves, though equally important is the beneficial impact on the broader services sector, which invariably follows these primary developments.

Meyer notes: "We at the Secretariat of Tourism worked very closely with the Labor Ministry and an agency called the Federal Board on Investment, which draws in contributions from the provinces. From there, we began a program called 'Plan PROFODE', meaning 'Program to Encourage Emerging Destinations'. We have managed in an area being promoted for its fine food to set up the 'Quebrada de Humahuaca', to link co-operatives of gastronomy services with banner services for the private sector.

"That kind of personal assistance, offering local expertise, is also being applied now in the provinces of La Rioja

and San Juan. At the same time, there are training programs such as, for example, the agreement we made for cab drivers in the city of Buenos Aires to acquire a basic knowledge of English," continues Meyer.

Tourism in Argentina currently generates around 7.9 per cent of GDP, making the industry the fourth largest earner of foreign exchange. Meyer says that the long-term development plan through to 2016 is to raise tourism's contribution to between 10 and 12 per cent of GDP, with revenues growing from \$6.5 million to around \$8.5 million.

#### ARGENTINA: THE BRAND

Part of this strategy is to strengthen Argentina as a national brand, and to this end attendance by Argentine representatives at international trade fairs has more than doubled. "We are also co-operating closely with Chile and Brazil", says Meyer, so as to tap into the large element of long-haul travel that seeks to visit more than one country in South America. And there is more focus on specific markets, such as golfing or adventure holidays. "We have participated in fairs specifically related to

## There is more focus on specific markets, such as golfing ... adventure tourism and sport fishing

golf," says Meyer, "along with adventure tourism and sport fishing fairs, to encourage promotion of both the country as a whole and the different regions."

Recent trends in travel suggest that more visitors want to explore Argentina beyond Buenos Aires, in response to which most of the provinces are seeking to offer something special and 'different' to the consumer. The provinces are aware that, at present, they cannot compete with established mass-tourism resorts and are therefore concentrating on a more niche, upmarket offering. In order to achieve this, a great deal of new infrastructure will have to be built, opening up opportunities for investment in a fast-growing sector.

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**La Rioja**  
Argentina

Photo: Argentinean Tourist Board / Julie Bergada



Patagonia in the far south leads the way, despite its distance from Buenos Aires. "For us, tourism is an extremely important activity", says Hugo Cocco, Governor of Tierra del Fuego province. "We already have a port that is the main gateway to Antarctica, and during the summer season we receive approximately 300 cruises carrying some 90,000 tourists who visit us every year. Hotel business has grown a lot in the province, and we have our National Park, which is a major attraction. There's a lot of sport fishing

groups already, so many farms in the northern area have turned to this activity recently, giving up raising cattle in order to devote themselves to sport fishing tourism."

**365-DAY TOURIST SEASON**

Tierra del Fuego also benefits from a year-round tourist season, having in Cerro Castor, with its 18 ski slopes and good snow conditions, one of the most modern winter sports centres in South America where one can go either downhill or cross-country skiing in July.

"We focus on more exclusive tourism rather than mass-tourism," says Cocco, "developing activities in close contact with nature, and are currently experiencing strong growth of 'active tourism', such as trekking, canoeing, and mountain-bike tours. Another important project being developed, together with the national government, is an 'International Antarctic Area' and the development of a new 'multimodal' quay and logistics support for expeditions and bases in the southernmost continent.

"This project," says Cocco, "takes place within the International Polar Year,

which is celebrated every 50 years and whose three main pillars are science, education, and logistics. Our goal is to strengthen the issue of 'Education and Communication' through an event called 'Eco Polar'.

For Ángel Maza, Governor of La Rioja province, "The problem that Argentina has is that it is mainly known abroad only for Patagonia and Buenos Aires. Yet there remain many undeveloped tourist areas here. One is called Cuyo, where we have joined four provinces together to develop integrated tourist circuits. For example, we have a circuit called 'The Road of Dinosaurs' in San Juan, La Rioja and San

**We have joined four provinces together to develop integrated tourist circuits ... in San Juan, La Rioja and San Luis**

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Luis, and we have developed infrastructure surrounding those circuits."

The Governor of one of those affiliated provinces, José Luis Gioja of San Juan, would add a whole list of active or adventure tourist activities that could be developed in the high Andes. "We are developing projects around ski centers and all-year tourism in our natural springs area, as well as mountaineering and trekking. Besides which, we have 300 days of sunshine every year."

**BEAUTIFUL CONTRASTS**

By contrast, the northern province of Chaco prides itself on its 'impenetrable' forests and wildlife as a place to get away from it all. "Chaco has some very different tourist offerings," says Roberto Dell'Orto, Minister of Economy, "such as the city of Resistencia with its international sculpture festivals; the thermal springs in the city of Presidencia Roque; and Cerrito Island, at the confluence of the Paraguay and Paraná rivers, with its fascinating flora, lagoons and wildlife."



Puerto Madero: the new, vibrant business district of Buenos Aires

Photo: Osvaldo Peralta & Cemiteza Infuctur

**EXPANDING TOURISM INFRASTRUCTURE**

But for Argentina's tourism to flow out into the provinces, the airline business has to be liberalized. Currently there is little competition and most flights are routed via Buenos Aires. Among international operators, LAN Chile is already present and there are signs that more US airline operators are showing interest in entering the market or expanding their operations there.

Other major tourism infrastructure projects are being partially funded by a \$58 million loan from the Inter-American

Bank of Development (IABD) for the Iguazú-Misiones Jesuíticas region and the Lakes area in northern Patagonia. Meyer adds that further investment in transportation infrastructure "will make private investment easier". The big international hotel chains – Hilton, Sheraton, Hyatt, and Kempinski – have already established a presence outside the capital, and more are likely to follow. Most are joint ventures with Argentine investors, but Meyer is confident of an increasing flow of foreign direct investment in tourism. ■

# Ahead of the Curve

**S**trong global demand for Argentina's agricultural products, combined with high prices on international commodities exchanges for key products such as soy, has led to rapid expansion not only of agri-industries but also sectors such as petrochemicals and pharmaceuticals, which furnish products needed for the processing and export of agricultural surpluses.

One such success story is Petroquímica Argentina, whose products are used to preserve fruits and vegetables and whose recent and highly successful IPO was the first in Argentina since the crisis of 2001.

The only benzoic acid producer in the region, the company operates three industrial facilities currently running at 90 per cent capacity and has built up a strong presence in the chemical, petrochemical, pharmaceutical and agricultural supplies business, with a market share of 75 per cent of the benzoate market within Argentina and 55 per cent in Brazil.

As a major user of the oil by-product toluene, Petroquímica Argentina has obtained a supply contract with Repsol YPF, the main local producer of this raw material, which will enable it to compete on an equal footing with the other three benzoic acid producers in the world. Its products are currently sold across South and Central America, with exports accounting for roughly half of its turnover. The company has been investing heavily in increasing its installed capacity this year with a view to growing revenues by 25 per cent, and is expanding across the Mercosur trade area and especially in Brazil, where it is currently building a new benzoic acid synthesis facility that will have twice the capacity of its existing plant.

While the immediate objective is to increase its market share within Mercosur, the medium-term goal is to consolidate its position as an empathic company providing functional solutions



Photo: Osvaldo Peralta & Gentilezza Infocur

to the food industry. Petroquímica Argentina estimates that, within Mercosur alone, this represents a \$1.1 billion business. It is therefore looking for strategic allies who are willing to engage in joint-venture projects, or possibly foreign direct investment.

## MULTIDISCIPLINED WORKFORCE

One of the main factors differentiating Petroquímica Argentina from its competitors is its human capital. These include engineers from all disciplines, accountants, chemists, food technologists and even architects – many of them coming from multinational companies in a wide range of industries. The result has been the creation of a truly multidisciplinary team, organized into technical groups in the various areas so as to identify opportunities for adding value to customers' productive processes.

A similar combination of specialized expertise and innovative flair informs Bio Sidus, the biochemical arm of the larger pharmaceuticals group Sidus that has been researching and producing human

health products since the seventies. Its approach has been to foster a close relationship between science and enterprise, innovative R&D accompanied by production-driven risk investment.

"Today we are trading in more than 30 countries," states company President Marcelo Argüelles, "and we are about to launch in Russia, Pakistan, Indonesia, Thailand, and several other countries. And as international patents expire in many first-world countries we will be exporting our molecules to Europe, the United States, Japan, Asia, and New Zealand in the near future."



## A STRONG BIOTECH PORTFOLIO

Bio Sidus has an unusual evolution as a biotechnological company that was created by a pharmaceutical group. "Rather, a biotechnological company that was absorbed by a pharmaceutical group," Argüelles explains. "Because we are oriented toward everything related to health, we evaluated that the potential of our country in the region and in the world would best be exploited by applying biotechnology to the production of foodstuffs and cereals."

Bio Sidus also focuses on gene therapy – the development and production of biomolecules, primarily recombinant proteins, for human health – and on the means to obtain mass quantities of these biomolecules from milk. Understandably, this requires high-quality graduates in extremely specialized fields, something for which there is growing demand in Argentina and which the country's universities are seeking to meet.

## HIGH-CALIBER GRADUATES

Among these is the Universidad Argentina de la Empresa (UADE), a

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**When our people leave university they are ready to work in real companies or to develop new companies, as entrepreneurs, because UADE prepares you for the real world**

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private university in Buenos Aires originally founded by leading members of the chamber of commerce. Its highly focused mission is to produce graduates of a high caliber, equipped with the appropriate skill sets, to run Argentine business corporations and the public sector in the future.

UADE's President, Héctor Masoero, explains that roughly half of the

university's 50,000 students are engaged in economics and business studies, the other largest disciplines being engineering and social studies. "But our aim", he says, "is to prepare our students for the real world."

"When our people leave university", he adds, "they are ready to work in real companies or to develop new companies, as entrepreneurs, because UADE prepares you for the real world."

That combination of academic grounding and a business-like approach is already apparent in companies like Petroquímica Argentina and Bio Sidus, and is spreading fast through other industries in Argentina where innovation is the key to success.

Intellectual capital is a resource Argentina proudly has in abundance. As Argüelles points out, "Argentina has a long history of academic and innovative excellence. In the field of biological sciences alone we have three scientific Nobel prize winners, in Houssay, Milstein and Leloir." Such a rich pool of creative talent is sure to be another key factor in attracting new business to Argentina. ■

## BIO SIDUS A SOUTHERN GATEWAY TO THE BIOGENERICS OPPORTUNITY

In a country where venture capital is scarce, the culture of investment is rare and long-term policies are unusual, the Buenos Aires-based company, Bio Sidus SA – a local pharmaceutical start-up located 6,000 miles south of the heart of venture capital – has evolved into a leading global business, supplying high-quality biopharmaceuticals, achieving top-class international standards as well as a highly competitive cost structure.

For the past decade, Bio Sidus has played a major role in introducing innovative though affordable products "biosimilar" to some of the top-ten blockbusters – epoetin and interferon beta, for example – in non-IP countries. Since 1990, the company

has contributed some 41 million doses of biopharmaceuticals in 30 markets across Latin America, Asia, Africa and Eastern Europe.

Bio Sidus is now facing two big challenges: Biogenetics for IP countries, and biomolecules obtained from transgenic animals.

The biogenetics market looks set to see an exceptional growth and rapidly reach billion-dollar levels. Epoetin, somatropin and some interferons are coming off-patent and are anticipated to be the first product launches with abbreviated routes to market, first in the EU, later on in the US.

Bio Sidus is one of the few serious contenders with the ability to bring biogenic products to the newly open European and US markets in association with a strategic partner. The biogenetics market will be hard to access but any company willing to take up the challenge will be greatly rewarded.

No less challenging is the introduction of products derived from

transgenic animals. In a country where cattle management is a tradition, this R&D team has merged the local breeding skills with its own expertise in gene manipulation. The result has been striking: the Pampa Dynasty, a herd of transgenic Jersey cows, produces hGH in its milk. This southern firm – the first to build a pharmaceutical dairy to produce somatropin – plans to become a major player in the cost-efficient supply of biomolecules. Target proteins to follow in this project include insulin and bovine growth hormone, and the company's expectation is to enter central markets, paving the way for this innovative and highly efficient production method.

Both projects should attract the attention of investors and companies looking to enter the biogenetics market or that of transgenic-derived products.

Maybe this southern company will soon become the crossroads for South and North to meet. ■

# Nature's Bounty

**A**rgentina's rapid recovery over the last five years has been built largely upon its traditional strengths in agriculture and animal husbandry, together with further development of its extractive industries – including mining. The country has potentially vast natural resources, particularly in the Andean and pre-Andean mountain range, which still remains for the most part under-exploited if not totally unexplored.

Whereas neighboring Chile has been systematically exploiting its mineral resources for decades, Argentina is only just beginning to open up prospects on its side of the Andes. However, that is set to change. Investments in mining projects already under way or at the planning stage may well, when taken in aggregate, soon be amongst the largest in the world.

Most of this activity is concentrated in three provinces whose territories run up to the Andean divide: La Rioja, San Juan and Mendoza. Their governors are fully aware of the potential importance of the mining projects for their provinces – not just in terms of attracting inward investment, but also the broader impact of such activity on employment, other social issues, and the environment.

## RICH MINING OPPORTUNITIES

All of these provinces, and especially San Juan, are investing heavily in mining-

related infrastructure such as transportation and power supply. The Governor of San Juan, José Luis Gioja, notes that quite apart from being "the leading producer of lime in the country, along with bentonite and quartz, a new rare metals industry – primarily gold and silver – is being created with a project in which we invested \$540 million and which began producing silver last October."

Beyond this there are further mining projects being constructed: 'Gualcamayo', in which around \$80 million has been invested and which should be operational by the end of 2006, and 'Casposo', which will take around \$50 million of initial investment. "Also there is a mega-project shared with Chile", says Gioja. "A mineral bed straddles the borders of Argentina and Chile. It is known as 'Lama' on the Argentine side and 'Pascua' on the Chilean side. We foresee an investment of \$1.5 billion going into one of the biggest mines in the world. All these are projects related to silver and gold mining."

Principal investors so far are from Canada – Barrick Gold in the case of Veladero and Pascua-Lama, Viceroy in the case of Gualcamayo, and Intrepid in the case of Casposo. "We also have a copper bed in the southern area of San Juan called 'El Pachon'," says Gioja, "operated jointly by Falconbridge and Noranda. This project involves an \$800-\$900 million investment."

La Rioja's Governor, Ángel Maza, believes there now exists "a window of opportunity for businesses which will be fast-developing, especially in everything related to infrastructure for mining projects. The opportunity arises from the high price of gold and the peso's devaluation, which makes the cost of high-risk exploration more attractive." He points out that around 70 per cent of the Andes mountain range is in

Argentine territory and that "there are more than ten big international companies exploring our province, including Barrick and other similar ones."

## ENVIRONMENTALLY AWARE

All these governors are fully aware of the environmental issues attached to new mining developments and stress that they are complying with all international laws. Also, as Gioja points out, "In Argentina there is a law in force about environmental impact regarding mining, and we have to enforce it without any kind of restrictions. Companies must understand that they have to comply with the law and that the development of these mining projects must be sustainable both at an environmental and economic level. For any project to start up, all reports about environmental impact must have been approved."

"The environmental issue has been included in the Mining Code," says Maza, "and all international companies have adapted and shown themselves willing to make the necessary investments for sustainable development." However, he admits "all this is not enough if there is still unease".

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**All international companies have adapted and shown themselves willing to make the necessary investments for sustainable development**

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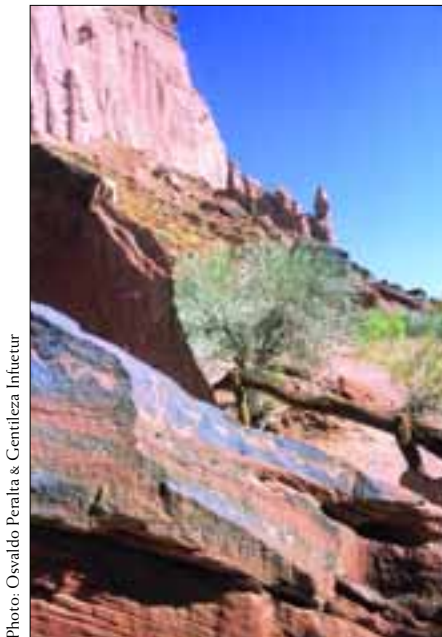


Photo: Osvaldo Peralta & Centiliza Infructur

**A CATALYST FOR GROWTH**

In Santiago del Estero province, Governor Gerardo Zamora points to the current exploitation of gypsum, lime and manganese, beyond which "there is some important research about minerals such as gold and other rare metals such as lithium". He sees this as a base from which to build broader industrial development in the province, with a new Enterprise Park and an Industrial Promotion Law to facilitate new investment. "We have had 30 requests to set up manufacturing plants," he says, "including tractors, buses and milk powder".

This last item is typical of the value-added component being introduced into Argentina's booming agricultural sector, which accounts for the largest share of the country's \$40 billion of exports. Agri-business has seen a large influx of foreign investment since 2001, including such names as Rothschild and Soros, attracted not only by relatively low land costs following depreciation but also by the scale and efficiency of Argentine producers.

**Agri-business has seen a large influx of foreign investment since 2001, including such names as Rothschild and Soros**

**A HUGE AGRICULTURAL BASE**

Soy and cattle are among the top export products, and one province that has a large share in this is Chaco – thanks in part to it having managed to keep the province free of foot and mouth and other cattle diseases. Indeed, it has registered 'Carne de Chaco' as a trademark and is increasing its exports of beef into Spain and other EU markets. Cotton and sunflower oil are the other main products.

"Everything related to agri-business is important for us," says Roberto Dell'Orto, Minister of Economy for Chaco. "Because we have such a large

agricultural production base, everything related to adding value to cotton, to cattle products or to forest production is a most important issue."

"Chaco has always been a province exporting commodities or products with some degree of industrialization," he continues. "For example, the cotton fiber, tannin extract and soy, which is a traditional commodity here, all require a measure of industrial processing." And the province is well positioned to benefit from rising export demand, being positioned in the so-called 'Bi-Oceanic Corridor' linking the Pacific with the South Atlantic and all six countries in the area. "The province," says Dell'Orto, "is in the early stage of developing railways, harbors, and bridges in order to take advantage of its strategically important location."

In Santiago del Estero province, Zamora notes that economy is largely based on primary agricultural production: "We have almost 1.2 million head of cattle and more than 700,000 sheep, making this province one of the most important in northern Argentina. We are also the second largest cotton

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producer, having some 2 million hectares of unirrigated land in production, and a further million that is irrigated for vegetables and other crops."

Santiago del Estero is one of the main producers of soy – practically all of which is exported to China and other Asian countries – with around 850,000 hectares currently in production. "What we are lacking", Zamora complains, "is added value, which could lead to further economic development and help us to address the social problem of unemployment."

La Rioja province has a much drier climate, but here again, as Maza points out, "the main economic sectors are agriculture and agri-industries. Although we do not have a huge range of products, the areas in which we specialize – mainly olives, wines, nuts and jojoba – are of high quality. The province's industrial sector is similarly linked to agricultural output, being mainly in textiles and the leather industry.

As Governor Julio Cobos of Mendoza province states, "If people know anything of Argentina besides tango, beef and Maradona it is our great wine". The majority of the world-famous Malbec is grown in the two provinces of Mendoza and San Juan, which Cobos believes has elevated the status of the region to "the eighth wine capital of the world".

The near-desert climate of San Juan gives "a special quality to our agricultural products", according to its Governor, José Luis Gioja. "Our grape-growing and

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## Argentine wines have invaded supermarket shelves across the world

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wine production is excellent, representing 25 per cent of Argentina's total." While trailing behind Mendoza province in terms of wine production, San Juan leads in concentrated grape juice, dessert grapes and raisins. "We are also the second largest olive producer," says Gioja, "with good olive oil and canned olives."

### NEW-WORLD INVASION

Argentine wines have moved their focus swiftly away from quantity to quality, with top producers such as Catena winning international acclaim. There has been a similar shift towards more sought-after varieties such as Syrah in San Juan, while La Rioja province's 'Calidad de La Rioja' campaign is focused on improving quality yet further. The result has been that Argentine wines have invaded supermarket shelves across the world, where they compete favorably with Chilean and other 'New World' wines. Those who saw this coming, including leading French and Chilean houses, cannot be displeased with the investments they made in Argentina five or more years ago. ■