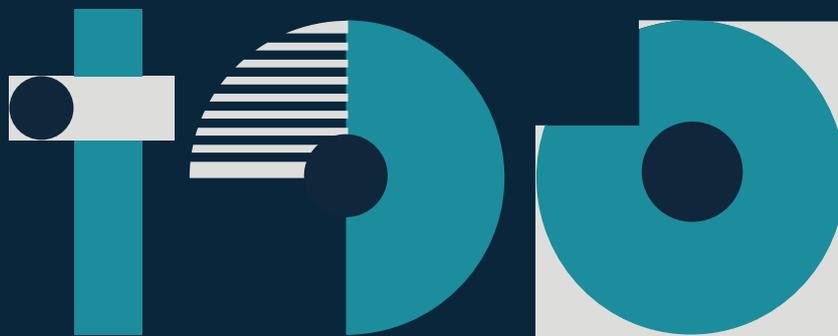


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REPORT

**THE FIRST 100
DAYS OF ALBERTO
FERNANDEZ**

Madrid, March 18, 2020

The first one hundred days of a government are usually considered a precedent, based on which it is possible to forecast some of its guiding principles. During this period, the presidential imprint and style are defined. In the case of Alberto Fernandez's Argentina, this stage is even more relevant, considering the fact that his party is a coalition between different factions of Peronism that now coexist in power.

The complexity of these coexisting political forces is further enhanced by a fragile economic and social scenario that the new Argentine government must face, with an economic recession—drops in the GDP of 2.5% and 2.1% in 2018 and 2019 respectively—and a high inflation (over 50% last year). Furthermore, society has been seriously affected by the crisis and a hefty foreign debt, of about 97% of the country's GDP, both with private creditors and the International Monetary Fund (IMF) that must be addressed.

In this already “explosive” situation, the COVID-19 pandemic forced the national government to refocus its priorities, putting many of these issues, at least in the public agenda, in second place. This is what has happened with the debt renegotiation, for example. The president himself has been heading a crisis committee for several days to evaluate the next steps, minute-by-minute, to face a virus that has the whole world on alert.

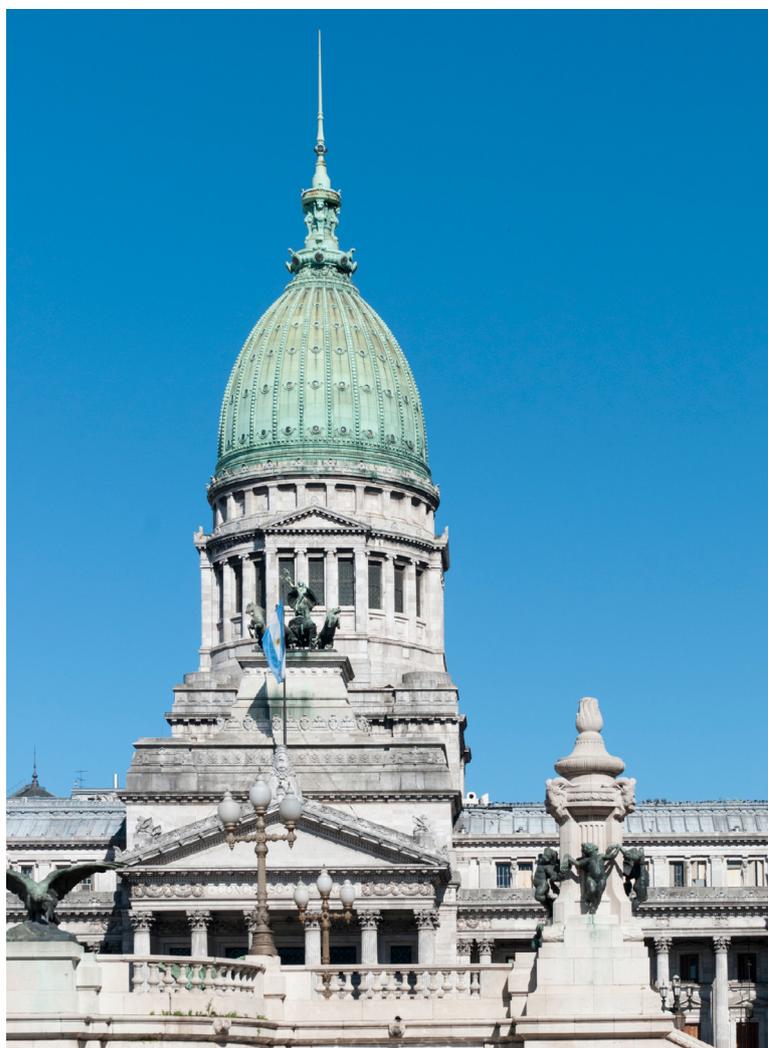
THE GOVERNMENT CABINET

The governing coalition arguably has three main components: Traditional Peronism (con predominancia de la Ciudad de Buenos Aires – histórico reducto de militancia de Alberto Fernandez - sobre el Interior, caracterizado por los gobernadores de provincias) (predominant in Buenos Aires—a historical relic of Alberto Fernandez's militancy—and the interior, characterized by province governors); Kirchnerism factions, which answer to Cristina Kirchner; and the Frente Renovador, with Sergio Massa as its leader. In order to consolidate the new government, President Alberto Fernandez has had to meet the needs of all these sectors when designating Executive Power and diplomatic positions.

Kirchnerism's leading figure is Cristina Fernandez, the Vice president of Argentina and Head of the Senate, and Axel Kicillof, governor of the province of Buenos Aires, the largest in the country. The influence of this movement covers several areas of government and Congress.

The Frente Renovador, on the other hand, was given control of the Lower House, headed today by Sergio Massa, the Ministry of Transportation, the National Telecommunications Agency (ENACOM), the state-owned water company (AYSA) and the Legislature of the Province of Buenos Aires.

Other key positions were given to the President's closer circle. This includes Santiago Cafiero, Chief of Staff; Julio Vitobello, Secretary-general of the Presidency; Vilma Ibarra, Head of the Legal and Technical Secretariat; and Juan Pablo Biondi, Secretary of Communication, among others.



GETTING THROUGH THE SUMMER

“Our honeymoon will last only one night,” was the forecast of Alberto Fernandez’s close circle during the first days of his term, which started last December 10. The president responded by saying that we need to “get through the summer” as the most critical period of his government, the first 100 days.

Upon assessing the inheritance received from the previous administration, the initial goals were to stabilize nominal prices and the exchange rate in an attempt to decelerate inflation. The government also set out to address the needs of the most vulnerable social sectors. However, Alberto Fernandez’s main goal so far has been to successfully renegotiate the foreign debt, ideally by March 31.

The most salient measures implemented by the new Argentine government include:

Economy

- **Social Solidarity and Productive Reactivation Act, within the framework of Public Emergency:** Less than one month into his term, Alberto Fernandez was able to pass a law in Congress for a package of economic measures. Apart from granting more powers to the Executive Power, the new law established the Impuesto País (Tax for an Inclusive and Supportive Argentina), applying a 30% tax on all transactions in dollars such as the purchase of goods and services (travel), foreign currency exchange, and international online transactions.
- **Restructuring foreign debt with the International Monetary Fund:** Although negotiations continue between Kristalina Georgieva (President of the IMF) and her team and Martin Guzman (Minister of Economy), the IMF technical mission claimed that the public debt is not sustainable and requested a debt release from private creditors. For the Government, this assessment will become the stepping stone to restructure the debt and postpone maturities.

- **Crusade against “agents of price formation”.** The national government maintains that, pursuant to measures such as freezing the price of public utilities, stabilizing the cost of fuel and controlling foreign exchange, inflation should cease to grow, especially for food and basic products. In this context, they believe that price increases are “malicious” and “speculative,” suggesting that businesses “try to preserve their profitability at the expense of consumers, doomed to pay for their speculations.” Consequently, Congress passed the “Aisle Act,” regulating the space occupied by each brand in stores and not allowing more than 30% of each supermarket aisle per company; the government has urged supermarkets to expand the spaces offered to small- and medium-sized suppliers. Although the National Congress has passed the law, its enactment and enforcement by the Executive Power is still pending.

- **Raising export levies on agricultural products:** In February, agricultural products were subject to a tax restructuring process. Soybean, which in December paid 24.5% in taxes, will now have to pay 33%. This measure was ill-received by the agricultural sector, which Cristina Kirchner had confronted in 2008. That is why the so-called “Liaison Committee”—which brings together four agricultural business associations—called for a 4-day commercial strike (March 9-12).

“Alberto Fernández’s main goal so far has been to successfully renegotiate the foreign debt, ideally by March 31 st.”



Foreign Policy

- **Alberto Fernández's European Tour.** The purpose of the trip was to obtain support from Europe to restructure the debt with the IMF, crucial to avoid default and maintain tax accounts. The United States has the majority in the IMF Executive Board, which makes it necessary for Argentina to have the support of Germany, France, Italy and Spain, —the four countries visited during the tour—, to counterbalance the influence of the White House. These four countries together make up for 15% of the votes of the Board, whereas the United States has 17% and a strong veto power.
- **Relationship with Brazil.** Brazil is one of Argentina's main trade partners. For this reason, bilateral ties should be a priority in the national government's foreign policy agenda. Three months after Fernández's coming into office, the Heads of State of these countries have still not met. Although there has been some contact between officials of the two nations, the ideological differences between Alberto Fernández and Jair Bolsonaro still persist.

Social Development

- **Alimentar card:** Alberto Fernández came to power in the midst of an economic and social crisis. Argentina has a 9.7% unemployment rate (with a peak of 11.1% in the Gran Buenos Aires

suburbs) , where the poverty rate is nearly 40.8% and inflation in 2019 climbed to 53.9% . Based on this data, the Ministry of Social Development implemented the Alimentar Card (within the framework of the "Argentina Against Hunger" Integrated Plan.) This card works in combination with the Universal Allowance per Child, cannot be used to withdraw money in cash but only to purchase basic food products, excluding alcoholic beverages.

- **Measures for pensioners:** The package of laws passed in December 2019 included a pension freeze proposed by the National Government. Within this context, Alberto Fernández signed a decree establishing a 5000 Peso bonus for the months of January and February for all retirees receiving the minimum pension. The rationale behind this decision, according to the government, was the need to increase the amount of money circulating among those earning less. Moreover, in view of the large gap that exists between minimum pensions and privileged ones, the Executive Power submitted a bill to trim these very high allowances. The bill will be passed in a few weeks, and not only will it modify the aliquots but will also mandate the provision of 170 medications to all those receiving the minimum pension.

“Two core issues emerge as decisive elements for the future of the Presidential project: reaching an agreement on the foreign debt and the relationship with Cristina Kirchner.”

Feminism

- **Restructuring of the National Public Administration:** As of December 10, Alberto Fernandez upgraded the portfolio of Health, Labor, Tourism and Sports, Environment and Sustainable Development, Culture, and Science and Technology, reinstating them as Ministries after having been downgraded to Secretariats under Macri's administration. The President also created the Ministry of Women, Gender and Diversity, with the aim of designing and conducting research and studies on gender, equality and diversity for policymaking and actions.

- **Voluntary Termination of Pregnancy:** Although there are no official numbers (as a result of the illegal nature of abortion), estimates show that half a million clandestine abortions are performed in Argentina every year. Stating that a public health policy is needed to preserve the life and integrity of expectant women, Alberto Fernandez announced that he would submit a bill to decriminalize and legalize voluntary termination of pregnancy. The text is expected to be submitted before the Lower House in the next hours. A similar bill was addressed by Congress in 2018, and was passed by the Lower House but rejected in the Senate.

The opposition

The interaction between the governing party and the opposition is vital for a proper functioning of institutions and State powers. Over the first 100 days, we were able to witness how Alberto Fernandez interacts with his opponents.

In this sense, it is important to mention Cambiemos (Juntos por el Cambio en la última elección) (Juntos por el Cambio in the last election), the party coalition that put Macri in power (2015-2019). Whereas Macri has withdrawn from the public eye, his administration is blamed by Peronism for the difficulties the country is currently facing.

Furthermore, Alberto Fernandez has turned Horacio Rodriguez Larreta, current Chief of Government of the City of Buenos Aires and Macri's possible successor as leader of the opposition, into a true adversary, trying to cut back his power by, for instance, reducing the federal funds transferred to the capital city.

The future

Two core issues emerge as decisive elements for the future of the Presidential project: reaching an agreement on the foreign debt and the relationship between Alberto Fernandez and his Vice president, Cristina Kirchner.

It appears as if Alberto is waiting to close the debt renegotiations to fully start governing. The question remains as to how much decision-making ability—either to block or to promote—will be retained by Cristina Kirchner once the President is able to (successfully?) overcome the first major obstacle of his administration. Peronism is also seemingly waiting for this answer to start outlining a strategy for the mid-term elections of 2021. These doubts will slowly begin to dissipate after day 101.

Added to these issues is the black swan of COVID-19, which, far from helping people glimpse plans and anticipate government programs, goes against some government guidelines and makes certain definitions, so long-awaited by the private sector, unpredictable.

ONLINE CONVERSATION

(measured from December 10th to March 11th)

Introduction

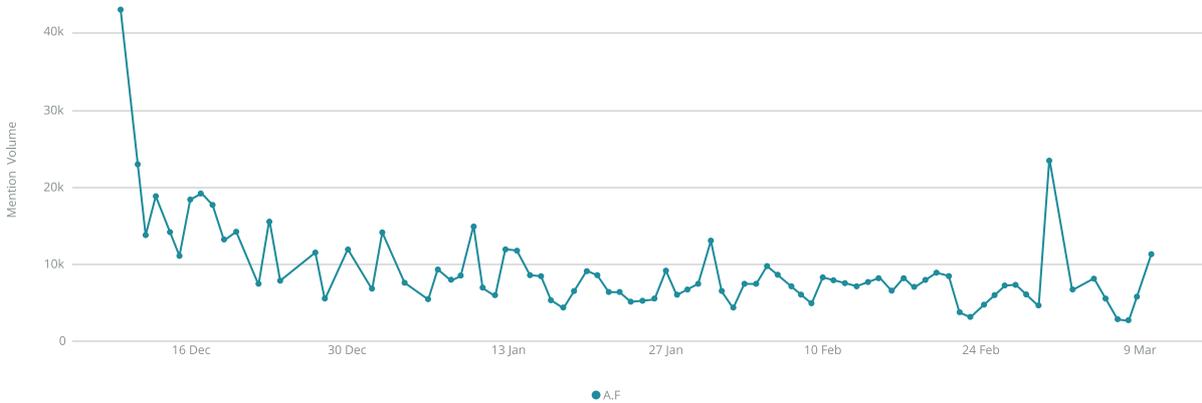
Using a Big Data management software, nearly 1 million mentions of President-elect Alberto Fernandez were collected and analyzed, along with the conversations on social media and online media during the first 100 days of his administration.

The methodology enabled the analysis of emerging issues that grow and eventually become trends, regardless of whether they are determined by the public agenda or not. The

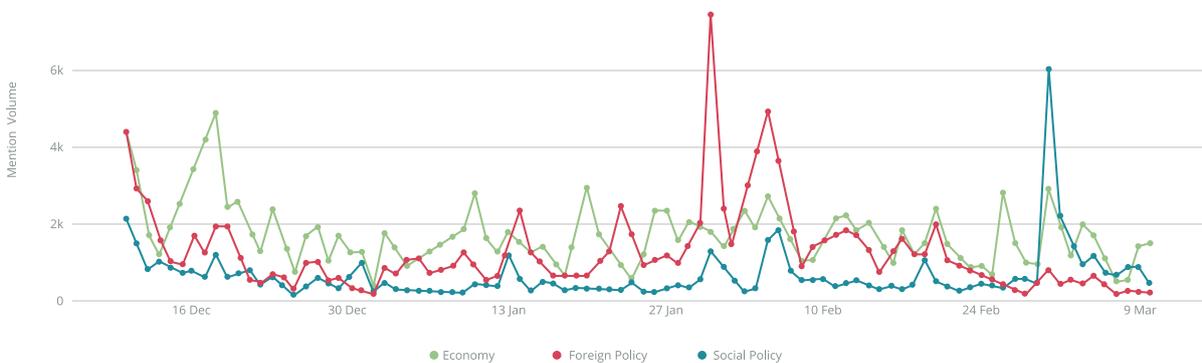
spontaneity of mentions and later reproduction is quantified and structured in order to detect patterns that might shed light on social behaviors, or at least paint a picture of the footprints left behind by the Chief of State in the Argentine digital ecosystem.

Conversations showed a downward trend throughout the period, with two significant consolidated volume points: the first, on the day of Alberto Fernandez's inauguration, on December 10, 2019, and the second one on March 1, 2020, for the opening of ordinary sessions in Congress.

Overall, 833,000 mentions related to Alberto Fernandez were recorded, of which 600,000 were identified on Twitter alone.



Conversations were broken down into **3 fundamental pillars**: Social Policy, Foreign Policy and Economy.



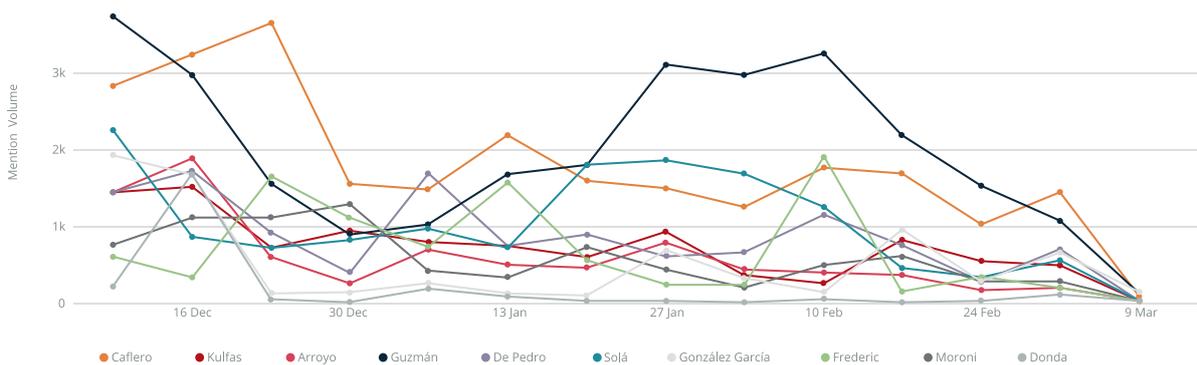
We identified two peaks in the volume of social mentions, which stand out from the average and can be associated with an existing tension between the opposing interests of the State and the Catholic Church. The first one was January 31, when **conversations soared due to the meeting between Fernandez and Pope Francis**. The second peak was detected March 1, when one of the main topics in traditional and social media was the decriminalization of abortion during Fernandez’s speech at the opening of sessions in Congress.

Although social and foreign policies were the center of the two conversation peaks, the topic with the highest number of mentions throughout the period was the economy, with 120,000 total mentions. **From the first day of his administration, the conversation revolved**

around how to reactivate the country’s economy. This became evident upon analyzing which ministers had the highest number of mentions.

Alberto Fernández’s cabinet of ministers.

The following graphic shows public officials who surpassed the 1000 daily mentions at any point during the analyzed period.



The list is headed by the Minister of Economy, Martin Guzman, followed by Chief of Staff Santiago Cafiero. During the week after the inauguration of the new President of the Argentine Republic, all eyes were set on economic matters and for that reason, the statements made by these two officials had the highest impact. **On January 27, mentions of Martin Guzman climbed once again, within the framework of the official trips to seek Europe’s support to manage the debt with the IMF.**

After quantifying the ministers and involved activities, we obtained information on which ministries had more or less participation in the online conversation.

The most mentioned ministries include:

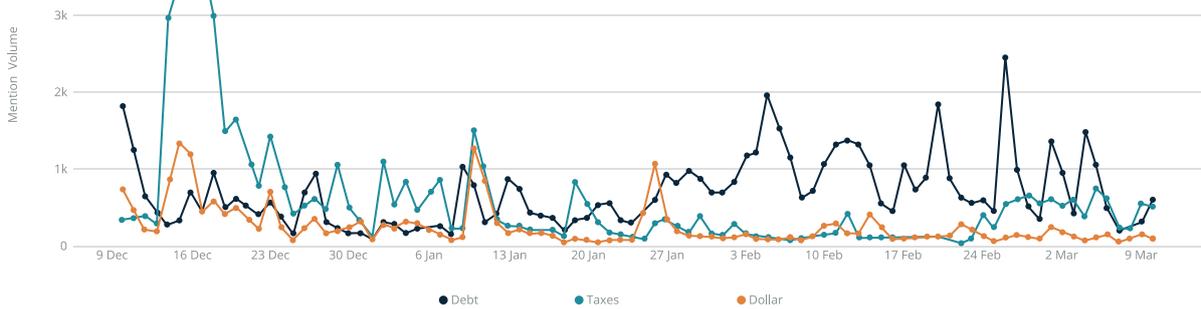
- Ministry of Economy
- Ministry of Productive Development
- Ministry of Defense
- Ministry of Social Development
- Ministry of Education
- Ministry of Interior
- Ministry of Justice and Human Rights
- Ministry of Health
- Ministry of Foreign Affairs and Worship
- Ministry of Security
- Ministry of Labor

The least mentioned ministries were:

- Ministry of Environment and Sustainable Development
- Ministry of Science and Technology
- Ministry of Women, Gender and Diversity
- Ministry of Culture
- Ministry of Tourism and Sports
- Ministry of Territorial Development and Habitat
- Ministry of Transportation

Dollar, Taxes and Debt

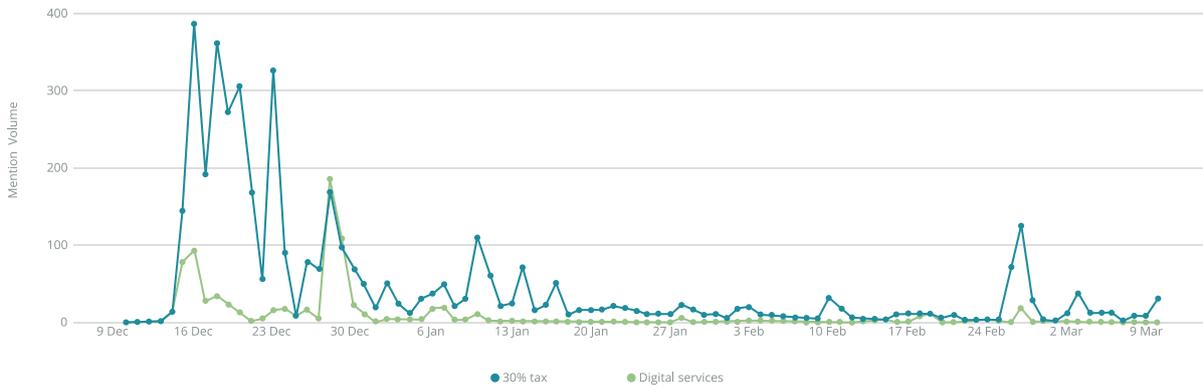
In the face of this complex economic scenario, filled with doubts and expectations, the public conversation focused mainly on three issues: dollar, taxes and debt.



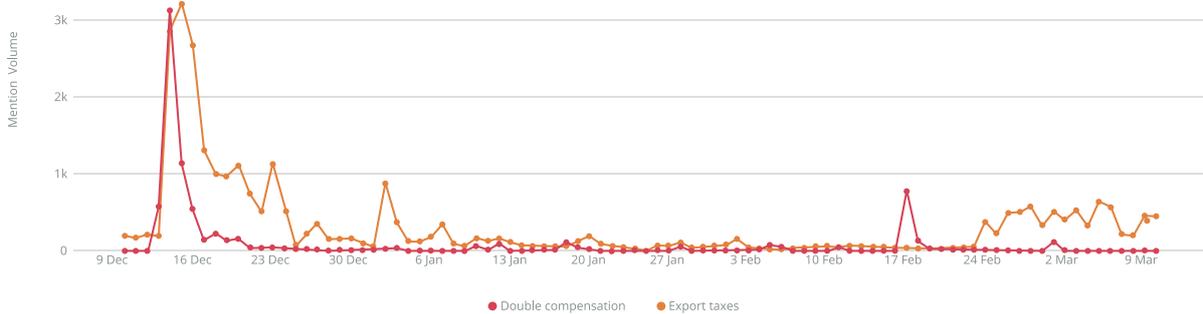
The term “taxes” triggered a social buzz when the new “Social Solidarity and Productive Reactivation Act” was announced, reaching a peak on December 17.

The 30% tax applied as of that day on purchases made in foreign currency set off a discussion where uncertainty and controversy were predominant: what would be the scope of this new measure? That same week, the main media outlets explained and described the nine different types of dollars existing in the market and their characteristics.

The greatest general concern was the impact this tax would have on the cost of traveling and to a much lesser extent, on the cost of digital services. Only on December 28 the conversation on “travel” was overshadowed when the government announced in the Official Gazette that digital services would only be subject to an 8% tax.

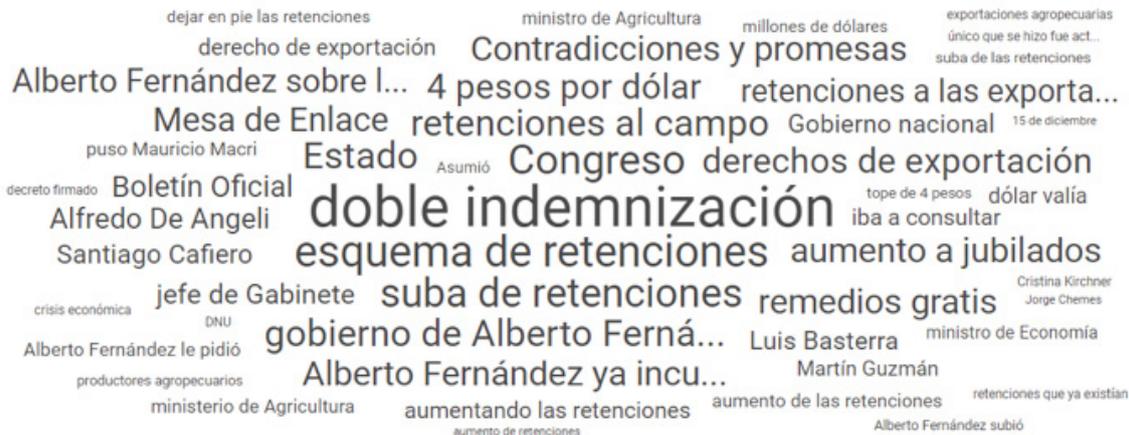


However, the protagonists of that week’s conversations were export taxes and double compensation.



“Mentions using the terms “retirement” and “adjustment” rose to 16,000, and official announcements were perceived as a contradiction in Alberto Fernández’s discourse: the opposition criticized the President claiming this was an unfulfilled campaign promise.”

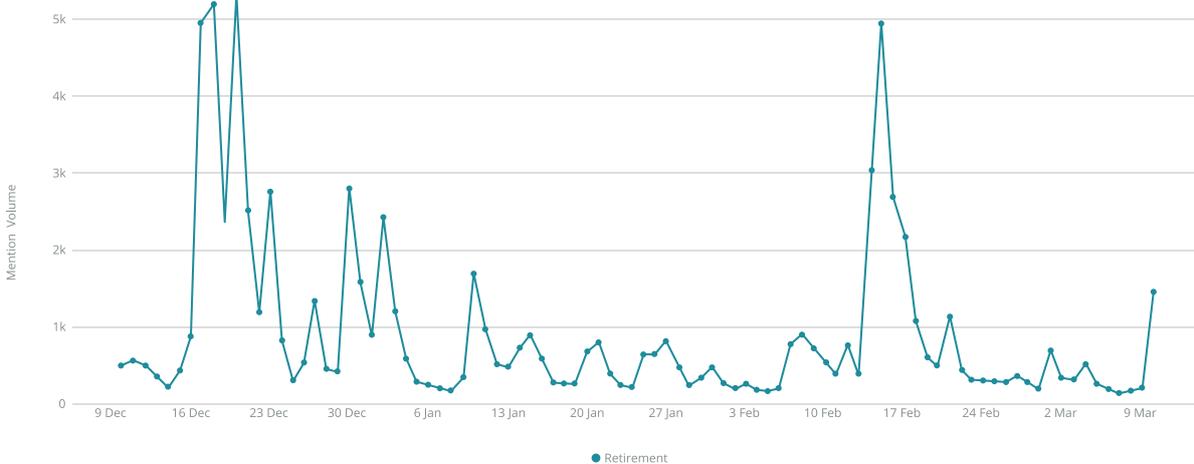
The conversation covered different aspects:



In the last days of February, the conversation on export taxes gained new relevance, this time with a confrontational component. Protests from the agricultural sector intensified, and the government’s response was not quite aimed at mitigating the conflict: statements made by Oscar Parrilli, senator for the Frente de Todos and President of the Instituto Patria, exacerbated tensions. .

Retirement

The topic with the highest concentration of daily mentions during the analyzed period was pensions, surrounded by controversy and challenges. Although it was first presented as a reform, **mentions using the terms “retirement” and “adjustment” rose to 16,000**, and official announcements were perceived as a contradiction in Alberto Fernandez’s discourse: the opposition criticized the President claiming this was an unfulfilled campaign promise.



Conclusions

Ever since Alberto Fernandez came to power, the conversation has been polarized; it suffices to observe the TOP 3 of Twitter trends on day one of his administration. The longest-lasting hashtag was #10DNaceLaResistencia (#10DResistanceisBorn), indicative not only of a political position but also a standpoint for the future of the opposition. However, the second longest-lasting hashtag, with a difference of only one hour, was #Volvimos (#weareback), where the new ruling party showed satisfaction for the departure of Cambiemos from government and the expectations for the new mandate. Thirdly, the hashtag #MacriMandatoCumplido (#MacriCompletedHisTerm), which was present throughout the day and left the viral image of the moment when Mauricio Macri shook hands with Cristina Fernandez.

The total volume of conversations showed a downward trend; however, when breaking it down per pillar, the fluctuations are dissimilar. During the first 50 days of government, mentions of the economy lost momentum, and began to be included in a conversation defined by a solid foreign policy agenda associated with the trips made by the President. During the last 50 days of government, the conversation was based on mentions of social policies, with its maximum peak on March 1st along with the issue of decriminalization of abortion. Still, issues such as foreign debt and retirement were referenced constantly.

The conversation was directly linked to the political agenda, although it may become unpredictable in the face of a pandemic, with the planet on alert and the markets in danger. Polarization on social media is not a novelty, and is not worth an in-depth analysis; however, we may ask ourselves: Will there be new topics of conversation with clear, certain and precise arguments?.



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