



Aires of Grandeur

REMINDEERS OF **ARGENTINA'S** ILLUSTRIOUS PAST ABOUND IN BUENOS AIRES AND, AS MARK MOBIUS DISCOVERS, THINGS ARE LOOKING UP FOR THE COUNTRY'S FAST-GROWING ECONOMY

THE FOUR-HOUR FLIGHT FROM SALVADOR IN BRAZIL to Buenos Aires in Argentina landed late but the now-privatised airport was in much better shape than in the past. There is a bright and airy new wing and the customs and immigration process was quick.

It was a weekend so we cycled around the city to see what was going on. We headed from our hotel, the modern Hilton in Puerto Madero, through the nearby ecological reserve in the dry riverbed of the Rio de la Plata. Next, we cycled to the elite Bosques de Palermo area, where many city residents spend their weekends playing football, sunbathing, jogging and cycling. It is a surprisingly extensive park, stretching for several large city blocks right in the heart of the city. It's full of impressive statues, sculptures and fountains – a reflection of the city's wealth when Argentina was one of the world's richest countries. Famous French park architect Carlos Thais designed this public space, as well as the city's botanic garden.

ABOVE The balcony of Casa Rosada, the government house, has served as a podium to Eva Perón, Pope John Paul II and Madonna

On the way, we stopped at the Museo Nacional de Bellas Artes, which has works by Argentinian artists of the 19th and 20th centuries in addition to a number of stunning paintings by Monet, Renoir, Degas and other renowned artists. It's a good mix of classical and modern art and also showcases sculptures by Rodin, among others. And it's free.

On Del Libertador Avenue, we came across an imposing mansion which now houses the Museo Nacional de Arte Decorativo. This was formerly the home of the Errázuriz and Alvear families, who arrived from Spain in the 18th century. The Errázuriz family settled in Chile and became politicians, businessmen and professors, while the Alvear family settled in Argentina and also became prominent. The Alvears originated from Carlos María de Alvear, an Argentine-born army

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officer and politician who fought alongside the Spanish against the French in Europe and later returned to his homeland to fight against the Spanish for the independence of his country. Torcuato de Alvear, Carlos' son, was a wealthy, conservative businessman and became the first mayor of Buenos Aires in 1880. Torcuato's son, Marcelo, became president of Argentina between 1922 and 1928 for the Radical Party.

There was a merger of the families in 1897 when Josefina de Alvear and diplomat Matias Errazuriz Ortuzar married in the Cathedral of Buenos Aires. Most of these wealthy families had large tracts of land in what was, at that time, the outskirts of Buenos Aires. As the city expanded, those areas were incorporated into the city's territory. There is a nice residential area in Buenos Aires next to the Belgrano neighbourhood called Villa Ortuzar, which, of course, was part of Ortuzar's estate.

Following Ortuzar to France on his diplomatic duties, Josefina lived in Paris for quite a long time and started collecting art and antiques. While they were collecting in Europe in 1911, French architect René Sergent was engaged to build a French neo-classic 18th-century style palace for them in Buenos Aires. Sergent's team included a number of famous decorators and garden designers who worked with wood panels, marble, and fittings imported from Europe.

The residence is super-luxurious with gigantic Corinthian columns on the façade, groined, vaulted roofs, polished oak panels and a great three-storey Renaissance-style hall. It was completed in 1917 and became the social centre for Buenos Aires society. When Josefina died in 1935, Ortuzar and their children offered the house and its collection to the government under the condition that it be converted into a museum – and what a museum it is! This is living art, with paintings, sculptures and Louis XVI furniture placed just as they would have been when the house was inhabited.

The next day, we visited the Abasto Shopping Centre which was originally the Mercado de Abasto. The art-deco building was completed in 1934 and quickly became the centre for food trade with all the concomitant noise. The area now has cafés honouring the famous tango singer Carlos Gardel, who lived in the area and was nicknamed "El Morocho del Abasto" (the dark-haired man from Abasto). A bronze statue of the crooner stands outside of the Abasto building and at the end of the mall is the El Progreso Bar, one of the

few places in Buenos Aires where Carlos Gardel actually sang.

Over the years the market went downhill so, in 1999, the building was gutted and transformed into the city's largest shopping centre, keeping the original, impressive façade.

Macroeconomic performance in Argentina continues to be favourable. GDP is expected to expand at 6.3 per cent in 2008, which is slightly below the 7.5 per cent estimated growth for 2007, following four consecutive years of strong growth rates above 8 per cent. One banker told us that there are two fundamental variables to monitor when predicting the future evolution of the Argentine economy: the twin surpluses (the government budget surplus and trade surplus), which rely on the favourable terms of trade of commodities and wage negotiations for 2008. Salary-increase expectations are nourished by inflation expectations, which tend to be high amid the lack of a credible indicator of current inflation. The government is known to have fudged the official inflation numbers to keep inflationary expectation low but some say that real inflation is actually double the official numbers.

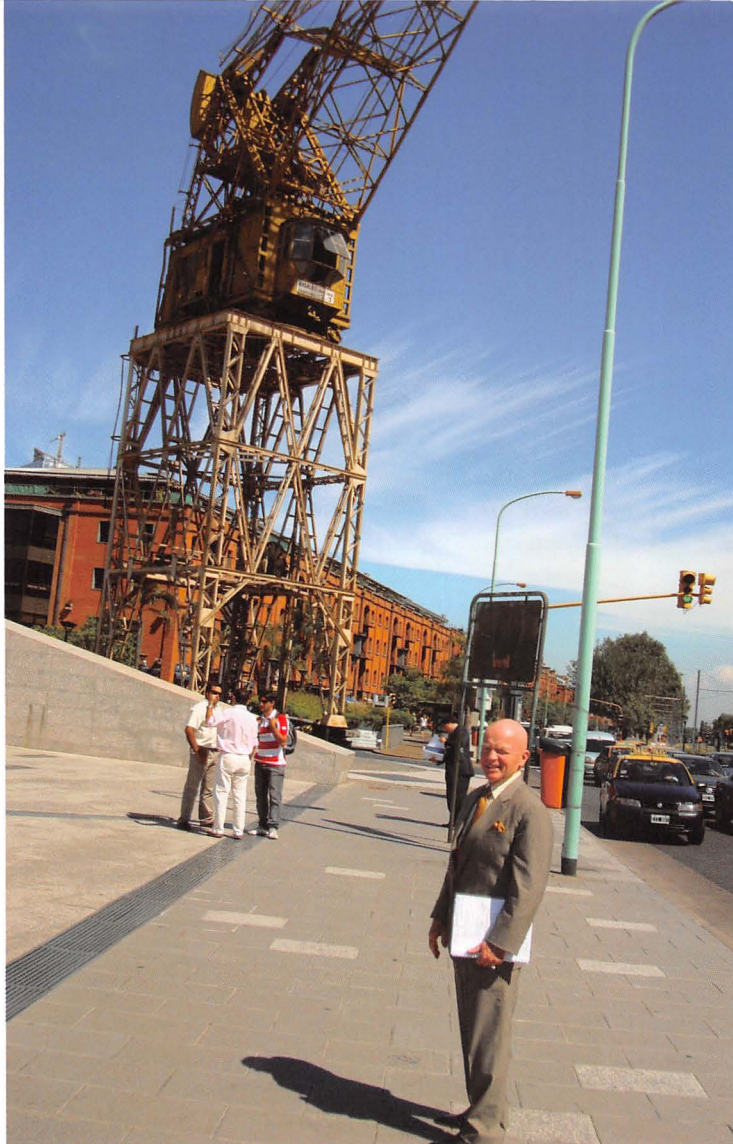
The country's electricity consumption is a good indicator of what is happening to the economy. When we visited electric power generation and distribution company Pampa Holding, we learned that electric power consumption was running at an annual growth rate of more than six per cent. Argentina, like other countries, is facing a severe electric-energy crisis. The revision of the electricity rate structure in Argentina is a critical condition for an improvement of the returns for this company and their willingness to invest into more generating capacity. Following the devaluation of the currency in 2002, the energy market has been subject to significant price distortions as a consequence of government rate freezes. In order to maintain popularity, the government has been afraid to raise electric rates. Pampa management believes that distribution rate increases are imminent in order to control the excessive elec-

BELOW Mark Mobius meets a mascot of Telecom, a company in Buenos Aires





RIGHT Mobius at Puerto Madero in Buenos Aires



tricity demand in residential segments. While residential tariffs are US\$0.025 per kilowatt hour in Argentina, in neighbouring Uruguay it is US\$0.104, Chile US\$0.11 and Brazil US\$0.115.

Buenos Aires probably has some of the best selections of restaurants in the world. We visited the Evita restaurant, which includes an Evita museum. The museum's motto is: "Mi vida, mi misión, mi destino" ("My life, my mission, my destiny"). Eva Perón is still very much in the minds of people here. It's no surprise since the ruling party is still the Peronista Party.

I picked up a small book with a biography of Maria Duarte, the maiden name of Eva Perón. It had an amazing series of pictures from childhood to her time as first lady. Born in 1919, she packed a lot into her short 33 years. She was instrumental in obtaining women's right to vote in Argentina, a goal that was achieved a year before her untimely death. Despite a hysterectomy by a famous US surgeon, her uterine cancer returned. She developed lung metastasis and was the first Argentinian to undergo chemotherapy, but it was not a success. When she died in June 1952, she left a large part of the population in mourning. Of course, there were many who hated the Peróns as well.

It is believed that general Juan Perón wanted Eva's tremendous popularity to be maintained after her death and arranged for Pedro Ara, a professor of anatomy from Spain, to preserve the body as a political symbol for the party. Ara used an advanced embalming technique which replaced the blood of the cadaver with glycerine, retaining all organs, including the brain and creating a very lifelike appearance. The embalming began on the night of her death and by the next morning the body was suitable for display to the public. The mourning took on great political significance, extending the power of Perón.

The Rio de la Plata (Silver River) on which Buenos Aires is located is the life-blood of transportation from the interior of not

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only Argentina but other countries as well. One of the companies we visited was Ultrapetrol, the largest supplier of transport services in the Parana-Paraguay river system which connects Argentina, Bolivia, Brazil, Paraguay and Uruguay, winding its way down from Brazil for more than 4,000 miles to what becomes the Rio de la Plata in Buenos Aires. The firm has 500 barges and over 20 push boats that transport over 2.5 million tons of oil, cement, fertiliser, grains, minerals and other cargo.

Many people may not know the position Argentina has in international industries. For example, Tenaris is one of the world's leaders in the oil-field pipe industry. We learned that, with more challenging drilling environments, the oil and gas industry will require higher-end products. Tenaris is able to supply, thanks to its unique cutting-edge technology – a result of an extensive research and development programme. The firm has manufacturing facilities in 15 countries; research and development centres in five countries and service and distribution networks in 25 countries.

Another firm related to the pipe industry is Ternium, a steel producer with operations in Mexico and Venezuela, in addition to Argentina. The steel industry has faced a general increase in raw-material prices in most of its critical inputs, such as scrap, iron ore, energy, metallurgical coal and natural gas. The Ternium plant in Venezuela is the lowest cost producer in the world thanks to favourable natural gas and iron ore prices. However, wages in Venezuela are currently at the same levels of those paid in the US due to the demands of Venezuelan unions. The cost of labour is US\$20 per hour versus US\$10 per hour paid in Argentina or Mexico. Steel prices have continued to strengthen, which is more than offsetting the increases in raw materials. Management foresees a significant opportunity in the Mexican market as 40 per cent of the market is serviced out of imports.

With the country's buoyant economy, the telecommunications industry is doing well and the mobile industry is now reaching 38 million clients or 95 per cent of the population. Telecom registered 2.2 million net additions in 2007 and is now reaching 10.6 million subscribers in Argentina. Interestingly, Telecom has seen an impressive growth in Blackberry devices and now has 450,000 customers using this service.

Argentina is full of promise and likely to show yet more improvement on our next visit. ■