

## ARGENTINA<sup>1</sup>

- The gap in GDP per capita relative to the leading OECD countries remains sizeable, reflecting low productivity and labour utilisation.
- Poverty and inequality remain high by OECD standards. Investment growth has been stagnant, resulting in an important infrastructure gap. The quality of education remains poor, contributing to low social mobility.
- Recent initiatives to remove distortions created by previous interventionist policies, the successfully re-established access to international financial markets, the end of currency and capital controls, are welcome steps to recover higher levels of growth necessary to further social progress. Recent measures to raise transfers to the most vulnerable segments of the population and to strengthen social expenditures by increasing the number of beneficiaries of conditional cash transfers will support poverty reduction and a more equal distribution of income.
- Priority should be given to ensuring that the multiple recent reform efforts are fully implemented. More needs to be done in the areas of product market regulation and competition to unleash the growth potential via a more efficient allocation of resources. Reducing educational inequalities and improving skills throughout the working life would also increase employment and labour productivity. Improving access to quality childcare would encourage higher female labour participation and foster growth and inclusiveness. Reforms to raise the efficiency of taxation are important for productivity and would help fiscal consolidation.
- Fostering renewable energy will have a positive impact on sustainable growth through a diversification of the national energy matrix, the expansion of installed power and the reduction of costs in the generation of energy.

### Going for Growth 2017 priorities

**Reduce regulatory burden and barriers to trade.** Regulatory barriers to domestic and foreign competition are higher than in most other emerging-market or OECD countries, affecting the country's competitiveness, ability to increase exports and integration into global value chains.

**Recommendations:** Increase competition by reducing barriers to trade and entrepreneurship. Ease employment protection legislation to ensure a better functioning of the labour market and reallocate resources towards more productive activities. Promote foreign trade by establishing simple, transparent and effective administrative procedures, in line with OECD best practices.

**Enhance outcomes and equity in education.** Educational outcomes remain far below OECD standards, and are strongly linked to students' socio-economic status. Improving quality of education can help reduce income inequality and boost productivity growth.

**Recommendations:** Invest more in early childhood education to reduce the gap generated by family environments early in life. Reshape teacher careers, ensuring that teacher preparation programmes select and train candidates carefully and purposefully. Invest in new teachers by supporting their professional growth early on. Strengthen vocational education and training and promote the participation of more women in the

1. Since this country is covered for the first time in *Going for Growth*, structural reform priorities are all new by definition, which implies that there is no follow-up on actions taken on those priorities.

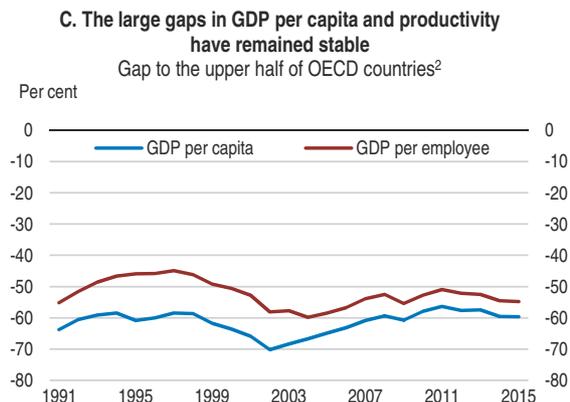
## ARGENTINA

## Growth performance and inequality indicators

A. Growth		
Average annual growth rates (%)	2003-09	2009-15
GDP per capita	4.3	1.8

B. Inequality <sup>1</sup>	
	Level
	2016Q3
Share of national disposable income held by the poorest 20%	4.3
Mean income ratio of the richest 10% over the poorest 10%	25.6

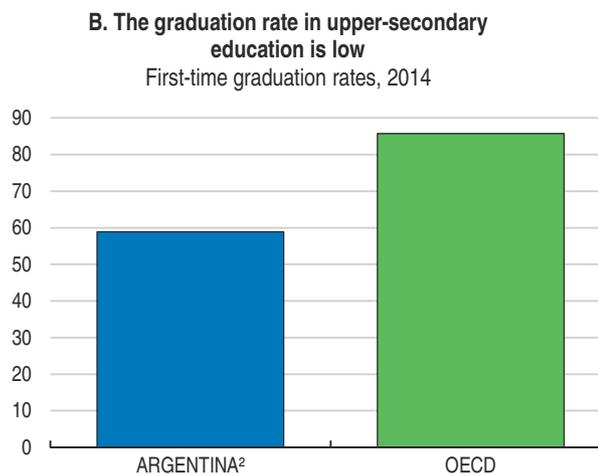
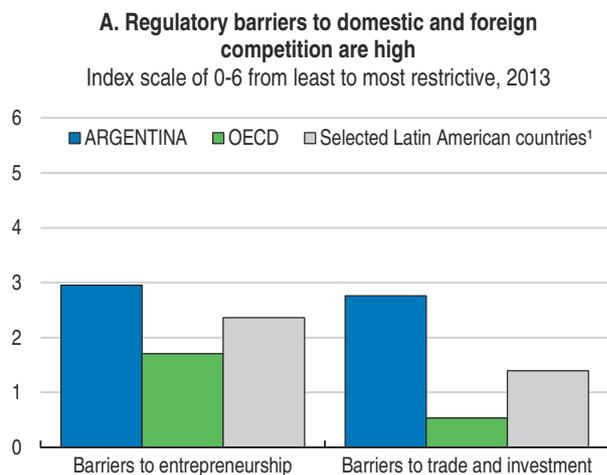


1. The population of reference is household living in urban agglomeration.
2. Percentage gap with respect to the weighted average using population weights of the highest 17 OECD countries in terms of GDP per capita, GDP per employee and GDI per capita (in constant 2010 PPPs).

Source: OECD, *National Accounts Database*; National Institute of Statistics and Census of Argentina (Indec), from the Permanent Household Survey (EPH); International Labour Organization (ILO), *Key Indicators of the Labour Market (KILM) Database*.

StatLink <http://dx.doi.org/10.1787/888933454902>

## Policy indicators



1. Average of Brazil, Chile and Mexico.
2. 2013 data for Argentina.

Source: Panel A: OECD, *Product Market Regulation Database* and OECD-WBG *Product Market Regulation for Argentina*; Panel B: OECD, *Education at a Glance 2016: OECD Indicators*.

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**ARGENTINA**

fields of engineering and computer science. Strengthen the linkages between tertiary education and the labour market and properly assess and anticipate skills needs to boost innovation and respond to future labour-market needs.

**Improve infrastructure and reduce regional disparities.** Significant gaps in infrastructure restrain economic growth and job creation, while contributing to wide regional income inequalities.

**Recommendations:** Implement planned infrastructure projects, such as the Plan Belgrano, the electrification of the remaining railways lines and the Regional Express Net, which will promote connectivity and intraregional trade within the country. Improve the capacity of subnational governments to execute projects without unnecessary delays. Use public-private partnerships (PPPs) for infrastructure investment in the context of the recently passed PPP law, but strike the right balance of risks between the public and private sectors.

**Facilitate labour force participation of women.** Increasing participation of women in the labour force can have a significant impact on economic growth and contribute to reduce income inequality.

**Recommendations:** Strengthen public investment on active labour market policies to help improve skills and promote employment opportunities for women. Continue improving access to quality childcare for children under 3 years of age. Promote gender diversity in leadership positions in public sector and private companies, notably by establishing gender goals in management. Bring gender issues into the public debate through information campaigns and introduce policies to modify gender roles so as to raise female labour market participation.

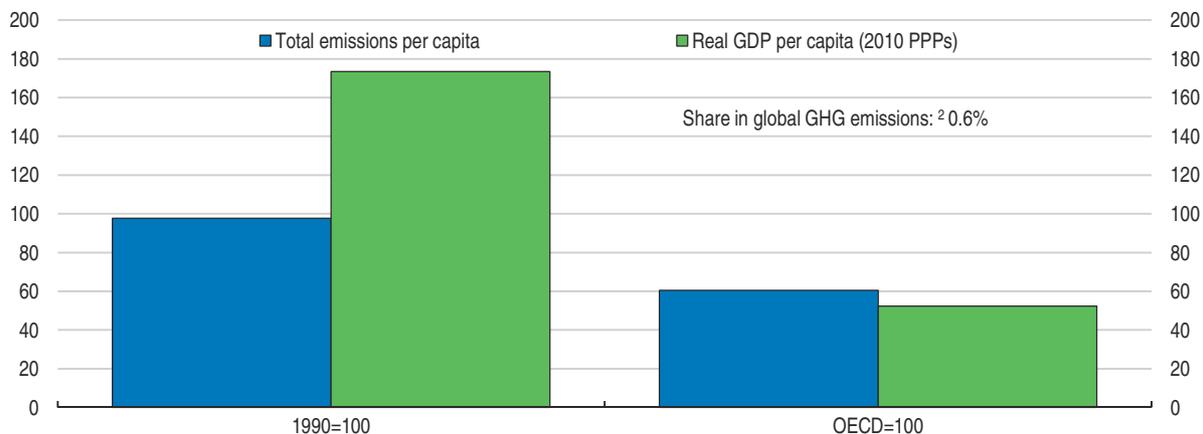
**Increase the efficiency of the tax system by broadening tax bases and moving towards less distortive taxes.** An inefficient and regressive tax system affects productivity and inequality.

**Recommendations:** Move away from distortive taxes such as provincial revenue-based taxes and those on financial transactions. Broaden tax bases in personal income taxation and eliminate loopholes like the preferential tax treatment of certain investment incomes. Continue reducing payroll taxes for new people entering the labour market to encourage formalisation.

**ARGENTINA**

**Beyond GDP per capita: Other policy objectives**

Emissions per capita are at the 1990 levels  
2010<sup>1</sup>



1. Total GHG emissions in CO<sub>2</sub> equivalents from the International Energy Agency (IEA) database. This data conform to UNFCCC GHG emission calculations but are not directly comparable to data for Annex I countries due to definitional issues. The OECD average is calculated according to the same definition.

2. Share in world GHG emissions is calculated using International Energy Agency (IEA) 2010 data.

Source: OECD, National Accounts and Energy (IEA) Databases, United Nations Framework Convention on Climate Change (UNFCCC) Database.

StatLink  <http://dx.doi.org/10.1787/888933455823>