



# INVEST IN CÓRDOBA

summary finance  
and investment

Second quarter 2022



Ministerio de  
**FINANZAS**



**CÓRDOBA**  
entre todos



# CONTENTS

## PROVINCIAL ECONOMY

- 03** ECONOMIC ACTIVITY IN CÓRDOBA
- 03** Productive activity, employment and consumption
- 04** Agriculture: Third estimate of summer crop production 2021/22

## SITUATION OF PUBLIC FINANCES

- 05** BUDGET EXECUTION
- 05** The Province achieved sustained high levels of current saving
- 08** Strong provincial autonomy in terms of resources
- 10** Recovery of investment
- 11** FINANCIAL DEBT

## LATEST NEWS

- 13** In Córdoba, Nissan will double their Frontier pickup truck production, generating 550 new job positions generating 550 new job positions
- 14** Blockchain: Technology applied to value creation in a meat company from Córdoba
- 15** Volkswagen announced investment in the production of high-end Ducati motorcycles at the Córdoba Industrial Center
- 16** In San Francisco, a logistics node has been set up to export directly to the Middle East

# PROVINCIAL ECONOMY

## ECONOMIC ACTIVITY IN CÓRDOBA

### Productive activity, employment and consumption

In the second quarter of 2022, Córdoba recorded a year-on-year 7% drop in 0km car registrations, going from 10,296 units in the second quarter of 2021 to 10,988 in the same period of 2022.

Also noteworthy was the performance of real economy indicators such as oilseed milling. The province of Córdoba is the second largest contributor to the national grain milling, with a monthly average of 305,000 tonnes in the second quarter of 2022. In that period, it recorded a year-on-year fall of 2.2%, a decline lower than that of the national total in the same period (year-on-year - 3.6%).

Regarding consumption, real supermarket sales rose a cumulative year-on-year 2.5% in the second quarter of this year compared to the previous year, although they are still 10% below the level of the second quarter of 2018, a pre-crisis benchmark.

Moreover, the growth in economic activity also had a direct impact on more job positions. The salary modality registered in private companies experienced sixteen months of consecutive monthly increases in May 2022 (considering the deseasonalized series), while the number of workers grew a year-on-year 4.4% in the first five months of 2022. This percentage represents 21,200 people taking up formal jobs in the private sector during this period.





# PROVINCIAL ECONOMY

## ECONOMIC ACTIVITY IN CÓRDOBA

### Agriculture: Third estimate of summer crop production 2021/22

According to the Córdoba Grain Exchange Report (B.C.C.C.), corn, soybean, sorghum, sunflower and peanut production is expected to reach 32.4 million tonnes.

**CORN:** Of the almost 3.2 million hectares planted with corn in Córdoba, more than 2.6 million are estimated harvestable, with the remaining 17% corresponding to lost and forage area. With 48% of the area harvested in the first half of June 2022, an area-weighted average yield of 76.1 q/ha is estimated, down 14% from the previous year, and a production volume of 20 million tonnes, down 15% from last season.

**SOYBEAN:** Of the almost 3.9 million hectares planted with soybean in Córdoba, it is estimated that more than 3.7 million hectares were harvestable, with the remaining 6% being lost. With 100% of the area harvested in the first half of June 2022, an area-weighted average yield of 30.1 q/ha is estimated, which would be 14% lower than in the previous season, and a production volume of 11 million tonnes, 17% lower

than in the previous season.

**PEANUT:** With the entire area dug up and 67% harvested, out of a total of 288 thousand harvestable hectares, an average yield of 29.8 clean, dry and boxed quintals per hectare and a grain production of 661 thousand tonnes are expected, 16% lower than that achieved in the 2020/21 season.

**SORGHUM:** With harvesting work having reached 75%, out of a total of 207 thousand hectares planted, it is estimated that 129 thousand hectares were harvestable, resulting in an average yield of 43.7 q/ha (25% less than last season), so that the production volume expected is 565 thousand tonnes (19% less than last season).

**SUNFLOWER:** With the harvestable area having been updated with estimates based on satellite images (approximately 65 thousand hectares), oilseed production is expected to reach 150 thousand tonnes, evidencing an 87% increase over last season, based on a weighted average yield of 23.2 q/ha (8% lower than last season).



# SITUATION OF PUBLIC FINANCES

## BUDGET EXECUTION

### **The Province achieved sustained high levels of current saving**

During the first six months of 2022, the Province kept a prudent and austere management in terms of income and expenditure, thus allowing for the recovery of the levels of public investment. Even considering the recovery in revenues in 2022, it can be noted that revenues remain at lower levels than those observed prior to the onset of the crisis in April 2018.

As accrued to June 2022, the net income of the province (resources available after subtracting the automatic transfers to municipalities and communes of the Province) was AR\$ 426,876 million (USD 3,804 million), showing a real increase of 7% compared to the same

period of the year 2021. In turn, net current expenditure (provincial expenditure without considering the automatic distribution to municipalities and communes) was AR\$ 317,680 million (USD 2,831 million), which implies a year-on-year increase in expenditure of 5% in real terms (Table 1).

As a result, the 'current saving available' obtained to June 30, 2022 was AR\$ 109,196 million (USD 973 million), (Table 1). Even in an adverse macro-economic context, it was possible to keep throughout the first six months a 'current saving available' representing the 26% of the provincial net income, above the ratio observed in the same period of 2021 and the historical average of 2015-2021 (Graph 2).



**TABLE 1.****Income and Expenditure of the Non-Financial Public Administration**

Accrued to June 30 of every year – in million current pesos and in American dollars, except percentages

Concept	2021		2022		Variation AR\$	
	AR\$	US\$ / <sup>1</sup>	AR\$	US\$ / <sup>1</sup>	Nominal	Real / <sup>2</sup>
<b>NET INCOME</b>	<b>259.458</b>	<b>2.840</b>	<b>426.876</b>	<b>3.804</b>	<b>65%</b>	<b>7%</b>
Taxable and Non-Taxable Net / <sup>3</sup>	194.295	2.126	322.290	2.872	66%	8%
Social Security Contributions	37.979	416	60.708	541	60%	4%
Net Current Transfers / <sup>4</sup>	18.577	203	21.275	190	15%	-25%
Property Income	8.161	89	22.042	196	170%	76%
Other Income	446	5	560	5	26%	-18%
<b>OPERATING EXPENSES</b>	<b>196.841</b>	<b>2.154</b>	<b>317.680</b>	<b>2.831</b>	<b>61%</b>	<b>5%</b>
Wages and related and Social Security Benefits	153.638	1.681	249.904	2.227	63%	6%
COVID-19 Program expenses / <sup>5</sup>	4.420	48	2.660	24	-40%	-61%
Property Income	7.045	77	7.154	64	2%	-34%
Other Net Current Expenses (Consumer Goods, Non-Personal Services and Net Transfers) / <sup>6</sup>	31.738	347	57.962	517	83%	19%
<b>CURRENT SAVING AVAILABLE</b>	<b>62.617</b>	<b>685</b>	<b>109.196</b>	<b>973</b>	<b>74%</b>	<b>14%</b>
<b>CURRENT SAVING AVAILABLE/</b>						
<b>TOTAL NET INCOME</b>		<b>24%</b>		<b>26%</b>		
<b>NET CAPITAL INCOME /<sup>7</sup></b>	<b>3.664</b>	<b>40</b>	<b>4.358</b>	<b>39</b>	<b>19%</b>	<b>-22%</b>
<b>CAPITAL EXPENDITURE</b>	<b>18.433</b>	<b>202</b>	<b>45.216</b>	<b>403</b>	<b>145%</b>	<b>60%</b>
Construction Expenditure and Capital Assets / <sup>8</sup>	15.360	168	37.900	338	147%	61%
Other Net Capital Expenditure / <sup>9</sup>	3.073	34	7.316	65	138%	55%
<b>FINANCIAL SAVING AVAILABLE</b>	<b>47.848</b>	<b>524</b>	<b>68.337</b>	<b>609</b>	<b>43%</b>	<b>-7%</b>

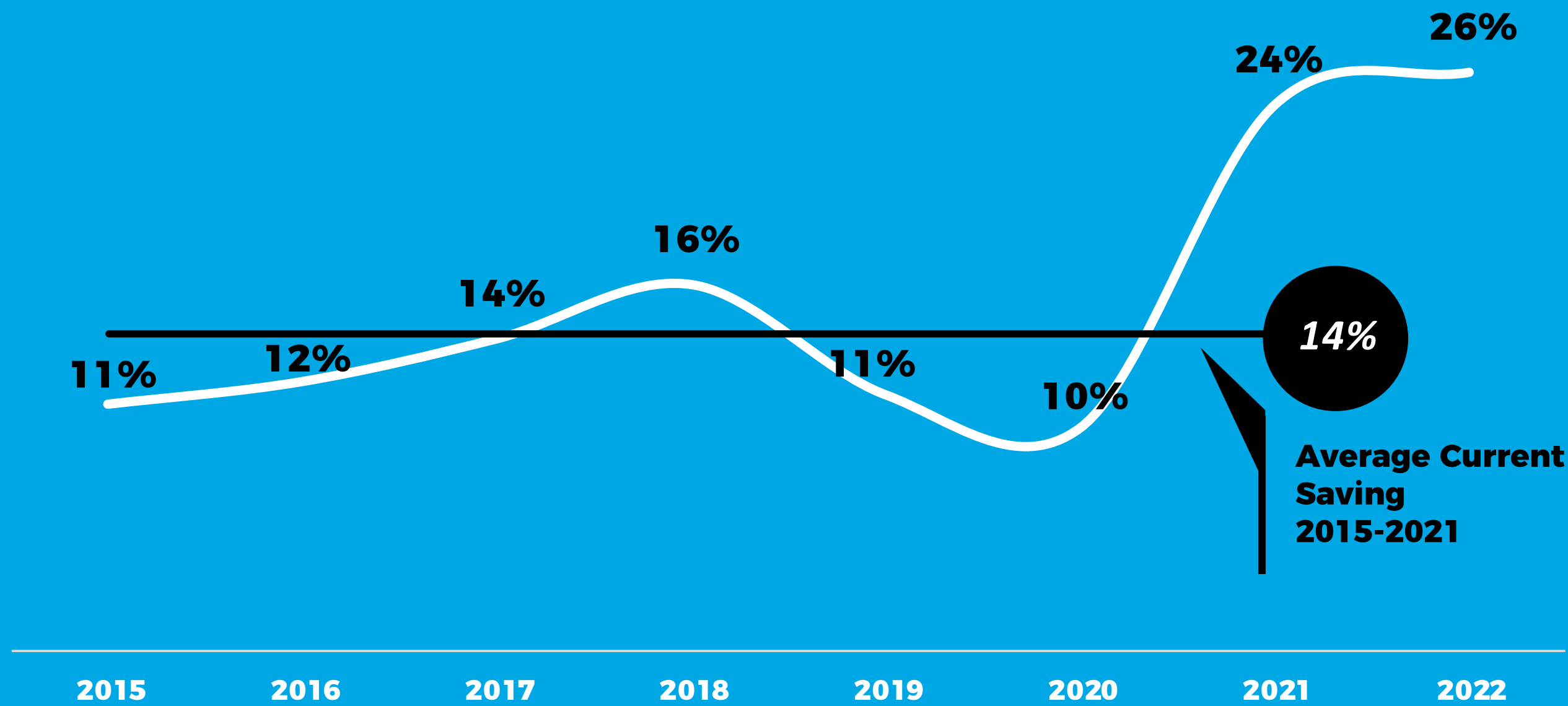
Notes: /1 The reference Exchange rate is the one published by the BCRA in Communication "A" 3500 (Wholesaler); /2 Based on the Córdoba Consumer Price Index; /3 Taxable and non-taxable resources available to the Province after subtracting the current resources automatically distributed to Municipalities and Communes; /4 Includes amounts received as Tax Consensus Compensation Item II Section A; excludes capital resources automatically distributed to Municipalities and Communes; /5 Fund for the state of alert, prevention and sanitary action for epidemic diseases created by Decree 156/2020; /6 Net of the resources automatically distributed to municipalities and communes; /7 Net Capital income from capital co-participation to municipalities and communes and from Tax Consensus Compensation Item II Section A; /8 Construction Expenditure and Capital Assets is equivalent to Real Direct Investment plus Capital Transfers to Others in the Public Sector; /9 Other Net Capital Expenditure of capital resources automatically distributed to municipalities and communes.

Source: Own elaboration based on budget execution to June 30 of the years 2021 y 2022. Ministry of Finance of the Province of Córdoba. See: <https://finanzas.cba.gov.ar/ejecuciones/>.

**GRAPH 2.**

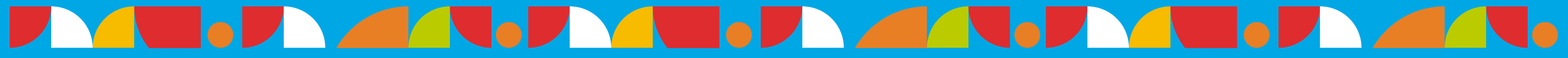
# Available Current Saving of the Non-Financial Public Administration.

To June 30 of every year - in % of the genuine income available/1



Notes: /1 Are the resources available to the Province after deducting the resources automatically distributed to Municipalities and Communes.

Source: Own elaboration based on Budget execution to June 30 of the years 2015 to 2022. Ministry of Finance of the Province of Córdoba. See: <https://finanzas.cba.gov.ar/ejecuciones/>.





## Strong provincial autonomy in terms of resources

Provincial tax revenues mainly comprise taxes levied and collected by the Province (of provincial origin) and taxes that pertain to the Province but are collected by the Nation and sent to the Province automatically, on a daily basis (of national origin).

The former include provincial taxes and related funds (Gross Income, Stamp, Real Estate and Motor Vehicle Taxes), social security contributions, service fees and property income, among others.

The latter encompass those originated in the federal tax co-participation system and in specific tax allocations contained in special laws, the distribution of which is subject to parameters or rules established by laws and agreements.

These provincial taxes enjoy an undeniable stability, since those of provincial origin are bound to provincial decisions, and those taxes of the Province collected by the Nation and distributed through the federal tax co-participation also have an extreme stability, because any amendment will require a decision made by the majority in the National Congress.

There exist as well other discretionary transfers of national origin. These are resources from the National Treasury which are forwarded to the Provinces. Among these non-automatic transfers, some are the result of provisions arising from fiscal covenants and therefore certain limits or parameters are to be observed, such as the Teacher Incentive Fund (Fo.N.I.D.) or the amount allocated to cover the deficit of the Retirement and Pension Fund. Others, on the other hand, are discretionary because they correspond to national programs with provincial execution or to the distribution of national resources to carry out public works.

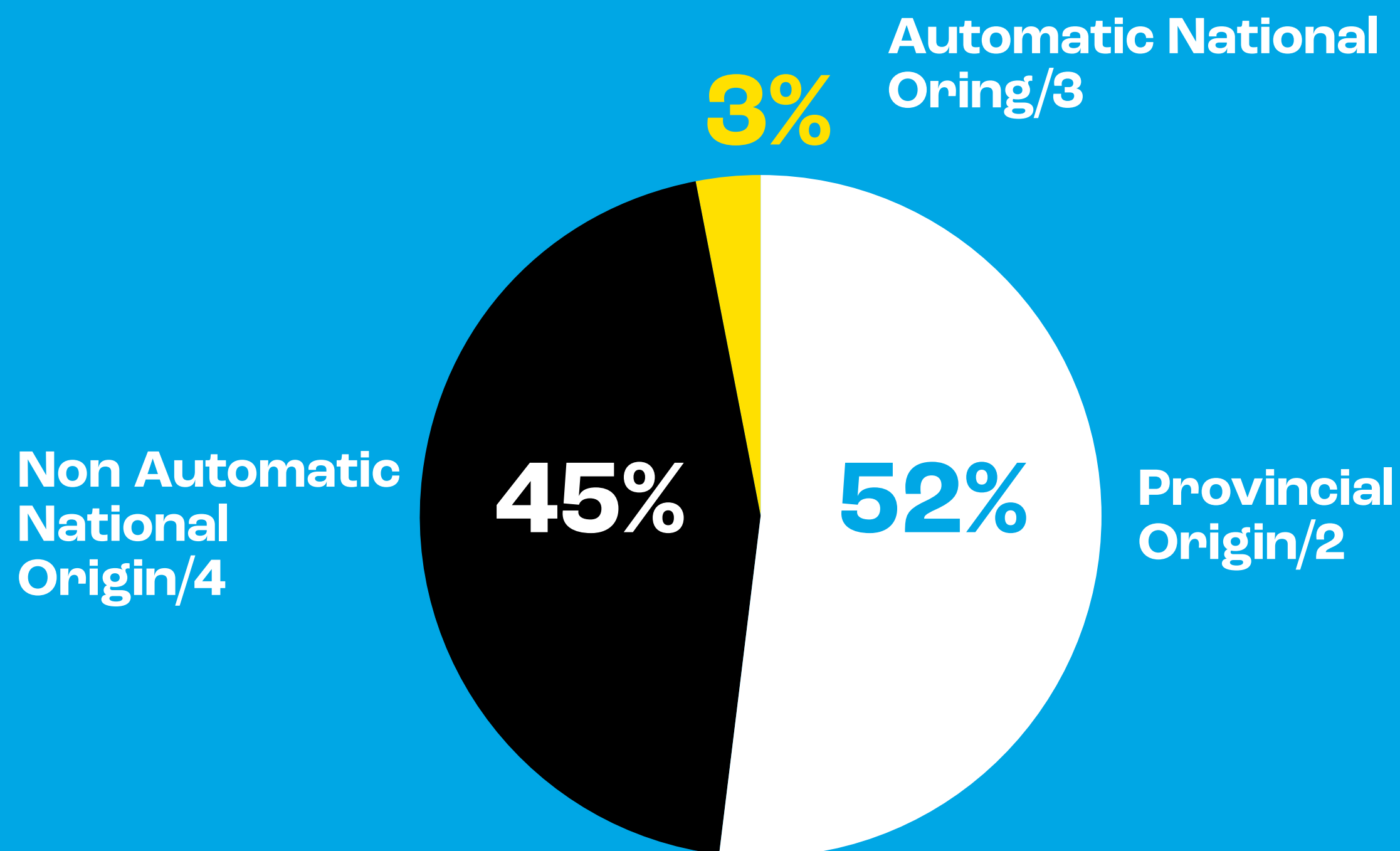
In the Province of Córdoba in particular, provincial finances evidence low dependence on national government decisions due to the low share of non-automatic national transfers in the total resources of the Non-Financial Public Administration. Graph 3 shows that, in the first six months of 2022, provincial revenues accounted for 52% of the total revenues, while automatic national transfers accounted for 45% of the total revenues and non-automatic national transfers accounted for the remaining 3% of the total revenues (Graph 3).



## GRAPH 3.

## Income of the Non-Financial Public Administration by origin<sup>/1</sup>

To June 30, 2022 - In % of total resources



Note: /1 Are the resources available to the Province after deducting the resources automatically distributed to Municipalities and Communes; /2 Including Provincial Taxes and related funds, Social Security Contributions, Fees for Services, Property Income, Sales of Goods and Services and Transfers; /3 Including resources received from Federal Tax Co-participation and Special Laws; /4 Transfers of national origin.

Source: Own elaboration based on Budget execution to June 30, 2022. Ministry of Finance of the Province of Córdoba. See: <https://finanzas.cba.gov.ar/ejecuciones/>.

# Recovery of investment

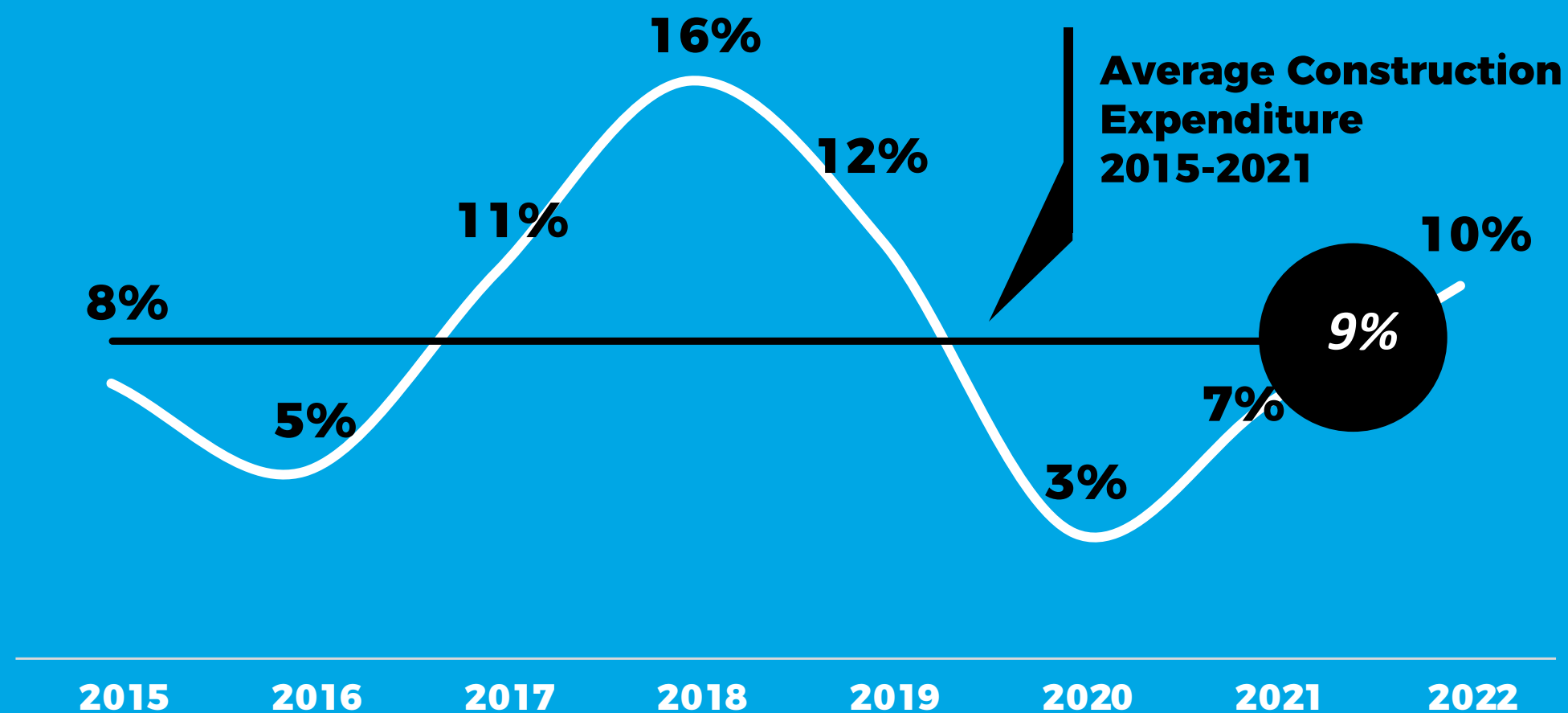
In the first six months of 2022, the provincial administration gave public investment a great impetus. It is essential to give continuity to the reactivation of works initiated in 2021, which are necessary to maintain the provincial infrastructure, as well as to start the execution of new projects.

In fact, the expenditure on construction to June 30, 2022 (\$ 37,900 million, USD 338 million) increased 101% measured in dollars respect to the levels observed in the same period of 2021 (\$ 15,360 million, USD 168 million), (Table 1). The construction expenditure as a percentage of the total net public expenditure of automatic transfers to municipalities reached 10% in 2022, above the average of the period 2015-2021, which stood at 9% (Graph 3).

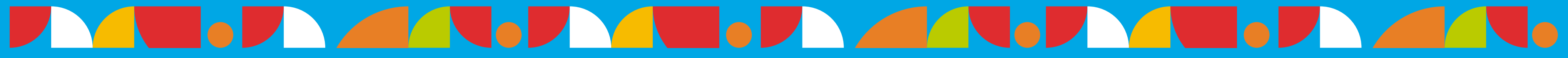
## GRAPH 3.

### Construction Expenditure /1 of the Non-Financial Public Administration.

To June 30 of every year - in % of the total net expenditure /2



Notes: /1 Construction expenditure considers Direct Real Investment (Spanish initials IRD) and the Capital Transfers to Others in the Public Sector. /2 Net total expenses of current and capital co-participation to Municipalities and Communes. Source: Own elaboration based on budget execution to June 30 of the years 2015 to 2022. Ministry of Finance of the Province of Córdoba. See: <https://finanzas.cba.gov.ar/ejecuciones/>.



# FINANCIAL DEBT

To June 30, 2022 the provincial financial debt stock was AR\$ 314,478 million (USD 2,511 million). In addition, interests and amortization payments were made in a timely manner, which accrued AR\$ 17,850 million.

In June 2022, the debt stock decreased 24% in real terms compared to the same period of 2021 (Graph 4.a). This was mainly due to a growth of 31% of the nominal exchange rate compared to a 59% inflation in the period considered, since slightly more than 96% of the financial debt of the Province is denominated in foreign currency.

Also, measured in terms of provincial revenue, the debt stock was in average equivalent to 4.2 months of collection in the first six months of 2022.

This indicator decreased 29% compared to the same period of 2021, when 5.9 months of collection were necessary to pay back the debt (Graph 4.b). This improvement is, in part, the result of a rise of 8% in real terms in collection performance during the first six months of 2022, against the same period in 2021 (at 2022 constant prices).



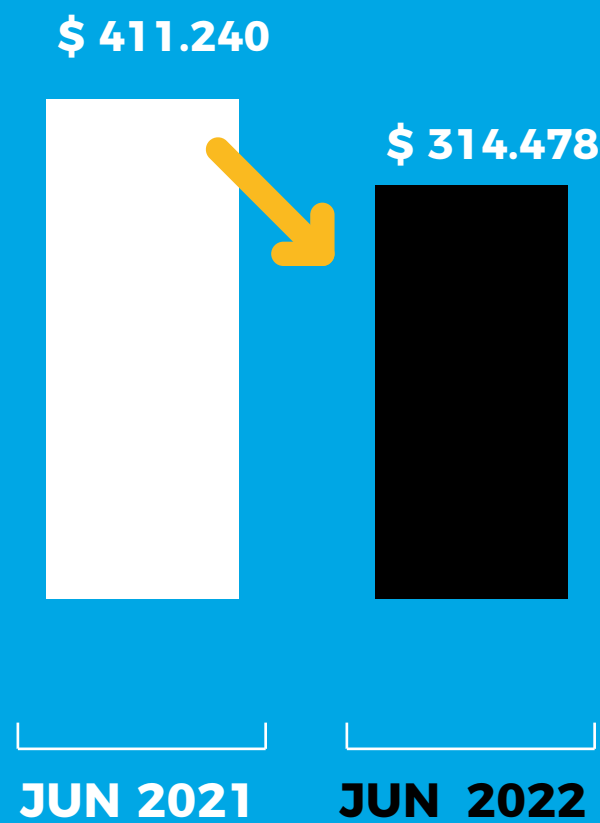


**GRAPH 4A.**

**Debt Stock**

To June 30 of every year  
In million constant pesos  
of 2022\*

\*

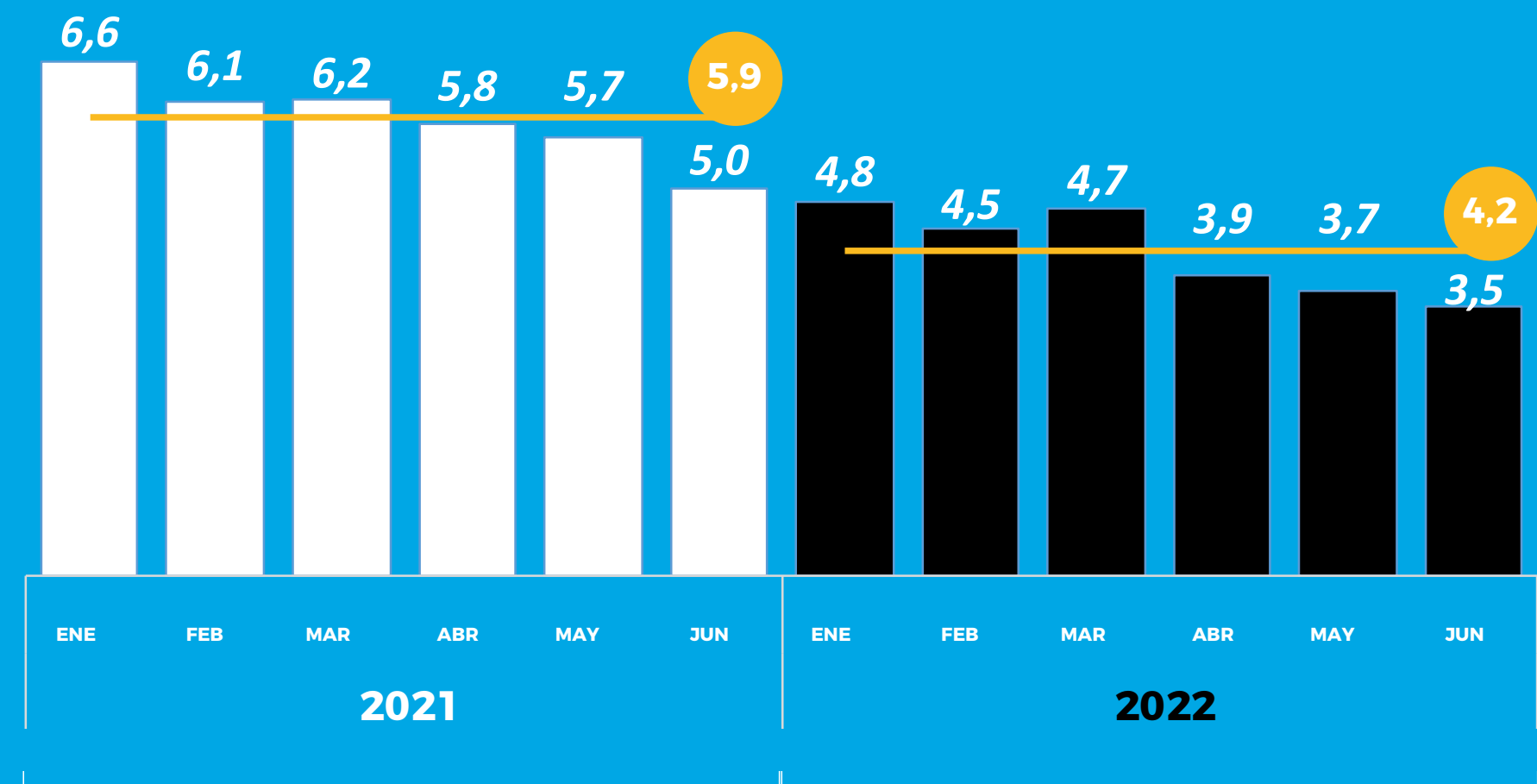


Note: \*Based on Córdoba CPI.  
Source: Ministry of Finance.

**GRAPH 4B.**

**Debt Stock in relation to Income**

January to March of every year  
Number of months of collection equivalent to public debt\*



Note: \*The public debt stock at the end of every month is divided by the net current income of the co-participation to municipalities and communes of the same month.  
Source: Ministry of Finance. See: <https://finanzas.cba.gov.ar/deuda-publica/>



## LATEST NEWS

# IN CÓRDOBA, NISSAN WILL DOUBLE THEIR FRONTIER PICKUP TRUCK PRODUCTION, GENERATING 550 NEW JOB POSITIONS

Nissan Argentina has announced that during the second half of 2022 it will start up a second production shift at its industrial plant in Santa Isabel, in Córdoba. This will gradually allow for the incorporation of some 550 new job positions and will double the annual production of its Nissan Frontier pickup from 25,000 to 50,000 units. In this new shift, the starting salary announced by the company will be AR\$ 120,000, partly funded by the provincial government.

Such an announcement by the company is intended to meet not only the significant growth in the local demand but also the export markets.

The company estimates that annual exports could increase by more than 30,000 units, as from the announcement of the incorporation of Chile and Colombia as

new sales destinations, who so far have been supplied by Mexico and for whom the production will be under Euro 6 emission standards.

In March, the Japanese company announced the start of production of the new version of its Frontier pickup truck, called PRO-X4. This product competes with the Toyota Hilux, Volkswagen Amarok, Ford Ranger, Chevrolet S10 and Renault Alaskan, among other models.

In 2021 Nissan produced 18,461 units, 67% more than the previous year. In terms of sales, they achieved a 58% growth with an all-time record of 11% of the segment in Argentina in the month of July. Between 2018 and 2021, a total of 31,000 units were sold to Brazil, the main export market for Frontier pickup trucks.



## LATEST NEWS

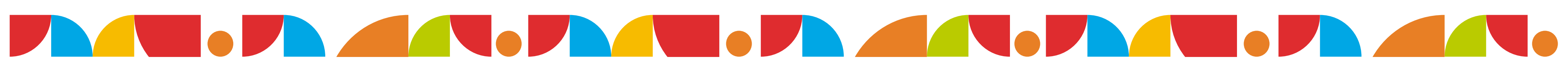
# BLOCKCHAIN: TECHNOLOGY APPLIED TO VALUE CREATION IN A MEAT COMPANY FROM CÓRDOBA

In Córdoba, the meat company Black Bull has incorporated Blockchain technology to its traceability process in order to improve its trust and transparency indexes. The project has been financed with a loan from Banco de Córdoba within the framework of the Córdoba 4.0 program. This program, under the responsibility of the Ministry of Science and Technology of the Province, allows companies access to the design of Technological Adoption Projects, together with a 4.0 expert.

The company received advice from experts who, together with the work of the Córdoba Blockchain Hub, enabled it to take a quality step in search of transparency and customer trust.

The relevance of the Black Bull project lies in the fact that animal transport is one of the main causes of spread of disease. Therefore, a robust traceability system is essential for food safety, allowing consumers to have the necessary information to build more confidence and provide certainty about the origin of the meat. In addition, thanks to the technology implemented, the company remains aligned with European regulations, as well as with those from other countries.

The company uses the methodology of tracking its livestock ear tags and the documents identifying the premises of origin, through the Re.N.S.P.A. number (National Sanitary Registry of Agricultural Producers). The information produced is subject to validation processes, is inviolable, immutable and verifiable.





## LATEST NEWS

# VOLKSWAGEN ANNOUNCED INVESTMENT IN THE PRODUCTION OF HIGH-END DUCATI MOTORCYCLES AT THE CÓRDOBA INDUSTRIAL CENTER

The Argentina Volkswagen Group has announced an investment of US\$ 250 million in the country for the five-year period 2022-2026. The announced investment plan includes the renewal of the Amarok pick-up truck, the manufacture of high-end Ducati motorcycles at the Córdoba Industrial Center and a project for the nationalization of parts for the Taos vehicles line.

In Córdoba, by the end of 2022, the Argentina VW Group will start making the first Ducati motorcycle to be produced outside Italy, to supply the local market, with a projection of 1,000 units per year. In a second stage, parts and components for export will be made. Our mediterranean Province will become the third Ducati manufacturing plant outside Italy, in the entire world.

This project adds to the list of other projects announced and completed in recent years, including the production and export of the new MQ281 gearbox in Córdoba.

In recent years, the automotive group has invested more than USD 1 billion in our country, in order to incorporate new technology and modernize the infrastructure of its production plants and build a new paint plant with Primerless technology, which allows an 80% saving in water and energy consumption and a substantial reduction in particle emissions.



## LATEST NEWS

# IN SAN FRANCISCO, A LOGISTICS NODE HAS BEEN SET UP TO EXPORT DIRECTLY TO THE MIDDLE EAST

Within the framework of the National Plan for Transport Modernization, the San Francisco logistics node of the Argentine Alfalfa and Forage Company (C.A.D.A.F. S.A.) was inaugurated in Córdoba. San Francisco node is the first of six multimodal logistics nodes with access to the port that C.A.D.A.F. is planning to develop in the country. The project arose as a result of the increased need for local production to supply the international market of the Middle East.

This is the realization of an ambitious project that will have a positive impact on local economies and the national industry. It will allow the development of new agro-industrial cargoes for export with non-traditional qualities, the diversification of the productive matrix of the interior region, the streng-

thening of the value chain and of the trade links with the opening of the agro-export frontier.

The new node will bring the regional economies and the different production closer to the port terminals of Rosario and Buenos Aires. Thus, San Francisco will be part of the international commercial chain, with the railroad as a central actor to carry the production, not only to the Persian Gulf countries but also towards other destinations.

This project has been developed through coordinated actions of public and private articulation, involving the municipality, the province and the national government.

