



Ministry of
Foreign Affairs and Worship
Argentine Republic

Doing Business in Argentina

An Investor's Guide



SECRETARIAT OF INTERNATIONAL ECONOMIC RELATIONS
UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION



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Foreign Affairs and Worship
Argentine Republic

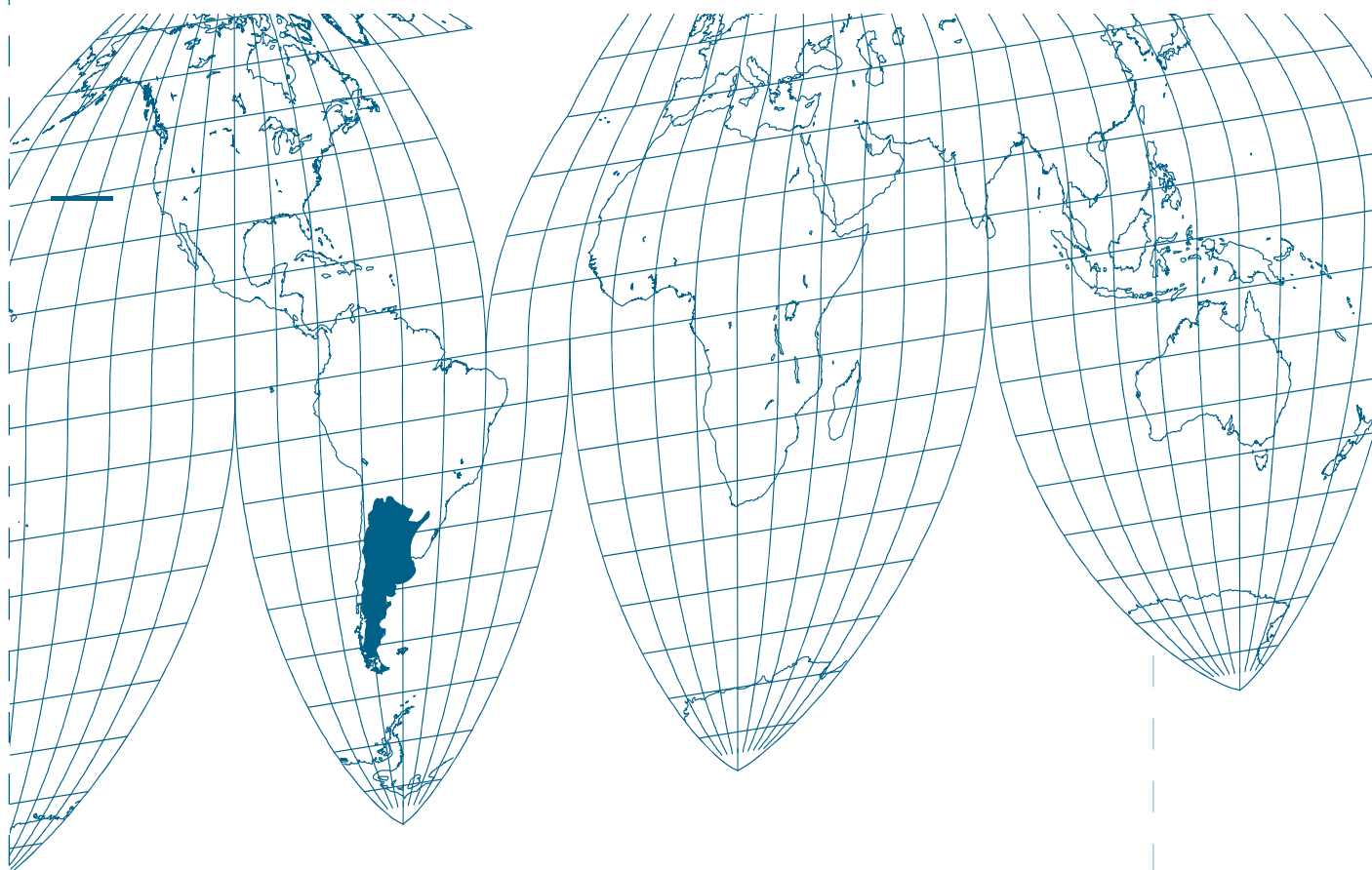
Secretariat of International Economic Relations



Undersecretariat for Investment Development
and Trade Promotion

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— Acronyms and abbreviations

BAFICI — <i>Festival Internacional de Cine Independiente de Buenos Aires</i> / Buenos Aires International Independent Film Festival	CNV — <i>Comisión Nacional de Valores</i> / National Securities Commission
BAPPRA — <i>Asociación de Bancos Públicos y Privados de la República Argentina</i> / Association of Argentine Public and Private Banks	CNZS — <i>Comisión Nacional de Zonas de Seguridad</i> / National Commission of Security Areas
BCBA — <i>Bolsa de Comercio de Buenos Aires</i> / Buenos Aires Stock Exchange	COFECYT — <i>Consejo Federal de Ciencia y Tecnología</i> / National Science and Technology Council
BCRA — <i>Banco Central de la República Argentina</i> / Central Bank of Argentina	CONICET — <i>Consejo Nacional de Investigaciones Científicas y Técnicas</i> / National Council for Scientific and Technical Research
BICE — <i>Banco de Inversión y Comercio Exterior</i> / Investment and Foreign Trade Bank	CREA — <i>Consortios Regionales para la Experimentación Agrícola</i> / Argentine Association of Regional Consortia for Agricultural Experimentation
BIT — Bilateral Investment Treaty	CUIL — <i>Clave Única de Identificación Laboral</i> / Labor Registration Number
BNA — <i>Banco de la Nación Argentina</i> / National Bank of Argentina	CUIT — <i>Clave Única de Identificación Tributaria</i> / Tax Registration Number
CAC — <i>Cámara Argentina de Comercio</i> / Argentine Chamber of Commerce	DGA — <i>Dirección General de Aduanas</i> / Customs Office
CACIPRA — <i>Cámara de Comercio, Industria y Producción de la República Argentina</i> / Chamber of Commerce, Industry and Production of the Argentine Republic	EIA — Environmental Impact Assessment
CEI — <i>Centro de Economía Internacional</i> / Center for International Economy	ENGE — <i>Encuesta Nacional de Grandes Empresas</i> / National Survey of Large Companies
CEP — <i>Centro de Estudios para la Producción</i> / Production Studies Center	EPH — <i>Encuesta Permanente de Hogares</i> / Permanent Survey of Households
CERA — <i>Cámara de Exportadores de la República Argentina</i> / Argentine Chamber of Exporters	ESE — <i>Empresa de Servicios Eventuales</i> / Temporary Work Agency
CET — Common External Tariff	FAO — United Nations Food and Agriculture Organization
CFI — <i>Consejo Federal de Inversiones</i> / Federal Investment Council	FDI — Foreign Direct Investment
CNEA — <i>Comisión Nacional de Energía Atómica</i> / National Atomic Energy Commission	FIAPF — International Federation of Film Producers Associations
AEO — Authorized Economic Operator	FONAPyME — <i>Fondo Nacional de Desarrollo para la MiPyME</i> / National Development Fund for MiSMEs
AFIP — <i>Administración Federal de Ingresos Públicos</i> / Federal Administration of Public Revenues	
AIERA — <i>Asociación de Importadores y Exportadores de la República Argentina</i> / Association of Importers and Exporters of Argentina and Business Dynamics Observatory	
ANSES — <i>Administración Nacional de la Seguridad Social</i> / National Social Security Administration	
ART — <i>Aseguradora de Riesgos del Trabajo</i> / Workers' Compensation Insurer	

FONCYT— *Fondo para la Investigación Científica y Tecnológica* / Fund for Scientific and Technological Research

FONSOFT— *Fondo Fiduciario de Promoción de la Industria del Software* / Software Industry Fiduciary Fund

FONTAR— *Fondo Tecnológico Argentino* / Argentine Technology Fund

FTZ— Free Trade Zones

GATS— General Agreement on Trade in Services

GDPC— Gross Domestic Fixed Capital

GEM— Gender Empowerment Measure

GSP— Generalized System of Preferences

HDI— Human Development Index

HO— Head Office

IASCAV— *Instituto Argentino de Sanidad y Calidad Animal* / Argentine Animal Health and Quality Institute

IDB— Interamerican Development Bank

IGJ— *Inspección General de Justicia* / Superintendence of Corporations

IGN— *Instituto Geográfico Nacional* / National Geographic Institute

IMF— International Monetary Fund

INAL— *Instituto Nacional de Alimentos* / National Food Institute

INDEC— *Instituto Nacional de Estadística y Censos* / National Institute of Statistics and Censuses

INPI— *Instituto Nacional de Propiedad Industrial* / National Institute for Industrial Property

INTA— *Instituto Nacional de Tecnología Agropecuaria* / National Institute for Agricultural Technology

INTI— *Instituto Nacional de Tecnología Industrial* / National Institute for Industrial Technology

LAPI— *Licencias Automáticas Previas de Importación* / Automatic Licenses Prior to Import

LCT— *Ley de Contrato de Trabajo* / Employment Contract Law

MAE— *Mercado Abierto Electrónico* / Open Electronic Market

MERCOSUR— *Mercado Común del Sur* / Southern Common Market

MERVAL— Buenos Aires Stock Market

MIGA— Multilateral Investment Guarantee Agency

MINCyT— *Ministerio de Ciencia, Tecnología e Innovación Productiva* / Ministry of Science, Technology and Productive Innovation

MOA— *Manufacturas de Origen Agropecuario* / Manufactured Goods of Agricultural Origin

MOI— *Manufacturas de Origen Industrial* / Manufactured Goods of Industrial Origin

MVBA— *Mercado de Valores de Buenos Aires* / Buenos Aires Stock Market

NCM— *Nomenclatura Común del MERCOSUR* / MERCOSUR Common Nomenclature

OECD— Organization for Economic Co-operation and Development

OEDE— *Observatorio de Empleo y Dinámica Empresarial* / Employment

RAF— *Régimen de Aduana Factoría* / In-company Customs System

REM— *Relevamiento de Expectativas de Mercado* / Survey of Market Expectations

ROFEX— *Mercado de Futuros de Rosario* / Futures Exchange Market of Rosario

SA— *Sociedad Anónima* / Corporation

SACU— South African Customs Union

SAFE— Framework of Standards to Secure and Facilitate Global Trade

SCyE— *Seguro de Capacitación y Empleo* / Training and Employment Insurance Program

SENASA— *Servicio Nacional de Sanidad y Calidad Agroalimentaria* / National Service for Agri-food Health and Quality

SIM— *Sistema Informático MARIA* / Customs computer system

SME— Small and Medium-Size Enterprise

SRL— *Sociedad de Responsabilidad Limitada* / Limited Liability Company

SSN— *Superintendencia de Seguros* / Insurance Superintendent

TRIPS— Agreement on Trade Related Aspects of Intellectual Property Rights

UNASUR— *Unión de Naciones Suramericanas* / Union of South American Nations

UNCTAD— United Nations Conference on Trade and Development

UNDP— United Nations Development Program

VAT— Value Added Tax

WCO— World Customs Organization

WTO— World Trade Organization



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Profile of Argentina

An overview of the country,
its population and geography

1.1. Argentina at a glance

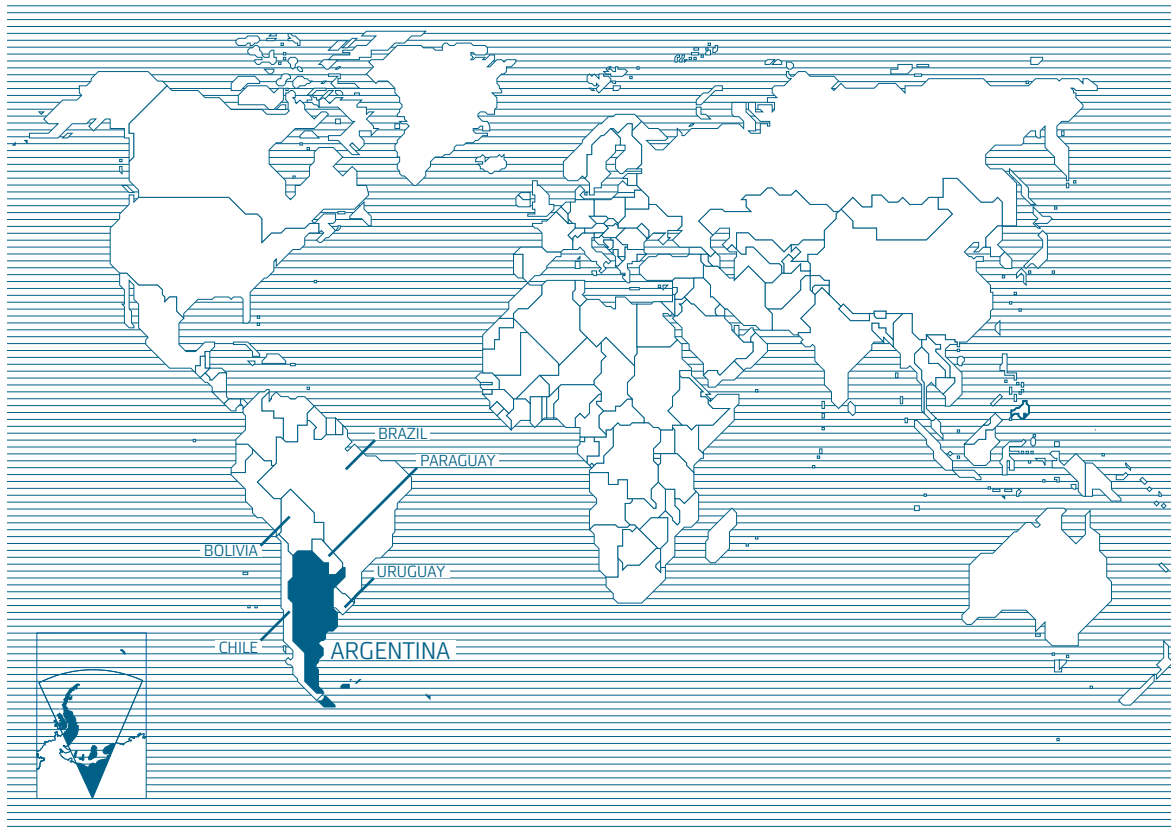
OFFICIAL NAME	República Argentina
CAPITAL CITY	Ciudad Autónoma de Buenos Aires
SURFACE AREA	3.8 million of km ² (2.8 million Km ² on the Antarctic continent and South Atlantic Islands)
MARITIME COASTLINES	4,725 km
POPULATION	40.1 million
POPULATION GROWTH	1.1% per year
LITERACY RATE	98%
LIFE EXPECTANCY AT BIRTH	76 years
GROSS DOMESTIC PRODUCT (GDP) <i>PER CAPITA</i> (PPP)	US\$ 17,660
CURRENCY	Argentine Peso (AR\$)
POLITICAL DIVISION	23 autonomous provinces and the Autonomous City of Buenos Aires
POLITICAL SYSTEM	Republican, Representative and Federal
FISCAL YEAR	January-December
MEASUREMENT SYSTEM	Metric
TIME ZONE	GMT -03:00
OFFICIAL LANGUAGE	Spanish
PRESIDENT	Cristina Fernández de Kirchner

1.2. Geographical location and territory

Located in the southernmost point of South America, Argentina is the eighth-largest country in the world and the second largest in Latin America in terms of land area. Argentina covers 2.8 million Km², with an additional 969 thousand Km² on Antarctica. Argentina's continental land extends 3,694 kilometers north to south (between latitudes 21° and 55°) and 1,423 kilometers from east to west (between longitudes 53° and 63°).

The country has access to the South Atlantic Ocean and the South Pacific Ocean through the Magellan Straits. It borders Uruguay, Brazil and the Atlantic Ocean to the east; Chile to the south and west; and it shares its northern border with Bolivia and Paraguay. Its geographical location provides direct access to a regional population of 240 million, in addition to its own 40 million of inhabitants.

— ARGENTINA IN THE WORLD —

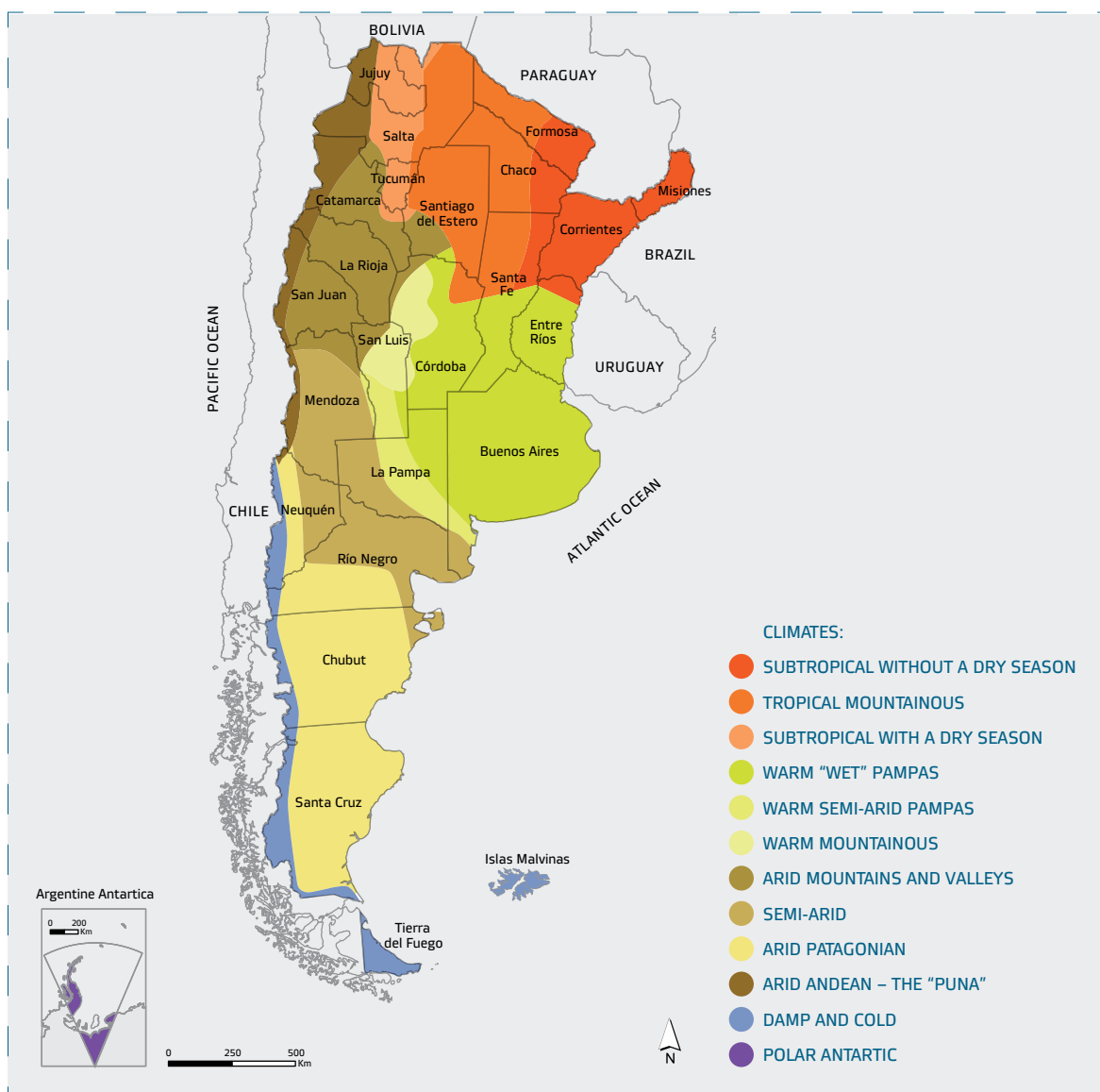


SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION

1.3. Climate and natural resources

Argentina boasts a wide range of climates and landscapes as well as significant biodiversity due to the expanse of its territory and topographical diversity. The varied features of its many climates—tropical, cold, temperate, arid—are present in multiple landscapes and terrains. Ice fields, arid deserts, mountain ranges, plateaus, plains, steppe vegetation, forests and jungles provide a platform for the development of an extremely broad range of crops and agricultural activities throughout the country. Arid lands and climates extend from northwest to southeast (in the Puna region and the Andes mountain range in the provinces of Catamarca, La Rioja and San Juan down to the Andean foothills in Patagonia). Many provinces offer more temperate conditions, including Buenos Aires, parts of Entre Ríos, the south and center of Santa Fe, eastern Córdoba and northwestern La Pampa; while sub-tropical, humid climates characterize the provinces of Misiones, Corrientes, northern Entre Ríos, eastern Chaco and the Andean foothills in Jujuy and Salta. The dry, hot temperatures found in western Chaco contract with the damp, cold temperatures of the wetlands throughout the Patagonian Andes in the southwest.

— CLIMATES IN ARGENTINA



SOURCE: *ATLAS DE SUELOS DE LA REPÚBLICA ARGENTINA*, INTA, 1995 (LAND ATLAS OF ARGENTINA, INTA, 1995).

Argentina's natural heritage draws visitors from all over the world. There are many highlights: Iguazú Falls, which plunges 80 meters in the midst of rainforests on the frontier with Brazil, is a vast horseshoe-shaped cataract of 260 unique waterfalls declared a World Natural Heritage Site by UNESCO and named one of the seven wonders by the Swiss foundation Seven Wonders. The Guaraní aquifer, shared by Argentina, Brazil, Paraguay and Uruguay, is one of the largest fresh water reserves in the world. Aconcagua at 6,959 meters is the highest mountain in the western hemisphere. Perito Moreno glacier, another UNESCO World Natural Heritage Site, is one of the most impressive of its kind in the world.

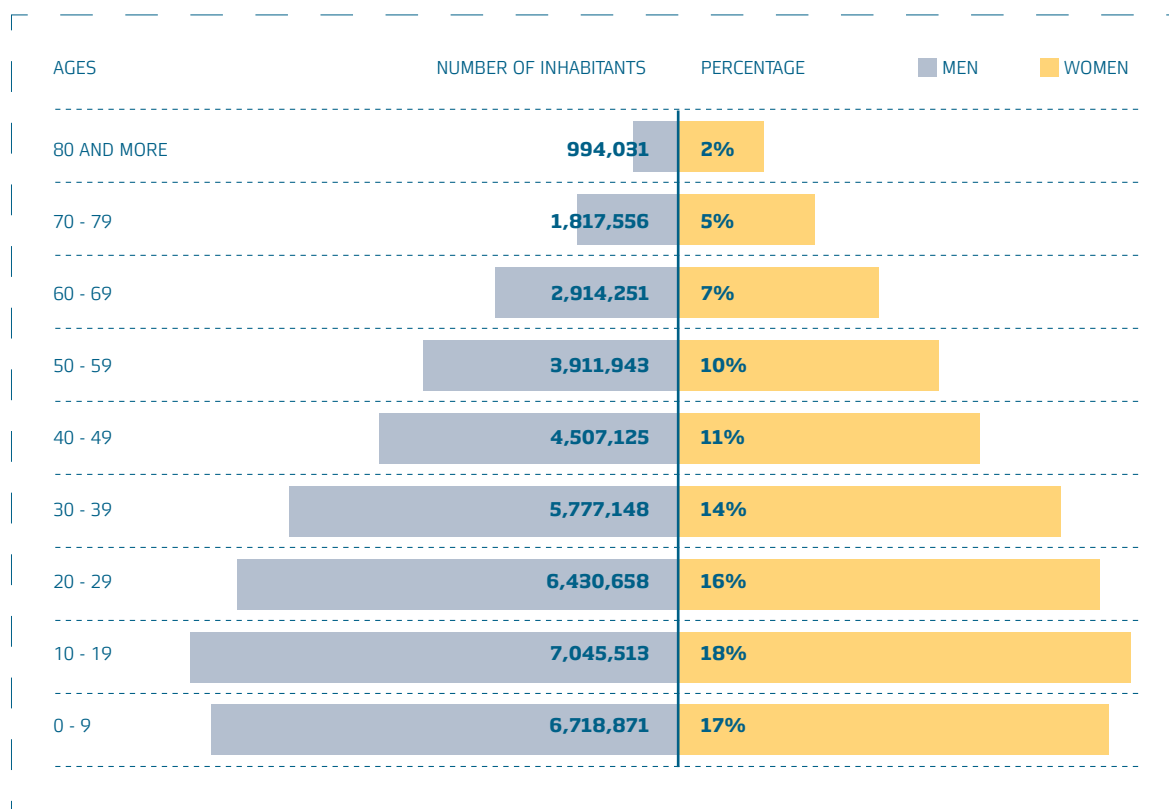
1.4. Population and demographics

While some native populations continue to observe their ancient rituals and traditions, Argentina was forged as a nation open to immigration, building a society whose wealth was matched by its cultural diversity. From the mid-19th Century to the 1950s, wave upon wave of European immigrants, mostly Spanish and Italian, joined by groups from the Middle East, immigrated to Argentina. More recent migratory currents—less numerous than past ones—originate in neighboring countries and, to a lesser extent, in Asia, mainly immigrants from China and Korea.

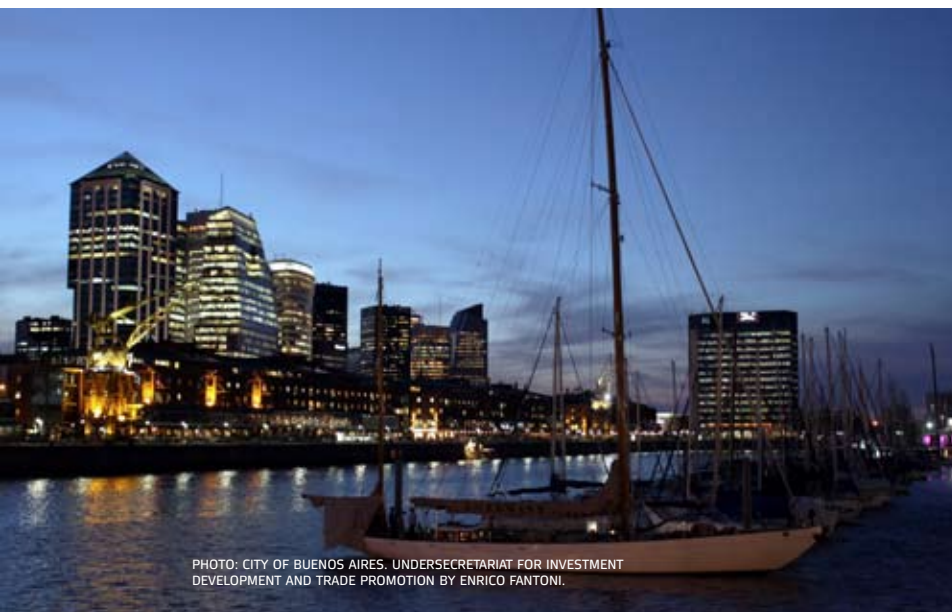
Argentina's population is 40.1 million (49% men and 51% women). Its demographic profile is relatively young with a median age of 29.8. Its population growth rate is 1.1% with an average of 2.16 births per woman. The expectancy at birth is 76 years.

The Human Development Index (HDI) published by the United Nations Development Program (UNDP) places Argentina among the countries in the high human development category. It ranks second in Latin America.

— POPULATION DISTRIBUTION BY AGE GROUP, NATIONAL CENSUS 2010



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE NATIONAL INSTITUTE OF STATISTICS AND CENSUSES (INDEC FOR ITS ACRONYM IN SPANISH).



Argentina has a high rate of urbanization with 93% of the population living in metropolitan areas. The country's main urban centers include Buenos Aires, Rosario, Mendoza, Córdoba, Tucumán, La Plata and Mar del Plata.

Population density is relatively low and varies considerably throughout the country's different regions. The average density for mainland Argentina is 14.4 inhabitants per Km² although it ranges from 15,451 inhabitants per Km² in the City of Buenos Aires, to one inhabitant per Km² in the province of Santa Cruz.

Almost one third of the Argentine population lives in Greater Buenos Aires, which includes the City of Buenos Aires and the 24 districts that make up the surrounding suburbs.

MAIN URBAN CENTERS IN ARGENTINA, 2010

CITY (METROPOLITAN AREA)	POPULATION (NUMBER OF INHABITANTS)
Buenos Aires and Greater Buenos Aires	13,175,000
Córdoba	1,418,000
Rosario	1,272,000
Mendoza	912,000
Tucumán	822,000
La Plata	751,000
Mar del Plata	621,000
Salta	549,000
Santa Fe	513,000
San Juan	477,000

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM PERMANENT SURVEY OF HOUSEHOLDS, 4TH QUARTER OF 2011 (INDEC).

— POLITICAL DIVISION, MAIN URBAN CENTERS AND GEOGRAPHICAL DESCRIPTION OF POPULATION



1.5. Language and religion

Spanish is Argentina's official language. English is widely spoken. Argentine students consistently reflect one of the highest levels of English fluency on international exams in the region, according to the University of Cambridge. Portuguese, French and Italian are second and third languages for a large number of Argentines, and there is growing interest in other languages, including Arabic and Chinese.

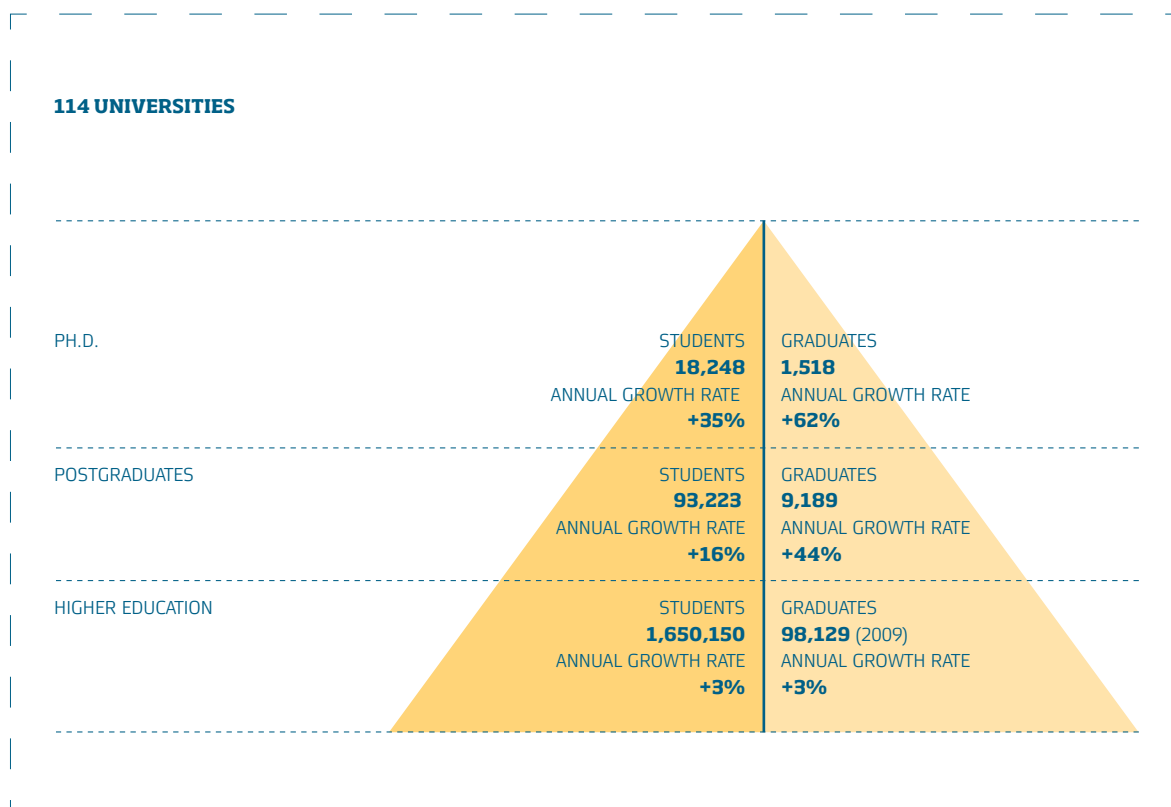
There is no official religion in Argentina. While a majority of the population is Roman Catholic, there are over 4,500 different religions registered at the National Registry of Worship. There is a long tradition of religious diversity in the country and freedom of religion is guaranteed by the Argentine Constitution.

1.6. Education

In Argentina, education from elementary school through high school is compulsory and free of charge. The country has one of the highest rates of literacy (98.1%) and school-life expectancy (16.1 years) in Latin America, on par with Belgium, France and Italy. The National Education Law establishes that the consolidated budget allotted for education by the national government, provinces and the City of Buenos Aires may be no less than 6% of the GDP.

Over 1.6 million students attend the 114 public and private universities throughout Argentina. The number of students entering higher education programs each year is the highest in Latin America. Its tertiary enrollment rate—71%—is the highest in the region and comparable to that of many developed countries. The number of enrolled graduate and post-graduate students grows every year, contributing to a highly trained population specialized in different disciplines. Approximately 98,000 graduates from tertiary education establishments and over 9,100 post-graduates from all over the country enter the job market every year.

— Higher education in Argentina, 2010



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM 2009 AND 2010 STATISTICS YEARBOOK, MINISTRY OF EDUCATION.



The development of science and technology is also a public policy priority, reinforced by the creation of the Ministry of Science, Technology and Productive Innovation (MINCYT for its acronym in Spanish) in 2007 and by the increase in the levels of public investment in these areas.

Numerous prestigious institutions, companies and public and private universities dedicated to the development of science and technology have over 50 years of expertise and international renown. Some of the best known are the National Council for Scientific and Technical Research (CONICET for its acronym in Spanish); the National Atomic Energy Commission (CNEA for its acronym in Spanish); INVAP, a company specializing in nuclear and space technology; the National Institute of Agricultural (INTA for its acronym in Spanish) and the National Institute of Industrial Technology (INTI for its acronym in Spanish); and the Leloir and Favaloro Institutes.

The country also boasts a roster of well-known scientists and researchers recognized by leading institutions around the world. Among them are the Nobel Prize Bernardo Houssay (Physiology and Medicine, 1974), Luis Leloir (Chemistry, 1970) and César Milstein (Physiology and Medicine, 1984). Argentina is the Latin American country with the highest number of Nobel prizes in sciences, ranking fourth among developing countries.

1.7. Form of government

The Argentine Constitution as sanctioned in 1853 adopts a republican, representative and federal form of government.

The federal form of government establishes the division of powers between the national government and the provinces, guaranteeing their autonomy. In this system, the national or federal sovereign government with jurisdiction over the entire national territory coexists with local governments whose jurisdictions are limited to their own respective territories.

Argentina is divided into 23 provinces and the City of Buenos Aires which has a special autonomous regime although it is not considered as a province. The provinces divide their respective territories into municipalities; some of them are also divided into districts.

Argentina is a democratic country and has enjoyed an uninterrupted period of institutional stability since 1983, which guarantees both civil liberties and human rights. Argentina’s democratic stability is assured by the maturity of its civil society and by the regional framework and institutions set up to safeguard democracy throughout the continent.

1.8. Political system

Argentina's political structure is based on a traditional republican division of powers: executive, legislative and judicial.

The executive branch is led by the President, elected for a term of four years with the option of re-election for one additional term. Both the President and Vice President, who also serves as the President of the Senate, are elected by direct vote through a process of mandatory universal suffrage. The president is advised by the Chief of Staff and a Cabinet of Ministers.

The legislative branch is represented by the National Congress, made up of the Senate and the Chamber of Deputies. The 257 members of the Chamber of Deputies are elected directly by proportional representation—based on population—for a four-year period. The Senate represents the 23 provinces and the City of Buenos Aires. Each jurisdiction is entitled to three senators (two from the majority political party and one from the minority), who are elected for a six-year period by direct vote. There is term limitation for deputies and senators who may be reelected indefinitely. Every two years, half of the Chamber of Deputies is reelected and the Senate is renewed by one third.

A quota law for women in politics has been in force since 1991, stipulating that at least one third of the electoral positions be occupied by women. This has guaranteed female representation in the public domain. Argentina heads up the roster of Latin American countries included on the Gender-related Development Index published by the UNDP, which takes into consideration the percentage of women in parliament and ministerial positions, among other factors.

The judicial branch is comprised of the Supreme Court of Justice, the National Council of the Magistracy and the lower courts. The judges are appointed by the President with approval of the Senate (based on a shortlist selected by the Council of the Magistracy following a public call for candidates). Judges enjoy freedom of action and stability and may only be removed if found guilty of a serious misdemeanor by a jury made up of national legislators, magistrates and lawyers.

In addition, the Public Ministry, an independent entity formed by the Attorney General's Office and the Public Defender's Office, actively promotes legal action on behalf of society's general legal interests in coordination with other national authorities.

Each of the 23 provinces has its own republican and representative constitution which organizes its own powers (executive, legislative and judicial) and regulates the regime of municipal autonomy. The executive branch is wielded by a governor elected by the inhabitants of each province; the legislative branch is unicameral in some cases and bicameral in others; and the judicial branch is independent. The provinces may pass laws on non-national issues, although the principle common laws (civil, trade, criminal, labor, social security and mining) are the preserve of the National Congress.

The City of Buenos Aires also has its own constitution establishing the division of powers and a regime of decentralization into communes, or districts. The executive power is represented by the head of the government of the City of Buenos Aires.

1.9. Foreign relations

Argentina is an open economy integrated into the world markets. It is one of the two countries representing South America at the G-20 and is a founding member of the World Trade Organization (WTO) and the Inter-American Development Bank (IDB). It has been a member of the International Monetary Fund (IMF) at the World Bank since 1956 and has taken part in UN Peacekeeping Operations for over 35 years. Argentina is also an active member of the Union of South American Nations (UNASUR for its acronym in Spanish) and of the Community of Latin America and Caribbean States (CELAC for its acronym in Spanish).



PHOTO: AUTOPISTAS DEL SOL



PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI.

Argentina is a full member of the Southern Common Market (MERCOSUR for its acronym in Spanish), a customs union formed with Brazil, Paraguay, Uruguay and Venezuela. Associate member countries Chile and Bolivia grant MERCOSUR member countries preferential access to their markets.

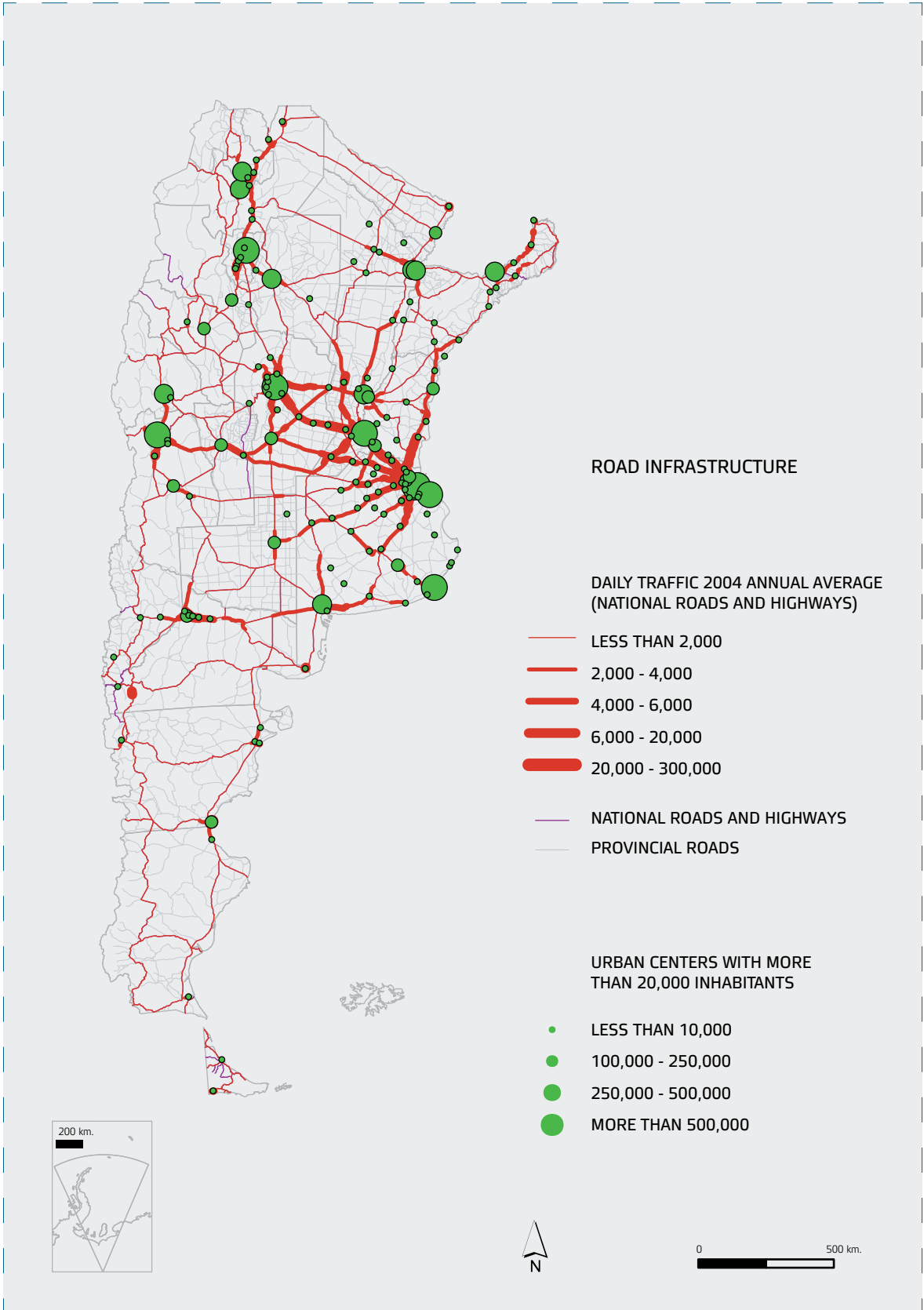
MERCOSUR members negotiate trade agreements with third countries or country groups jointly. On the one hand, MERCOSUR member states have entered into Economic Complementation Agreements (ECAs) with other countries of the region within the framework of the Treaty of Asunción (1980), which gave rise to the Latin American Integration Association (ALADI for its acronym in Spanish). On the other hand, MERCOSUR has signed Preferential Trade Agreements (PTA) with India and the Southern African Customs Union (SACU). MERCOSUR is currently negotiating an Association Agreement with the European Union (EU) which will have commercial, political and cooperation elements.

1.10. Infrastructure and communications

Argentina's transport and communications infrastructure includes over 39,322 kilometers of national highways and 195,837 kilometers of provincial roads; one of the largest railway networks in the world (35,753 kilometers); 43 ports, seven of which are sea ports; and 53 airports, 21 of which are international. In addition, there are over 30 air carriers offering direct flights from Argentina to over 40 destinations, reaching every continent in the world. This well developed and extensive infrastructure ranks Argentina second in Latin America in the World Bank's Logistics Performance Index.

Buenos Aires is the country's main port. It is the principal point of access and departure for most of the country's foreign trade, handling river and ocean-going vessels. Other major sea ports include La Plata, Bahía Blanca, Neuquén, San Antonio Oeste and Puerto Madryn, as well as the river ports along the banks of the Paraná River, including Rosario, San Lorenzo, Santa Fe, Barranqueras, San Nicolás and Campana.

— INFRASTRUCTURE AND TRANSPORT IN ARGENTINA



SOURCE: UNDERSECRETARIAT OF PUBLIC INVESTMENT TERRITORIAL PLANNING BASED ON THE 2011 INDEC NATIONAL CENSUS OF PEOPLE AND HOUSEHOLDS AND THE NATIONAL OFFICE OF ROAD PLANNING, 2004



PHOTO: INTERNATIONAL AIRPORT IN EZEIZA



PHOTO: BRAND X



PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI

The country has an advanced and highly competitive telecommunications system. The capital investments made in the industry are reflected in the extensive national and international digital networks. The density of fixed and mobile lines (168 subscriptions per 100 inhabitants) is the highest in Latin America. Internet penetration (67 users per 100 inhabitants) is increasing rapidly and stands well above the region’s average rate. Argentina places 13th in the world ranking of Internet penetration with over 11 million hosts. The City of Buenos Aires is recognized as the WiFi capital of Latin America, posting the highest concentration of wireless hotspots per inhabitant (more than in São Paulo, Mexico City and Santiago de Chile).

Argentina also has a varied selection of buildings suitable for commercial purposes in different urban centers throughout the country. The supply of space within the best office categories—A and A+ Premium scale—in Buenos Aires is outstanding, with costs per square meter comparable to those in other capital cities in the region, such as Santiago de Chile and Mexico City, but significantly below those in São Paulo and Bogota.

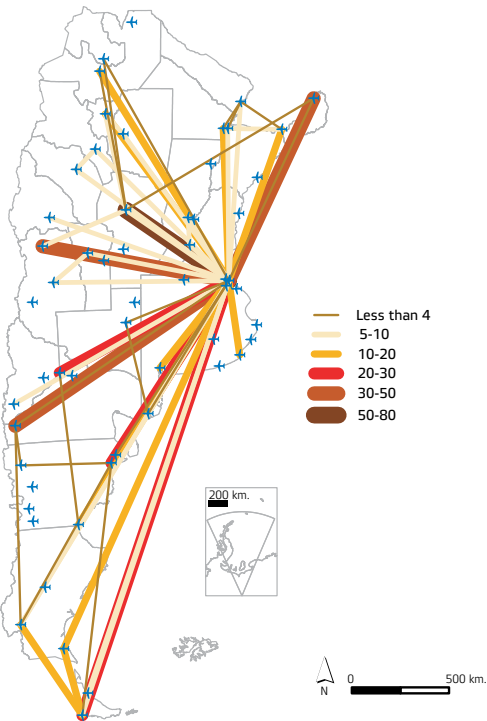
The national government has been extremely successful in implementing its electronic administration system, offering citizens electronic access to a range of different public services. According to the E-Government Readiness Index compiled by the United Nations, Argentina scored higher than any other country in South America.

The country is able to meet most of its energy requirements with its own resources. Hydraulic power generates some 30% of the electricity consumed domestically; nuclear energy produces an additional 7%.

Current legislation seeks to promote the use of renewable energies with a focus on fostering sustainable development. A biofuels law establishes mandatory blends for liquid fuels with biofuels (biodiesel and ethanol) effective as of 2010. Blend level targets currently stand at 7% for biodiesel and 5% for ethanol. An increase in the blend level target for ethanol is expected in the near future.

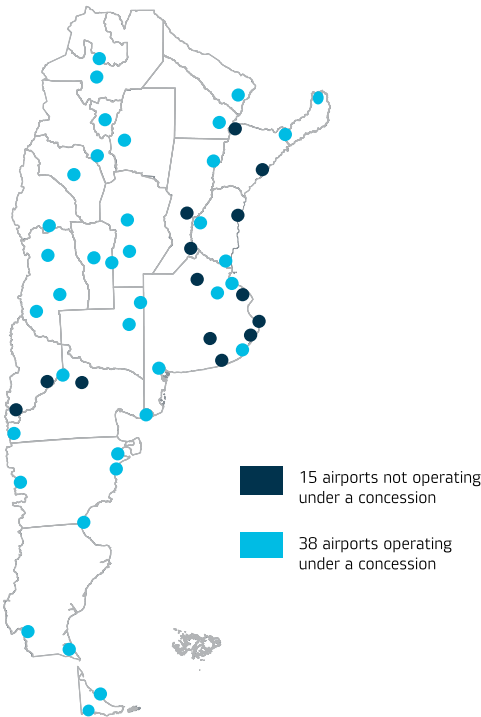
Different programs are being implemented within the framework of the Regime to Promote Renewable Energies, which is aimed at increasing the percentage of electricity generated from alternative energy sources. For example, the GENREN program issued a tender for the purchase of 15 years of 895 MW generated by clean sources, mostly wind power.

AVERAGE WEEKLY FREQUENCY OF DOMESTIC FLIGHTS



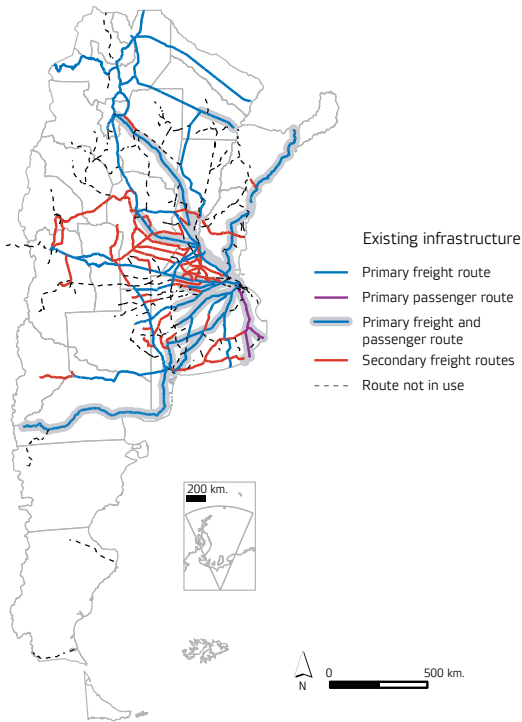
SOURCE: UNDERSECRETARIAT OF PUBLIC INVESTMENT PLANNING BASED ON DATA FROM THE UNDERSECRETARIAT OF COMMERCIAL AIR TRANSPORT

NATIONAL AIRPORT NETWORK



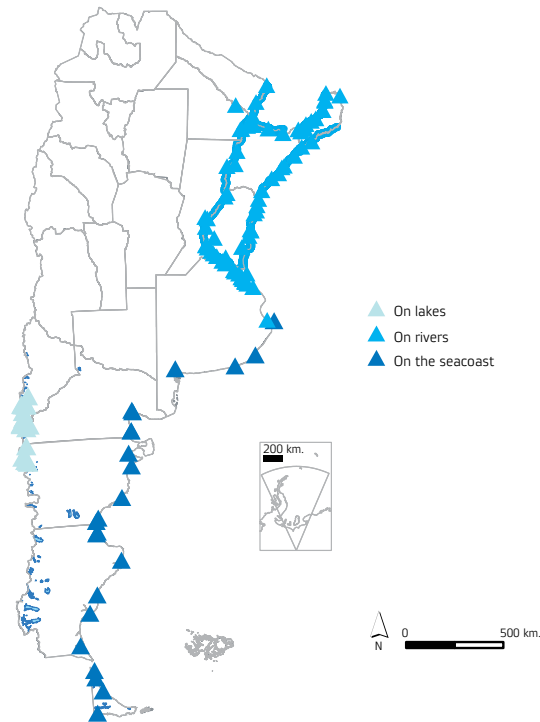
SOURCE: NATIONAL AIRPORT NETWORK REGULATORY AUTHORITY (ORSNA, FOR ITS ACRONYM IN SPANISH)

NATIONAL RAILWAY NETWORK



SOURCE: UNDERSECRETARIAT OF PUBLIC INVESTMENT TERRITORIAL PLANNING BASED ON DATA FROM THE UNDERSECRETARIAT OF RAILWAY TRANSPORT

PORTS



SOURCE: UNDERSECRETARIAT OF PUBLIC INVESTMENT TERRITORIAL PLANNING BASED ON DATA FROM THE NATIONAL COAST GUARD SERVICE AND THE UNDERSECRETARIAT OF WATER RESOURCES

— ELECTRICAL POWER GENERATION PER SOURCE, 2010



SOURCE: ASSOCIATION OF ELECTRICAL ENERGY GENERATORS OF ARGENTINA (AGEERA FOR ITS ACRONYM IN SPANISH)





2

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Economy and business

An overview of our economy
and business structure

2.1. Main economic indicators

INDICATOR	2003	2004	2005	2006	2007	2008	2009	2010	2011	1ST HALF 2012
GDP growth rate (% per year, at constant prices)	8.8%	9.0%	9.2%	8.5%	8.7%	6.8%	0.9%	9.2%	8.9%	2.4%
GDP (US\$ million, at current prices)	128,078	152,158	181,967	212,868	260,682	326,872	306,754	368,399	445,652	471,441
GDP (PPP per capita, current international US\$)*	8,983	9,938	11,051	12,236	13,527	14,597	14,684	16,062	17,660	18,205
Exports of goods and services (US\$ million)	34,439	39,864	47,021	54,569	66,343	82,175	66,639	81,689	99,431	47,226
Imports of goods and services (US\$ million)	19,544	29,064	36,313	42,677	55,583	70,902	51,039	71,205	91,658	41,918
Goods and services trade balance (US\$ million)	14,895	10,799	10,708	11,892	10,760	11,272	15,600	10,485	7,773	5,308
Trade surplus (% of GDP)	11.6%	7.1%	5.9%	5.6%	4.1%	3.4%	5.1%	2.8%	1.7%	1.1%
Current account surplus (% of GDP)	6.4%	2.1%	2.9%	3.6%	2.8%	2.1%	3.6%	0.8%	-0.1%	0.3%
Primary fiscal surplus (% of GDP)	2.3%	3.9%	3.7%	3.5%	3.2%	3.1%	1.5%	1.7%	0.3%	0.2%
Gross capital formation (% of GDP, at constant prices)	14.3%	17.7%	19.8%	21.6%	22.6%	23.1%	20.6%	22.8%	24.5%	21.3%
Foreign Direct Investment (US\$ million)	1,652	4,125	5,265	5,537	6,473	9,726	4,017	7,055	8,671	5,388
Exchange rate (\$/US\$; annual average)	3.0	2.9	2.9	3.1	3.1	3.2	3.7	3.9	4.1	4.5
International reserves (US\$ million)	14,119	19,646	28,077	32,037	46,176	46,386	47,967	52,190	46,376	46,348
Unemployment rate (% of EAP)**	17.25%	13.63%	11.58%	10.90%	8.48%	7.88%	8.68%	7.74%	7.18%	7.18%
Gini index***	0.53	0.51	0.49	0.48	0.47	0.46	0.45	0.44	0.43	0.43

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE NATIONAL INSTITUTE OF STATISTICS AND CENSUSES (INDEC) AND PUBLIC FINANCES OF THE CENTRAL BANK OF ARGENTINA (BCRA) AND THE INTERNATIONAL MONETARY FUND (FMI).

* 2007-2011 DATA IS BASED ON ESTIMATES. 2012 DATA IS BASED ON PROJECTIONS.

** DATA PER YEAR WAS CALCULATED AS THE AVERAGE OF THE FOUR QUARTERS. FOR 2012, THE AVERAGE WAS CALCULATED FOR THE FIRST TWO QUARTERS.

*** POPULATION ACCORDING TO PER CAPITA FAMILY INCOME FOR THE UNIVERSE OF PEOPLE.

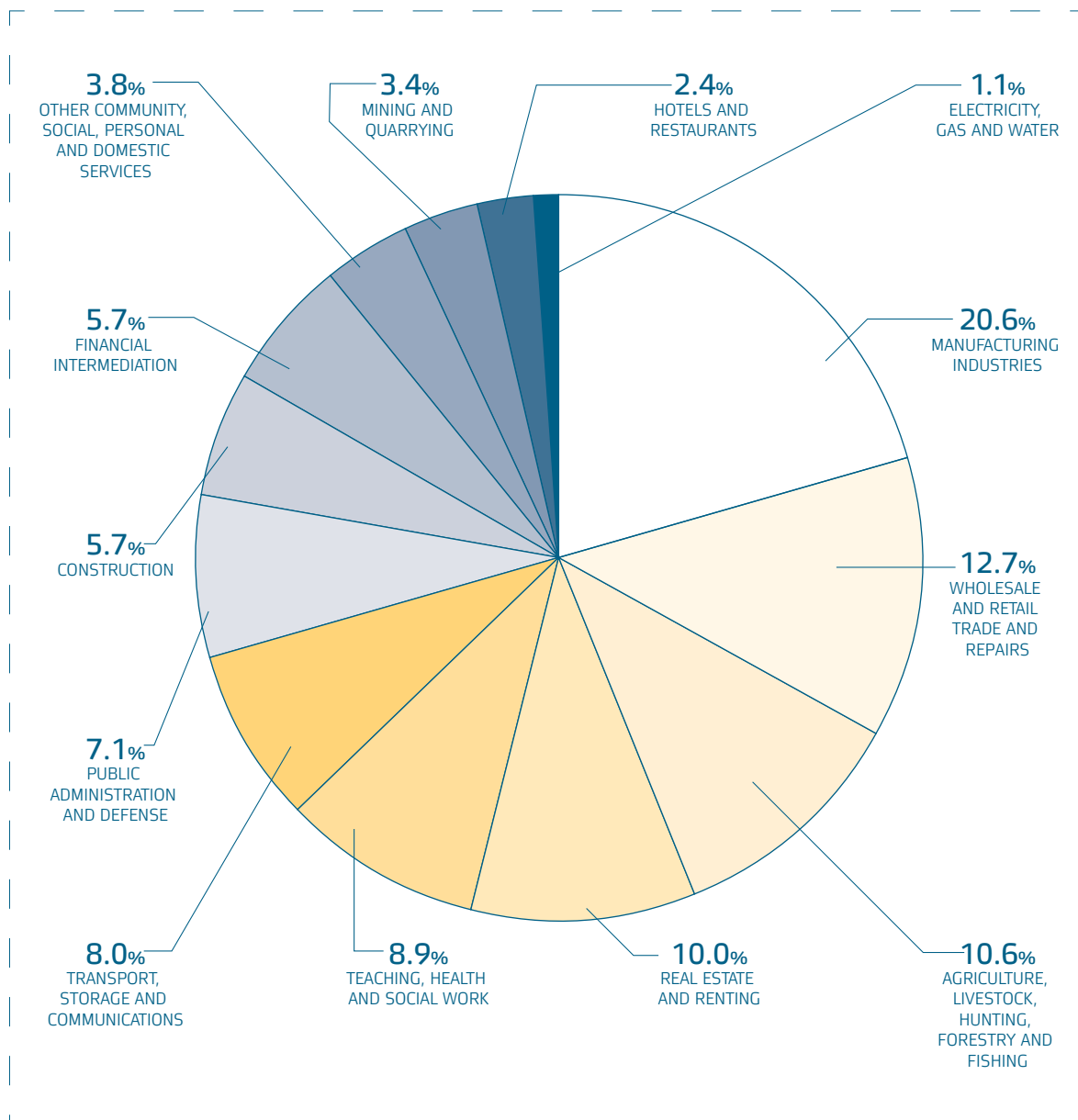
2.2. Economic structure

Argentina has a highly diversified economy. The primary sector is internationally renowned for its high productivity levels and use of advanced technologies. The country's well-developed industrial base showcases key sectors such as agribusiness, automotive, pharmaceuticals, chemicals and petrochemicals, biotechnology and design manufacturing.

The traditional service sectors are well established in the country, gradually developing niche expertise in the most sophisticated segments of the value chain, with notable growth in software and IT services as well as a wide variety of high added-value professional services.

COMPOSITION OF GDP BY ECONOMIC ACTIVITY, 2011

AS A PERCENTAGE OF THE TOTAL, AT CURRENT PRICES



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE NATIONAL OFFICE OF NATIONAL ACCOUNTS, INDEC.

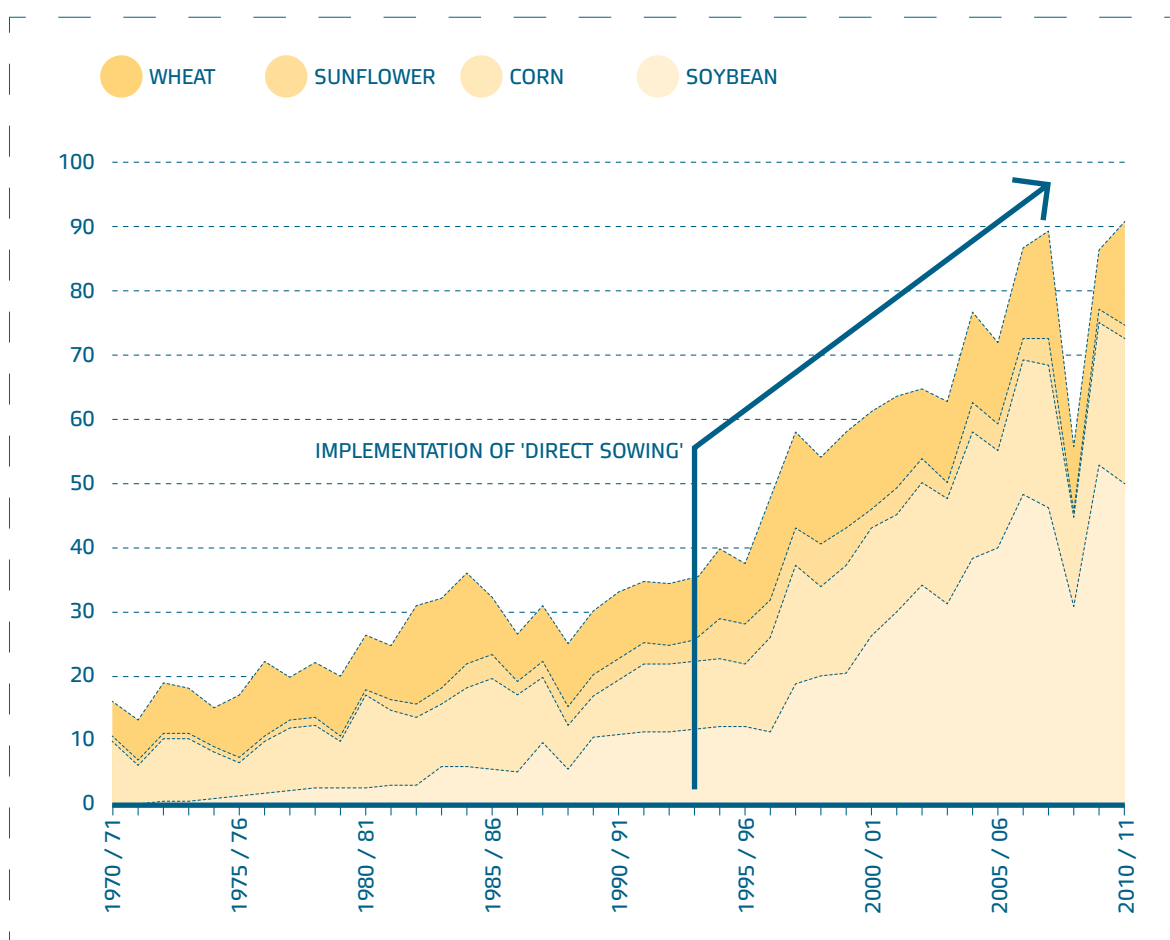
2.2.1. Primary sector

Argentina's primary sector –agriculture, livestock, hunting, forestry, fishing and mining- represents 14% of the economy. This productive sector grew at an average annual rate of 2.6% in 2003- 2011.

The country is a leading producer and exporter of commodities and raw materials, with over 60% of its 170 million of productive hectares dedicated to agricultural production. The extraordinary fertile lands of the Pampas produce cereals, oilseeds and grazing for beef cattle for local and export markets. Agriculture has reached high productivity levels, achieving yields of soybean and wheat per hectare well above those of other important world producers. The country leads the way in the development and implementation of direct-sowing techniques. From 2005 to 2011, 44.5 million tons of soybeans were harvested on average per year (making Argentina the world's third largest soybean producer). In addition, 19.6 million tons of corn, 12.6 million tons wheat and 3.4 million tons of sunflower seeds, the top Pampean crops, were harvested on average per year during the same period.

— OUTPUT OF SUNFLOWER, SOYBEAN, CORN AND WHEAT, 1979-2011

IN MILLIONS OF TONS

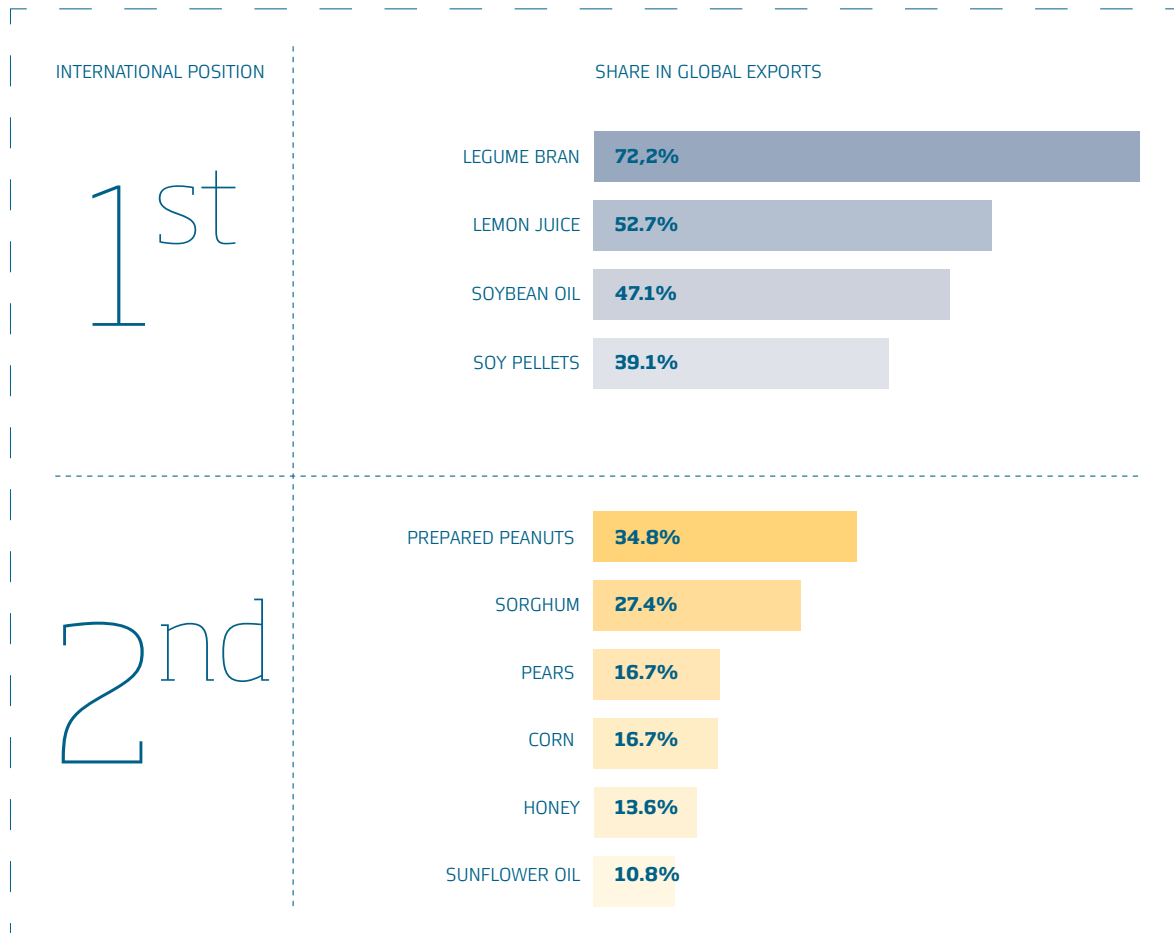


SOURCE: ARGENTINE ASSOCIATION OF REGIONAL CONSORTIA FOR AGRICULTURAL EXPERIMENTATION (CREA FOR ITS ACRONYM IN SPANISH) BASED ON DATA FROM THE MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES.

Argentina is also a world leading producer of other primary products: it is the first concentrate lemon juice and soybean oil exporter, and ranks second among the top exporters of pears, sunflower oil, honey, prepared peanuts and corn, among others (Source: FAO). Primary products are also key inputs for the local agribusiness industry.

— ARGENTINA'S SHARE IN GLOBAL EXPORTS AND INTERNATIONAL POSITION

AS A PERCENTAGE OF GLOBAL EXPORTS AND BY INTERNATIONAL POSITION, AS PER EXPORTED TONS, 2010



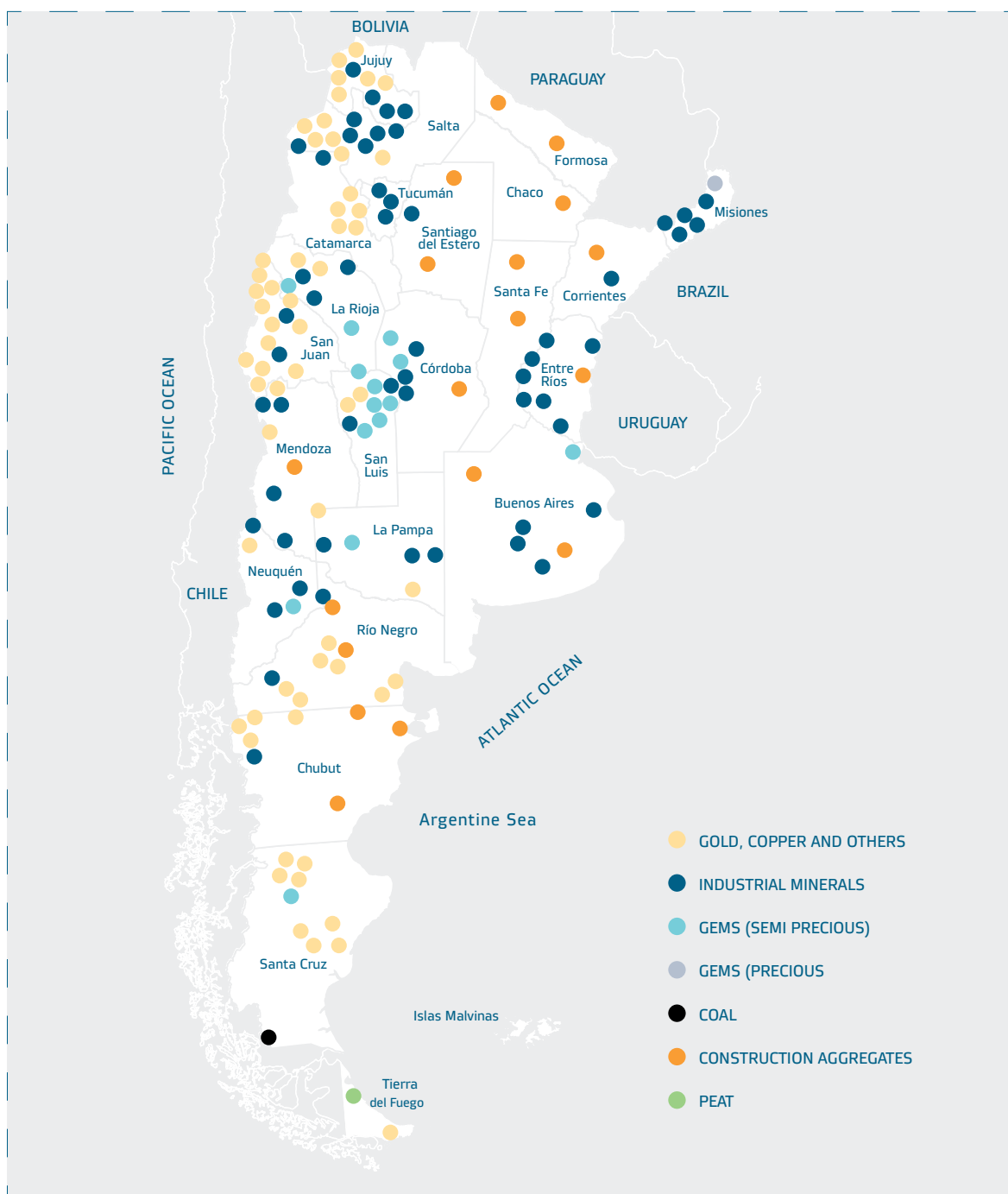
SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO).

Argentina stands at the forefront of biotechnology applications for agriculture and animal health. Noteworthy work being carried out includes efforts to develop innovative applications for seeds, inoculants and micro-propagation techniques. The country is the third largest GM crop grower in the world (with 23.7 million hectares, equivalent to 15% of the total surface area cultivated with GM-crops worldwide). Furthermore, Argentina is one of the new countries in the world with animal multispecies cloning technology (cows, goats, pigs, horses and sheep).

Argentina also possesses a wealth of mineral resources, mostly concentrated along the Andes mountain range which includes significant deposits of lead, zinc, tin, silver, potassium, copper and gold. The province of San Juan is home to one of the most important reserves of gold and silver on the planet; while to the east of the Cuyo region (in the provinces of La Rioja, San Juan, Mendoza and San Luis), with its chalky lime soil, there are major gold, silver, lead and zinc deposits; and further to the southwest, copper and molybdenum reserves. The country also has some of the largest lithium deposits in the world, a mineral increasingly in demand due to its low environmental impact and use for cellular phone and car batteries.

The mining sector has grown dramatically in recent years. Thanks to over 614 mining projects, record levels of investment have been matched by similarly high rates of exploration, exports and job creation. Investments for exploration activities, project development and mineral production came from 20 different countries on five continents and triplicated their value from 2008 to 2011. For 2025, output levels are forecast to be worth some US\$ 26.2 billion, while exports are expected to amount to US\$ 21.0 billion.

— MINING RESOURCES



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON A REPORT ON THE MINING INVESTMENT OPPORTUNITIES AVAILABLE IN ARGENTINA (MINERÍA ARGENTINA. OPORTUNIDADES DE INVERSIÓN) PREPARED BY THE SECRETARIAT OF MINING

Oil exploitation is another economic activity that presents excellent perspectives for Argentina, as the country boasts the necessary resources to achieve a substantial increase in production in the years to come. The new YPF management –Argentina’s hydrocarbon leading company- is driving a structural productive change that starts from the search of strategic partners to exploit non-traditional hydrocarbons. Argentina boasts one of the three world’s largest reserves of shale oil.

Argentina also has important gas fields, among which the Neuquina, Austral, Noroeste and Golfo de San Jorge are worth highlighting. Recently, shale oil and gas reserves have been discovered in the Vaca Muerta

formation, province of Neuquén. Consumption of natural gas has grown over the last few years driven mainly by industrial growth.

2.2.2. Industrial sector

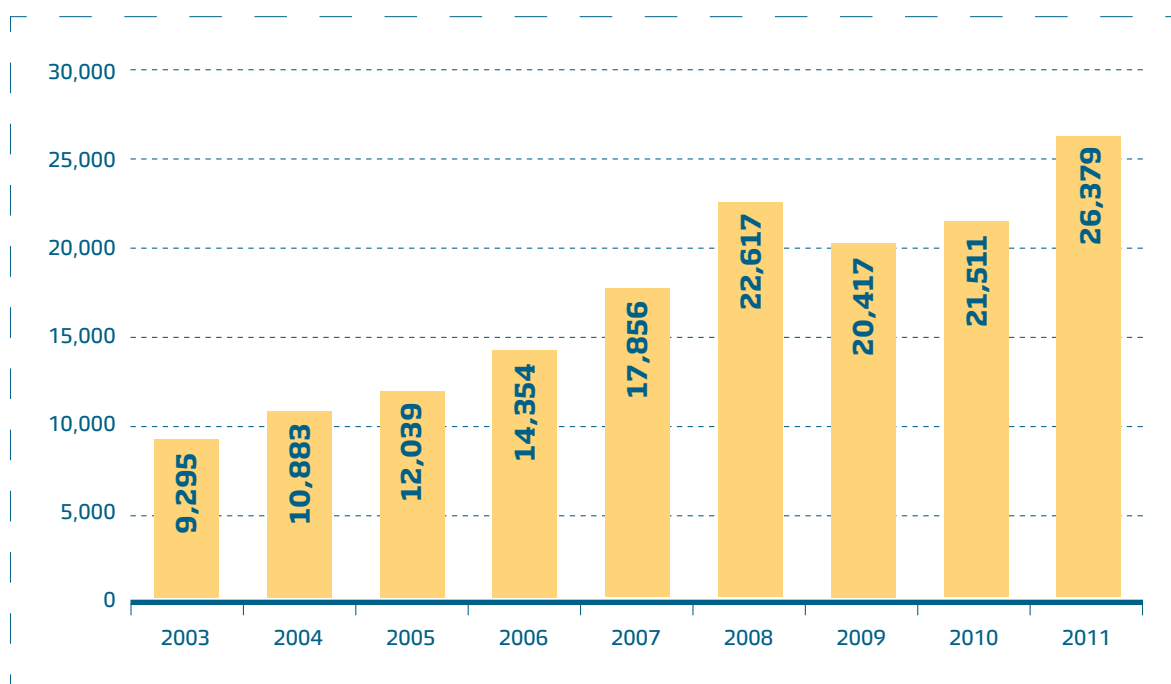
The manufacturing industry represents 21% of the domestic economy. From 2003 to 2011, the sector grew at an average rate of 7.5% per year. During the first half of 2012, the sector experienced a year-on-year growth of 1.2%.

The country's agribusiness chain is well consolidated, with the food and beverages sector standing out from the rest. Argentina is the world's top grape must, lemon juice and leather producer. It places third as soybean and sunflower oil producer, fifth as wine producer and tenth as wine exporter worldwide. The output of beverages and food grew at an annual rate of 7.1% from 2003 to 2011, while the value of food and beverages exports increased at an annual rate of 13.5% during the same period, reaching approximately US\$ 26.0 billion per year.

High standards of quality, constant product innovation and decisive export strategies have enabled the companies operating in Argentina to complement the elaboration of traditional food products, penetrating exclusive market niches in order to meet the demands of premium consumers around the world. Many of these companies also carry out their own R&D applied to the value chain in food production.

— FOOD AND BEVERAGE EXPORTS, 2003-2011

IN US\$ MILLION



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM INDEC.

Argentina's agro-ecological conditions are truly exceptional for producing wine. Argentina produces a vast range of outstanding red, white and rosé wines. Bolstered by over 952 wineries throughout the country, the Argentine wine industry has reached a considerable degree of maturity, reflected not only in the high level of investments, but also in the close relationship between public and private sectors to foster the activity. The country offers a highly attractive price-quality ratio which allows it to compete with the world's leading producing countries. Argentine wine exports reach over 125 countries, primarily the United States –where Argentina is the fourth exporter after France, Italy and Australia- Canada, Brazil, the United Kingdom and the Netherlands. Additionally, exports to non-traditional destinations such as China are expanding rapidly.

The automotive and auto parts industry is well consolidated in Argentina with a track record of over 100 years in the country; it ranks second in terms of production volume in South America. The industry represents more than 9% of Argentina's industrial output value and plays a key role in employment creation and technology transfer. Production is mainly concentrated in the provinces of Buenos Aires, Córdoba and Santa Fe.

Eleven top-tier multinational automotive manufacturers have chosen to base production and export platforms in Argentina. A reciprocal manufacturing strategy for models and auto parts have been put into place between local subsidiaries and their counterparts in Brazil in order to supply the Latin American market. Six out of every ten automobiles manufactured in Argentina are exported, mainly to Brazil.

Both automotive and auto part manufacturers have the capabilities and know-how needed to meet the strictest international standards, encouraging the development of new products and technologies. In 2011, the leading companies in the sector produced over 40 different models, including cars, utility and heavy vehicles.

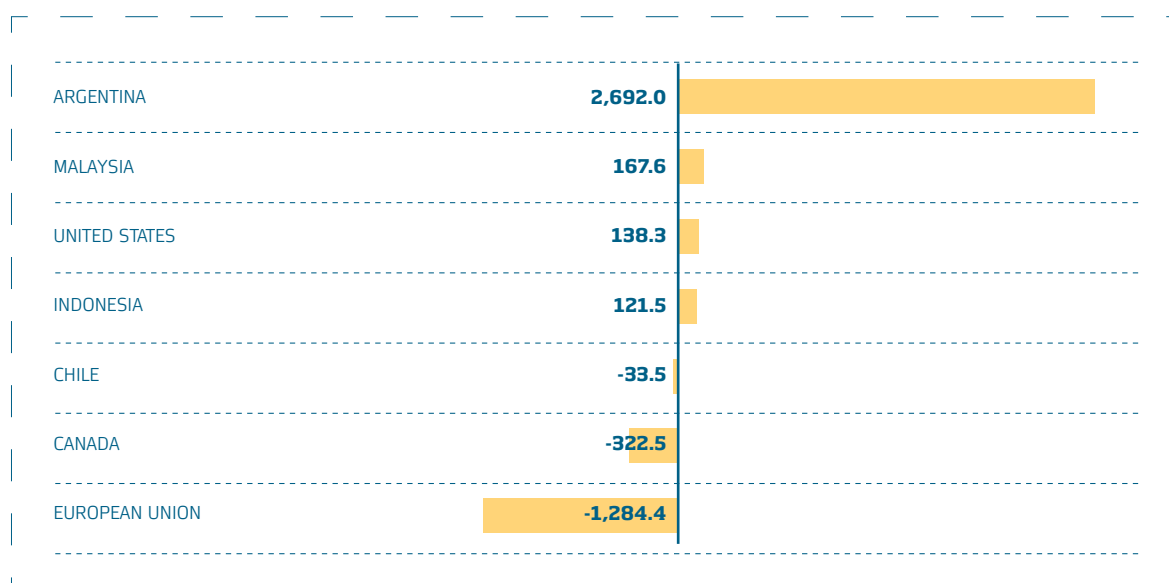
The pharmaceutical and pharma-chemical industry, which represents 4.9% of the country's industrial added value, is also known for its long-standing tradition and its great potential. Argentina boasts 250 laboratories and 100 industrial plants, mainly of national capital. The Argentine pharmaceutical industry employs directly 27,850 people and 100,000 indirectly. The quality of the output produced by the sector is internationally recognized as well as the world-class standard of the industries' workforce.

Investments in the R&D sector grew at an annual average rate of 15% from 2003 to 2011, with a marked growth in biotechnology applications, in particular recombinant DNA technology and gene therapy. Additionally, drug exports doubled in the 2003-2011 period, showing an upward trend towards diversified destinations. Medicine production stands out for being strongly related to the scientific community, developing bio technologic and bioengineering projects related to human health and employing skilled workforce.

The production of clean renewable energies, a boom industry worldwide, is growing fast in Argentina. The country is currently the third-largest producer and leading exporter of biofuels in the world. It is also developing its capabilities for alternative energy generation, such as wind power. Activities developed by local companies have achieved international recognition for their specialization in these technologies.

— BIODIESEL TRADE BALANCE IN SELECTED COUNTRIES, 2011(P)

IN MILLION OF LITERS



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM OCDE-FAO (AGRICULTURAL OUTLOOK 2011-2020).

Argentina has also made a name for itself in a range of high added-value manufactured goods. Many of these products rely on the steel industry, a sector in which Argentina boasts some of the top companies in the world.

In turn, the manufacturing of light watercraft vessels, recognized internationally, and heavy vessels, which has regained prominence within the national industry, stand out among these segments. There are over 120 companies manufacturing sailboats, cruisers, boats and other services needed to manufacture and maintain a great diversity of vessels. The sector has an installed capacity of 700,000 m² and employs over 7,000 people directly and indirectly. The industry has been exporting boats of all kinds to different developed countries, mainly to Europe and Asia, for the last 25 years.

The agricultural machine industry is characterized by its years of accumulated experience. Today, this cluster is made up of 730 factories and employs approximately 47,000 people, of which 80% are skilled workers. The industry uses hi-tech applications in its production processes and has developed a sizeable capacity for innovation and adaptation. It has the necessary know-how to produce innovative equipment for new agricultural practices, such as direct sowing and precision agriculture. The sector has shown an important dynamism over the last years: sales of agricultural machinery grew at a rate of 14.8% per year from 2003 to 2011.

There are a number of leading Argentine companies working in the fields of industrial, nuclear and aerospace engineering. Their high standards of excellence have made them internationally competitive. The manufacture of medical, optic and precision instruments is another segment that stands out for its export profile.

2.2.3. Services

Representing 65% of the economy, the services sector grew by an annual rate of 7.6% from 2003 to 2011. During the first half of 2012, the sector experienced a year-on-year growth of 4.6%.

The more traditional services sector is well established in Argentina, with a modern retail infrastructure covering the entire country. Utility services and transportation companies are privately held for the most part. Their tariffs are highly competitive in comparison with those in other countries in the region. Health care and education supplied by both public and private providers offer a broad range of quality services to all the population.

In addition, Argentina is growing rapidly as a provider of differentiated technological services. It is one of the top locations for professional services and shared services centers, simultaneously able to offer quality and high added value. Exports of professional services grew at an annual rate of 23.5% from 2003 to 2011, reaching US\$ 5.2 billion in 2011.

The types of activities being undertaken in the local market have expanded from call centers to more sophisticated market segments, underpinned as much by world demands as by the growing presence of multinationals choosing the country as their preferred location for the development and export of these services.

Its favorable time zone (GMT-3) and cultural similarities with Europe and other countries in Latin America endow Argentina with a clear advantage over other emerging markets. Furthermore, Buenos Aires is the second city in Latin America and places fifteenth in the world ranking of the best emerging cities for outsourcing services (Tholons Consulting, 2012).

The software and IT services is characterized by its proven capabilities, versatility, performance and global profile. The dynamic sector is made up of some 3,800 companies which involve consolidated multinationals and a growing and active network of highly innovative small and medium-sized enterprises. In addition, the sector employs over 67,00 people, of whom more than half are professionals with higher education or full university degrees. These small and medium-sized enterprises work in synergy with universities and public sector institutions. This collaboration is reflected in the large number of technological poles and clusters found throughout the country.

— MAIN SOFTWARE AND IT POLES



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE CHAMBER OF BUSINESSES OF SOFTWARE AND INFORMATION SERVICES (CESSI FOR ITS ACRONYM IN SPANISH).

Sales in this sector grew at an annual average rate of 14% from 2002 to 2011, while exports increased by 24% per year on average. Currently, foreign sales represent almost 26% of the sector’s total revenue, and 65% of the companies export on a regular basis to a diverse range of destinations. Argentina is the first software exporter in South America. (Source: Ministry of Industry).

Argentine creative industries have also positioned themselves in the international marketplace with great success, supported by local competitive advantages. The country is the fourth world exporter of original television formats and is one of the best places in the world where to develop and produce ideas, after the US, Britain and Brazil, according to the Gunn Report (2011). The city of Buenos Aires, an established center of audiovisual advertisement, was declared World Book Capital and appointed as the first UNESCO City of Design in 2011. The public sector is a great promoter of cultural industries. The creation of an Audiovisual Pole on Demarchi Island has been made public recently.

The country’s unique mix of highly qualified professionals and workers, an extensive culture of creative design and a solid technological platform, fuels the development of the sector. In addition, Argentina offers an excellent cost-to-quality ratio as a location.

Argentina also boasts an attractive tourism sector and received some 5,700,000 of tourists in 2011. Buenos Aires was selected as one of the top ten cities to visit in the world for the sixth year running by the magazine Travel and Leisure. The newspaper The New York Times singled out Patagonia as the second “must visit” location in the world in 2010, while singing the praises of San Patricio del Chañar, in the province of Neuquén, for its stunning landscapes and array of wineries, an activity which is unique at that latitude.

Finally, two sectors that play a key role in the local economy are electricity, gas and water supply, and the construction industry, with a 1% and 6% share of GDP, respectively. From 2003 to 2011, the first sector grew 4.7% and the latter 11% per year. During the first half of 2012, both sectors experienced a 3.9% and 0.5% growth, respectively, on a year-on-year basis.

2.3. Companies in Argentina

Argentina's productive network is comprised of young innovative companies as well as those with traditions dating back a hundred years. A broad segment of small and medium enterprises (SMEs) and a large number of big companies are active in the country's different economic sectors.

There are some 493,000 companies registered in Argentina which work in the manufacturing, retail and wholesale, and services sectors. Most of these are micro companies (71%), followed by SMEs, which number 136,000 companies (28%), and finally 9,000 large companies registered (2%). Of the three sectors, the services industry concentrates the largest portion of companies, 54% of the total, followed by retail and wholesale (34%) and manufacturing (12%).

— PRIVATE COMPANIES REGISTERED IN THE MANUFACTURING, RETAIL AND WHOLESALE, AND SERVICES SECTOR ACCORDING TO SIZE AND TYPE OF ACTIVITY

IN UNITS

SECTOR \ SIZE	LARGE	MEDIUM	SMALL	MICRO	TOTAL
INDUSTRY	2,000	6,000	20,000	32,000	60,000
RETAIL AND WHOLESALE	2,000	5,000	30,000	123,000	160,000
SERVICES	5,000	15,000	55,000	190,000	265,000
TOTAL	9,000	26,000	105,000	345,000	485,000

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE EMPLOYMENT AND BUSINESS DYNAMICS OBSERVATORY (OEDE FOR ITS ACRONYM IN SPANISH), MINISTRY OF WORK, EMPLOYMENT AND SOCIAL SECURITY BASED ON THE ARGENTINE COMPREHENSIVE SOCIAL SECURITY SYSTEM (SIPA FOR ITS ACRONYM IN SPANISH).

Although large companies represent the smallest segment of companies, they account for 49% of the salaried workforce. SMEs employ 39% of workers on the record, while micro companies are responsible for hiring the remaining 12%.

2.3.1. Profile of the top 500 non-financial companies

The National Survey of Large Companies (ENGE, for its acronym in Spanish) covers the 500 largest non-financial companies in Argentina. While all the companies surveyed are considered to be large, there are significant differences within the listing. While the 50 largest companies reported minimum production values US\$ 773 million in 2010, the 50 smallest recorded production values ranging from US\$ 57 to US\$ 85 million for the same year.

Together, the top 500 companies represent 23% of the total added value of the Argentine economy and 33% of the added value of the sectors included in the survey (this analysis does not include companies whose main activity corresponds to the agricultural, financial and personal services sector).

Taken as a whole, the 500 largest companies in Argentina employ nearly 731,000 people in 2010, reflecting the creation of 32,000 new jobs in that year (equivalent to a year-on-year growth of 4.6%).

In addition to employment growth, productivity levels (taken as value added per employee) also rose, registering an increase of over 26.2 in 2010. In this context, the top 500 companies showed high profitability margins (revenue/sales), averaging 12.3% for the period from 2008 to 2010.

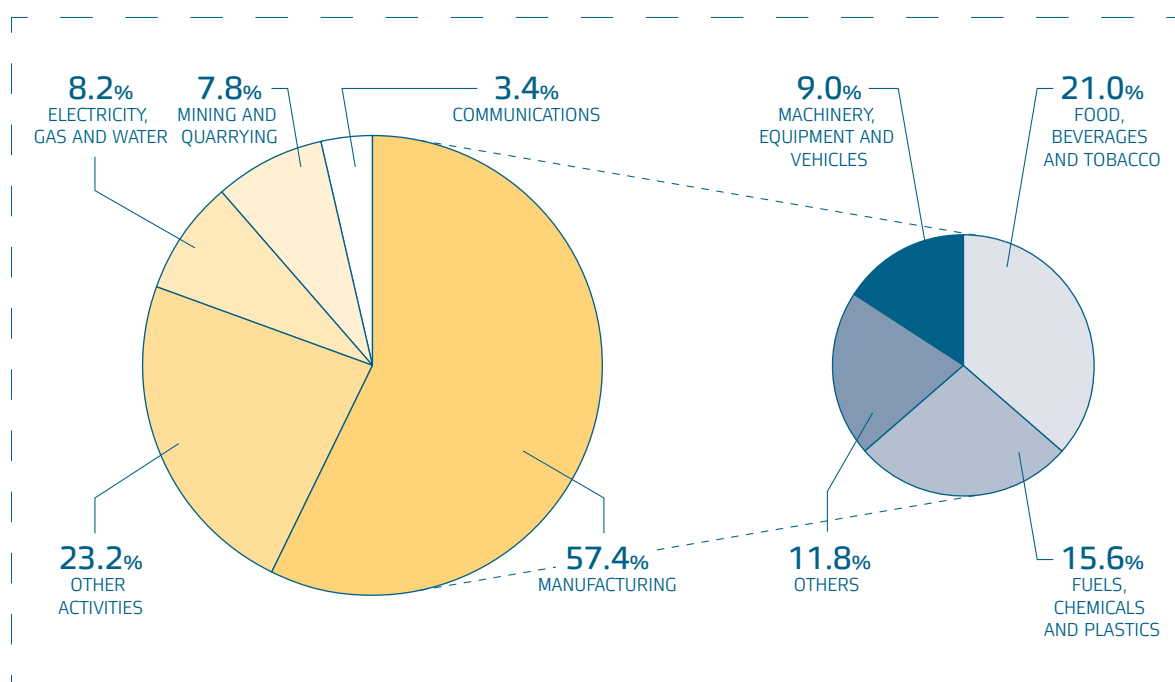


PHOTO: WINES OF ARGENTINA

Large companies generally display a multi-sector productive structure. Many of them are part of an economic group or a multinational conglomerate. In terms of their main activity, 57.4% of the top 500 companies are from the manufacturing industry, particularly food products, beverages and tobacco, as well as fuel, chemicals and plastics, and machinery, equipment and vehicles.

— TOP 500 NON-FINANCIAL COMPANIES IN ARGENTINA BY SECTOR, 2010

AS A PERCENTAGE OF THE TOTAL



SOURCE: NATIONAL SURVEY OF LARGE COMPANIES (ENGE), INDEC.

— **MAIN MACROECONOMIC AGGREGATES OF THE LARGEST 500 NON-FINANCIAL COMPANIES IN ARGENTINA, 2008-2010**

	SOURCE OF CAPITAL					
	NATIONAL			WITH FOREIGN CAPITAL *		
	2008	2009	2010	2008	2009	2010
Sales (production value)	32,238	32,130	40,490	144,843	123,371	156,673
Gross added value	11,492	11,487	14,740	56,458	50,292	63,067
Profits	2,153	4,034	4,479	18,082	15,383	21,455
Profitability (profits/sales)	6.7%	12.6%	11.1%	12.5%	12.5%	13.7%
Salaried jobs	241,536	256,439	268,916	450,421	443,526	462,009
Companies	162	176	176	338	324	324

* A COMPANY IS CONSIDERED TO HAVE FOREIGN CAPITAL WHEN OVER 10% OF ITS EQUITY IS IN FOREIGN HANDS
SOURCE: NATIONAL SURVEY OF LARGE COMPANIES (ENGE), INDEC.

2.3.2. Multinational companies

— **MULTINATIONAL ENTERPRISES IN ARGENTINA**

Argentina has pursued a policy of openness towards foreign investments since its earliest stages of economic development, today reflected in the historically strong presence of international companies in the country. Some 2,000 foreign subsidiaries are currently operating in Argentina with a total FDI stock of US\$ 96.3 billion in 2011.

In 2010, 324 of the top 500 largest non-financing companies in Argentina were overseas branches, employing over 462,000 people and with US\$ 157 billion in sales. In that year, foreign-controlled companies represented 81% of the gross added value and 83% of the profits produced by the 500 largest non-financial companies. The high levels of profitability (profits/sales) achieved by the major multinationals in Argentina are worth mentioning: 13% on average from 2008 to 2010.

Multinationals are active in a wide range of sectors and industries, mostly operating with a long-term approach, as there are practically no industries off limits to foreign capital investments. Their presence is particularly strong in the energy, telecommunication, automotive and agro business sectors, among others.

— **ARGENTINE COMPANIES ABROAD**

Argentine enterprises were among the first from emerging countries to invest abroad. Both Argentine SMEs and large companies enjoy an increasingly significant presence in the world. Their process of internationalization has developed steadily for the last two decades.

Taken as a whole, Argentine companies have an FDI stock of US\$ 31.3 billion invested abroad. Among this, the leading 23 Argentine multinationals hold US\$ 21 billion in foreign assets, employ 41,000 people abroad and own 278 subsidiaries around the world. FDI flows of Argentine companies abroad grew by 50% in 2011, reaching US\$ 1.4 billion.

There are two interesting features which characterize Argentine multinationals. First, there is the diversity of sectors in which they are involved worldwide, including pharmaceuticals, agribusiness, civil engineering, electronics and computer products, chemicals, IT services, waste collection and disposal activities, and R&D. At the same time, Argentine multinationals vary greatly in terms of their size: large multinationals that lead their sector on a world level co-exist alongside new, smaller companies that are highly dynamic and have managed to penetrate the foreign markets successfully.

2.4. Economic policy

Since 2003, Argentina has displayed one of the most impressive economic performances in the world, with high growth rates. From 2003 to 2011, GDP grew at an average annual rate of 7.6%. Although the impact of the international economic crisis was felt between the fourth quarter of 2008 and the second quarter of 2009, the Argentine economy bounced back rapidly. During 2010, the economy grew 9.2% compared to 2009, experiencing an 8.9% growth during 2011, and a 2.4% growth during the first half of 2012.

This growth is supported by the solid macroeconomic base which strengthened the domestic economy, allowing Argentina to tackle the international economic crisis. The increase in revenues, as a consequence of the economic expansion, improved public accounts substantially, allowing the expansion of expenditure and public investment. At the same time, the accumulation of international reserves helped reduce foreign shocks and carry out a successful debt reduction policy which provided a greater decision margin in economic terms. The trade balance showcased 10 years of surplus while domestic consumption grew steadily thanks to an increase in the population's income.

2.4.1. Fiscal policy

After 2003, the public sector consolidated a strong primary surplus, averaging 3% of GDP from 2003 to 2009 and a financial surplus of approximately 1% of GDP, an unprecedented phenomenon in recent fiscal history. The international crisis and the economic slowdown in 2009 impacted tax accounts, although the primary fiscal result remained positive, recovering in 2010 and slowing down again in 2011.

— FISCAL RESULT OF THE NATIONAL PUBLIC SECTOR, 1980-2012

AS A PERCENTAGE OF GDP

PERIOD	PRIMARY RESULT
1980 - 1989	-3.9
1990 - 2001	0.2
2002 - 2009	2.7
2010	1.7
2011	0.3
1st half 2011	0.6
1st half 2012	0.2

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE MINISTRY OF ECONOMY AND PUBLIC FINANCES.

The sound performance of public finances is largely due to the robust growth in tax revenues; public spending growth at rates commensurate with fiscal policy objectives; and the diminished impact of debt servicing payments as a consequence of the restructuring of liabilities and the process of debt reduction underway since 2003. After the international crisis, income from taxes displayed strong growth thanks to the process of economic recovery and the increase in revenues from taxes on consumer goods, income and trade.

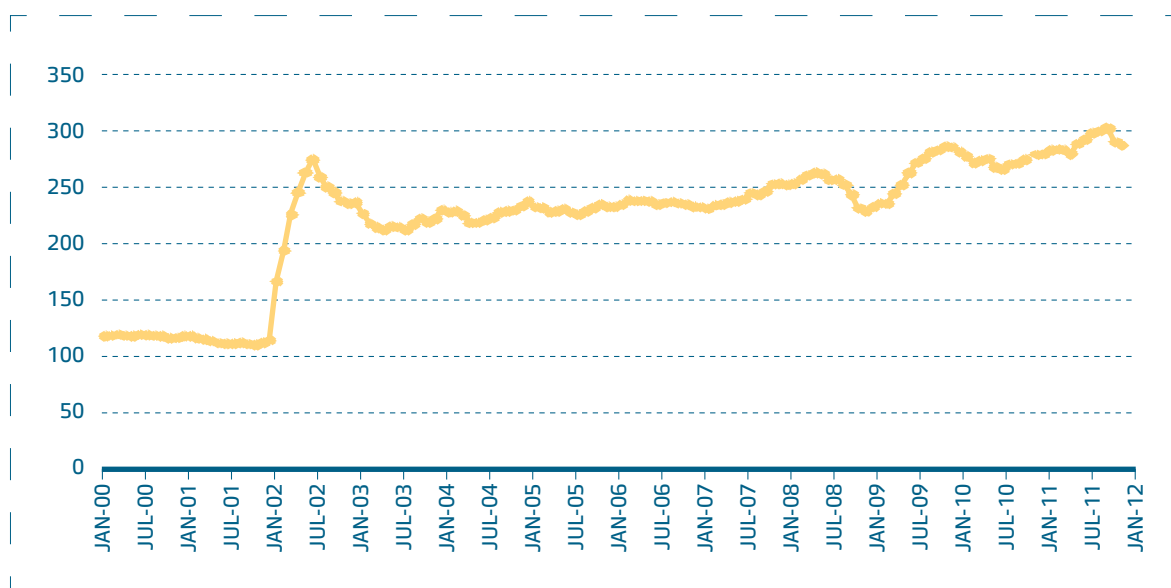
2.4.2. Monetary and exchange policy

The Central Bank of Argentina (BCRA for its acronym in Spanish) designs and implements a monetary policy that seeks not only monetary and financial stability, but also the promotion of employment and economic development coupled with social equality.

The exchange policy has leaned towards the maintenance of a stable and competitive exchange rate through a floating currency system managed both bilaterally against the dollar as well as multilaterally against a basket of currencies from Argentina's main trading partners. The managed float is one of the pillars of exchange policy designed to diminish the impact of a volatile exchange rate and thus contribute to strengthening the demand for money.

— REAL MULTILATERAL EXCHANGE RATE INDEX, 2000-2012

DECEMBER 2001=100

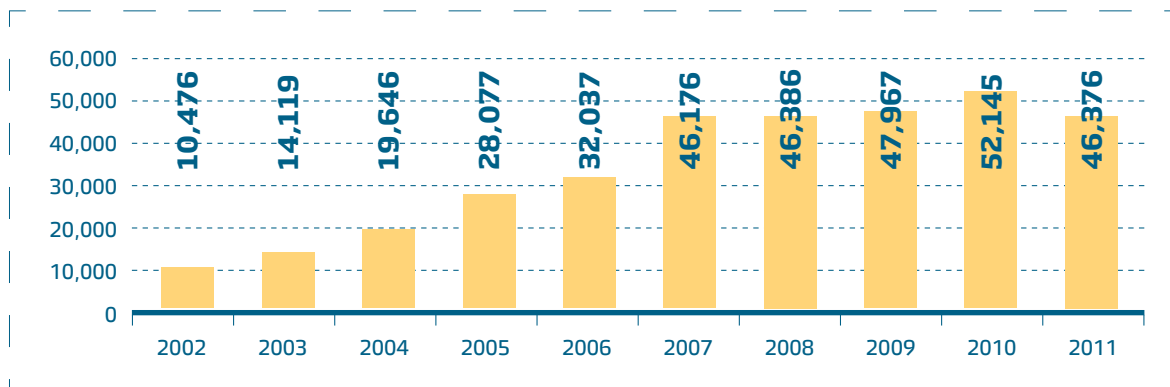


SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM BCRA.

Furthermore, in the context of a favorable scenario, the Central Bank of Argentina's prudent policy of reserve accumulation has allowed reserves to reach record levels. The significant increase in exports since 2003 and a structural surplus in the country's current account, resulted in the expansion of international reserves from a low point of US\$ 10.4 billion in 2002 to US\$ 46.3 billion in 2011.

INTERNATIONAL BCRA RESERVES, DEC. 2003 - DEC. 2011

IN MILLION OF US\$



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE BCRA.

2.4.3. Debt policy

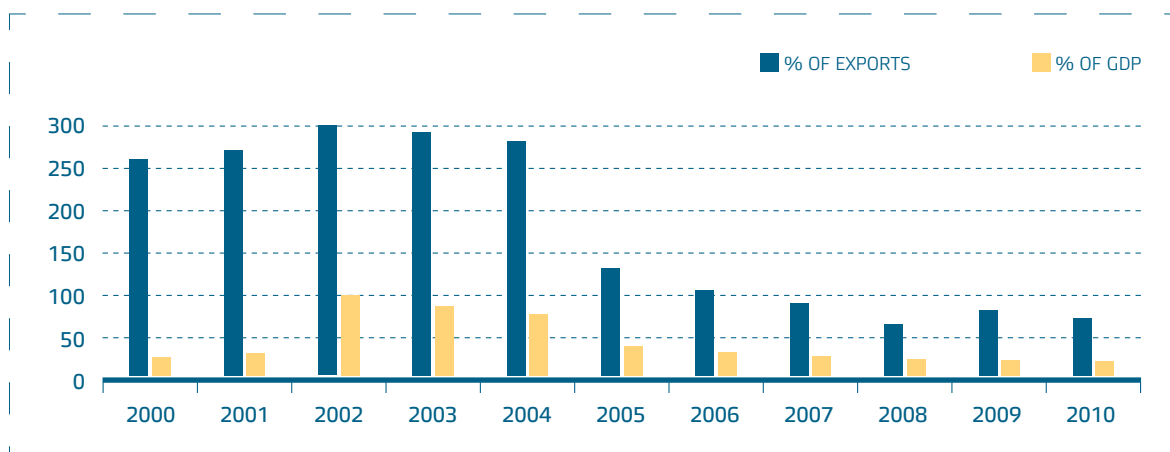
In 2005, Argentina carried out an important debt swap of the sovereign debt declared in default in 2001 with an adhesion rate of 76%. In 2010, the government offered bondholders who did not take part in the first debt swap (holdouts) a new opportunity to join the process of Argentine debt restructuring. The 2010 debt swap achieved a 67% adhesion rate. The 2005 and 2010 operations served to regularize 92.4% of the debt declared in default in 2001.

In turn, in January 2006, Argentina's total debt to the International Monetary Fund, which amounted to US\$ 9.5 billion, was paid off using international reserves, which, despite this historical operation, continued to grow in a sustained manner.

The success of the debt restructuring policy meant that the national public sector foreign debt stock as percentage of GDP dropped from 95% in 2002 to 17% in 2010. Furthermore, total public debt contracted to 39% of GDP in 2010 while total external debt (public and private) stood at 32% of GDP in December 2011.

EXTERNAL DEBT OF THE NATIONAL PUBLIC SECTOR, 2001-2011

AS A PERCENTAGE OF GDP AND EXPORTS



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE NATIONAL OFFICE OF NATIONAL ACCOUNTS, INDEC

2.5. Domestic and foreign investment

Argentina's economic growth starting in 2003 was driven by investment in large part. The dynamic investment process embraced both traditional sectors and the new knowledge and technology-intensive sectors.

2.5.1. Gross domestic foreign investment (GDFI)

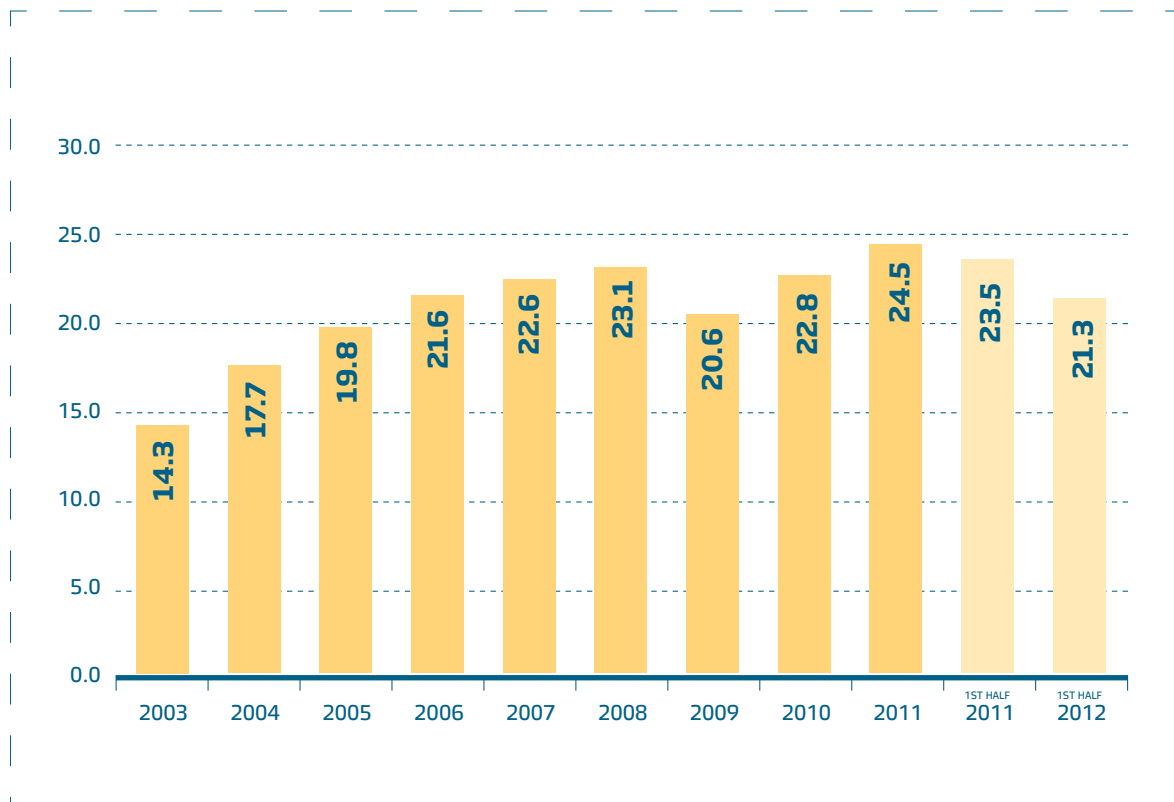
Domestic investment in Argentina has followed a growth curve over the last few years. After having dropped to minimum levels in relation to GDP in the first quarter of 2002 (11.3%), Gross Domestic Foreign Investment (GDFI) first recovered and subsequently expanded. GDFI measured at constant values grew at an annual average rate of 15% from 2003 to 2011. The rate of investment as a percentage of GDP expanded from 14.3% in 2003 to 24.5% in 2011, year in which the investment levels were the highest registered in the last 30 years. In the first half of 2012, the investment rate registered 21.3% of GDP.

As from 2003, private investment grew alongside public sector investment in a complementary process. Public investment was mainly driven by the start-up of a range of public infrastructure projects.

In the context of the world financial crisis, and in line with other economies around the globe, domestic investment in Argentina contracted during 2009. However, despite the crisis, the rate of investment recorded in 2009 remained close to its historic long-term average and well above the levels registered during other episodes of crisis. In the first half of 2010, domestic investment showed signs of recovery, reaching a new record-high of 24.5% of GDP during 2011.

— EVOLUTION OF GROSS DOMESTIC FOREIGN INVESTMENT, 2003-2011

AS A PERCENTAGE OF GDP, AT CONSTANT PRICES



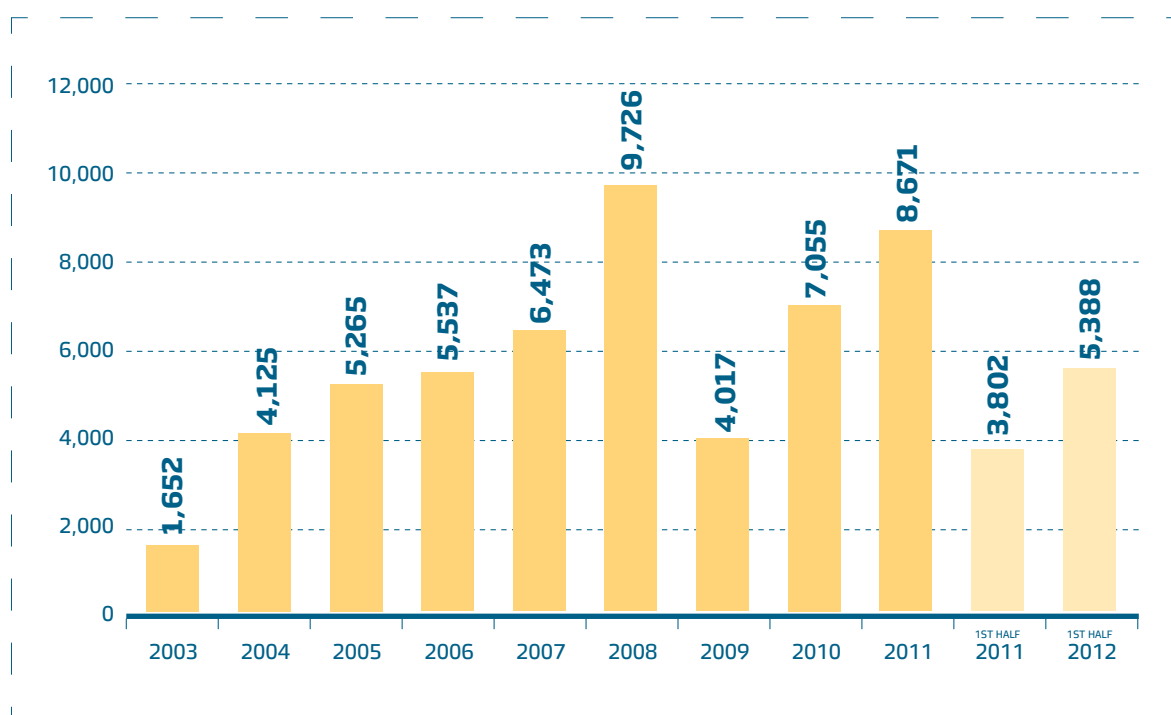
SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION, BASED ON DATA FROM THE NATIONAL OFFICE OF NATIONAL ACCOUNTS, INDEC.

2.5.2. Foreign Direct Investment (FDI)

Like GDFI, Foreign Direct Investment also underwent a process of recovery followed by robust growth between 2003 and 2011. FDI inflows grew by an annual average of 43% from their lowest level in 2003 to 2008 when they reached US\$ 9.7 billion. In 2009, in the face of the global financial crisis, there was a slowdown in FDI inflows and intra-company loan was negative, which is a potential sign of intercompany debt settlement. As from 2010, FDI flows showed signs of recovery, growing at 42% on a year-over-year basis during the first half of 2012.

— EVOLUTION OF FOREIGN DIRECT INVESTMENT, 2003-2012

IN MILLION OF US\$



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE NATIONAL OFFICE OF INTERNATIONAL ACCOUNTS, INDEC.

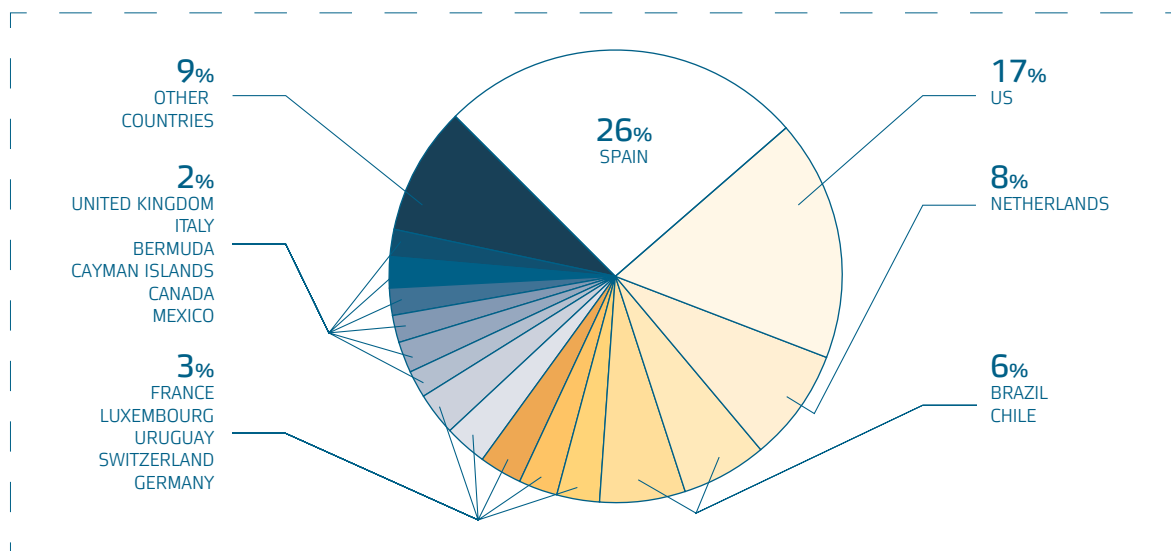
The composition of FDI has improved steadily since 2004, largely driven by an increase in the productive capacity of foreign companies established in Argentina, the arrival of new international firms and greenfield investments. This is borne out by an increase in the share of new capital injections and reinvested earnings, as well as a very low rate of mergers and acquisitions.

High levels of profitability are another salient feature of foreign investment in Argentina. Profits as a percentage of FDI stock averaged 11.2% during the period from 2006 to 2009, while they contracted to 10.1% in 2010 and 9.8% in 2011. Considering the main foreign companies established in the country (the 324 largest companies according to the National Survey of Largest Companies), profits over sales averaged 12.5% from 2008 to 2009, reaching 13.7% in 2010.

By country of origin, Spain was the largest source, accounting for 26% the total FDI stock in 2010, followed by the US (17%), Holland (8%), Chile (6%) and Brazil (6%). Companies from these five countries were also the main sources of FDI in 2005-2010, accounting for 60% the total FDI flows for the period.

— FDI STOCK PER SOURCE COUNTRY, DECEMBER 2010

AS A PERCENTAGE OF TOTAL FDI STOCK



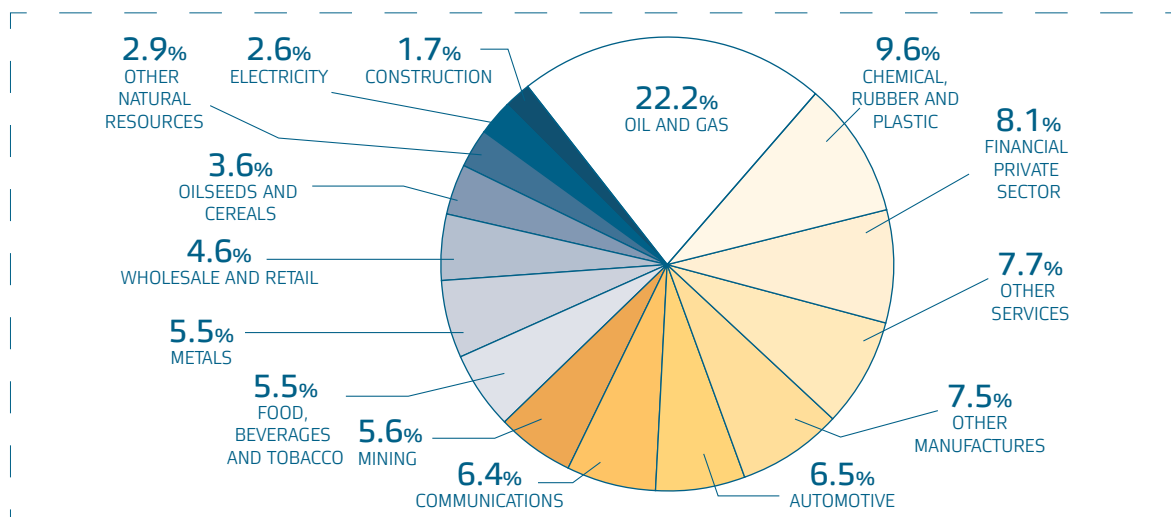
SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE BCRA.

The manufacturing sector represents the highest proportion of FDI stock, reaching 40% of the total in 2010, while natural resources is slightly lower, standing at 31%, followed by services (29%). A more detailed breakdown shows the oil sector with 22% of the total FDI stock in Argentina, followed by chemical, rubber and plastic industries (10%), the private financing sector (8%), communications (6%), automotive sector (6%) and basic metals and their processing (5%).

In addition to the investments made in traditional sectors, there is a noticeable increase in FDI inflows in dynamic sectors requiring relatively smaller amounts of capital, but which are hi-tech and qualified-worker intensive, such as the software and IT industry, as well as professional services and other segments within the cultural and creative industries.

— FDI STOCK PER SECTOR, DECEMBER 2010

AS A PERCENTAGE OF TOTAL FDI STOCK



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE BCRA.

2.6. International trade

Argentine foreign trade has grown solidly over the last eight years, an extension of a long-term upwards trend. From 2003 to 2011, the degree of openness (exports and imports over GDP) reached an average of 35%, the highest level in the last twenty years. If trade and services is included, the average level of openness was 43%.

— BALANCE OF PAYMENTS, 2003-2012

IN US\$ MILLIONS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	1ST HALF 2011	1ST HALF 2012
Current account	8,140	3,212	5,274	7,768	7,354	6,756	10,995	2,791	-307	500	1,429
Trade balance	14,895	10,799	10,708	11,892	10,760	11,272	15,600	10,485	7,773	4,547	5,308
Goods											
Exports FOB	29,939	34,576	40,387	46,546	55,980	70,019	55,672	68,134	83,950	40,068	39,647
Imports CIF	13,851	22,445	28,687	34,154	44,708	57,463	38,786	56,502	73,936	34,264	32,311
Balance	16,088	12,130	11,700	12,393	11,273	12,556	16,886	11,632	10,014	5,805	7,336
Services											
Exports	4,500	5,288	6,634	8,023	10,363	12,156	10,967	13,556	15,481	7,277	7,579
Imports	5,693	6,619	7,626	8,523	10,876	13,440	12,252	14,703	17,721	8,534	9,607
Balance	-1,193	-1,331	-992	-501	-513	-1,284	-1,285	-1,148	-2,240	-1,257	-2,028

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM INDEC.

Since 2003, the strong dynamism of goods exports has led to a trade balance surplus which helped achieve a positive current account balance. The current account surplus remained positive up to 2010, followed by a slight deficit in 2011, and recovered substantially during the first half of 2012.

2.6.1. Trade in goods

— EXPORTS

From 2003 to 2011, exports of goods grew at an average annual rate of 14%, getting close to US\$ 84 billion. Imports grew at an average annual rate of 23% amounting to US\$ 74 billion. The trade balance was positive throughout the period. Both exports and imports fell in 2009 due to the drop in world trade generated by the international economic crisis and started their road to recovery in 2010 when they reached a new record high.

In 2011, manufactured goods represented 68% of the country's total exports of goods. Manufactured goods of agricultural origin (MAO) represented 33.6% of exports, and manufactured goods of industrial origin (MIO) came to 34.4%. These were followed, in order of importance, by exports of primary products (24%) and fuel and energy (8%). MIO displayed the most dynamic performance from 2003 to 2011 with an average annual growth rate of 17.3%.

— **EXPORTS OF GOODS BY MAJOR ITEMS, 2003-2011**

IN US\$ MILLIONS, FOB

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Manufactured goods of industrial origin (MIO)	8,047	9,576	11,985	14,843	17,333	22,063	18,734	23,816	28,916
Manufactured goods of agricultural origin (MIO)	10,004	11,967	13,142	15,265	19,214	23,906	21,225	22,661	28,192
Primary products	6,471	6,852	8,110	8,625	12,485	16,201	9,257	15,142	20,213
Fuels and energy	5,417	6,181	7,150	7,813	6,949	7,848	6,457	6,515	6,629
Total exports	29,939	34,576	40,387	46,546	55,980	70,019	55,672	68,134	83,950

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM INDEC.

Brazil is Argentina's main trading partner and accounts for over 21% of Argentine exports, followed by China, Chile, United States and Spain.

— **MAIN TRADE PARTNERS, 2003-2011**

SHARE AS A PERCENTAGE OF TOTAL EXPORTS

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Brazil	15.6%	16.2%	15.7%	17.5%	18.8%	19.0%	20.4%	21.2%	20.7%
China	8.3%	7.6%	7.9%	7.5%	9.2%	9.1%	6.6%	8.5%	7.4%
Chile	11.8%	11.1%	11.1%	9.5%	7.5%	6.7%	7.9%	6.6%	5.8%
United States	11.2%	10.8%	11.1%	8.6%	7.4%	7.3%	6.2%	5.2%	5.1%
Spain	4.6%	3.9%	3.9%	3.9%	3.7%	3.9%	3.3%	3.3%	3.7%

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE CENTER FOR INTERNATIONAL ECONOMY (CEI FOR ITS ACRONYM IN SPANISH).

The country's main export products are soybean derivatives: meal, pellets, oil and beans. Corn in grains, transport and cargo vehicles, crude oil, gold, wheat and copper minerals follow in terms of sales.

Argentina had a great exporting performance from 2003 to 2011. Despite the key role of the primary goods and industrial commodities, the exporter basket has been diversified regarding the composition of goods and destinations. In recent years, there has been a slight trend towards inter-sector upgrading, involving products of greater technological complexity, linked to the increase in exports of mid-technological goods and the involvement of R&D, particularly in the chemical sector (agrochemicals, paint, pharmaceutical products and perfumes), auto parts, and medical, optic and precision instruments.

— IMPORTS

During the first half of 2012, manufactured goods of industrial origin (MIO) represented 79% of the country's total imports. These were followed, in order of priority, by fuels and energy (15% of imports), primary products (3%) and manufactured goods of agricultural origin (2%).

— IMPORTS OF GOODS BY MAJOR ITEMS, 2003-2011

IN US\$ MILLIONS. CIF

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Manufactured Goods of Industrial Origin (MIO)	12,134	19,979	25,392	30,394	38,990	48,681	33,846	48,888	60,415
Fuels and Energy	548	1,006	1,551	1,740	2,849	4,341	2,631	4,763	9,446
Primary Products	629	812	1,028	1,206	1,804	3,137	1,245	1,663	2,270
Manufactured Goods of Agricultural Origin (MAO)	540	648	715	814	1,065	1,303	1,065	1,478	1,805
Total	13,851	22,445	28,687	34,154	44,707	57,462	38,786	56,793	73,937

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM INDEC.

In regard to their economic use, the imported products were largely intermediate goods, capital goods and parts and pieces for capital goods, representing 29%, 19% and 20% of 2011 total imports, respectively, followed by fuels and lubricants, and consumption goods with a slighter relative participation.

— ECONOMIC USE OF GOODS IMPORTS, 2003-2012

IN US\$ MILLIONS. CIF

	2003	2004	2005	2006	2007	2008	2009	2010	2011	1ST HALF 2012
Intermediate goods	45%	38%	36%	35%	34%	35%	32%	31%	29%	29%
Capital goods	18%	24%	24%	24%	23%	22%	22%	21%	19%	16%
Parts and accessories for capital goods	16%	16%	17%	18%	18%	17%	19%	20%	20%	20%
Fuels and lubricants	4%	4%	5%	5%	6%	8%	7%	8%	13%	15%
Consumption goods	13%	11%	11%	12%	12%	11%	13%	12%	11%	10%
Vehicles for passengers	4%	5%	6%	6%	6%	7%	6%	8%	8%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON MECON.

As with exports, Brazil is Argentina's main source of imports, accounting for 29% of the country's purchases, placing it well ahead of China, a trading partner which has doubled its share of the Argentine import market since 2003, and the United States.



PHOTO: PSA PEUGEOT CITROËN ARGENTINA



PHOTO: TELAM

— MAIN TRADE PARTNERS. 2003-2011

SHARE OF TOTAL. CIF

COUNTRIES	2003	2004	2005	2006	2007	2008	2009	2010	2011
Brazil	34%	34%	36%	34%	32%	31%	30%	32%	29%
China	5%	6%	8%	9%	11%	12%	12%	13%	14%
United States	16%	15%	14%	12%	12%	12%	13%	11%	10%
Germany	6%	5%	5%	5%	5%	4%	5%	6%	5%
Mexico	2%	3%	3%	3%	3%	3%	3%	3%	3%

SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM MECON.

The main products imported include transport vehicles and their auto-parts, diesel fuel, gas, airplanes and electrical energy.

After trade contracted as a result of the international economic crisis in 2009, trade figures rallied during the period of 2010-2011. In 2011, exports grew 23%, while imports increased by 31% with regard to 2010. The expansion of the harvest during the 2010-2011 campaign allowed an increase in shipments of primary and manufactured agricultural products as well as industrial exports particularly from the automotive sector. On the import side, growth was linked to the increase in domestic demand for consumer goods, industrial supplies and energy, fuelled by the economic growth recovery. The trade balance remains positive, showcasing substantial growth in the first half of 2012.

2.6.2. Trade in services

Trade in services has been a highly dynamic sector in terms of exports and imports. Services exports more than tripled from 2003 to 2011 and have consistently exceeded US\$ 15 billion in 2011. Information services are worthy of note, which grew at an annual rate of 33.4%, while business, professional and technical services grew at an average rate of over 23% from 2003 to 2011. Imports of services also increased during this period although at a lower rate, mainly in insurance and transport.

— EXPORTS OF SERVICES. 2003-2012

IN MILLIONS OF US\$ AND ANNUAL AVERAGE GROWTH RATE

	2003	2004	2005	2006	2007	2008	2009	2010	2011	1ST HALF 2011	1ST HALF 2012	CAAGR* 2003 -2011
Exports	4,500	5,288	6,634	8,023	10,363	12,156	10,907	13,556	15,481	7,277	7,579	16.7%
Transport	932	1,140	1,264	1,408	1,666	1,771	1,575	2,034	2,221	1,045	1,159	11.5%
Travel	2,006	2,235	2,729	3,344	4,314	4,646	3,960	4,942	5,354	2,688	2,591	13.1%
Communication services	146	162	210	273	314	363	281	299	275	131	123	8.2%
Construction services	41	61	46	20	38	30	18	65	47	23	22	1.7%
Insurance services	-	-	-	-	-	12	11	15	20	8	7	-
Financial services	1	2	4	6	9	8	6	7	9	5	4	31.6%
IT and information services	166	193	238	378	655	894	1,054	1,255	1,669	719	882	33.4%
Royalties	51	61	51	71	106	105	102	145	191	95	99	17.8%
Corporate, professional and technical services	953	1,194	1,774	2,140	2,816	3,690	3,547	4,292	5,152	2,302	2,423	23.5%
Personal, cultural and entertainment services	122	153	203	258	314	486	280	315	341	163	171	13.7%
Government services	81	86	115	124	130	151	136	186	201	98	98	12.0%

* CUMULATIVE ANNUAL AVERAGE GROWTH RATE 2003 - 2011

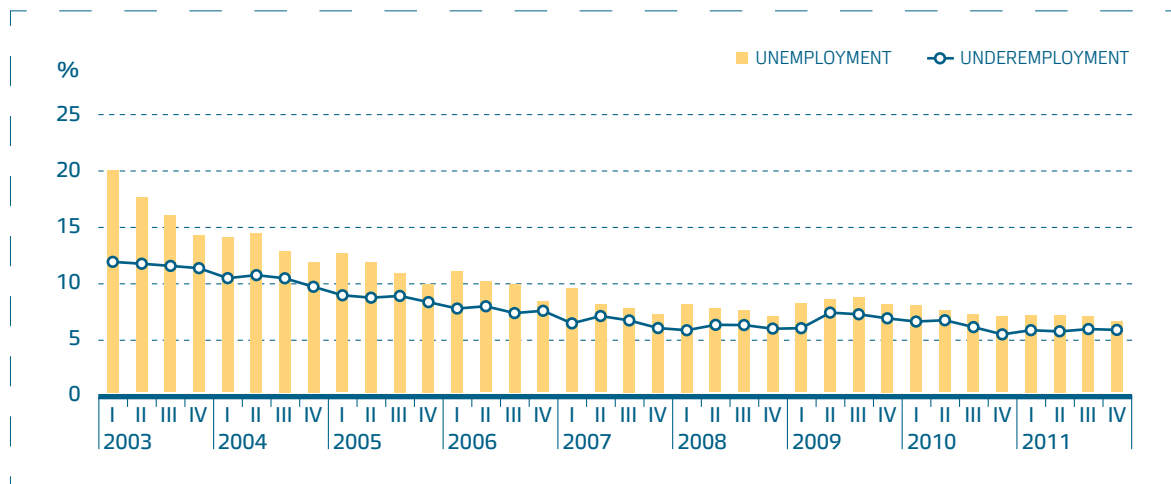
2.7. Labor market

The economically active population (EAP) living in urban areas is 17.2 million people. The number of employed individuals within urban areas totals 15.9 million people. The number of employed workers has grown at accelerated rates since 2003, as nearly five million net jobs have been created.

As a result, the unemployment rate has fallen significantly, the result of a process of inclusive growth strategy which focused on job generation as one of the basic pillars of economic policy. The unemployment rate fell from 21.5% in 2002 to 7.2% in the second quarter of 2012.

— UNEMPLOYMENT AND UNDEREMPLOYMENT RATES. FIRST QUARTER OF 2003-SECOND QUARTER OF 2012.

(AS A PERCENTAGE OF EAP)



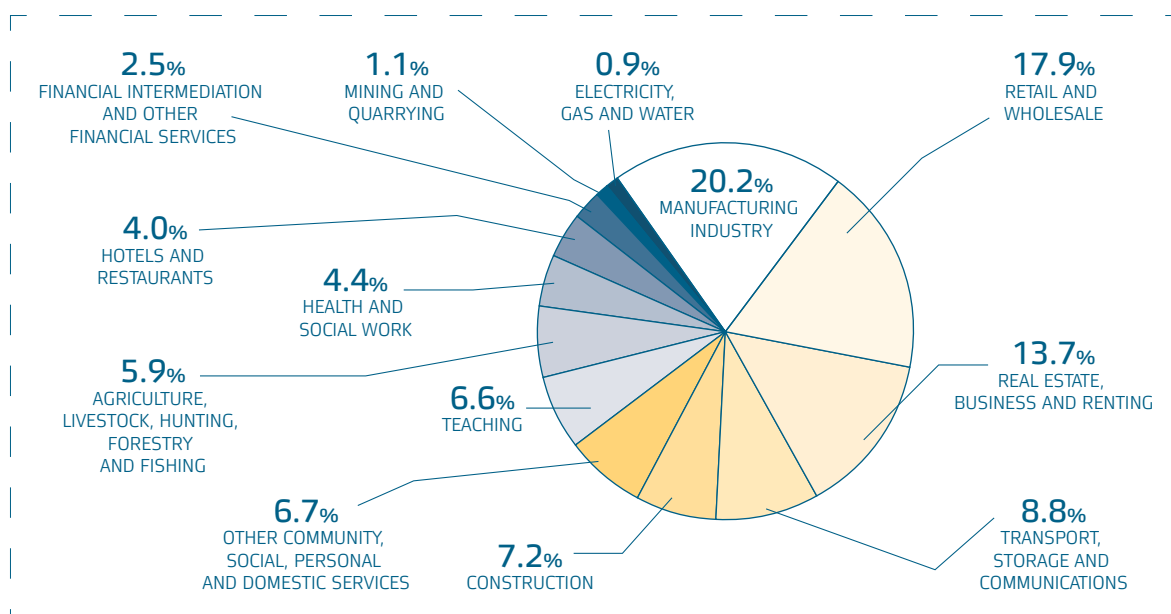
SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM EPH-INDEC.

The impact of the international economic crisis has been overcome with a relatively low cost in terms of employment. Unemployment rates are now lower than pre-global crisis levels.

The private sector is the main employer in the country. Of the total salaried employees recorded in the private sector, 7% work in the primary sector, (agriculture, livestock, hunting, fishing and mining), 20% in the manufacturing industry, 7% in the construction and the remaining 66% in services.

— SALARIED EMPLOYMENT RECORDED BY THE PRIVATE SECTOR BY BRANCH OF ACTIVITY. NINE MONTHS OF 2011

(AS A %)



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM THE EMPLOYMENT AND BUSINESS DYNAMICS OBSERVATORY (EODE FOR ITS ACRONYM IN SPANISH). MINISTRY OF LABOR, EMPLOYMENT AND SOCIAL SECURITY BASED ON SIPA.

2.8. Financial system and capital markets

The Argentine financial system is made up of 80 entities: 64 retail and investment banks, and 16 non-banking financial entities. The BCRA and the Superintendence of Financial Entities are the public organizations responsible for ensuring the correct and transparent working of the financial system.

— ARGENTINA'S FINANCIAL SYSTEM. AUGUST 2012

Number of financial entities	80
Banks	64
<i>Public</i>	12
Nation	2
Provinces and municipalities	10
<i>Private</i>	52
National capital	32
Cooperatives	1
Foreign capital	19
Non-banking entities	16
<i>Financial companies</i>	14
<i>Loan companies</i>	2

SOURCE: ASSOCIATION OF ARGENTINE PUBLIC AND PRIVATE BANKS (ABAPRA FOR ITS ACRONYM IN SPANISH).

The local financial system is healthy with standards on par with the highest ones in the region. High levels of solvency and efficiency accompanied by low levels of delinquency characterize the system. Despite the rapid growth in bank lending to the private sector, credit depth in the local economy continues to be relatively low compared to other economies in the region, implying high potential for development.

2.8.1. Banking system

There are 64 banking entities operating in Argentina, of which 30% are foreign owned. Leading banks from the United Kingdom, Spain and United States, together with locally owned entities, form a competitive dynamic in the banking sector with over 4,345 branches and 16,008 automatic teller machines (ATMs) countrywide.

Local indicators of access to financial services are higher than the regional average. By the end of 2009, 61% of homes and 15% of Argentine companies had access to financial products.

The public sector adopted a series of measures designed to support and boost this banking process by facilitating access to banking services throughout the population. The key measurements targeted an increase in the geographical coverage and infrastructure of the Automated Teller Machine (ATM), the promotion to use

e-commerce payment systems through universal free accounts, the implementation of the so-called *cheque cancelatorio* –a check that differs from a regular check in that it is not a payment order: the obligation to pay is considered settled upon delivery to the payee– and the reduction of interbank transference costs. During the last year, the BCRA continued implementing measures to expand the National Payment System and guarantee more security and efficiency in banking transactions. As a result, in early 2012, the number of holders of universal free accounts reached 100,000, while operations with *cheques cancelatorios* amounted to AR\$ 157 million.

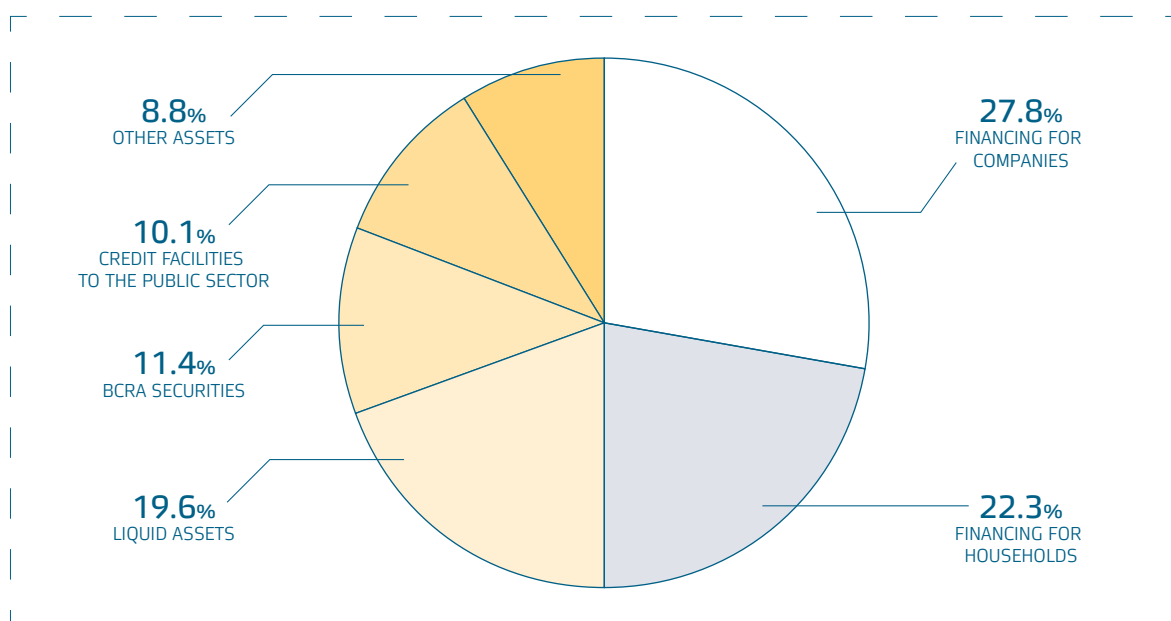
The Argentine banking network has carried out its operations in a context of high solvency for several years, while the capital stock subscription of the financial system easily exceeds the requirements of international provisions.

By the end of 2011, banking credit facilities for the private sector accounted for approximately 14.5% of GDP, representing an important growth in comparison with the figures in late 2010 (13% of GDP).

Financial system's funds are directed mainly to household and company financing, which accounts for 50.1% of the total banks' assets.

— FINANCIAL SYSTEM ASSET PORTFOLIO, JUNE 2012

AS A PERCENTAGE OF NET ASSETS



SOURCE: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BASED ON DATA FROM BCRA.

The extended cycle of economic expansion since 2003 has allowed individuals and companies to meet their financial commitments as required. By December 2011, the delinquency rate on loans to the private sector as a whole was around 1.4%. This indicator showed an important reduction related to the values registered in December 2010 (2.1%) and 2009 (3.5%).

Since July 2012, financial institutions are required to implement credit lines to fund productive investments. At least 50% of said funds will be directed to micro, small and medium-sized enterprises to finance investment projects involving the acquisition of capital goods, the construction of facilities for goods and services, and the trade of goods (excluding inventories), as well as real estate purchase operations, to the extent that certain requirements are met. The funds may not be used to purchase lands or ongoing companies, or to finance working capital. The lending financial institutions will charge a fixed nominal interest rate of up to 15.01% per year until the loan has been fully paid off.

2.8.2. 2.8.2. Capital markets

Argentine capital markets were created almost a century ago. Stock exchange operations are overseen by the Securities and Exchange Commission (CNV for its acronym in Spanish), an independent entity with national jurisdiction responsible for regulating and supervising the public offering of securities.

The CNV supervises twelve stock exchanges and nine markets. The most important ones include the Buenos Aires Stock Exchange (BCBA for its acronym in Spanish), Córdoba, Mendoza, Santa Fe, La Plata, Rosario, the Buenos Aires Stock Market (MVBA for its acronym in Spanish) and the Open Electric Market (MAE for its acronym in Spanish). Founded in 1854, the BCBA is the oldest of these institutions.

The Buenos Aires Grain Exchange (Bolsa de Cereales de Buenos Aires) and the Buenos Aires Futures Market (MaTba for its acronym in Spanish) are two centennial institutions whose experience in handling commodity derivatives propelled Buenos Aires into long standing position as the most important futures and options agricultural market in MERCOSUR. Today, trading takes place in assets such as wheat, corn, sorghum, rye, soybean, sunflower and their derivatives.

Foreign investors may purchase shares in companies quoted on the BCBA without prior authorization from the government and with no limit on volume.

In November 2010, Banco Ciudad, the commercial bank of the City of Buenos Aires, and the Futures Exchange Market of Rosario (ROFEX, for its acronym in Spanish) developed a futures market for gold.





3

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Setting up a business in Argentina

How to do business in Argentina

3.1. Establishing a company

Investors have three options for setting up a business in Argentina: establish a foreign branch office; acquire ownership interests in an existing company; or create a new company.

The main characteristics, requirements and implications of the different legal structures available to companies in Argentina are presented in the following section of this guide.

3.1.1. Branch offices

A branch or representative office, which is created when a foreign company establishes a branch in Argentina, does not imply the creation of a new legal entity. Even though a branch must be registered with the Registry of Companies, the laws governing its existence and validity are primarily the laws of the company's home country.

A branch may undertake all activities pursued by a company's head office (HO) on behalf of the HO through the person appointed as the company's representative. The assets of the entire foreign business, that is, the total value of the HO's capital, not only the capital the HO assigns to its Argentine branch, is subject to liability. The branch's accounts must be kept separately from the HO's operations and its financial statements filed periodically with the Registry of Companies.

The branch must be managed by a legal representative vested with broad administrative and judicial authority—which may be limited in certain circumstances—to ensure that all of the branch's affairs and business transactions are conducted efficiently.

Branch offices are subject to Registry of Companies' supervision and must comply with the same requirements as corporations.

— BRANCH OFFICE REGISTRATION REQUIREMENTS

In order to establish a branch office in Argentina, the following documentation is required:

- 1— A prequalification report issued by a local notary public or lawyer, as applicable. Their signatures must be certified by the Argentine notaries public or bar association, as the case may be. This report must include the following information:
 - (a) Quorum and majorities: the opinion of the notary public or lawyer regarding the observance of the quorum and majority rules applicable to the meeting and to the company's management body that called said meeting.
 - (b) Principal place of business: location of the branch's principal place of business, along with an express indication of whether the company's management and governance take place at that location.
 - (c) Good standing: a statement from the notary public or lawyer as to whether the company has been dissolved by operation of law or after the expiry of the term, or if the company's books contain any dissolution agreement or statement of the occurrence of any of the grounds for dissolution, or if the company's books contain notices of meetings, the agenda of which includes the company's dissolution.
 - (d) Chain of entries: the professional must review the "chain of entries" of every act subject to registration, when applicable, as provided in sections 39, 53, 111 and 126(5) of Annex "A" to IGJ General Resolution 7/05. A chain of entries means that each entry authenticates all previous ones.

Furthermore, an accountant's prequalification report is required if capital contributions are made in some form other than cash.

2— HO's documentation, including:

- (a)** The articles of formation or incorporation, the bylaws and their amendments.
- (b)** A certificate of good standing, registration and authorization to do business (issued in its home country) that proves the company is not undergoing liquidation or any other process that may prevent it from doing business or disposing of its assets. If these certificates are not available, a report signed by an attorney or notary public from the HO's home country can be filed.
- (c)** The resolution of the company's governing body that resolved to create the branch in Argentina, including:
 - The fiscal year end.
 - The exact location of the company's principal place of business in Argentina (the representative may be vested with sufficient authority to establish it).
 - The capital assigned to the branch, if any.
 - The appointment of a legal representative, i.e., an individual (the appointment may include the authority vested in the representative).

3— Additional documentation to prove that:

- (a)** The company is not prevented from carrying out any of its businesses in its home country.
- (b)** The company has already established or holds outside of Argentina:
 - One or more operational agencies, branches or representations; and/or
 - Non-current fixed assets or exploitation rights over third-party assets of this nature; and/or
 - Ownership interests in other companies that do not offer their shares to the public; and/or
 - Regular investment operations in stock markets, as included in the company's purpose.
- (c)** A list of the partners, members and/or shareholders at the time of the decision to apply for registration, including at least their names and surnames or company name, address or company's principal place of business, ID or passport number or information regarding the company's registration, authorization and formation or incorporation data, as the case may be, and the number of shares, units and votes held and their percentage in the capital stock

4— An original or certified copy of the publication of the notice in the Official Gazette, in the case of a corporation, a limited liability company or another business association structure which is not provided for under Argentina law, including:

- (a)** In regard to the branch: the principal place of business; the capital assigned to it if any; the date of closing of the fiscal year.
- (b)** In regard to the appointed representative: personal information; registered address; term of representation (if any); any limitation or restrictions in terms of his/her authority and, if more than one representative, the capacity in which each one of them will act.
- (c)** In regard to the HO: the information required in section 10 of Law 19550 about the company's certificates of formation or incorporation, as the case may be, and any amendments.

5— A document signed by the representative, certified by a notary public or personally ratified prior to registration, or certified by the corresponding association, as applicable, if the representative is a lawyer or accountant, in which the representative must:

- (a)** Accept his/her appointment and provide his/her personal information;
- (b)** Establish the principal place of business in Argentina, if so authorized.
- (c)** Establish his/her registered address within the relevant jurisdiction.

6— Proof of payment of the registration fee.

3.1.2. Creation of a new company or acquisition of ownership interests in an existing one

The Business Associations Law (No. 19550) establishes a wide range of business association forms. The forms most widely used by foreign investors are corporations (*sociedades anónimas* or SAs as regulated under Argentine law) and limited liability companies (*sociedades de responsabilidad limitada* or SRLs as regulated under Argentine law). In these cases, unlike branch offices, liability is limited to the amount invested in the business.

Unlike local companies, before foreign companies can set up a company or acquire ownership interests in an existing one, they must submit proof of their formation or incorporation in their countries of origin to the Registry of Companies. They must also file their articles of formation or incorporation, bylaws, their amendments and any other document relating to their legal representatives that may be required to do business.

— CORPORATION

A corporation (*sociedad anónima* or SA in Spanish) has a legal existence separate and distinct from its owners. Its shareholders are limited in liability in terms of the amount they have invested in the corporation. At least two shareholders are required to form a corporation. Ownership interests are represented by shares of stock, which may or may not be offered to the public.

The operation of these companies is regulated by the corporate bylaws. The general business affairs of the corporation are managed by a board of directors, which is made up of one or more members, who may be shareholders or not. The majority of the board members must be Argentine residents. There are no restrictions regarding shareholders' residency or nationality; however, if the shareholder is a foreign commercial company, it should register first with the Registry of Companies.

The board members are jointly and severally liable, without limitations, to the company, its shareholders and third parties for poor performance; breaking the law and/or bylaws; and any other damage arising from fraud, acting *ultra vires* (beyond the scope of their authorities) and gross negligence.

Corporations must be incorporated through a notarially recorded instrument. In the City of Buenos Aires they must be registered with the Superintendence of Corporations (IGJ for its acronym in Spanish). Since October 2012, the minimum amount of capital required to establish a corporation is AR\$ 100,000 (Decree No. 1331/2012, amending section 186 of Law No. 19550).

In Argentina, corporations are subject to internal and external audits. External audits are undertaken by the company's authority for the relevant jurisdiction. There are also regulatory organizations to review specific activities. For example, listed corporations are controlled by the National Securities Commission (CNV for its acronym in Spanish), financial institutions are controlled by the Central Bank of Argentina (BCRA for its acronym in Spanish); and insurance companies are controlled by the Insurance Superintendence (SSN for its acronym in Spanish).

Internal audits are usually carried out by one or more company auditors who are appointed by the shareholders at the annual meeting. Those companies not under the control of a governmental entity are not obliged to appoint company auditors. The bylaws may also establish the creation of a surveillance committee, consisting of 3-15 shareholders, to monitor corporate management.

— LIMITED LIABILITY COMPANY

While a limited liability company (*sociedad de responsabilidad limitada* or SRL as regulated by Argentine law) shares many characteristics with an SA, there are important differences to highlight:

- An SRL must have at least two members and no more than 50;
- An SA cannot be a member;
- SRLs are not eligible to list on the stock exchange;
- A change in one of the members requires an amendment to the articles of formation;

- The steps to establish an SRL are simpler than an SA; and
- The bylaws are more flexible than an SA.

Ownership interests are represented by membership units (cuotas under Argentine law). As with a corporation, the members' liability is limited to the number of units to which they subscribe. A member may acquire one or more units. There are no statutory restrictions on the transfer of units, but the bylaws may contain imposed by law, although they may be imposed by the bylaws.

An SRL is administered and represented by one or more managers, who may or may not be members. The managers' liability may be several, but not joint, or joint and several, depending on the management's organization and the provisions of the bylaws or articles of formation.

An SRL may be created through either a public deed (i.e., certified by a notary) or private (i.e., contract) instrument which must be filed with the Registry of Companies corresponding to its domicile.

No minimum capital is required, but the capital should be in line with the company's purpose.

— COMMON ASPECTS ABOUT REGISTERING A COMPANY IN ARGENTINA

In Argentina, commercial companies register with the Registry of Companies corresponding to their domicile or jurisdiction. The government body that regulates the business associations and branch offices in the City of Buenos Aires is the IGJ.

The process for registering a company with the IGJ includes the option for a "fast track" formation process, allowing registration on the same day that the documentation is filed, along with the payment of an administrative fee of AR\$ 1,000. If the applicant elects to follow the ordinary process, registration takes around 30 days. In either case, the following requirements must be met:

1— Application for reservation of a name

A name is reserved by completing Form "B," which can be downloaded from the IGJ website. The applicant will be given three options when he/she clicks on "Formularios de presentación de trámites." The applicant must complete all the information required, print out the form and pay the relevant fee. The form must be submitted to the IGJ's Dispatch and Distribution Desk. The name will be reserved for 30 days, which means that, during that period, nobody else can make use of it.

2— Submission of the organization, incorporation and changes form (Form "H")

The applicant must submit "Form H," along with the following documentation:

- (a) A professional prequalification report issued by a notary public or lawyer, as appropriate. The signatures of said professionals must bear the certification of the corresponding professional association, as applicable. This report must include the professional's opinion on quorum and majorities, as well as on the company's head office and good standing. Furthermore, prequalification report from a certified accountant is required if capital contributions are made in any form other than cash.
- (b) A non-certified and a notarized copy of the articles of organization, formation or incorporation, as the case may be. All signatures on such documents must be certified by a notary public, or ratified before the IGJ.
- (c) An instrument certifying the location of the company's head office if the head office location is not stated in the articles of formation or incorporation.
- (d) A non-certified copy and a notarized copy of a document certifying the acceptance by the members of the company's managing and surveillance bodies if their signatures do not appear in the articles of formation or incorporation.
- (e) Evidence of the posting of a bond by the regular directors or managers, as the case may be. A copy of the policy signed by the attorney or notary public if the company has taken out surety insurance.

- 3– Payment of the incorporation or formation fee and proof of payment. These fees must be paid at the National Bank of Argentina (BNA for its acronym in Spanish).
- 4– Publication of a notice and submission of the proof of publication (original or certified copy).
Section 10(a) of the Business Associations Law establishes that limited liability companies and corporations must make a one-day publication in the official gazette.

The notice must contain the following information:

- Name, age, marital status, nationality, occupation, address and ID number for the SRL members or shareholders;
- Date of the articles of formation or incorporation;
- Company name;
- Purpose;
- Term;
- Capital;
- Members of the managing and surveillance bodies, including their names and respective term of office, where relevant;
- Legal representatives;
- Date of closing of the fiscal year.

- 5– Make an initial deposit of 25% of the capital with the BNA. The deposit may be done at the time of registration.

Proof of the contributions must be presented by submitting the original deposit slip, in the case of cash contributions, of any other relevant documentation, in the case of non-cash contributions.

FOREIGN COMPANIES WITH OWNERSHIP INTERESTS IN AN ARGENTINE COMPANY

A foreign company that wishes to purchase ownership interests in a new or existing company must also meet the requirements mentioned above, but first register the company with the Registry of Companies. This procedure involves the following steps:

- Prove that it has been formed or incorporated in accordance with the laws in force in its home country.
- File the company's original articles of formation or incorporation, their amendments and any other qualifying documents, amendments and documents related to its legal representatives with the relevant Registry of Companies (if a corporation, these documents must also be filed with the Registry of Corporations).
- Submit the resolution whereby it was decided to register the foreign company in Argentina in order to establish the local company or purchase ownership interest in a local company, which must include the closing date of the fiscal year, the principal place of business in Argentina and the designated legal representative.
- Notify the existence of any legal prohibition or restriction in the company's home country to carry out any of its activities, demonstrated by the company's articles of formation or incorporation and their amendments, if any.
- Provide evidence that the company meets at least one of the following requirements outside Argentina on the date of application for registration:
 - Existence of one or more branches or representative offices, proven by the relevant good standing certificates issued by the appropriate authorities in their respective locations.

- Ownership interests in other companies consisting of non-current assets, as defined by generally accepted accounting principles.
- Ownership of fixed assets in its home country; the existence and value of which must be evidenced as defined in generally accepted accounting principles.

The last two requirements must be evidenced by the company's financial statements and/or certificates signed by its officers, as taken from the records on the company's books.

- Individualize the partners, members or shareholders at the time of the application.

DOCUMENTS ISSUED ABROAD

Documents issued abroad must be filed according to the requirements established by the legislation in force in the country of issuance, certified by the respective Argentine Consulate with jurisdiction over the company's place of origin, or bear The Hague Convention Apostille, if applicable. The documents must be filed along with their Spanish translation done by a sworn translator licensed in Argentina whose signature must be certified by the professional translators association.

All documents issued abroad may be registered by an Argentine notary public, along with the corresponding sworn translation into Spanish.

If a foreign company wishes to participate indirectly in a local company through an investment vehicle, it must meet all the requirements mentioned above, submitting all the information regarding the company controlling that vehicle as well.

3.2. Accessing investment opportunities in Argentina

3.2.1. The Productive Investment Opportunities Database (BaPIP)

Investing in a project with a local partner ensures better economic, commercial and technical advantages. Local partners bring to the partnership their know how of the target sector; local market, laws, logistics, distribution chain and contact networks, as well as a familiarity with the common local practices.

The Productive Investment Opportunities Database (BaPIP, for its acronym in Spanish), which depends on the Undersecretariat for Investment Development and Trade Promotion of the Argentine Foreign Ministry, is an online portfolio of investment projects. This database was designed to connect investors from around the world with the wide range of investment opportunities available in Argentina. BaPIP gives access to the investment opportunities available as well as access to the Investor Services area of the Undersecretariat for Investment Development and Trade the personalized professional assistance they need.

BaPIP showcases investment projects permanently through the website (<http://bapip.inversiones.gov.ar>). Furthermore, the projects are promoted by the actions of the Foreign Ministry, the Argentine embassies and consulates abroad, the Undersecretariat's investor services area in Argentina and investment missions organized in other countries. The Undersecretariat has spearheaded an ongoing search for investment projects nationwide in coordination with national ministries, provincial and local governments and the business community.

Visiting the BaPIP periodically will help potential investors stay abreast of the best investment opportunities in Argentina. On identifying a project of interest, they will be able to contact the project owners in order to form strategic partnerships and share in the potential benefits arising from the investment.

3.2.2. Goals of the BaPIP

BaPIP seeks to promote investment projects which may contribute to Argentina's economic development and stimulate the formation of strategic partnerships between local (public and private) organizations and foreign companies.

The Undersecretariat for Investment Development and Trade Promotion considers foreign investment to be a key complement to the investments made by local companies. FDI can contribute to national economic development by generating higher added value in the following processes: production; job creation; workforce training; provision of capital, technology and knowledge; establishment of production chains and/or positive impact on the balance of trade through an increase in exports or import substitution. In order to ensure the beneficial impact of FDI on the local economy, the quality of the investment flows received must be guaranteed.

3.2.3. Submission requirements for projects

All projects uploaded to BaPIP must meet the following criteria:

- Be located in Argentina;
- Represent a project that will increase or improve domestic production capacity;
- Require a minimum US\$1 million investment;
- Be presented in a clear and concise manner, and represent a profitable opportunity.

All registration data and information submitted by investment project owners will be kept CONFIDENTIAL and provided to interested investors only with the project owner's consent. All contact information submitted by potential investors or their representatives will be handled with the same confidentiality and released to third parties upon their consent.

3.2.4. Access to the BaPIP website

To access the BaPIP website, interested persons should go to <http://bapip.inversiones.gov.ar> and click on the BaPIP option.

A list of projects in the form of a synoptic table, highlighting the most important information for each project, is located on the homepage.

PROJECT 108 - DEVELOPMENT OF AN OLIVE GROVE AND MANUFACTURING OF PREMIUM OLIVES					
SECTOR	LOCATION	PROJECT TOTAL AMOUNT	FUNDING SOUGHT	PROJECT STAGE	PROJECT REPRESENTATIVE
Food and beverages	San Juan, Argentina	US\$ 7 million	US\$ 3.5 million	Business plan	Company

The basic fields for searching the listing of investment projects are:

- Sector(s) involved
- Subsector
- Province
- Project total amount

An advanced search can also be conducted to narrow the search results. Projects can be sorted by any following categories: key word, type of project representative, capital requirements, purpose of the investment, current stage of the project and project number.

To view the executive summaries of the investment projects uploaded to the BaPIP, the potential investor will need to open a user account, for which it will be required to fill out a registration form. The information provided in such form (first and last name; address; telephone number; institution the investor belongs to; email address and website) is confidential and will only be disclosed to the project representative with the potential investor's consent.

The information contained in the executive summary includes the following information fields:

- Title of the investment project
- Brief description of the business opportunity
- Brief description of the product/service
- Brief description of the target market(s)
- Brief description of the advantages of project representative to carry out the investment project
- Brief description of the context of the investment opportunity
- Location of the project
- Capital requirements: total amount of the investment project; percentage of the investment contributed by the project representative; and minimum amount required from the investor
- Payback period
- Investment project's stage of development
- Brief description of the main stages of the project
- Type of incentives available
- Type of investor required
- Preferred investment mode
- Information about the project representative: length of time in business; annual sales; percentage of annual sales derived from exports; and number of employees (if this information is available).

To learn more about a specific investment project, the user should send an email to bapip@mrecic.gov.ar, specifying the project number in the subject, or contact the appropriate Argentine representation abroad. Potential investors may request:

- 1– More information about a specific investment project;
- 2– The project representative's contact information.

Enquiries will be received and answered by officials of the Undersecretariat for Investment Development and Trade Promotion, who will contact the potential investor in order to determine its genuine interest in the investment opportunity. For this purpose, the enquiry must be accompanied by information about the investor: name of the company or investment fund; sectors in which it specializes; website; contact details; and is the reason for the investor's interest in the investment project. If this request for information is not answered, the Undersecretariat may reserve the decision to respond to the enquiry. Based on this information, the Undersecretariat's officials will contact the sponsoring institution in order to gather the requested information or put the two parties in contact with one another.

Apart from enquiries about specific projects uploaded to the BaPIP, enquiries about economic sectors or activities not included in the BaPIP's investment opportunities database may be sent via email to bapip@mrecic.gov.ar or made through the Argentine representations abroad. These enquiries will be answered by the Undersecretariat's officials. This will allow them to keep a record of the investment project demands to conduct focused surveys, and to keep the investor informed of the incorporation of new projects that may be of interest to them.

3.3. Settling in Argentina

Argentina's immigration policy is based on the guidelines established in Law No. 25871, regulated by Decree No. 616/2010, and is applied and enforced by the National Immigration Office of Argentina's Ministry of Interior and Transportation.

The State guarantees equal treatment for foreigners, as well as equal access for immigrants and their families to the same protection and rights afforded to nationals, in particular, social services, public property, health, education, justice, employment and social security.

All individuals wishing to settle in Argentina should apply for a residence permit (permanent, temporary or transitory, as explained below).

To qualify for a residence permit, foreigners must file the required documentation with the National Immigrations Office.

After entering the country with an entry permit and a visa, foreigners are automatically considered to be settled and, if applicable, are able to obtain their National Identity Document (DNI for its acronym in Spanish) from the Civil Registry (Registro Civil de las Personas).

The forms and requirements to apply for a residence permit depend on whether the applicant is a citizen of a MERCOSUR country or a MERCOSUR associate country, or a non-MERCOSUR citizen.

The filings must include the original document along with a non-certified copy or a copy certified by a notary public. If the notary's office is not located in the City of Buenos Aires, his/her signature must bear the certification of the relevant notaries public' association. All documents issued abroad must be filed according to the requirements established by the legislation in force in the country of issuance, certified by the respective Argentine Consulate with jurisdiction over the place of issuance, or bear The Hague Convention Apostille, if applicable. The documents must be filed along with their corresponding Spanish translation done by a sworn translator licensed in Argentina whose signature must be certified by the professional translators association.

The different forms and requirements for entry and residing in Argentina are the following:

3.3.1. Entry permits

Foreigners requiring entry and long-term stay in Argentina must apply for an entry permit which comes into force on the foreigner's entry. The entry permit is valid for one year.

Entry permits may be requested by foreigners abroad, by their representative at the Argentine consular or immigration authorities with jurisdiction in the applicant's home country; or by a representative, close relative or personally at the National Immigrations Office.

If applicable, before applying for an entry permit, the applicant must be registered with the National Registry of Applicants of the National Immigrations Office (RENURE for its acronym in Spanish).

Argentine consulates abroad, as authorities appointed by the National Immigration Office, may grant entry permits as well as permanent, temporary and transitory visas.

3.3.2. Types of residence permits

To obtain a visa, foreigners who have obtained an entry permit must submit the following documents to the relevant Argentine consular authorities:

- Unexpired entry permit;
- Unexpired passport, ID, or other travel documents.
- Certificate of birth and civil status;
- Certificate of criminal records issued by the appropriate authorities at applicant's country of residence for at least one year during the last three years;
- Affidavit of criminal records issued in other country, when applicable.
- Certificate issued by the relevant health authorities as required by the Ministry of Health.

Local regulations on immigration establish three types of residency visas: permanent, temporary and transitory. Until the procedures have been concluded, foreigners may obtain a provisional residency visa of three months.

— **PERMANENT RESIDENCY**

Foreigners who plan to settle in Argentina are eligible for permanent residency after holding a temporary residence for two or more consecutive years if citizens of MERCOSUR countries or associate member countries or after three or more consecutive years if citizens of all other countries.

Permanent residency may be granted to spouses, children and parents of Argentine citizens; spouses, children under 19 and parents of a permanent resident; and those who have performed diplomatic or consular tasks or worked in International organizations.

Foreigners granted permanent residency may carry out all kinds of remunerated or lucrative activity either on their own behalf or as an employee, and have the right to the protection provided by the law on these matters.

Procedures for first entry into the country as a permanent resident

When entering the country for the first time, permanent residents must present the immigration authorities with the following documentation:

- Valid and unexpired passport, ID or other travel documentation.
- Current entry permit as a permanent resident.
- Valid Argentine consular visa as a permanent resident.
- Two envelopes (2) addressed to the Identifying Authority. One envelope will be held by the Migration Control Authority and the other will be sent to the corresponding authority abroad.

— **TEMPORARY RESIDENCY**

A temporary residency may be granted to any foreigner seeking to settle in Argentina for a specific period of time as an investor, migratory worker, pensioner, scientist or expert, company executive, administrative or technical staff of a foreign entity of commercial or industrial characteristics, athlete or artist, member of a religious order that is officially recognized, a patient receiving medical treatment, academic or student, asylum-seeker or refugee, a native citizen of the MERCOSUR countries and associate members, a foreigner invoking humanitarian reasons or those which the Ministry of Foreign Affairs and Worship considers special.

Foreigners admitted or authorized as temporary residents may carry out all kinds of remunerated or lucrative activity either as sole proprietors or employees only during the period authorized in their temporary visa.

Any person who invests AR\$ 1.5 million or more in the productive, commercial or services sector in Argentina is considered an investor by local legislation. Investors are granted a temporary residency visa for a period of up to three years, which may be extended and includes multiple departures from and entries to the country.

Current legislation requires foreign investors to present to the National Immigrations Office information on the investment Project, proving the origin and lawfulness of the funds, and their entry to the country through banking or financial institutions authorized by the Central Bank of Argentina.

With the approval of the banking or financial institution, the Ministry of Industry analyzes the project and its execution schedule in order to issue a non-binding opinion on the nature of the investment, the legal viability of the project and its economic and financial sustainability.

Last, the National Immigrations Office will grant the investor temporary residency and set a peremptory deadline for the completion of the investment.

Procedures for first entry into the country as a temporary resident

When entering the country for the first time, temporary residents must present the immigration authorities with the following documentation:

- Valid and unexpired passport, ID or other travel documentation.
- Valid entry permit as a temporary resident.
- Valid Argentine consular visa as a temporary resident.

Two envelopes addressed to the Identifying Authority provided the residence lasts one (1) year or more.

— TRANSITORY RESIDENCY

Transitory residency is granted to foreign citizens wishing to remain in the country for a limited period of time and may be applied for in the following subcategories: tourists, transit passengers, border passes, international transport crew, seasonal migrant workers, academics, patients seeking medical treatment and other special cases.

Foreigners admitted or authorized as transitory residents may not perform any kind of remunerated or lucrative activity either as sole proprietors or employees. The only exception to this rule applies to seasonal migrant workers or those with express authorization granted by the National Immigrations Office.

Current legislation recognizes in particular that special transitory residency status may be granted to foreigners entering and remaining in the country with the purpose of making investments, doing business or conducting market studies.

A special two-month transitory residency subject to extension may be obtained by foreigners doing business or engaged in economic or commercial activities either under their sole risk and responsibility, or as a stakeholder in a company or legal entity involved in this kind of activity, or as their representative, as well as those entering the country with the purpose of taking part in fair for exhibitions. Accordingly, they must complete the following paperwork:

- Documentation containing the foreigner's personal data, reasons for application, activities to be pursued in Argentina and the length of time these are expected to take.
- Records for the activity that the foreigner will be undertaking (commercial referents, company statutes, documents certifying the existence of the company, etc.).
- Any other documentation deemed necessary by the National Immigration Office.
- Payment for administrative services tax.

Procedures for first entry into the country as a transitory resident

Unless otherwise ruled by agreements or international treaties which establish other requirements for documentation or exemptions from Visa control, foreigners must present immigration authorities with the following documentation:

- Valid and unexpired passport.
- Valid Argentine consular Visa.

— PROVISIONAL RESIDENCY

Until a foreigner entry and permanent, temporary or transitory residence status has been completed and approved, the authorities may grant a provisional residency valid for 180 days, which may be renewed, until the final resolution is made.

Provisional residents may depart and enter the country freely during the period of their authorized stay if they provide proof of their identity and residency status, subject to the regulations of the National Immigrations Office. The term of the residency granted on re-entry expires on the date of expiry of the provisional residency. If the provisional residency has expired when the foreigner leaves the country, a departure authorization must be obtained and the appropriate charges paid up.

Procedures for entering and departing the country as a provisional resident

In order to leave and re-enter the country, the following paperwork must be completed:

- . Valid and unexpired travel documentation.
- . Record of provisional resident status which must be sealed on departure and re-entry.

3.4. Lease and purchase of real estate

Real estate development, acquisition and rent are mainly regulated by the Civil Code, applicable throughout the country. Additionally, there are regulations, licenses and specific authorizations issued by both provincial and municipal governments.

Real property is rented through a rental agreement or lease signed by both parties, whereby the owner conveys exclusive possession, control, use and enjoyment of the property in exchange for a rent payment. Residential property may be leased for a period of 2-10 years, while office spaces may be leased for a period of 3-10 years. Rent payments may be made in any currency, as agreed upon by the owner and tenant. Argentine law prohibits the application of indexation to rental payments. However, in order to protect the owner, the law permits a scaled payment system, which includes increases after each period.

Real estate is sold through a purchase and sale agreement. This agreement does not convey ownership but ensures the right to demand this conveyance. This sale is completed with the execution of a notarial deed. The property is thus conveyed when the deed is conferred.

The law requires that, at the time of acquiring an asset whose purchase is subject to registration, if the purchaser does not have a Labor or Tax Registration Number (CUIL or CUIT, respectively, for their acronyms in Spanish), a Tax Identification Number (CDI for its acronym in Spanish) must be obtained from the Federal Administration of Public Revenues (AFIP for its acronym in Spanish). For that purpose, a foreign purchaser should have a valid passport and appoint a representative for tax-related purposes, who must be an Argentine resident and register for this purpose.

Property purchases by foreigners do not require any prior authorization except in the case of real estate located in border security areas, that is, geographical areas and strategically located areas for national defense purposes, including areas along the country's land and water borders, as well as areas surrounding inland military or civilian establishments that are relevant for defense purposes.

To buy real estate located in border security areas, and/or exploit permits or concessions in those areas, prior authorization must be obtained from the National Commission of Security Areas (CNZS for its acronym in Spanish).

3.5. Rural land purchase

Law 26737 on the Protection of the National Dominion over Ownership, Possession and Holding of Rural Lands—enacted in December 2011—stresses Argentina's national sovereignty by protecting the country's strategic resources. This law limits rural land purchases by foreigners to 15% of all national territory. This

percentage will also be computed for the provincial, municipal or administrative territory where the rural land is located. Additionally, a foreign individual or legal entity of the same nationality is not allowed to hold more than 30% of that percentage.

In the area defined as the “core zone”—an area representing the most fertile agricultural lands composed of some districts of the provinces of Buenos Aires, Santa Fe and Córdoba—the total landholding by the same foreign person cannot exceed 1,000 hectares, or an equivalent area, depending on the territorial location (as determined by its location and its proportion as to the municipality, district or province as well as by the rural lands’ capacity and quality for their use and exploitation).

Furthermore, foreigners cannot own lands containing or adjacent to large and permanent water bodies and located in border security areas, save the exceptions and procedures established in Decree-Law No. 15.385/44, as amended by Law No. 23554.

According to the Bilateral Investment Treaties in force signed by Argentina, the purchase of rural lands will not be considered an investment, as rural lands are non-renewable natural resources contributed by the host state.

The area that constitutes rural lands is determined by subtracting the total urban land areas as determined in the relevant provincial constitutions, laws or decrees, or municipal charters or ordinances, from the total area of the province, district, municipality or equivalent division.

In order to compute the limitation on foreign landholdings, the rural lands informed under such mode or those determined by the Inter-Ministry Council of Rural Lands will be considered rural lands.

The law does not apply to foreign individuals who:

- can prove ten years of continuous and permanent residence in the country;
- have Argentine children and prove five years of continuous and permanent residence in the country;
- have been married to an Argentine citizen for five years before the creation or conveyance of the subject rights and prove continuous and permanent residence in the country for five years.

3.6. Building permits

Building permits (for new works, alterations or additions) are issued by municipal authorities. Building permits are a prerequisite to starting the works. The different permits include: cadastral certificate (certificación de nomenclatura parcelaria); certificate of use or zoning permit (certificado de uso conforme) and construction permits or work notices (permiso de edificación or aviso de obras), as applicable.

The cadastral certificate is issued by the Cadastral Office for the area where the works will be carried out. This certificate is valid for six months after its issuance and indicates zoning restrictions, including public rights of way.

Required documentation for a building permit

- Application for the project and supporting documentation, in accordance with the regulations in force. This application must be filed in the form of a sworn statement.
- Certificate of use or zoning permit.
- Cadastral certificate.
- Relevant architectural drawings and calculations
- Site plan of the surface area divided by class and category according to the classification of the tariff ordinance in force at the time of the presentation and the calculation of the respective amounts.

A certificate of use or zoning permit permits a parcel of land, a building, facilities or part of them to be used for a prescribed purpose as permitted by the zoning legislation in force.

A construction permit should be requested from Private Works Office in the municipality where the construction works will be carried out. This permit is required for new building constructions; additions, renovations or alterations to pre-existing structures; closure, opening or alteration of window or door openings in façades; main façade surfacing; new walls; roofing changing or alteration; demolition and excavation; performance of mechanical, electrical, insulation, flammable and plumbing installations, or renovation or transformation of the existing ones; new rights of way; land surveys and cadastral modifications; and construction, additions and renovations of parking spaces.

A works notice is required if the works involve curb alterations; clearing or painting main façades; opening, closing or altering window and door openings in other than the main façades; applying coatings to front fences; applying or changing coverings or surfacing on outer walls; changing roofing materials; building ceilings; flattening and filing in lands; making minor alterations to mechanical, electrical, insulation, flammable and plumbing installations; putting up front display windows and awnings on façades facing public rights of way, and any other work for which no authorization is required if a provisional structure for equipment and materials should be erected on the pavement.

Required documentation for a works notice

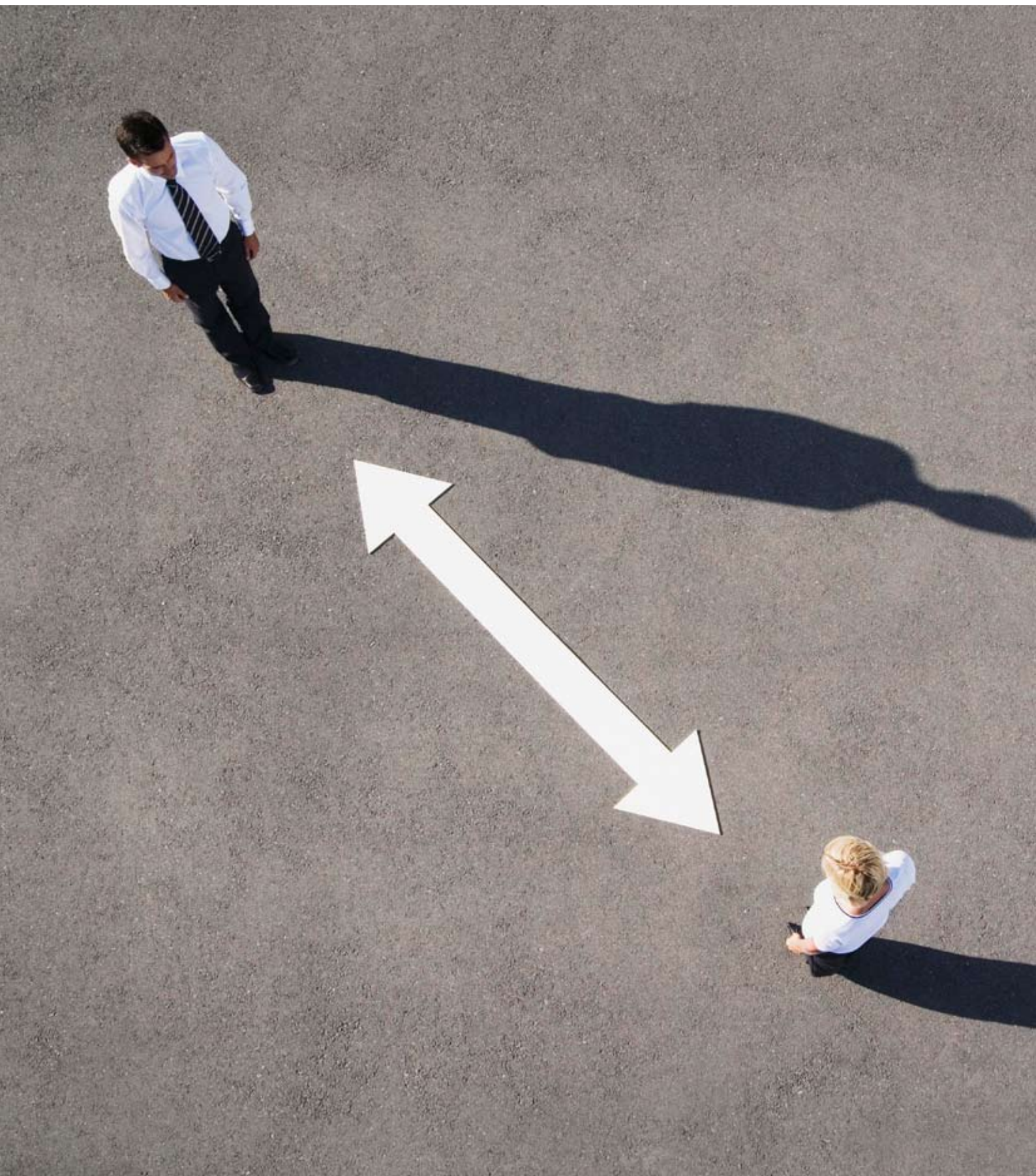
- Application forms, in duplicates, reporting the works to be carried out, including all details and costs. This application must be filed in the form of a sworn statement.
- Cadastral certificate.
- Proof of payment of the relevant fees on an official form.

ENVIRONMENTAL IMPACT ASSESSMENT

There are different laws and procedures governing the environmental impact of industries at a provincial level. In general terms, provincial authorities require a company to present an environmental impact assessment (EIA) for a new project or modifications to an existing one. After the assessment has been approved by the regional authorities, a certificate of environmental aptitude is issued authorizing the company to carry out the project and its activity.

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For further information, see Chapter 4, Section 4.5 (Environmental regulations) of this guide.



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Legal framework

Key legislation and regulations

4.1. Legal framework for FDI

Foreign investors and the investments they make are protected by Argentine law. A wide range of national and international provisions provide the legal framework that ensures Argentina is a safe destination for Foreign Direct Investment (FDI) and foreign investors.

The document that best reflects the spirit of Argentina in this regard is the Argentine Constitution, which guarantees foreigners equal treatment in its preamble, in addition to section 20, which establishes that foreigners have the same rights as Argentine nationals.

4.1.1. Foreign Investment Law

The Foreign Investment Law (No. 21382) regulates foreign investment. It addresses all possibilities available to foreign investors investing in Argentina and carrying out economic activities—manufacturing, mining, agriculture, commerce, finance, services or other activities related to the production and exchange of goods and services—as well as regulations regarding the expansion or consolidation of existing investments. No prior approval of foreign direct investment is required. The law states that foreign investors are granted the same rights extended to domestic investors under the Argentine Constitution and all applicable laws. In the same regard, it establishes that foreign investors are subject to the same obligations as their local counterparts.

- The foreign investment law establishes certain definitions for this purpose:
- Foreign capital investment: All capital contributions from foreign investors earmarked for economic activities undertaken in the country and/or the acquisition of stakeholdings in an existing local company by foreign investors.
- Foreign investor: All individuals or legal entities with permanent domicile outside the national territory that invest foreign capital in the local market, and domestic companies of foreign capital when they invest in local companies.
- Domestic company of foreign capital: Any company with permanent domicile within Argentina where individuals or legal entities domiciled abroad own directly or indirectly more than 49% of its capital or have directly or indirectly the number of votes required to prevail in the shareholders, members or partners' meetings.
- Domestic company of domestic capital: All companies with permanent domicile in Argentina in which individuals or legal entities also domiciled in this country hold directly or indirectly at least 51% of its capital or have directly or indirectly the number of votes required to prevail in the shareholders, members or partners' meetings.

Law No. 21382 grants foreign investors the following rights:

- To remit abroad profits earned as a return on their investment as well as repatriate their investment.
- To avail themselves of any of the legal forms of business organization foreseen by Argentine legislation.
- To access domestic credit facilities and loans with the same rights and subject to the same conditions as domestic companies of domestic capital.

Foreign investments may be made in:

- Convertible foreign currency.
- Capital goods, spare parts and other components.
- Capital or profits in domestic currency belonging to foreign investors as long as they meet all the legal requirements to be transferred abroad.
- Capitalization of foreign loans in convertible foreign currency.
- Intangible assets, according to the specific legislation.
- Other forms of contributions contemplated in special or promotional regimes.

The Foreign Investment Law also establishes how temporary contributions and the relationship between controlling and controlled companies are to be handled. The temporary contributions of foreign capital made for the purposes of implementing leases for goods, works or services or others fall outside the scope of this law because they are governed by the terms of the respective contracts in accordance with the legal provisions applicable to them. Nonetheless, the owners of these contributions may opt to make their investment within the scope of the Foreign Investment Law.

As to the relationship between controlled and controlling companies, all transactions between a domestic company of foreign capital and its controlling company—direct or indirect—or subsidiary will be considered transactions between independent entities when their terms and conditions conform to common market practices between independent parties.

4.1.2. Bilateral investment treaties

Argentina has signed the following bilateral investment promotion and protection treaties with different countries:

BILATERAL INVESTMENT PROMOTION AND PROTECTION TREATIES		
COUNTRY	DATE SIGNED (DAY/MONTH/YEAR)	EFFECTIVE DATE (DAY/MONTH/YEAR)
1. Algeria	04/10/2000	28/01/2002
2. Armenia	16/04/1993	20/12/1994
3. Australia	23/08/1995	11/01/1997
4. Austria	07/08/1992	01/01/1995
5. Benelux	28/06/1990	20/05/1994
6. Bolivia	17/03/1994	01/05/1995
7. Bulgaria	21/09/1993	11/03/1997
8. Canada	05/11/1991	29/04/1993
9. Chile	02/08/1991	01/01/1995
10. China	05/11/1992	01/08/1994
11. Costa Rica	21/05/1997	01/05/2001
12. Croatia	02/12/1994	01/06/1996
13. Cuba	30/11/1995	01/06/1997
14. Czech Republic	27/09/1996	23/07/1998
15. Denmark	06/11/1992	02/02/1995
16. Ecuador	18/12/1994	01/12/1995
17. Egypt	11/05/1992	03/12/1993

	COUNTRY	DATE SIGNED (DAY/MONTH/YEAR)	EFFECTIVE DATE (DAY/MONTH/YEAR)
18.	El Salvador	09/05/1996	08/01/1999
19.	Finland	05/11/1993	03/05/1996
20.	France	03/07/1991	03/03/1993
21.	Germany	09/04/1991	08/11/1993
22.	Guatemala	21/04/1998	07/12/2002
23.	Hungary	05/02/1993	01/10/1997
24.	India	20/08/1999	12/08/2002
25.	Indonesia	07/11/1995	01/03/2001
26.	Israel	23/07/1995	10/04/1997
27.	Italy	22/05/1990	14/10/1993
28.	Jamaica	08/02/1994	01/12/1995
29.	Lithuania	14/03/1996	01/09/1998
30.	Malaysia	06/09/1994	20/03/1996
31.	Mexico	13/11/1996	22/07/1998
32.	Morocco	13/06/1996	18/02/2000
33.	Nicaragua	10/08/1998	01/02/2001
34.	Panama	10/05/1996	22/06/1998
35.	Peru	10/11/1994	24/10/1996
36.	Philippines	20/09/1999	01/01/2002
37.	Poland	31/07/1991	01/09/1992
38.	Portugal	06/10/1994	03/05/1996
39.	Romania	29/07/1993	01/05/1995
40.	Russia	25/06/1998	20/11/2000
41.	Senegal	06/04/1993	06/04/2010
42.	South Africa	23/07/1998	01/01/2001
43.	South Korea	17/05/1994	24/09/1996
44.	Spain	03/10/1991	28/09/1992

	COUNTRY	DATE SIGNED (DAY/MONTH/YEAR)	EFFECTIVE DATE (DAY/MONTH/YEAR)
45.	Sweden	22/11/1991	28/09/1992
46.	Switzerland	12/04/1991	06/11/1992
47.	Thailand	18/02/2000	07/03/2002
48.	The Netherlands	20/10/1992	01/10/1994
49.	Tunisia	17/06/1992	19/01/1995
50.	Turkey	08/05/1992	01/05/1995
51.	Ukraine	09/08/1995	06/05/1997
52.	United Kingdom	11/12/1990	19/02/1993
53.	United States	14/11/1991	20/10/1994
54.	Venezuela	16/11/1993	01/07/1995
55.	Vietnam	03/06/1996	01/06/1997

Reflecting the country's commitment to bilateral investment, Argentina has been an Observer of the Investment Committee of the OECD since 1996. In addition, it is a country member of the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank group with the objective to mitigate the risks of investment and provide advice and information on investment opportunities in emerging economies.

4.1.3. Transferring funds into and from Argentina

In line with the International Monetary Fund (IMF), the Central Bank of Argentina (BCRA for its acronym in Spanish) defines FDI as the category of international investment that reflects the objective of a resident entity in one economy obtaining a lasting interest in an enterprise based in another economy. In practical terms, a direct investment enterprise is one in which a foreign investor owns 10% or more of the capital or voting power. Once this threshold has been reached, all additional contributions made by the non-resident investor will be considered FDI, regardless of the amount or percentage.

Furthermore, FDI is exempt from a mandatory deposit requirement established by Exchange Market Decree No. 616/2005 as a prerequisite to foreign capital inflows. All other foreign capital inflows must comply with this deposit or reserve—known as “encaje” in Spanish—and be made in US Dollars for the equivalent of 30% of the amount involved in the transaction with a local financial entity. The deposit will be retained for 365 days, during which period it is non-transferable, will not accrue interest and may not be used as collateral of any credit transaction. (For ease of reference, the encaje will be referred to as “mandatory deposit” throughout this guide).

Inflows arising from new contributions and purchases of stakeholdings in local companies and real estate must be entered and settled (i.e., brought into Argentina and exchanged for pesos) in the Argentine Foreign Exchange Market (BCRA Communication “A” 5237). These requirements must be met in order to repatriate foreign direct investments without the prior approval of the BCRA.

The only incoming funds held by a foreign direct investor that must comply with the mandatory deposit are those pertaining to external financial liabilities, except for debts incurred to acquire non-financial assets with

repayment terms of no less than two years (see (d) in "Requirements to qualify for the mandatory deposit exemption" below).

According to Decree No. 616/2005, these foreign exchange regulations aim to maintain economic stability by discouraging speculative capital flows without affecting the inflow of foreign currency for productive investments.

Other direct investment inflows exempt from the mandatory deposit include:

- Income of non residents applied to purchasing real estate.
- Foreign funds transferred by nonresidents to purchase real property under construction in installment payments in Argentina.
- Inflows in the local exchange market from external asset repatriations by residents.
- Foreign currency inflows for trust funds created for energy infrastructure development.

There are no restrictions on the remittance abroad of interests, dividends, earnings, royalties or any other form of commercial payment as long as it is duly supported by the relevant documentation.

— REQUIREMENTS TO QUALIFY FOR THE MANDATORY DEPOSIT EXEMPTION:

In order to qualify for the mandatory deposit exemption, the investor must submit the following documentation, depending on the final destination of the incoming funds.

(a) Capital contributions for the creation of new companies or to increase the capital stock in an existing company (BCRA Code 447):

- Proof of having started the registration procedure with the Registry of Companies (IGJ for its acronym in Spanish).
- Proof of the final capitalization of the contribution (approval of the capital contribution by the IGJ) within 250 days from the initiation date of procedures. There is an option to extend this period for an additional 180 days when it can be proven that the delay in the final capitalization is due to reasons beyond the investor's control.

If a contribution is not capitalized, the investor has 10 working days in which to make the mandatory deposit.

(b) Sales of stakeholdings in local companies to direct investors (BCRA Code 453) to the extent this purchase meets the definition of direct investment:

- Presentation of the relevant purchase or tender offer agreement, as the case may be.
- Proof of having started the procedures to modify the certificate of incorporation or formation filed with the IGJ, if applicable, or an authenticated copy of the share transfer in the stock ledger. This documentation must be presented within 20 working days of the modification.

In the case of a tender offer authorized by the National Securities Commission, if the transaction does not take place, or it is carried out for less than the agreed-upon amount due to lack of agreement among the shareholders, access will be provided to the local exchange market within 20 days following the date on which the tender offer was partially or totally rejected in order to transfer the unused funds to the investor's account abroad.

(c) Capital contributions to reimburse equity or transfer funds to an Argentine subsidiary with no equity allocated from a foreign company in order to cover negative equity:

- Audited balance sheet for the year immediately proceeding the date on which the currency entered the country, providing proof of the accumulated losses plus the losses for the period and the other items making up the negative equity.

- Minutes of the shareholders or other owners' meeting providing proof of the acceptance of the contribution and its destination.
- Affidavit concerning the destination of the funds, as well as the amount of the funds brought in, if any, after the balance sheet date earmarked for covering losses.
- Within 90 consecutive days following the date of bringing in the funds, the investor must provide the relevant banking entity with the accounting certification of the effective allocation of the funds to compensate for losses, or provide proof of payment of the mandatory deposit.

In all the aforementioned cases, if the documentation is not submitted in a timely manner, the mandatory deposit will be required. This deposit may be withdrawn after 365 consecutive days or upon presentation of the appropriate documentation.

(d) External financial liabilities with an average life of no less than two years and used to invest in non-financial assets:

If invested in non-financial assets, private-sector financial liabilities with foreign entities are exempt from the mandatory deposit to the extent these debts are taken out and paid off within an average life of no less than two years, including principal and interest payments.

In this regard, non-financial assets include:

- Investments included in the balance sheet under fixed assets; and/or
- Intangible costs associated with mining; and/or
- Research, prospecting and exploration costs; and/or
- Acquisition of exploitation rights included in the balance sheet under intangible assets; and/or
- Investments in assets comparable to intellectual property rights which are traded by transferring exploitation rights and should be included in the balance sheet under intangible assets; and/or
- Purchases of goods and services to be entered under inventories in the company's balance sheet to the extent that they are not financial assets.

BCRA Communication "A" 4672 establishes the terms and requirements regarding the required documents that must be submitted in order for an operation to qualify for an exemption.

When funds are destined for purchasing capital goods for production, the client has 30 days following the foreign exchange negotiation to present the documentation proving the use of the funds for the purpose stated for the exemption.

When the destination of the financial liabilities described in this section is changed, the investor must make the mandatory deposit within the next 10 business days.

4.2. Tax system

In Argentina, revenue is raised by the national, provincial and municipal governments, mainly through taxes levied on income, assets and consumption.

At a national level, the Federal Administration of Public Revenues (AFIP for its acronym in Spanish), an autarchic entity that reports to the Ministry of Economy and Public Finance, is responsible for tax levy, collection and monitoring.

At a national level, the main taxes levied include: Income Tax, Value Added Tax, Minimum Presumed Income Tax, Excise Tax, Personal Assets Tax, and Taxes on Debits and Credits in Bank Accounts and Other Operations.

At the provincial level, taxes are collected and administered by the provincial revenue agencies working under the respective provincial ministries of economy. The main provincial taxes are Gross Income Tax (or Turnover Tax), Stamp Tax and Real Estate Tax.

Municipalities raise revenue through rates and special contributions.

4.2.1. National taxes

— INCOME TAX

All income, including capital gains, is subject to taxation. Companies residing in Argentina pay taxes on their world income. However, they may include any similar taxes paid on their activities abroad up to the tax liabilities increased as a result of incorporating the income earned abroad.

For taxation purposes, those considered residents are: Argentines and nationalized foreigners, foreigners with permanent residence in Argentina or those who have legally resided in the country for 12 months; the undivided estate of deceased taxpayers who were Argentine residents on the date of their death; incorporated businesses (Sociedad Anónima or SA for the acronym in Spanish) and other associations (sole proprietorships, civil associations, foundations, etc.) established in the country. Local subsidiaries of companies established abroad are considered resident entities and thus subject to taxation.

The tax rate applicable to resident companies and branches set up in this country belonging to non-resident companies is 35% of total earnings.

Non-resident companies that do not own branches or any other permanent establishments in Argentina are only subject to taxes on income earned locally. The tax is withheld by a withholding agent in Argentina according to a tax scale based on the type of income. These rates arise from the application of a 35% levy on presumed earnings as established by income tax law.

As in many countries, the taxpayer files an income tax report once a year. The tax result (profit or loss) is determined according to rules set by the corresponding legislation on taxable income as regards costs and deductible expenses, exemptions and personal deductions, inventory and credit valuation methods, loss carry forwards, etc.

— DOUBLE TAXATION AGREEMENTS (DTA)

Argentina has signed double taxation agreements (DTAs) with different countries in order to avoid double taxation on companies or individuals' income, capital and/or assets.

DOUBLE TAXATION AGREEMENTS SIGNED BY ARGENTINA			
COUNTRY	DATE SIGNED (DAY/MONTH/YEAR)	NATIONAL LAW (NUMBER/YEAR)	EFFECTIVE DATE (DAY/MONTH/YEAR)
1. Australia	27/08/1999	25238 — O.G. 31/12/99	30/12/1999
2. Belgium	12/06/1996	24850 — O.G. 22/07/97	22/07/1999
3. Bolivia	30/10/1976	21780 — O.G. 25/04/78	04/06/1979
4. Brazil	17/05/1980	22675 — O.G. 17/11/82	07/12/1982
5. Canada	29/04/1993	24398 — O.G. 13/12/94	30/12/1994
6. Denmark	12/12/1995	24838 — O.G. 24/07/97	03/09/1997
7. Finland	13/12/1994	24654 — O.G. 10/07/96	05/12/1996

DOUBLE TAXATION AGREEMENTS SIGNED BY ARGENTINA

COUNTRY	DATE SIGNED (DAY/MONTH/YEAR)	NATIONAL LAW (NUMBER/YEAR)	EFFECTIVE DATE (DAY/MONTH/YEAR)
8. France	04/04/1979	22357 — O.G. 30/12/80	01/03/1981
<i>Protocol *</i>	15/08/2001	26276 — O.G. 13/08/07	01/10/2007
9. Germany	13/07/1978	22025 — O.G. 23/07/79	23/07/1979
<i>Protocol *</i>	16/09/1996	25332 — O.G. 14/11/00	30/06/2001
10. Italy	15/11/1979	22747 — O.G. 24/02/83	15/12/1983
<i>Protocol *</i>	03/12/1997	25396 — O.G. 15/01/01	14/03/2001
11. Norway	08/10/1997	25461 — O.G. 13/09/01	30/12/2001
12. Netherlands	27/12/1996	24933 — O.G. 15/01/98	11/02/1998
13. United Kingdom	03/01/1996	24727 — O.G. 04/12/96	01/08/1997
14. Russia**	03/01/2007	26185	29/11/2006
15. Sweden	31/05/1995	24795 — O.G. 14/04/97	10/05/1997

* Protocol amending the respective original treaty.

** Not ratified by the Russian Parliament.

Source: Directory of Treaties. Ministry of Foreign Affairs and Worship

— VALUE ADDED TAX (VAT)

VAT is a tax levied on the value of goods and services at every stage of the commercialization process; however, unlike a sales tax, remittances to the government and credits for taxes already paid occur each time a business in the supply chain purchases a product or service.

General VAT is 21%. Differential VAT is 10.5% and applied to a number of goods and services: the sale of capital goods, transport (except for international travel), the sale of newspapers, magazines, brochures and periodicals, prepaid health coverage and interest on foreign and domestic bank loans. A third VAT category—a 27% rate—is levied on the sale of most utility services, specifically metered natural gas, electricity, water and telecommunications. Imports are also subject to VAT at the same rates as domestic goods or services.

Exports are not subject to VAT. Exporters may obtain a VAT credit refund for purchases. Services provided in the country but effectively used abroad are considered to be provided abroad and therefore are not subject to VAT.

VAT payments must be made monthly, reflecting the difference between tax credits, resulting from purchases, and tax debits, resulting from sales.

— MINIMUM PRESUMED INCOME TAX (MPIT)

All Argentine companies pay minimum presumed income tax (MPIT), an annual tax of 1% calculated based on the value of all corporate assets in Argentina and abroad. It is also levied on goods located in Argentina belonging to permanently established foreign individuals or entities.

Companies are required to pay either income tax or MPIT, whichever is the larger of the two. Any excess of the MPIT over the income tax may be carried forward and credited against any income tax liabilities which may arise over the next ten years.

It is possible to compute a tax credit for any similar tax paid abroad on assets located outside the country. Similarly pre-payments towards future tax liabilities should be recorded for each period.

— PERSONAL ASSETS TAX

The personal assets tax is a tax on personal wealth levied on all assets owned by individuals and undivided estates at the close of each fiscal year (December 31) valued at over AR\$304,999.

Residents must pay a yearly amount at a rate of 0.5% on personal assets valued between AR\$ 305,000 and AR\$ 750,000; 0.75% if valued between AR\$ 750,000 and AR\$ 2 million (applicable to the total value of the taxable assets); 1% if valued between AR\$ 2 million and AR\$ 5 million (also applicable to the total value of the taxable assets). If valued above AR\$ 5 million the rate is 1.25%. Argentine residents pay taxes on the assets located both in Argentina and abroad.

Individuals domiciled abroad are taxed only on their assets located in Argentina at a 1.25% rate. Taxes are paid by an appointed surrogate taxpayer, that is, a person responsible for paying tax liabilities on behalf of the asset holder.

Since 2002, in the case of non-resident entities—whether companies or otherwise—with direct stakeholdings in an Argentine legal entity (regardless of whether the latter is a company, a permanent establishment or a trust), such stakeholdings are presumed to be held directly by individuals residing abroad or by an undivided estate located abroad and no evidence to the contrary is admitted. Additionally, Argentine companies must assess and pay the taxes levied on the shares and/or stakeholdings in Argentine companies as subrogate taxpayers. Such tax is levied at a rate of 0.5% on the value of the shares and/or stakeholdings (the company's owners' equity as of 31 December, except if otherwise shown).

— EXCISE TAXES

An excise tax is an inland tax on the consumption of specific goods, levied at different rates and subject to different filing and payment rules. In general, excises are paid by manufacturers or importers upon purchasing specific products such as spirits, tobacco and luxury goods.

— TAX ON DEBIT AND CREDIT BANK TRANSACTIONS AND OTHER OPERATIONS

Credits and debit transactions in bank accounts held with institutions governed by the Financial Institutions Law are subject to a general tax rate of 6%.

In addition, all money transactions are taxed at 12% if carried out using payment systems that replace the use of current accounts. Certain transactions are taxed on different rates and qualify for specific exemptions.

4.2.2. Provincial taxes

— GROSS INCOME TAX

All the provinces and the city of Buenos Aires apply this tax on the gross income earned by all companies engaged in commercial, industrial, agricultural, financial or professional activities.

This tax is levied on each commercial transaction and no fiscal credits are awarded for taxes paid during the preceding periods. The rates depend on the industry and sector, ranging from 1.5% to 4%. The taxes are paid throughout the year with payments made monthly or every two months, varying from province to province. Some primary and industrial activities, however, enjoy certain exemptions.

— **STAMP TAX**

The Stamp Tax is a provincial tax levied on the execution of notarized and private instruments embodying contracts and other transactions for valuable consideration.

In general, the tax rate is 1%, although it may differ from one jurisdiction to another or vary based on the transaction. In the city of Buenos Aires, this tax is only levied on real estate conveyances (2.5%) and leases and subleases for commercial purposes (0.5%).

— **REAL PROPERTY TAX**

Real property owners are required to pay an annual tax levied on their properties at the rate established by law depending on the tax valuation of the land, free of any improvements, and on the improvements to such land, if any.

Real Property Tax is applied to the value of the land and buildings without taking into account the taxpayer's financial situation. The amount is set by the appropriate tax authority and is calculated according to the tax laws of each fiscal period which establish the valuation and rate scales to be applied to the taxable base depending on the type of property.

4.2.3. Municipal taxes

Municipalities collect fees for various services related to industrial safety, public hygiene and lighting, to name a few, calculated based on variables such as revenue or fixed parameters such as the number of employees or driving force capacity/horse power, among others.

4.3. Hiring employees

4.3.1. Types of employment contracts

The Employment Contract Law No. 20744 (LCT for its acronym in Spanish) establishes the framework for hiring employees.

— **NON-FIXED-TERM CONTRACTS**

Typical employment contracts in Argentina are non-fixed-term contracts, implying the work relationship may continue indefinitely until a specific cause makes it impossible to continue. Possible scenarios include an employee's resignation, dismissal with or without cause decided by the employer, retirement (complying with legal requirements) or the employee's death.

The law establishes a three-month trial period, before the end of which the employer must register the employment relationship. During these three months, both parties are subject to the rights and obligations inherent to an employment relationship, with the exception that the employer or employee may terminate the employment relationship without cause during this period and the employee is not owed any severance payment. The party seeking termination must give 15 days' notice to the other party.

A non-fixed-term contract generally contemplates a full-time commitment, which is to say eight hours per day, or a maximum of 48 hours per week, as established in the sector or in the company's collective agreement. However, the employer may require a worker's services part-time for a specific number of hours per day or week or month, representing less than two thirds of the normal working day (as described in section 2 of the LCT). In this case, remuneration may not be less than the proportional amount which would correspond to a full-time employee established either by law or by collective agreement for the same category or job position. Part-time workers may not work overtime.

In a non-fixed-term contract, the employer may decide to terminate the relationship without giving any reason. After the trial period has ended, the employer must give an employee who has been with the company for less than five years a one month's notice and two months' notice if the employee has worked with the company for more than five years. The employer must pay the employee severance based on a month's salary for each year of service, or fraction of a year over three months based on the employee's highest regular monthly wage historically (section 245 of the LCT). Employees must give two weeks' notice irrespective of years of service when terminating a work contract.

— SPECIAL WORK CONTRACTS

In order to provide an appropriate legal framework to suit the specific needs of both companies and employees, the LCT contemplates a number of different contract forms: the fixed-term contract (sections 90 and 93-95); seasonal/temporary work contracts (sections 96-98); the casual work contract (sections 99-100) and the crew or team work contract (section 101).

— FIXED-TERM CONTRACTS

This form of contract has a fixed term which cannot exceed a five-year period. It may be used when duly justified, for example, to cover a non-permanent post within a company or the position of a worker on leave of absence.

The contract should be provided in writing and explicitly state its duration. The employer is obliged to give the worker due notice (via telegram or certified letter) of the contract's termination with no less than one month and no more than two month's notice, except when the contract's duration is less than a month.

If an employer does not provide the worker with due notice of the termination of the contract 30 days before its expiry date or if the tasks to be performed do not merit a fixed-term contract, the law establishes that the fixed-term contract should be considered a non-fixed-term contract.

If the work relationship under a fixed-term contract after a period of at least one year comes to an end as foreseen by the term of the contractual agreement or the completion of the tasks and due notice has been given, the worker has the right to receive a severance payment. The amount to be paid is calculated as half of the sum provided for by section 245 of the LCT.

In the case of unfair dismissal before the end date of the contractual agreement, the worker has the right to receive the severance payment foreseen for non-fixed-term work contracts (section 245 of the LCT) in addition to damages suffered by the worker due to the breaking of the contract. In general, judges' rulings award payment of a sum equivalent to the wages calculated from the date of termination up until the end of the contract's original term. This payment replaces the one required when the corresponding notice period has not been given by the employer.

— SEASONAL/TEMPORARY WORK CONTRACTS

Section 96 of the LCT establishes that seasonal or temporary work contracts may be used for hiring workers to cover certain tasks corresponding to the company's seasonal activity and whose very nature means that

they are only required during certain times of the year and are repeated on a cyclical basis according to the type of activity involved.

This kind of contract covers the services provided by workers working in sectors such as tourism and agriculture, specifically in harvesting and other rural activities linked to fruit growing (citrus fruit, soft fruits, etc.). This latter activity is not included under the National Agricultural Working Regime (Law No. 26727).

A seasonal work contract is active and valid during the period of activity; outside the period specified in the contract, all obligations cease, meaning that the worker neither provides services nor receives payment from the employer.

The law considers temporary work contracts to be non-fixed-term contracts which do not include a trial period. If the worker carries out the tasks as required during one season, the worker has the right to be re-hired for the following one. In order to make these rights effective, the employer must invite the worker to accept the job in writing at least 30 days before the start of the new season. The worker must accordingly issue written acceptance or make a physical appearance at the employer's address within five days of being notified. If the employer does not extend the invitation, the worker may consider he/she has been unfairly dismissed and entitled a severance payment, equivalent to the time worked, plus damages suffered, particularly if the season is under way.

Severance payment is subject to section 245 of the LCT, not taking into account off-season periods. Severance for damages is calculated under the same terms as those used in situations of an unfair dismissal under a fixed-term contract.

Labor relations in the agricultural sector, excluding the tasks involved in fruit harvesting and/or packing, are governed by Law No. 26727, which provides for different types of contracts, and in the case of cyclic or seasonal services, the hiring of personnel must be specified in the framework of a non-fixed-term work contract, the regulations for which can be verified in said law.

— CASUAL WORK CONTRACT

A casual work contract is used for those tasks required by an employer that are not contemplated within the sphere of the company's current activity. A casual work contract can be used for any number of tasks, from the refurbishing of an industrial establishment to the presentation of products at a corporate event. It is also appropriate for covering tasks which are usually undertaken within the company but have grown in volume or quality (for example, replacing a worker on leave or meeting higher work demands).

The employer may decide to hire the worker directly or through a Temporary Work Agency (ESE for its acronym in Spanish) with the appropriate authorization provided by the Ministry of Labor, Employment and Social Security. These agencies specialize in providing their corporate customers with personnel services to cover the needs described above.

Should the employer decide to hire the workers directly, the contract should be drawn up in writing with copies for the worker and the union within the 30 days after its signing.

If the contract is for the temporary replacement of another worker, the salaried employee must be named in the contract; if the contract's aim is to cover extraordinary working circumstances, they should be described in detail, outlining the reasons for the situation.

A casual work contract may not be used to hire a worker in order to replace another that has abstained from work to exercise his/her legal right to strike, or if the employer has suspended or made redundant other workers as a result of a reduction in the number of tasks to be performed over the last six months. As the term of these contracts cannot be defined beforehand because their duration is contingent on the task or activity to be performed, the work relationship begins and ends with the provision of the service or performance of the tasks.

However, in accordance with the provisions of National Employment Law No. 24013, if the contract has the purpose of meeting extraordinary market requirements, such cause may not last more than six months per year or more than one year every three years (section 72).

If these terms are exceeded, the contract is considered to be a non-fixed-term contract featuring the provision of services on an interrupted basis (seasonal or temporary work contract) or a non-fixed-term contract featuring the ongoing provision of services as appropriate.

The employer is not under any obligation to give the worker any type of severance payment when the contract finalizes upon the conclusion of the tasks, work or services contemplated. However, if before the contract's term is complete, the worker is unfairly dismissed, the worker has the right to receive a severance payment as foreseen in section 245 of the LCT.

— CREW OR TEAM WORK CONTRACT

Crew or team or group work contracts are drawn up between an employee and a group of workers to undertake an activity or tasks which are common to the team or group.

The work relationship exists between the employer and each one of the workers making up the team. Once they have been hired, each one has the rights and obligations pertaining to any work contract.

By law, a contract in which a company, association, community or group of people are obliged to provide services, work or carry out tasks typical of a work relationship for a third party, in a permanent or exclusive form, is considered to be a team work contract and each one of its members is taken to be a worker dependent on the third party to whom the services have been rendered.

4.3.2. Work experience contracts for training purposes

The legal system in Argentina contemplates a number of specific labor and non-labor contractual forms designed to encourage young people with no job experience to enter the labor market to work for companies and acquire necessary experience. These include internships and apprentice contracts.

— APPRENTICE CONTRACTS

The aim of this type of work contract is to provide theoretical and practical training. It is regulated by section 1 of Law No. 25013, as amended by Law No. 26390.

It is drawn up between an employer and young unemployed person 16 to 28 years of age, as-and when no prior working arrangement has existed between them. It has a minimum duration of three months and a maximum period of one year. Working hours may not exceed 40 hours per week.

Once the work relationship has finalized as stipulated by the contract, the employer is not obliged to pay the worker any form of severance, provided the employer gives the worker 30 days' notice before the expiry of the contract; if proper notice is not given, the employer is liable for half a month's salary.

However, if the work relationship terminates before the end of the period stipulated and without due cause given by the employer, the worker is entitled to receive the severance payment foreseen in the law applicable to workers governed by the non-fixed term contract mode.

In all cases, the worker or apprentice has the right to demand that the employer supply a certificate stating the experience or skill acquired. Non-compliance by the employer with the obligations foreseen in the framework of this contract transforms this work relationship into one of a non-fixed-term contract, granting the worker the corresponding legal rights.

As well as these norms, the employer must know that if the apprentice contract is drawn up with a minor 16 to 18 years old, the work rules and regulations for minors detailed in sections 187 to 195 of the LCT apply. Furthermore, it should be noted that under no circumstances may an apprentice contract be drawn up if the employer is a cooperative or temporary work agency.

— EDUCATIONAL INTERNSHIPS

A legally constituted company in the private sector may draw up internship working contracts with students from higher education institutes, permanent adult education and professional training establishments for people over 18, when an agreement has previously been drawn up with these educational organizations under the terms of Law No. 26247, which regulates the educational internship system.

An internship is not considered to be a labor relationship as its objective is to promote learning experiences in public or private organizations which are related to the course material studied at the educational establishment.

The key features of the internship contract are the following:

- It must be drawn up in writing and specifying the contents of the educational internship program, as well as duration, working hours, place where it is to be carried out and a detailed description of the tasks assigned to the intern.
- According to the terms defined in the agreement, the contract should have a minimum duration of two months and a maximum of 12 months. It may be renewed for an additional six months by means of a new separate agreement.
- The intern has the right to receive a specific sum of money which is not however considered to be remuneration. The value of this sum is calculated based on the collective agreement basic salary corresponding to the company and is proportional to the number of hours worked by the intern. For those activities not contemplated by the collective agreement, the sum is determined by calculating the minimum living wage proportionately to the hours worked by the intern.
- The number of hours worked a week must not exceed 20.
- The intern has the right to study, sickness and accident leave as well as other standard benefits granted to the company personnel under the terms specified in the regulations.

The company must provide the intern with the appropriate health coverage as foreseen in Medical Care Insurance Law No. 23660 and must take out insurance for accident or sickness as foreseen in the Occupational Hazards Law No. 24557 to cover eventualities of this kind arising in the context of the tasks performed by the intern and /or in the establishment where the intern works.

The regulations define the maximum number of interns that each company may hire, which is proportional to the size of the same and the number of mentors assigned for this purpose.

4.3.3. Remuneration

Remuneration is defined as retribution received by the worker as a consequence of the work contract (section 103 of the LCT). This may consist of a sum of money, or part in money and up to 20% of the total value in kind, accommodation or food.

The amount due as remuneration must be equal in value to that defined for the category of worker's post on the salary scale of the collective agreement applicable to the activity or company in which the employee works.

In regard to remuneration, the employer has the following duties:

- To pay the salary in money by means of a bank deposit in an account in the worker's name. This account must be opened in authorized banking entities with automatic telling machines (ATMs) within a radius of no more than two kilometers from the place of work in urban areas, and ten kilometers in non-urban or rural areas. The account administration must not be subject to bank charges.
- Provide a paycheck receipt in duplicate.

- Comply with the payment terms as foreseen by the LCT: for salaried workers, the salary should be paid at the end of the month; daily workers paid wages should be paid weekly or fortnightly; workers paid by piece of work or part should be paid weekly or fortnightly for the total amount of works completed during that period. Once these periods have ended, the employer has four working days to pay workers paid on a monthly or fortnightly basis, and three days for those receiving weekly wages.

— MINIMUM LIVING WAGE

Under no circumstances may the total remuneration received monthly by an employee working a full working day be less than the minimum living wage foreseen in section 14 bis of the Argentine Constitution and foreseen by section 116 of the LCT.

As detailed in section 139 of Law No. 24013, this is defined by the National Council for Employment, Productivity and an Adjustable Minimum Living Wage (Consejo Nacional del Empleo, la Productividad y el Salario Mínimo, Vital y Móvil in Spanish) made up of representatives from the private sector, unions and the executive branch of the national government.

— ANNUAL COMPLEMENTARY SALARY PAYMENT

All workers are entitled to a thirteenth month of salary, known as “aguinaldo” in Spanish. Law No. 23041 and its Regulatory Decree 1078/84 establish that the payment should be calculated as 50% of the highest monthly salary paid in the last six months, once in June and again in December. The aguinaldo is paid annually in two installments: the first on June 31 and second on December 31.

— SOCIAL SECURITY

Companies make employer contributions to cover the social security services of their employees. These contributions cover family allowances, medical services, pension plans and unemployment funds. The rates are 27% of the gross salary paid for employers whose main activity is the provision or lease of services, and 23% for other employers.

— REMUNERATION ON HOLIDAYS AND NON-WORKING DAYS

On national holidays and non-working days, workers should be paid as usual. If required to work during these days, they should be paid their normal salary plus an extra 100%.

National holidays and non-working days are listed below:

NATIONAL HOLIDAYS

DATE*	OCCASION
1 January	New Year's Day
Variable	Monday and Tuesday of Carnival
24 March	Memorial Day for Truth and Justice
2 April	Malvinas' Veterans Day
Variable	Holy Friday
1 May	Labor Day

NATIONAL HOLIDAYS

DATE*	OCCASION
25 May	May Revolution Day
20 June	General Belgrano Memorial Day
9 July	Independence Day
17 August**	General San Martín Memorial Day
12 October**	Cultural Diversity Day
20 November **	National Sovereignty Day
8 December	Immaculate Conception
25 December	Christmas Day

* Decree 1584/2010. ** The national holiday corresponding to August 17 will fall on the third Monday of that month; the holiday of October 12, on the second Monday of that month; and the holiday of November 20, on the fourth Monday of that month

Decree 1584/2010 sets national holidays and establishes that when a holiday falls on a Tuesday or a Thursday the Executive Branch will set two additional holidays per year coinciding with the Monday or Friday immediately after or before the holiday with the objective of fostering tourism. Such days should be remunerated under the same conditions as national holidays. These must be established for a three-year period with a 50 days' notice prior to the end of the calendar year. Indeed, Decree 1585/2010 establishes as holidays with tourism purposes April 30 and December 24 of 2012, and April 1 and June 21 of 2013.

NON-WORKING DAYS FOR RELIGIOUS OBSERVANCE

DATE	OCCASION
Variable	Holy Thursday (Christian religious festival)
Variable	Jewish Easter**
24 April	Action Day for tolerance and respect among peoples*
Variable	Jewish New Year**
Variable	Yom Kippur**
Variable	Muslim New Year***
Variable	Eid al-Adha ***
Variable	Eid al-Fitr ***

* Law No. 26199, passed in memory of the victims of the Armenian Genocide, establishes that the employees and public officials and students of Armenian origin may take 24 April off to attend and participate in the ceremonial event organized in memory of this tragedy.

** Decree 1584/2010 establishes two days for Jewish New Year and Yom Kippur, and the first two days and the last two days of Jewish Easter as non-working days for those professing the Jewish faith.

*** Decree 1584/2010 establishes one day for Muslim New Year, one day for Eid al-Adha, and the day after Eid al-Fitr as non-working days for those professing the Islamic faith.

4.3.4. Occupational hazards

The employer is obliged by law to take out risk insurance to cover occupational hazards either with a workers' compensation insurer (ART for its acronym in Spanish) or opt for self-insurance to cover all employees in case of work-related accidents or illness.

An accident is considered to be work related if it occurs in the work place or on the way to or from work, provided that the injured party has not interrupted his/her route for reasons unrelated to work. The worker may provide written evidence to the employer, who must in turn present this documentation to the insurance company within 72 days, that the itinerary was modified for reasons of study, going to work at another location, or attending a sick close relative not sharing the same dwelling. This certificate should be presented to the employer within three working days.

— MANDATORY LIFE INSURANCE

The employer must take out a life insurance policy within 30 days of hiring an employee, which will be in effect from the beginning of the employee's activity with the company. This life insurance policy is limited to the worker's death and does not cover total, absolute, permanent and irreversible disability.

4.3.5. Vacations and leave

— VACATIONS

Ordinary annual leave (vacation) is the amount of paid leave given by the employer to employees. The number of days depends on seniority: 14 consecutive days for less than five years and more than six months; 21 consecutive days for over five and less than 10 years; 28 consecutive days for over ten and less than twenty years and 35 consecutive days for over twenty years.

In order to qualify for the aforementioned vacation days, the worker must have provided services at least during half the working days in the calendar year. If this is not the case, the worker is entitled to one day's leave for every twenty days worked.

The employer must allow workers to use their vacation days within the period of October 1 to April 30 of the following year. A vacation period may be extended by a third of the period immediately prior to it, if the employee has accumulated unused vacation days from a previous period. Both parties must agree to this arrangement. Leave begins on a Monday or the following working day if this is a holiday.

— PAID MATERNITY LEAVE

All women have the right to employment stability during pregnancy. The LCT establishes paid maternity leave as up to 45 days before birth and up to 45 days thereafter. However, the employee may opt to have the period of leave before the birth of a child reduced to a minimum of 30 days and transfer days to the postpartum period. In the case of premature birth, maternity leave is taken after the birth until the 90-day period of leave established is completed.

Once the period of paid maternity leave is finished, the woman may either:

- (a) Return to work under the same conditions as before;
- (b) Resign from her job and receive a severance payment including 25% of the remuneration calculated on the basis of the average set in section 245 for each year of service or fraction over three months. This resignation may be implied (if the decision is not communicated up to 48 hours before the end of the leave period) or communicated formally to the employer.

- (c) Request an unpaid extension of leave for an additional period of between three and six months, known as "extended leave."

The mother has the right to two 30-minute breaks per day for breast-feeding purposes for up to one year following the birth of a child.

— OTHER FORMS OF LEAVE

Workers are entitled to the following special paid leave:

- Birth of child: two consecutive days (paternity leave).
- Marriage: ten consecutive days.
- Death of wife, partner, children or parents: three consecutive days.
- Death of a sibling: one day.
- Exams in university or high school: two consecutive days per exam with a maximum of ten days per calendar year.

— ILLNESS

Section 208 of the LCT establishes that each and every non-work related accident or illness which prevents the worker from providing services will not affect the worker's entitlement to receive remuneration for up to a period of three months if he/she has a seniority of less than five years and up to six months if seniority is over five years.

In those cases where the worker is responsible for maintaining a family, and due to illness is prevented from working, the periods during which he/she is entitled to receive remuneration may be extended to six or twelve months, respectively, depending on whether his/her seniority is less or more than five years.

— WORK-RELATED ACCIDENTS AND ILLNESS

There is compensation destined to cover contingencies in the case of injury or illness arising in a work-related context. These benefits also include disability pensions or compensation in the case of death.

Companies should provide medical care and treatment for rehabilitation if necessary. Employers are required to take out policies with workers' compensation insurers to cover these kinds of situations.

4.3.6. Minimum working age

Law No. 26390 on the prohibition of child labor and protection of adolescent labor increased the minimum age of employment to 16 years of age as of May 25, 2010. Family companies can obtain a permit from the labor administration authorities in order to employ a child as young as 14 years old until the child is 16 years old as long as the company's owner is the child's father, mother or guardian. Children may work three hours a day and up to fifteen hours a week, as long as the tasks required are not painful, dangerous or unhealthy, and they are able to meet their school attendance requirements. This authorization may not be granted if the company is economically dependent, a subcontractor or supplier of another company.

4.3.7. Dismissal

A work contract may not be dissolved by either party without prior notice. If it is dissolved by the employer, he/she must pay severance. The LCT regulates the notice period (section 231) and establishes that unless the parties fix a longer period, this should be as follows:

- (a) by the employee, 15 days;

(b) by the employer, 15 days when the worker is still in the trial period, and one month when the worker has a seniority of less than five years, and two months when it is more (Law No. 25877).

The party that omits to give notice or does not give sufficient notice must pay the other a substitute compensation equivalent to the remuneration to which the employee would be entitled during the terms mentioned in section 231 of the LCT.

The limitation period for the worker to start legal actions to seek severance pay for dismissal is two years.

4.3.8. Registering the work relationship

Whichever the contractual form chosen by the employer and agreed to by the worker, the employer is obliged to register the work relationship, even during the trial period in the case of a non-fixed-term contract.

The employer must have a Tax Registration Number (CUIT for its acronym in Spanish) and be registered as an employer. Both these procedures may be carried out at the offices of the AFIP. If the individual to be employed does not have a Labor Registration Number (CUIL for its acronym in Spanish), one must be requested from the National Social Security Administration (ANSES for its acronym in Spanish).

Using a registration system known as “Mi Simplificación,” the employer may in a single-step procedure give notice of the statement of employment to the corresponding health insurance company and worker compensation insurer. In addition, the employer can find out information regarding the collective agreement as applicable, data concerning the worker’s family and other significant information about the work relationship.

The employer has until one day prior to the day an individual is to begin working (i.e., carry out the tasks assigned) to register the new employee with the proper authorities, regardless the contractual form chosen, including interns. The procedure can be carried out online at the AFIP website (www.afip.gov.ar) or in person at the local AFIP office where the employer is registered.

In addition, the employer must register the worker, along with the relevant data pertaining to the labor relationship, in a special register for that purpose established in section 52 of the LCT. The register should be endorsed by the local labor entity and handles in the same way as the company’s accounting ledgers.

During the work relationship, the employer must submit to the AFIP a monthly report (AFIP Form 931) indicating the number of workers currently employed and the salaries or wages paid, calculating and entering the relevant social security contributions.

Employers employing up to five workers must meet their obligations to submit a monthly report using the application on the website called “Su Declaración” (www.afip.gov.ar) which generated the form based on data already entered by the employer in “Mi Simplificación” and in the Argentine integrated retirement system (SIPA for its acronym in Spanish). This system is currently optional for those employers with a staff of 6 to 10 employees.

If the work relationship ends for any reason, the employer should communicate the termination of employment at the Registry of Social Security within five days of terminating the labor contract.

Registering the work relationship allows the worker to enjoy all the benefits of social security recognized by law, including:

- Health coverage for the worker and his/her family.
- Insurance for work-related accidents and illnesses through a workers’ compensation insurer (ART for its acronym in Spanish).
- Family allowances.
- Pension or invalidity pension as appropriate in the case of an illness which prevents the worker from performing his/her tasks.
- If the work relationship is ended against his/her will, the worker is entitled to collect unemployment benefit.

4.3.9. Incentives for contracting personnel

For a detailed description of the incentives and benefits for hiring workers, please see Chapter 6, section 6.5 on Employment incentives.

4.4. Intellectual property

4.4.1. Copyright

Law No. 11723 protects the copyright of scientific, literary and artistic works, including written works of all kinds and lengths. Copyright protection is extended to source and object computer programs; data or other kinds of compilations; plays, musical and dramatic musical compositions; film, choreography and pantomime; drawings, paintings, sculpture, architecture; art and science models and pieces applied to trade or industry; engravings, maps and blue prints; plastic works, photographs, engravings and phonograms.

A copyright represents the exclusive rights granted the author or creator to use, publish, execute, represent and exhibit in public, transfer, translate or authorize a translation, adapt and reproduce in any form his/her scientific, literary or artistic work.

Copyright protection applies to authors or creators during their lifetime and is transferred to their heirs or successors for seventy years as from January 1 following the author's death. In regard to film, copyright protection is extended to fifty years from the death of the last person involved in the film's making (writer, producer or director). If an author dies without having executed a will and is declared intestate, the copyright on his/her work passes into the hands of the government for the duration of the protection period.

Copyright protection for anonymous works produced by institutes, corporations or legal entities lasts fifty years from the date of publication.

Copyright is not considered to have been infringed if the work was used for non-commercial purposes, specifically for educational or research purposes.

4.4.2. Industrial property

— BRANDS

Law No. 22362 establishes that the following may be registered as brands in order to distinguish products and services: one or more words with or without conceptual content; engravings, prints, seals, images, bands, combinations of colors applied in a specific place on the products or packaging; packaging, combinations of letters and numbers, letters and numbers drawn in a specific way, publicity phrases, relief work of a distinctive nature and any other symbol with this capability.

The following may not be registered: (a) the names, works and symbols which constitute a product or service's habitual designation; (b) those which have passed into general use before the application for registration; (c) the form given to a product; (d) the natural or intrinsic color of a product; (e) the denominations of national or foreign origin; (f) letters, words, names, emblems or symbols used by national authorities including government, provinces, municipalities and religious and health organizations as well as foreign nations and the international organizations recognized by the Argentine government; (g) names or brands which are misleading; (h) advertising slogans which are not original; (i) names, pseudonyms or representations of a person without their express consent or that of their heirs to the fourth degree.

Brand ownership and exclusive use are obtained by means of registration. A registered brand name is valid for ten years. It may be renewed repeatedly for equal periods if the same has been used to market a product, render services or as part of a specific activity within the five years preceding the conclusion of the validity period.

— DESIGNATION OF ORIGIN

Law No. 25380 provides protection for an unlimited period of time for geographical indications and designations of origin used to market agricultural and food products either in their natural state, prepared or processed which must be registered.

Those who have registered geographical indications, and/or designations of origin have the right to: (a) use the geographical indication; (b) use the designations of origin to label agricultural and food products and their identifying names; (c) the exclusive rights to use emblems, badges, initials, logotypes and labels, among others, authorized by the appropriate entities; (d) the quality control and guarantees specified in the designation of origin registered with the appropriate entities.

— ARGENTINE GEOGRAPHICAL NAMES

Law No. 25163 establishes a system that recognizes, protects and registers Argentine geographical names to designate the origin of wines and grape spirits.

— PATENTS

The Patents Law No. 24481 approved by Decree 260/96 establishes that the ownership of an invention may only be proven by the provision of the following certificates of title to industrial property: (a) invention patents; and (b) utility model certificates.

New products or procedures that involve creative invention and can be used for industrial application purposes are patentable.

The following items cannot be patented: plants, animals, naturally existing biological and genetic material or its replica used in the biological processes involved in animal, plant or human reproduction, including processes; nor those inventions whose commercial exploitation constitutes a threat to public order, morality, human or animal life and good health, or those which should be forbidden in order to protect plant life and the environment.

The following are not considered inventions: discoveries, surgical, therapeutic or diagnostic treatment methods applied to humans or animals, as well as any living substance or naturally pre-existing substance.

The National Institute for Industrial Property (INPI for its acronym in Spanish)—the authority which enforces patent regulations—researches existing patents upon receiving an application, in order to determine whether the patent applied for infringes on a registered patent. Objections may be made known within a period of 30 days following the publication of the application.

Patents are granted for a term of 20 years from the date of application. This term may not be extended.

All new applications presented for tools, work instruments, utensils, devices, equipment or other known objects to improve functionality, provided they are new and have an industrial application, are protected by a utility model certificate for a period of ten years from the date of application. This period cannot be extended.

— PROTECTION OF NEW VARIETIES OF PLANT SPECIES

The protection of new plant varieties through the grant of a breeder's certificate is covered by Law No. 24376, adopting the International Convention for the Protection of New Varieties of Plants and in Law No. 20247 and the Regulatory Decree 2183/91. The certificate is valid for 15 to 20 years, depending on the particular plant species.

— PROTECTION OF INDUSTRIAL DESIGNS AND MODELS

Decrees 6673/63 and 5682/65 protect registered industrial designs and models. This refers to the incorporation or application of specific features to an industrial product which enhances its ornamental value.

This protection is granted for five years from the date of the registration application and may be extended for two additional consecutive periods of the same duration at the request of the owner.

These decrees do not apply to the following industrial designs or models: (a) those which have been publicly exploited or published in the country or abroad before the deposit date and those industrial designs or models exhibited at fairs or shows held in Argentina or abroad, on condition that the respective deposit be made within six months as from the inauguration of the exhibition or fair; (b) those lacking either a different configuration or original physiognomy which is new and different to previous industrial models and designs; (c) those whose elements are required due to the function of the product itself; (d) when the only change is one of color in a pre-existing model or design; and (e) it constitutes a threat to public morality and good habits.

— TRANSFER, ASSIGNMENT OR LICENSE FOR TECHNOLOGY OR BRANDS

Law No. 22426 regulates the transfer, assignment or license of technology and brands by persons domiciled abroad to legal entities or individuals, either public or private, domiciled in Argentina if such actions impact in the local market.

Operations conducted between a local company of foreign capital and the company that owns it either directly or indirectly, or another subsidiary, are subject to prior approval by the National Institute of Industrial Technology (INTI for its acronym in Spanish).

If INTI does not approve the operation, the validity of any relevant juridical acts will not be affected; however, the payment or other considerations given to the technology supplier may not be deducted for tax purposes as expenses incurred by the transferee. The total amount paid as a consequence of the transfer, assignment or license will be considered net income for the supplier.

— GENERIC DRUGS

Law No. 24766 prohibits the public disclosure of information presented to local health authorities for the approval of a new chemical entity (NCE) ensuring its protection against unfair commercial use of proprietary information. In practice, this law benefits the sale of generic drugs by allowing the sale of “similar” products. Law No. 25649 helps promote the use of generic drugs by establishing that medical doctors are obliged to prescribe generic drugs, in addition to indicating the drug’s commercial name if they choose.

— INTERNATIONAL CONVENTIONS

Argentina is a signatory to the following international agreements: the Washington Inter-American Convention (1946), the Universal Copyright Convention (Geneva 1952), the Berne Convention (1886) and their subsequent amendments, including the Paris Union Convention for the Protection of Industrial Property.

Law No. 26229 adopted the Strasbourg Agreement Concerning the International Patent Classification on March 24, 1971, and Law No. 26230 adopted the 1957 Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

4.5. Environmental legislation

The environmental legislation applicable throughout Argentina is embodied in the general provisions presented in the Environmental Law No. 25675 and Integrated Management of Industrial Waste and Services Activities Law No. 25612.

There are other specific environmental protection regulations that address the kinds of waste whose generation, treatment and disposal are regulated by law; or natural resources protected by law; or specific waste-generating industries, such as mining and hydrocarbons.

4.5.1. Environmental Law

The Environmental Law establishes the conservation and protection of biodiversity and the implementation of sustainable development policies to ensure sustainable and appropriate environmental management. It provides guidelines for environmental impact assessment procedures to be used prior to undertaking any kind of work or activity that may harm the environment or one of its component parts, or which may significantly affect the population's quality of life.

All inhabitants may obtain unclassified environmental information from the authorities and have the right to express their opinion concerning the administrative procedures related to the protection and conservation of the environment.

All individuals and legal entities, whether public or private, that undertake activities presenting a threat to the environment must take out an insurance policy with the appropriate entity in order to guarantee financing of any work required to repair environmental damages caused as a result of their activities. The law also establishes the kind of liability attributable to those who cause environmental damage.

4.5.2. Law of Integrated Management on Industrial Waste and Services Activities

This law establishes the minimum thresholds of environmental protection in regard to the integrated management of waste generated throughout the country as well as waste derived from industrial processes or from service-related activities.

This legislation forbids the import, introduction and transport into Argentina of any kind of waste originating in other countries. Only those waste products previously included on a list issued by the enforcement authorities are exempt, as they are intended for use as supplies for industrial processes. Another exception is the transit of waste as foreseen in international agreements.

Authorities from the provinces and the city of Buenos Aires must keep a record of all those individuals or legal entities responsible for generating, handling, transporting, storing, treating and disposing of industrial waste.

The nature and quantity of waste, as well as its origin and transfer from the point of generation, during transportation to the treatment plant or final disposal must also be duly recorded and documented, as well as any treatment or reduction processes to which the waste is subject, and any other operation or process undertaken.

Finally, the law establishes the kind of liability attributable to those generating or transporting industrial waste as well as the owners of industrial waste storage, treatment and final disposal facilities.

4.5.3. Other specific environmental provisions

The Hazardous Waste Law (No. 24051) provides for the generation, handling, transport, treatment and final disposal of hazardous waste generated or located in those places subject to national jurisdiction or

destined for transport outside the provincial territories. Waste is considered hazardous if it may negatively affect people or the environment or if it requires special safety or health measures.

There are other environmental protection provisions in Argentina such as Law No. 23922 which adopts the Basel Convention governing the trans-frontier movements of hazardous waste; Law No. 25018 on radioactive waste; Law No. 25670 on the management of polychlorinated biphenyls (PCBs); Law No. 25916 on household waste, and Law No. 26011 which adopted the Stockholm Convention on persistent organic pollutants.

The Environmental Water Management Regime outlined in Law No. 25688 covers the rational use, exploitation and conservation of water resources. Appropriate authorities are responsible for authorizing the use of water; setting maximum limits of acceptable contamination; defining guidelines for the refill and conservation of aquifers; determining parameters and water quality environmental standards; and preparing and updating the National Plan for the Rational Use, Exploitation and Conservation of Water.

The Atmospheric Contamination Law No. 20284 sets standards for the conservation of air resources. Law No. 23724 ratifies the Vienna Convention for the Protection of the Ozone Layer and Laws No. 23778, No. 24040 and No. 24167 ratify the Montreal Protocol on Ozone-Depleting Substances.

Law No. 24292 ratified the International Convention on Oil Pollution Preparedness, Response and Co-Operation, while Laws No. 24498 and No. 24585 establish that natural areas affected by the exploitation of nuclear minerals must be restored and all necessary measures must be taken to protect the environment as well as the country's natural and cultural heritage affected by mining activities.



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Foreign trade regulations

How to export from and
import to Argentina

Argentina customs legislation is mainly comprised of the Custom Code (Law No. 22415) regulated by Decree No. 1001/1982, as amended. The Customs Code establishes the specific policies and procedures governing foreign trade, including the entrance, departure, transport and control of goods. The Federal Administration of Public Revenues (AFIP for its acronym in Spanish), through the Customs Office (DGA for its acronym in Spanish) is the competent authority over foreign trade and responsible for the administration and application of the Customs Code.

The Argentine customs service is organized into six customs regions and is composed of 59 custom offices located throughout the country.

5.1. Argentina and its participation in multilateral trading

As member of the World Trade Organization (WTO), Argentina abides by the organization's principles, norms and guidelines. The country also subscribes to the WTO's Multilateral Agreements on Trade in Goods and the General Agreement on Trade in Services (GATS), as well as the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

Argentina is a founding member of the Southern Common Market (MERCOSUR) formed with Brazil, Paraguay and Uruguay on March 26, 1991 when the four countries signed the Treaty of Asunción. In addition to the free circulation of goods, services and factors of production throughout the customs union, the member countries enjoy a common external tariff (CET), negotiate and share common trade policies with third (non-member) states or groups, coordinate policy positions taken at regional and international trade and economic forums and reconcile legislation to strengthen the integration process.

5.2. Requirement for international trade operations

5.2.1. Registering with the National Registry of Exporters and Importers

The first requirement for carrying out an export or import operation is to register with the National Registry of Importers and Exporters (Registro de importadores y exportadores). Registration is mandatory and is completed through the DGA. It is a one-time procedure and is valid for export and import operations. The registration number allows traders to carry out operations at any customs office in the country. Both individuals and legal entities may register, and foreign trade procedures may be carried out by a custom broker.

In order to register, applicants must meet the requirements and complete the paperwork described below:

- Proof of domicile (or corporate head office, as applicable) and establish a domicile for special purposes in Argentina;
- Be registered with the relevant Registry of Companies either as a sole trader or company;
- Provide a Tax Registration Number (CUIT for its acronym in Spanish) to prove the sole trader or company's registration with the tax authorities;
- Proof of solvency and, if necessary, posting of a performance bond issued in favor of the DGA.
- Traders that fall within the tax category of small taxpayers (or self-employed traders in the same category) may be registered as both importers/exporters, but shall be authorized to export only.

— REGISTERING WITH THE NATIONAL REGISTRY OF EXPORTERS AND IMPORTERS

STEPS	REQUIREMENTS
1— <i>Application for registration with the Registry of Exporters and Importers</i>	<p>Applicants should go to the Registration Division of the General Sub-Department of Legal and Technical Customs Affairs for the province of Buenos Aires or the city of Ezeiza, or, in the case of customs located in other parts of the country, to the Registration Section for such customs, and complete the following paperwork:</p> <ul style="list-style-type: none"> — Two copies of Form OM 1228/F — Certified copy of the company's bylaws — A certified and notarized copy of the minutes of the last owners' meeting containing the names of the company's authorities — Proof of registration with the taxpayers' registry (Padrón Único de Contribuyentes y Responsables, AFIP) — CUIT certificate (AFIP)
2— <i>Certificate of good conduct records prior to registration</i>	<ul style="list-style-type: none"> — Once the application for registration has been filed, the registration division will send a certified copy of form OM-1228/F to the Prevention Summary Proceeding Division (Registry of Infringers) to run a background check on the individuals listed on the form. — Once this information has been received, the registration shall be accepted or dismissed, as corresponds.
3— <i>Control, authorization and registration</i>	<ul style="list-style-type: none"> — The Registration Division ensures that all these requirements are met; if they are met, it forwards the applications to the Investigations Office and Risk Control Office. The applications must be returned with the input of both offices so that the Registration Division can complete the procedure. — The Registration Division files form OM-228/F to authorize the registration and then enters the data of the applicant/members and other authorized persons, as applicable, into the registration system.

5.2.2. Registration as frequent importer and exporter

Requirements:

- Be registered in the simplified regime for small taxpayers (monotributo) for the purposes of added value and/or income tax, if applicable.
- Not be insolvent or bankrupt.
- A digital registration of the applicant's signature, photo and fingerprints.
- A clean background check issued by the Registry of Infringers. If a company, this requirement must also be met by its individual owners.
- Legal entities must submit a list of the members of their management and control bodies and the names of its partners, members or shareholders, as applicable.
- Proof of financial solvency or posting of a bond.
- Affidavit stating the applicant falls outside the scope of section 94, para. 1(d) of the Customs Code (Law 22415).
- In the case of legal entities, this requirement also applies to its directors, administrators or owners with unlimited liability.
- Legal entities should be registered with the relevant Registry of Companies.
- Certificate of criminal records issued by the relevant police authorities.
- In the case of legal entities, this requirement also applies to its directors, administrators or owners with unlimited liability.

5.2.3. Registration as a non-frequent exporter

Registering as a non-frequent exporter is the option for individuals or companies that want to carry out a specific foreign trade operation. Before the operation takes place, it shall be verified by Customs that the entity has been given exporter status in the customs computer system known as MARIA or SIM for its acronym in Spanish.

Once the exporter permit has been authorized, the non-frequent exporter status will be valid for 60 days; if no operations are carried out during that period, it will be automatically delisted. The authorized import or export end-use will be one per calendar year, and may not be accumulated.

Once the operation is completed, the individual or company is removed from the registry.

Companies wishing to engage in one single operation must complete the following paperwork to register in the system:

- A copy of form OM 1752-C (blue form), certified by a customs agent or notary public;
- A copy of the applicant's ID;
- A copy of the CUIT certificate;
- A document outlining the designation of positions within the company certified by a notary public.

5.3. Exports: relevant steps and information

The Customs Code defines exports as the withdrawal of goods from a national customs territory. Upon being withdrawn from a customs territory, the goods are assigned an ultimate end-use. This end-use may be definitive (for consumption purposes) or non-definitive, which includes temporary exports and goods in transit.

The export of a specific product requires the exporter to be familiar with the customs procedures to be followed; the refunds established by the government for each product; and the current export duties applicable; among others. The basic information required to export from Argentina is outlined below.

5.3.1. Customs clearance procedure for exports

When exporting, the first requirement involves identifying the tariff classification ("position") in the MERCOSUR Common Nomenclature (NCM for its acronym in Spanish) of the product to be exported. This will indicate the applicable export refund, export duties, government incentives and the tariff and non-tariff barriers in destination countries.

It is also necessary to establish the ultimate end-use of the goods to be exported. Normally, they are intended for consumption. In order to assign an ultimate end-use to the goods, the exporter must fill out an end-use application, usually denominated shipment permit. The document must be completed and entered in SIM, the information system connecting all customs offices, customs agents and public booths.

The shipment permit must be accompanied by an assessment form, which is an affidavit detailing the characteristics of the operation and any elements that may affect the compositions of the goods value for customs purposes. The purpose is to define the taxable base used to levy export duties, establish an exchange rate and apply export refunds, if any.

If the results of the control are positive, Customs will record the ultimate end-use and the information system will automatically determine the type of control applicable to the goods to be exported. This is known as the "selection channel."

There are three export channels:

- Green Channel: there is no control of the documentation or physical control of the goods by Customs.

- Orange Channel: the documentation must be reviewed by Customs.
- Red Channel: there is control documentation and physical control of the goods by Customs.

By presenting the end-use application form and the documentation required for the operation, the legal and regulatory conditions are considered to be met and thus the goods may be released. This means that they may leave the national customs territory by air, land or sea. The release is conditional on the payment or the relevant duties.

SHIPMENT DOCUMENTS FOR CUSTOMS CLEARANCE

When exporting, a business person must be represented at the DGA by a customs broker, that is, a professional that clears the goods through customs. Customs clearance involves the preparation of the goods to be exported and the relevant documents and/or submissions.

Depending on the type of payment and sale conditions, the following documents are required:

- Commercial invoice, known as "Invoice E," which meets the AFIP standards;
- Packing list;
- Certificate of Origin;
- Bill of lading (B/L): A document issued when goods are entrusted to a shipping company. They may be distinguished by type of transport used to ship the goods (the classic B/L, for seagoing transportation; air waybill, for air transport; or a waybill, for overland transport, whether road or rail).
- Health certificate, if required.
- Pre-shipment inspection certificate, if required by the importing country.

Some countries or purchasers may require different and/or additional documentation.

AUTHORIZED ECONOMIC OPERATOR (AEO)

Argentina adheres to the Authorized Economic Operator (AEO) system within the Framework of Standards to Secure and Facilitate Global Trade (SAFE), a program of the World Customs Organization (WCO). This system allows foreign trade operators to access major benefits which allow them to speed up their operations, optimizing costs and helping customs authorities to perform their tasks in the area of safety as required by the WCO.

This system is a mutual agreement between customs authorities and trade operators to guarantee the security and smooth running of customs operations, making operators more competitive while improving customs' resource management.

5.3.2. Export refund system

The export refund system consists in the total or partial refund of domestic taxes (gross income, VAT and municipal taxes) paid during the different stages of production and marketing of the goods to be exported, which must be new and manufactured in Argentina. The objective of this system is to deduct domestic taxes already paid from the export value.

If the goods were manufactured using inputs directly imported by the exporter, the refund is made on value added in Argentina, which means that the duty is levied on the FOB value once the CIF value has been deducted from the imported supplies.

The exporter is reimbursed once the shipment documents have been filed with the DGA's Refund Division.

For further information, see Chapter 6 Section 6.9 (Export promotion) of this guide.

5.3.3. Export duties

In Argentina, some merchandise is subject to export duties which may be 5%, 10% or 20% on the product FOB value (in some specific cases, the applicable rate may exceed this value).

The duties may be specific or ad valorem (duties assessed as a percentage rate of the value of the merchandise or, if applicable, official FOB prices). Specific duties are a fixed amount per measurement unit.

5.3.4. VAT exemptions

Current legislation provides for VAT refunds on exported goods and services.

VAT may be refunded in any of the following manners:

- Set-off: own debits from previous operations in the domestic market.
- Credits: the credits can be adjusted against the tax liabilities owed by the exporter to the AFIP, other than VAT.
- Transfer: the transfer of VAT credit to another taxpayer.
- Return: to the tax credit holder either in cash or bonds.

Exporters may apply the taxes levied on goods, services and rental payments destined for export, or those levied during any stage thereof, against their unpaid tax liabilities for their taxable operations. These tax credits may be used only if they are related to exports and have not been used before.

If the VAT is not fully refunded, or is refunded only in part, the balance will be credited against other taxes or refunded to the exporters. In order to be eligible for a tax credit, refund or transfer, exporters must be registered with the Registry of Exporters and Importers.

5.3.5. Other aspects

— PRODUCT CERTIFICATION

Some international markets offer preferential access to a range of products from Argentina. The selected products must comply with a series of regulations in order to qualify for preferential tariff treatment. Compliance is proven with a certificate of origin and/or certification of adherence to the required technical or quality standards. These certifications are issued by the appropriate government organization.

— CERTIFICATE OF ORIGIN

For goods to be granted preferential treatment as established in a trade agreement, the exporter must prove that the goods were produced in one of the adhering countries. This is proven with a certificate of origin. Although some merchandise is not granted preferential treatment, some importing countries—such as the EU countries—require all imports to carry a certificate of origin whether preferential tariffs are applicable or not.

In order for goods to obtain originating status, usually a percentage of the total added value for the in-country production processes is established. In some cases, originating status may also be obtained as a result of changes in tariff categories if the product undergoes several transformations in the exporting country.

In Argentina, these certificates are issued by private institutions controlled by the Ministry of Industry, including: the Association of Importers and Exporters of Argentina (AIERA for its acronym in Spanish); the

Argentine Chamber of Exporters (CERA for its acronym in Spanish); the Chamber of Commerce, Industry and Production of the Argentine Republic (CACIPRA for its acronym in Spanish), and the Argentine Chamber of Commerce (CAC for its acronym in Spanish).

— TECHNICAL, SANITARY AND PHYTOSANITARY CERTIFICATIONS

The procedure to obtain technical, sanitary and phytosanitary certifications involves checking that the merchandise meets all required standards in terms of content, composition, manufacturing, packaging, labeling, quality, sanitation and shipment. These certifications allow exports that must meet standards in both the domestic and the destination markets.

Some products require the intervention of official organizations to vouch for their quality and authorize their sale abroad. Depending on the type of merchandise to be exported, the following organizations may intervene:

- Food products for human consumption: National Food Institute (INAL for its acronym in Spanish).
- Non-food products, by-products and derivatives of animal origin: National Service for Agrifood, Health and Quality (SENASA for its acronym in Spanish).
- Vegetables and non-food byproducts, agrochemical and biologic products: Argentine Animal Health and Quality Institute (IASCAV for its acronym in Spanish).
- Nuclear elements and materials: National Atomic Energy Commission (CNEA for its acronym in Spanish).
- Drugs or products for human health: National Secretariat of Public Health.
- Narcotics and psychotropics: National Secretariat for the Prevention of Drug Addiction and the Campaign against Drug Trafficking (SEDROAR for its acronym in Spanish).
- Flora and fauna: National Secretariat of Environment and Sustainable Development.
- Books and other printed and illustrated materials containing maps and other cartographic materials: National Geographical Institute (IGN for its acronym in Spanish).

— GENERALIZED SYSTEM OF PREFERENCES (GSP)

The Generalized System of Preferences (GSP) is a system extended by developed countries that involves the reduction or removal of import duties of eligible products exported by developing countries. In Argentina, a special certification of origin issued by the National Ministry of Industry is necessary to qualify for duty-free treatment under GSP.

GSP users must log in the “Management System” (Sistema de Gestión) with their user names and passwords. If they are not registered, they must complete the form under “Company Registration” (Registro de Empresas).

Once registered, users must fill in Form A online (Certification of Origin), print it out and submit it to the GSP Division of the National Ministry of Industry.

The products that qualify for GSP treatment are included in the preference giving countries’ lists of GSP-eligible articles. These products must meet certain origin criteria set by each country, which differ depending on the destination market.

— BRINGING IN CURRENCY

Resolution 13/2002 of the Ministry of Economy and Public Finances, as amended and regulated, establishes that exporters must deposit the proceeds from their export operations with the local financial system, depending on the product. The proceeds must be deposited in a checking or savings account in Argentine pesos opened with a financial institution.

The Central Bank of Argentina governs the operations of the exchange market and regulates the entry of currency for exporters and the payment of imports that require banking intervention, according to the abovementioned resolution.

5.4. Imports: relevant steps and information

The Customs Code defines import as the entry of goods into the general national customs territory from a destination outside such territory.

For the purposes of the Customs Code, the hiring and provisions of services abroad are treated as goods if they are used or exploited in the country (this excludes services provided under commercial conditions of competition with one or more services providers). This also applies to copyright and intellectual property.

5.4.1. Types of imports

There are two types of imports according to ultimate use: definitive and non-definitive. Definitive imports include consumption goods and, as such, the goods may remain in customs territory indefinitely, ensuring that it may be valued for the purposes of establishing the corresponding tax and duties to be levied.

Non-definitive imports include temporary imports, those in transit and those that are to be stored in a warehouse. Temporary imports are those where the merchandise imported may remain for a specific purpose and within a fixed term in the customs territory, subject to the obligation of re-export for consumption before the expiry of the term which begins at the moment of its release. The imported merchandise may remain "as is," or be transformed, elaborated, combined, blended, repaired or improved. These imports are not subject to any duty except for retributive rates for services.

In-transit imports cannot circulate freely in the customs territory. However they can be transported from the customs point of entry to another customs point within Argentina in order to be shipped to another customs destination. These imports are not subject to any duty except for retributive rates for services.

Finally, import of items destined for storage in public-bonded warehouses involves the import of merchandise which is then stored under customs control for a fixed period before leaving for another authorized destination.

5.4.2. Import licensing

In order to import certain goods into Argentina, a license is required.

Argentine legislation incorporated the WTO's Agreement on Import Licensing Procedures. These licenses are known as non-automatic licenses.

Non-automatic import licenses require the presentation of an import certification issued by the Secretariat of Foreign Trade of the Ministry of Economy and Public Finances prior to the shipment.

5.4.3. Sworn Affidavit Prior to Import

General Resolution 3252/2012 issued by the AFIP establishes that importers, once registered in the "Customs Special Registry," must fill out an Sworn Affidavit Prior to Import (Declaración Jurada Anticipada de Importación - DJAI) prior to completing a purchase order or similar document. This is required in the case of imports intended for consumption.

The DJAI must be filed with the AFIP through MARIA by the applicant (customs brokers and importers adhered to AFIP General Resolution 333).

The information under such system will be made available to other entities, considering the nature of the merchandise to be imported.

The entities adhered to that system may file objections within 72 hours after the DJAI has been filed. This term may be extended by the appropriate entity for up to ten running days.

The AFIP will brief the importers on the current state of affairs and on any objections, as well as on the entity they should contact in order to solve any problems.

DJAIs will be valid for 180 days from the moment authorization is granted. This term may be extended for an additional 180 days. Importers will be informed of the status of their DJAI via the AFIP application Mis Operaciones Aduaneras (www.afip.gob.ar/moa/). There are four status levels: “oficializada” (filed), “salida” (approved), “anulada” (annulled by the declarer) or “cancelada” (cancelled).

Once all relevant objections have been made, if any, the DJAI will be authorized for a definitive import transaction as of 12:00 a.m. of the day following the approval of all the entities adhered to the system. This means that the DJAI has been “approved.”

The DJAI number must be informed and registered with the exchange operations control system (Sistema de Control de Operaciones Cambiarias) (see Chapter 4, section 4.1.3 of this guide) in all cases where the affidavit is a prerequisite to registering definitive imports.

On making official the end-use of the definitive import, the DJAI number will be required from the affiant so that the relevant controls and verifications can be carried out in order to check whether the DJAI has been validated or not.

The DJAI must be filed through a single, electronic filing system (ventanilla única electrónica) created by AFIP General Resolution 3255/2012 in force since January 2012.

5.4.4. Sworn Affidavit Prior to Rendering Services

Argentine residents who sign service contracts or render services to entities or individuals located abroad are required to file a Sworn Affidavit Prior to Rendering Services (DJAS for its acronym in Spanish) through the single electronic filing system mentioned above.

The operations falling under the DJAS system include: information and IT services; patents and trademarks; royalties; copyrights; payments under football player transfers; business, professional and technical services; personal, cultural and recreational services; payment of commercial guarantees for exports of goods and services; acquisition of rights to foreign movies, video and audio; technology transfer under Law 22426 (except for patents and trademarks); other profits paid abroad; purchase of non-produced, non-financial assets.

A DJAS must be filed if an Argentine resident receives a service from a foreign person abroad if the price for such service is equal to or in excess of US\$ 100,000 per year; or each installment (in the case of installment payments) is equal to or in excess of US\$ 10,000 per month. When the services are to be rendered continuously, the sum of all amounts projected throughout the contract term will be considered. A DJAS must also be filed if the amount has not been specified.

A DJAS will not be required if the payment for the services rendered to Argentine residents by persons residing abroad have been paid in full as of the effective date of the General Resolution.

The DJAS identification number must be reported and registered in the exchange operations control system (Sistema de Control de Operaciones Cambiarias) established by General Resolution 3210.

5.4.5. Tariffs and duties

— COMMON EXTERNAL TARIFF (CET)

MERCOSUR members established a Common External Tariff to be applied to imports throughout their territories replacing tariffs set by each member country for third-party countries.

CET levels range from 0% to 35%, which is the WTO's consolidated rate for MERCOSUR countries. In 2010, Argentina applied an average rate of 11.4% to all imported goods as a whole, an average rate of 7.5% for agricultural goods and 11.9% for manufactured goods.

As a general principle, products with greater added value have a higher CET, although other aspects are taken into account in order to define tariffs, such as the possibility of establishing regional supply sources. There are exceptions to the CET where member countries may set differential rates for certain products.

— **STATISTICS TAX**

Statistics Tax is an ad valorem tax of 0.5%—up to US\$ 500—applied to the customs valuation of merchandise. There are some exceptions to the payment of this rate: for instance, merchandise from the member states of MERCOSUR as well as new and unused merchandise included in the tariff lines capital goods and IT and telecommunications, among others (Decree 690/02).

— **VERIFICATION OF DESTINATION CHARGES**

Verification of destination tax (Tasa de Comprobación de Destino) is applied in those cases where customs provides on-site control to check compliance with the obligations conditioning the tariff benefits granted to a given product are met. This is an ad valorem tax which may not exceed 2% of the value of the merchandise. The tax base used to settle the verification of destination tax is the one on which import duties are applied.

— **TARIFF FOR THE USE OF THE SIM**

The AFIP adopted a general resolution providing for a single fixed tariff of US\$ 10 to be paid for each detailed end-use and/or operation for import documented using MARIA. The cost of this operation is to be paid for by the user.

5.4.6. Other aspects

There are numerous incentive regimes designed to promote the import of capital goods, the temporary import of capital goods and the import of used production lines, whose principal objective is to encourage the incorporation and use of machinery and new technology in the country's productive industries.





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Investment incentives

Public support to foster investment

Argentina has numerous incentive programs in place which have been designed to facilitate domestic and foreign investment in the country. These programs are implemented by the national, provincial and municipal authorities, and include horizontal and sector incentives as well as relocation, innovation, technological development, employment, investment financing and export promotion incentives. The characteristics and benefits of the available programs are described below.

6.1. Investment incentives for capital goods and infrastructure

6.1.1. Law to promote investments in capital goods and infrastructure works

GOVERNING LEGAL PROVISIONS: Law No. 26360.

BENEFITS: Incentives for investment in capital goods and infrastructure which establish an accelerated depreciation for income tax purposes and/or the early refund of VAT. This benefit is granted through calls made from time to time.

6.1.2. Reduction of import duties on capital goods

GOVERNING LEGAL PROVISIONS: Decree No. 1026/2012

BENEFITS: An extra-MERCOSUR import duty of 2%, 10% and 14% (as applicable) is established for the import of new capital goods whose tariff classification ("position") in the MERCOSUR Common Nomenclature (NCM for its acronym in Spanish) are included in Decree No. 1026/2012. These goods are also exempt from the so-called "statistics duty".

ELIGIBILITY: Importers of new capital goods.

ENFORCEMENT AUTHORITY: Customs Office (DGA, for its acronym in Spanish).

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.1.3. Incentives for national production of capital goods, IT, telecommunications and agricultural machinery

GOVERNING LEGAL PROVISIONS: Decree No. 379/2001, as amended; Decree No. 917/2010; Decree No. 362/2011.

BENEFITS: Designed to encourage domestic investment in, and production of, capital goods, IT, telecommunications and agricultural machinery, this incentive program provides local manufacturers with a tax refund equivalent to 14% of the value of the goods produced. This refund is made by way of a tax credit that can be applied against VAT, Income Tax, Excise Taxes and Minimum Presumed Income Tax payments.

ELIGIBILITY: Manufacturers of capital goods, IT, telecommunications and agricultural machinery.

ENFORCEMENT AUTHORITY: Ministry of Industry.

— **FOR FURTHER INFORMATION:** www.industria.gov.ar

6.1.4. Reduction in Value-Added Tax (VAT)

GOVERNING LEGAL PROVISIONS: Decree No. 493/2001, Decree No. 496/2001, Decree No. 615/2001, Decree No. 733/2001, Decree No. 959/2001.

BENEFITS: A reduced VAT rate of 10.5% (the standard rate is 21%) is applied to the purchase and import of finished capital goods and IT & telecommunications products and parts. The additional VAT rate levied on personal property imports is also reduced, generally to half the applicable rate.

ELIGIBILITY: Buyers and importers of finished capital goods, IT and telecommunications finished products and parts.

ENFORCEMENT AUTHORITY: Federal Administration of Public Revenues (AFIP, for its acronym in Spanish).

— **FOR FURTHER INFORMATION:** www.infoleg.gov.ar

6.1.5. Import of capital goods for large investment projects

GOVERNING LEGAL PROVISIONS: Resolution No. 256/2000, as amended.

BENEFITS: This program allows investment costs to be offset by reducing tariffs to zero on imported capital goods that make up a complete and independent production line. The program also provides for replacement parts to be imported up to a value of 5% FOB of the production line. Apart from capital goods, there are many other elements which make up a production line and are subject to tariffs, as is the case with pumps and mechanical equipment, among others. Thus, the savings represented by the tariff reductions on the one hand should be weighed up against other duties and the consignment of replacement parts itself, which would be otherwise subject to tariffs.

ELIGIBILITY: Importers of capital goods for large investment projects.

ENFORCEMENT AUTHORITY: Secretariat of Industry, Ministry of Industry.

— **FOR FURTHER INFORMATION:** www.industria.gov.ar

6.1.6. Temporary import of capital goods

GOVERNING LEGAL PROVISIONS: Law No. 22415, Decree No. 1001/1982 and Customs Office Resolution No. 34/1998, Decree No. 142/2010.

BENEFITS: Temporary imports are those where the merchandise imported may remain for a specific purpose and within a fixed term in the customs territory, subject –from the moment of its release– to the obligation of re-export for consumption before the expiry of the term. Depending on the operational characteristics of the company, it may be necessary to have capital goods available for a specific period and then return them abroad. This temporary admission system allows the capital goods to enter the country without being subject to import duties and to remain in it for a maximum of 3 years. This period may be extended for an additional term provided it that does not exceed the original term.

ELIGIBILITY: Operators registered in the Register of Exporters and Importers.

ENFORCEMENT AUTHORITY: Customs Office (DGA for its acronym in Spanish)

— **FOR FURTHER INFORMATION:** www.infoleg.gov.ar

6.2. Sector-specific incentives

6.2.1. Promotion of the automotive and auto-part industries

GOVERNING LEGAL PROVISIONS: Law No. 26393 on the development and consolidation of the national auto-part sector; economic complementation agreements no. 14, 55 and 57.

DESCRIPTION: This program establishes a set of incentives to stimulate the domestic automotive and auto parts production.

BENEFITS:

- Program to strengthen Argentina's auto parts industry, offering a cash reimbursement for the value of the purchases of locally manufactured auto parts acquired by automotive manufacturers for the purposes of producing new models, including utility vehicles, trucks, buses, die cast molds, and differential shafts. The benefit to be granted on the ex-works value is equal to 8%-6%, decreasing over a 3-year period.
- Consolidation of the domestic production of engines and gearboxes: this program consists in cash reimbursements for the purchase of local auto parts used in the manufacturing of engines and gearboxes for automotives, utility vehicles, buses, trucks, tractors, self-propelled agricultural and road machinery. The benefit to be granted on the ex-works value is equal to 10%-6%, decreasing over a 5-year period.

International agreements for the automotive and auto-part industry:

- Automotive Agreement between Argentina and Brazil signed in June 2008 and valid until June 30, 2014. It establishes import duties for imports from third countries and conditions relating to the country of origin. It also sets out a bilateral trade administration model through an export diversion coefficient (known as FLEX), which establishes a US\$ 1 exports - US\$ 1.95 imports ratio.
 - Economic complementation agreement with Uruguay. It establishes that automobiles will be traded between both countries at a preferential rate of 100%, provided they are brand-new and meet the requirements of origin established in the agreement. This agreement also establishes rules for the bilateral trade of auto parts produced in both countries.
 - Economic complementation agreement with Chile on free trade.
- **FOR FURTHER INFORMATION:** www.industria.gov.ar
www.sub-industria.gob.ar/regimen_automotriz/about/acuerdos-internacionales/

6.2.2. Software industry promotion

GOVERNING LEGAL PROVISIONS: Law No. 26692 on the promotion of the software industry (amending Law No. 25922); Law No. 25856 on the consideration of software production as industrial activity.

DESCRIPTION: The program aims to promote the creation, design, development, production, implementation and fine-tuning of software systems developed as well as their technical documentation, both in terms of basic aspects and applications, and including the necessary development to integrate it into different processors (in-house development is excluded).

BENEFITS:

- Tax stability for all national taxes during the term of the promotion (until December 31, 2019).
 - Software design, development, and production are considered to be industrial activities for tax or credit purposes and the activities benefit from any other incentives offered by the Argentine government to industrial companies.
 - Non-refundable fiscal credit (except Income Tax) for up to 70% of employer's social security contributions which may be applied against national tax liabilities.
- The beneficiaries will not be subject to any VAT withholdings or collections.
- Sixty percent reduction in total income tax. This benefit applies to both domestic and foreign source income.

- **FOR FURTHER INFORMATION:** www.infoleg.gov.ar

6.2.3. Promotion of state-of-the-art biotechnology development and production

GOVERNING LEGAL PROVISIONS: Law No. 26270 on the promotion of state-of-the-art biotechnology development and production.

DESCRIPTION: The law defines state-of-the-art biotechnology as all technological applications based on rational knowledge and scientific principles from the fields of biology, biochemistry, micro-biology, bio-informatics, molecular biology and genetic engineering that use live organisms or parts of these to obtain goods and services, or for the substantial improvement of productive processes and/or products. The use of the word “substantial” means that it includes innovative content suitable for industrial application, resulting in a social and economic impact, in addition to cost reductions and productivity increases.

BENEFITS:

- Accelerated depreciation for income tax purposes on capital goods, special equipment or parts of these goods, which are new and acquired specifically for the project benefiting from the promotion.
- Early refund of VAT paid on the purchase of capital goods, special equipment, or parts of these goods, which are new and acquired specifically for the project benefiting from the promotion incentive.
- 50% of the amount of paid-up employer’s social security contributions is converted into tax credits.

Capital goods, special equipment and parts of these goods, which are new and acquired specifically for the project are not included in the taxable base for the purposes of Minimum Presumed Income Tax, nor any tax that might complement, amend or replace it in the future.

50% of the amount invested in the outsourcing of research and development services from national public science, technology and innovation institutions exclusively for research /development projects may be converted to tax credits.

Tax credits under this Law are non-transferable and will be valid for 10 years from the project approval date.

- **FOR FURTHER INFORMATION:** www.infoleg.gov.ar

6.2.4. Biofuels promotion

GOVERNING LEGAL PROVISIONS: Law No. 26093 on the regulation and promotion for the sustainable production and use of biofuels; Decree No. 109/2007 on biofuels.

DESCRIPTION: This program aims to regulate and promote the sustainable production and use of biofuels. Biofuels include bioethanol, biodiesel and biogas produced from raw materials of agricultural or agroindustrial origin or organic waste.

BENEFITS:

- VAT and Income Tax: the acquisition of capital goods or the undertaking of the corresponding infrastructure works benefit from accelerated depreciation for on Income Tax purposes and /or the early refund of VAT (the same treatment afforded under Law No. 25924).
- The goods allocated to projects involving the sustainable production, blending, marketing, distribution, consumption and use of biofuels are exempt from Minimum Presumed Income Tax.
- Biodiesel and bioethanol produced to meet the statutory levels of biofuel-fossil fuel blends are exempt from the Water Infrastructure Tax, the Liquid Fuels and Natural Gas Tax, and the specific tax levied on the transfer or import of diesel oil.

- **FOR FURTHER INFORMATION:** www.minplan.gov.ar

6.2.5. Promotion of the motorcycle and motorcycle parts industries

GOVERNING LEGAL PROVISIONS: Law No. 26457 on incentives for local investment for the manufacture of motorcycles and motorcycle parts.

DESCRIPTION: This program establishes the national and progressive integration of motorbike spare parts into the domestic motorcycle manufacturing industry. It establishes a decreasing limit for the quota on imports

set at 30% by the fifth year of application. Additionally, it establishes tax and tariff benefits for companies developing production projects with a term of at least 5 years.

BENEFITS: Tariff treatment: Depending on the production project, companies may enjoy the following benefits for up to 5 years:

- Reduction of 60% in extra-MERCOSUR import duties of motorcycle parts.
- Reduction of 40% in extra-MERCOSUR import duties for CKD (completely knocked down) and SKD (semi knocked down) kits.
- Reduction of up to 20% in extra-MERCOSUR import duties for CBU (completely built up) units.

TAX BENEFIT: Tax credits for the purchase of locally manufactured motorcycle parts which may be offset against national taxes for a percentage of the ex-works value net of taxes (25% for 2009 and decreasing on an annual basis thereafter).

- **FOR FURTHER INFORMATION:** <http://www.sub-industria.gob.ar/blog/2010/03/10/regimen-de-incentivo-a-la-inversion-local-para-la-fabricacion-de-motocicletas-y-motopartes/>

6.2.6. Mining industry promotion

GOVERNING LEGAL PROVISIONS: Law No. 24196 on Mining Activity; Laws No. 25429 and 25161, as amended. The "Mining Code" (Law No. 1919; Decree No. 456/1997; Law No. 25225).

DESCRIPTION: These incentives aim to promote investment in mining exploration activities.

BENEFITS:

- Deduction of 200% of exploration expenses in income tax assessment.
- Deduction of up to 100% of the amount invested in determining the project feasibility for the purposes of income tax assessment.
- VAT refund on exploration costs after a 12-month period.
- Thirty-year tax stability after filing the feasibility study with the appropriate mining authorities.
- Accelerated depreciation for income tax purposes.
- Exemption from import duties on capital goods. Beneficiaries may be mining companies or companies providing mining services.
- Early refund and financing of VAT for new exploitation projects or projects to expand the productive capacity, in the definitive import or purchase of new capital goods and investment in infrastructure for the productive project.
- Exemption from asset tax, elimination of duties on exports, provincial and municipal taxes, ceiling on royalty payments and capitalization of reserves.
- During the first 5 years of the concession, the ownership of the mine will be exempt from all taxes or charge applicable to the production and marketing of the mining activity.

- **FOR FURTHER INFORMATION:** www.mineria.gov.ar

6.2.7. Forestry

GOVERNING LEGAL PROVISIONS: Law No. 25080 on Investments for Planted Forests, as extended and amended by Law No. 26432; Law No. 25509 on Forestation; Resolution No. 102/2010, establishing an increase in the payment of the financial support provided for by Law No. 25080.

DESCRIPTION: Regulation of the forest planning, exploitation and industrialization.

BENEFITS:

- A 30-year period of tax stability will be granted, which may be extended to a maximum of 50 years.

- Special depreciation for income tax purposes.
- Early VAT refund, tax exemptions and non-reimbursable funds for planted forests.

— **FOR FURTHER INFORMATION:** www.minagri.gob.ar

6.2.8. Promotion of the exploration and exploitation of hydrocarbons

GOVERNING LEGAL PROVISIONS: Law No. 26154 on hydrocarbons.

AREAS OF APPLICATION: All those areas listed in Law No. 25,943 and those with geological potential over which there are currently no third-party rights granted under Law No. 17319. The incentive establishes a 15-year period for the exploration and exploitation of the continental shelf; 12 years for areas in sedimentary basins without production; and 10 years for areas in sedimentary basins with production.

BENEFITS:

- Early VAT refund on the total amount of expenses and investments made in the exploration phase and on the investments made during the exploitation period.
- Income tax: All the amortizable expenses and investments made during the exploration and exploitation stages are amortized in 3 equal, consecutive yearly payments as from the year in which these expenses and investments are made.
- The assets that belong to the holders of exploration permits and exploitation concessions are not included in the calculations of the taxable base for Minimum Presumed Income Tax during a maximum of 3 years as from the contract award date.
- Exemption from the payment of duties and any other tax, charge or duty on the import of capital goods manufactured abroad that required to carry out exploration activities.

— **FOR FURTHER INFORMATION:** www.minplan.gov.ar

6.2.9. Public infrastructure works

GOVERNING LEGAL PROVISIONS: Decree No. 966/2005 on the national program for private participation and Decree no. 967/2005 on the national program of public and private associations.

DESCRIPTION: To promote the participation of the private sector in infrastructure works.

BENEFITS: National incentive for private initiatives: To promote the participation of the private sector in public infrastructure works, concessions, public services or licenses. Unsolicited projects may be submitted. However, if the Government considers the project to be of public interest, it will launch a call for tenders. The particular feature of this regime is that, in a public tender process, the initial bidders are given priority in the award.

Incentives for public-private associations: This involves the participation of the State as a partner in the project. The association can take any structure permitted under Argentine law. The contribution made by the Government may be in cash, through tax benefits, and rights to certain public assets privately owned by the State, among others. In this case, the presentation of the project is made at the request of a public organization and a public call for tenders is launched to select a partner from the private sector.

— **FOR FURTHER INFORMATION:** www.infoleg.gov.ar

6.2.10. Promotion of the use of renewable sources of energy

GOVERNING LEGAL PROVISIONS: Law No. 26190 National Promotion for the use of renewable sources of energy for the production of electricity. Regulated by Decree No. 562/2009.

DESCRIPTION: The Law declares the national interest of electricity generation from renewable energy sources for public service rendering. The Law aims to increase the electricity generation from renewable sources to supply 8% of the domestic electricity consumption within a term of 10 years as from the effective date (2006).

BENEFICIARIES: Individuals and/or concessionaires of new public works of electricity generated from renewable sources destined for the Wholesale Electrical Market (MEM for its acronym in Spanish) and/or the rendering of the electricity public service.

BENEFITS:

- Additional payment. The Law establishes different incentives according to source for 15 years. The Secretariat of Energy created a Renewable Energy Fiduciary Fund, administered by the Electric Energy Federal Board, in order to make additional payments per KWH from renewable energy sources targeted to the wholesale electricity markets or the electricity public service.
- Investments. It establishes an investment program for 10 years for the construction of new works for the generation of electricity from renewable energy sources, including capital goods, civil, electromechanical and assembly works and other related services that are part of new generation plants or are to become part of existing plants.

Investors choose between either of the following options:

- Early refund of the VAT levied on the purchase, manufacturing, elaboration or import of capital goods or infrastructure works (making long-term projects attractive).
- Accelerated amortization of assets for income tax purposes. Additionally, the assets benefited from the promotion program do not compose the taxable base for minimum presumed income tax purposes until the third year after start-up (making short-term projects attractive).
- Exception in the payment of custom duties in the import of goods related to renewable energy projects.

- **FOR FURTHER INFORMATION:** www.energia3.mecon.gov.ar/home/

6.2.11. Audiovisual industry

GOVERNING LEGAL PROVISIONS: Decree No. 1527/2012, Resolutions No. 2202/2011 and 2203/2011.

BENEFITS: The National Institute of Cinema and Audiovisual Arts (INCAA for its acronym in Spanish) offers subsidies and credit facilities for film productions.

The institute grants subsidies representing up to AR\$ 5.5 million depending on the exhibition media. This subsidy will not exceed the total cost of the film.

The credit facilities available amount to 50% of the total budget of the project at a nominal annual rate of 4%. Its application will be valid from the end of the 12th or 24th month (depending on the project) from the first repayment.

Additionally, INCAA has a Plan to Encourage the Production of Contents for Television for programs for studies, thematic projects, finished material and animations. This plan is granted through annual calls. The selected projects are granted a specific amount – which will vary depending on the type of call– for the production and integral materialization of the projects.

Furthermore, Decree No. 1528/2012 considers audiovisual content productions to be a productive activity, similar to the industrial activity, so it is also eligible for general or specific productive promotion policies. Finally, a Cinema and Audiovisual Content Pole will be constructed in Isla Demarchi, located in the south of the City of Buenos Aires.

ENFORCEMENT AUTHORITY: National Institute of Cinema and Audiovisual Arts.

- **FOR FURTHER INFORMATION:** www.incaa.gov.ar

6.3. Location incentives

6.3.1. Provincial incentives

- **DESCRIPTION:** Most Argentine provinces offer specific incentives to promote productive investment in their territories.

BENEFITS: Although the incentives, the conditions and the sectors promoted differ across provinces, most provincial promotional programs include:

- Exemptions from provincial taxes for a specific period of time.
- Reduction in public service rates.
- Support for infrastructure works and acquisition of equipment.
- Facilities for the purchase and location of assets owned by the province.
- Priority in the award of contracts in public tenders launched by the provincial government authorities.
- Reduction in the charges for notarization of deeds of transfer or conveyance to the province.

In most provinces there are also industry-specific incentive programs which include exemptions from provincial taxes. In addition, many provinces have industrial parks which offer companies a complete service infrastructure.

- **FOR FURTHER INFORMATION:** <http://www.inversiones.gov.ar/es/red-federal.html>

6.3.2. Free Trade Zones

GOVERNING LEGAL PROVISIONS: Law No. 24331, as amended.

BENEFITS: A Free Trade Zone (FTZ) is an area where goods are not subject to the ordinary customs controls and where no duties or taxes are levied on the goods “entering” (imported) and “leaving” the country (exported), except for any other applicable service fee or rate that may be established. The purpose of an FTZ is to promote trade and export-oriented industries by reducing costs and narrowing administrative procedures in addition to offering tax incentives.

Currently there is a total of 11 Free Trade Zones operating in Argentina located in the provinces of Buenos Aires (La Plata and Bahía Blanca), Córdoba (city of Córdoba), Chubut (Comodoro Rivadavia), La Pampa (General Pico), Mendoza (Luján de Cuyo), Misiones (Puerto Iguazú), Salta (General Güemes), San Luis (Justo Daract), Tucumán (Cruz Alta) and Entre Ríos (Concepción del Uruguay).

- **FOR FURTHER INFORMATION:** <http://www.afip.gob.ar/aduana/zonasFrancas.asp>

6.4. Incentives for innovation and technological development

6.4.1. Argentine Technology Fund (FONTAR)

DESCRIPTION: It supports projects geared towards improving the productivity of the private sector through technological innovation. There are a number of financing instruments which are implemented by means of public calls for tenders or open submissions (no deadline).

KINDS OF PROJECTS FINANCED BY FONTAR:

- Technological development
- Technological modernization
- Patent costs
- Technological services for institutions
- Technological services for SMEs

- Training
- Technical assistance
- Technological Departments Program
- Incubators for companies, industrial parks and technological centers

— **FOR FURTHER INFORMATION:** www.agencia.mincyt.gov.ar

6.4.2. Software Industry Fiduciary Fund (FONSOFT)

DESCRIPTION: A fiduciary fund created upon the passage of the Software Promotion Law (Law No. 25922).

PROJECTS AND PROGRAMS FINANCED BY FONSOFT:

- R&D projects related to the activities included in the promotional program: creation, design, development, production, implementation and fine-tuning of software systems.
- Higher education programs (university degrees or other certificates) for worker training.
- Programs to improve quality in the processes used in software creation, design, development and production.
- Assistance programs to create new enterprises.

— **FOR FURTHER INFORMATION:** www.agencia.mincyt.gov.ar

6.4.3. Fund for Scientific and Technological Research (FONCYT)

DESCRIPTION: The fund supports research projects aimed at creating new scientific and technological knowledge. The fund offers different promotion and financing instruments awarded through public tender processes.

PROMOTION AND FINANCING INSTRUMENTS:

- Scientific and technological research projects
- Scientific and technological research oriented projects
- Research and development projects
- Equipment modernization projects
- Strategic area programs
- Scientific meetings
- Qualification certificates
- Human resources program
- Adaptation and/or improvement projects
- Technological platform projects
- Scholarships for the area of IT & Communication

— **FOR FURTHER INFORMATION:** www.agencia.mincyt.gov.ar

6.4.4. Argentine Sector Fund (FONASERC)

DESCRIPTION: FONASERC supports projects and activities aimed at developing critical capacities in potentially high-impact areas and permanent transfer to the productive sector.

Potential areas include health, energy, agroindustry, social development, IT&C, nanotechnology, biotechnology, environment and climate change.

PROMOTION AND FINANCING INSTRUMENTS:

- Manager and Technological Linker Training Program (GTec for its acronym in Spanish)
- Infrastructure and technological equipment (PRIETEC for its acronym in Spanish)
- EMPRETECNO – EBT (technology-base companies)
- National Program of IT&C Scholarships (PNBTICS for its acronym in Spanish)

- EMPRETECNO – FFP (project flow facilitators)
- Biotechnology
- IT&C
- Nanotechnology
- Agroindustry
- Energy
- Health

— **FOR FURTHER INFORMATION:** www.agencia.mincyt.gov.ar

6.4.5. National Science and Technology Council (COFECYT)

DESCRIPTION: The Council promotes the harmonious development of technological, innovative and scientific activities throughout the country.

PROJECTS AND PROGRAMS FINANCED BY COFECYT:

- Technological Support to the Tourism Sector (ASETUR for its acronym in Spanish). Resolution No. 394/08
- Municipal Technological Development Projects (DETEM for its acronym in Spanish). Resolution No. 632/08 of the Ministry of Science and Technology)
- National Projects for Productive Innovation (PFIP for its acronym in Spanish)
- National Projects for Productive Innovation - Productive Chains (PFIP-ESPRO for its acronym in Spanish)

— **FOR FURTHER INFORMATION:** www.cofecyt.mincyt.gov.ar

6.4.6. Promotion and Encouragement of Technological Innovation (Law No. 23877)

DESCRIPTION: The program aims to improve productive and commercial activity by promoting and encouraging research and development, technology transfer, technical assistance and other innovative enterprises, giving a hierarchy in society to the tasks carried out by scientists, technologists and innovative entrepreneurs.

BENEFITS: The Executive Branch sets an annual quota of tax credits that may be offset against the payment of national taxes (income tax) in an amount not in excess of 50% of the total value of the project. These tax credits must be used in equal parts within a 3-year period.

— **FOR FURTHER INFORMATION:** www.cofecyt.mincyt.gov.ar

6.5. Employment incentives

6.5.1. New hiring incentive programs

Program of tax regulation, promotion and protection of registered employment (Law No. 26476).

BENEFITS: Any company hiring new personnel may benefit from a reduction in employer contributions. For the first 12 months, such contributions will be reduced by 50%, and by 25% for the second 12-month period.

— **Labor Insertion Program**

BENEFITS: Any company hiring a person who benefits from the training and employment insurance program (SCyE for its acronym in Spanish) will be able to discount from the employee's net salary the amount that the employee receives from the program. Additionally, the company's social security contributions will be lower as they are calculated on the basis of the portion of the salary paid by the employer.

DEDUCTIBLE AMOUNTS:

- 1— Labor insertion of beneficiaries of the SCyE under 45 years of age.
 Women: AR\$ 1000 from the first to the third month; and AR\$ 1250 between the fourth and sixth month.
 Men: AR\$ 1000 for six months.
 Total duration: 6 months
- 2— Labor insertion of beneficiaries of the SCyE over 45 years of age.
 Women: AR\$ 1000 from the first to the third month; AR\$ 1250 between the fourth and sixth month; and AR\$ 1500 between the seventh and ninth month.
 Men: AR\$ 1000 for nine months.
 Total duration: 9 months.

— **FOR FURTHER INFORMATION:** http://www.trabajo.gov.ar/promoempleo/insercion_sprivado.asp

— **Young people's employment program (Programa de Jóvenes "Más y Mejor Trabajo")**

BENEFITS: Any company hiring a beneficiary from the young people's employment program (PJMMT for its acronym in Spanish) may deduct from the beneficiary's net monthly salary a non-wage sum of AR\$ 400 which will be reimbursed to the beneficiary by the Ministry of Labor, Employment and Social Security by means of direct payments for a period of up to 6 months.

The companies offering training internships to beneficiaries of the PJMMT program may co-finance with the Ministry of Labor a non-wage total sum to be paid to the beneficiaries (if an SME, the Ministry of Labor will cover up to AR\$ 400 of the AR\$ 550 established). The Ministry of Labor covers costs incurred in classroom training for up to an amount of AR\$ 60 per trainer/hour.

6.5.2. Training programs for employees

BENEFITS: Any company training an employee who benefits from the Training and Employment Insurance Program (SCyE) will be able to discount from the employee's net salary the sum of AR\$ 400 for 6 months, as the employee will be receiving this sum directly from the Ministry of Labor. Furthermore, the Ministry covers a trainer's fee of up to AR\$ 150 for 4 hours a month and AR\$ 225 for up to 6 hours a month throughout the training period.

Through tax credits for companies that strengthen the capabilities of their employees, the company may finance projects that strengthen the capabilities of employed and unemployed workers.

LINES OF ACTION ELIGIBLE FOR FINANCING:

- Professional training.
- Basic IT training.
- Certification of primary, secondary, tertiary or higher level education programs.
- Evaluation and certification of work skills.
- On-the-job training (qualifying internships or job training).

INDUSTRY-SPECIFIC TRAINING: Any company wishing to design a customized training course may develop industry specific agreements to carry out in-house professional training. The Ministry of Labor finances trainers, teaching material, equipment and travel costs, for instance. The amounts and duration of these courses are defined by the parties involved in the project.

6.6. Investment financing

6.6.1. Credit lines from the National Bank of Argentina (BNA)

DESCRIPTION: BNA provides credit lines to companies, which includes loans for working capital and investments (to cover production and sales costs), financing for imports, pre-financing and financing of exports and for the participation in international fairs or exhibitions. It also offers capital lease and factoring services.

— **FOR FURTHER INFORMATION:** www.bna.com.ar

6.6.2. Bicentennial program for productive financing

DESCRIPTION: A credit facility program of AR\$ 16 billion that aims to provide all types of companies financing for productive investments in all sectors.

BENEFITS: Fixed annual interest rate of 9.9% for peso-denominated 5-year loans.

— **FOR FURTHER INFORMATION:** www.mit.gob.ar/financiamiento_bicentenario.htm

6.6.3. Credit lines from the Investment and Foreign Trade Bank (BICE)

DESCRIPTION: The BICE offers a range of financing lines in both pesos and US dollars.

BENEFITS:

- Credit lines for development, which aim to finance the purchase of capital goods and investment projects in goods and services.
- Financing of investments for SMEs and Cooperatives, which aims to finance investment projects and the purchase of brand-new capital goods, personal property within the framework of an investment decision earmarked for the different economic activities included in the goods-and-services producing sectors.
- Renewable energy: energy investment projects to meet the higher demand of the productive sector.
- Capital goods, aimed at financing the purchase of capital goods of national origin.
- Tourism, aimed at financing investment projects related to the construction of new hotels within the national territory, and investment projects related to refurbishment, improvement in the service quality and anything related to an extension and/or improvement of the services provided by hotels within Argentina.
- Technological innovation and modernization: project financing in order to improve the competitiveness of goods-producing companies through the technological modernization of products or processes.
- Regional productive infrastructure, aimed at infrastructure investment projects that allow the development of the regional productive sectors.
- Export pre-financing: financing for the export of primary products, manufactured products of agricultural and industrial origin and the provision of services in general, aimed at foreign markets.
- Export post-financing: financing for the export of primary products, manufactured products of agricultural and industrial origin, durable and capital goods, and export of turnkey operations.

— **FOR FURTHER INFORMATION:** www.bice.com.ar

6.6.4. Credit lines from the Federal Investment Council (CFI)

DESCRIPTION: The CFI runs a series of financial assistance programs for micro, small and medium-size enterprises in order to promote the development of Argentine regions and provinces

BENEFITS:

- Productive reactivation: credit facilities to finance working capital, fixed assets and pre-investment.

- Exportable regional production: credit facilities for export pre-financing and support to exportable production (working capital, fixed assets and pre-investment).

— **FOR FURTHER INFORMATION:** www.cfired.org.ar

6.6.5. Subsidized rates for loans to Micro, Small and Medium-Size Enterprises (MiSMEs)

DESCRIPTION: The national government put this program into place to facilitate MiSMEs' access to credit and cover part of the financial costs of bank loans.

BENEFITS: These credit facilities aim to finance:

- The acquisition of new capital goods via loans or capital leases.
- Working capital.
- Pre-financing and financing exports of goods and services.
- Creation and development of new enterprises.
- Industrialization of goods and services developed through technological innovation.
- Scientific and technological research activities, productive modernization and innovation.

— **FOR FURTHER INFORMATION:** www.sepyme.gov.ar

6.6.6. National Development Fund for MiSMEs (FONAPyME)

DESCRIPTION: FONAPyME makes capital contributions and provides financing to micro, small and medium-size enterprises to carry out projects focused on the domestic market with an emphasis on import substitution, added value generation, job creation and regional development promotion.

BENEFITS: Loans are offered to finance:

- Investments in fixed assets
- Working capital

— **FOR FURTHER INFORMATION:** www.sepyme.gov.ar

6.6.7. Bicentennial national program for industrial park development

DESCRIPTION: This national program seeks to provide financing to any SME established or wishing to establish in a public industrial park.

BENEFITS: Loans are granted to finance:

- Establishment of the company
- Extension
- Investment or acquisition of capital goods

— **FOR FURTHER INFORMATION:** www.sepyme.gov.ar

6.6.8. FINPYME

DESCRIPTION: FINPYME consists of seven programs providing value-added services:

- (a) **FINPYME Credit:** This type of financing is available in the form of loans of up to 33% of the cost of a new project or 50% in the case of a project to expand an existing company's productive capacity. The loans are granted at a variable rate depending on the conditions prevailing in the international market and on LIBOR. Additionally, depending on the company's needs for financing, the Inter-American Investment

Corporation (IIC) may also grant convertible or subordinated loans. The IIC makes capital investments in an amount of up to 33% of the capital of the beneficiary company and then sells its shareholding.

In those cases in which the financing required for a project exceeds the amounts that ICC can lend directly, the additional amount may be obtained through a participation loan. Part of the total loan is financed by the ICC, while the remainder is financed by participating financial institutions.

- (b) **FINPYME Diagnostics:** FINPYME Diagnostics is a two-phase program. In the first phase, management areas in need of improvement are identified, and in the second, the companies undergoing a diagnostic review receive individual or group-based technical assistance. The purpose of FINPYME Diagnostics is to diagnose SMEs and provide them with management tools to improve their competitive position.
- (c) **FINPYME Direct Technical Assistance:** This program provides IIC clients with consulting services in areas ranging from environmental regulation compliance and financial analysis to technical and market evaluations.
- (d) **FINPYME ExportPlus:** This program provides SMEs with technical assistance so that they can better access export markets.
- (e) **FINPYME Family Business:** This program seeks to disseminate good governance practices and put effective family business governance tools and structures in the hands of business families and owners alike.
- (f) **FINPYME Integrity:** This program's objective is to encourage improved business ethics for SMEs across the region by helping them develop codes of ethics and foster integrity, transparency, and anti-corruption efforts.
- (g) **GREENPYME:** It is a technical assistance initiative that helps SMEs mitigate climate change by using clean energy and taking energy efficient measures.

— **FOR FURTHER INFORMATION:** www.iic.int

6.7. Export promotion

6.7.1. Draw back

LEGAL PROVISIONS: Decree No. 177/1985, 1012/1991, 2182/1991 and 313/2000; and Resolutions No. 177/1991, 288/1995 and 1041/1999.

BENEFITS: Exporters are refunded for taxes and import duties, including statistics duty and VAT, paid on imported supplies used to produce goods for export. The program also covers packaging or the conditioning necessary for the goods to be exported. Like refunds, their payment is monitored by the Customs Office.

ELIGIBILITY: Registered importers and exporters.

ENFORCEMENT AUTHORITY: Customs Office

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.7.2. Export refunds

LEGAL PROVISIONS: Decrees No. 1011/1991, 2275/1994 and 690/2002.

BENEFITS: The total or partial refund of excise taxes paid during the different stages of production and marketing of the merchandise manufactured in Argentina which is to be exported, brand new and unused. These rates currently range from 0% to 6%. Payment of this benefit is made by the Customs Office following

the presentation of the shipping documentation. Additionally, the exporter must have complied with the rules governing the entry of foreign currency related to the operation and must not have any social security or tax debts pending with the AFIP. As the benefits are applied to value added locally, they are compatible with the drawback program.

ELIGIBILITY: Exporters of tangible assets.

ENFORCEMENT AUTHORITY: Customs Office.

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.7.3. Inward processing relief

GOVERNING LEGAL PROVISIONS: Decree No. 1330/04 and related provisions. AFIP General Resolution No. 2147/06.

BENEFITS: Under this program, the goods imported temporarily for their subsequent processing and re-export, are relieved from the taxes levied on goods imported for consumption. Retributive rates for services are payable, except for Statistics Duty and ultimate-use verification duty (tasa de comprobación de destino). However, the operations carried out within this framework are governed by the bonds and guarantee system currently in force.

ELIGIBILITY: Registered importers and exporters.

ENFORCEMENT AUTHORITY: Secretariat of Industry; Commerce and SMEs.

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.7.4. Turnkey exports

GOVERNING LEGAL PROVISIONS: Law No. 23101; Decree No. 870/2003; Resolution No. 12/2004.

BENEFITS: The program grants specific and additional refunds to exports made under turnkey export contracts. Turnkey exports may include: the construction of a plant or building; the provision and installation of the respective furnishings or goods; the handling and monitoring of assembly; the provision of operational methods and start-up assistance; the training of the staff required for operations; and the provision of any of the services required to perform the contract's ultimate purpose. Additionally, an essential element of an export turnkey operation is the export of services that include at least the following: the design, descriptive drawings and calculations for construction and systems and installations; supporting documentation for operational methods, procedures and control; technical assistance for implementation; and/or works supervision and management.

ELIGIBILITY: Companies established in Argentina.

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.7.5. In-company customs system (RAF)

GOVERNING LEGAL PROVISIONS: Decrees No. 688/2002, 2722/200; Joint Resolutions No. 14/2003-1424/2003 and 54/2003-1448/2003; and Resolution No. 1553/2003.

BENEFITS: The in-company custom system (RAF, for its acronym in Spanish) enables the import of raw materials, inputs, auxiliary materials, packaging, packing or protective materials or goods used directly in goods production and/or transformation processes for their subsequent and definitive export or import. The non-definitive ultimate-use character comes to an end when the merchandise is ultimately exported after

processing, is re-exported without being processed or is imported for consumption. The importer must apply for one of these definitive ultimate-uses at least 1 year before the merchandise enters the customs zone. Duties and other charges on imports for consumption are charged by calendar month and are payable as from the due date established by the enforcement authorities for that purpose.

ELIGIBILITY: Individuals or legal entities owning industrial establishments based in the country which, having opted to abide by Argentine legislation, are able to prove compliance with the requirements.

ENFORCEMENT AUTHORITY: AFIP and Secretariat of Industry.

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.7.6. In-house customs

GOVERNING LEGAL PROVISIONS: General Resolutions No. 596/1999 and 800/2000; and Resolution No. 14/2003.

BENEFITS: Imported merchandise may be directly taken to the importer's warehouses or storage facilities, while merchandise for export may exit directly from the exporter's own warehouse, without provisional stay at bonded warehouses. Regardless of the location and sector, the importing/exporting company is required to have a minimum volume of annual sales and to file tax returns to hold the merchandise in its facilities as if they were a bonded warehouse and act as a customs clearance agent.

ENFORCEMENT AUTHORITY: Customs Office.

— **FOR FURTHER INFORMATION:** www.afip.gov.ar

6.7.7. Undersecretariat for Investment Development and Trade Promotion

The Undersecretariat for Investment Development and Trade Promotion works to attract productive foreign direct investment that leads to job creation and to develop and diversify domestic exports. In the area of investments, the Undersecretariat's efforts target quality FDI that meets domestic productive needs, prioritizing strategic alliances between local companies and foreign investors. In the area of trade promotion, the Undersecretariat gears its efforts towards increasing and diversifying Argentine exports on multiple levels, including regions, products and companies. To meet these goals, the Undersecretariat works with other national and provincial authorities in a collaborative effort to ensure investment and export promotion are nationwide priorities. The Undersecretariat also coordinates trade promotion actions and the participation in International fairs and events through Fundación Exportar.

WEBSITE: www.inversiones.gov.ar; www.argentinatradenet.gov.ar.

6.7.8. Fundación Exportar

DESCRIPTION: Fundación Exportar (export promotion agency of the Ministry of Foreign Affairs and Worship) provides assistance to the business community in their efforts to trade their products efficiently in the international market with a view to accessing, expanding and diversifying exports and markets. Activities include:

- Participation in international trade fairs
- Sector-specific promotion missions
- International business round tables
- Product insertion programs
- Business meeting agendas
- Support to export groups
- Training events

— **FOR FURTHER INFORMATION:** www.exportar.org.ar

6.7.9. PROArgentina

DESCRIPTION: Assistance with exports through different programs to support SMEs partnerships and internationalization, including:

- Support program for export groups and consortia
- Support programs for first-time exporters
- PROArgentina (www.proargentina.gov.ar)
- Technical training and assistance
- Trade promotion actions

— **FOR FURTHER INFORMATION:** www.proargentina.gov.ar





7

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Living in Argentina

A place you will want to stay

7.1. Quality of life

The quality of life in Argentina stands out in the region and in the world. The specialized publication International Living ranked Argentina fourth in its 2010 Quality of Life Index, on the basis of factors such as cost of living, culture and leisure, the economy, the environment, healthcare services, infrastructure and climate. Argentina offers internationally competitive costs in areas including transport, telecommunications, entertainment, gastronomy and real estate services, among others.

The city of Buenos Aires, the capital, is rated by the Economist Intelligence Unit as the most livable city in Latin America, while the purchasing power of its inhabitants is the highest among Latin American capital cities, according to the most recent prices and earnings study carried out by the Global Financial Firm UBS.

Prestigious local institutions offer educational and healthcare services comparable in quality to the top international referents. This is the case of the many bilingual schools specializing in English, German, French and Italian as well as the medical diagnosis centers and high-ended healthcare facilities.

The wide range of cultural activities, sports attractions and the warmth of its people make Argentina a great place to live, work or visit.

7.2. Transport

Argentina is well served with modern forms of transport interconnecting numerous local and international destinations. Air transport is one of the favored options for medium to long-distance travel due to the country's sheer expanse.

The principal international airport Ministro Pistarini is located in Ezeiza district, 22 km west of the city of Buenos Aires. It offers direct flights to the main cities of the continent as well as the major world capitals. Most domestic flights fly in and out of Jorge Newbery Airport, located in the city of Buenos Aires.

A network of national and provincial roads connects the country's territory. Long-distance buses are an excellent transport option, offering quality services, including sleeper coaches and on-board catering similar to an international flight. There are also many car rental agencies.

Railway services are one of the main forms of passenger transport between the city of Buenos Aires and the surrounding suburbs in Greater Buenos Aires, as well as between the capital and other cities throughout the country. There are also short and medium-distance rail services covering touristic circuits, such as the famous Train of the Clouds in the province of Salta, and the Train of the End of the World in Tierra del Fuego.

Within the city limits of Buenos Aires, the subway and city buses are by far the most popular means of transport. However, there is a plentiful fleet of metered taxis and private car services, which calculate the rate based on the trip's distance and time.

7.3. Culture

Argentina boasts a vibrant and diverse culture. Tango, considered as Intangible Cultural Heritage of Humanity since 2009, has achieved world recognition and today stands out as the country's chief cultural icon, illustrated by the rising tide of music sales, ticket sales for concerts and dance shows, tango classes, sales of shoes, adornments and specialized publications. The World Tango Championship is held annually in Buenos Aires; its variety of shows, free classes and exhibitions attract over 200 thousand spectators.

Folk music is also increasingly popular, particularly in the provinces, featuring dances such as the carnavalito, malambo, pericón and chacarera, all part of Argentina's prolific and varied culture.



© 2009 HADDOCK FILMS AND OTHERS. PHOTO: MARÍA ANTOLINI.



PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI.

Argentina is internationally renowned for its literary wealth as reflected by its special guest status at the Frankfurt Book Fair 2010, the most important publishing event of the year. The ranks of legendary authors and poets include Jorge Luis Borges, its most famous exponent, as well as Ernesto Sábato, Adolfo Bioy Casares, Juan Gelman and Julio Cortázar, now followed by a new generation of talented young authors.

With over 540 publishing houses, the local publishing industry is among the most prolific in the Spanish-speaking world. Argentina offers one of the broadest book selections in Latin America, on show every year at the international Book Fair in the city of Buenos Aires, the largest book fair in the Spanish-speaking world. Buenos Aires was also elected "World Book Capital 2011" by UNESCO.

The filmmaking industry enjoyed a recent growth spurt during the last decade with the emergence of a new generation of new directors, who gave birth to the so-called "new Argentine cinema". The local industry treasures its two Oscars for best film, awarded to "El Secreto de sus Ojos" (2010) and "La Historia Oficial" (1986) as well as another five nominations to this coveted prize. Argentina ranks second in the region in terms of premieres of national films with some 80 new releases per year.

Undisputed local talent has thrust Argentine artists into the limelight to win several top international awards and prizes in different disciplines: the Miguel de Cervantes for literature, Goya awards, honorary mentions for film at the Berlin, Cannes and Venice film festivals, Latin Grammy and MTV music awards for music and numerous Clio and Cannes Lions awards for print and TV advertising.



PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI.



PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI.



PHOTO: FUERZA BRUTA.



PHOTO: POLO MATCH.

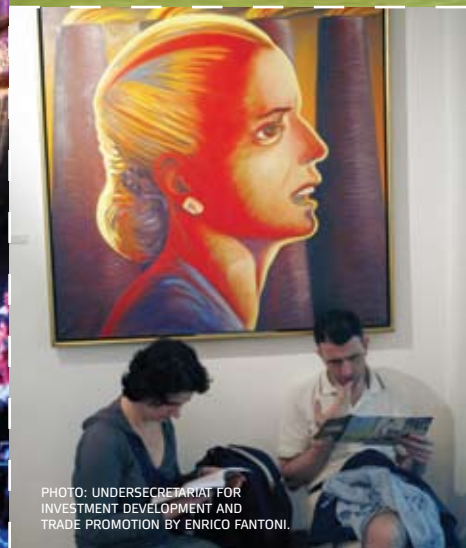


PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI.

7.4. Entertainment

The main Argentina cities have a well-deserved international reputation for their varied array of cultural, recreational and sports activities and events for all ages. There are 925 museums, 2,829 theaters; 444 movie theaters, as well as exhibition, convention and trade fair centers and literary cafes; stadiums for sporting events and rock concerts; restaurants, bars and discos; as well as a busy schedule of music concerts to suit all tastes.

Argentina is renowned for its theaters and performing arts, comparable with only a handful of other countries in the world. A new generation of dancers offers breathtaking performances in the Colón Theater and in several open air stages. On the weekends some 200 theatrical performances are staged, representing eight curtain calls per hour. Traditional settings and locations are complemented by underground or fringe-style performances featuring avant-garde directors and playwrights, while ground-breaking shows depart from convention altogether with such visionary Argentine troupes as De la Guarda and Fuerza Bruta which have triumphed in London and New York.

For tango lovers there is a vast array of shows and concerts, as well as nights of milonga dancing. Folk dancing is also very popular and has gained a new fame in recent years, among audiences of all ages. The folk melodies attract huge crowds at festivals which take place every year throughout the country.

Argentina also hosts cinematographic events, including important film festivals, such as the Mar del Plata Film Festival, the only one in Latin America recognized in 2010 by the International Federation of Film Producers Association (FIAPF). The Buenos Aires International Independent Film Festival (BAFICI for its acronym in Spanish) is another annual hit, attracting avant-garde filmmakers from all around the world.



PHOTO: MINISTRY OF TOURISM.

COLÓN THEATER

Over one hundred years old, Colón Theater continues to be one of the finest opera houses in the world as much for its acoustics architecture. Legendary figures have enraptured audiences throughout its history, from composers Richard Strauss and Igor Stravinsky to singers Enrico Caruso, Plácido Domingo, José Carreras, Luciano Pavarotti and María Callas as well as ballet dancers Anna Pavlova and Rudolf Nureyev. The theater has an impressive calendar of regular concerts featuring the Vienna and London Philharmonic Orchestras and the Philadelphia, New York and Berlin Symphony Orchestras, among many others.

In regard to professional sports, the country is a key force on a number of world circuits, excelling at soccer, polo, tennis, rugby, hockey, sailing and rally driving. Soccer is the most popular sport, and Argentine world-league names such as Diego Maradona and Lionel Messi have awed fans around the world. Argentina is the Mecca of world polo with local tournaments drawing audiences from all over the world. The International Association of Golf Tour Operators elected Argentina as the top destination in the region for golf tourism. Argentina enjoys a reputation for a lively and varied night life; there are bars, restaurants, discos, thematic bars and traditional cafes that cater to all ages and tastes.

7.5. Cuisine

A wide array of restaurants, bars and gourmet food shops represent a diverse and rich offering of local delicacies and international cuisine. The range of options is broad and tempting: Spanish restaurants, Italian trattorias, French bistros, Japanese sushi bars, Mexican taco bars, and dozens of signature cuisine restaurants featuring highly accomplished chefs, as well as delicatessen shops and bakeries.



PHOTO: UNDERSECRETARIAT FOR INVESTMENT DEVELOPMENT AND TRADE PROMOTION BY ENRICO FANTONI.



PHOTO: MINISTRY OF TOURISM.

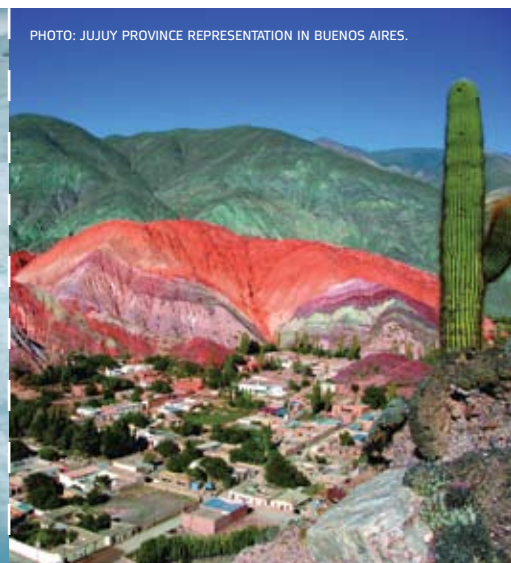


PHOTO: JUJUY PROVINCE REPRESENTATION IN BUENOS AIRES.



PHOTO: MISIONES PROVINCE UNDERSECRETARIAT OF TOURISM.



PHOTO: MINISTRY OF TOURISM.

Argentine beef, the undisputed must-try of local cuisine, in particular barbecued (asado criollo) is a culinary experience to be enjoyed again and again.

Sweets such as dulce de leche and fruit filled cookies known as alfajores, are some of the emblematic Argentine sweets now gaining popularity all over the world.

Another emblematic taste of Argentina is the local wine. Argentina produces an eclectic and celebrated range of outstanding white, red and rosé wines, such as Bonarda, Cabernet Franc, Cabernet Sauvignon, Malbec, Merlot, Tempranillo, Torrontés, Chardonnay, Pinot Noir, Petit Verdot, Syrah and Traminer. The Malbec is the country's signature grape, reaping international awards and recognition for the high quality wines produced locally. Another traditional beverage is the mate, a hot infusion similar to tea, an icon of the country's most traditional country.

7.6. Tourism

Argentina attracts visitors from every corner of the globe, who come to experience the culture and enjoy the unique opportunities for sightseeing. Tourists can enjoy a diverse range of activities from adventure and ecotourism to historic and cultural tours, even the increasingly popular option of health tourism.



PHOTO: MENDOZA PROVINCE SECRETARIAT OF TOURISM.



PHOTO: MINISTRY OF TOURISM.

WINE TOURISM: THE WINE ROUTE

Over 170 wineries form part of "Argentine Wine Routes", a wine tourism circuit which attracts around 1 million visitors per year. Wine tourism is currently concentrated in the province of Mendoza, but is already spreading into other wine-producing regions which have also identified the burgeoning tourism interests. This represents a new kind of integrated experience providing visitors with an opportunity to savor local wines and learn their history, while enjoying the stunning scenery of wine country extending out from the Andean mountain range.

Among its natural treasures are the National Reserves of Ischigualasto and Talampaya, the National Park of Los Glaciares, Iguazú National Park and the Valdés Península, all distinguished by UNESCO as World Heritage Sites.

Cultural and business tourists will find plenty to interest them in the country's main urban centers. The city of Buenos Aires was voted one of the top ten best cities to visit in the world by the trade magazine Travel & Leisure for six years in a row and as the best city in Latin America below Paris.



8

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Frequently asked questions

Answers to investors' queries



8.1.

What is the legal framework that protects foreign investment?

The Foreign Investment Law (No. 21382) establishes the legal framework that regulates foreign investment in Argentina.

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8.2.

Are foreign investors treated differently from national investors?

No. In Argentina, foreign investors are given the same treatment as Argentine nationals.

For further information, see Chapter 4, Section 4.1. (Legal framework for FDI) of this guide.

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8.3.

Is there a foreign investment registry?

No. Although Argentine legislation includes the possibility of creating a registry for foreign investments, such registry is yet to be regulated. However, inflows must be entered and settled (i.e., brought into Argentina and exchanged for pesos) in the local exchange market in order to repatriate the investments in whichever form they take without any prior approval being required.

For further information, see Chapter 4, Section 4.1.3 (Transferring funds into and from Argentina) of this guide.

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8.4.

What restrictions are there on companies remitting profits abroad?

None. Foreign investors may transfer profits and dividends from their investments to another country as well as repatriate their investment, but inflows must be entered and settled in the local exchange market.

For further information, see Chapter 4, Section 4.1. (Legal framework for FDI) of this guide.

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8.5.

Are there any restrictions on specific sectors?

In general, there are no restrictions or preferences on foreign companies investing in specific economic sectors.

8.6.

Does Argentina adhere to the Authorized Economic Operator (AEO) program?

Yes. Established under the name of Customs System of Reliable Operators (SAOC for its acronym in Spanish), this system allows foreign trade operators to access major benefits which help them speed up their operations, optimizing costs and helping customs authorities to perform their tasks in the area of safety as required by the World Customs Organization (WCO) in the Framework of Standards to Secure and Facilitate Global Trade (SAFE).

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8.7.

What kinds of immigration permits are required to do business in Argentina?

To set up a business in Argentina, a permanent or temporary residence permit is required.

For further information, see Chapter 3, Section 3.2 (Settling in Argentina) of this guide.

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8.8.

What are the main legal provisions that regulate the labor market?

The main legal provisions that regulate the labor market in Argentina are: Law No. 20744 (Employment Contract Law); Law No. 25877 (Employment Organization Law); Law No. 26425 (Argentine Integrated Social Security System); Law No. 24557 (Workers' Compensation Law), and all applicable collective agreements. All of these laws establish the basic requirements to be met by companies when they hire employees.

For further information, see Chapter 4, Section 4.3 (Hiring employees) of this guide.

—

8.9.

How many hours is a work day?

A working day is eight hours a day or 48 hours a week. This may be extended with overtime, which is paid at a rate of an additional 50% on working days, while Saturdays after 1 pm, Sundays and public holidays are paid at a rate of an additional 100%. Night work is allowed, but may not exceed seven hours a day between the hours of 9 pm and 7 am.

8.10.

How many vacation days are workers entitled to per year?

The number of days depends on seniority: 14 consecutive days for less than five years and more than six months; 21 consecutive days for over five and less than 10 years; 28 consecutive days for over ten and less than twenty years and 35 consecutive days for over twenty years.

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8.11.

Is there an extra or additional salary to be paid per year?

Yes. All workers are entitled to a thirteenth month of salary, known as “aguinaldo” in Spanish, which is paid annually in two installments: the first in June and the second in December. Each payment should be calculated as 50% of the highest monthly salary paid in the last six months.

—

8.12.

What are the terms of the different work contracts?

Typical work contracts in Argentina are non-fixed-term contracts, unless there is any specific provision to the contrary. The law establishes a three-month trial period which may be extended to six months under a collective agreement. During this period, the employee may be dismissed without receiving severance payment.

A work contract is understood to be for a non-fixed term unless the term has been expressly established in writing, or when the particular aspects of the tasks or activity to be carried out justify a fixed term.

A fixed-term work contract comes to an end on the expiration of the agreed-upon term, which may not exceed five years.

8.13.

What are the regulations governing redundancy?

A work contract may not be terminated before the expiration of its term without serving prior written notice on the other party. An employee seeking termination must give the employer a 15-day notice. An employer seeking termination must give the employee a 15-day notice if the worker is under a trial period; one-month notice if the worker has

worked for the company for less than five years, and two-month notice if the worker has been with the company for a longer period.

Severance payment is equivalent to a month salary for each year of service or portion longer than three months, on the basis of the highest regular monthly remuneration paid to the employee.

If an employee is dismissed for committing a serious work-related offense that prevents the employment relationship from continuing, the employee will not be entitled to receive the severance payment provided for under the employment legislation.

—

8.14.

How is the tax system structured?

In Argentina, revenue is raised by the national, provincial and municipal governments, mainly through taxes levied on income, assets and consumption.

For further information, see Chapter 4, Section 4.2 (Tax system) of this guide.

—

8.15.

What are the main taxes according to the different levels of government?

The main taxes according to the different levels of government are as follows:

FEDERAL TAXES		RATE
Income tax		35%
Value Added Tax (VAT)		21% - 10.5%
Minimum Presumed Income Tax		1%
Personal Assets Tax		0.5% - 1.25%
Taxes on Debits and Credits in Bank Accounts and Other Operations		0.06%
PROVINCIAL TAXES		
Gross Income Tax		1.5% - 4%
Real Estate Tax		0.562%
Stamp Tax		1%

MUNICIPAL TAXES

Remuneration rates for services Set by each municipality

For further information, see Chapter 4, Section 4.2 (Tax system) of this guide.

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8.16.

Are there any promotional and/or incentive programs in place to encourage investment?

Yes. Argentina offers a series of instruments designed to encourage investment, including horizontal, sector-based and regional incentives, among many others.

For further information, see Chapter 6 (Investment incentives) of this guide.

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8.17.

Are there any industry-specific incentives in place?

Yes. Those sectors benefiting from specific incentive programs are: automotive and auto parts, software, biotechnology, biofuels, motorcycles and motorcycle parts, mining, tourism, forestry, public infrastructure works and hydrocarbons exploration and exploitation.

For further information, see Chapter 6, Section 6.2 (Industry-specific incentives) of this guide.

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8.18.

Are investment incentives provided at a provincial level?

Yes, most Argentine provinces have specific programs in place to promote productive investment in their territories.

Provincial promotion programs include provincial tax exemptions for specific periods of time; reduced rates for public utilities; support for building public infrastructure and acquiring equipment; facilities for purchasing and localizing state-owned goods; priority in the award of provincial tenders; and reductions in the taxes levied on conveyances or transfers executed by the Provinces.

—

8.19.

What are the options available to establish a company in Argentina?

The types of companies that may be established in Argentina are governed by the Business Associations Law (No. 19550). The forms most widely used by foreign investors are corporations (sociedades anónimas or SAs for their acronym in Spanish) and limited liability companies

(sociedades de responsabilidad limitada or SRLs for their acronym in Spanish). Additionally, the Business Association Law also includes foreign branches as a type of business association that may be established.

For further information, see Chapter 3, Section 3.1 (Establishing a company) of this guide.

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8.20.

Which importers need to file a Sworn Affidavit Prior to Import (DJAI)?

Importers falling under the scope of Paragraph 1 of Section No. 91 of the Customs Code who are registered in the “Customs Special Register” (Title II of General Resolution No. 2570) are required to fill out a Sworn Affidavit Prior to Import (Declaración Jurada Anticipada de Importación or DJAI).

For further information, see Chapter 5 (Foreign Trade Regulations) of this guide.

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8.21.

Is the Sworn Affidavit Prior to Import required to be processed together with the non-automatic import license?

The non-automatic import license is not supplementary to the Sworn Affidavit Prior to Import. Therefore, they must be processed separately.

—

8.22.

What is the validity period of the Sworn Affidavit Prior to Import?

A Sworn Affidavit Prior to Import will be valid for 180 days from their authorization in the customs computer system known as MARIA. This term may be extended for an additional 180 days.

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9

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Directory

Key public institutions for
doing business in Argentina

9.1. National Entities

OFFICE OF THE PRESIDENT
(+54-11) 4344-3600
www.presidencia.gov.ar

— National System of Public Media
www.snmp.gov.ar

— Secretariat of Culture
(+54-11) 4129-2400
www.cultura.gov.ar

— National Institute of Cinema and Audiovisual Arts (INCAA)
(+54-11) 4379 0900
www.incaa.gov.ar

— Argentine Film Commission (CAF)
caf.info@incaa.gov.ar
www.caf.gov.ar

—
CHIEF OF CABINET OFFICE
(+54-11) 4331-1951 to 59
www.jgm.gov.ar

—
MINISTRY OF SCIENCE, TECHNOLOGY AND PRODUCTIVE INNOVATION (MINCYT)
(+54-11) 4891-8300
www.mincyt.gov.ar

— National Agency of Scientific and Technological Promotion
(+54-11) 4891-8300
www.agencia.gov.ar

— FONTAR – Argentine Technologic Fund — (+54-11) 4891-8700/03
fontar@mincyt.gov.ar

— FONCYT Fund for Scientific and Technological Research
(+54-11) 4891-8750/55
foncyt@mincyt.gov.ar

— FONSOFT Software Industry Fiduciary Fund
(+54-11) 4313-3808 /5076
fonsoft@mincyt.gov.ar

—
MINISTRY OF DEFENSE
(+54-11) 4346-8800
www.mindef.gov.ar

MINISTRY OF SOCIAL DEVELOPMENT
(+54-11) 4379-3600
www.desarrollosocial.gov.ar

—
MINISTRY OF ECONOMY AND PUBLIC FINANCES
(+54-11) 4349-5000
www.mecon.gob.ar

— National Institute of Statistics and Censuses (INDEC)
(+54-11) 4349-9609
www.indec.gov.ar

— Federal Administration of Public Revenues (AFIP)
(+54-11) 4347-2000
www.afip.gov.ar

— Customs Office
www.afip.gov.ar/aduanaDefault.asp

—
CENTRAL BANK OF ARGENTINA (BCRA)
(54-11) 4348-3500
www.bcra.gov.ar

—
NATIONAL BANK OF ARGENTINA
(+54-11) 4347-6000
www.bna.com.ar

—
INVESTMENT AND FOREIGN TRADE BANK (BICE)
(+54-11) 4313-9508
www.bice.com.ar

—
MINISTRY OF EDUCATION
(+54-11) 4129-1000
www.me.gov.ar

— National Institute for Technologic Education — www.inet.edu.ar

—
MINISTRY OF INTERIOR AND TRANSPORTATION
(+54-11) 4339-0800
www.mininterior.gov.ar

— National Immigrations Office
(+54-11) 4317-0234
www.migraciones.gov.ar

— Federal Investment Council (CFI)
www.cfired.org.ar

—

MINISTRY OF JUSTICE AND HUMAN RIGHTS

(+54-11) 5300-4000
www.jus.gov.ar

—

MINISTRY OF SECURITY

<http://www.minseg.gob.ar/>

—

MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES

(+54-11) 4349-2000
www.minagri.gob.ar

— Argentine Food
www.alimentosargentinos.gov.ar

— PROARGEX (Argentine Agrifood Promotion of Export Project)
(+54-11) 4349-4680
www.proargex.gov.ar

— INTA (National Institute for Agricultural Technology)
(+54-11) 4338 4600
www.inta.gov.ar

— SENASA (National Service for Agrifood Health and Quality)
(+54-11) 4121-5000
www.senasa.gov.ar

— National Institute of Vitiviniculture (INV)
(+54-261) 521-6600
www.inv.gov.ar

—

MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES

(+54-11) 4349-5000
www.minplan.gov.ar

— Secretariat of Energy
(+54-11) 4349-5000
www.energia.gov.ar

— Secretariat of Mining
(+54-11) 4349-3000
www.mineria.gov.ar

— Secretariat of Communications
(+54-11) 4318-9400
www.secom.gov.ar

—

MINISTRY OF INDUSTRY

(54-11) 4349-5000
www.mit.gob.ar

— INTI (National Institute of Industrial Technology) — (+54-11) 4724-6200
www.inti.gov.ar

— Secretariat of Small and Medium-Sized Enterprises and Regional Development
(+54-11) 4349-3339
www.sepyme.gob.ar

—

MINISTRY OF FOREIGN AFFAIRS AND WORSHIP

(+54-11) 4819-7000
www.mrecic.gov.ar

— Secretariat of International Economic Relations
(+54-11) 4819-7227

— Undersecretariat for Investment Development and Trade Promotion
(+54-11) 4819-7903
info@inversiones.gov.ar
www.inversiones.gov.ar
www.argentinatradenet.gov.ar

— Exportar Foundation
(+54-11) 4114-7700
www.exportar.org.ar

—

MINISTRY OF HEALTH
(+54-11) 4379-9000
www.msal.gov.ar

—

MINISTRY OF LABOR, EMPLOYMENT AND SOCIAL SECURITY

(+54-11) 4310-6090
www.trabajo.gob.ar

— National Social Security Administration (ANSES)
www.anses.gov.ar

MINISTRY OF TOURISM

(+54-11) 4312-5611/15
www.turismo.gov.ar

9.2. Provincial entities

BUENOS AIRES

- Undersecretariat of International Economic Relations
- Ministry of Production
(+54 11) 4342-9040 / 4342-0980
inversiones@mp.gba.gov.ar
www.mp.gba.gov.ar/srei

CATAMARCA

- Undersecretariat for Investment Promotion
- Ministry of Production and Development
(+54 3833) 437588 / 424343
asesoria@produccioncatamarca.gov.ar
www.produccioncatamarca.gov.ar

CHACO

- Agency for Investment, Foreign Trade, International Relations Representation and Provincial Promotion (AICER)
(+54 3722) 448087 / 440887
aicer@chaco.gov.ar

CHUBUT

- Undersecretariat for Investment Promotion
- Ministry of Foreign Trade, Tourism and Investment
(+54 280) 4482603 al 607
www.chubutalmundo.gov.ar

CITY OF BUENOS AIRES

- Investor Assistance Center (CAI)
(+54 11) 4131-5900 (Ext. 1607)
invertir@buenosaires.gob.ar
www.invertir.buenosaires.gov.ar

CÓRDOBA

- Secretariat of Industry
(+54 351) 4342483/75/81
www.cba.gov.ar

CORRIENTES

- Institute of Business Development (IFE)
(+54 3794) 476044
info@ife.gov.ar *www.ife.gov.ar*

ENTRE RÍOS

- Secretariat of Production
(+54 343) 420-8433 / 420-8168
secretariaproduccion@entrieros.gov.ar
www.entrieros.gov.ar/produccion/

FORMOSA

- Business Development Agency — ADE Formosa
(+54 3717) 421448 / 436138/9
info@adeformosa.org.ar
www.adeformosa.org.ar

JUJUY

- Industrial and Commercial Development Office
- Ministry of Production.
(+54 388) 426-4014
direcciondeindustriajujuy@argentina.com.ar — *www.mpyma.jujuy.gov.ar*

LA PAMPA

- Undersecretariat of Industry, Trade and SMEs
(+54 2954) 421811 / 4522727
www.lapampa.gov.ar/subsecretaria-de-ind-comercio-y-pymes

LA RIOJA

- Secretariat of Industry and Investment Promotion.
- Ministry of Production
(+54 3804) 453606
mdegaetano@larioja.gov.ar
www.larioja.gov.ar
- Coordination of Domestic and Foreign Trade -Provincial representation in Buenos Aires
(+54 11) 4813-3417/19
comextcasadelarioja@larioja.gov.ar

MENDOZA

- Agency for Investment Promotion
(+54 261) 449-3040
inversiones@mendoza.gov.ar
www.mendozainvest.com

MISIONES

- Undersecretariat of Industry, Economy, Geology and Mining
- Ministry of Agriculture and Production — (+54 3752) 447536
www.agro.misiones.gov.ar

NEUQUÉN

- Investment Development and Promotion Agency (ADI NQN) (+54 299) 449-5147/49/76
info@adinqn.gov.ar
www.adinqn.gov.ar
- Council for Planning and Developing Action – COPADE (+54 299) 4495661/2
invertir@neuquen.gov.ar
www3.neuquen.gov.ar/copade

RÍO NEGRO

- CREAL Provincial Agency (+54 2920) 428306 / 430925 / 431964
mereszuma@crear.rionegro.gov.ar
www.crear.rionegro.gov.ar

SALTA

- ProSalta Foundation (+54 387) 437-0596/7
prosalta@prosalta.org.ar
www.prosalta.org.ar

SAN JUAN

- San Juan Investment Development Agency — (+54 264) 4296282
info@inversionessanjuan.gov.ar
www.inversionessanjuan.gov.ar

SAN LUIS

- Investment Development Subprogram
- Ministry of Transport, Industry and Trade — (+54 2652) 452000
pymes@sanluis.gov.ar

SANTA CRUZ

- Undersecretariat of Production and Trade
- Ministry of Production (+54 2966) 427466
rafael.gilmartin@gmail.com

SANTA FE

- Secretariat of Development Support Services (+54 342) 4505300 (ext. 4100)
oaudagna@santafe.gov.ar
www.santafe.gov.ar/index.php/web/content/view/full/57179

SANTIAGO DEL ESTERO

- Ministry of Production, Natural Resources, Forestry and Land Use (+54 385) 450-5069/79
mprodsde@mproduccion.gov.ar
www.mproduccion.gov.ar/portal/
- Industry and Trade Office (+54 385) 422-4650
indycomsde@mproduccion.gov.ar

TIERRA DEL FUEGO

- Secretariat of Economic and Tax Promotion
- Ministry of Economy (+54 2901) 423440
coordinacionprogramastdf@gmail.com

TUCUMÁN

- Production Development Institute (IDEP) — (+54 381) 497-5050
idep@idep.gov.ar
www.idep.gov.ar

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Permanent Household Survey (EPH),
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NATIONAL INSTITUTE OF STATISTICS
AND CENSUSES (2012)
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CUSTOMS OFFICE. CUSTOMS OFFICER.
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Available at: <http://www.afip.gob.ar/aduana/comercioExterior.asp>

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ARGENTINE CHAMBER OF IMPORTERS
(CIRA), General data
Available at: <http://www.cira.org.ar>

CUSTOMS AGENT CENTER
General data
Available at: <http://www.cda-argentina.org.ar/>

SECRETARIAT OF DOMESTIC TRADE.
MINISTRY OF ECONOMY AND PUBLIC
FINANCES
Available at: <http://www.mecon.gov.ar/secretarias>

SECRETARIAT OF FOREIGN TRADE.
MINISTRY OF ECONOMY AND PUBLIC
FINANCES.
Available at: <http://www.mecon.gov.ar/secretarias>

MINISTRY OF ECONOMY AND PUBLIC
FINANCES.
Available at: <http://www.mecon.gov.ar/informacion/>

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Foreign Trade Practical Guide

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Doing Business in Argentina: An Investor's Guide provides essential information for investing in one of the most dynamic economies in Latin America and the world. The guide is divided into nine chapters which contain comprehensive and practical information on:

- 1- Profile of Argentina. *An overview of the country, its population and geography.*
- 2- Economy and business. *An overview of our economy and business structure.*
- 3- Setting up a business in Argentina. *How to do business in Argentina.*
- 4- Legal framework. *Key legislation and regulations.*
- 5- Foreign trade regulations. *How to export from and import to Argentina.*
- 6- Investment incentives. *Public support to foster investment.*
- 7- Living in Argentina. *A place you will want to stay.*
- 8- Frequently asked questions. *Answers to investors' queries.*
- 9- Directory. *Key public institutions for doing business in Argentina.*

Doing Business in Argentina: An Investor's Guide provides essential information for all investors interested in Argentina as a strategic investment destination in the current global scenario.

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Undersecretariat for Investment Development
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