

INFOCARD ELANBiz Investing in Argentina¹

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General Information

Argentina is the third largest economy in Latin America and the second in South America. According to the International Monetary Fund (“[IMF](#)”), in 2018 Argentina was the 25th largest economy in terms of gross domestic product (GDP), with a GDP of USD 549 billion.

Although historically Argentina has been one of the most attractive countries worldwide for FDI, it only ranks 126th out of 190 economies in the [World Bank “Doing Business” ranking](#) of 2020.

Argentina offers many investment opportunities. The Government of Argentina, together with several international firms, has prepared a guide for potential investors, called [Doing Business in Argentina](#), which includes basic information on the country, information on how to start a business, and tax and labour regulations, among others.

According to the United Nations Conference on Trade and Development ([UNCTAD](#)) Foreign Direct Investment (“FDI”) inflows to Argentina amounted to 12,161 million in 2018, occupying the third position as recipient of FDI in Latin America, with an annual increase of 5.5% compared to 2017. However, investments plummeted in 2019, due to the severe financial and economic crisis of the country.

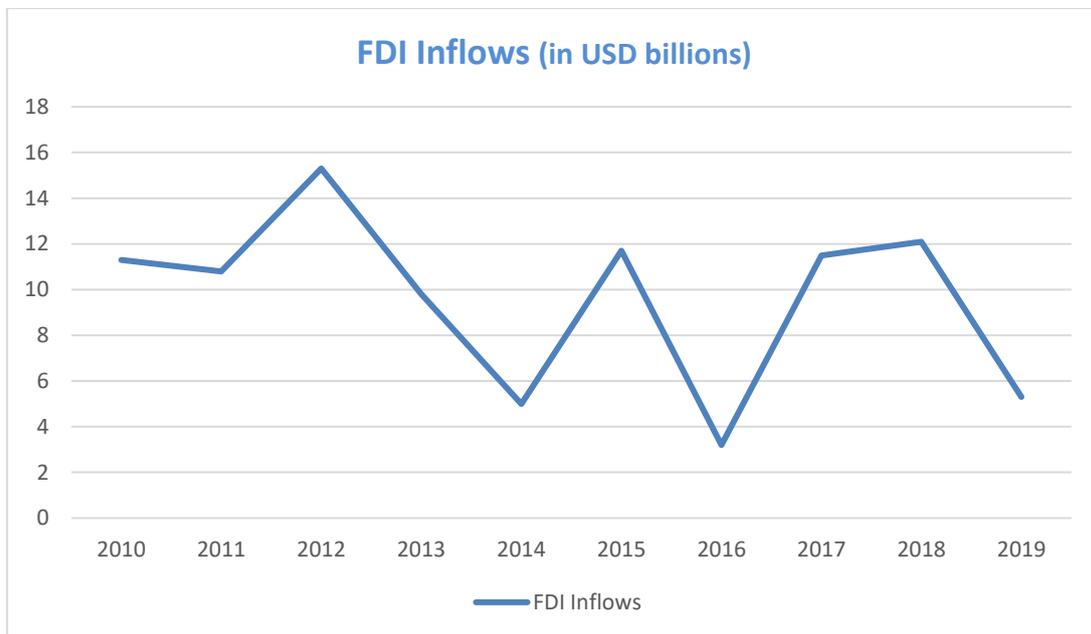
FDI in Argentina experiences ups and downs and there is no recognisable trend, as the following charts show.

FDI	2016	2017	2018	2019 ²
FDI Flows	3.2 billion	11.5 billion	12.1 billion	5.3 billion
FDI Stock	74.8 billion	80.7 billion	72.7 billion	-

Source: Santander Trade and INDEC

¹ The information provided in this document is of a general nature only. For more detailed information, events and commercial trade offers, as well as commercial business contacts, please contact the Commercial Offices of the member states Embassies, the European trade organizations and the bilateral chambers of commerce.

² Excluding the fourth quarter of 2019.



Source: *The World Bank and UNCTAD*

No sector is in general closed to foreign investors, although there may be some restrictions in strategic sectors such as telecommunications and defense.

Until 2015, foreign investment in Argentina faced many challenges, mainly as a result of difficult import procedures and obstacles to repatriate dividends.

The administration in office between 2016 and 2019 took measures to facilitate foreign investments and trade. It also put an end to currency control and gave more independence to the Central Bank. However, the difficult macro-economic situation in 2018 and 2019 forced the return of currency control mechanisms. Regarding the repatriation of dividends, the Central Bank of Argentina must authorize them according to its [Communication "A" 6770](#) issued on 1 September 2019.

The current administration that took office in December 2019 deepened problems for investors and importers, with the enactment of [Law No. 27,541](#) on Social Solidarity that increased tax burdens, among other relevant dispositions, and [Resolution No. 1/2020](#) issued by the Secretariat of Industry, Knowledge Economy and Foreign Trade Management, which enhanced the number of products that need to request a Non-Automatic Import License subject to approval by such Secretariat.

Main investor countries in Argentina

As an economic block, the European Union is the largest investor in the country, with a total stock of investment of over USD 40 billion. Considering individual countries, the United States is the main investor, with 23% of the total stock of FDI, followed by Spain, the Netherlands, Brazil and Chile.

Main Investor countries, FDI Stock by December 2016		
Country	FDI Stock US\$ million	Percentage of total FDI
USA	16,993	23%
Spain	13,169	18%
Netherlands	9,140	12%
Brazil	4,536	6%
Chile	3,863	5%

Source: [Argentina's Central Bank](#) (last information available from December 2016, no further details are available)

Representative Sectors

By the end of 2016 the stock of FDI in Argentina amounted to USD 74.922 million, with a decrease of 8.5% in comparison to the previous year, and representing 14% of Argentina's GDP. The main sectors of FDI were manufacturing, mining, commerce and vehicle repair and financial societies.

Main sectors of FDI in Argentina, Stock December 2016		
Sector	US\$ million	Percentage of total FDI
Manufacturing	26.228	35%
Production of foodstuffs	4.077	5.4%
Manufacturing of vehicles & trailers	4.058	5.4%
Manufacturing of chemical goods	4.004	5.3%
Mining	16.713	22%
Commerce and vehicle repair	8.170	11%
Financial societies, other	6.820	9%

Source: [Argentina's Central Bank](#) (last information available from December 2016, no further details are available)

Investment assistance

The [Argentine Agency for Investment and International Trade](#) was created as an autonomous institution in February 2016. It operates within the framework of both the Ministry of Productive Development and the Ministry of Foreign Affairs, although the new Administration is likely to remove



the Ministry of Productive Development from its control over the agency (note: this modification has not been yet confirmed). Its mission is to attract productive foreign investments and to help increase and diversify the exports of domestic companies. Among its services, it offers a selected list of investment opportunities.

Investment Opportunities

The Argentine Agency for Investment and International Trade compiled a document with several characteristics of the country and the factors that make investment in Argentina attractive, called “*Why Argentina?*”, which is a telling document on the benefits of investing in the country.

The agency also identified the sectors with the highest potential for foreign investments in a general document called “*Selected Investment Opportunities*”, such as:

- ✓ Oil and Gas: Argentina is the 2nd country with the most resources of unconventional gas, has an unexplored offshore platform of approximately 500,000 km² and only 4% of the “Vaca Muerta” reservoir is developing. More detailed information can be found [here](#).
- ✓ Energy: Argentina is the 3rd largest energy market in Latin America and has a major renewable energy potential. More detailed information can be found [here](#).
- ✓ Mining: Argentina has 750,000 km² of highly potential mining zones and one of the biggest reservoirs of lithium in the world. More detailed information can be found [here](#).
- ✓ Global Services: Argentina is the 1st software exporter of Latin America and has 5 out of 12 so-called “unicorns”³ of Latin America. More detailed information can be found [here](#).
- ✓ Telecommunications: data traffic in Argentina is expected to grow 7 times in the period 2017-2022, and towers and network expansion have a growth potential of 3-4 times in the next 5 years. More detailed information can be found [here](#).
- ✓ Tourism: Argentina is the 1st tourist destination of South America, has 11 UNESCO World Heritage Sites, and 135 new flight routes have been created since 2017. More detailed information can be found [here](#).
- ✓ Agroindustry: Argentina has excellent sanitary and phytosanitary conditions and is the 2nd producer of organic food worldwide. More detailed information can be found [here](#).

International Agreements Regulating European Trade and Investments in Argentina

Bilateral relations between the EU and Argentina are governed by the [Framework Trade and Economic Co-operation Agreement](#), which entered into force in 1990. As a member of Mercosur, Argentina is also party to the [EU-Mercosur Framework Co-operation Agreement](#) signed in 1995, which includes provisions on trade cooperation.

On 15 July 2019, the European Union and Mercosur concluded negotiations on a [Free Trade](#)

³ Technological companies that reach a value of USD 1 billion.

[Agreement](#). Although the final legal text has not been published yet, the parties have published parts of the Agreement in Principle. Though it only contains some provisions on investments, particularly in the context of services and establishment, it is expected that this agreement would promote investments in Argentina and Mercosur through the creation of an economic, regulatory and institutional modern framework, which provides investors with needed predictability and stability.

Argentina has concluded [Bilateral Investment Treaties](#) (BITs) with numerous states, including many EU member states (Austria, Belgium-Luxembourg, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece (not in force), Hungary, Italy, Netherlands, Poland, Portugal, Romania, Spain, Sweden and the United Kingdom). It should however be noted those treaties are subject to their compatibility with EU law.

Useful Links

[ELANBiz](#)

[World Bank, Doing Business](#)

[Argentine Agency for Promotion of Trade and Investment](#)

[Federal Investment Council](#)

[Federal Network of International Trade and Investment Agencies and Organizations](#)

[City of Buenos Aires, Investment Promotion and Foreign Trade Agency](#)

[Province of Buenos Aires, Under Secretariat of International Relations and Cooperation](#)

[Province of Catamarca, Under Secretariat of Investment Promotion](#)

[Province of Chaco, Secretariat of Investments, International Affairs and Promotion](#)

[Province of Chubut, Ministry of Production](#)

[Province of Córdoba, Agency for Export Promotion](#)

[Province of Corrientes, Institute of Business Promotion](#)

[Province of Entre Ríos, Secretariat of Production](#)

[Province of Formosa, Agency for Enterprise Development](#)

[Province of Jujuy, Ministry of Production and Economic Development](#)

[Province of La Pampa, Ministry of Production](#)

[Province of La Rioja, Secretariat of Industry, Trade and Investment Promotion](#)

[Province of Mendoza, Pro Mendoza Foundation](#)

[Province of Misiones, Investing in Misiones](#)

[Province of Neuquén, ADI-NQN – Investment Agency of Neuquén](#)

[Province of Rio Negro, Development Agency](#)

[Province of Salta, Investing in Salta](#)

[Province of Salta, Pro Salta Foundation](#)

[Province of San Juan, San Juan Investment Development Agency](#)

[Province of San Luis, Ministry of Production](#)

[Province of Santa Cruz, Ministry of Production Commerce and Industry](#)

[Province of Santa Fe, General Direction of International Trade](#)

[Province of Santa Fe, Santa Fe Global - Investment Agency of Santa Fe](#)

[Province of Santiago del Estero, Ministry of Production](#)

[Province of Tierra del Fuego, Secretariat of Development and Investments](#)

[Province of Tucumán, Ministry of Production](#)

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