



## INFOCARD ELANBiz Investment in Argentina<sup>1</sup>

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ELANBiz is a Project funded by the EU and provides information free of charge.

**This Infocard provides basic information about investing in Argentina.**

### General Environment for Foreign Investment

Until 2015 foreign investment in Argentina faced challenges, mainly as a result of the difficulties to repatriate earnings and to import production inputs. A new national government that took office in December 2015 has taken measures to ease investment. In regards to imports of merchandise only a small portion of the 12.000 tariff positions now require Non Automatic Licenses, the remaining require only Automatic Licenses.

Because of this and based on that the purchase of hard currency and profit repatriation has also been simplified the country offers many investment opportunities. With a GDP of over US\$ 540.000 million, Argentina is one of the largest economies in Latin America.

The government of Argentina with several international accounting firms has prepared a guide for investors: [Doing Business in Argentina](#)

Foreign Direct Investment (FDI) grew rapidly from 2003 and 2012. FDI flows grew at an annual rate of 43% from a low level in 2003 until 2008, when they reached US\$ 9.726 million. After the world financial crisis FDI recovered in 2010, and reached a peak in 2012 (US\$ 12.116 million). From its peak in 2012, FDI decreased in 2013 to USD 9.082 million<sup>2</sup>, and had a value of USD 11.758 million in 2015 and of USD 5.745 in 2016<sup>3</sup>. Reasons frequently mentioned to explain the decrease since 2012 are the fall in Brazilian demand for Argentine products, and the weak demand that resulted from the macroeconomic adjustment that effected the new government. Also, the fact that in 2016 many companies took the opportunity to send dividends abroad, which had been limited by the regulatory restrictions under the previous government.

<sup>1</sup> Content information provided in this document, is of general nature only. For more detailed information, events and commercial trade offers as well as commercial business contacts, please contact the Commercial Offices on the member States, the European trade organizations and bilateral chambers of commerce.

<sup>2</sup> Source: UNCTAD Country Profile <http://unctadstat.unctad.org/CountryProfile/032/en032GeneralProfile.html>

<sup>3</sup>Source: World Bank data <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD>



There are no sectors that are closed for foreign investors. Currently foreign investors can fully own a company and operate in financial markets (listed shares included) without any form of prior government approval. Argentina enjoys a free foreign exchange market and all previous capital flow restrictions have been lifted. There are some restrictions on foreign investment in some strategic sectors, such as telecommunications, defense, and oil and gas.

The new national government that took office in December 2015 has cancelled the restrictions to repatriate profits. It has declared its strong interest in promoting FDI.

Argentina ranks 117<sup>th</sup> out of 189 economies in the World Bank “Doing Business” ranking of 2018.

The following table shows its 2018 ranking in each of the fields under analysis.

Area	Ranking
Starting a business	157
Dealing with construction permits	171
Getting electricity	95
Registering property	117
Getting credit	77
Protecting minority investors	43
Paying taxes	169
Trade across borders	116
Enforcing contracts	102
Resolving insolvency	101

Source: World Bank, <http://www.doingbusiness.org/rankings>

## Investment opportunities

By the end of 2016 the stock of foreign direct investment was of US\$ 74.922 millions, with a fall of 8,5% from the previous year, and representing 14% of Argentina’s GDP.

Main sectors of FDI in Argentina , Stock December 2016		
Sector	US\$ million	Percentage of total FDI
<b>Manufacturing</b>	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%
<b>Mining</b>	16.713	22%



Commerce and vehicle repair	8.170	11%
Financial societies, other	6.820	9%

Source: <sup>4</sup>

Beyond the investment in these traditional sectors can be observed a growing flow of FDI towards dynamic sectors that require lesser amounts of capital but are technology intensive. To be highlighted are the software and ICT services sectors, professional services and the creative and culture industries.

A source of information about current investment opportunities is the document titled [Selected Investment Opportunities](#) prepared by Argentina’s Agency for Trade and Investment. The new and wide sector of renewable energies is one of the fields where European companies already play a relevant role.

### Main investor countries

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 US is the main investor, with 23% of the total stock of FDI, followed by Spain, the Netherlands, Brazil and Chile.

	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: <sup>5</sup>

### European investment and an EU-Mercosur Agreement

<sup>4</sup>Source: Central Bank of Argentina, Statistical Series of Direct Investment on resident enterprises, December 2016.

<sup>5</sup> Ídem 4.



Argentina, as a member of Mercosur, currently discusses a commercial and investment agreement with the European Union. In June 2015 took place a meeting of representative authorities from both blocks who agreed to continue the negotiating process.

A further round of negotiations for a free trade agreement between the Mercosur members Argentina, Brazil, Paraguay and Uruguay on the one side and the European Union on the other side took place from 3 to 7 July 2017 in Brussels, Belgium. The discussions focused on a wide variety of topics, including trade in goods, rules of origin, customs facilitation, technical barriers to trade, sanitary and phytosanitary measures, etc.

Both parties agreed to advance quickly to conclude the negotiations. They held the next round of negotiations from 2 to 6 October 2017 in Brasilia, Brazil.

## Useful Links

The main agencies that support investment in Argentina are:

- **Argentine Agency for Promotion of Trade and Investment:**

It was created as an autonomous institution in February 2016. It operates in the frameworks of both the Ministry of Production and the Ministry of Foreign Relations. Its mission is to attract foreign productive investment, and to aid the increase and diversification of exports of national enterprises.

<http://www.investandtrade.org.ar/en/index.php?lang=en>

As mentioned above the Agency prepares a list of [Selected Investment Opportunities](#).

- **Consejo Federal de Inversiones, CFI**

Federal Investment Council

A federal institution whose goal is to promote the development of the provinces and their regions. Its activity includes research, coordination and advice. [www.cfi.org.ar/](http://www.cfi.org.ar/)

- **Red Federal de Agencias y Organismos de Inversión y Comercio Internacional**

Coordinated by the Argentine Agency for promotion of Trade and Investment, the Network integrates all the Provincial investment promotion agencies. The links to the agencies can be find in its website.



[http://www.investandtrade.org.ar/red\\_federal.php](http://www.investandtrade.org.ar/red_federal.php)  
[redfederal@invest.org.ar](mailto:redfederal@invest.org.ar)

- **Province of Buenos Aires**  
Sub Secretaría de relaciones internacionales y cooperación  
Under Secretariat of International relations and cooperation  
<http://www.gba.gob.ar/relacionesinternacionales>
- **Ciudad Autónoma de Buenos Aires**  
**Autonomous City of Buenos Aires**  
Investment and Trade Promotion Agency of Buenos Aires City  
<https://investba.buenosaires.gob.ar/BA-now-site-1.0/en/>
- **Province of Catamarca**  
Subsecretaría de Promoción de Inversiones – Ministerio de Producción y Desarrollo  
Undersecretary of Investment Promotion- Ministry of Production and Development.  
<https://portal.catamarca.gob.ar/organismo/ministerio-de-produccion-y-desarrollo-9/>
- **Province of Cordoba**  
Pro Córdoba –Agencia para la Promoción de Exportaciones  
Pro Cordoba - Agency for Export Promotion  
<http://www.procordoba.org/>  
  
Ministerio de Industria, Comercio, Minería y Desarrollo Tecnológico Ministry of Industry, Trade, Mining, and Technological Development  
<http://www.cba.gov.ar/reparticion/ministerio-de-industria-comercio-y-mineria/secretaria-de-industria/>
- **Province of Corrientes**  
Instituto de Fomento Empresarial, IFE  
Institute of Business Promotion  
<http://www.ife.gov.ar>
- **Province of Chaco**  
Entidad de Enlace de Chaco  
Chaco linkages <http://www.entidadenlace.chaco.gob.ar/>
- **Province of Chubut**



Ministerio de Producción

Ministry of Production

<http://www.chubut.gov.ar/site/gobierno/mp>

- **Province of Entre Ríos**

Secretaría de Industria, Comercio y Planificación del Desarrollo – Ministerio de Producción

Ministry of Production, Secretary of Trade, Industry and Development Planning

<http://www.entrerios.gov.ar/industria/>

- **Province of Formosa**

Agencia de Desarrollo Empresarial – ADE Formosa

Agency for Enterprise Development

<http://www.adeformosa.org.ar>

- **Province of Jujuy**

Ministerio de Producción y Desarrollo Económico

Ministry of Production and Economic Development

<http://produccion.jujuy.gob.ar/>

- **Provincia de La Pampa**

Ministerio de Producción

Ministry of Production

<http://www.produccion.lapampa.gov.ar/>

- **Province of La Rioja**

Ministerio de Producción y Desarrollo Económico

Ministry of Production and Economic Development <http://www.larioja.gov.ar>

- **Provincia de Mendoza**

Mendoza Invest– Agencia de Promoción de Inversiones

Agency for Investment Promotion

<http://www.mendozainvest.com>

Fundación Pro Mendoza

Pro Mendoza Foundation

<http://www.promendoza.com/>

- **Province of Misiones**

Ministerio de Industria

Ministry of Industry

<http://www.industria.misiones.gov.ar/en/>



- **Province of Neuquén**  
ADI NQN/Agencia de Inversiones del Neuquén –  
Investment Agency of Neuquen  
<http://www.adinqn.gov.ar>  
  
COPADE / Consejo de Planificación y Acción para el Desarrollo  
Council for Planning and Development Action  
<http://www3.neuquen.gov.ar/copade>
- **Province of Rio Negro**  
Agencia de Desarrollo CREAM – Ministerio de Economía  
Ministry of Economy, Development Agency  
<http://www.crear.rionegro.gov.ar>
- **Province of Salta**  
Ministerio de Ambiente y Producción sustentable  
Ministry of Environment and Sustainable Production  
<http://www.salta.gov.ar/organismos/ministerio-de-ambiente-y-desarrollo-sustentable/10>
- **Province of San Juan**  
Agencia de Desarrollo de Inversiones San Juan  
San Juan Investment Agency  
<http://www.inversionessanjuan.gov.ar>
- **Province of San Luis**  
Ministerio de Medio Ambiente, Campo y Producción  
Ministry of Environment, Farming and Production  
[www.ministeriomacp.sanluis.gov.ar](http://www.ministeriomacp.sanluis.gov.ar)
- **Province of Santa Cruz**  
Ministerio de la Producción  
Ministry of Production  
<http://www.santacruz.gov.ar/portal/index.php/protocolo/15-ministerio-de-la-produccion>
- **Province of Santa Fe**  
Dirección General de Comercio Exterior  
General Direction of International Trade  
<http://www.santafe.gov.ar/index.php/web/content/view/full/190064>



- **Province of Santiago del Estero**  
Ministerio de la Producción  
Ministry of Production  
<http://www.mproduccion.gob.ar/>
- **Province of Tierra del Fuego**  
Ministerio de Industria e Innovación Productiva  
Ministry of Industry and Productive Innovation  
<http://industria.tierradelfuego.gov.ar/>
- **Province of Tucumán**  
Instituto de Desarrollo Productivo de Tucumán, IDEP  
Institute for Productive Development of Tucuman  
<http://www.idep.gov.ar>
- **Argentine Law related with Foreign Investment.** Laws that regulate FDI in Argentina.  
[http://www.argentinatradenet.gov.ar/sitio/datos/material/legislacion\\_invextranieras.pdf](http://www.argentinatradenet.gov.ar/sitio/datos/material/legislacion_invextranieras.pdf)

**This Infocard has been prepared by the expert in Argentina.**





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