



ARGENTINA  
INVESTMENT CLIMATE STATEMENT  
2015

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## Executive Summary

Argentina is one of Latin America's largest and wealthiest countries, possessing abundant human and natural resources, highly-diversified industries, and a 43 million person market. Argentina is estimated to have the world's second largest shale gas resources and fourth largest shale oil resources in the world. Investors face a difficult operating environment (e.g. currency and price controls, import restrictions, and double-digit inflation), but are more optimistic with regard to the medium- to long-term in Argentina.

Argentina is still dealing with issues related to its 2001 default on nearly USD 100 billion in debt, the largest sovereign debt default in history. In late 2013 and early 2014, the government of Argentina (GOA) made some progress in normalizing its relations with the international financial community. The GOA settled several outstanding international arbitral awards, engaged with the International Monetary Fund (IMF) to improve economic reporting data, and compensated the Spanish firm Repsol for the partial expropriation of YPF in 2012. Argentina also signed bilateral agreements to repay nearly USD 10 billion in arrears with the Paris Club group of creditors.

Argentina's refusal to comply with a U.S. court ruling ordering the GOA to pay a group of U.S. creditors who sued the country for the full value of their defaulted Argentine bond holdings continues to restrict Argentina's ability to service some of its sovereign debt both at home and abroad. Argentina's limited access to international financial markets will continue to discourage investment until the issue is settled.

Longstanding concerns regarding the lack of transparency in government policymaking also diminish the attractiveness of prospective investments in Argentina. Decisions that affect both foreign and domestic companies are frequently made without industry input and are rarely open to a consultation period. GOA actions to curb the remittance of profits abroad limit foreign companies' ability to repatriate earnings, causing some companies to reconsider locating new business ventures in Argentina. Currency controls delay companies' access to dollars to pay suppliers while recently amended laws allow the GOA to set profit margins and the prices of goods in the private sector in certain circumstances. Businesses and investors also report concerns about Argentina's currency exchange rate policies, which affect the competitiveness of Argentine goods internationally and delay investment decisions.

The World Trade Organization (WTO) in January 2015 ruled that the GOA's all-encompassing import licensing system violated international trade norms. The GOA affirmed that it will comply with the WTO decision, but did not specify a timeframe for adjustment. In the meantime, the system remains in place and reportedly causes shortages and complicates the operations of businesses that are reliant on the importation of goods for production and distribution. Factories and distributors occasionally sit idle while the GOA delays granting approval to move inputs through customs, a process that can be restrictive and unpredictable.

In 2014, in accordance with official figures, Argentina's economic growth slowed to 0.5 percent and unemployment remained steady at 6.9 percent. Private sources reported that the economy contracted about 2 percent and inflation reached 38 percent in 2014. Central Bank international reserve levels ended 2014 around USD 30 billion, a slight improvement from the previous year

despite the GOA running current and financial account deficits in 2014. Some private economists contend that liquid reserves are actually lower. Argentina's trade surplus, the country's main source of foreign currency, fell nearly 17 percent in 2014 compared with the previous year.

After several years of publishing non-credible statistics, Argentina's official statistics agency (INDEC) released substantially revised inflation and GDP growth data in 2014 and 2015 that are closer to private estimates. The IMF had formally censured Argentina in February 2013 because of the manipulation of inflation and GDP data, a breach of obligation to the Fund under the Articles of Agreement. The IMF has recognized that Argentina has made progress on its statistics but the new methodology is still subject to final review, the results of which will be released later in 2015. However, some concern remains about the difference between official economic data and private source estimates. The government has not released to the public its new methodologies.

Argentina will hold presidential elections in October 2015, which will bring a change in administration, as the current president is constitutionally precluded from standing for a third term.

## **1. Openness To, and Restrictions Upon, Foreign Investment**

### **Attitude toward Foreign Direct Investment**

The GOA has signaled its desire to see continued foreign direct investment (FDI) flows to enhance the nation's productive capacity and GDP growth potential, and it took actions in the past year to improve the investment climate in Argentina. To regain investor confidence, the GOA settled several outstanding international arbitral awards, engaged with the IMF to improve economic reporting data, and compensated the Spanish-firm Repsol for the partial expropriation of YPF in 2012. Argentina also reached agreements with the Paris Club group of creditors to repay USD 9.7 billion in arrears over the next five years, including USD 642 million owed to the United States. Argentina has already made two payments in the first year. The GOA revamped its hydrocarbon regulations in 2014 with the aim of attracting new investments to develop Argentina's world class oil and gas resources.

### **Other Investment Policy Reviews**

Argentina was last subject to an investment policy review by the Organization of Economic Cooperation and Development (OECD) in 1997 and by the World Trade Organization (WTO) in 2013 ([https://www.wto.org/english/tratop\\_e/tpr\\_e/tp377\\_e.htm](https://www.wto.org/english/tratop_e/tpr_e/tp377_e.htm)). United Nations Conference on Trade and Development (UNCTAD) has not done an investment policy review of Argentina.

### **Laws/Regulations of Foreign Direct Investment**

According to a Presidential decree governing foreign investment in Argentina, foreign companies may invest in Argentina without registration or prior government approval, and on the same terms as investors domiciled in Argentina. Investors are free to enter into mergers, acquisitions, green-field investments, or joint ventures. Foreign firms may also participate in publicly-financed research and development programs on a national treatment basis. Central

Bank restrictions (both formal and de facto) on the purchase of foreign currency limit the ability of a company or investor to remit profits, dividends, or investments out of the country.

The Argentine Ministry of Economy (<http://www.mecon.gov.ar>), the Investor's Information Service for Argentina (<http://www.infoarg.org>), the Undersecretariat of Investment Development and Trade Promotion (<http://www.inversiones.gov.ar>), the Embassy of the Argentine Republic in the United States of America (<http://www.embassyofargentina.us/en/invest-in-argentina.html>), and the Central Bank of Argentina ([www.bcra.gov.ar](http://www.bcra.gov.ar)) have additional detailed information on investment policies in Argentina.

### **Industrial Promotion**

The GOA has established a number of investment promotion programs. These programs allow for Value-Added Tax (VAT) refunds and accelerated depreciation of capital goods for investors and offer tariff incentives for local production of capital goods. They also include sectorial programs, free trade zones, and a Special Customs Area in Tierra del Fuego Province, among other benefits. A complete description of the scope and scale of Argentina's investment promotion programs and regimes can be found at <http://www.industria.gob.ar>, <http://www.inversiones.gob.ar> and <http://www.mecon.gob.ar/>.

Information about programs that specifically apply to small and medium businesses may be found at <http://www.industria.gob.ar/secretaria-pyme>.

### **Limits on Foreign Control**

The GOA limits land foreign ownership of rural land through Law 26.737 (Regime for Protection of National Domain over Ownership, Possession or Tenure of Rural Land) established in 2011. Foreign ownership of rural land is restricted to a maximum of 15 percent of all national productive land. Individuals or companies from the same nation may not hold over 30 percent of that amount; and individually each foreign individual or company faces an ownership cap of 1,000 hectares (2,470 acres) in the most productive farming areas, or the equivalent in terms of productivity levels in other areas. As approved, the law is not retroactive. Section 11 of the Law establishes that "for the purposes of this Law and according to the Bilateral Investment Treaties (BITs) underwritten by the Republic of Argentina that are in force at the time this Law becomes valid, the acquisition of rural land shall not be considered an investment as it is a non-renewable natural resource provided by the host country."

Regarding taxes, foreign and Argentine firms generally face the same tax liabilities. In general, taxes are assessed on consumption, imports and exports, assets, financial transactions, and property and payroll (social security and related benefits).

### **Privatization Program**

No information available

## Screening of FDI

No information available

## Competition Law

The National Commission for Protection of Competition and the Secretary of Commerce, both within the Ministry of Economy, have enforcement authority of the Antitrust Law (Law 25.156). The law is aimed at ensuring the general economic interest and promotes a culture of competition in all sectors of the national economy.

## Investment Trends

Investor confidence remains low in the short-term and is more optimistic with regards to the medium- and long-term. Argentina's investment climate is dampened by concerns with Argentina's currency controls, deteriorating macroeconomic conditions, and unresolved sovereign debt dispute with litigating U.S. hedge funds. Many established companies in Argentina reported that they are planning to expand investment in Argentina in the immediate or near future, with more economic stability and policy certainty. Sectors of heightened interest are energy, mining, agribusiness, telecommunications, technology, financial and infrastructure development. In early 2015, the City of Buenos Aires and national oil company YPF raised about USD 500 million each through bond issuances, demonstrating significant investor demand for Argentine bonds. The bonds were bought mostly by European and U.S. fund managers and hedge funds.

*Table 1*

Measure	Year	Index or Rank	Website Address
<b>TI Corruption Perceptions index</b>	2014	107 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
<b>World Bank's Doing Business Report "Ease of Doing Business"</b>	2015	124 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2014	70 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
<b>World Bank GNI per capita</b>	2013	No Info	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

### Foreign Exchange

Argentina has a managed float exchange rate policy. Conversion of the peso into foreign currency is limited.

*Remittance Policies*

The GOA began imposing significant restrictions on remittances of capital overseas in 2011, which were formally implemented by law in December 2012 with Resolution 3417. In 2012, the Central Bank issued Regulation A-5318 officially banning the purchase of dollars by residents (either Argentine or foreign) as a form of financial savings (although it does not prevent residents from maintaining existing dollar saving accounts and time deposits). This measure formally ended the previous norm that had allowed individuals to buy up to USD 2 million per month without having to specify the destination of the funds (e.g., debt payment, investments, savings, international travel expenses, etc.) Residents can only buy foreign currency for international tourism purposes as allowed by Resolution 3333 and these purchases are subject to caps and controls by the GOA and a 35 percent withholding tax that can be deducted from an individual's income and wealth tax obligation. Requestors must provide information as to the source of their money and proof that it was acquired legally. In addition to other personal data such as birth date, profession, and tax ID numbers, they must provide details about their planned trips, including where, when, and why they are traveling. Since the issuance of this norm, the government has reportedly provided additional verbal instruction to banks and foreign exchange houses that further limit the purchase of foreign exchange.

Beginning in January 2014, the GOA allowed residents to purchase a limited quantity of foreign exchange for savings depending on the person's declared income. The buyer can choose to either withdraw the foreign currency within the first year and pay a 20 percent tax or leave the funds in a local bank for at least a year and pay no tax.

Since 2011, government restrictions on foreign currency purchases have led to the expansion of an informal retail foreign exchange market. The informal dollar rate reached a high of nearly 16 Argentine Pesos to the U.S. Dollar (ARS/USD) in September 2014, exceeding the official exchange rate (approximately ARS 8.5 pesos to the USD) by more than 80 percent. The GOA launched aggressive investigations and enforcement operations in the unofficial dollar markets in late 2014, leading to a reduction in the gap between the official and unofficial rates. As of this publication, the gap has dropped below 40 percent.

Companies have reported difficulties in exchanging pesos for dollars in order to pay for imports. These measures reportedly are in place to address balance of payments concerns. Such restrictions have resulted in occasional goods shortages and difficulties for companies doing business in Argentina. Companies must complete multiple steps to import a good into the country. Certificates-of-origin for some goods must be notarized by the Argentine embassy or consulate in the country in which they were produced. This procedure is the same for products that have multiple parts from multiple countries. The company must then obtain import license approval, which is known by its Spanish-language acronym DJAI. Following DJAI approval, companies must then petition the Central Bank for access to foreign exchange. As of April 2015, about USD 5 billion of requests were pending at the Central Bank.

In order to import goods, companies are also often asked to submit detailed financial and operational information such as their investment plans for the following year. During 2014, the private sector has reported a strengthening of various non-tariff barriers to the importation of

goods into the country. Companies reported that the inability to budget for inventory limits their ability to plan for investment.

The GOA subjects speculative capital inflows to three major requirements: (a) investments may not be transferred out of the country for 365 days after their entry; (b) proceeds from foreign exchange transactions involving these investments must be paid into an account in the local financial system; and (c) a 30 percent unremunerated reserve requirement, meaning 30 percent of such transactions must be deposited in a local financial entity for 365 days in an account that is denominated in dollars and receives no interest payment. There are some notable exceptions to the deposit requirement. A deposit is not required for capital inflows to finance energy infrastructure. Nor is a deposit required on inflows for the purchase of real property by foreigners as long as the foreign exchange liquidation occurs on the day of settlement (and transfer of the title). A deposit is also not required for inflows from foreigners to be used for (a) tax payment and (b) social security contributions within 10 days of the settlement of the foreign currency. In October 2011, the Central Bank imposed new market controls on non-residents. They are now required to immediately “register capital inflows into the local foreign exchange market when they purchase a local company, contribute capital, or purchase real estate.”

Foreign entities are banned from participating in Central Bank initial bond offerings, but foreign firms may trade Central Bank debt instruments on the secondary market. The Central Bank also requires that exporters deposit the proceeds in U.S dollars from exports into local banks (*cuentas de corresponsalía de entidades financieras locales*) within a specified number of days depending on the good exported (usually between 10-30 days).

Hard currency earnings on exports, both from goods and services, must be converted to pesos in the local foreign exchange market. In 2011, the GOA eliminated the exceptions previously granted to hydrocarbon and mining exports. These firms must now convert their revenues to pesos on the local foreign exchange market. Revenues from re-exports of some temporary imports and exports to Argentine foreign trade zones are still exempted from this requirement.

In October 2011, the Argentine insurance regulator issued Resolution 36.162 requiring all investments and cash equivalents held by locally registered insurance companies be located in Argentina. This has exposed insurance companies to greater country risk since they are unable to diversify their assets outside of Argentina. In 2012, the GOA further expanded the investment requirements for insurance companies requiring them to allocate part of their overall investments in “instruments related to local productive projects.” The minimum percentage required ranges from 5 percent for labor risk insurers to 10 percent for property insurers and 12 percent for life insurers. A government committee composed of the secretaries of Finance, Economic Policy and Development, Internal Trade, Industry, and SMEs as well as the superintendent of Insurance determine the projects eligible to receive such investments.

The Argentine Central Bank issued Circular A5272/73 in January 2012 increasing bank liquidity requirements for operational risks and minimum capital requirements, which sharply limited dividend payments.

The Central Bank expanded in 2012 the list of activities involving the transfer of money abroad by local subsidiaries to headquarters that require prior approval (Circular A5295). These activities now include: IT services; business and professional services' royalties, patents, trademarks and copyrights; commercial guarantee payments on exports of goods and services; foreign film, audio and video rights; and services for technology transfer, and rental and leasing income, among other activities. The regulations apply to transactions greater than USD 150,000 in value; however, in practice every payment requires a so-called DJAS license approval, the services equivalent of the DJAI.

In February 2014, the Central Bank issued Circular A5536 capping the foreign exchange exposure of private banks. The norm limits a financial institutions' foreign currency exposure to 30 percent of their net worth and future exchange rate contracts to 10 percent. Private estimates suggest that 50 percent of the positions held by banks in Argentina are dollarized, representing nearly USD 9 billion in assets.

In October 2014, the Financial Action Task Force recognized Argentina's progress in improving its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime and removed the country from the FATF's monitoring process. The FATF determined the country had established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in June 2011. Argentina continues to work with FATF to address the full range of AML/CFT issues identified in its mutual evaluation report and will make annual reports on its progress.

### **3. Expropriation and Compensation**

Section 17 of the Argentine constitution affirms the right of private property and states that any expropriation must be authorized by law and be previously compensated. The United States-Argentina Bilateral Investment Treaty states that investments shall not be expropriated or nationalized except for public purpose upon prompt payment of the fair-market value in compensation. In October 2008, the government nationalized Argentina's private pension funds, which amounted to approximately one-third of total GDP, and transferred the funds to the government social security agency. In December 2008, the Argentine parliament also passed legislation nationalizing the Spanish-owned flag air carrier Aerolineas Argentinas.

President Cristina Fernandez de Kirchner expropriated 51 percent of oil and gas company YPF from Spanish-owned Repsol in 2012. The state takeover of the company was widely criticized by the European Union and others and increased investor caution. The government settled with Repsol approximately two years later in 2014, which the Argentine congress approved on April 23, 2014.

The GOA announced the nationalization of the train and railway system in March 2015, which was approved by Congress in April 2015.

## **4. Dispute Settlement**

### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

Domestic investment dispute adjudication is available through local courts or administrative procedures. Many foreign investors prefer to rely on private or international arbitration when those options are available.

Argentina follows a Civil Law system. The Civil and Commercial Code provides regulations for civil and commercial liability, including ownership of property. Contracts include provisions for settlement of disputes, where parties agree to bring their controversies to definite courts in the event of disagreements. In 2014, GOA passed a new Civil and Commercial Code that will go into effect in August 2015.

Intellectual property claims fall under the federal civil and commercial courts. There have been complaints of executive branch's interference in judicial matters, mainly through the appointment or dismissal of prosecutors and judges. The current judicial process is lengthy and suffers from significant backlog, causing it to be considered ineffective and not reliable for many individuals.

### **Bankruptcy**

Argentina's bankruptcy law was codified in 1995 in Law 24,522. The full text can be found at: <http://www.infoleg.gov.ar/infolegInternet/anexos/25000-29999/25379/texact.htm>. Under the law, debtors are generally able to begin insolvency proceedings when they are no longer able to pay their debts as they mature. Debtors may file for both liquidation and reorganization.

### **Investment Disputes**

Prior to and following the 2001-02 Argentine economic crisis, a number of U.S. investors in privatized public utilities filed in the International Centre for the Settlement of Investment Disputes (ICSID Convention) claims against the GOA, arguing that government rulings decentralizing public utility tariffs to foreign inflation indices and a January 2002 known as pesofication of dollar-denominated contracts was a form of indirect expropriation of their investments. In addition, some U.S. investors filed ICSID claims based on unforeseen changes to the tax laws. Customs treatment and delays in re-negotiating public utility rate changes also provoked investment disputes. Following the 2001-2002 economic crisis, more than fifty ICSID claims, throughout several sectors were tied to Argentina's nationalization and pesofication initiatives.

In 2013, Argentina settled three of the ICSID awards involving U.S. investors by paying them a portion of the judgment. A number of ICSID cases filed by U.S. investors are pending resolution with Argentina.

Argentina continues to deal with its historic sovereign debt default from its 2001 financial crisis. The government swapped ninety-two percent of the USD 82 billion in defaulted sovereign debt

in 2005 and 2010 for a mix of new bonds with a substantial loss in net present value. Some bondholders, known as the holdouts, did not participate in the swaps and continue to pressure Argentina via the U.S. courts to settle its outstanding debt for the actual amount owed plus interest. A U.S. court ruling in 2012 (and affirmed in 2014) determined that Argentina may not pay on its restructured debt unless it also makes equal treatment payments to the holdouts. Argentina has failed to settle with the holdouts, but attempted to pay on the restructured debt despite the U.S. court order. To try to enforce compliance, the U.S. court issued an injunction barring financial intermediaries from passing along any bond payments Argentina makes on its restructured debt unless the country also pays the holdouts, which has effectively blocked the payments. On March 12, 2015, the U.S. judge in the case issued a ruling that the injunction covering financial intermediaries extends to payments on a series of restructured bonds governed by Argentine law and denominated in U.S. dollars. At the time of this report, negotiations were ongoing between Argentina and the holdouts.

### **International Arbitration**

The GOA officially accepts the principle of international arbitration. The United States-Argentina BIT provides for international arbitration of investment disputes that cannot be settled amicably.

#### *ICSID Convention and New York Convention*

The GOA is a member of the International Center for the Settlement of Investment Disputes (ICSID), the United Nations Commission on International Trade Law (UNCITRAL), and the World Bank's Multilateral Investment Guarantee Agency (MIGA). Argentina ratified the United Nations' Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1989. Companies that seek recourse through Argentine courts may not also pursue recourse through international arbitration.

### **Duration of Dispute Resolution**

Domestic and international dispute resolution could be lengthy, sometimes spanning years. Other alternative dispute resolution methods could be stipulated in contracts.

## **5. Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

Argentina has been a World Trade Organization (WTO) member since 1995. Argentina's import licensing requirements often cause delays in, or prevent, the importation of goods necessary for production and consumption. The WTO in January 2015 ruled that the import licenses and other trade balancing schemes required by Argentina violate international trade rules, in a case filed by the United States, Japan, and the European Union. The GOA has publicly stated its intent to comply with the WTO ruling but has yet to make adjustment to its trade regime.

In addition to the import licenses, companies also need to apply for authorization to make payments abroad for services received. This mainly affects international companies' ability to pay foreign headquarters or branches for centralized services such as executive oversight, accounting and human resource management services. During the last year, companies reported increased scrutiny by the GOA over their transfer pricing and foreign payments transactions. In November 2014, the GOA established a Unit of Monitoring and Traceability of Foreign Trade Operations, through decree 2013/2014, with the stated aim of tracking all international trade operations to ensure transparency and accuracy and to prevent over- and under- invoicing by commercial entities.

Since September 2014, any foreign payments amounting to more than USD 150,000 require Central Bank authorization. Companies reported that this requirement further creates delays in their ability to import goods.

These practices are not written in regulation or law but are administrated by the Secretary of Commerce. In practice, any significant payment even of less than USD 150,000 can be delayed by the Central Bank depending on the amount of dollars it thinks it can spend on any given day.

### **Investment Incentives**

Government incentives apply to both foreign and domestic firms alike. The federal government, as well as provincial and municipal, offers several incentives to attract investment to specific economic sectors such as capital assets and infrastructure, innovation and technological development and energy. More details of these programs can be found here: <http://www.inversiones.gov.ar/es/incentivos-la-inversion> or <http://www.prosperar.gov.ar/>

#### *Research and Development*

Argentina does not restrict foreign firms from participating in government-funded or subsidized research and development programs.

### **Performance Requirements**

There are no performance requirements.

### **Data Storage**

Argentina does not have forced localization of content in technology or requirements of data storage in country.

## **6. Right to Private Ownership and Establishment**

In general terms, foreign investors have the same rights as Argentines to establish and own businesses, or to acquire and dispose of interests in businesses.

The media law caps foreign capital ownership of media outlets at 30 percent; requires a minimum national content of between 60 to 70 percent; requires that all transmission signals be

owned totally or partially by the national government; establishes a minimum screen quota for Argentine movies; imposes a 0.5 percent of annual revenue fee on foreign programmers for acquiring Argentine films; requires advertisement transmitted by broadcast channels or national channels be produced locally; dictates that all investment in advertising on a non-national signal be covered by exemptions and reductions to income tax; gives foreign media operations differing tax treatment from local companies; and limits the number of broadcasting licenses (based on geography and market segment) to be held by a single licensee. Measures regarding the limitation of foreign ownership in media outlets are not retroactively applied to existing foreign investments currently covered by BIT provisions of non-discriminatory treatment. The U.S.-Argentina BIT contains such protection for U.S. firms.

## **7. Protection of Property Rights**

### **Real Property**

Secured interests in property, including mortgages, are recognized and common in Argentina. Such interests can be easily and effectively registered. They also can be readily bought and sold. Argentina manages a national registry of real state ownership (Registro de la Propiedad Inmueble) at <http://www.dnrpi.jus.gov.ar/>.

### **Intellectual Property Rights**

The government of Argentina adheres to most treaties and international agreements on intellectual property and belongs to the World Intellectual Property Organization and the World Trade Organization (WTO). The Argentine Congress ratified the Uruguay Round agreements, including the provisions on intellectual property in Law 24425 on January 5, 1995. Since 1996, however, Argentina has been on the Office of the U.S. Trade Representative's intellectual property rights Priority Watch List. Argentina was listed in USTR's Notorious Markets Report and Special 301 Report in 2014.

Regarding patents, protection remains a theme of particular importance in Argentina's intellectual property rights regime. Extension of adequate patent protection to pharmaceuticals and genetically modified seeds has been a source of bilateral disagreement. Representatives of U.S. companies with significant interest in patented product sales in Argentina say that the patent issuance process is slow and that the backlog of patent applications remains substantial. The National Intellectual Property Institute (INPI) has taken a number of steps recently to reduce the backlog, including the implementation of fast-track procedures and opportunities for companies to prioritize their patent applications before INPI. However, problems persist. The average wait time observed in 2014 was between seven to eight years for pharmaceutical and biotechnology patents and an average of 3 to 4 years for software and electronics.

In April 2002, the United States and Argentina reached an agreement with respect to most of the claims in a WTO dispute brought by the United States with respect to Argentina's implementation of its Trade Related Aspects of Intellectual Property Rights (TRIPS) obligations. New patent legislation implementing part of the April 2002 agreement was passed in December 2003. Several issues remain unresolved, however. The United States and Argentina have agreed to leave these issues within the WTO dispute settlement mechanism for action.

Some U.S. and European pharmaceutical firms have expressed concern that some provisions in the amended legislation limit their ability to protect patented products via the use of judicial injunctions to prevent patent violations. The unlicensed production by Argentine firms of pharmaceuticals whose patent rights are owned by foreign companies is a longstanding concern to foreign pharmaceutical companies. In May 2012, INPI published a joint Resolution (118/2012, 546/2012 and 107/2012) that sets new standards for chemical and pharmaceutical patent applications. The guidelines instruct patent examiners to reject new use, new form, and new formulation patents, and specify a number of other changes to drugs that will no longer be acceptable. Companies have stated that the measures were implemented without sufficient transparency and that they significantly diminish protection of their intellectual property, and that these regulations are inconsistent with Argentina's Trade Related Intellectual Property Rights (TRIPs) commitments. Also, INPI does not always offer a formal comment period when implementing new procedures. The pharmaceutical and biotechnical industries are the most affected by these regulations, especially, with regard to the prohibition of secondary inventions.

Pharmaceutical and biotech firms assert that during 2014, the GOA did not provide effective data protection for their products (data protection refers to the protection of confidential and proprietary information that companies demonstrate to the health regulators that approve the sale of a new drug). Firms are concerned that the lack of data protection could lead to unfair commercial use and hinder investments in the sector.

Many industry observers claim that the trademark law, passed in 1980, provides civil damages that are insufficient to be an effective deterrent. The judiciary is reluctant to impose deterrent penalties such as prison sentences in criminal cases, and it is rare that companies press criminal charges. The government of Argentina has passed laws designed to allow authorities to mount undercover operations; to flag electronically-suspect shipments; to facilitate the seizure and detention of suspect merchandise; and to rotate more frequently customs personnel. Also, the Customs administration in 2006 instituted a voluntary trademark registry and owner notification program. Some industry actors have noted that further protection for trademark owners should include the right to demand destruction of fraudulent goods to prevent reentry to the market. Currently, when a customs official encounters counterfeit goods, he must notify police authorities to seize the goods and proceed with appropriate legal procedure for each given case. The rights holders are responsible for paying for the storage and destruction of counterfeit goods. The government has decreased the time needed for trademark registration and increased the rate at which trademarks are registered. Argentina has no specific law on trade secrets although penalties for unauthorized revelation of trade secrets are applied to a limited degree under commercial law. Argentina has signed the WIPO Treaty on Integrated Circuits, but has no law dealing specifically with the protection of layout designs and semiconductors.

Although Argentina's copyright law dates to 1930, it does provide a sound legal framework to protect intellectual property such as books, films, music, and software. Copyright piracy of audio and video in CD and DVD formats continues to flourish. Industry reports that the level of enforcement against piracy of copyrighted goods is "very weak" both in law enforcement and the judicial branch. Vendors selling illegal copies can be seen through Buenos Aires subway stations and street corners. Industry reported street vending of pirated goods increased significantly in 2014, unchecked by local law enforcement.

Electronic delivery of copyright infringing materials is still widespread. While Argentine courts have been responsive to civil suits against pirated content, criminal prosecution is lacking. The website Cuevana continues to stream unauthorized copyrighted content and has expanded its distribution network to several more Cuevana websites. The site, although based outside of Argentina, is owned and operated by Argentines. Argentine courts thus far declined to proceed with criminal prosecution against the owner, who lives in Buenos Aires. In June 2014, the Argentine Copyright Association (known by its Spanish acronym SADAIC) succeeded in winning an injunction in Argentine court against the Sweden-based Pirate Bay website. The site has since resurrected via a different IP address. Industry claims Argentine IPR law is outdated and does not provide for IPR protection in newly developed forms of media and operating platforms. Enterprises reported that lack of technical and technological knowledge prevents prosecutors from pursuing cases and judges from making rulings, leaving cases in limbo. Industry continues to call on Argentina to pass its own version of the U.S. Digital Millennium Copyright Act.

Argentina has the largest black market in South America, called La Salada, that sells counterfeit and pirated products. La Salada itself has reportedly continued its expansion to now include multiple stories and more stores and several branches throughout Argentina. Smaller Las Saladitas have proliferated throughout Buenos Aires. The number of illegal street vendors selling counterfeits and pirated goods increased more than 100 percent during 2014 compared to 2013, according to the Argentine Chamber of Commerce.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

#### *Resources for Rights Holders*

Embassy's Contact:  
María Soledad Iglesias Liste  
IglesiasS@state.gov  
U.S. Embassy, Buenos Aires, Argentina

List of local attorneys:  
<http://argentina.usembassy.gov/legal.html>

## **8. Transparency of the Regulatory System**

Argentine government authorities, including the Ministries of Economy, Production, and Planning and a number of quasi-independent regulatory entities, have mandates to foster competition and protect consumers. Some international investors have expressed concern about abrupt changes in sector-specific regulatory regimes that in their view increase uncertainty. Decisions that affect companies, both foreign and domestic, are frequently taken without industry input and rarely with a formal comment period. Government interventionist policies affect foreign and domestic companies alike.

Over the last year, the GOA passed a number of laws that increase the ability of the government to determine companies' profits and production quotas. The national Supply Law, approved

September 2014, allows the Secretary of Commerce to determine profit margins and reference prices for every stage of the productivity chain and set supply quotas. The Law also establishes severe sanctions ranging from fines to temporary closure for businesses found by the government to be artificially or unjustifiably increasing prices or hoarding inventories.

The Argentine government approved the Argentine Digital Law in early 2015 that enables the government to regulate the interconnection tariffs of telecommunications and cable companies.

In general, national taxation rules do not discriminate against foreigners or foreign firms (e.g., asset taxes are applied to equity possessed by both domestic and foreign entities). Government tax authorities scrutinize tax declarations of foreign corporations operating in Argentina with the intent of curbing the use of offshore shell corporations to shelter profits and assets from taxation. This has led to tax disputes with foreign-owned firms that have structured their operations in a manner they believe to be consistent with Argentine law, while minimizing total corporate tax obligations to all of the countries in which they operate.

Argentina is a member of the U.N. Conference on Trade and Development's international network of transparent investment procedures. Lomas de Zamora, the second largest municipality of Buenos Aires offers detailed information on administrative procedures applicable to income generating operations, including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures: <http://lomasdezamora.eregulations.org/>. Two other municipalities (Berazategui and Vicente Lopez) plan to offer the same information system online by the end of 2014.

## **9. Efficient Capital Markets and Portfolio Investment**

The Argentine Securities and Exchange Commission (Comisión Nacional de Valores - CNV) is the federal agency that regulates securities markets offerings. Securities and accounting standards are transparent and consistent with international norms. Foreign investors have access to a variety of options on the local market to obtain credit.

The Argentine Congress approved in November 2012 a new law to amend regulations over the domestic stock market. The bill expands the local capital market, but it also provides for greater regulatory intervention in financial deals and corporate administration of listed companies.

U.S. banks, securities firms, and investment funds are well-represented in Argentina and are dynamic players in local capital markets. In 2003, the government began requiring foreign banks to disclose to the public the nature and extent to which their foreign parent banks guarantee their branches or subsidiaries in Argentina. In April 2015, the Argentine Securities Exchange Commission (CNV) suspended Citibank Argentina from operating in capital markets and ordered the removal of its CEO due to the bank's efforts to extricate itself from a dispute over the country's bond payments tied to litigation in U.S. courts between the GOA and a group of U.S. hedge funds.

The private pension fund system -- consolidated in 1995 -- provided a growing base for capital markets until the 2001-02 economic and financial crises. Following the government's 2005 debt

restructuring, private pension funds once again became significant players in domestic capital markets. The government's nationalization of the private pension funds' assets in November 2008 shut down the funds' investment activities, however. As a result of the nationalization, Argentina's Social Security Agency (ANSES) now holds large equity stakes in domestic and foreign firms trading on the local stock exchange, and has also taken on the private pension funds' holdings of federal and provincial government debt. This nationalization considerably decreased the liquidity and depth of the securities market in Argentina.

Following new provisions introduced in the Central Bank charter reform approved in mid-2012, the Central Bank has required banks operating in Argentina holding at least 1 percent of total market deposits to lend at least 5 percent of their deposits -- for "productive investments" at an interest rate that are below market rates, and even below private estimates of inflation. This program has been extended and recently the loans have been oriented to focus on small and medium sizes enterprises. Since its implementation, banks have issued over ARS 100 billion in loans. The government also mandates interest rate caps and limits on bank fees, limiting banks' profit margins. Banks are required to offer credit to both corporate borrowers and small and medium-sized enterprises at below-market rates, which further constrains profitability.

### **Money and Banking System, Hostile Takeovers**

Argentina has a relatively sound banking sector. The largest bank is the Banco de la Nación Argentina. In recent years, the GOA has imposed a range of policies that have negatively affected business conditions and banks' financial strength, including dividend payment and foreign exchange market restrictions, caps on lending rates and fees, and lending requirements to targeted sectors. However, non-performing private sector loans constitute less than 2 percent of banks' portfolios. The ten largest private banks have total assets of approximately ARS 564 billion (USD 64 billion). Total financial system assets are approximately ARS 1.230 trillion (USD 140 billion).

### **10. Competition from State-Owned Enterprises**

The Argentine government owns state owned enterprises (SOEs) in the following sectors: civil commercial aviation, water and sanitation, oil and gas, electricity generation, transport, paper production, banking, railway, shipyard, and aircraft ground handling services. A list of state-own enterprises and enterprises under concession can be found here: [http://www.adminpublica.org.ar/EF\\_EmpresasPublicas.htm](http://www.adminpublica.org.ar/EF_EmpresasPublicas.htm).

By Argentine law, a company is considered a public enterprise if the state owns 100 percent of the company's shares. The state has majority control over a company if the state owns 51 percent of the company's shares. The state has minority participation in a company if the state owns less than 51 percent of the company's shares. Argentine Law 25.156 regulates state-owned enterprises and enterprises with state participation.

Through the government's social security agency (ANSES), the GOA owns stakes ranging from 1 percent to 31 percent in 46 publically-listed companies. U.S. investors also own shares in some of these companies. As part of the ANSES takeover of Argentina's private pension system in 2008, the government agreed to commit itself to being a passive investor in the companies and limit the exercise of its voting rights to 5 percent, regardless of the percentage of a company the

social security agency actually owned. In April 2011, the GOA removed the 5 percent cap and moved to increase ANSES' influence over these companies by nominating members for their boards of directors and exercising influence over issues such as dividend payments.

Most of Argentina's state-owned enterprises (SOEs) operate as providers of public services and do not face competition in the private sector. SOEs do purchase and supply goods and services from the private sector and foreign firms. Private enterprises may compete with SOEs under the same terms and conditions with respect to market share, products/services, and incentives. Private enterprises also have access to financing terms and conditions similar to SOE. SOEs are subject to the same tax burden and tax rebate policies as their private sector competitors. SOEs are not currently subject to firm budget constraints under the law. Argentina does not have regulations that differentiate treatment of SOEs and private enterprises. Argentina has observer status under the WTO Agreement on Government Procurement and, as such, SOEs are subject to the conditions of Argentina's observership.

### **OECD Guidelines on Corporate Governance of SOEs**

Argentina generally adheres to the OECD Guidelines on Corporate Governance of SOEs. SOEs are in compliance with some policies and practices for transparency and accountability set out in the OECD Guidelines. The general rule in Argentina is that requirements that apply to all listed companies also apply to publicly-listed SOEs.

### **Sovereign Wealth Funds**

Not applicable

## **11. Corporate Social Responsibility**

There is an increasing awareness of corporate social responsibility (CSR) among both producers and consumers. CSR practices are welcomed by beneficiary communities throughout Argentina.

### **OECD Guidelines for Multinational Enterprises**

Foreign and local enterprises both tend to follow generally accepted CSR principles. Argentina subscribed to the Declaration on the OECD Guidelines for Multinational Enterprises on April 1997.

## **12. Political Violence**

Demonstrations are common in metropolitan Buenos Aires and occur in other major cities and rural areas. Protesters on occasion block streets, highways, and major intersections, causing traffic jams and delaying travel. While demonstrations are usually nonviolent, individuals sometimes seek confrontation with the police and vandalize private property. Groups occasionally protest in front of the U.S. Embassy or U.S.-affiliated businesses. Though political violence is always concerning, it is not widely considered a hindrance to the investment climate in Argentina.

### 13. Corruption

According to the World Bank's worldwide governance indicators, corruption remains an area of concern in Argentina. In the latest Transparency International Corruption Perceptions Index (CPI) that ranks countries and territories by their perceived levels of corruption, Argentina ranked 107 out of 175 countries. Lack of transparency, autonomy, and clear rules in the selection of judges as well as inefficiencies and pervasive delays compromise the judicial system and create the potential for political influence. Few Argentine companies have implemented anti-foreign bribery measures beyond limited codes of ethics. According to Transparency International, weak enforcement of anti-corruption measures remains Argentina's greatest corruption weakness.

Argentina's legal system incorporates measures addressing public sector corruption and a number of government institutions tasked with using them to fight corruption including the Anti-Corruption Office (ACO), the National Auditor General, and the General Comptroller's Office. Public officials are subject to financial disclosure laws, and the Ministry of Justice's ACO is responsible for analyzing and investigating federal executive branch officials based on their financial disclosure forms. The ACO is also responsible for investigating corruption within the federal executive branch or in matters involving federal funds, except for funds transferred to the provinces. While the ACO does not have authority to independently prosecute cases, it can refer cases to other agencies or serve as the plaintiff and request a judge to initiate a case.

#### *UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Argentina is a party to the OAS Inter-American Convention Against Corruption. It ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 2001. Argentina also has signed and ratified the UN Convention against Corruption (UNCAC) and is an active participant in UNCAC's Conference of State Parties. Argentina also is an active participant in the Mechanism for Follow-up on the Implementation of the Inter-American Convention against Corruption (MESICIC).

Since Argentina became a Party to the OECD Convention in 2001, ten allegations of Argentine individuals or companies bribing foreign officials have surfaced. Three of the allegations are under investigation. An investigation into one allegation was not opened because of a lack of information. Investigations into two allegations ended without charges. A seventh allegation was determined not to involve foreign bribery but other offences after an investigation. At the time of OECD's last reporting in December 2014, it remains unconfirmed whether the remaining cases involve foreign bribery.

Argentina is a member of the OECD Working Group on Bribery, the organization that monitors compliance with the OECD Convention. Argentina underwent its Phase 3 Working Group evaluation in December 2014 at which time the group found that Argentina was "seriously non-compliant with key articles of the convention, including introducing corporate liability for foreign bribery." The Working Group also found persistent, systemic deficiencies in Argentina's criminal justice system and ability to detect and report foreign bribery. As a consequence, Argentina will be required to undergo a supplemental Phase 3 evaluation before the end of 2016.

*Resources to Report Corruption*

Oficina Anticorrupción, Ministerio de Justicia y Derechos Humanos  
anticorrupcion@jus.gov.ar  
Tucumán 394  
Código Postal (C 1049 AAH)  
Ciudad Autónoma de Buenos Aires,  
República Argentina

Poder Ciudadano (Local Transparency International Affiliate)  
Phone: +54 11 4331 4925 ext 225  
Fax: +54 11 4331 4925  
Email: comunicaciones@poderciudadano.org  
Website: <http://www.poderciudadano.org>

**14. Bilateral Investment Agreements**

In 1991, Argentina and the United States signed a Bilateral Investment Treaty (BIT). The agreement was ratified by both countries entering into force on October 20, 1994. The Argentina-United States BIT can be found on the following site: <http://2001-2009.state.gov/documents/organization/43475.pdf>.

The BIT provides protections against capital movement restrictions, expropriations, and performance requirements; it also establishes a means for the settlement of investment disputes. The BIT lists sectors in which Argentina maintains exceptions to national treatment for U.S. investors: real estate in border areas, air transportation, shipbuilding, nuclear energy, uranium mining, and fishing. U.S. investors must obtain permission from the Ministry of Defense's Superintendency for Frontiers to invest in non-mining activities in border areas.

Currently, Argentina has over 50 BITs and double taxation treaties (DTAs) in force. Among those countries there is Australia, United Kingdom, Denmark, Germany, Belgium, France, Italy, Sweden, Canada, Bolivia, Brazil, Finland, Norway, and the Netherlands. In addition, a number of treaties concerning the exemption of income tax from international transport are in force.

In October 2014, the Government of Argentina signed a resolution with 50 other countries, agreeing to the automatic exchange of banking information to improve fiscal transparency. The agreement, which was spearheaded by the Organization for Economic Co-operation and Development (OECD), will allow the Argentine Tax Authority AFIP access information on foreign bank accounts held by Argentines. The agreement is expected to begin implementation in 2017. Detailed information of the Argentina's international agreement related to taxes can be found at <http://www.afip.gov.ar/institucional/acuerdos.asp>

In 2015, Argentina and the United States signed a Memorandum of Understanding to renew the exchange of trade and fiscal information between the countries, increasing the transparency of commercial transactions.

During the last year, several commercial and investment agreements have been signed between the GOA and China. The specific terms and conditions of the agreements are not publicly available, causing consternation in the private sector over the lack of transparency.

### **Bilateral Taxation Treaties**

Argentina does not have a bilateral tax treaty with the United States.

### **15. OPIC and Other Investment Insurance Programs**

The GOA signed a comprehensive agreement with the Overseas Private Investment Corporation (OPIC) in 1989. The agreement allows OPIC to insure U.S. investments against risks resulting from expropriation, inconvertibility, war or other conflicts affecting public order. OPIC programs are currently used in Argentina. Argentina is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

### **16. Labor**

Argentine workers are among the most highly educated in Latin America. Wages in dollar terms have historically been competitive. Argentina has relatively high social security charges and other labor taxes. As of the fourth quarter of 2014, the unemployment rate was 6.9 percent according to official government statistics. The Ministry of Labor, Employment, and Social Security estimated that 33.1 percent of the urban workforce worked in the informal sector as of the third quarter of 2014, although other private sector and civil society sources estimate that the number is higher (around 45 percent).

Organized labor plays an active role in labor-management relations and in the Argentine political system. Standoffs between management and union activists do occur. Many managers of foreign companies say that they have good relations with their unions. While negotiations between unions and industry are largely market-driven, they occasionally require mediation by the Ministry of Labor. Labor-related demonstrations in Argentina remained high in 2014, with over 1,600 protests that ranged in size, taking place between the months of January and October. Reasons for strikes include complaints from disgruntled workers, unemployed, and other social groups' demonstrations.

Argentine law affords unions the right to negotiate collective bargaining agreements and offers recourse to mediation and arbitration. The Ministry of Labor ratifies collective bargaining agreements, which covered roughly 75 percent of the formally employed work force. There are no special laws or exemptions from regular labor laws in the Foreign Trade Zones (FTZs).

Labor laws are usually protective of workers in Argentina. However, when employers can show a true decrease or lack of activity in their sectors that do not derive from their negligence or recklessness, employers can adjust employment by reducing the working days or assigning employees to shiftwork. This provision is implemented only in emergency situations, which cannot last longer than a month in a given year.

The Labor Ministry has different hotlines to report labor abuses and the Superintendencia de Riesgos del Trabajo monitors health and safety standards in all sort of operations. Nevertheless, unions also play a key role in monitoring labor conditions, reporting abuses and filing complaints with the proper authorities.

In 2014, Congress passed a law that reduced employers' required contributions for small businesses. This move came as part of the government's effort to fight "under-the-table" or unregistered workers. Also in 2014, Congress passed a law – the Supply Law – against "business abuse" that entitles the executive branch to set earning margins and prices during the different stages of the economic process.

## **17. Foreign Trade Zones/Free Ports/Trade Facilitation**

Argentina has two types of tax-exempt trading areas: Free Trade Zones (FTZ), which are found throughout the country; and the more comprehensive Special Customs Area (SCA), which covers all of Tierra del Fuego Province.

Argentine law defines an FTZ as a territory outside the "general customs area" (GCA, i.e., the rest of Argentina) where neither the inflows nor outflows of exported final merchandise are subject to tariffs, non-tariff barriers, or other taxes on goods. Goods produced within a FTZ generally cannot be shipped to the GCA unless they are capital goods not produced in the rest of the country. The labor, sanitary, ecological, safety, criminal, and financial regulations within FTZs are the same as those that prevail in the GCA. Foreign firms receive national treatment in FTZs.

Under the current law, the GOA may create one FTZ per province, with certain exceptions. More than one FTZ per province may be allowed in sparsely populated border regions (although this provision has not been fully utilized). Thus far, the GOA has permitted FTZs in many of the 23 Argentine provinces. The most active FTZ is in La Plata, the capital of Buenos Aires Province. Merchandise shipped from the GCA to a FTZ may receive export incentive benefits, if applicable, only after the goods are exported from the FTZ to a third country destination. Merchandise shipped from the GCA to a FTZ and later exported to another country is not exempt from export taxes. Any value added in an FTZ or re-export from an FTZ is exempt from export taxes.

Products manufactured in an SCA may enter the GCA free from taxes or tariffs. In addition, the government may enact special regulations that exempt products shipped through an SCA (but not manufactured therein) from all forms of taxation except excise taxes. The SCA program provides benefits for established companies that meet specific production and employment objectives. The SCA program applies only to Tierra del Fuego Province and is scheduled to expire at the end of 2023. In late 2006, the Economy Ministry through Resolution 776 abolished the export tax exemption enjoyed by oil companies operating in Tierra del Fuego Province. The Argentine Congress passed a law in November 2009 establishing value-added tax rates up to 21 percent on cell phones, televisions, digital cameras and other electronic items not produced in the southern Tierra del Fuego foreign trade zone. According to the government, the bill aims to increase government revenue through higher tax collection, and encourage investment in Tierra del Fuego

to promote local manufacturing and job growth. Argentina's import restrictions are often the primary reason that foreign firms choose to assemble electronic products in Argentina.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
<b>Host Country Gross Domestic Product (GDP) (\$M USD)</b>	2013	610,288	2013	609,900	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
<b>Foreign Direct Investment</b>	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2013	N/A	2013	15,171	
<b>Host country's FDI in the United States (\$M USD, stock positions)</b>	2013	N/A	2013	119	BEA data available 3/19/14 at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
<b>Total inbound stock of FDI as % host GDP</b>	2013	N/A	2013	1.68%	

\*Argentine Statistics Agency, [www.indec.gov.ar](http://www.indec.gov.ar). Difference between figures is due to statistical corrections done by INDEC on a regular basis.

*Table 3: Sources and Destination of FDI*

The IMF does not have recent direct investment data on Argentina. Argentina was censured by the IMF in February 2013 for reporting unreliable economic data.

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2012, the latest information for Argentina, the total stock of FDI in Argentina at the end of 2012 was estimated at USD 110.7 billion. The stock of U.S. FDI in Argentina in 2012 was estimated at USD 14.4 billion by the U.S. Bureau of Economic Analysis. In 2012, according to UNCTAD, total FDI inflows were estimated at USD 12.5 billion and outward FDI flows amounted to USD 1.1 billion.

Source: UNCTAD, <http://unctadstat.unctad.org/TableViewer/tableView.aspx>

*Table 4: Sources of Portfolio Investment*


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### Portfolio Investment Assets

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#### Top Five Partners (Millions, US Dollars)

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Total			Equity Securities			Total Debt Securities		
All Countries	23,459	100%	All Countries	14,211	100%	All Countries	Amount	100%
United States	22,092	94%	United States	13,169	93%	United States	8,923	96%
Luxembourg	680	3%	Luxembourg	680	5%	Brazil	305	3%
Brazil	427	2%	Spain	149	1%	Germany	7	0.08%
Spain	149	1%	Brazil	121	1%	Mexico	6	0.04%
China P.R.	24	0.10%	China, P.R.	24	0.17%	Chile	4	0.03%

Source: IMF Coordinated Portfolio Investment Survey, 2014

## 19. Contact for More Information

Economic Counselor  
 U.S. Embassy Buenos Aires  
 Avenida Colombia 4300  
 (C1425GMN)  
 Buenos Aires, Argentina  
 +54-11-5777-4747  
 ECONBA@state.gov