

# Investing in Argentina

JUNE 2020



Agencia Argentina  
de Inversiones  
y Comercio Internacional



Ministerio de Relaciones Exteriores,  
Comercio Internacional y Culto  
**Argentina**





## Argentina at a glance

### Large and Diversified Economy

- 3rd largest GDP in Latam. USD 450 billion (2019)
- GDP per capita of USD 10,000 (2019)
- ~44 M inhabitants (~60% under 35). Access to 270 M inhabitants in Mercosur

### Vast Availability of Natural Resources

- 8th largest country in the world, with 53% of agricultural land
- Top global exporter of soybean oil, corn, lemons, and lithium, among others
- World-class quality in meat production, exporting to top destinations (USA, Canada, China, Japan)
- 705,000 km<sup>2</sup> of mining areas with a high potential and 250 projects at an initial stage
- 2nd largest shale gas and 4th largest shale oil reservoirs in the world

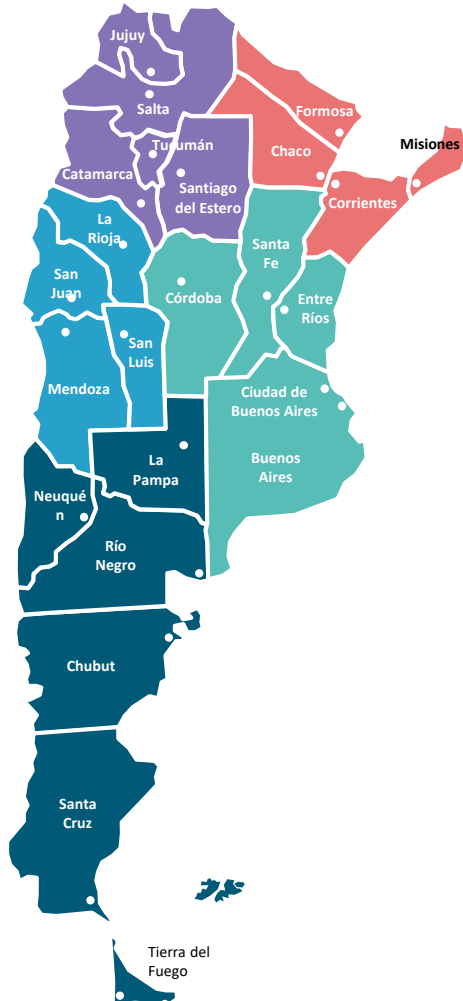
### Dynamic Industrial Complexes and Fast-Growing Sectors

- Steel pipes, farm machinery, medical equipment, and the automotive industry are leading exporting sectors in Argentina
- Fast-growing sectors, such as biotechnology and knowledge-based services

### High-Quality Human Capital

- +433 highly qualified labor force. +110k STEM graduates
- 1st in Latin America in English Proficiency

# Argentina has 5 main economic regions with diverse resources and activities



<b>NORTHWEST</b>	Agricultural products: soy, corn, sugar cane, rice, citrus fruits, wood. Mining: gold, silver, lithium, potassium.
<b>NORTHEAST</b>	Agricultural products: rice, soy, corn, 'yerba mate', tea, tobacco, citrus fruits. Forestry (pulp and paper), aquaculture. Mining: precious and semi-precious stones. ICT, software (Misiones, Chaco).
<b>CUYO</b>	Mining: gold, silver, copper, lime. Agricultural Products: wine, nuts, olives. Electronic appliances manufacturing. Renewable energy (solar and wind). ICT and software (Mendoza).
<b>CENTER</b>	Agricultural products: soy, wheat, corn, sunflower, peanuts. Stockbreeding, dairy. Industrial: Automotive industry. Agricultural equipment, petrochemical, pharmaceutical, real estate, creative, and cultural industries. ICT (Buenos Aires, Córdoba).
<b>PATAGONIA</b>	Agricultural products: fish, fruit, sheep farming. Energy: petroleum, shale oil, shale gas. Renewable Energy (wind). Industrial: manufacturing of electronic devices.

## INFRASTRUCTURE

- ⦿ **Airports:** 55
- ⦿ **Docks:** 101
- ⦿ **Routes:** 500,000 km
- ⦿ **Federal routes:** 37,500 km
- ⦿ **Railways:**  
Cargo: 12,000 km  
Passengers: 3,870 km
- ⦿ **Electric Power Generation:**  
12,623 Ttoe



## Government priorities and short-term challenges

Alberto Fernández began his administration acting under three fundamental priorities:

- 1 Increasing the **income of the underprivileged** and stopping the raise of poverty rates in Argentina
- 2 Promoting the **reactivation of production and job creation, focusing on SMEs**
- 3 Creating conditions to **ensure the sustainability of public debt, in a way that is compatible with the recovery of the real economy, with the improvement of basic social indicators**



# Mid/long-term challenges to achieve a sustained and inclusive growth


## 1. Productive model for Argentina

- Federal Productive Development
- Industry 4.0 (incorporation and promotion of technologies in the existing productive framework)

## 2. Knowledge as the basis for development

- Innovations are key for generating a high added value
- Strengthening of CONICET (the National Council for Scientific and Technical Research is the main body dedicated to the promotion of science and technology in Argentina)
- Science, Technology and Productive Innovation once again has its own Ministry





## Mid/long-term challenges to achieve a sustained and inclusive growth

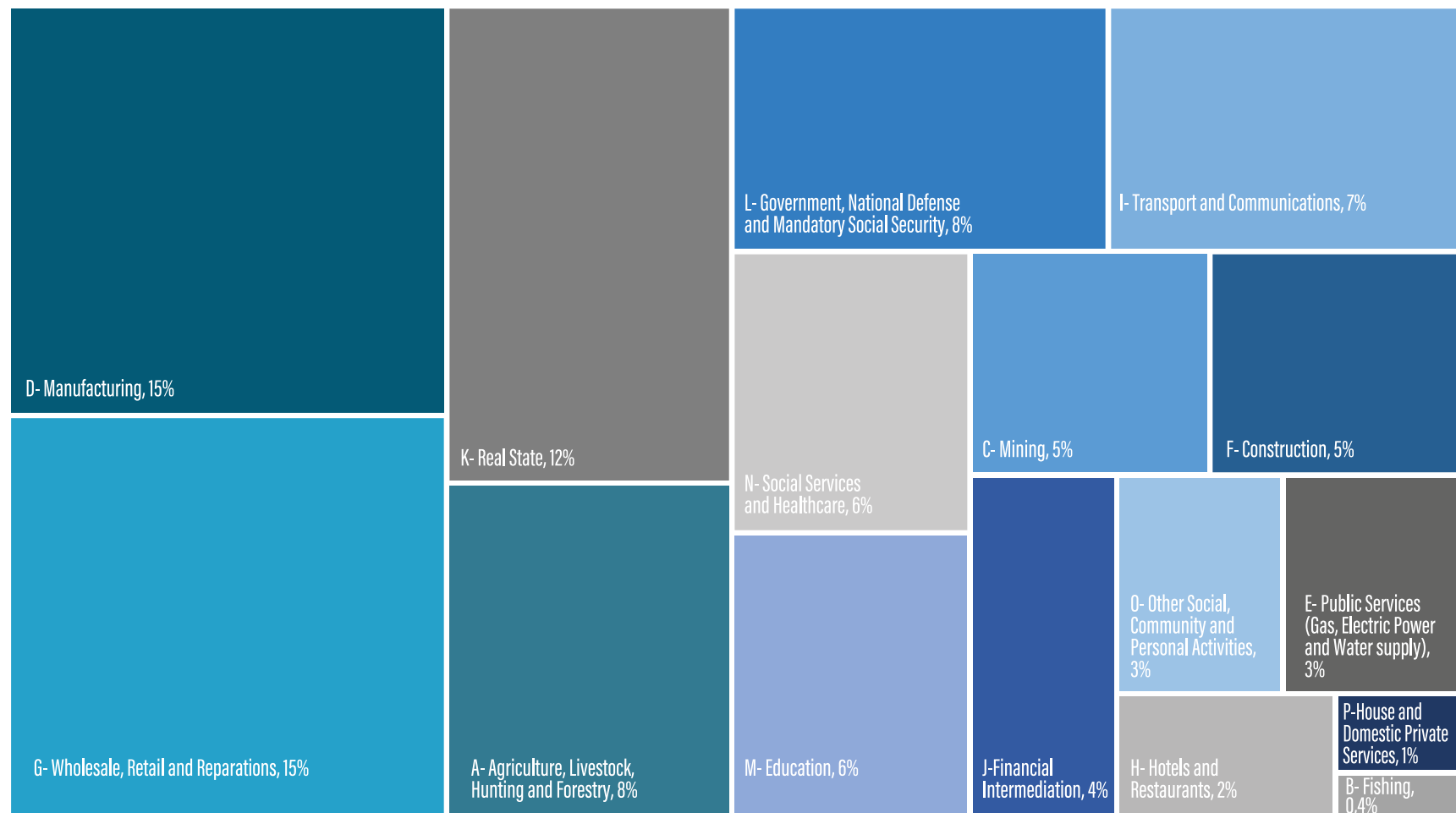
### 3. Export insertion of greater complexity, added value, and greater diversification in its destinations.

- Currently, agricultural commodities represent 40% of the exported total, and MERCOSUR and the EU comprise 38% of shipments
- Opportunities to expand external sales based on a market and product diversification strategy
- The Ministry of Foreign Affairs is developing a strategy to expand the presence in established markets while entering new, more dynamic markets that demand higher value-per-unit products, where Argentina has competitive advantages

### 4. Gender Agenda

- Reducing inequalities of access and income in the labor market, along with other inequalities and injustices linked to gender
- Creation of the Ministry of Women, Gender and Diversity and, within the Ministry of Economy, the Directorate of Economy, Equality and Gender

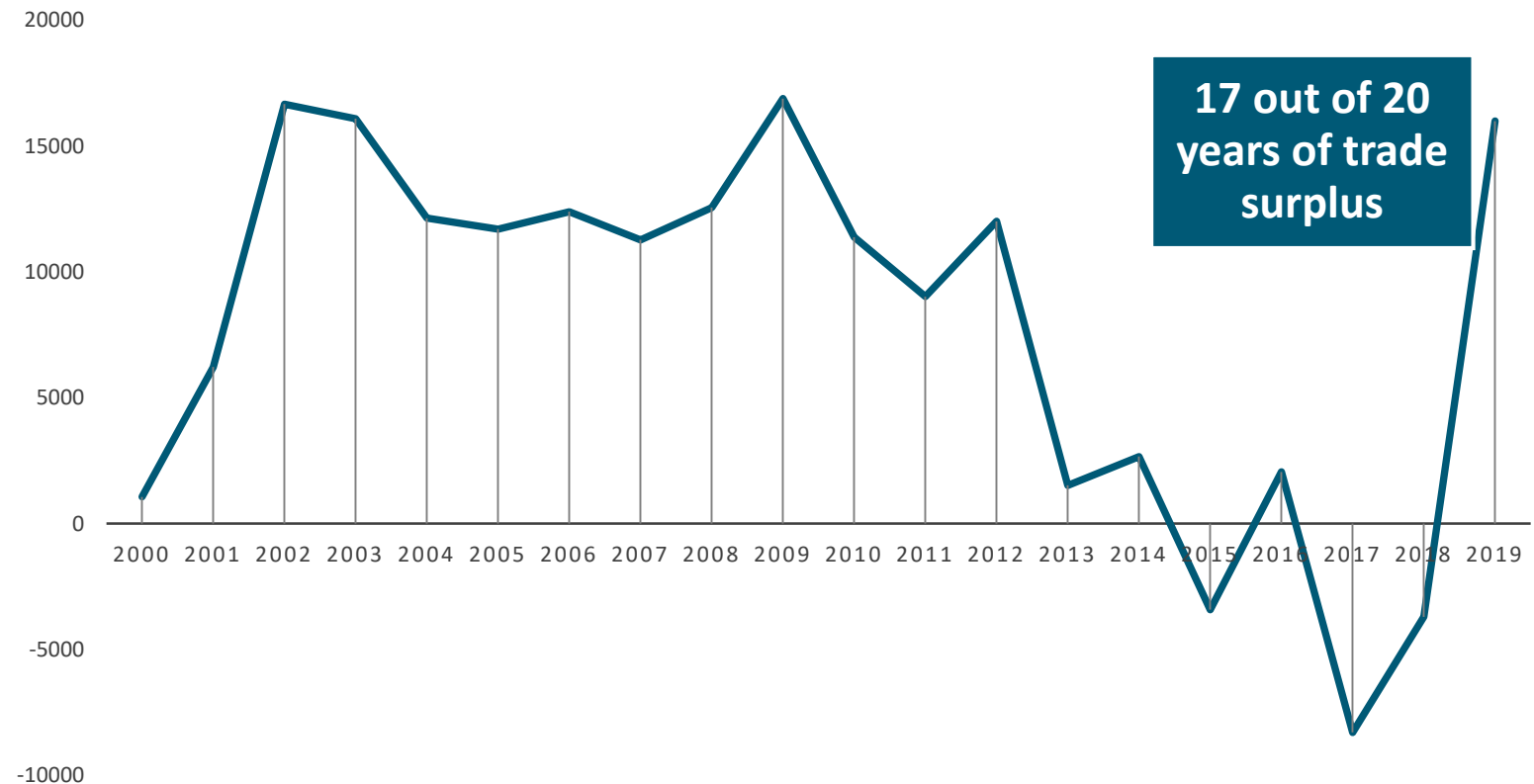
## 2019 GDP broken down



### Manufacturing leaders and a broad supply chain

There is a broad and complex supply chain focused on the long manufacturing tradition in sectors such as food, automobile, chemical, pharmaceutical, and farm machinery industries.


## Trade account (Current USD in millions)



### Argentine foreign trade

- Approximately 50% of manufacturing exports go to the United States and Brazil.
- United States ranks 3rd in Argentine exports.
- 2019 exports: USD 65,115 million. 2019 imports: USD 49,125 million





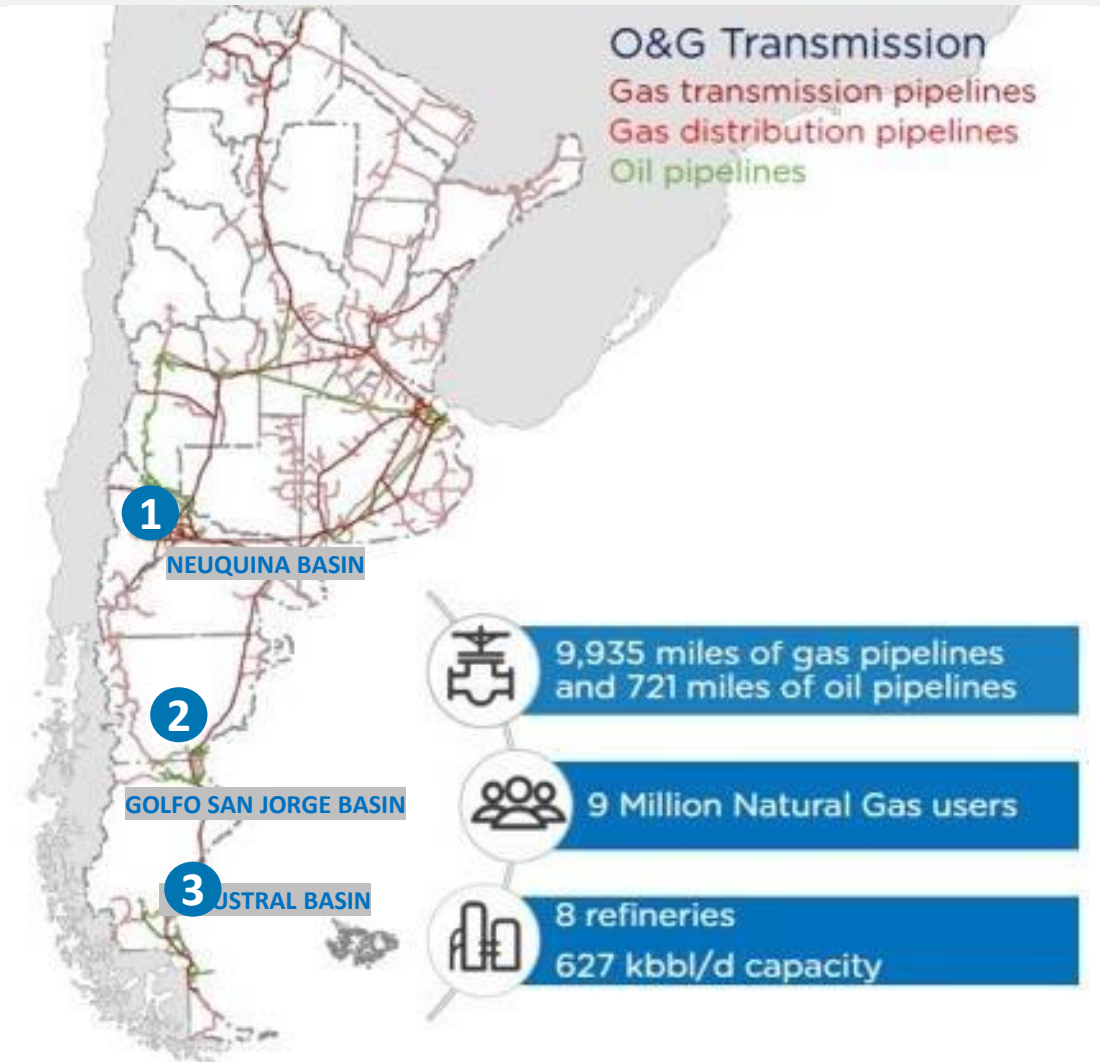
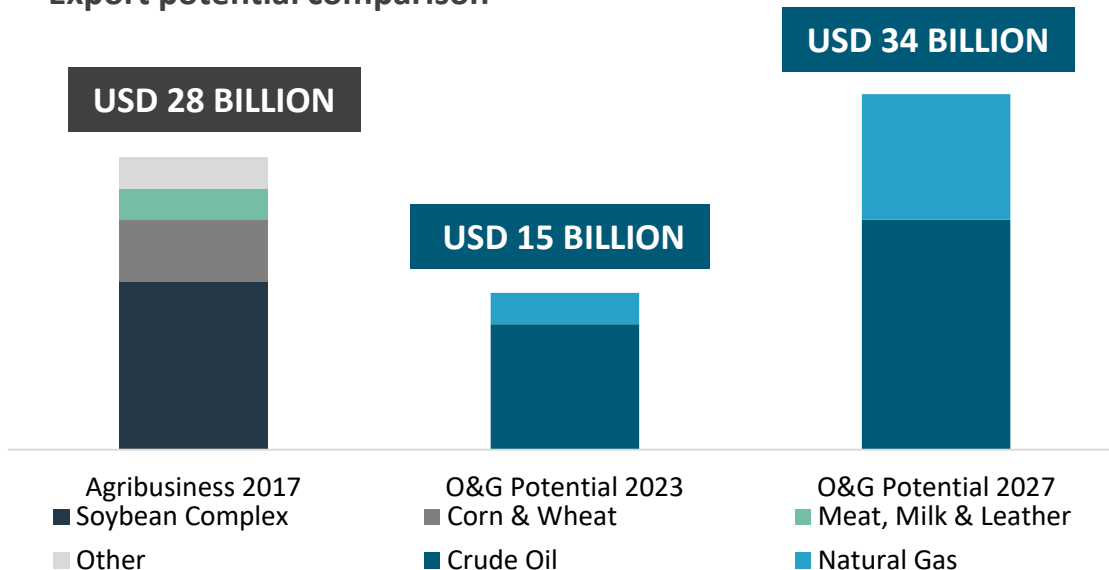
## Section 2: promising investment sectors

- ① Oil & gas
- ② Mining
- ③ Agribusiness
- ④ Knowledge-based services
- ⑤ Tourism
- ⑥ Telecommunications

# Road to development - Oil and gas

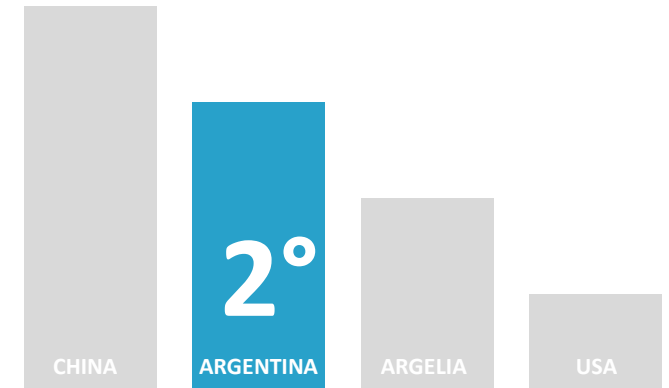
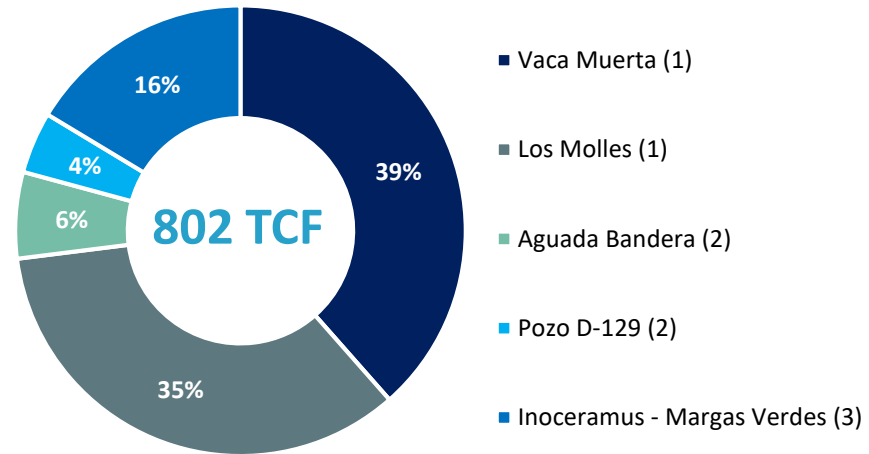
- 52% of direct investment in 2018 was in O&G.
- 100 years of strong oil production.
- Vast and high-quality unconventional resources in early stages of development (including Vaca Muerta).
- Potential in offshore and deepwater.

## Export potential comparison



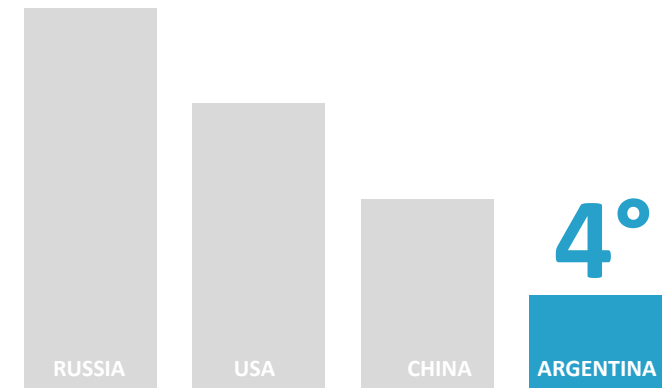
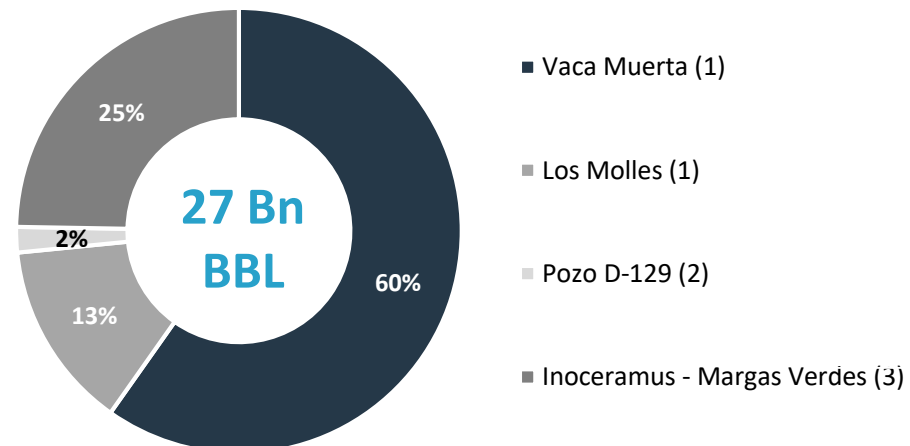
# Vaca Muerta: world-class shale resource

## SHALE GAS RESOURCES IN ARGENTINA



Potential for unconventional gas

## SHALE OIL RESOURCES IN ARGENTINA



Potential for unconventional oil



Numerous mining projects to be developed

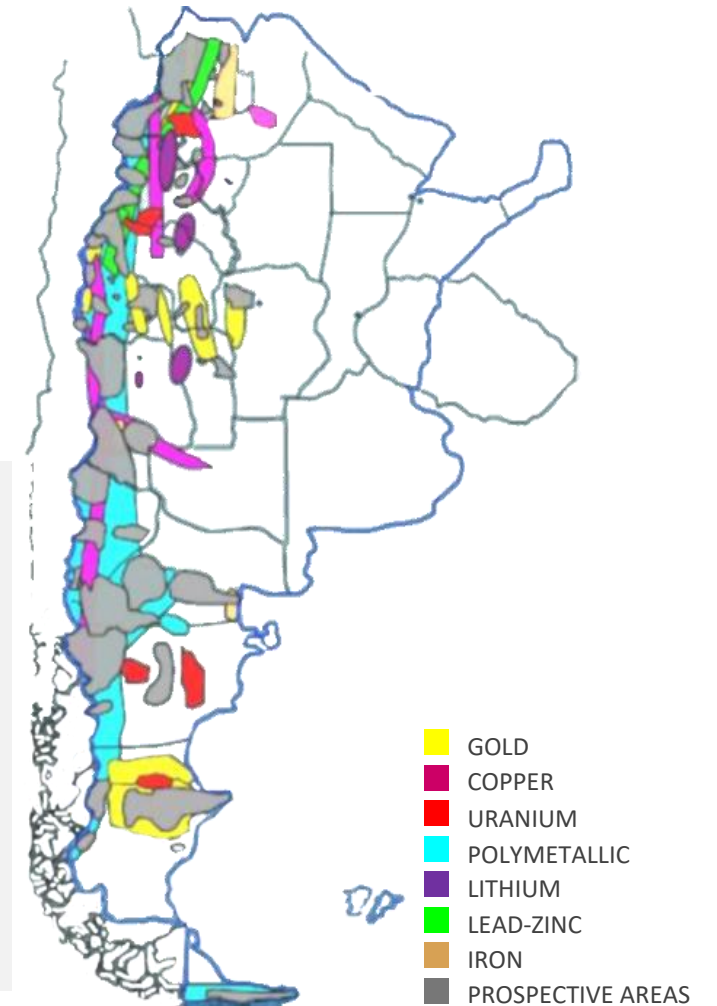
10<sup>th</sup> GLOBAL BUDGET IN MINING EXPLORATION

1<sup>ST</sup> LITHIUM EXPLORATION BUDGET

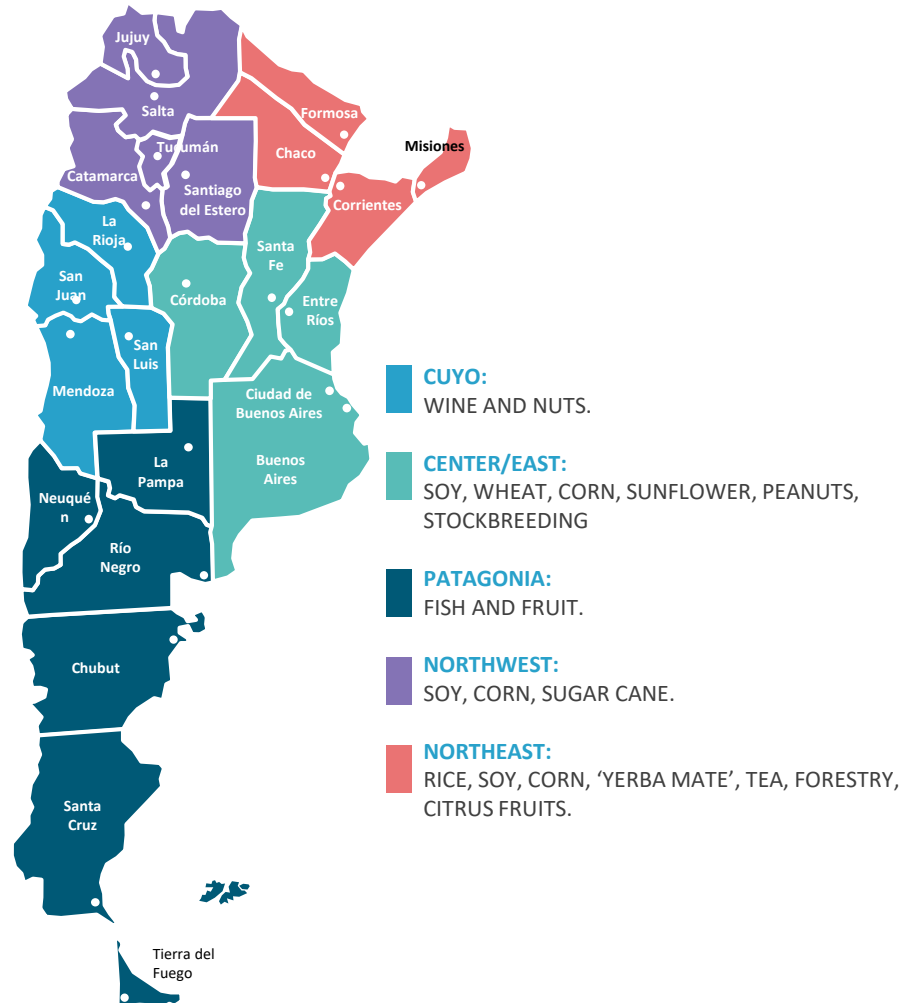
LARGEST UNDEVELOPED WORLD-CLASS COPPER DEPOSIT

2<sup>nd</sup> IN THE WORLD TOP 30 GOLD MINES

- Argentina is one of the 3 countries in the 'Lithium triangle'
- Opportunities in copper, gold, silver, etc.
- 705,000 km<sup>2</sup> of high-potential mining areas
- 183,000 km<sup>2</sup> of mining rights already granted



# World-class reputation in quality and productivity: Agribusiness



## Vast availability of natural resources

- Large extensions of highly-productive land
- Fertile territory and widespread availability of water
- Geographic and climatic diversity
- World's second-largest extension of certified organic land

## Highly professionalized and technologically advanced sector

- Qualified human resources
- Cutting-edge technology and advanced management practices
- One of the leading nations in the application and development of AgTech

## Internationally-recognised reputation for natural, healthy, and high-quality products

- Free from African and Classical swine fever, and PRRS
- Free from FMD with and without vaccination
- Insignificant risk of BSE disease

## Ongoing national infrastructure plan to continue lowering domestic logistic costs



# Main comparative indicators for 2019

## World's largest & most efficient soybean complex

**1st** Soybean oil exporter

**1st** Soy flour exporter

**3rd** Soybean exporter

**1st** Biodiesel exporter



## Other world-leading exports

**1st** Lemon oil exporter

**1st** Peanut oil exporter

**3rd** Corn exporter

**5th** Beef exporter

**4th** Wheat flour exporter





# Outstanding positioning in global services

- Exceptional talent supply of English-speaking workforce for high added value activities
- Highly-competitive cost structure
- Mature sector (+12 years)
- Fiscal incentives (Knowledge-Based Services Law)
- Availability of high-quality, affordable office space, with lower prices than the regional average
- Located in a convenient time zone
- Main exports destination: USA (49%), Uruguay (10%), Chile (8%), and Mexico (7%).

## 5 OUT OF 16

'UNICORNS' IN LATAM  
ARE FROM ARGENTINA



## 1<sup>st</sup>

Software Exporter in LATAM  
50% TO THE US

## 10,000+

## EMPLOYEES

TOP GLOBAL SERVICE FIRMS ALREADY  
ESTABLISHED SHARED SERVICE CENTERS



## 40+

## TECH HUBS

ACROSS THE COUNTRY



## Knowledge-based services law

(in progress)

### 4 MAIN FISCAL BENEFITS

- 1 **Fiscal stability**  
Due to the legal effect of the law
- 2 **Income tax**  
Reduced up to 60%
- 3 **Labor taxes reduction**  
Payroll tax reduction in social security contributions
- 4 **Fiscal relief for exporters**  
Payment on account of taxes withheld abroad

# Argentina is the top touristic destination in the region

- ① 4<sup>th</sup> exporting sector in the country (7% of total exports)
- ② Leader in Corporate Tourism. **International Congress and Convention Association (ICCA):**
  - 1<sup>st</sup> country destination in LATAM
  - Buenos Aires City: 1<sup>st</sup> destination city in the continent (for 11 consecutive years)
- ③ Hotel and eco/theme park opportunities found in most provinces
- ④ Unprecedented investments in air travel and recently-built infrastructure

## International tourism arrivals

*Million arrivals in 2019*

Argentina	7.4
Brazil	6.4
Chile	4.5
Peru	4.3
Colombia	4.1

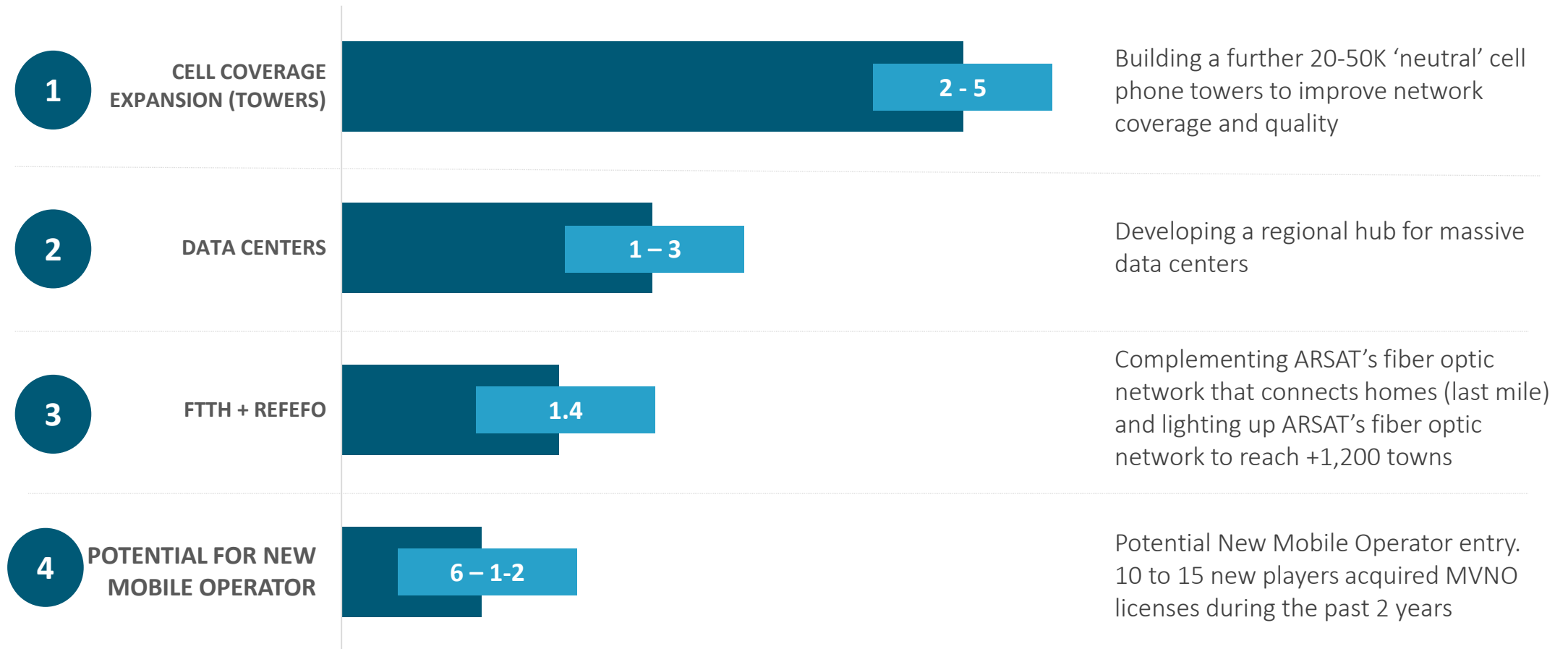
Accounts for 20% of total arrivals of non-residents in South America (UNWTO).

**Total expenditure (USD): 11 billion**



# The expansion of telecommunications infrastructure in Argentina represents an investment opportunity of usd +7 billion

*Opportunities in detail (in billion USD)*



## How we can help

We promote the internationalization of Argentine companies and facilitate private investments in Argentina

### OUR SERVICES:



IDENTIFICATION OF  
OPPORTUNITIES AND  
LOCATION



NETWORKING



DUE DILIGENCE  
SUPPORT



FACILITATION



IMPROVEMENT OF  
BUSINESS CLIMATE



FOLLOW-UP TO  
THE OPERATION

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