



Embassy of India
Buenos Aires



**ECONOMIC
DIPLOMACY
DIVISION**

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MESSAGE

The report on **“Doing Business in Argentina”** is a comprehensive piece compiling Argentine demography, economy, regulatory mechanism, and other dynamics related to doing business in the country.

Argentina is not only an important country in Latin America, but also a G20 nation. It was one of the top 10 richest countries in terms of GDP per capita in late 19th and early 20th century. In spite of its decline, the future of Argentine economy seems promising due to its strong fundamentals besides the mother nature bestowing the country with choicest blessings in mines & minerals, oil & gas, as well as huge cultivable and fertile land.

India is seen as the land of spirituality by Argentines and thus, enjoy incomparable respect and goodwill. Yoga, Ayurveda, dance and music besides culture, philosophy and gastronomy are much appreciated and are in demand. The best part of all of it is that almost all practitioners are Argentines themselves.

I am sure the information provided in the report would prove to be useful and inspiring to the new Indian business entrants to Argentina.

(Dinesh Bhatia)



Doing Business in Argentina

March 2022



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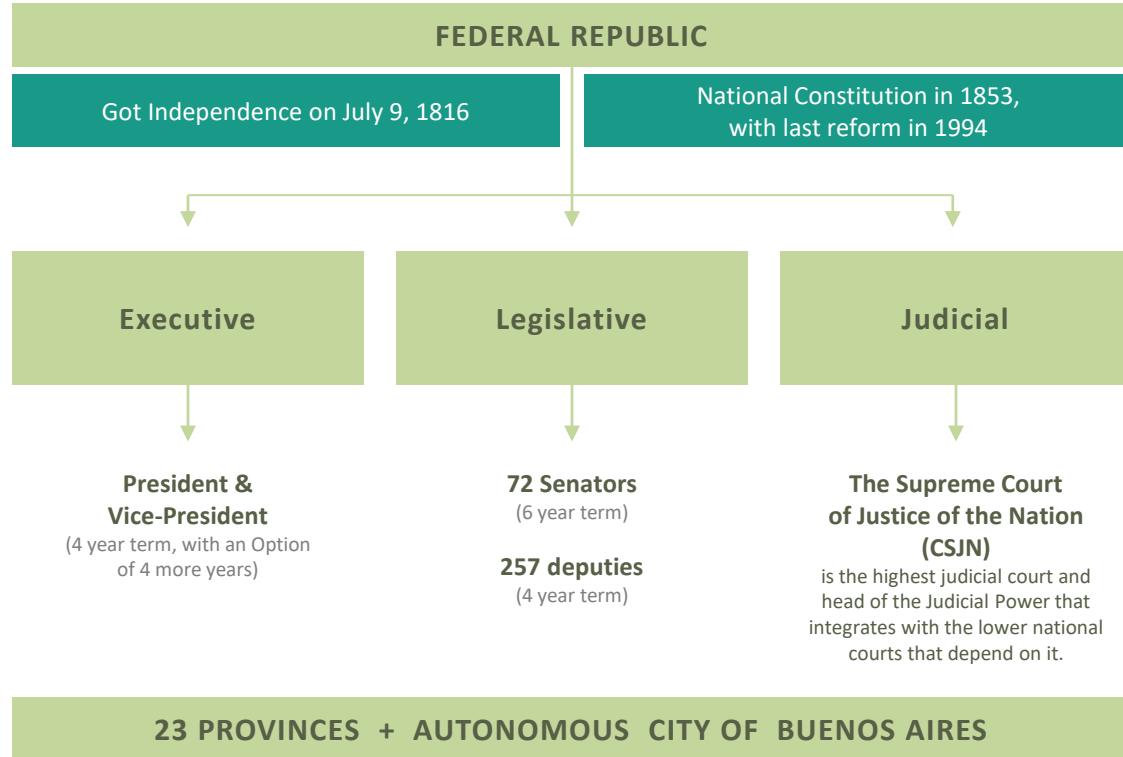
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01/ Overview

// POLITICS





// DEMOGRAPHICS

+45M
POPULATION

100 females vs 96.2 males

10.7
PEOPLE PER KM2

91.9% urbanized

1.04%
ANNUAL POPULATION
GROWTH RATE 2021

24.4% UNDER 15 | **63.7%** BETWEEN 15-64 | **11.9%** OVER 65

age distribution

SPANISH

official language

English is the second
most spoken language

20%

completed university level

98%

literacy rate

40.6%
POPULATION BELOW
THE POVERTY LINE 2021

// DEMOGRAPHY

Main urban areas (2010 census)	Population	% of total population
Greater Buenos Aires (GBA)	9,916,715	24.7
City of Buenos Aires (CABA)	2,890,151	7.2
Cordoba	1,454,536	3.6
Rosario	1,237,664	3.1
Mendoza	937,154	2.3
San Miguel de Tucuman	800,087	2.0
La Plata	643,133	1.6
Mar del Plata	593,337	1.5
Salta	539,187	1.5
TOTAL	19,011,964	47.4

MAJOR URBAN CENTERS



// ECONOMY

Top 5 economies
in Latin America
(by GDP) In USD
millions (2021)



Top 5 economies
in Latin America
(per capita
income) In USD
(2020)



Argentine products are
exported to more than
90 COUNTRIES

In 2021, exports were
USD 78 BILLION,
while the fiscal surplus
was USD 15 billion

2.9%

2017

2018

-2.6%

2019

-2.5%

10.0%

2021

512

434

361

-11.7%

383

483

GDP in USD millions (2021)

Evolution of
Argentina's GDP

Foreign Direct Investment in 2020 in Argentina

USD 4.0 BILLION

(top 3 major investors: United States, Spain and Netherlands)

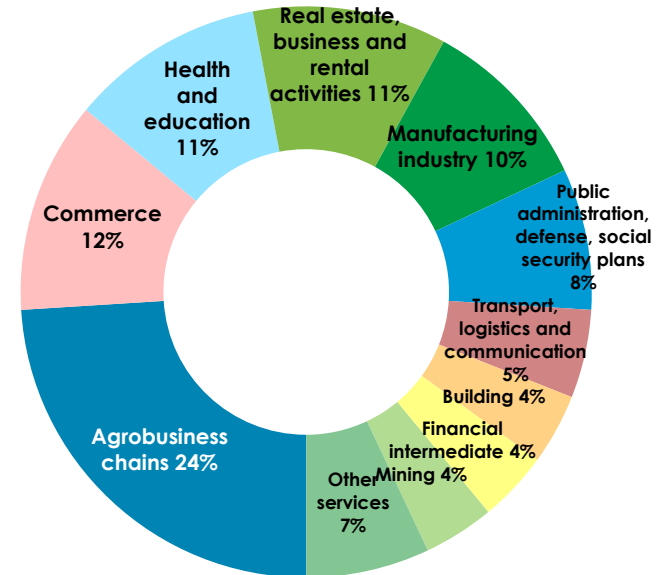
In terms of imports, the country maintains economic links with 82 countries and the main imports are intermediate goods that complete their production cycle in the country (41%), spare parts and accessories for machinery (19%) and capital goods (16 %).

// ECONOMY

- Argentina has a highly diversified economy. The primary sector is internationally renowned for its high productivity levels and use of advanced technologies.
- The country's well-developed industrial base showcases key sectors such as agribusiness, pharmaceuticals, automotive, chemicals and petrochemicals, biotechnology and design manufacturing.
- The country is a leading food producer and ranks:
 - 3rd in the production of Soybeans;
 - 4th largest producer of Soybean oil, Soybean flour and Sunflower (seed, meal and oil);
 - 7th largest producer of Barley;
 - 8th largest producer of Sorghum and;
 - 13th largest producer of Wheat in the world.
- Argentina holds the fourth largest shale oil and second largest shale gas reserves in the world.
- The leading industrial sectors by gross value of production are food processing, beverages chemicals and pharmaceuticals; motor vehicles and auto parts and manufacture of coke, oil refining and nuclear fuel.

- Inflation has gone up by 50.9% in 2021.

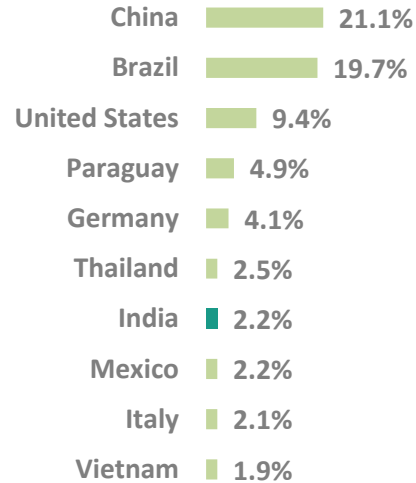
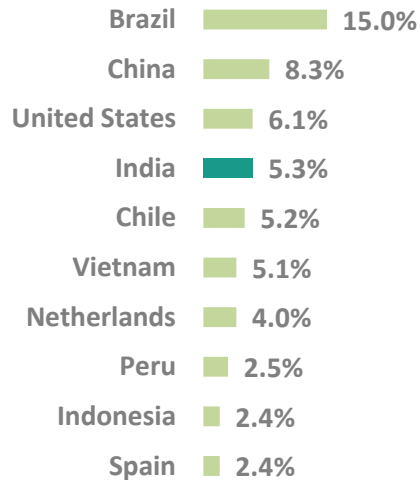
Composition of GDP by sector (2020)



// FOREIGN TRADE

EXPORTS	
TOP 10 PARTNERS	In USD billion
EXPORTS 2021	78

IMPORTS	
TOP 10 PARTNERS	In USD billion
IMPORTS 2021	63



EXPORTS 2021	
TOP 5 SECTIONS of the Harmonized System	%
Product of vegetable origin	25%
Foodstuffs, beverages and tobacco	20%
Fats and oils	11%
Live animals and products of animal origin	9%
Industrial products	7%

IMPORTS 2021	
TOP 5 SECTIONS of the Harmonized System	%
Machines, instruments and manufactures	26%
Industrial products	20%
Transport equipment	11%
Mineral products	11%
Common metals and manufactures	7%

// SERVICES AND TOURISM

5.7 billion

USD



Exports 2020 of the services industry (computer science and programming, professional services, design, others), the main destinations being the US and the European Union.

0.21 million

TOURISTS ARRIVAL IN 2021

ORIGIN OF TOURISTS:

fourth quarter of 2021

Europe (28.7%)
United States and Canada (21.6%)
Rest of America (14.7%)
Brazil (13.3%)
Chile (12.5%)
Bolivia (3.2%)
Rest of the world (2.5%)
Paraguay (1.9%)
Uruguay (1.6%)

// FOREIGN TRADE

•Argentina's main trade partners are Brazil, China and United States, in both exports and imports of goods.

•61% of the products sent to Brazil are transport material and vegetable/crop products.

•The main products exported to China are soybeans related products, while the items sent to United States are products from the chemical and related industries, common metals, and their manufactures.

•Argentina mainly imports transport material from Brazil, electrical and electronical equipment from China, and products from chemical industries and related from the United States.

ARGENTIAN'S EXPORTS AND IMPORTS (In USD billion)

Year	Exports	Imports	Trade Balance
2017	54,066	61,572	-7,506
2018	56,445	61,566	-5,121
2019	59,742	45,992	13,750
2020	54,883	42,355	12,528
2021	77,934	63,183	14,751

ARGENTIAN'S EXPORTS AND IMPORTS. MAIN BUSINESS PARTNERS (In USD billion)

		Brazil	China	United States of America	India	Chile	Vietnam	Netherlands	Peru
Exports (FOB)	2021	11,775	6,299	4,921	4,301	4,181	3,225	2,985	1,998
	2020	7,941	5,396	3,263	2,507	2,890	2,850	1,593	1,377
Imports (CIF)	2021	12,391	13,537	5,864	1,393	695	1,184	726	191
	2020	8,648	8,663	4,365	800	539	754	322	117

// INFRASTRUCTURE

53

AIRPORTS

22 of which are international

The most relevant are the Ezeiza International Airport (Ministro Pistarini) and Jorge Newbery, Domestic Airport

+60

PORTS

Approximately 60% of the country's container cargo is concentrated in the Port of Buenos Aires

+36M

SMARTPHONES USERS

Penetration is the third highest in Latin America, after Uruguay and Chile

54%

GAS

31%

PETROLEUM

15%

OTHER SOURCES

main sources of energy

640,000

ARGENTINE ROAD SYSTEM

(Km of routes and roads)

17,485

HEALTH CARE ESTABLISHMENTS,

including public management, social security and the private sector



02/ Setting up a Business

// SETTING UP A BUSINESS

**THERE ARE NO RESTRICTIONS
ON FOREIGN INVESTMENT.**

No prior approval is required from the Argentine authorities, although some of them are applicable to sensitive areas, such as telecommunications, defense, oil and gas.

Foreign investors are not required to obtain government permission to invest in the country. They can own a company in its entirety and any investment in publicly traded stocks does not require government approval. Foreign companies such as shareholders, partners or home office must be registered in the Public Registry of Commerce.

EASE OF DOING BUSINESS RANKINGS	Argentina	India
GLOBAL RANK	126	63
Starting a Business	141	136
Dealing with construction permits	155	27
Getting electricity	111	22
Registering property	123	154
Getting credit	104	25
Protecting minority investors	61	13
Paying taxes	170	115
Trading across borders	119	68
Enforcing contracts	97	163
Resolving insolvency	111	52

**ACCORDING TO WORLD BANK'S EASE OF DOING BUSINESS INDEX, IN 2019
ARGENTINA RANKED 126 OUT OF 190 ECONOMIES. INDIA WAS RANKED 63rd.**

// BUSINESS TYPE

The forms of investment most used by non-resident individuals and foreign companies are:

CORPORATION

("Sociedad Anónima" or "S.A.")

SINGLE OWNER CORPORATION

("Sociedad Anónima
Unipersonal" or "S.A.U.")

LIMITED LIABILITY COMPANY

("Sociedad de Responsabilidad
Limitada" or "S.R.L.")

BRANCH OF A FOREIGN COMPANY

("Sucursal")

SIMPLIFIED STOCK CORPORATION

("Sociedad por Acciones
Simplificada" or "S.A.S.")

COOPERATING GROUPS

("Collaboration Groups")

COOPERATING CONSORTIUM AGREEMENT

("Consortios de Cooperación")

TRUSTS

("Fideicomisos")

OTHER FORMS OF INVESTMENT ENTITIES AND BUSINESS PARTICIPATION

PARTNERSHIPS

("Sociedades Colectivas")

JOINT VENTURES

("Uniones Transitorias")

// GENERAL REGULATORY FRAMEWORK

FINANCIAL ACTIVITIES

Pursuant to Financial Entities Law No. 21,526 (FEA), which governs banking and financial activities in Argentina.

ENERGY AND NATURAL RESOURCES

The electricity sector was reformed and privatized in 1992 by the federal and provincial governments.

CAPITAL MARKETS REGULATIONS

The Productive Financing Law (Law No. 27,440) modified in 2018 the Capital Market Law (Law No. 26,831), which regulates activity.

MINING

Mining activities in Argentina are governed by the Mining Code, enacted in 1886 as Law No. 1919, as subsequently amended on several occasions.

OIL & GAS

Exploration and production activities are regulated by Law No. 17,319, as amended (the "Hydrocarbons' Law"), and by subsequent regulatory decrees and resolutions.

Hydrocarbon exploration, development and production require an exploration permit or a production concession granted by the federal government or a province, depending on the location of the reserves.

Law No. 13,660, enacted in 1949, provides the basic legal framework for downstream activities, which must also comply with provincial and municipal regulations regarding technical, safety and quality standards.

INSURANCE ACTIVITIES

According to Law No. 12,988 (as amended) only insurers duly authorized by the Argentine Insurance Regulatory Agency (SSN) may insure persons, goods and any other insurable interest of national jurisdiction.

COPYRIGHT

The legal framework for copyright regulation is set out in Law No. 11,723, as amended (the "Intellectual Property Law" or "IP Law"). Protection under the IP law includes scientific, literary, artistic or educational works, regardless of the processes used for their reproduction.

TRADEMARKS AND TRADE NAMES

Trademarks and trade names are governed by Trademark Law No. 22,362 and its implementing regulations. The law provides protection on ownership of a trademark and its exclusive use, after its registration with the Trademark Office (Instituto Nacional de la Propiedad Industrial or INPI).

PATENTS AND UTILITY MODELS

Patents and Utility Models in Argentina are regulated by Law No. 24,481. The Patent Law provides that patents will be granted for any invention that complies with certain requirements: mainly novelty, inventive step and industrial application. The Patent Law awards a 20-year protection term as from the date of application of each patent.



03/ Tax system



// TAXES

- The federal, provincial and municipal governments levy taxes in Argentina.
- The federal government imposes Income Tax, Value Added Tax, Minimum Presumed Income Tax, Wealth tax, Excise Tax, Tax on Financial Transactions and Customs Duties.
- The provincial and municipal jurisdictions levy turnover tax, real estate tax, stamp tax, tax on vehicles and tax on public advertising, among others.
- Corporate Income Tax for Resident companies.



04/

Labour and Social Security Legislation

// LABOUR AND SOCIAL SECURITY LEGISLATION

- A general Employment Contract Law, supplemented by additional laws and statutes related to specific activities, regulates employment conditions throughout the country and collective bargaining agreements.
- The National Council for Employment, Productivity and Minimum, Vital and Mobile Wage sets the value annually and is chaired by the Nation's Minister of Labor, Employment and Social Security. In September 2021, the minimum wage was set at \$33,000 (Argentine pesos).

WORKFORCE

Argentina has skilled labor. Currently, it has an unemployment rate of 9.6% (Q2 2021).

Employee recruitment methods vary depending on the qualifications required, from direct recruitment at the employer's premises to the use of specialized private employment agencies. Agencies are used especially in the hiring of managerial and technical positions.

Employment contracts are not required to be in writing and are rarely used in practice.

EXECUTIVE COMPENSATION

Executives receive various fringe benefits in addition to salaries. Foreign companies usually provide such benefits in accordance with the parent company's policies.

The most common benefits are employer-provided automobiles and bonuses. A car policy is suggested as the company-provided car should be considered part of the salary package unless it is used as a work tool, and is needed for the work to be performed.

SEVERANCE PAY-COMPENSATION FOR YEARS OF SERVICE

If an employee or worker is dismissed, without having committed an act of gross misconduct or a criminal offense, severance pay is due, equivalent to one month's based salary for each year of service or period higher than three months.

SALARIES AND WAGES

Salaries and wages for office and industrial workers are not the same in all the regions of the country.

Minimum salaries for employees included in the collective bargaining agreement are generally established by the collective bargaining agreement itself, but supply and demand usually have great influence on determining the salaries of the best qualified workers.

LABOR UNION ORGANIZATIONS

Most workers are unionized. Historically, the power and influence of union was moderate, but it has increased in the last few years to such an extent that workers are also protected by collective bargaining agreements. Moreover, these workers may also opt for joining a union.



05/ Foreign Investment

// OPPORTUNITIES THAT FAVOR FOREIGN INVESTMENT

- Investment opportunities exist in different sectors, especially in infrastructure, the shale gas industry and the energy sector (traditional and renewable energies).
- **Argentina can be the gateway to MERCOSUR. A market of + 295 million consumers.**



RECENT DEVELOPMENTS

In 2020 the Government introduced new tax incentives to promote the knowledge economy. Incentives include a reduction in the corporate income tax rate (currently 25%), exemption from payment of export duties for companies in the service sector, a non-transferable tax credit bonus of up to 70% of employer contributions and tax stability. The new regime is valid until 2029.

In 2021, 6 Argentine companies became unicorns, exceeding

US\$ 1 billion

in market valuation.

Currently, **the country has 12 unicorns**: Mercado Libre, Globant, Despegar, OLX, Auth0, Aleph, Bitfarms, Mural, Tiendanube, Ualá, Technisys and Vercel.

TAX INCENTIVES FOR REAL ESTATE INVESTORS

Law 27613 (approved in 2021) establishes the Argentine Federal Construction Incentive Regime and Access to Housing, aimed at promoting the development or investment in real estate projects with tax incentives.

SPECIFIC TAX INCENTIVES IN THE FOLLOWING INDUSTRIES

- **Mining**
- **Forest Sector**
- **Knowledge Based Services**
- **Biotechnology**
- **Renewable energy**

// RELEVANT LEGISLATION FOR THE NEW BUSINESS

LEGAL FRAMEWORK

The Argentine Law provides for the protection of foreign investors and their projects. Argentina has entered into several bilateral investment treaties with other countries. It is a member country of the Multilateral Investment Guarantee Agency (MIGA), which provides guarantees to protect investments against non-commercial risks.

INVESTMENT MODEL

Foreign investors can start their businesses in three ways: setting up a foreign branch, acquiring ownership in an existing company or creating a new company.

CORPORATE AND BUSINESS ACT

Law No. 19,550 (amended and renamed as General Corporate and Business Law No. 26,994). Sets forth the different business forms available. The most popular business forms among foreign investors are *Sociedades Anónimas (S.A.)—Corporations—* and *Sociedades de Responsabilidad Limitada (S.R.L.) — Limited Liability Companies or LLCs.*

FOREIGN INVESTMENT LAW

Law No. 21,382 Sets forth the conditions for foreign investors to invest and transact business in the country. It further provides for the expansion of existing investment undertakings.

// INDIAN COMPANIES IN ARGENTINA

Godrej	AGCO	Sri Sri Tattva	Hero Motorcycles
Glenmark Pharma	CEAT Tires	Mahindra Comviva	Tech Mahindra
Royal Enfield	Bajaj Motorcycles	TVS Motor Company	TCS
UPL	Infosys	CRISIL	Sonalika Group
Cognizant	AEGIS		

// ARGENTINE COMPANIES IN INDIA

Globant	IMPSA	Grupo Los Grobo	OLX
INVAP	Techint	Advanta Seeds	
CIARA (Chamber of the Oil Industry of the Argentine Republic) and CEC (Cereal Export Center)			

INDIA-ARGENTINA BUSINESS COUNCIL

The India-Argentina Business Council (IABC) was formally inaugurated by Ambassador Dinesh Bhatia on 14th October 2020. The council is an initiative of the Embassy of India. It is conceptualized as a non-profit organization that comprises the main Indian companies operating in Argentina and vice versa, as well as the main exporters and importers between the two countries.

The Council will function with the objective of fostering a solid economic and commercial relationship between the two countries by identifying challenges and proposing solutions to problems that hinder the commercial relationship, promoting trade and investment opportunities, and supporting economic growth in Argentina and India.

// USEFUL INFORMATION

To start your business in Argentina, please contact the following entities:

NATIONAL INSTITUTE OF STATISTICS AND CENSUSES (INDEC)

Address: Av. Pres. Julio A. Roca 609
City of Buenos Aires
Postal Code: C1067
Phone: (+54 11) 4349-9200
Website: <https://www.indec.gob.ar>

MINISTRY OF FOREIGN AFFAIRS, INTERNATIONAL TRADE AND WORKSHOP Asia and Oceania Directorate

Address: Esmeralda 1216
City of Buenos Aires
Postal Code: C1007 ABR
Phone: (+54 11) 4819-7000
Website: <https://www.cancilleria.gob.ar>

ARGENTINE CHAMBER OF COMMERCE (CAC)

Address: Av. Leandro N. Alem 36
City of Buenos Aires
Postal Code: C1003
Phone: (+54 11) 5300-9000
Website: <https://www.cac.com.ar>

MINISTRY OF PRODUCTIVE DEVELOPMENT OF THE NATION

Address: Av. Hipólito Yrigoyen 250
City of Buenos Aires
Postal Code: C1086
Phone: (+54 11) 0800-333-7963 - Website:
<https://www.argentina.gob.ar/produccion>

MINISTRY OF ECONOMY OF THE NATION

Address: Av. Hipólito Yrigoyen 250
City of Buenos Aires
Postal Code: C1085 AAB
Phone: (+54 11) 4349-5000 - Website:
<https://www.argentina.gob.ar/economia>



06/

Preparing a Business trip to Argentina

// PREPARING A BUSINESS TRIP TO ARGENTINA

CONTACT THE EMBASSY PRIOR TO THE VISIT

Visitors are invited to contact the Embassy a few weeks before the visit. They should give a full profile of their companies and details of the products so that the Embassy can identify the importers and match.

The Embassy would provide information and a list of importers. Based on this, exporters can establish preliminary contacts with importers in Argentina.

Website: www.indembarg.gov.in

UPON ARRIVAL AT THE AIRPORT

Upon arrival at Ezeiza airport, please take the prepaid taxis. Depending on the traffic and the day, it takes between 30 minutes and an hour to get to the city from the airport.

SHOPPING MALLS

The main shopping centers in Buenos Aires are Galerías Pacífico, Abasto, Patio Bullrich, Paseo Alcorta, Alto Palermo, Jumbo Palermo, El Solar de la Abadía, DOT Baires Shopping and Unicenter.

MOVING IN BUENOS AIRES

Like many other Latin American cities, Buenos Aires also has its share of crime and violence. Visitors should be very careful with their travel documents and valuables such as jewelry, expensive watches, cameras, camcorders, cell phones, and laptops.

LANGUAGE AND CURRENCY OF USE

For your expenses in Buenos Aires it is convenient to pay in Argentine pesos. Spanish is the language used in the country. Many businesses have staff who speak English as a second language.

THE MAIN 5-STAR HOTELS IN BUENOS AIRES

Four Seasons Hotel Buenos Aires

Posadas 1086
(54 11) 4321 1200
www.fourseasons.com

Sheraton Buenos Aires Hotel & Convention Center

San Martin 1225/1275
(54 11) 4318 9000
www.marriott.com

Hotel Hilton Buenos Aires

Macacha Guemes 351
(54 11) 4891 0000
<https://www.hilton.com>

Alvear Palace Hotel

Avenida Alvear 1891
(54 11) 4808 2100
www.alvearpalace.com

Hotel Intercontinental Buenos Aires

Moreno 809
(54 11) 4340 7100
www.ihg.com/intercontinental



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