



Doing Business in Argentina

After voting its populist government out of office, Argentina is undertaking deep economic and social reforms and rapidly re-engaging with international markets. The reforms are, inter alia, aimed at simplifying and reducing the cost of doing business and attracting local and international investments. For the Netherlands this offers ample of opportunities for cooperation, trade and investment. Priority sectors are water, agriculture and logistics, where Dutch expertise is well known and in demand.

As Latin America's third largest and the world's 20th economy, Argentina is quickly regaining its position as an important player in the international arena. Being the third investor in Argentina (after the United States and Spain) and Europe's primary importer of Argentinian goods, the Netherlands plays an important role as international trade partner. This is also evidenced by Argentina's invitation to the Netherlands as guest country during its G20 Presidency in 2018.

Upon taking office in December 2015, President Mauricio Macri's government has allowed a new and necessary wind to blow through the Argentinian economy. In a revolutionary shift of policies, the country abolished payment restrictions, settled its international debt default conflicts and opened its markets for more international competition. Economic challenges that the

government is trying to tackle are the fiscal deficit, high inflation and institutionalized corruption.

Dutch businesses are benefitting from this improved business climate and increased competition. In 2017, the export of goods from the Netherlands to Argentina reached EUR 1 billion and further intensification of the bilateral trade relations is expected. The vast natural resources and highly educated population make Argentina an attractive country to invest in. The expected conclusion of the bilateral Free Trade Agreement between the EU and Mercosur this year would provide a further boost to trade and investment opportunities.

Water

In recent years Argentina experienced increased climatic change, resulting in recurring floods with immense economic and social impact. The lack of integral approaches to water management provides a major challenge. In this regard, Dutch knowledge and expertise are well-recognized and in high demand, especially in the areas of water governance, wastewater treatment and water quality. In 2017 Argentina launched a national water plan with a total budget of USD 44 billion, half of which will be invested in the area of water and sanitation. The plan focuses on four main components for the upcoming 15 years:

- Drinking water and sanitation
- Adaption to climate change
- Water for production
- Multi-purpose infrastructure and biomass

In March 2017, Argentina and the Netherlands signed an MoU on Cooperation in the field of Water Resources aiming at governments, knowledge institutes as well as businesses. The MoU has led to concrete cooperation, mainly on water governance, integrated water resources management, wastewater treatment and sanitation. This provides a solid basis for involvement of Dutch companies in this sector.

Dutch expertise in integral water resources management is key for the improvement of Argentinian water management and necessary establishment or reorganization of water boards around the country. Hereto, an agreement was signed between the Dutch Water Authorities and the water authority of the Province of Buenos Aires on institutional capacity building.

In the field of (residential and industrial) waste water treatment, concrete business potential is being realized in the cleaning of the highly polluted rivers Rio Reconquista, Matanza-Riachuelo and others. The expansion of the sanitation infrastructure offers interesting opportunities for innovative Dutch water purification companies.

Agriculture and Food

Argentina is an agricultural powerhouse, and the agro-food sector, including processed foods, accounts for approx. 60% of the country's export income. Argentina's diverse climate, highly fertile soils and other natural resources give the country a

comparative advantage in several of these sectors. With 60 million hectares of land with good agricultural and livestock potential, of which 35 million are already under production, Argentina is one of the main global food producers. This is reflected in the country being a leading exporter for a large number of products, including biodiesel, soybean oil, soybean meal and lemon byproducts. The export of the food and beverages sector amounted to USD 25 billion in 2017.

Argentina has begun a decisive transition towards a development vision based on bio-economy concepts. Transformation of the high availability of biomass is driving public-private investment in new technologies, where the Netherlands can offer its technological innovations, knowledge and strategic vision.



Food security has been defined as one of the fundamental axes for the national government. In this regard, new technologies and services (agro-logistics) will be demanded for the transformation of the more than 14.500 companies that are part of the Food and Beverage industry.

Adding value through diversification, improved quality and efficiency throughout the agro-food value chains will support Argentina in its objective of becoming 'the supermarket of the world'.

The main bio-economic pillars defined by the Ministries of Agribusiness and the entrepreneurial sector in agribusiness are:

- Food Security: development of value chains
- Water: Adaptation and mitigation to climate change, integral management and efficient land usage
- Biomass transformation: Expansion of energy supply
- Knowledge: Strengthen scientific-technological developments.

In March 2017, a number of agreements were signed between Argentina and the Netherlands, with special focus on agro logistics, the 'Orange Triangle'-model (cooperation between government, knowledge institutes and the private sector), water management, electronic certification and technological scientific cooperation. The existing cooperation framework provides a unique opportunity for the inclusion of Dutch companies in the Argentinian agribusiness sector.

Logistics

With a vast territory (Argentina is 67 times larger than the Netherlands), logistics has always been a main challenge for Argentina. Previous governments invested too little in infrastructure for the country to realize its economic potential. Therefore, the new government launched the ambitious National Transport Plan which aims to increase transport and logistics efficiency by investing in highways, railways, airports and waterways. The total budget for this plan for the years 2016-2019 is over USD 33 billion, most of which will be used for highways. The government aims to finance large parts of the Plan by attracting private investments for Public Private Partnership (PPP) projects.

Public and private investment in ports and waterways are of particular interest to the Netherlands. The port of Buenos Aires is an important Latin American hub for import and export, with an annual container volume of 1.1 million TEUs. The port's planned redevelopment is of great importance to the Argentinian economy. Also other public ports and private terminals along the Atlantic coast and along the Parana river offer opportunities. For example the Port of Bahía Blanca, which is expected to handle the cargo of Vaca Muerta where some of the biggest shale oil and shale gas reserves are located.

Waterways also provide opportunities, as the existing ones need to be improved and new ones have to be developed. The Paraguay-Parana waterway is of regional importance, as it offers an important transport corridor to the Atlantic Ocean for Brazil, Bolivia, Paraguay, Uruguay and several provinces of Argentina (more than 3000 km long).

Improved infrastructure and multimodal cold chain logistics are especially important for the agricultural sector in order to realize its potential. Dutch companies can play an important role in the improvement of the logistics sector in Argentina by providing expertise and exporting the latest technologies.



Do's and don'ts in Argentina

Argentinian entrepreneurs are generally competitive and very proud of their business. At the same time, they are also generally open to new ideas and technologies.

Furthermore, great value is attached to personal attributes. Family and friends are given high priority; therefore the "work-life"-balance is given much importance.

Business meetings

In Argentina, Spanish is the language of commerce. Especially when dealing with authorities or SMEs, the use of the English language is uncommon. Despite the fact that many Argentines speak English, a good command of the Spanish language or the

hiring of an interpreter are recommended. During meetings, social matters are discussed first, before moving on to business matters. Thereafter, the communication with Argentinian business partners is very direct.

Business etiquette

Argentines value business relations, they invest time in and pay attention to it. Argentines like to discuss business matters in restaurants. Business dinners (which often start at 9 p.m.) are more popular than lunches. In addition, they value a well-groomed appearance, even if it is 30 degrees Celsius outside. Good relationships with secretaries determine whether you get access to high-ranking persons.

Communication

Formal contact suffices with handshaking and eye contact. Touching someone's shoulder is seen as a sign of friendship as well as greeting with one kiss on the cheek, regardless of gender. Argentines are very direct, do not take your interlocutor's points of criticism too literally.

Hierarchy

Argentines are informal in their dealings. This is also the case between managers and subordinates. However, companies and the government are organized hierarchically. The boss is really the boss and a subordinate often does what he or she is told.

Food & drinks

Argentina is known worldwide for Argentinian steak and wine (Malbec). Argentines are big meat eaters, mainly beef. Barbecue on charcoal is a very popular weekend pastime. Do not decline an invitation for such an 'asado', as this is where important business is often discussed. Fish is available, but most of the catch is exported. The Argentines are also proud of their 'empanadas' (stuffed rolls with a large diversity of filling).

How can we support your business?

In a government-dominated environment such as Argentina, we can help open doors for you. Our main services are as follows:

- Finding potential business partners
- Providing information on sectors and on rules & regulations
- Supporting trade missions and visits to Argentina
- Organizing meetings with relevant authorities

- Monitoring business opportunities
- Advising on available instruments and services

Business Support Instruments

For further promotion and strengthening of economic relations, the following Dutch trade instruments are offered in Argentina:

Business Partner Scan (BPS)

A Business Partner Scan is an overview of possible business partners with their contact information in a target country. These business partners are personally approached by the Embassy's economic team and have indicated they want to come into contact with the Dutch company requesting this service. Dutch companies can profit from the government's extensive network of offices abroad, local market knowledge and know-how to deal with language and cultural barriers. There is also a possibility to opt for a simplified version of the BPS.

Starters International Business (SIB)

This program aims to support companies likely to be successful with their first steps in a foreign market. Companies can apply for a voucher worth € 2,400 that can be used for individual coaching support supplied by various agencies, such as the chamber of commerce, various trade associations and consulting companies.

Dutch Trade and Investment Fund (DTIF)

This fund is meant for Dutch companies wanting to invest in or export to foreign markets. DTIF offers support through loans, guarantees, and direct or indirect shares with a repayment obligation. Companies can apply for a financial support up to 15 million Euros for each project. This business support instrument is implemented by RVO.

Business Subsidy scheme for Demonstration projects, Feasibility projects and Investment preparation studies (DHI)

The DHI scheme supports Dutch enterprises that want to invest in or execute a project in emerging markets and in developing countries.

Official name	Argentine Republic
Government type	Federal Presidential System
Population	43,847,430
Area	2.780.000 km ²
Official language	Spanish
Time difference	-4 hours (UTC-3)
Currency	Argentinian pesos (ARS \$)
GDP growth rate	2.8 % (2017)
GDP per capita	USD 10,149 (2016)
Trade volume	USD 125.2 billion. (2017), Total exports USD 58.3 billion, Total imports USD 66.9 billion
Inflation	24.8 % (2017)
Global Competitiveness Index	92 nd (2017)
Ease of Doing Business	117 th (2017)
Global Corruption Index	95 th (2017)
Main trading partners	Brazil, the United States, EU and China
Major exports	Animal feeds, cereals, motor vehicles & cars, fats & oils, oil seeds
Major imports	Motor vehicles & cars, Industrial machinery, electrical machinery, oils & mineral fuels
Netherlands FDI in Argentina	EUR 700 million (2017)
Dutch-Argentinian trade volume	EUR 1.7 billion (2017)

Partners for International Business (PIB)

Create market entrance and long-term positioning of clusters of Dutch SMEs in promising markets with the help of the unique role of the government. Promotional activities include missions, seminars, liaison, Holland branding and promotion materials.

Relevant links and contacts

If your company is in need of support, do not hesitate to contact the Embassy of the Kingdom of the Netherlands in Buenos Aires:

BLUE-FA@minbuza.nl

Embassy of the Netherlands in Buenos Aires:

www.nederlandwereldwijd.nl/landen/argentinie

Embassy of Argentina in the Netherlands:

www.epbaj.mrecic.gov.ar/

Dutch Chamber of Commerce in Argentina: www.ccah.org.ar/

Netherlands Enterprise agency (RVO): www.rvo.nl

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<https://www.nederlandwereldwijd.nl/landen/argentinie>

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