



Ministry of Foreign Affairs

Brief Market Report: Mining sector in Argentina

Commissioned by the Netherlands Enterprise Agency

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International.*

BRIEF MARKET REPORT

Mining sector in Argentina ¹

Last updated January 2021

This brief report provides an overview of the mining sector in Argentina, its market and recent trends.



Image by courtesy of [TELAM](#) National News Agency of Argentina.

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¹ Content information provided in this document, is of general nature only. For more detailed information, events and commercial trade offers as well as commercial business contacts, please contact the Embassy in Buenos Aires, the Netherlands Business Support Office or the Dutch-Argentine Chamber of Commerce.

1 Introduction

The Dutch private sector can play an important role in diverse parts of the mining value chains of different countries. An example is the involvement of Dutch companies in the mining sector in [South Africa](#).

In Argentina, one of the biggest of Latin American economies endowed with one of the largest territories in the world, the mining sector is identified among the most promising for businesses. The government has declared its goal of strongly promoting it, in an environmentally and socially sustainable manner. Accordingly, the first 2 of the 5 axes for mining development included in Argentina's **Mining Development Plan**, presented by the Ministry of Production Development in November 2020 are: environmental sustainability; and social inclusion.

A crucial role of Dutch enterprises and institutions in the mining sector is that one related with environmental matters. In this sense a relevant actor in the mining area is the [Netherlands Water Partnership](#). In relation with water issues and mining, an example of Dutch expertise applied to solve mining problems in Latin America is the report on Brazil's mine tailing dams.²

On its side, the Netherlands government supports a broad array of actions related with the sustainability of the mining sector: the World Bank Climate-Smart Mining initiative; the EITI Extractive Industries Transparency Initiative; the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas; and the European Partnership for Responsible Minerals, a multi-stakeholder partnership whose Secretariat is located in RVO in The Hague, aimed to increase the proportion of responsibly produced minerals from conflict-affected areas and to support socially responsible extraction of minerals that contributes to local development.

Note. It is worth nevertheless to mention that Argentina goes through an economic recession deepened by the Covid 19 pandemic and at the moment of writing this report the government has put in place restrictions for the use of dollars to import and to send dividends abroad. A positive development for the sector came in October 2020 when, in order to increase the availability of hard currency in the country, the government announced, a decrease from 12% to 8% in the export tax for metals.

² Report by the Dutch Risk Reduction Team, 2019. Tailings dams are used to store water and waste that come as by products from the mining process. As the slurry of waste is piped into the dam, the solids settle to the bottom and the water is recycled to be used in the separation process again.

2 Market Size and local production

The Sector in Argentina

Argentina is the 8th largest country in the world and the third biggest economy in Latin America.

Its huge surface holds a wide variety of minerals, a territorial extension for sustainable mining activity of which 75% is still unexplored, and the capacity to multiply the production of minerals such as lithium, gold, silver and copper.



With a little over two decades of history, Argentina has managed to enter the big leagues of the world mining industry through a combination of geological wealth, regulatory framework and measures aimed at promoting investment. Multi-million investments are expected for the upcoming years jointly with an increasing demand for minerals, both in terms of quality and quantity.

Mining extraction in Argentina went through a notorious boom throughout the 2000s, driven by the export of metals among which copper, gold and silver stand out.

This trend, initiated and led by these metals - and deepened with the installation of extractive projects for non-metallic minerals, such as lithium or potassium, also destined for the world market, had started when these materials began to be exploited to a great scale in the late 1990s.

The country is the 20th world producer of copper and 5th in Latin America, having a production potential estimated to be eight times higher than the present one. It is the 10th world producer of silver and 5th in Latin America, with the potential to be one of the world's top five, and the 13th world producer of gold.

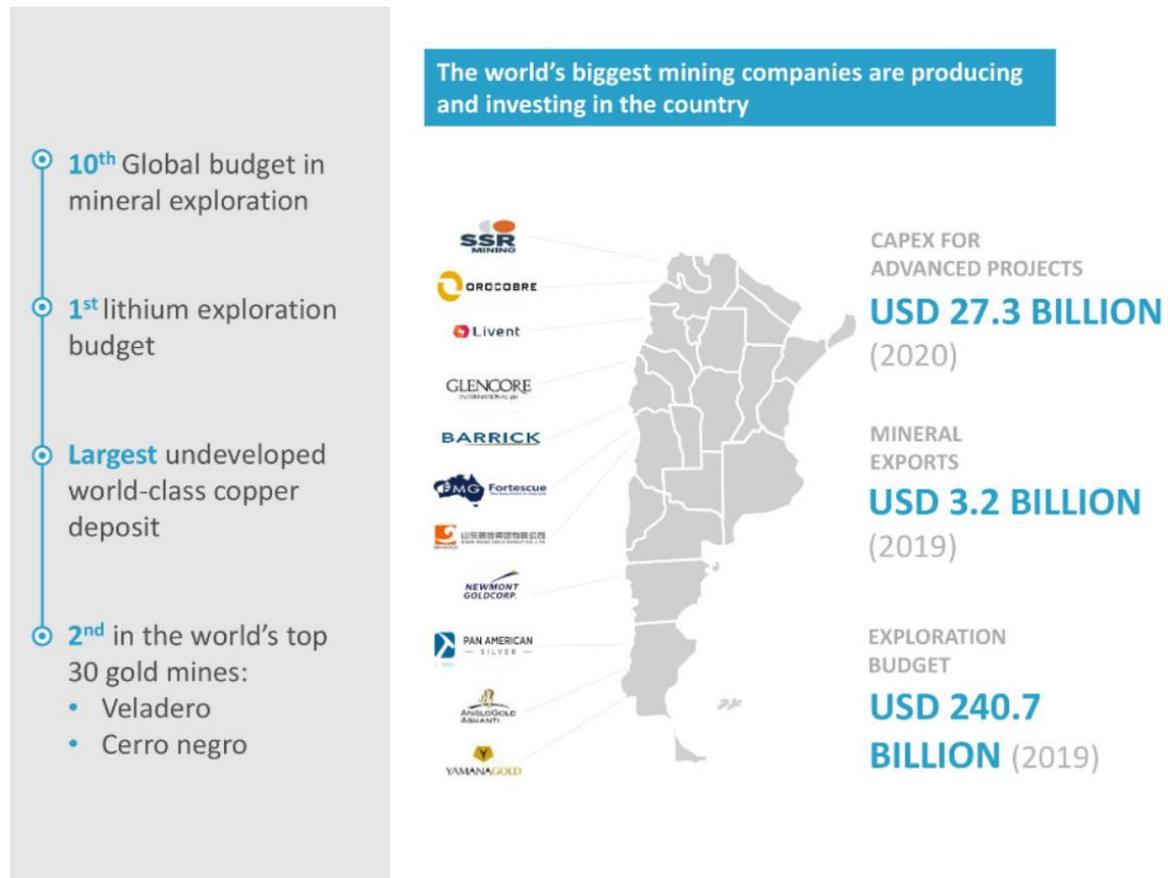
Regarding Lithium it holds the 4th largest lithium reserve in the world. Current production ranks the country 3rd on a global level. The current exploration budget for lithium stands among the biggest worldwide.

Other minerals of importance for the national industry encompass iron, aluminum, and uranium. Furthermore, the country produces lime, borate, plaster, bentonite, granite and porphyry, and has

exploration potential for potassium, uranium and critical elements, such as rare earth-based compounds, cobalt, nickel, vanadium, antimony, wolfram, graphite and manganese.

Domestic production of zinc has remained stable in the last decades. Argentina is self-sufficient in the production of industrial minerals and aggregates, being the main products sand, crushed stone, limestone, gravel, salt, tuff stone, and bentonite. Traditionally non metalliferous mining activities have represented a marginal share in the national GDP.

The following diagram shows large mining firms already operating in Argentina and relevant indicators in the sector:



Other indicators that characterize the sector are:

Capex (capital expenditures) portfolio of advanced projects USD 27,3 bn (2020)

Mineral exports USD 3,2 bn (2019)

Exploration budget USD 240,7 m (2019)

750.000 km² of high-potential mining zones

According to the national mining authorities, the various mining projects in Argentina, by October 2019, were these:

- 16 mines in production
- 7 projects under construction
- 7 projects at feasibility
- 6 projects at pre-feasibility
- 13 projects with preliminary economic assessment
- 26 projects at advanced exploration
- 250 projects at initial exploration

Additional general information on the mining sector can be found in the Information Center for Mining in Argentina, [CIMA](#) (Centro de Información Minera de Argentina), supplied by the Secretary of Mining, of the Ministry of Productive Development (in Spanish).

In October 2020 Forbes - Argentina published that the Canadian Lundin Group will invest US \$ 3,000 million in its Josemaría copper, gold and silver mine in San Juan province. The project's investment cost includes all engineering, procurement, construction and management, on-site and off-site infrastructure, pre-construction engineering work and contingencies.

Regarding lithium, the national ministry of mining estimates that Argentina will capitalize on the growing demand for lithium, caused by the need for a transition to a green economy. They project that exports of the soft metal will increase from around US \$ 190 million annually, to more than US \$ 2.1 billion, in a decade.

News about the sector in English are available in the website [Argentina Mining](#) .

Information on the general opportunities for growth in the sector, as well as governmental support for mining companies, in English, can be found [here](#).

Legal Framework:

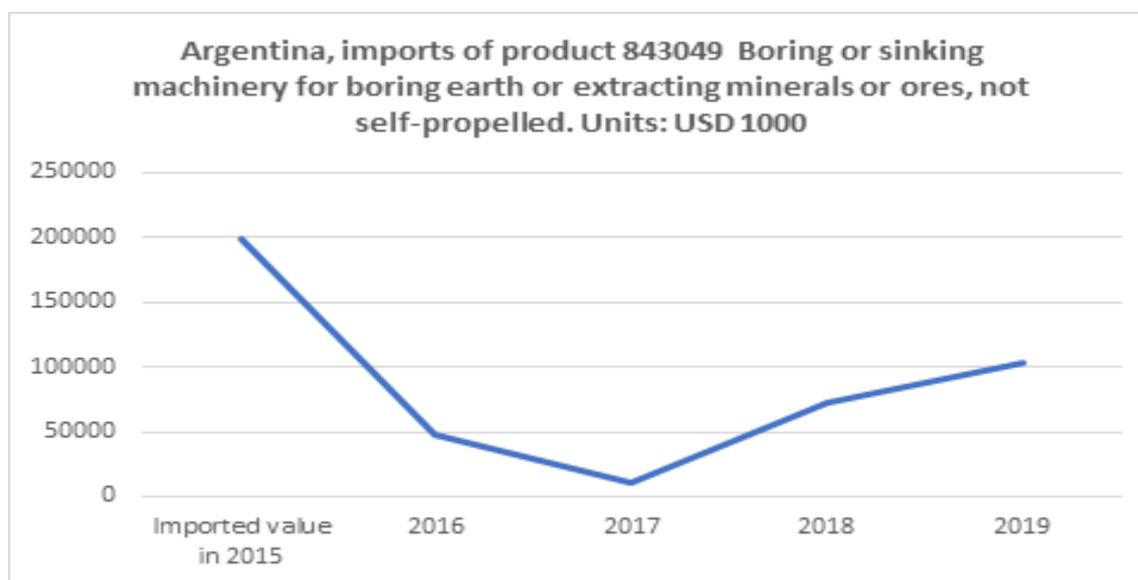
- Law No. 1,919, Código de Minería de la Nación Argentina [Argentine Mining Code], 25 November 1886, as reorganised by Decree 456/97, Compiled Text, Decree No. 456/97, Official Gazette 30 May 1997.
- Law No. 24,196, Ley de Inversiones Mineras [Mining Investments Law], Official Gazette 24 May 1993 and Regulatory Decree No. 2,686.
- Nuevo Acuerdo Federal Minero [New Federal Mining Covenant], 13 June 2017.

3 Imports, quantities and origin

IMPORT

Of the several HS positions related to mining equipment, the one with the largest value of imports in Argentina is 843049. Argentina’s imports of Product 843049 (corresponding to boring or sinking machinery for boring earth or extracting minerals or ores, not self-propelled⁹, were as follows, in thousands of USD:

Imported value 2015	2016	2017	2018	2019
\$ 198.863	\$ 47.285	\$ 11.338	\$ 72.613	\$ 102.878



The largest amount of imports originates in the US, followed by China, Italy, Brazil and Canada.

For information on import procedures specific for these positions please see Annex in page 10.

4 Environmental issues

In 2020 the UN Industrial Development Organization³ identified mining as one of the three major sectors that are a priority for the circular economy in Latin America, along with waste management/recycling and the bioeconomy.

A recent seminar hosted by the ECLAC, Economic Commission for Latin América (Cepal),⁴ highlights among the Mining Environmental Liabilities (PAMs) in Latin America the existence of remaining facilities from mining which were not properly closed, which may constitute a risk to the safety and health of people or the environment. The OECD also warns that clean-up of historical mining damage remains very limited in Latin America, due to a lack of legal frameworks making companies liable to do this. Despite national legislation in countries such as Brazil and Argentina, the regulations have not been enforced and the issue is still an unresolved priority.

Recent environmental challenges

The main environmental challenges in Argentina (as well as in most countries in Latin America) is -and has been- the open-pit mining. In the province of Catamarca, in the town of Andalgalá, over two decades of mining led to draught and polluted water sources. The local hospital reported over 60% of increase in respiratory diseases in children during the first four years that the Bajo la Alumbrera mine was in operation.

One of the environmental issues with the highest profile took place in San Juan province, where the Veladero mine - Barrick Gold- had multiple spillages of cyanide contaminated water in the year 2015. This was the first of three incidents in the last five years.

In May 2017 the Reuters news agency reported that in Veladero, Barrick Gold Corp, the largest gold mining company in the world, was involved in a third spill of cyanide solution in 18 months⁵. On its side Barrick stated that it had followed established regulatory procedures to comply with the requirements issued by San Juan authorities following the spills. The incident led San Juan province to ask UNEP (United Nations Environment Programme, or PNUMA by its acronym in Spanish) and UNOPS (UN agency for Project Services) to investigate the consequences of the spill. ⁶ Cyanide is used to separate the gold from ore.

In the lithium-rich areas in the North of the country, the extraction of lithium may also impact the environment. According to the Environmental Research and Engineering Institute of the National University of San Martín (UNSAM), pumping and evaporation impact the lithium salt flats, (“salares”) and the processing also impacts the consumption of fresh water and final disposal of the precipitates. The institute highlights two water indicators: one related to fossil water and the other to the water cycle, which is the fresh water that the surrounding communities use to live.

³ UNIDO 2020: The circular economy in Latin America, Opportunities for building resilience

⁴ CEPAL: <https://www.olacefs.com/webinario-auditoria-coordinada-pasivos-ambientales-mineros-pam/>

⁵Source: [Reuters](#)

⁶Source: http://panoramaminero.com.ar/noticia_diaria_244.html

5 Commitments from the public and private sectors

Government measures. The national government stresses the importance of the care for the environment within the mining sector. In November 2020 the Minister of Productive Development, Matías Kulfas, launched the Roundtable of the Strategic Plan for Argentine Mining Development, a public-private dialogue within a program for the next 30 years. The plan seeks to guarantee the balance between development economic, care for the environment, and social welfare. He emphasized "The development of inclusive and sustainable mining is not only the engine for the development of communities, for the growth of national industry and exports, but it also promotes the sustainable development of Argentina in the long term because it enhances investments".

Argentina's Secretary of Mining is part of the United Nations Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF). The Forum's goal is to promote the contribution of the sector to sustainable development and its functions are consultative and advisory, based on voluntary partnership.

Bans with grounds on environment. Currently in Argentina, seven provinces out of twenty-three ban open pit mining and/or the use of different types of chemical substances often used in mining-related processes from their territories.

Commitments from the private sector. Argentina's association of the mining sector, CAEM supports the sustainable mining initiative HMS that sets an international voluntary standard for responsible, transparent and reliable mining and the EITI the Extractive Industries Transparency Initiative. EITI is a global standard framework for governments and companies to publicly disclose financial flows from mining activities within a process that also includes civil society organizations. CAEM publishes protocols and guidelines for a number of sustainability issues, such as mine closures, health and safety, tailings management, water management, preservation of the biodiversity, etc.

6 Institutions and Events

Argentine Institutions

- Argentine Chamber of Mining Enterprises CAEM, since 1991 the largest business association of the mining sector. Av. Corrientes 316, piso 7 of.751 Tel+54 11 5273-1957 | +54 911 6875-1957. Executive Director Luciano Berenstein, infocaem@com.ar
- Argentine Chamber of Mining Suppliers CAPMIN, gathers firms that supply goods and services to the mining value chain. Tel . +54 11 5811-4135, email info@capmin.com.ar
- Federal Mining Council, (Consejo Federal de Minería), COFEMIN, headed by the Secretary of Mining, it gathers the top public mining authorities in each province.
- National Secretary of Mining at Ministry of Productive Development <https://www.argentina.gob.ar/produccion/organigrama/mineria>

- National Subsecretary of Mining Policies <https://www.argentina.gob.ar/produccion/organigrama/mineria/politica-minera> In charge of environmental and social aspects of mining, its head is also advisor of the EU-Latam Mineral Development Network Platform MDNP.

Institutions related with The Netherlands and the EU

- **Embassy of the Netherlands in Argentina**
Economic Section T: +54 11 4338 0090 , Website www.paisesbajosytu.nl
Linkedin: [EmbajadadelReinodelosPaísesBajosenBuenosAires](#)
- **Netherlands Business Support Office in Córdoba**, a foreign trade office of the Dutch government implemented by the Netherlands Enterprise Agency (RvO.nl) located in the important region of Córdoba in the center of the country. T+54 9 3584 383 175
Website link: [NBSO Córdoba](#)
- **Argentine-Dutch Chamber of Commerce** The chamber that gathers most Dutch businesses in Argentina. Website <https://ccah.org.ar/> Email info@ccah.org.ar
- **European Enterprise Network (EEN) in Argentina**
The EEN is a network funded by the EU to support SMEs and research centers in the EU and emerging economies including Argentina. Website:
<https://een.ec.europa.eu/about/branches/argentina>
- **EU - Latin America Mineral Development Network Platform MDNP** . The Platform is part of an EU- funded project for co-operation on responsible and sustainable mining and economic growth.

Events

- Argentina Mining 2020 <https://www.argentinamining.com/en/argentina-mining-2020> XIII International Convention on Business Opportunities in Exploration, Geology and Mining.

Dates: March 17-19, 2021

Place: Convention Center Salta, Salta, Argentina.
- ExpoMin 2021 Latin America's largest mining fair <https://www.expomin.cl/en/home-2021-en/>

Dates: April 19 - 23, 2021

Place: Santiago de Chile, Chile

Annex: Specific Import Procedures specific for HS 8430

This Annex brings summary information extracted from the EU's [Market Access Database](#) . The Database also provides information on the general import procedures in Argentina, those applicable to all imports.

Note: Import regulations change frequently in Argentina. It is advisable to check their most current status with the Dutch embassy in Buenos Aires , the Netherlands Business Support Office in Cordoba or the Argentine-Dutch Chamber of Commerce (links in the previous page) before entering an export operation.

Import License

All products in the 8430 group are subject to an Automatic Import License, a document proving that its bearer is authorised to import goods. It is required for customs clearance.

Spanish name of the document: Licencia Automática de Importación.

The licence is to be applied for by the importer at the Subsecretary for Policy and Commercial Management, Ministry of Productive Development = Subsecretaría de Política y Gestión Comercial, Ministerio de Desarrollo Productivo. The application is to be completed in Spanish and to be submitted electronically via the Integrated Import Monitoring System (SIMI) within the computerised system Malvina (SIM). As a prerequisite for obtaining access to the electronic system, importers must have completed a Registration of the Importer with the Directorate General of Customs and be in possession of a Tax Payer Registration Code (CUIT) and a fiscal code (of security level three). The latter is to be previously obtained on the website of the Federal Administration of Public Revenue (AFIP).

Import Duties

Within group HS 843049, positions 84304910 , Percussion type boring machinery and 84304990 (other) pay the an MFN duty of 10% , while position 84304920, Rotary sinking machinery, pays 0% MFN duty.

The three positions pay the same additional taxes and duties:

Value added tax (VAT) is levied at a rate of 10.5% of the duty paid value.

Statistical fee (STF) Goods falling under this subheading are exempted from statistical fee.

Proportional tax on profit (PTP)levied at a rate of 6% of the duty paid value. Goods imported for personal use and consumption of the importer are taxed at a rate of 11% of the duty paid value, whilst goods imported as industrial goods for use in the importing company are exempted from proportional tax on profit.

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