



# WHY ARGENTINA ?

Because although the primary elections represent a more uncertain future, the fundamentals and opportunities in Argentina remain in the medium and long term.

*AUGUST 2019*



Agencia Argentina  
de Inversiones  
y Comercio Internacional



Argentina



## ARGENTINA HAS STRONG FUNDAMENTALS



### **High quality human capital**

Educated middle class and qualified labor force

### **Vast availability of natural resources**

8th largest country in the world, with 53% of agricultural land

Top global exporter of soybean, corn, lemon, lithium, among others

750.000 Km<sup>2</sup> of high potential mining areas and 340 projects at initial stage

2<sup>nd</sup> largest shale gas and 4<sup>th</sup> largest shale oil reservoirs in the world

### **Large and diversified economy**

3rd largest GDP in LatAm, USD 475 Bn\*

3rd highest GDP per capita (PPP), USD 20,500

~43 Mn population (~60% under 35). Access to 270 Mn pop in MERCOSUR

## GOVERNMENT HAS IMPLEMENTED SPECIFIC MEASURES TO IMPROVE BUSINESS CLIMATE

The National Productive Plan includes:

### INSERTION TO THE WORLD

- More than 60 markets for 100 products opened or re-opened
- Argentina hosted G20 Summit 2018

### ENERGY & INFRASTRUCTURE

- Renewable energy tenders oversubscribed
- New Public-Private Partnership (PPP) law

### INNOVATION & TECHNOLOGY

- Strong incentives to train technology professionals
- Specific incentives for software development

# MORE THAN USD 300 BN OF INVESTMENT OPPORTUNITIES ACROSS SECTORS

USD Billion



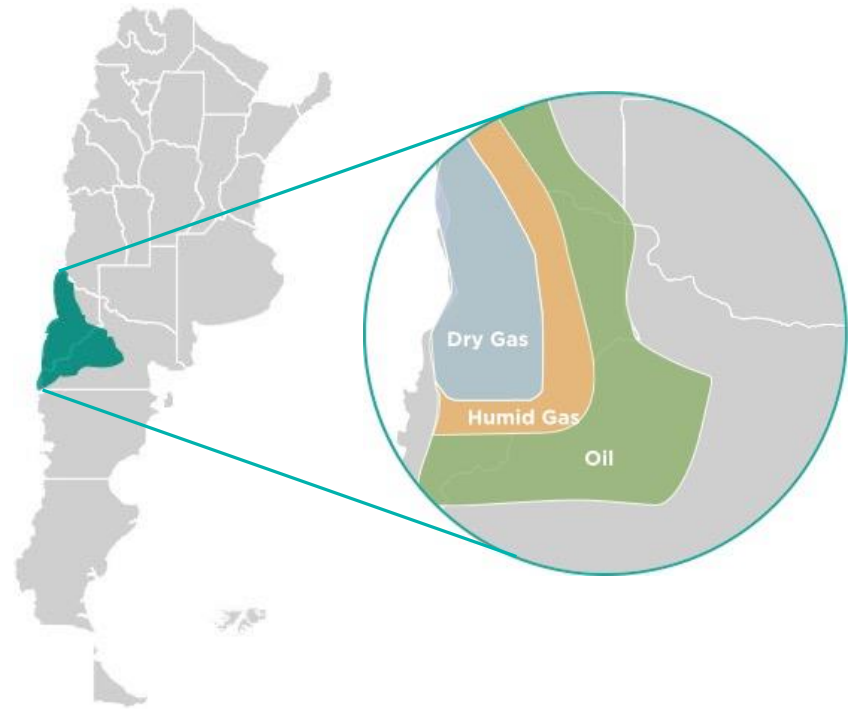
ENERGY & MINING		INFRASTRUCTURE		AGRIBUSINESS		MANUFACTURE / INDUSTRIAL GOODS		VALUE ADDED SERVICES	
230+		55+		10+		10+		5+	
OIL & GAS	170	ROADS & HIGHWAYS	17	IRRIGATION	5	AUTOMOTIVE INDUSTRY	TOURISM		
MINING	30+	RAILWAYS	11	ANIMAL PROTEIN	4	FOOD & BEVERAGE	PROFESSIONAL SERVICES		
RENEWABLE ENERGY	15	AIRPORTS & PORTS	6+	FORESTRY / PULP	2	CONSUMER PRODUCTS	BIOTECHNOLOGY		
HYDRO POWER	10	WATER & SANITATION	6	AQUACULTURE	1	MACHINERY & EQUIPMENT	PHARMA		
THERMAL ENERGY	6	TELCO NETWORKS	5+			BASIC MATERIALS	SOFTWARE DEVELOPMENT		
NUCLEAR ENERGY	2	REAL ESTATE	5+						
POWER GRID	3	URBAN MOBILITY	4						



# OPPORTUNITY TO PARTICIPATE IN ARGENTINA'S ENERGY REVOLUTION



- 2nd largest shale gas and 4th largest shale oil resource in the world
- Opportunities to partner or bid
- Room to build midstream infrastructure
- Vast offshore potential



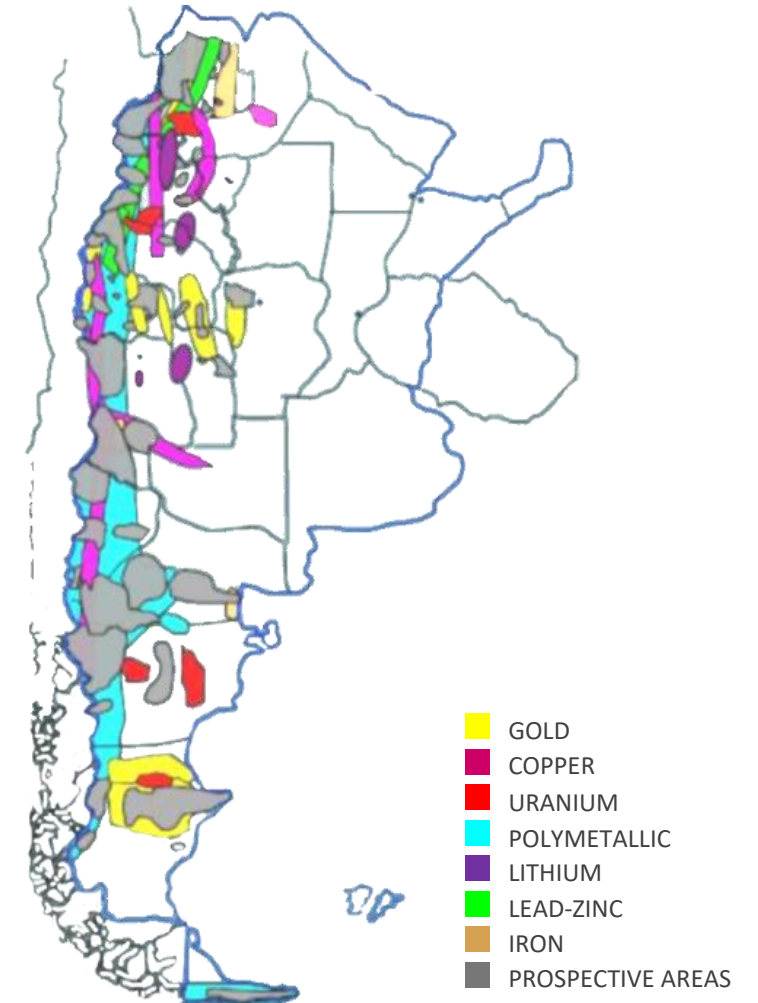
DESIRED	VACA MUERTA	HAYNESVILLE	MARCELLUS	EAGLE FORD	WOLFCAMP	
Total Organic Carbon (TOC)	>2	3-10	0.5-4	2-12	3	
THICKNESS (M)	>30	30-450	60-90	10-60	30-100	200-300
RESERVOIR PRESSURE (PSI)	HIGH	4,500-9,500	7,000-12,000	2,000-5,500	4,500-8,500	4,600

Vaca Muerta is a high quality resource compared to other world class basins

## NUMEROUS MINING PROJECTS TO BE DEVELOPED



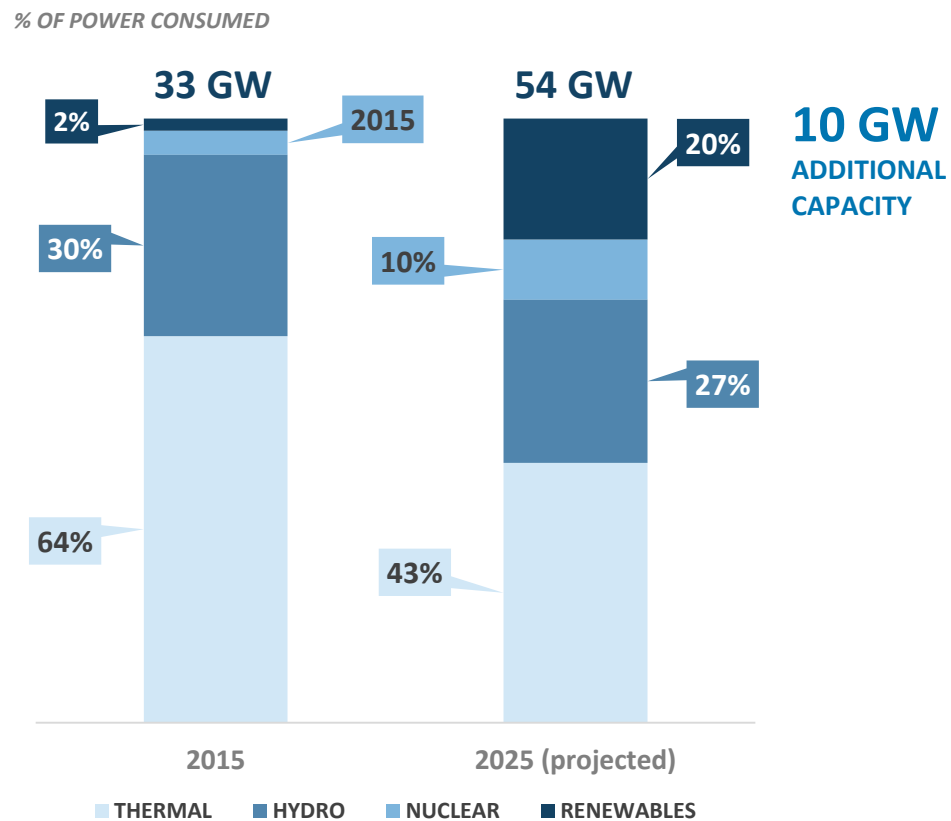
- Argentina is one of 3 countries in Lithium triangle
- Opportunities in copper, gold, silver, etc.
- 750,000 Km<sup>2</sup> of high potential mining areas
- 183,000 Km<sup>2</sup> of already granted mining rights
  - 25 advanced prospects
  - 14 production mines



## NEW CONDITIONS AND PLANS FOR RENEWABLE ENERGY



- Solar conditions in the North and wind conditions in the South among the best in the world
- Government law to double renewable capacity to 10 GW by 2025





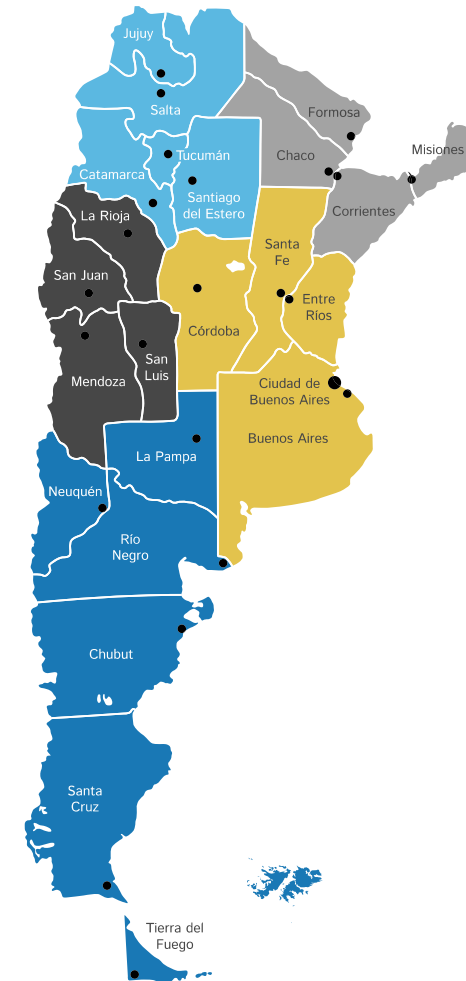
# TRADITIONAL SECTORS KEEP DRIVING THE ECONOMY



## AGRIBUSINESS

- Represents 15% of GDP and 50% of total exports
- Ideal conditions to establish **Pulp & Paper** plants
- **Aquaculture** program under development
- Argentina recovering **beef** industry leadership

- CUYO:**  
WINE, DRIED FRUIT.
- CENTER/EAST:**  
SOY, WHEAT, CORN, SUNFLOWER, PEANUT.  
CATTLE RAISING
- PATAGONIA:**  
FISH. FRUIT.
- NORTHWEST:**  
SOY, CORN, SUGAR CANE
- NORTHEAST:**  
RICE, SOY, CORN, YERBA MATE, TEA. FORESTRY.  
CITRUS INDUSTRY.





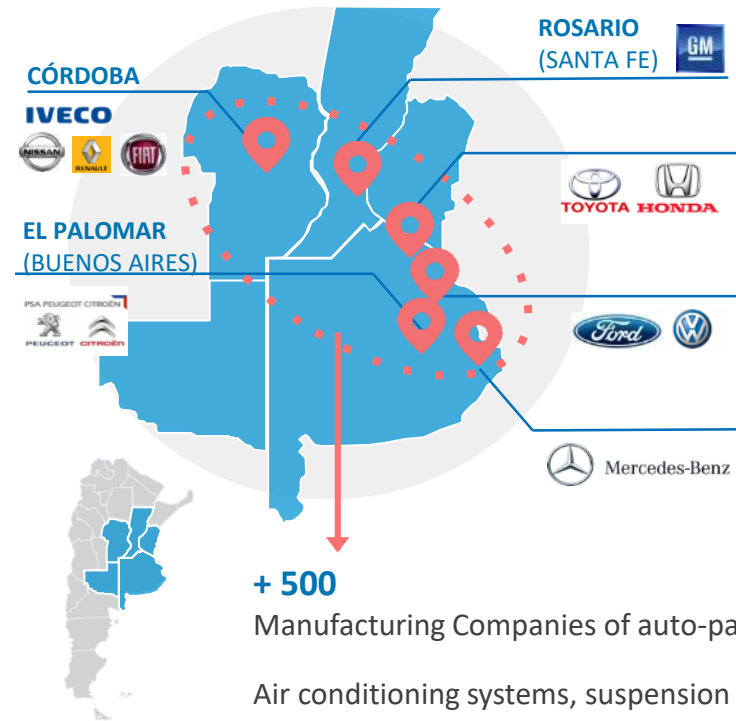
# OPPORTUNITIES TO PARTICIPATE IN VALUE CHAIN OF SPECIFIC INDUSTRIES



## MANUFACTURING

- Outstanding opportunities to participate in value chain of automotive, renewables and O&G industries
- Several engineering & construction opportunities

11 manufacturing facilities



Air conditioning systems, suspension systems, transmissions, braking and engine components, tires, bateries, oil and air filters, pumps, seats, etc.

# OUTSTANDING POSITIONING IN GLOBAL SERVICES

- Great talent for high added-value activities
- Highly competitive cost structure
- Advantageous time zone



**30+**  
**TECH HUBS**  
ACROSS THE COUNTRY

- >5000 EMPLOYEES
- 1000 - 5000 EMPLOYEES
- 100 - 1000 EMPLOYEES
- <100 EMPLOYEES

**4 OUT OF 11**

“UNICORNS” IN LATAM  
ARE FROM ARGENTINA



**10.000+**

**EMPLOYEES**

TOP GLOBAL SERVICE FIRMS ALREADY  
ESTABLISHED SHARED SERVICE CENTERS





# ARGENTINA IS THE TOP TOURISTIC DESTINATION IN THE REGION

#1 position in LATAM in Country Brand Awareness

## INTERNATIONAL

Million arrivals

**Argentina 6.70**

5% CAGR  
2015-2018

Brazil 6.59

Chile 6.45

Peru 4.03

Colombia 4.03

Total expenditure (USD): 5.1 Bn

## DOMESTIC

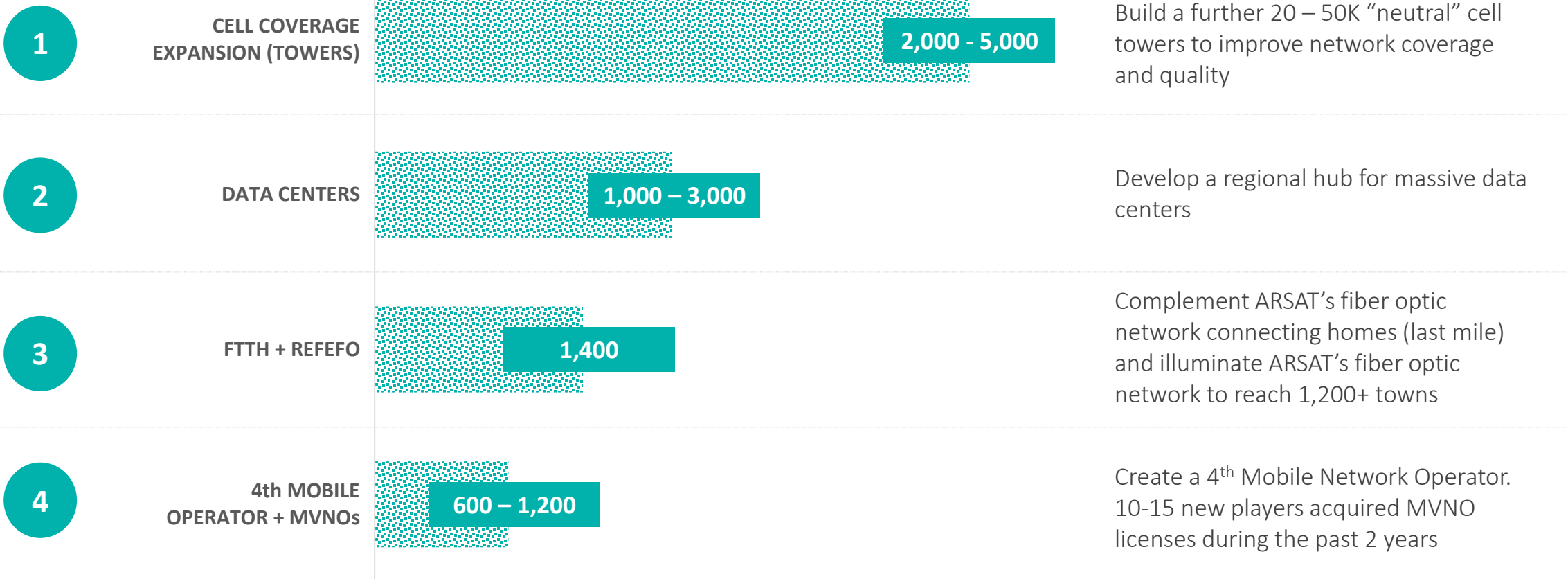
- Trips: 51.4 Mn
- # tourists: 18.2 Mn (41% of population)
- Average stay: 5.1 days
- Total expenditure (USD): 9.3 Bn

- 1 Hotel and eco/theme park opportunities identified in most provinces
- 2 Unprecedented investments in air travel and infrastructure concluded
- 3 Strong government support



## TELECOMMUNICATIONS PRESENT OPPORTUNITIES OF USD 7 BN+

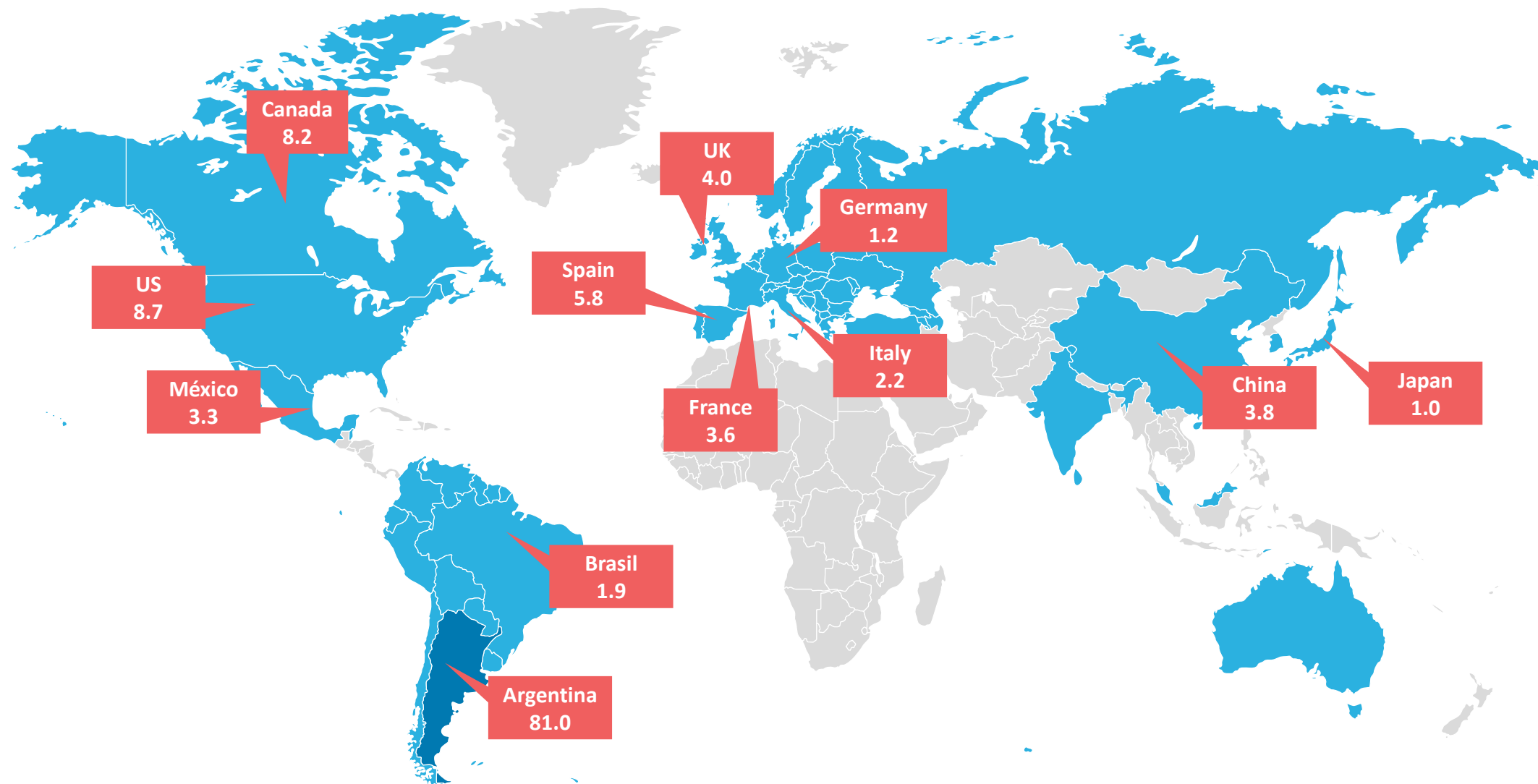
USD Billion





# UNDER CURRENT ADMINISTRATION, COMPANIES ANNOUNCED INVESTMENTS FOR MORE THAN USD 135 BN+

USD Billion







# WHY ARGENTINA ?

Because the Free Trade Agreement between Mercosur and the European Union represents a new framework that will consolidate a strategic political and economic partnership.

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Argentina





The new trade framework is part of the Association Agreement between the two regions.

The Agreement encompasses Political, Co-Operation and Commercial Chapters.



LIV REUNIÓN DEL CONSEJO DEL MERCADO COMÚN Y  
**CUMBRE DE JEFES DE ESTADO**  
DEL MERCOSUR Y ESTADOS ASOCIADOS



Presidencia Pro Tempore  
**ARGENTINA 2019**



# NEGOTIATIONS TIMETABLE





# ABOUT MERCOSUR



MERCOSUR represents the world's fifth largest economy outside the EU. The only major trading partner in Latin America with which the EU does not have a preferential trade agreement.

Population: 260 million.  
GDP: €2.2 trillion.

60,000 EU companies export to MERCOSUR: €45bn in goods and €23bn in services..

MERCOSUR is increasingly investing in the EU. Its companies employ more than 30,000 people in the EU.

EU is the largest foreign investor in MERCOSUR.



## CURRENT BILATERAL TRADE



**MERCOSUR IS RELATIVELY MORE EFFICIENT IN THE AGRICULTURAL SECTORS.**

**EU HAS MOST EFFICIENT SECTORS LINKED TO SERVICES AND INDUSTRIAL PRODUCTION.**

MERCOSUR exports to the EU: agricultural products, food, beverages and tobacco, vegetable products and minerals, wood and paper, meat and other animal products and, to a lesser extent, machinery and auto parts.

EU exports to MERCOSUR: concentrated in manufactures of industrial origin, including machinery (29%), vehicles and auto parts (17%), chemicals and pharmaceuticals (24%).



## MAIN GOALS OF THE FREE TRADE AGREEMENT



Reduction and elimination of tariffs (better access for European products like cars, machinery, information and communications technology equipment, textiles, chocolate, spirits, wine).

- New agreements and coordination on Non-tariff barriers to trade in goods.
- Agreement on Trade in Services and Establishment.
- Agreement on Government procurement.
- Dispositions on Smaller and Medium Sized Enterprises (SMEs).
- Agreement on Geographical Indications (GIs).

## THE AGREEMENT INCLUDES A VALUE-BASED TRADE AGENDA THAT:



- Protect labor rights.
- Protect the environment, including fighting climate change and deforestation.
- Promote corporate social responsibility.
- Cooperate on animal welfare standards, biotechnology, food safety and fight against antimicrobial resistance.
- Commitments on sustainable fisheries, forest management and on the implementation of the Paris Agreement on climate change.
- The Parties will not be prevented from continuing to regulate their services markets in a non-discriminatory manner and will not affect the capacity of regulators to develop and impose non-discriminatory rules and standards.
- The agreement with MERCOSUR will not change European standards, including standards for food, agricultural and fishery products.
- Both the EU and MERCOSUR have strong laws protecting workers' rights. The trade deal supports existing rights and does not reduce or dilute them.



## FURTHER BENEFITS



Enhanced market access

Easier and simpler business activities

Improve business climate

Predictable and transparent procedures and regulations

A wider and affordable range of products and services for the consumers

## FURTHER BENEFITS



### FOR THE EU

- To tackle what it considered unnecessary and discriminatory obstacles to European exports (in tariffs, regulations, customs procedures).

### FOR MERCOSUR

- Investment Attraction
- Integration into the EU's value chains.
- Diversification of its economies by producing higher value goods and services.
- Provision of services by MS citizens in the EU on a temporary basis (business contracts or independent professionals).





**Rejection of protectionism.**

**Shape the global trade rules in line with fair rules, high standards and shared values of democracy and rule of law.**

# FACTORS THAT AFFECTED THE NEGOTIATIONS



## NEGATIVE

- End of the negotiations of the Free Trade Area of the Americas (FTAA) (1994-2005)
- Doha Round of the WTO
- Enlargement of the EU
- International Economic and Financial Crisis (2008-2009)

## POSITIVE

- Slowly economic recovery
- Multilateral Trade Negotiations Paralysis
- US Trump Administration
- BREXIT
- China's growing presence in MERCOSUR



## FINAL STEPS



On 28 June 2019 the EU and MERCOSUR reached a political agreement for an ambitious, balanced and comprehensive trade agreement.

The EU negotiated on behalf of the EU in line with a mandate granted by the Governments of the EU's 28 Member States.

The final text will be published on the European Commission website and will be:

1. checked by lawyer-linguists – Legal Scrubbing
2. translated into all official EU languages.

The final procedures will be the European Parliament and the ministers' vote in the Council and the required validation by all Member States according to their national constitutional procedures.

THANK YOU



Embassy of the  
**Argentine Republic**  
Czech Republic