

Argentina

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Argentina	
Sanctions:	None
On FATF List of Countries identified with strategic AML deficiencies:	No
Higher Risk Areas:	<p>Non - compliance with FATF 40 + 9 recommendations</p> <p>US Dept of State Money Laundering assessment</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International & W.G.I.)</p>
Medium Risk Areas:	<p>World Governance Indicators (Average score)</p> <p>Failed States Index (Political & Military Indicators)</p>
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>sunflower seeds, lemons, soybeans, grapes, corn, tobacco, peanuts, tea, wheat; livestock</p> <p>Industries:</p> <p>food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metallurgy, steel</p> <p>Exports - commodities:</p> <p>soybeans and derivatives, petroleum and gas, vehicles, corn, wheat</p> <p>Exports - partners:</p> <p>Brazil 19.7%, China 7.2%, Chile 5.8%, US 5% (2012)</p> <p>Imports - commodities:</p> <p>machinery, motor vehicles, petroleum and natural gas, organic chemicals, plastics</p> <p>Imports - partners:</p> <p>Brazil 26.9%, US 15.4%, China 11.8%, Germany 4.5% (2012)</p>	

Investment Restrictions:

According to a Presidential decree governing foreign investment in Argentina, foreign companies may invest in Argentina without registration or prior government approval, and on the same terms as investors domiciled in Argentina. Investors are free to enter Argentina through merger, acquisition, green-field investments, or joint ventures. Foreign firms may also participate in publicly-financed research and development programs on a national treatment basis.

The media law (passed in 2009) caps foreign capital ownership of media outlets at 30 percent; requires a minimum national content of between 60 to 70 percent

In December 2011, the Argentine Congress passed Law 26.737 (Regime for Protection of National Domain over Ownership, Possession or Tenure of Rural Land) limiting foreign ownership of rural land, even when not in border areas, to a maximum of 15 percent of all national productive land.

Significant restrictions on remittances of capital overseas by foreign companies.

Argentina operates an Offshore Jurisdiction blacklist

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Section 1 - Background

In 1816, the United Provinces of the Rio Plata declared their independence from Spain. After Bolivia, Paraguay, and Uruguay went their separate ways, the area that remained became Argentina. The country's population and culture were heavily shaped by immigrants from throughout Europe, with Italy and Spain providing the largest percentage of newcomers from 1860 to 1930. Up until about the mid-20th century, much of Argentina's history was dominated by periods of internal political conflict between Federalists and Unitarians and between civilian and military factions. After World War II, an era of Peronist populism and direct and indirect military interference in subsequent governments was followed by a military junta that took power in 1976. Democracy returned in 1983 after a failed bid to seize the Falkland Islands (Islas Malvinas) by force, and has persisted despite numerous challenges, the most formidable of which was a severe economic crisis in 2001-02 that led to violent public protests and the successive resignations of several presidents. In January 2013, Argentina assumed a non-permanent seat on the UN Security Council for the 2013-14 term.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF Status

Argentina is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 24 October 2014

The FATF welcomes Argentina's significant progress in improving its AML/CFT regime and notes that Argentina has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in June 2011. Argentina is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Argentina will work with the FATF and GAFISUD as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Compliance with FATF Recommendations

27 June 2014 - FATF confirmed that Argentina has made significant progress in addressing the deficiencies in its anti-money laundering/countering the financing of terrorism (AML/CFT) measures as identified in the mutual evaluation report of October 2010. The assessment team conducting the mutual evaluation, rated Argentina non-compliant (NC) or partially compliant (PC) on all of the Core and Key Recommendations. As a result of this lack of compliance with the Core and Key Recommendations, the FATF Plenary placed Argentina in an enhanced follow-up process. The follow-up process is a desk-based review that monitors that a country takes the necessary steps to strengthen its AML/CFT framework.

Since the adoption of the mutual evaluation report in 2010, Argentina has taken a number of important steps to strengthen its legal and regulatory framework. In particular, Argentina has:

- reformed and strengthened the money laundering offence, enhanced the scope of reporting parties covered and transferred the AML/CFT supervision to the financial intelligence unit (FIU).
- Enhanced the terrorist financing offence, in particular by criminalising the financing of terrorist acts, terrorists, and terrorist organisations.
- Through the FIU, issued a series of resolutions concerning customer due diligence (CDD) and record-keeping requirements as well as other AML/CFT measures to be taken by reporting parties.

- Created a framework to comply with United Nations Security Council Resolutions 1267 and 1373

As a result of this progress, the FATF Plenary decided that Argentina had taken sufficient steps in addressing technical compliance with the core and key Recommendations to be removed from the follow-up process.

Since June 2011, Argentina was also submitted to the FATF International Co-operation Review Group process, and identified as a country with strategic AML/CFT deficiencies. The FATF has determined that since 2011, Argentina has substantially addressed, on a technical level, the action plan agreed to with the FATF. The procedures for exit from the ICRG process, require the FATF to conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF. A successful outcome of that visit would result in Argentina no longer being identified as a country with strategic AML/CFT weaknesses.

US Department of State Money Laundering assessment (INCSR)

Argentina is categorised by the US State Department as a Country/Jurisdictions of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Argentina faces many of the same challenges confronted throughout the region, including stemming the tide of illicit proceeds from narcotics trafficking and public corruption. In addition, multi-billion dollar contraband trade occurs in the Tri-Border Area (TBA) shared with Brazil and Paraguay, which is a base for counterfeiting, drug trafficking, and other smuggling offenses. Persons and businesses linked with the terrorist organization Hizballah operate widely within the TBA. Although moving in the right direction, Argentina still lags behind the hemisphere in implementing adequate mechanisms to effectively prevent, detect, investigate, and prosecute money laundering and related crimes.

Under President Mauricio Macri, Argentina has taken significant steps to strengthen its AML/CFT regime. Recent reforms include much-needed improvements to Argentina's FIU and the adoption of a risk-based AML/CFT compliance approach consistent with international standards. Despite these positive steps, limited regulatory and criminal enforcement capabilities raise serious concerns about the Argentine government's current ability to effectively reduce the flow of illicit proceeds.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Contraband smuggling, including narcotics trafficking, and public corruption are significant sources of illicit proceeds. Drug-related crimes have increased in Argentina in the last decade, and Argentina is no longer only a transit country but a consumer and exporter of narcotics and precursors. Tax evasion and the sale of counterfeit goods also generate significant amounts of revenue. Various sectors of the economy are vulnerable to exploitation due, in part, to the lack of effective regulatory oversight. Financial institutions,

both state and private, MVTS businesses, exchange houses, real estate, and gaming are particularly susceptible. Argentina also lacks adequate controls at points of entry to prevent cross-border transport of contraband and bulk cash. Its cash-intensive economy and large informal sector create additional opportunities for criminals to inject illicit proceeds. Criminal operations often utilize offshore jurisdictions and establish legal entities in other countries to launder illicit proceeds internationally. TBML schemes also have been detected.

KEY AML LAWS AND REGULATIONS

In 2017, Argentina enacted key AML regulations that mandate a risk-based approach to AML compliance and require CTRs. It also enacted a law that permits greater sharing of financial intelligence among AML government stakeholders. Argentina has negotiated tax information exchange agreements with several countries, including the United States, which will facilitate increased transparency of offshore assets held by Argentine nationals.

Foreign and domestic PEPs are subject to enhanced due diligence.

Argentina is a member of the FATF and of the GAFILAT, a FATF-style regional body.

AML DEFICIENCIES

Despite recent reforms and clear political will to effect change, effective implementation of the AML regime will continue to be a significant challenge for the government. Argentina has still not completed an AML/CFT national risk assessment. Many DNFBPs have no sectoral regulator, and the FIU does not have the resources to adequately supervise them for AML compliance. Full implementation of the CTR requirement and use of a risk-based approach will likely take years.

Argentina still lacks an adequate legal framework to control contraband smuggling and bulk cash smuggling. Bulk cash smuggling presents a significant challenge given inadequate border controls and lack of resources for outbound enforcement of customs laws. Neither does it have an adequate legal framework to seize, manage, and forfeit illicit assets.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Since entering office in December 2015, the Macri administration has made a strengthened and professional FIU central to its AML/CFT and anti-corruption strategy, and the FIU has made significant upgrades to improve its operational effectiveness. The FIU has an outsized role in the AML regime, largely in response to both a lack of law enforcement capacity and an absence of clear strategies by the other stakeholders to combat these crimes. The FIU participates as a party to criminal cases and is attempting to do so in a more strategic fashion. The compartmentalization of information and lack of interagency coordination between the FIU and federal security forces presents a significant challenge.

Argentina and the United States have a MLAT in place. The United States and Argentina participate in the Argentina-U.S. Dialogue on Illicit Finance (AUDIF), a bilateral initiative with the main objective of identifying shared money laundering and terror financing threats and vulnerabilities and to implement counter-strategies and initiatives.

Argentina has recently adopted legal and procedural reforms which could improve its ability to target and prosecute drug trafficking and other criminal organizations. These reforms allow enhanced use of informants, undercover officers, and criminal defendants in investigations

and trials. Widespread use of these measures has not yet occurred, partly because investigators, prosecutors, and judges are inexperienced in their use. Additionally, the laws authorizing these measures include restrictions that limit their use and effectiveness. Efforts are underway to amend these restrictions.

Regime effectiveness, as measured by convictions, asset forfeiture, and regulatory enforcement, has been limited. Argentina has successfully prosecuted only a small number of money laundering cases. Systemic deficiencies in Argentina's criminal justice system persist, including lengthy delays and a lack of judicial and prosecutorial independence. Investigative judges and prosecutors lack experience in financial crimes and there is limited collaboration among the AML stakeholders.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Argentina does not conform with regard to the following government legislation required to combat money laundering: -

- System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.
- Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.
- Ability to freeze assets without delay: The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations).
- Reports Suspected Terrorist Financing - By law or regulation, banks and/or other covered entities are required to record and report transactions suspected to relate to the financing of terrorists, terrorist groups or terrorist activities to designated authorities.
- Criminalised Tipping Off - By law, disclosure of the reporting of suspicious or unusual activity to an individual who is the subject of such a report, or to a third party, is a criminal offense.

EU White list of Equivalent Jurisdictions

Argentina is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators [Ctrl + Click here](#) and then select country

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Argentina is not considered to be an Offshore Financial Centre

Narcotics

Argentina is primarily a transit country for Andean-produced cocaine on account of its geography and transportation infrastructure. Cocaine processing and consumption within Argentina are growing domestic concerns, with domestically produced cocaine base, known as “paco,” being a particular problem among the poor. A majority of Argentines believe drug-linked violent crime is increasing and October 2016 public opinion polls revealed that crime tops the list of concerns for most Argentines. U.S.-Argentine law enforcement cooperation has increased under the administration of President Mauricio Macri, who took office in December 2015, and the Security Ministry has adopted best practices from U.S. law enforcement models, such as encouraging coordination between federal and provincial forces to gather and share criminal intelligence, including through joint task forces. Many of these efforts have focused on enhancing border security and countering the flow of narcotics.

The Security Ministry’s drug control mandate grew in 2014 with the establishment of a sub-secretariat dedicated to analysis and coordination. In 2016, the government unveiled a new national program to combat drug trafficking that proposed harsher sentences for traffickers, increased deployment of federal law enforcement forces to target drug trafficking organizations, and efforts to reduce the consumption of paco.

While most cocaine transiting through Argentina is destined for European markets, government officials believe local consumption has increased in recent years. Seizures of cocaine production facilities and the widespread availability of paco suggest domestic processing is growing.

Argentina has not published annual seizure statistics since 2010, though partial data indicates cocaine and marijuana seizures increased in 2016. The Argentine government does not encourage or facilitate the illicit production or distribution of narcotics or laundering of proceeds. An independent judiciary and press pursue allegations of corrupt practices involving government authorities.

Argentina has taken important steps to improve its drug control efforts, but more resources, capabilities, and coordination are needed to fully address the challenge. Constructive measures Argentina could consider include focusing interdiction efforts on targeted investigations; improving coordination among federal and provincial entities; boosting judicial efficiency in processing investigations and prosecutions; making comprehensive statistics available; and coordinating strategies for supply and demand reduction.

Argentina has extradition and mutual legal assistance treaties with the United States which are utilized to the benefit of both countries.

Trafficking in Persons

Argentina is classified a Tier 2 country - a country whose governments does not fully comply with the Trafficking Victims Protection Act's minimum standards, but are making significant efforts to bring themselves into compliance with those standards.

Argentina is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor. Argentine women and children are subjected to sex trafficking within the country, as are women and children from other Latin American countries. To a more limited extent, Argentine men, women, and children are subjected to sex and labor trafficking in other countries. Men, women, and children from Argentina, Bolivia, Paraguay, Peru, and other countries are subjected to forced labor in a variety of sectors, including sweatshops, agriculture, street vending, charcoal and brick production, domestic work, and small businesses. Chinese citizens working in supermarkets are vulnerable to debt bondage. Argentine officials report isolated cases of foreign victims recruited in Argentina and subjected to trafficking in third countries.

Women and girls who live in extreme poverty, a violent family environment, or suffer from addiction are among those most vulnerable to trafficking; a significant number of them, mainly from Bolivia and Paraguay, and to a lesser extent from the Dominican Republic, Uruguay, and Brazil, are victims of sex trafficking, along with individuals from rural areas and the northern provinces. Traffickers from across Argentina bypass regulations that ban brothels by establishing "mobile brothels" in vans and trucks, making raids more difficult; this practice is particularly prevalent in the northern area of the country. Street vendors may victimize susceptible migrants from neighboring or African countries in forced labor. Transgender Argentines are exploited in sex trafficking within the country and in Western Europe. Social and online networking has become one of the most common methods to recruit women and children for sexual exploitation. Since the passage of a law prohibiting newspapers from publishing offers for sexual services, there has been a rise in misleading classified ads promising employment. Official complicity, mainly at the sub-national levels, continues to hinder the government's efforts to combat trafficking. Two provincial police agents and a local labor inspector were convicted for complicity in trafficking-related crimes during the year.

The Government of Argentina does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The General Prosecutor's Office for Human Trafficking and Sexual Exploitation (PROTEX) continued its efforts to investigate cases and build partnerships for legal assistance to victims. The government convicted some complicit officials, but official complicity remained a widespread problem. The government identified fewer victims but increased the availability of services by opening five regional anti-human trafficking offices. The establishment of the Federal Council to Fight Human Trafficking and Exploitation and for Victims' Assistance, as mandated by the Trafficking in Persons Law, remained pending.

Terrorist Financing 2016:

Overview: In 2016 Argentina focused its counterterrorism strategy on its northern and northeastern borders, which include the Tri-Border Area where Argentina, Brazil, and Paraguay meet, and where terrorist financing networks operate. The Government of

Argentina systematically issued statements condemning violent acts perpetrated by ISIS and other global terrorist organizations.

Legislation, Law Enforcement, and Border Security: In 2016, the Government of Argentina announced a plan to reform its counterterrorism legal framework. The proposed legislation would include penal system reforms, a new approach to countering terrorist financing, and a modernization of security and intelligence capabilities. Multiple security agencies maintained specialized law enforcement units that have substantial capabilities to respond to terrorist incidents.

The criminal investigations into and prosecutions of the 1994 terrorist bombing of the Argentine Jewish Mutual Association community center in Buenos Aires that killed 85 people remained in the news. Former President Cristina Fernandez de Kirchner testified before an investigative court about her role in the congressional commission tasked with the investigation into the bombing. The former president was a member of the commission from 1996 until 2001 during her tenure as a federal senator. In late December of 2015, following the election of Mauricio Macri as president, the new administration chose not to appeal a federal court ruling invalidating a Memorandum of Understanding between Argentina and Iran concerning the investigation into the bombing. The Memorandum had been negotiated and signed by the Fernandez de Kirchner administration, who maintained that the agreement with Iran would clarify Iran's alleged role in the bombing. Several former Iranian officials have been indicted for planning and executing the bombing, and are subject to INTERPOL Red Notices.

There was a substantial increase in U.S.-Argentina law enforcement and security cooperation in 2016. In early March, the Department of State approved funding to support the development of a Fusion Center for Argentine security forces, based on the U.S. model, to expand capabilities and improve communications and information sharing between Argentine federal ministries. U.S. agencies have hosted Argentine counterparts and organized training courses in counterterrorism and fusion center strategic planning.

Countering the Financing of Terrorism: Argentina is a member of the Financial Action Task Force (FATF) and the Financial Action Task Force of Latin America, a FATF-style regional body. Its financial intelligence unit, Unidad de Informacion Financiera (UIF), is a member of the Egmont Group of Financial Intelligence Units. In February, President Macri's administration announced its plan to counter money laundering and terrorist financing and expanded UIF's authority as the lead agency on all financial intelligence matters. Argentina also passed legislation in mid-2016 which allows the UIF to share information with relevant law enforcement and security agencies; previously, the UIF could only share information with the prosecutor's office. This new authority should improve Argentina's ability to use financial intelligence to identify and disrupt the activities of illicit actors. The UIF did not identify any cases involving terrorist financing in 2016. Two cases identified in 2014 – as possibly involving terrorist financing – remained under investigation at the end of 2016.

While Argentina has established the legal authorities and mechanisms necessary to identify and counter the financing of terrorism, results in the form of targets identified, assets seized, and cases prosecuted have been minimal. Following the September 2016 visits of the U.S. Secretary of the Treasury and the Assistant Secretary for Terrorist Financing, the United States and Argentina renewed bilateral cooperation against terrorist financing.

International Sanctions

Argentina is not currently subject to any International Sanctions

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	39
World Governance Indicator – Control of Corruption	46

Corruption is a high risk for companies in Argentina and presents major challenges to business operations. While corruption exists in all levels of society, businesses should note the especially high risk in public procurement. Argentina's anti-corruption provisions are largely contained in the Criminal Code (in Spanish), which prohibits the active and passive bribery of public officials and bribery of foreign public officials. The Code does not provide an exception for facilitation payments, and gifts are prohibited, but enforcement of anti-corruption provisions is lacking. Companies consider irregular payments and bribes to be a standard way of conducting business in many sectors. **Information provided by GAN Integrity.**

US State Department

According to the World Bank's worldwide governance indicators, corruption remains an area of concern in Argentina. In the latest Transparency International Corruption Perceptions Index (CPI) that ranks countries and territories by their perceived levels of corruption, Argentina ranked 106 out of 178 countries.

There is a strong regulatory framework for combating corruption, but enforcement is uneven, and a slow-moving judiciary makes rooting out corruption difficult. The law provides criminal penalties for official corruption. Public officials are subject to financial disclosure laws, and the Ministry of Justice's Anti-Corruption Office (ACO) is responsible for analyzing and investigating federal executive branch officials based on their financial disclosure forms. The ACO is also responsible for investigating corruption within the federal executive branch or in matters involving federal funds, except for funds transferred to the provinces. While the ACO does not have authority to independently prosecute cases, it can refer cases to other agencies or serve as the plaintiff and request a judge to initiate a case. Reports of the activities of the ACO may be found at <http://www.anticorrupcion.gov.ar>.

Argentina is a party to the OAS Anti-Corruption Convention and ratified the OECD Anti-Corruption Convention in 2001. Argentina has signed and ratified the UN Convention against Corruption (UNCAC). It is an active participant in UNCAC's Conference of State Parties. It is also an active participant in the Mechanism for Follow-up on the Implementation of the Inter-American Convention against Corruption (MESICIC).

Corruption Report - Global Security

Political Climate

In contrast to her husband Néstor Kirchner (whom served as the president between 2003 and 2007), President Cristina Fernández de Kirchner, has not been very outspoken concerning corruption, and anti-corruption policies have not been at the forefront of her administration's agenda. Although her husband's administration introduced various anti-corruption initiatives, it is generally agreed that corruption and graft have remained widespread and political patronage systems deep-rooted. As an example of this, the US Department of State 2012 confirms that executive, legislative, and judicial officials frequently engage in corrupt practices. In another 2013 report by the US Department of State, it is also stated that despite that Argentina has a strong regulatory framework to tackle problems of corruption, enforcement is uneven. This, coupled with an inefficient judiciary, makes it difficult to effectively eliminate corruption. In November 2012, public anger over corruption, inflation and crimes finally boiled over and led anti-government Argentinians to the streets in both Argentina and overseas, in one of the biggest anti-government demonstration in years, according to a 2012 article by The Guardian.

According to Freedom House 2012, a lack of independence from the executive branch has largely hampered several anti-corruption agencies from carrying out their roles effectively. A lack of political will means that corrupt officials are not fully subjected to Argentine anti-corruption laws. Key laws and institutions reportedly face major implementation and enforcement shortcomings, leaving them largely ineffective. According to the Bertelsmann Foundation 2012, abuse of office by elected officials usually goes unpunished, and the political and administrative system as a whole lacks transparency, efficiency and neutrality.

The problem of political corruption in Argentina is confirmed by Transparency International's Global Corruption Barometer 2010/2011, where political parties rank as the most corrupt body in Argentina, closely followed by public officials, parliament, the police, and judiciary. The same survey also reveals that 77% of the household respondents consider the government's efforts in fighting corruption as 'ineffective'. According to Latinobarómetro 2010 (see English version), only 21% of the surveyed citizens believe that there has been progress in fighting corruption over the last two years. Moreover, figures from the Latinobarómetro 2011 report (see English version) shows that 61% of the surveyed citizens believe that in order to improve the democracy in Argentina, corruption needs to be reduced, while 46% of the respondents pointed to the need for the government to increase transparency. Distrust in political parties is not only prevalent among the general public, but also among businesses executives surveyed in the World Economic Forum Global Competitiveness Report 2012-2013, who give a score of 1.5 on a 7-point scale to the level of public trust in the ethical standards of Argentinean politicians (1 being 'very low' and 7 'very high'). According to Global Integrity 2010, problems such as a lack of adequate laws and inefficient government administration enable money launderers to operate with impunity. Money laundering remains a major problem in Argentina, and Argentina has been placed by the Financial Action Task Force (FATF) on a list of countries with problems in combating money laundering and terrorism financing, according to a June 2011 article by Reuters. However, there is a high-level political commitment to work with the FATF to address its strategic AML-CFT deficiencies, according to a February 2013 news article published by FATF. For instance, since October 2012 Argentina has enacted a new capital markets law which has had a positive impact on financial transparency.

Business and Corruption

Foreign companies do not need prior government approval or to register in order to invest in Argentina, yet companies operating in Argentina are affected by both public and private sector corruption. Transparency International's Global Corruption Barometer 2010/2011 reveals that the general public considers corruption to have a major impact on the business environment. When respondents were asked which sectors they perceived to be affected by corruption, the private sector scored 3.2 on a 5-point scale (1 being 'not at all corrupt' and 5 'extremely corrupt'). According to the World Economic Forum Global Competitiveness Report 2012-2013, it is common for companies to make irregular payments or bribes connected with imports and exports, public utilities, annual tax payment, and awarding of public contracts and licences. Moreover, corruption is ranked as the third most problematic factor for doing business in Argentina, after inflation and policy instability. Interacting with public agencies is necessary for establishing or maintaining business operations in Argentina, like anywhere else. However, according to the reports cited above, this interaction in Argentina frequently entails unethical behaviour, including corruption. Investors are therefore advised to be prepared to deal with demands for bribes and other forms of corruption by strengthening and developing internal policies, codes of conduct, procedures, and instructions (see Integrity System for practical tools). It is also recommended that companies conduct extensive due diligence when planning to invest or already doing business in Argentina.

According to the World Bank & IFC Enterprise Surveys 2010, companies report that bribes or gifts are expected when interacting with tax inspectors, when bidding on public tenders and when applying for various licences and permits. There are indications that strong links exist between the high levels of corruption within the political and administrative system and bribery by the private sector. According to the Bertelsmann Foundation 2012, all political and administrative levels are vulnerable to corruption and political influences. Corruption continues to permeate both the government and the private sector. Bidding on public tenders is an area of special concern for companies. According to Enterprise Surveys 2010, more than 10% of the surveyed companies expect to give gifts to secure a government contract. In order to effectively reduce the risk of extortion and demands for bribes in the procurement process, investors considering bidding on public tenders in Argentina are advised to use a specialised due diligence tool on public procurement.

According to the Bertelsmann Foundation 2012, organised labour plays a strong role in Argentina, but trade unions are frequently accused of being controlled by the government, which has influenced sector-specific negotiations between unions and industry. The same source also reports that trade union leaders are frequently regarded as part of the political establishment and are therefore often mistrusted by workers. Established trade unions are widely associated with high levels of corruption.

Regulatory Environment

Even though Argentina remains open to foreign investment and foreign companies can invest in the country under the same conditions as national companies, complicated and time-consuming regulations remain an obstacle to doing business in Argentina. The World Bank & IFC Enterprise Surveys 2010 reveals that senior managers spend nearly 21% of their time dealing with the requirements of government regulations. According to the World Economic Forum Global Competitiveness Report 2012-2013, policy instability is ranked as the

second most problematic factor for doing business in Argentina by companies and that government policy-making is highly non-transparent. According to the US Department of State 2013, investors are concerned about the abrupt changes that occur in sector-specific regulatory regimes as they decrease the level of transparency and increase investor uncertainty. Combined with frequent changes in policies in some sectors, companies find themselves subject to considerable uncertainty in relation to unpredictable and inconsistent interpretations of relevant regulations by government officials. Furthermore, the decision to nationalise the Spanish-controlled oil company YPF in April 2012 is seen by some analysts as a move that could happen to other foreign-run oil companies in Argentina and it has created a more uncertain business environment for foreign investors who are currently in the country, according to an April 2012 BBC News article. Although foreign trade has been liberalised, a number of administrative barriers remain. According to the World Bank & IFC Doing Business 2013, Argentina performs poorly in the area of starting a business and paying taxes. However, the same report states that there is slight improvement regarding licenses and permits.

Several observers, as well as business and public perception surveys, including the Global Competitiveness Report 2012-2013, describe the Argentinean judiciary as severely politicised and plagued by corruption. The US Department of State 2013 notes that public confidence in the judiciary is weak, but domestic investment dispute resolution is nevertheless available through local courts or administrative procedures. Companies that seek recourse through Argentinean courts, however, cannot dually pursue recourse through international arbitration. International arbitration of investment disputes is available for disputes that cannot be settled through amicable consultation and negotiation between the parties. Many foreign companies prefer to include provisions for private or international arbitration in their contracts rather than deal with Argentina's courts. Argentina accepts the principle of international arbitration and is a party to the International Centre for Settlement of Investment Disputes (ICSID), the New York Convention 1958 (UNCITRAL), and the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Investment incentives aimed at attracting foreign investors are promoted through a number of government-run investment programmes. These programmes provide a range of benefits for investors, including VAT refunds and access to free trade zones. The investment promotion programmes are explored further on the websites of Subsecretaría de Industria (in Spanish) and of the National Investment Development Agency. Relevant information for small and medium-sized companies can be found at the website of the Subsecretaría de la Pequeña y Mediana Empresa y Desarrollo Regional (SEPYME, in Spanish), which also runs ProArgentina (in Spanish), a portal containing export-related information for and about small and medium-sized companies in Argentina. Companies can also access the Lexadin World Law Guide for a collection of legislation in Argentina.

Section 3 - Economy

Argentina benefits from rich natural resources, a highly literate population, an export-oriented agricultural sector, and a diversified industrial base. Although one of the world's wealthiest countries 100 years ago, Argentina suffered during most of the 20th century from recurring economic crises, persistent fiscal and current account deficits, high inflation, mounting external debt, and capital flight.

A severe depression, growing public and external indebtedness, and an unprecedented bank run culminated in 2001 in the most serious economic, social, and political crisis in the country's turbulent history. Interim President Adolfo RODRIGUEZ SAA declared a default - at the time the largest ever - on the government's foreign debt in December of that year, and abruptly resigned only a few days after taking office. His successor, Eduardo DUHALDE, announced an end to the peso's decade-long 1-to-1 peg to the US dollar in early 2002. The economy bottomed out that year, with real GDP 18% smaller than in 1998 and almost 60% of Argentines below the poverty line. Real GDP rebounded to grow by an average 8.5% annually over the subsequent six years, taking advantage of previously idled industrial capacity and labor, an audacious debt restructuring and reduced debt burden, excellent international financial conditions, and expansionary monetary and fiscal policies. Inflation also increased, however, during the administration of President Nestor KIRCHNER, which responded with price restraints on businesses, as well as export taxes and restraints, and beginning in 2007, with understating inflation data.

Cristina FERNANDEZ DE KIRCHNER succeeded her husband as president in late 2007, and the rapid economic growth of previous years began to slow sharply the following year as government policies held back exports and the world economy fell into recession. The economy in 2010 rebounded strongly from the 2009 recession, but has slowed since late 2011 even as the government continued to rely on expansionary fiscal and monetary policies, which have kept inflation in the double digits.

The government has taken multiple steps in recent years to deal with these problems. It expanded state intervention in the economy throughout 2012. In May 2012 the Congress approved the nationalization of the oil company YPF from Spain's Repsol. The government expanded formal and informal measures to restrict imports during the year, including a requirement for pre-registration and pre-approval of all imports. In July 2012, the government also further tightened currency controls in an effort to bolster foreign reserves and stem capital flight. In October 2013, the government settled long standing international arbitral disputes dating to before and following the 2001 Argentine financial crisis. During 2014, the government continued its expansionary fiscal and monetary policies and foreign exchange and imports controls. Between 2011 and 2013, Central Bank foreign reserves had dropped \$21.3 billion from a high of \$52.7 billion. In July 2014, Argentina and China agreed on an \$11 billion currency swap; the Argentine Central Bank has received the equivalent of \$3.2 billion in Chinese yuan, which it counts as international reserves.

In 2014, the government also took some measures to mend ties with the international financial community, including engaging with the IMF to improve its economic data reporting, reaching a compensation agreement with Repsol for the expropriation of YPF, and agreeing to pay \$9.7 billion in arrears to the Paris Club over five years, including \$606 million owed to the US. In July 2014, Argentina made its first payment to Paris Club creditors. At the same time, the Argentine Government in July 2014 entered a technical default on its external debt after it failed to reach an agreement with holdout creditors in the US. The FERNANDEZ DE KIRCHNER government rejected repeated attempts by the court to encourage a negotiated solution with holdouts. Throughout much of 2015, negotiations to repay holdout

creditors stalled. The government's delay in reaching a settlement and the continuation of interventionist policies contributed to high inflation and a prolonged recession.

After being elected into office on December 10, President MACRI has taken significant steps to liberalize the Argentine economy. His administration lifted capital controls; floated the peso, negotiated debt payments with holdout bond creditors, and removed export controls on some commodities.

Agriculture - products:

sunflower seeds, lemons, soybeans, grapes, corn, tobacco, peanuts, tea, wheat; livestock

Industries:

food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metallurgy, steel

Exports - commodities:

soybeans and derivatives, petroleum and gas, vehicles, corn, wheat

Imports - commodities:

machinery, motor vehicles, petroleum and natural gas, organic chemicals, plastics

Banking

In Argentina, Law No. 21,526 of 1977 governs banking activities. Under this law, Argentina's Central Bank (BCRA) is the implementing authority and the regulatory body, which issues standards and controls activities of financial institutions included in the law (authorization and operating conditions within the banking industry; definition of permitted, prohibited and limited transactions; monetary controls; meeting certain operating ratios; information; accounting and control systems; dissolution and liquidation; etc.). In order to operate in Argentina, foreign banks must register with the BCRA and obtain appropriate authorization prior to engaging in banking activities in Argentina. In addition, there are minimum capital requirements for these entities to be allowed to do business.

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Financial transactions are generally made in pesos (legal tender), U.S. dollars, and Government securities. The three segments making up Argentina's financial system are: peso, foreign currency, and the liquid assets under management of all banks in the financial system.

In the late nineties, there were 120 banks operating in Argentina, whereas today there are

only approximately 60 after the shake out from the 2002-2003 peso devaluation crisis. However, the financial system is perceived to be healthier than it was in the last decade. Most financial institutions in Argentina plan to continue expanding operations in order to achieve greater financial margins. Some public banks have improved management quality and, as a result, benefited from a significant increase in deposits over the last few years. Banks currently enjoy higher-quality client-portfolios than in the pre-crisis scenario. Better clients translate into lower credit risk, and as the perception of risk decreases, credit is expected to gradually become more accessible in the medium term.

Stock Exchange

Founded in 1854, [Bolsa de Comercio de Buenos Aires](#) is the organization responsible for the operation of Argentina's primary stock exchange located at Buenos Aires CBD. (Buenos Aires Stock Exchange).

The Argentine Securities and Exchange Commission (Comisión Nacional de Valores) is the federal agency that regulates securities markets offerings. Securities and accounting standards are transparent and consistent with international norms.

Executive Summary

Argentina is one of Latin America's largest and wealthiest countries, possessing abundant human and natural resources, highly diversified industries, and a 43 million person market. Argentina is estimated to have the world's second largest shale gas resources and fourth largest shale oil resources in the world. Argentina has grown increasingly attractive to investors due to economic reforms and reengagement with the international community under the new leadership of President Mauricio Macri.

Immediately after taking office in December 2015, President Macri began undertaking reforms to correct macroeconomic imbalances and improve the investment climate. The government lifted capital controls, devalued the Argentine peso, reduced import restrictions, and removed most export duties. A new Energy Ministry started the process of reducing massive energy subsidies, which had been the main driver of Argentina's fiscal deficit. The government also has taken steps to revamp its statistical agency, reengage in consultations with the International Monetary Fund, and pay outstanding arbitral awards. The Macri administration reached deals with most of Argentina's creditors, allowing the country to exit sovereign default and raise funds in international capital markets to pay creditors and finance its budget deficit.

President Macri has increased dialogue with the private sector, provincial authorities, labor unions, and the international community. Argentina has voiced its intention to ratify the World Trade Organization's Trade Facilitation Agreement and deepen its engagement with the Organization for Economic Cooperation and Development (OECD). The Macri administration has signed numerous bilateral commercial and investment cooperation agreements including with the United States, France, and Italy, and revived bilateral trade talks with Brazil, which lapsed in 2012.

During the visit of U.S. President Barack Obama to Argentina in March 2016, the United States and Argentina signed a Trade and Investment Framework Agreement and a Memorandum of Intent to establish a Commercial Dialogue. These bilateral mechanisms will facilitate public-private ties and communication on trade and investment issues, such as market access, intellectual property rights, and agriculture. Argentina is actively engaged with the United States in resolving a few trade disputes, including a World Trade Organization case stemming from restrictive import policies introduced by the last administration.

There is significant potential to expand two-way trade and investment, particularly in infrastructure, health, agriculture, information technology, energy, and mining. More than 500 U.S. companies operate in Argentina, and several of them have announced plans to invest nearly \$3 billion over the next 12-18 months. The Argentine government recently passed new renewable energy regulations and revamped its hydrocarbons framework with the aim of attracting new investments to develop Argentina's energy resources. A special committee under the new Ministry of Communications is drafting a new communications law with the goal of increasing transparency and opening the market to competition.

Significant near-term challenges remain, including a large fiscal deficit, regional economic headwinds, and slowing global trade. Another top government priority is reducing inflation of over 30 percent to a single digit in three years. The latest International Monetary Fund Economic Outlook Report for Argentina predicts that macroeconomic adjustments will reduce activity in the short term and prompt a contraction of real GDP by one percent for 2016, but will boost net exports, investment and private consumption for an increase of 2.8 percent for 2017. Most analysts expect the new administration's business-friendly and collaborative approach to policymaking will boost investor confidence.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	107 of 168	http://www.transparency.org/cpi2015/
World Bank's Doing Business Report "Ease of Doing Business"	2016	121 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	0,49	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 13,418 million	BEA/Host government (http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=10&isuri=1&202=1&203=30&204=10&205=1,2&200=1&201=1&207=49&208=2&209=67)
World Bank GNI per capita	2011-215	USD 13,480 million	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

A top priority for the Macri government is attracting foreign direct investment (FDI) inflows to improve the nation's productive capacity, increase employment, and restore economic growth. Immediately upon entering office on December 10, 2015, the Macri administration began to correct macroeconomic imbalances and reduce market distortions, such as reducing trade restrictions, lifting capital controls, re-unifying the exchange rate, and revising economic reporting data.

President Macri sought negotiations with Argentina's bond creditors to resolve the country's outstanding debt stemming from its 2001 financial crisis and subsequent sovereign default. The government and its creditors reached preliminary deals with creditors that the Argentine Congress approved in March 2016 – completing the requisites for a U.S. court to lift an injunction against Argentina and paving the way for Argentina to re-enter global capital markets. In April 2016, the government issued \$16 billion in bonds in international markets. A portion was used to pay creditors and the rest went to bolstering Central Bank reserves. This was the highest debt emission in the history of Argentina. The demand for the bond was oversubscribed with investors placing orders for nearly \$70 billion, showing the market's great interest in the country.

The Macri administration has reinvigorated relations with key trading partners, such as the United States and European Union. Within his first months in office, the Macri administration signed numerous bilateral commercial, economic, and investment cooperation agreements, including with France and Italy. It also revived bilateral trade talks with Brazil, which lapsed in 2012.

In March 2016, President Obama became the first sitting U.S. president to make a bilateral visit to Argentina in 19 years. During the visit, the United States and Argentina signed a Trade and Investment Framework Agreement to create a forum for engaging on a broad range of

bilateral economic issues, such as market access, intellectual property rights protection, and cooperation on shared objectives in the World Trade Organization and other multilateral fora. Argentina and the United States also signed a Memorandum of Intent to establish a Commercial Dialogue that will facilitate public-private ties and communication on trade and investment issues.

Argentina is actively engaged with the United States in resolving a few trade disputes, including a World Trade Organization case stemming from restrictive import policies introduced by the last administration. Argentina has also voiced its intention to ratify the World Trade Organization's Trade Facilitation Agreement and deepen its engagement with the Organization for Economic Cooperation and Development (OECD). The government renewed discussions with the International Monetary Fund for an Article IV review during the second half of 2016, the first formal consultations in a decade.

The Argentine government recently passed new renewable energy regulations and revamped its hydrocarbons framework with the aim of attracting new investments to develop Argentina's energy resources. A special committee under the new Ministry of Communications is drafting a new communications law with the goal of increasing transparency and opening the market to competition. Official government statements indicate that the government will continue pursuing a path of reform to improve the investment climate and increase business confidence in order to attract investment inflows.

Foreign and domestic investors generally compete under the same conditions in Argentina.

Other Investment Policy Reviews

Argentina was last subject to an investment policy review by the Organization of Economic Cooperation and Development (OECD) in 1997 and by the World Trade Organization (WTO) in 2013. United Nations Conference on Trade and Development (UNCTAD) has not done an investment policy review of Argentina.

Laws/Regulations on Foreign Direct Investment

According to the Foreign Investment Act, a Presidential decree that governs foreign investment in Argentina, foreign investors may invest in Argentina without prior governmental approval, under the same conditions as investors domiciled within the country. Investors are free to enter into mergers, acquisitions, green-field investments, or joint ventures. Foreign firms may also participate in publicly-financed research and development programs on a national treatment basis. Incoming foreign currency destined for investment must be registered with the Central Bank of Argentina (www.bcra.gov.ar). There is no official executive or other interference in the judicial system that could affect foreign investors.

Further information about Argentina's investment policies can be found at the following websites:

- Ministry of Foreign Affairs and Worship, Investor's Information Service for Argentina (<http://inversiones.gob.ar/es/atencion-al-inversor>)
- The Embassy of the Argentine Republic in the United States of America (<http://www.embassyofargentina.us/en/invest-in-argentina.html>)
- Ministry of Production (<http://www.produccion.gob.ar/>)
- Ministry of Treasury and Finance (<http://www.economia.gob.ar>)
- The Central Bank of Argentina (www.bcra.gov.ar)
- The National Securities Exchange Commission (<http://www.invertir.gob.ar/>)

Business Registration

Foreign investors seeking to set up business operations in Argentina follow the same procedures as domestic entities. To open a local branch of a foreign company in Argentina, the parent company must be legally registered in Argentina. Setting up a limited liability company (LLC) takes about 18 procedures and an estimated 50 days. There are no restrictions on full foreign equity ownership. Argentine law requires at least two equity holders, with the minority equity holder maintaining at least a five-percent interest.

A company must register its name with the Office of Corporations (IGJ or Inspección General de Justicia). The IGJ provides online services for name verification at <https://www2.jus.gov.ar/igj-homonimia/Principal.aspx>. The company must certify its founding partners' signatures before a public notary. The company is not obliged to notarize its bylaws, which can be formally constituted in a private document. At least 25 percent of the subscribed capital must be deposited with the National Bank of Argentina (Banco de la Nación Argentina), in either its main office or the branch corresponding with the company's domicile. The deposit can be withdrawn once the company's by-laws are registered by the Office of Corporations. The company must also publish a notice in the official gazette (Boletín Oficial), pay an incorporation fee with the National Bank of Argentina, and submit the invoice to the Public Registry of Commerce.

Companies located in the City of Buenos Aires must register their by-laws and other documents related to their incorporation with the City's Public Registry of Commerce. The Company must file the proposed Articles of Association and By-laws, the publication in the Official Gazette, evidence of managers' and syndics' (the latter, if applicable) acceptance of position, evidence of the deposit of the cash contributions in the National Bank of Argentina, evidence of compliance with the managers' guarantee regime (filing of managers' performance bonds), and evidence of the reservation of the corporate name for approval with the City's Office of Corporations. This process can take between 5 to 45 working days. Rules and regulations can vary by province and municipality, and companies should ensure they are aware of and adhere to local regulatory differences as necessary.

Once the IGJ registers the company, the company must request that the College of Public Notaries submit the company's accounting books to be certified with the IGJ. The company's legal representative must obtain a fiscal code and a tax identification number from the federal tax agency (AFIP by its Spanish acronyms) and register for social security. This procedure can be done online at www.afip.gov.ar or by submitting the sworn affidavit form No. 885 to AFIP.

The enterprise must also provide workers' compensation for its employees. The agency that regulates and controls this type of insurance is the Workers' Compensation Agency (Aseguradora de Riesgos del Trabajo). The company must register and certify their accounting of wages and salaries with the General Bureau of Labor, within the Ministry of Labor.

The Argentine government established in February 2016 a new Investment Promotion Agency that reports to both the Ministry of Foreign Affairs and the Ministry of Production. The Agency provides cost-free assessment and information to investors to facilitate operations in the country. More information can be found here: <http://exportar.org.ar/>. The Bank of Productive Investment Projects (Banco de Proyectos de Inversión Productiva; <http://bapip.inversiones.gov.ar>) is an online tool to facilitate connecting potential foreign investors with investment opportunities in Argentina.

According to the Ministry of Production, company size classifications differ by industry. The classification is illustrated in the following chart:

Classification		Agriculture	Manufacturing and Mining	Retail	Services	Construction
Micro-Enterprise	Minimum (Argentine pesos)	0	0	0	0	0
	Maximum (Argentine pesos)	610	1,800,000	2,400,000	590	760
Small	Minimum (Argentine pesos)	610,001	1,800,001	2,400,001	590,001	760,001
	Maximum (Argentine pesos)	4,100,000	10,300,000	14,000,000	4,300,000	4,800,000
Medium	Minimum (Argentine pesos)	4,100,001	10,300,001	14,000,001	4,300,001	4,800,001
	Maximum (Argentine pesos)	54,000,000	183,000,000	250,000,000	63,000,000	84,000,000

The National Fund for the Development of Micro, Small and Medium Enterprises provides low cost credits to small and medium-sized enterprises for investment projects, labor capital and energy efficiency improvement, with no distinction between national or foreign-owned enterprises. More information can be found here:

<http://www.produccion.gob.ar/fonapyme/>.

Industrial Promotion

The Argentine government offers a number of investment promotion programs, with no discrimination between national or foreign-owned enterprises. Some of the investment promotion programs require investments within a specific region or locality, industry, or economic activity. Some programs offer refunds on Value-Added Tax (VAT), accelerated depreciation of capital goods for investors, or other tax incentives for local production of capital goods. Argentina also has free trade zones and a Special Customs Area in the province of Tierra del Fuego.

A complete description of the scope and scale of Argentina's investment promotion programs and regimes can be found at <http://inversiones.gob.ar/es/incentivos-la-inversion>, <http://www.produccion.gob.ar>, and <http://www.economia.gob.ar>.

Information about programs that specifically apply to small and medium businesses may be found at <http://www.produccion.gob.ar/fonapyme>.

For programs for specific provinces, see:

- Tierra del Fuego: www.tierradelfuego.gov.ar
- Santa Cruz: www.santacruz.gov.ar
- Neuquen: www.neuquen.gov.ar

- Mendoza: www.promendoza.com
- San Luis: www.sanluis.gov.ar
- La Pampa: www.lapampa.gov.ar

Limits on Foreign Control and Right to Private Ownership and Establishment

All foreign and domestic commercial entities in Argentina are regulated by the Commercial Society Law (Law No. 19,550) and the norms issued by the corporate control agencies. All other laws and norms concerning commercial entities are established in the Argentina Civil and Commercial Code. All economic sectors are fully open to foreign equity ownership in Argentina except for the air transportation and media industries. Foreign capital participation in companies providing commercial passenger transportation, on both domestic and international routes, is limited to 49 percent per the Aeronautic Code Law No. 17,285. Additionally, the company must be incorporated according to Argentine law and must be domiciled in Buenos Aires. For the media sector, Law No. 25,750 establishes a limit on foreign ownership of newspapers, journals, magazines, and publishing companies, as well as on television and radio companies. According to Article 2 of the law, foreign companies are allowed to hold up to a 30 percent stake in the capital and voting rights of such companies.

The Argentine government limits foreign ownership of rural land through Law No. 26,737 (Regime for Protection of National Domain over Ownership, Possession or Tenure of Rural Land). Foreign ownership of rural land is restricted to a maximum of 15 percent of all national productive land. Individuals or companies from the same nation may not hold over 30 percent of that amount. Individually, each foreign individual or company faces an ownership cap of 1,000 hectares (2,470 acres) in the most productive farming areas, or the equivalent in terms of productivity levels in other areas. Approved in December 2011, the law is not retroactive. Section 11 of the law establishes that "for the purposes of this law and according to the Bilateral Investment Treaties (BITs) underwritten by the Republic of Argentina that are in force at the time this law becomes valid, the acquisition of rural land shall not be considered an investment as it is a non-renewable natural resource provided by the host country." The law also establishes that a foreigner cannot own land that contains big and permanent extensions of water bodies or that they are located in riversides or water bodies with such features or land located near a Border Security Zone.

Privatization Program

No information available

Screening of FDI

No information available

Competition Law

The National Commission for the Defense of Competition (<http://www.cndc.gov.ar>) and the Secretary of Commerce, both within the Ministry of Production, have enforcement authority of the Anti-trust Law (Law 25,156). The law is aimed at ensuring the general economic interest and promotes a culture of competition in all sectors of the national economy.

2. Conversion and Transfer Policies

Foreign Exchange

Previous Argentine administrations – particularly former President Cristina Fernandez de Kirchner (2007-2015) – relied on trade restrictions and capital controls in order to limit exchange rate volatility. President Macri issued a number of new regulations that lifted all

capital controls and reduced trade restrictions. Federal Tax Agency Resolution No. 3,819, issued in December 2015, eliminated all foreign exchange restrictions; now there is no regulation that prohibits, restricts, or limits cash flow transfers from investment.

As of December 2015, Argentina instituted a managed floating foreign exchange regime in which the Central Bank may intervene to reduce volatility of the foreign exchange rate, which generally is determined by supply and demand.

Remittance Policies

According to Resolution No. 3,819, companies and investors have no official restrictions on money conversion, remittances, or repatriation of their earnings. Since the new regime began, however, some investors have reported encountering delays as the new administration is still rolling out regulatory and procedural reforms.

The Argentine government maintains time requirements on deposits of capital inflows to reduce the volatility of hot money flows. The Macri government amended the regulations in December 2015 to lessen the time requirement. The new requirement mandates that investors keep portfolio investments in the country for at least 120 days, instead of the previously required 365 days. The regulations also eliminated the 30 percent unremunerated reserve requirements for investors. Individuals and companies seeking to obtain U.S. dollars may purchase up to USD 2 million monthly without Central Bank authorization.

Per Resolution 36,162 of October 2011, locally registered insurance companies are mandated to maintain all investments and cash equivalents in the country. The government modified the regulations in 2012 and further required the insurance companies to put 30 percent of their investments into government-specified projects. This requirement was eliminated by President Macri's government in January 2016. Insurance companies can now invest in any projects of their choosing as long as they are in Argentina.

As of June 2016, the Argentine Central Bank limits banks' dollar-denominated asset holdings to 10 percent of their net worth.

The Argentine Central Bank requires that hard currency earnings on exports, both from goods and services, must be converted into pesos in the local foreign exchange market and deposited into a local bank within 365 days according to Resolution 91/2016 issued in May 2016. Revenues earned on re-exports of some temporary imports and on exports to Argentine foreign trade zones are exempted from this requirement.

In March 2016, the U.S. financial intelligence unit (FinCEN) and the Argentine Financial Information Unit (UIF) signed a Memorandum of Understanding to resume limited information sharing on suspicious money flows. In its commitment to fighting money laundering and countering terrorist financing, the Argentine government created in 2016 the National Coordination Office to fight Money Laundering and the Financing of Terrorism (within the Ministry of Justice) to comply with international standards of the Financial Action Task Force and United Nations conventions.

3. Expropriation and Compensation

Section 17 of the Argentine constitution affirms the right of private property and states that any expropriation must be authorized by law and provided compensation. The United States-Argentina Bilateral Investment Treaty states that investments shall not be expropriated or nationalized except for public purposes upon prompt payment of the fair-market value in compensation.

In October 2008, the previous government nationalized Argentina's private pension funds, which amounted to approximately one-third of GDP, and transferred the funds to the

government social security agency. In December 2008, the Argentine parliament also passed legislation nationalizing the Spanish-owned flag air carrier Aerolíneas Argentinas.

The former Argentine government expropriated 51 percent of oil and gas company YPF from Spanish-owned Repsol in 2012. The state takeover of the company was widely criticized by the European Union and others and increased investor caution. The government settled with Repsol approximately two years later in 2014.

The GOA announced the nationalization of the train and railway system in March 2015, which was approved by the Argentine Congress in April 2015.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Domestic investment dispute adjudication is available through local courts or administrative procedures. The current judicial process is lengthy and suffers from significant backlogs. Many foreign investors prefer to rely on private or international arbitration when those options are available.

Argentina follows a Civil Law system. The Civil and Commercial Code provides regulations for civil and commercial liability, including ownership of property and intellectual property claims. Claims regarding labor practices are processed through a labor court, regulated by Decree No. 106/98. Contracts often include clauses designating specific judicial or arbitral recourse for dispute settlement. In 2014, the government passed a new Civil and Commercial Code that has been in effect since August 2015.

According to the Argentine constitution, the judiciary is a separate and equal branch of government. In practice, there have been instances of interference by previous administrations in the judicial process. Companies have complained about lack of transparency and reliability in courts, and that past Argentine governments had used the judiciary system to pressure the private sector. The Macri administration has publicly expressed its intent to improve transparency and rule of law in the judicial system, and the Justice Minister announced in March 2016 plans to reform the judiciary.

The requirements for the enforcement of foreign judgments are set out in section 517 of the National Procedural Code, which provides that a judgment issued by a foreign court can be enforceable in Argentina if all the of the following apply:

- The judgment is final in the jurisdiction in which it was issued and is issued by a competent court or tribunal in accordance with the Argentine rules of international jurisdiction, as a consequence of the filing of either a:
 - personal action (that is, an action seeking to enforce a personal right derived from a contract, quasi-contract or tort); or
 - legal action *in rem* (acción real) related to a personal property moved to Argentine territory during or after the trial carried out in the foreign country.
- The defendant was duly summoned and given the chance to defend.
- The judgment is eligible for recognition under the laws of the country where it was issued and complies with the authenticity conditions required by national laws.
- The judgment does not affect Argentine principles of public policy.
- The judgment is not incompatible with a judgment given before or simultaneously by an Argentine court or tribunal.

In a recent case, Argentina's Federal Supreme Court of Justice denied the recognition and enforcement of a judgment of a New York court, (which ordered Argentina to pay a certain amount of money) on the grounds of public policy violation, as the Argentine court concluded that the foreign decision did not take into consideration the specific restructuring process of public debt required under local rules and in accordance with the Argentine Constitution (Claren Corporation v National Government, 03/06/2014).

Argentina is also a party to several bilateral and multilateral treaties and conventions for the enforcement and recognition of foreign judgments, which provide requirements for the enforcement of foreign judgments in Argentina, including:

- UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention), ratified by law No. 23,619 (1988).
- Treaty of International Procedural Law, approved in the South-American Congress of Private International Law held in Montevideo in 1898, ratified by Argentina by law No. 3,192.
- Treaty of International Procedural Law, approved in the South-American Congress of Private International Law held in Montevideo in 1939-1940, ratified by law 7771/56 (1956).
- Panamá Convention of 1975, CIDIP I: Inter-American Convention on International Commercial Arbitration, adopted within the Private International Law Conferences – Organization of American States, ratified by law No. 24,322 (1995).
- Montevideo Convention of 1979, CIDIP II: Inter-American Convention on Extraterritorial Validity of Foreign Judgments and Arbitral Awards, adopted within the Private International Law Conferences – Organization of American States, ratified by law No. 22,921 (1983).
- International Center for Settlement Investment Disputes (ICSID) Convention, ratified by Argentina in March 1995.

Bankruptcy

Argentina's bankruptcy law was codified in 1995 in Law 24,522. The full text can be found at: <http://www.infoleg.gov.ar/infolegInternet/anexos/25000-29999/25379/texact.htm>. Under the law, debtors are generally able to begin insolvency proceedings when they are no longer able to pay their debts as they mature. Debtors may file for either liquidation or reorganization. Creditors may file for insolvency of the debtor for liquidation only. The insolvency framework does not require approval by the creditors for the selection or appointment of the insolvency representative or for the sale of substantial assets of the debtor. The insolvency framework does not provide rights to the creditor to request information from the insolvency representative but the creditor has the right to object to decisions by the debtor to accept or reject creditors' claims. Bankruptcy is not criminalized; however, convictions for fraudulent bankruptcy can carry two to six years of prison time.

The World Bank's 2016 Doing Business Report ranked Argentina 95 among 189 countries for the effectiveness of its insolvency law. This is a drop of 16 places from its ranking of 79 in 2015.

Investment Disputes

Argentina defaulted on USD 82 billion in 2002 following its 2001 financial crisis. The government restructured 92 percent of its sovereign debt in 2005 and 2010 for a mix of new bonds with a substantial loss in net present value. Some bondholders did not participate in

the 2005 and 2010 swaps and continued to pressure Argentina via the U.S. courts to settle its outstanding debt for the actual amount owed plus interest.

Soon after his inauguration, President Macri sent advisors to New York to re-engage in negotiations with the holdout creditors. By the end of February 2016, the Argentine government had reached preliminary agreements with most of its creditors, which the Argentine Congress approved on March 31, 2016. This allowed the Argentine government to finalize its settlement with the holdouts and fulfill the requirements for Federal Court of the Southern District of New York to lift the injunction against Argentina, paving the way for Argentina to regain access to international capital markets.

On May 14, 2016, the government of Argentina announced the settlement of an outstanding final award for a U.S. company that had been granted by the International Centre for the Settlement of Investment Disputes (ICSID) in 2014. Argentina currently has three pending arbitral cases filed against it in by U.S. investors in the ICSID.

In May 2014, Argentina reached agreements with the Paris Club group of creditors to repay USD 9.7 billion in arrears over the next five years, including USD 642 million owed to the United States.

International Arbitration

The GOA officially accepts the principle of international arbitration. The United States-Argentina Bilateral Investment Treaty provides for international arbitration of investment disputes that cannot be settled amicably. For more information on the cases brought by U.S. claimants against Argentina, go to:

<https://icsid.worldbank.org/apps/ICSIDWEB/cases/Pages/AdvancedSearch.aspx?rntly=ST4>

Alternative dispute resolution (ADR) mechanisms can be stipulated in contracts. Argentina also has alternative dispute resolution mechanisms available such as the Center for Mediation and Arbitrage (CEMARC for its Spanish acronym) of the Argentine Chamber of Trade. More information can be found at: <http://www.intracen.org/Centro-de-Mediacion-y-Arbitraje-Comercial-de-la-Camara-Argentina-de-Comercio---CEMARC--/#sthash.RagZdv0l.dpuf>

Argentina does not have a specific law governing arbitration, but it has adopted a mediation law (Law No. 24.573/1995), which makes mediation mandatory prior to litigation. Some arbitration provisions are scattered throughout the Civil Code, the National Code of Civil and Commercial Procedure, the Commercial Code, and three other laws. None of these laws contain definitions of domestic or international arbitration; nor do they regulate the severability of the arbitration agreement from the main contract nor require the confidentiality of arbitration or the impartiality of arbitrators. The Code of Civil and Commercial Procedure states that when parties have not agreed on the applicable procedural rules, the arbitration must be conducted under the same procedural rules as those that govern cases litigated in court. The following methods of concluding an arbitration agreement are not binding under Argentine law: electronic communication, fax, oral agreement, and conduct on the part of one party. Generally, all commercial matters are subject to arbitration. There are no legal restrictions on the identity and professional qualifications of arbitrators. Parties must be represented in arbitration proceedings in Argentina by attorneys who are licensed to practice locally. The grounds for annulment of arbitration awards are limited to substantial procedural violations, an ultra petita award (award outside the scope of the arbitration agreement), an award rendered after the agreed-upon time limit, and a public order violation that is not yet settled by jurisprudence when related to the merits of the award. On average, it takes around 21 weeks to enforce an arbitration award rendered in Argentina, from filing an application to a writ of execution

attaching assets (assuming there is no appeal). It takes roughly 18 weeks to enforce a foreign award.

ICSID Convention and New York Convention

The GOA is a member of the International Center for the Settlement of Investment Disputes (ICSID), the United Nations Commission on International Trade Law (UNCITRAL), and the World Bank's Multilateral Investment Guarantee Agency (MIGA). Argentina is a contracting State of the United Nations' Convention on the Recognition and Enforcement of Foreign Arbitral Awards since August 1958 and had ratified the Convention in 1989. There is no specific domestic legislation providing for enforcement under the 1958 New York Convention and for the enforcement of awards under the ICSID Convention. Companies that seek recourse through Argentine courts may not also pursue recourse through international arbitration.

Duration of Dispute Resolution – Local Courts

Domestic and international dispute resolution could be extensive. It is impossible to estimate the exact timing of the proceedings, as it will depend on several factors (for example, the assigned judge's workload and if a party to the case appeals the initial ruling).

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Argentina has been a World Trade Organization (WTO) member since 1995.

From 2012 through 2015, Argentina maintained an import licensing system known as the Advance Sworn Affidavit on Imports (or "DJAI" by its Spanish acronym), which required that all imports receive advance approval by the Argentine government. Argentina used the DJAI system to limit the volume or value of imports, extract commitments from importers to export goods from Argentina, increase investments in Argentina, increase the use of local content, and refrain from repatriating profits. Prior to 2012, Argentina also operated a far-reaching automatic and non-automatic import licensing scheme. That system was the subject of much criticism by WTO members even before the DJAI requirement was put in place.

In 2012, the United States, along with the European Union and Japan, initiated WTO dispute settlement proceedings to challenge Argentina's import licensing regime. In August 2014, the WTO dispute settlement panel ruled in favor of the United States, the European Union, and Japan, finding that Argentina's import licensing requirements and other import restrictions breached international trade rules. In September 2014, Argentina appealed the panel decision, and on January 15, 2015, the Appellate Body affirmed the earlier findings of the WTO panel. Argentina agreed to comply with the WTO ruling by December 31, 2015.

On December 21, 2015, AFIP issued Resolution 3,823/2015 that terminated the use of DJAIs and established a Comprehensive Import Monitoring System (SIMI) to manage a new automatic and non-automatic licensing regime, created by Resolution 5/2015 of December 22, 2015. The new resolutions require that importers submit electronically to SIMI detailed information about goods to be imported into Argentina. Once the information is submitted, the relevant Argentine government agencies are able to review the application through a "Single Window System for Foreign Trade" and make any observations or request additional information. The automatic import licensing requirements apply to approximately 18,000 tariff lines, or approximately 93.75 percent of Argentina's tariff schedule. Non-automatic import license requirements apply to approximately 1,200 tariff lines, or approximately 6.25 percent of Argentina's tariff schedule, including sectors and products the government has deemed

import-sensitive, such as automobiles, paper and cardboard, iron and steel, nuclear reactors, electrical materials and parts, toys, textiles, apparel and footwear. The resolutions do not provide a maximum time period for AFIP to issue a decision on import license applications. The Argentine government has publicly clarified that it sets a time limit of 60 days for application examination, in accordance with WTO guidelines. The full text of Resolution 5/2015 with the affected tariff lines can be accessed at: <http://www.infoleg.gov.ar/infolegInternet/anexos/255000-259999/257251/norma.htm>.

The United States has questions about whether the adoption of the SIMI brings Argentina's import licensing measures into compliance with its WTO obligations. The United States is working with Argentina to address these concerns.

Investment Incentives

Government incentives do not make any distinction between foreign and domestic investors. Federal, provincial and municipal governments offer incentives to attract investment to specific economic sectors such as capital assets and infrastructure, innovation and technological development, and energy. They also offer incentives to encourage the productive development of specific geographical areas. More details of these programs can be found here: <http://inversiones.gob.ar> and <http://www.argentina.gob.ar/informacion/46-invertir-en-la-argentina.php>.

Research and Development

Argentina does not restrict foreign firms from participating in government-funded or subsidized research and development programs.

Performance Requirements

Within the mining sector, the Argentine National Mining Agency (Agencia Nacional de Minería) requires mining companies registered in Argentina to use Argentine-flagged vessels to transport minerals and their industrial derivatives for export from Argentina. Argentina requires that mining companies registered in Argentina purchase domestic capital goods, spare parts, inputs and services.

In the audiovisual industry, the Argentine government imposes restrictions on the showing, printing, and dubbing of foreign films in Argentina.

The Media Law, enacted in 2009 and amended by presidential decree in December 2015, requires companies to locally produce advertisement and publicity materials, or to include 60 percent local content.

Data Storage

Argentina does not have forced localization of content in technology or requirements of data storage in country.

6. Protection of Property Rights

Real Property

Secured interests in property, including mortgages, are recognized and common in Argentina. Such interests can be easily and effectively registered. They also can be readily bought and sold. Argentina manages a national registry of real estate ownership (Registro de la Propiedad Inmueble) at <http://www.dnrpi.jus.gov.ar/>. Argentine Law No. 26.160 prevents the eviction and confiscation of land traditionally occupied by indigenous communities in

the country. Indigenous land claims can be found in the land registry. Enforcement is carried out by the National Institute of Indigenous Affairs, under the Ministry of Social Development.

Intellectual Property Rights

The government of Argentina adheres to most treaties and international agreements on intellectual property and belongs to the World Intellectual Property Organization and the World Trade Organization. The Argentine Congress ratified the Uruguay Round agreements, including the provisions on intellectual property in Law 24425 on January 5, 1995. Since 1996, however, Argentina has been on the Office of the U.S. Trade Representative's intellectual property rights (IPR) Priority Watch List. Argentina was listed in USTR's Notorious Markets Report and Special 301 Report in 2016.

Deficiencies persist within the Argentine patent and regulatory data protection regimes that continue to be problematic for U.S. exporters of intellectual property (IP) to Argentina, especially pharmaceutical, biotechnology, and software firms. These industries consider delays and restrictions in the approval of patents as indicators of Argentina's lack of commitment to protect their intellectual property. Efforts to pursue criminal prosecution against egregious copyright violators remain stuck in the judicial system. Since taking office in December 2015, the new Argentine administration has expressed political willingness to enforce intellectual property rights, and has carried out some police actions to combat the illegal trade in counterfeit goods. Business organizations have noted that the Macri government has shown openness for engagement with the private sector on IP issues, but areas such as patents remain politically sensitive due to the interests of domestic competing industries.

Extension of adequate patent protection to pharmaceuticals and genetically modified seeds has been a source of bilateral disagreement. Argentina's patent application backlog, especially related to biotechnological and pharmaceutical inventions, continues to grow and currently is estimated to be approximately 21,000 applications. The processing time may take as long as eight to ten years. Argentina's law does not provide provisional protection rights to applicants during the pending period, and does not grant patent term adjustment to compensate for the delays during patent examination. Argentina has not ratified the Patent Cooperation Treaty (PCT) of the World Intellectual Property Organization (WIPO). Argentina does not have an effective patent enforcement and resolution mechanism. Lack of data protection has hindered some companies from introducing new technological innovations into the Argentine market.

Some U.S. companies have expressed concern that recent amendments to Argentina's patentability guidelines further restrict or prohibit patents for specific pharmaceutical and biotechnology innovations. Resolution 283/2015, published in September 2015, further limits the ability to patent biotechnological innovations based on living matter and natural substances, including biologics. Industry representatives said the imposition of additional patentability criteria beyond those of demonstrating novelty, inventive step, and industrial application is contrary to Argentina's obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Article 27 that states "patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether the products are imported or locally produced." Analysts said resolution 283 – which was modeled on regulations 118/2012, 546/2012, and 107/2012 (published in 2012) and significantly narrowed the scope of patentable chemical compounds and compositions – has led to the rejection of many pharmaceutical patent applications. The regulation contemplates that similar limitations could be added in the future for "pharmaceutical biological inventions." The process of granting the patent is not

completely transparent, and the National Institute for Intellectual Property (INPI) does not always offer a formal comment period when implementing new procedures.

U.S. companies have also raised concerns about their limited ability to obtain judicial injunctions to prevent patent violations by local manufacturers. The unlicensed production by Argentine firms of pharmaceuticals whose patent rights are owned by foreign companies is a longstanding concern to foreign pharmaceutical companies.

Argentina has no specific law on trade secrets although penalties for unauthorized revelation of trade secrets are applied to a limited degree under commercial law. Argentina has signed the WIPO Treaty on Integrated Circuits, but has no law dealing specifically with the protection of layout designs and semiconductors.

Many industry observers claim that the trademark law, passed in 1980, provides civil damages that are insufficient to be an effective deterrent. The judiciary is reluctant to impose deterrent penalties such as prison sentences in criminal cases, and it is rare that companies face criminal charges. The government of Argentina has passed laws designed to allow authorities to mount undercover operations; to flag suspicious shipments; to facilitate the seizure and detention of suspect merchandise; and to rotate customs personnel more frequently. The customs administration instituted in 2006 a voluntary trademark registry and owner notification program. Some industry actors have noted that further protection for trademark owners should include the right to demand destruction of fraudulent goods to prevent reentry to the market. Currently, when a customs official encounters counterfeit goods, he must notify police authorities to seize the goods and proceed with appropriate legal procedure for each given case. The rights holders are responsible for paying for the storage and destruction of counterfeit goods.

Although Argentina's copyright law dates to 1930, it does provide a sound legal framework to protect intellectual property such as books, films, music, and software. Nevertheless, law enforcement is weak. Hardcopy piracy is still rampant in major public markets -- the selling of illegal DVDs and CDs is ubiquitous in Buenos Aires city -- and accounts for the majority of the piracy nationwide. Digital piracy rates exceed 95 percent, making it nearly impossible for legal service providers to develop. The Software Alliance's Global Software Survey found that 69 percent of software in Argentina was unlicensed, the commercial value of which was estimated to be USD 950 million. The lack of public awareness of the harm of IP infringement was shown by the media's description of some egregious IP violators as "innovators," such as the creators of the peer-to-peer sharing platform Popcorn Time that allows free online streaming of movies without paying for IP rights. Online streaming site Cuevana also continues to operate with impunity, and expanded in 2015 to include a mobile application. Efforts by the film industry to obtain legal recourse against the online sites remain stuck in legal limbo, since 2011, due to a combination of outdated IP legislation, lack of technological knowledge, and lack of political will on the part of prosecutors and judges. Argentina also suffers from a lack of adequate resources and support (for example, special police crime units dedicated to online piracy) for the enforcement of digital copyrights.

Argentina has one of the largest black markets in South America, called "La Salada," that sells counterfeit and pirated products. La Salada itself has reportedly continued its expansion to now include multiple stories and more stores and several branches throughout Argentina. Smaller "Las Saladitas" have proliferated throughout Buenos Aires. The number of illegal street vendors selling counterfeits and pirated goods increased 22 percent during the third quarter 2015 compared to the same time period in 2014, according to the Argentine Chamber of Commerce.

The Macri administration has publicly declared its intention to combat the growth of illegal street markets and carried out a number of law enforcement actions against street vendors

in early 2016. Analysts also reported a significant increase in police efforts to remove illegal street vendors in different neighborhoods throughout Buenos Aires city.

During the first quarter of 2016, the government carried out several police raids on warehouses in different parts of Buenos Aires city and seized illegal merchandise. Work conditions in these warehouses were found to be in violation of labor and human rights, and considered to be slave-like. Critics blamed an ineffective and politicized judicial system for undermining systematic attempts to curb corruption and punish criminals involved in the counterfeit and illegal trade.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Embassy's Contact:

Commercial Section:

Patrick Wall, Commercial Counselor

Office.buenosaires@trade.gov

U.S. Embassy, Buenos Aires, Argentina

Economic Section:

María Soledad Iglesias Liste, Economic Specialist

IglesiasS@state.gov

U.S. Embassy, Buenos Aires, Argentina

List of local attorneys:

<http://argentina.usembassy.gov/legal.html>

American Chamber of Commerce in Argentina

amcham@amchamar.com.ar

<http://www.amchamar.com.ar/index.html>

7. Transparency of the Regulatory System

Argentine government authorities and a number of quasi-independent regulatory entities have mandates to foster competition and protect consumers.

Argentine ministries and regulatory agencies do not provide notice of proposed regulations to the general public or provide impact assessments of the proposed regulations. There are no informal regulatory processes managed by non-governmental organizations or private sector associations. Argentine Decree 1,772/2003 provides general public access to most government information and allows for public hearings during the drafting of norms and bills. However, the decree is non-binding. Argentina does not have a public information law. In April 2016, President Macri's administration publicly announced that they are working to introduce a public information bill.

The Macri government has stated intentions to improve transparency, competition and predictability in Argentina's business and investment climate. The government has taken positive steps towards normalizing the economy and has announced plans to enact further reforms. The government also has increased outreach and welcomed dialogue with the private sector to ensure that regulatory reforms do not have undue adverse effects. However, a number of interventionist regulations promulgated by the previous administration are still in effect.

For instance, the national Supply Law, approved September 2014, allows the Secretary of Commerce to determine profit margins and reference prices for every stage of the productivity chain and set supply quotas. The Law also establishes severe sanctions ranging from fines to temporary closure for businesses found by the government to be artificially or unjustifiably increasing prices or hoarding inventories.

The Argentine government approved the Argentine Digital Law in early 2015 that enables the government to regulate the interconnection tariffs of telecommunications and cable companies. The Argentine Congress approved in April 2016 the presidential emergency decree (DNU 267) issued by President Macri in December 2015 that partially repealed the Media and Digital laws and created a new national communications authority, ENACOM by its Spanish acronym. Government officials justified the decree as necessary to improve transparency, attract investment, and ensure the laws are not used for political ends. Critics said the law allows for the creation of media monopolies and prevents satellite service providers from providing bundled telecommunications services. As of June 2016, a special committee under the Ministry of Communications, with involvement from the private sector, is preparing a draft of a new communications law to be discussed in Congress.

In general, national taxation rules do not discriminate against foreigners or foreign firms (e.g., asset taxes are applied to equity possessed by both domestic and foreign entities). Government tax authorities scrutinize tax declarations of foreign corporations operating in Argentina with the intent of curbing the use of offshore shell corporations to shelter profits and assets from taxation. This has led to tax disputes with foreign-owned firms that have structured their operations in a manner they believe to be consistent with Argentine law, while minimizing total corporate tax obligations to all of the countries in which they operate.

Argentina is a member of the U.N. Conference on Trade and Development's (UNCTAD) international network of transparent investment procedures. The municipalities of Lomas de Zamora, Berazategui, and the Province of Chubut participate in UNCTAD's Business Facilitation Program and provide detailed information on administrative procedures applicable to income generating operations, including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures. More information can be found here: <http://ldz.eregulations.org/>, <http://berazategui.eregulations.org/>, and <http://chubut.eregulations.org/>.

8. Efficient Capital Markets and Portfolio Investment

The Macri administration has pursued a complete change in policy towards international credit markets. President Macri appointed former bankers and prominent economists to senior positions in the Ministry of Treasury and Finance. Resolution of Argentina's debt default is expected to pave the way for increased portfolio investment flows.

Immediately after taking office, the Macri administration took measures to normalize the financial and banking system by rolling back the Kirchner administration's interventionist policies, such as eliminating the requirement that banks lend part of their portfolios at below market rates, and eliminating caps on bank fees. These measures helped improve the banks' balance sheets and profitability. The Macri government has publicly voiced its commitment to working with the banking system to develop longer term and more liquid credit markets at reasonable interest rates.

The Argentine Securities and Exchange Commission (CNV or Comisión Nacional de Valores) is the federal agency that regulates securities markets offerings. Securities and accounting standards are transparent and consistent with international norms. Foreign investors have access to a variety of options on the local market to obtain credit.

U.S. banks, securities firms, and investment funds are well-represented in Argentina and are dynamic players in local capital markets. In 2003, the government began requiring foreign banks to disclose to the public the nature and extent to which their foreign parent banks guarantee their branches or subsidiaries in Argentina. The Argentine Congress approved in November 2012 a new law to amend regulations over the domestic stock market. The bill expands the local capital market, but it also provides for greater regulatory intervention in financial deals and corporate administration of listed companies.

The private pension fund system – consolidated in 1995 – provided a growing base for capital markets until the 2001-02 economic and financial crises. Following the 2005 debt restructuring, private pension funds once again became significant players in domestic capital markets. The former government’s nationalization of the private pension funds’ assets in November 2008 shut down the funds’ investment activities, however. As a result of the nationalization, Argentina’s Social Security Agency (ANSES) now holds large equity stakes in domestic and foreign firms trading on the local stock exchange, and has also taken on the private pension funds’ holdings of federal and provincial government debt. This nationalization considerably decreased the liquidity and depth of the securities market in Argentina.

Money and Banking System, Hostile Takeovers

The Macri administration has promulgated new regulations, such as the elimination of capital controls and market exchange restrictions, to improve the functionality of the financial system. Argentina has a relatively sound banking sector based on diversified revenues, well-contained operating costs and a high liquidity level. The main challenge for banks is to rebuild long-term assets and liabilities. Banks are suffering from low credit demand due to the slowdown of the economy and higher unemployment. The largest bank is the state-owned Banco de la Nación Argentina. Non-performing private sector loans constitute less than 2 percent of banks’ portfolios. The ten largest private banks have total assets of approximately ARS 844 billion (USD 63 billion). Total financial system assets are approximately ARS 1,840 billion (USD 137 billion). The Central Bank of Argentina acts as the country’s financial agent and is the main regulatory body for the banking system.

9. Competition from State-Owned Enterprises

The Argentine government owns state owned enterprises (SOEs) in the following sectors: civil commercial aviation, water and sanitation, oil and gas, electricity generation, transport, paper production, satellite, banking, railway, shipyard, and aircraft ground handling services. A list of state-own enterprises, enterprises under concession and enterprises with state participation can be found here: http://www.sigen.gob.ar/universo_03_entiaddesyempresas.asp.

By Argentine law, a company is considered a public enterprise if the state owns 100 percent of the company’s shares. The state has majority control over a company if the state owns 51 percent of the company’s shares. The state has minority participation in a company if the state owns less than 51 percent of the company’s shares. Argentine Law 25.156 regulates state-owned enterprises and enterprises with state participation.

Through the government’s social security agency (ANSES), the GOA owns stakes ranging from 1 percent to 31 percent in 46 publically-listed companies. U.S. investors also own shares in some of these companies. As part of the ANSES takeover of Argentina’s private pension system in 2008, the government agreed to commit itself to being a passive investor in the companies and limit the exercise of its voting rights to 5 percent, regardless of the percentage of a company the social security agency actually owned. In April 2011, the GOA removed the 5 percent cap and moved to increase ANSES’ influence over these

companies by nominating members for their boards of directors and exercising influence over issues such as dividend payments. A list of such enterprises can be found at: <http://fgs.anses.gob.ar/participacion>

Most of Argentina's SOEs operate as providers of public services and do not face competition from the private sector. State-owned enterprises purchase and supply goods and services from the private sector and foreign firms. Private enterprises may compete with SOEs under the same terms and conditions with respect to market share, products/services, and incentives. Private enterprises also have access to financing terms and conditions similar to SOEs. SOEs are subject to the same tax burden and tax rebate policies as their private sector competitors. SOEs are not currently subject to firm budget constraints under the law. Argentina does not have regulations that differentiate treatment of SOEs and private enterprises. Argentina has observer status under the WTO Agreement on Government Procurement and, as such, SOEs are subject to the conditions of Argentina's observance.

Argentina is not part of the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO).

OECD Guidelines on Corporate Governance of SOEs

Argentina does not have a specified ownership policy, guideline or governance code for how the government exercises ownership of SOEs.

OECD reports indicate that Argentina generally adheres to the OECD Guidelines on Corporate Governance of SOEs. The practices for SOEs are mainly in compliance with the policies and practices for transparency and accountability in the OECD Guidelines.

Argentina does not have a centralized ownership entity that exercises ownership rights for each of the SOEs. The general rule in Argentina is that requirements that apply to all listed companies also apply to publicly-listed SOEs.

Sovereign Wealth Funds

Not applicable

10. Responsible Business Conduct

There is an increasing awareness of corporate social responsibility (CSR) and responsible business conduct (RBC) among both producers and consumers. RBC and CSR practices are welcomed by beneficiary communities throughout Argentina. There are many institutes that promote RBC and CSR in Argentina, the most prominent being the Argentine Institute for Business Social Responsibility (<http://www.iarse.org/>), which has been working in the country for more than 15 years and include among its members many of the most important companies in Argentina.

Argentina is a member of United Nation's Global Compact. Established in April 2004, the Global Compact Network Argentina is a business-led network with a multi-stakeholder governing body elected for two-year terms by active participants. The network is supported by the United Nations Development Program (UNDP) in close collaboration with other UN Agencies. The Argentine Global Compact is the most important RBC/CSR initiative in the country with presence in more than 20 provinces. More information on the initiative can be found at: <http://pactoglobal.org.ar>

Foreign and local enterprises tend to follow generally accepted CSR/RBC principles. Argentina subscribed to the Declaration on the OECD Guidelines for Multinational Enterprises on April 1997.

Many provinces, such as Mendoza and Neuquén, have or are in the process of enacting a provincial CSR/RBC law. A national CSR/RBC bill was presented to the Argentine Congress in 2013. As of June 2016, the bill is still in committee discussions in the congressional lower house. There have been many previously unsuccessful attempts to pass a CSR/RBC Law. Distrust over the State's role in private companies had been the main concern for legislators opposed to these bills.

11. Political Violence

Demonstrations are common in metropolitan Buenos Aires and in other major cities and rural areas. Protesters on occasion block streets, highways, and major intersections, causing traffic jams and delaying travel. While demonstrations are usually non-violent, individuals sometimes seek confrontation with the police and vandalize private property. Groups occasionally protest in front of the U.S. Embassy or U.S.-affiliated businesses. In February 2016, the Ministry of Security approved a National Anti-Street Pickets Protocol that provides guidelines to prevent the blockage of major streets and public facilities during demonstrations. Though political violence is always concerning, it is not widely considered a hindrance to the investment climate in Argentina.

12. Corruption

According to the World Bank's worldwide governance indicators, corruption remains an area of concern in Argentina. In the latest Transparency International Corruption Perceptions Index (CPI) that ranks countries and territories by their perceived levels of corruption, Argentina ranked 107 out of 175 countries in 2015. According to Transparency International, Argentina has weak enforcement of anti-corruption measures. Allegations of corruption in provincial as well as in federal courts remained frequent. Lack of transparency, autonomy, and clear rules in the selection of judges as well as inefficiencies and pervasive delays compromise the judicial system and create the potential for political influence. Few Argentine companies have implemented anti-foreign bribery measures beyond limited codes of ethics.

Argentina's legal system incorporates several measures addressing public sector corruption. The government institutions tasked with combatting corruption includes the Anti-Corruption Office (ACO), the National Auditor General, and the General Comptroller's Office. Public officials are subject to financial disclosure laws, and the Ministry of Justice's ACO is responsible for analyzing and investigating federal executive branch officials based on their financial disclosure forms. The ACO is also responsible for investigating corruption within the federal executive branch or in matters involving federal funds, except for funds transferred to the provinces. While the ACO does not have authority to independently prosecute cases, it can refer cases to other agencies or serve as the plaintiff and request a judge to initiate a case.

Since assuming office, President Macri has made combating corruption and improving governmental transparency a priority objective for his administration. Former Republican Proposal (President Macri's political party, PRO by its Spanish acronym) National Deputy Laura Alonso was appointed as the head of the ACO with a mandate to improve public policy, but the ACO does not have prosecutorial authority. President Macri has submitted a bill to Congress to implement citizen's access to public information, and has proposed a series of criminal justice and administrative reforms. Chief among these are measures to speed the recovery of assets acquired through corruption, plea-bargaining-type incentives to encourage judicial cooperation, and greater financial disclosure for public servants. In early 2016, the Argentine government reaffirmed its commitment to the Open Government Partnership (OGP) and reengaged the OECD.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Argentina is a party to the Organization of American States' Inter-American Convention against Corruption. It ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 2001 (Anti-Bribery Convention). Argentina also has signed and ratified the UN Convention against Corruption (UNCAC) and is an active participant in UNCAC's Conference of State Parties. Argentina is an active participant in the Mechanism for Follow-up on the Implementation of the Inter-American Convention against Corruption (MESICIC).

Argentina is a member of the OECD Working Group on Bribery, the organization that monitors compliance with the OECD Anti-Bribery Convention. Argentina underwent its Phase 3 Working Group evaluation in December 2014 at which time the group found that Argentina was "seriously non-compliant with key articles of the convention, including introducing corporate liability for foreign bribery." The Working Group also found persistent, systemic deficiencies in Argentina's criminal justice system and ability to detect and report foreign bribery. As a consequence, Argentina will be required to undergo a supplemental Phase 3 evaluation. A high-level mission of the Anti-Bribery Working Group visited Argentina in 2016.

Since Argentina became a Party to the OECD Anti-Bribery Convention in 2001, ten allegations of Argentine individuals or companies bribing foreign officials have surfaced. Three of the allegations are under investigation. An investigation into one allegation was not opened because of a lack of information. Investigations into two allegations ended without charges. A seventh allegation was determined not to involve foreign bribery but other offences after an investigation. At the time of OECD's last reporting in December 2014, it remained unconfirmed whether the remaining cases involve foreign bribery.

Resources to Report Corruption

Oficina Anticorrupcion, Ministerio de Justicia y Derechos Humanos
anticorrupcion@jus.gov.ar
Tucuman 394
Codigo Postal (C 1049 AAH)

Ciudad Autonoma de Buenos Aires,
Republica Argentina
Poder Ciudadano (Local Transparency International Affiliate)
Phone: +54 11 4331 4925 ext 225
Fax: +54 11 4331 4925
Email: comunicaciones@poderciudadano.org
Website: <http://www.poderciudadano.org>

13. Bilateral Investment Agreements

During 2014-2015, Argentina and China signed several commercial and investment agreements. Some of the specific terms and conditions of the agreements were not made publicly available, causing consternation in the private sector over the lack of transparency. In 2016, the Macri administration announced that it had agreed with China to review all bilateral agreements signed by the previous Argentine administration to ensure compliance with environmental, cost, and legal requirements.

In 2016, the Macri administration signed numerous bilateral commercial, economic and investment cooperation agreements including with France, Italy, and the United States. Argentina and the United States signed a Trade and Investment Framework Agreement in March 2016.

In 1991, Argentina and the United States signed a Bilateral Investment Treaty (BIT). The agreement was ratified by both countries entering into force on October 20, 1994. The Argentina-United States BIT can be found on the following site: <http://2001-2009.state.gov/documents/organization/43475.pdf>.

The BIT provides protections against capital movement restrictions, expropriations, and performance requirements; it also establishes a means for the settlement of investment disputes. The BIT lists sectors in which Argentina maintains exceptions to national treatment for U.S. investors: real estate in border areas, air transportation, shipbuilding, nuclear energy, uranium mining, and fishing. U.S. investors must obtain permission from the Ministry of Defense's Superintendence for Frontiers to invest in non-mining activities in border areas.

Currently, Argentina has 56 BITs and double taxation treaties (DTAs) in force. Among those countries are Australia, United Kingdom, Denmark, Germany, Belgium, France, Italy, Sweden, Canada, Bolivia, Brazil, Finland, Norway, and the Netherlands. In addition, a number of treaties concerning the exemption of income tax from international transport are in force.

Bilateral Taxation Treaties

Argentina does not have a bilateral tax treaty with the United States.

In October 2014, the Government of Argentina signed a resolution with 50 other countries, agreeing to the automatic exchange of banking information to improve fiscal transparency. The agreement, which was spearheaded by the Organization for Economic Co-operation and Development (OECD), will allow the Argentine Tax Authority (AFIP) access information on foreign bank accounts held by Argentines. The agreement is expected to begin implementation in 2017. Detailed information of the Argentina's international agreement related to taxes can be found at <http://www.afip.gov.ar/institucional/acuerdos.asp>.

In 2015, the United States signed with AFIP a Memorandum of Understanding to renew the exchange of trade and fiscal information between the countries, increasing the transparency of commercial transactions and helping combat customs fraud, trade in counterfeit products, and other trade anomalies.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Argentina has two types of tax-exempt trading areas: Free Trade Zones (FTZ), which are found throughout the country; and the more comprehensive Special Customs Area (SCA), which covers all of Tierra del Fuego Province.

Argentine law defines an FTZ as a territory outside the "general customs area" (GCA, i.e., the rest of Argentina) where neither the inflows nor outflows of exported final merchandise are subject to tariffs, non-tariff barriers, or other taxes on goods. Goods produced within a FTZ generally cannot be shipped to the GCA unless they are capital goods not produced in the rest of the country. The labor, sanitary, ecological, safety, criminal, and financial regulations within FTZs are the same as those that prevail in the GCA. Foreign firms receive national treatment in FTZs.

Under the current law, the Argentine government may create one FTZ per province, with certain exceptions. More than one FTZ per province may be allowed in sparsely populated border regions (although this provision has not been fully utilized). Thus far, the GOA has permitted FTZs in many of the 23 Argentine provinces. The most active FTZ is in La Plata, the capital of Buenos Aires Province. Merchandise shipped from the GCA to a FTZ may receive export incentive benefits, if applicable, only after the goods are exported from the FTZ to a third country destination. Merchandise shipped from the GCA to a FTZ and later exported to

another country is not exempt from export taxes. Any value added in an FTZ or re-export from an FTZ is exempt from export taxes.

Products manufactured in an SCA may enter the GCA free from taxes or tariffs. In addition, the government may enact special regulations that exempt products shipped through an SCA (but not manufactured therein) from all forms of taxation except excise taxes. The SCA program provides benefits for established companies that meet specific production and employment objectives. The SCA program applies only to Tierra del Fuego Province and is scheduled to expire at the end of 2023. In late 2006, the Economy Ministry through Resolution 776 abolished the export tax exemption enjoyed by oil companies operating in Tierra del Fuego Province. The Argentine Congress passed a law in November 2009 establishing value-added tax rates up to 21 percent on cell phones, televisions, digital cameras and other electronic items not produced in the southern Tierra del Fuego foreign trade zone. According to the government, the bill aims to increase government revenue through higher tax collection, and encourage investment in Tierra del Fuego to promote local manufacturing and job growth. Argentina's import restrictions used to be the primary reason that foreign firms chose to assemble electronic products in Argentina.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015**	\$607.8 billion	2014	\$537.7 billion	www.worldbank.org/en/country *Host Country source: Ministry of Economy based on INDEC – National Institute of Statistics and Censuses **Latest available: 2Q 2015
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	\$21,710 millions	2014	\$13,218 millions	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm *Host Country source: Central Bank; http://www.bcra.gov.ar/Pdfs/Estadisticas/Inversiones%20directas%20al%2031%2012%2014.pdf
Host country's FDI in the United States (\$M	N/A	N/A	2014	\$101 millions	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm

USD, stock positions)					
Total inbound stock of FDI as % host GDP	2014	15.51 %*	2014	21.11 %**	*BCRA and INDEC **UNCTAD - United Nations Conference on Trade and Development http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

Table 3: Sources and Destination of FDI

The IMF does not have recent direct investment data on Argentina. Argentina was censured by the IMF in February 2013 for reporting unreliable economic data. In December 2015, the Macri administration started a wide-ranging revision of all data methodology and estimation used by the National Statistical Institute ("INDEC" by its Spanish acronym). The Argentine government also promised to comply with IMF statistics best practices and scheduled IMF Article IV consultations for September 2016.

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2015, the latest information for Argentina, the total stock of FDI in Argentina at the end of 2014 was estimated at USD 114.1 billion. The stock of U.S. FDI in Argentina in 2014 was estimated at USD 13.2 billion by the U.S. Bureau of Economic Analysis. In 2014, according to UNCTAD, total FDI inflows were estimated at USD 6.6 billion and outward FDI flows amounted to USD 2.1 billion. Data on Argentina's FDI in the United States is not currently available.

Source: UNCTAD, <http://unctadstat.unctad.org/TableViewer/tableView.aspx>
http://unctad.org/sections/dite_dir/docs/wir2015/wir15_fs_ar_en.pdf

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	23,857	100%	All Countries	14,512	100%	All Countries	9,345	100%
United States	22,508	94.35%	United States	13,457	92.73%	United States	9,051	96.85%
Brazil	584	2.45%	Luxembourg	537	3.7%	Brazil	269	2.88%
Luxembourg	537	2.25%	Brazil	315	2.17%	Mexico	10	0.11%
Spain	125	0.52%	Spain	125	0.86%	Germany	7	0.075%
China, P.R	25	0.1%	China, P.R	25	0.17%	Chile	7	0.075%

Section 5 - Government

Chiefs of State and Cabinet Members

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Civil law system based on West European legal systems; note - efforts at civil code reform begun in the mid-1980s has stagnated

International organization participation:

AfDB (nonregional member), Australia Group, BCIE, BIS, CAN (associate), CD, CELAC, FAO, FATF, G-15, G-20, G-24, G-77, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAES, LAIA, Mercosur, MIGA, MINURSO, MINUSTAH, NAM (observer), NSG, OAS, OPANAL, OPCW, Paris Club (associate), PCA, SICA (observer), UN, UN Security Council (temporary), UNASUR, UNCTAD, UNESCO, UNFICYP, UNHCR, UNIDO, Union Latina (observer), UNTSO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC







Section 6 - Tax







Exchange control














Exchange controls are currently in effect. Foreign currency can be transferred into Argentina provided that the sender files a disclosure with the official authority. In some cases, the transfer is subject to a one year time deposit (with no interest accrued) for the 30% of the amount transferred (especially financial loans). Capital contributions are not subject to the time deposit. To transfer out, the reason must be proved by filing forms with the Central Bank (i.e. dividends, loans, etc).






Treaty and non-treaty withholding tax rates

Argentina has signed 37 agreements (18 DTC and 19 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Andorra	TIEA	26 Oct 2009	15 Jun 2012	Yes	Yes	
Aruba	TIEA	30 Sep 2013	not yet in force	Unreviewed	Yes	
Australia	DTC	27 Aug 1999	31 Dec 1999	Yes	No	
Azerbaijan	TIEA	17 Dec 2012	22 Apr 2013	Unreviewed	Yes	
Bahamas, The	TIEA	3 Dec 2009	27 Jul 2012	Yes	Yes	
Belgium	DTC	12 Jun 1996	21 Jul 1999	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Bermuda	TIEA	22 Aug 2011	14 Oct 2011	Yes	Yes	
Bolivia	DTC	30 Oct 1976	4 Jun 1979	No	No	
Brazil	DTC	17 May 1980	7 Dec 1982	Yes	No	
Canada	DTC	29 Apr 1993	30 Dec 1994	Yes	No	
Cayman Islands	TIEA	18 Oct 2011	31 Aug 2012	Yes	Yes	
Chile	DTC	13 Nov 1976	19 Dec 1985	Yes	No	
China	TIEA	13 Dec 2010	16 Sep 2011	Yes	Yes	
Costa Rica	TIEA	23 Nov 2009	12 Jul 2012	Yes	Yes	
Denmark	DTC	12 Dec 1995	3 Sep 1997	Yes	No	
Ecuador	TIEA	23 May 2011	24 May 2011	Unreviewed	Yes	
Finland	DTC	13 Dec 1994	5 Dec 1996	Yes	No	
Former Yugoslav Republic of Macedonia	TIEA	26 Apr 2013	not yet in force	Unreviewed	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
France	DTC	4 Apr 1979	1 Mar 1981	Yes	No	
Germany	DTC	13 Jul 1978	25 Nov 1979	No	No	
Guernsey	TIEA	28 Jul 2011	4 Jan 2012	Yes	Yes	
India	TIEA	21 Nov 2011	28 Jan 2013	Yes	Yes	
Isle of Man	TIEA	14 Dec 2012	4 May 2013	Yes	Yes	
Italy	DTC	15 Nov 1979	15 Dec 1983	Yes	No	
Jersey	TIEA	28 Jul 2011	9 Dec 2011	Yes	Yes	
Monaco	TIEA	13 Oct 2009	8 Aug 2010	Yes	Yes	
Netherlands	DTC	27 Dec 1996	11 Feb 1998	Yes	No	
Norway	DTC	8 Oct 1997	30 Dec 2001	Yes	No	
Peru	TIEA	7 Oct 2004	8 Oct 2004	Unreviewed	Yes	
Russian Federation	DTC	10 Oct 2001	16 Oct 2012	Yes	No	
San Marino	TIEA	7 Dec 2009	16 Jun 2012	Yes	Yes	
South Africa	TIEA	2 Aug 2013	not yet in force	Unreviewed	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Spain	DTC	11 Mar 2013	not yet in force	Yes	Yes	
Sweden	DTC	31 May 1995	10 May 1997	Yes	No	
Switzerland	DTC	23 Apr 1997	not yet in force	No	No	
United Kingdom	DTC	3 Jan 1996	1 Aug 1997	Yes	No	
Uruguay	TIEA	23 Apr 2012	7 Feb 2013	Yes	Yes	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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