

EXPORT RÅDDET

SWEDISH TRADE COUNCIL

THE ENERGY SITUATION IN ARGENTINA

FACT PACK

Swedish Trade Council in Argentina
2008

THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

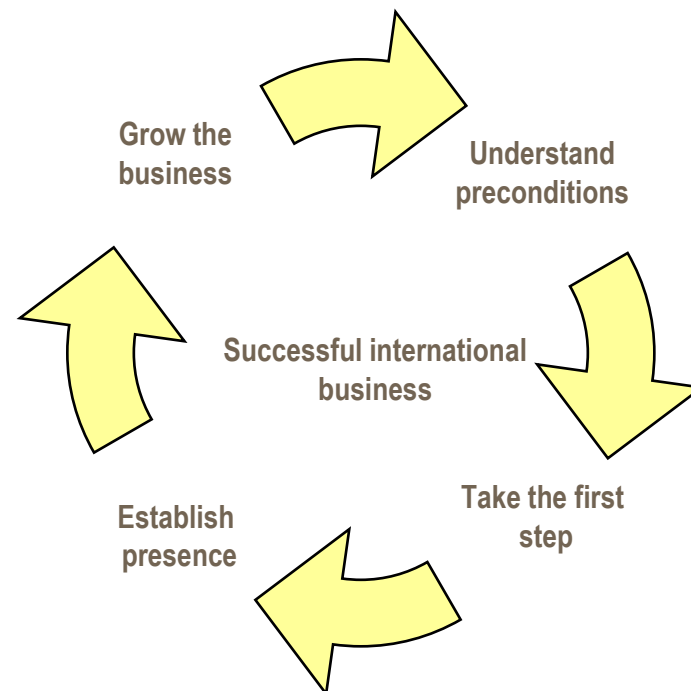
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:
STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Argentina

ARGENTINA IN BRIEF

Area: 2 791 810 km²

Inhabitants: 39.3 million

Constitution: Democratic republic

Head of State: President Cristina Fernandez de Kirchner

Languages: Spanish (official), English often spoken in business

Inhabitants per km²: 14/km²

Currency: Peso

GDP 2007: 255 758 MUS\$ (estimated)

GDP per capita 2007: 6 500 USD (estimated)

Inflation 2007: 8.8% (National Bureau of Statistics)

Main exports: Agriculture products, industrialized agriculture products, petroleum

Main imports: machinery, equipment, intermediate products

Swedish Exports to Argentina 2007: 1 687 MSEK (Up to November)

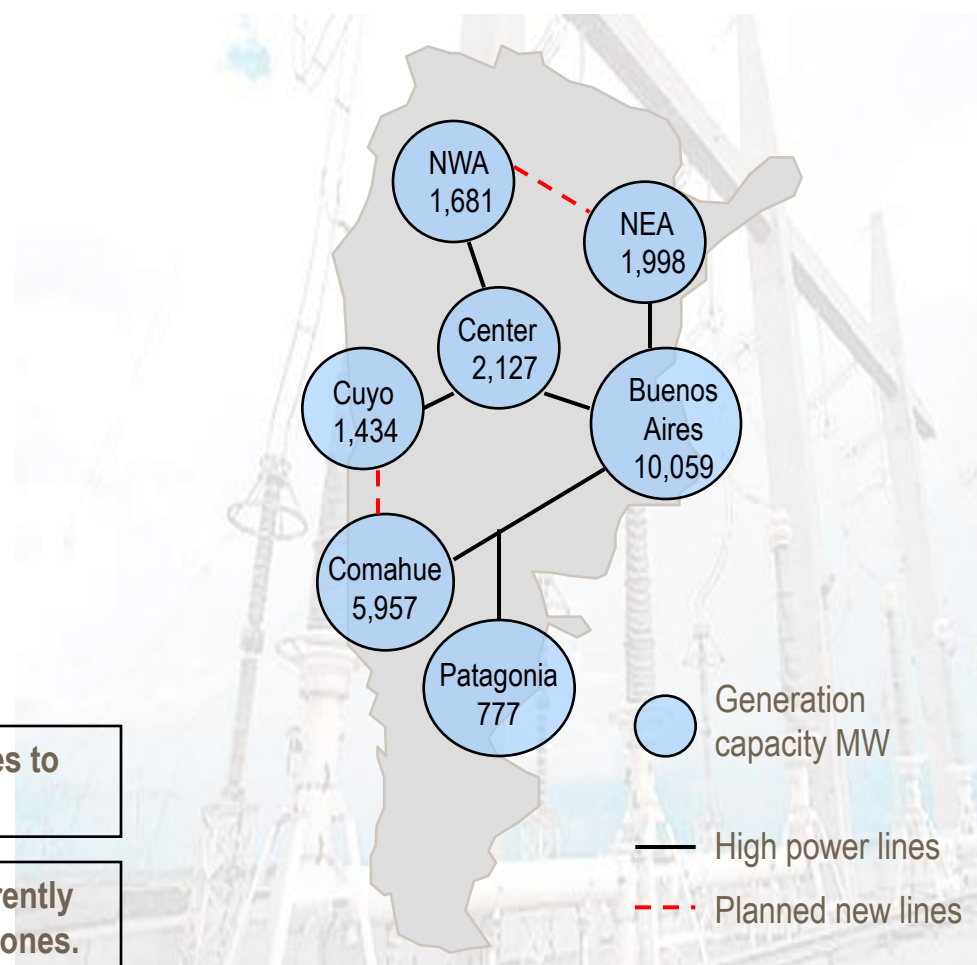
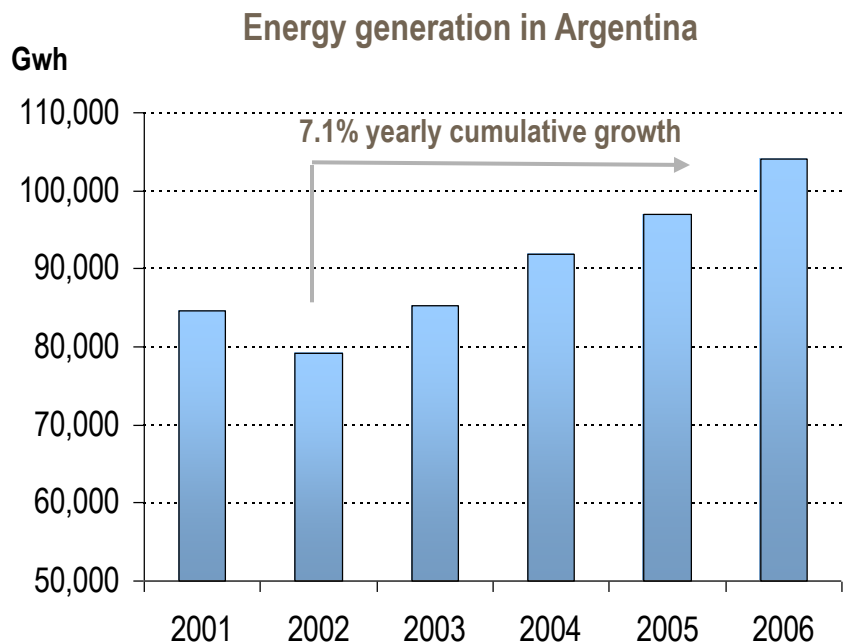
Swedish imports from Argentina 2007: 343 MSEK (Up to November)



Source: CIA world Factbook, Indec, STC Trade Profiles

ENERGY TRANSPORT AND GENERATION IN NEED OF INVESTMENTS

- Energy shortage is around the corner due to economic growth and lack of investments



There are announced investments for 945 MUSD in electric lines to install 4000 Km of 500 Kv and 132 Kv lines.

Investments will be in extension of new lines, connection of currently unconnected lines, and also for maintenance of the current ones.

One company - Transener - transports 95% of the high power electricity of Argentina

Source: STC, Mecon, Cammesa.

INVESTMENTS IN ELECTRICITY GENERATION

- New plants will allow to solve the energetic problem

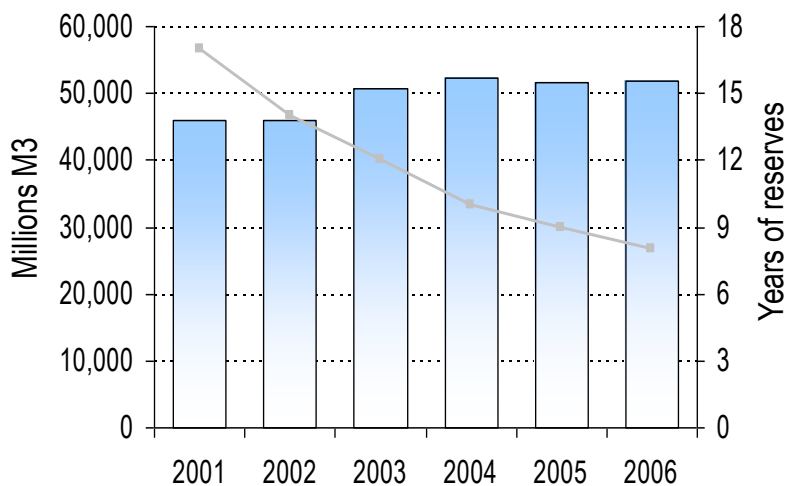
Largest electricity generation projects

Project	Company	Type	Additional Generation	New / expansion	Investment	Expected year
Atucha II	Public investment	Nuclear	745 MW	New	N.a.	2011
Yacyreta expansion	Public investment	Hydroelectric	N.a.	Expansion	N.a.	N.a.
Termoelectrica Belgrano	Group of private companies	Thermoelectric	800 MW	New	N.a.	End 2008 / beg.2009
Termoelectrica San Martin	Group of private companies	Thermoelectric	800 MW	New	N.a.	End 2008 / beg.2009
Loma La Lata	Pampa holding	Thermoelectric	190 MW	Expansion	144 MUSD	N.a.
Caracoles	AES	Hydroelectric	120 MW	New	150 MUSD	N.a.
Punta Negra	Public investment	Hydroelectric	65 MW	New	N.a.	N.a.
Ingentis	Emgasud	Thermoelectric	450 MW	New	400 MUSD	N.a.
Ingentis	Emgasud	Eolic	100 MW	New	100 MUSD	N.a.
Modesto Maranzana	Albanesi	Thermoelectric	120 MW	Expansion	100 MUSD	N.a.
Central Guemes	Pampa holding	Thermoelectric	100 MW	Expansion	96 MUSD	N.a.
Pilar	EPEC	Thermoelectric	320 MW	Expansion	N.a.	End 2008

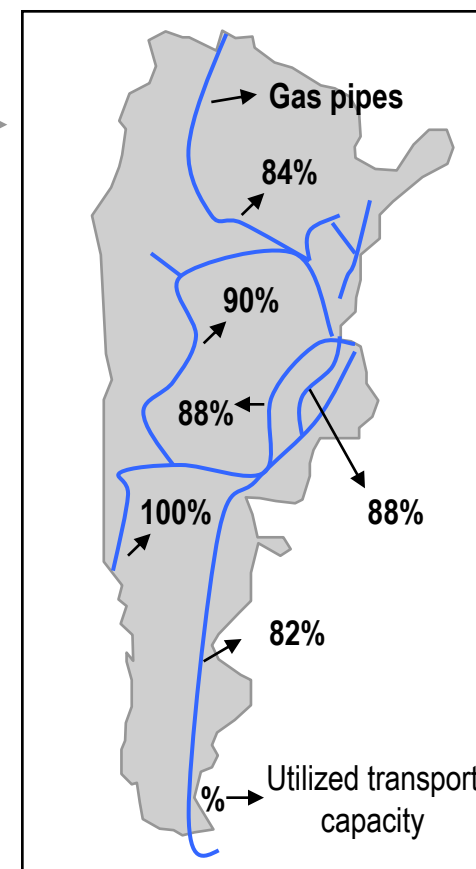
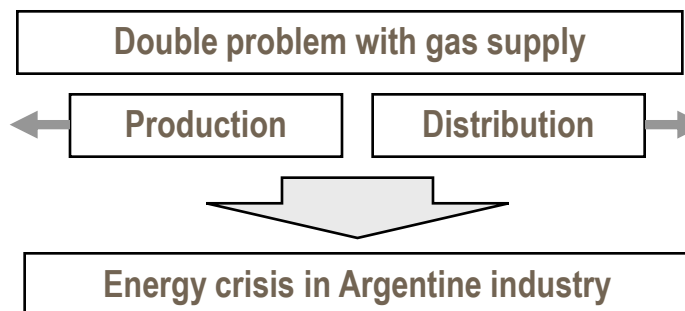
Many projects are funded by the government, but in all the cases investments are being carried out by private players

GAS SHORTAGE IS PUTTING INVESTMENTS ON HOLD

Gas production and gas reserves in Argentina



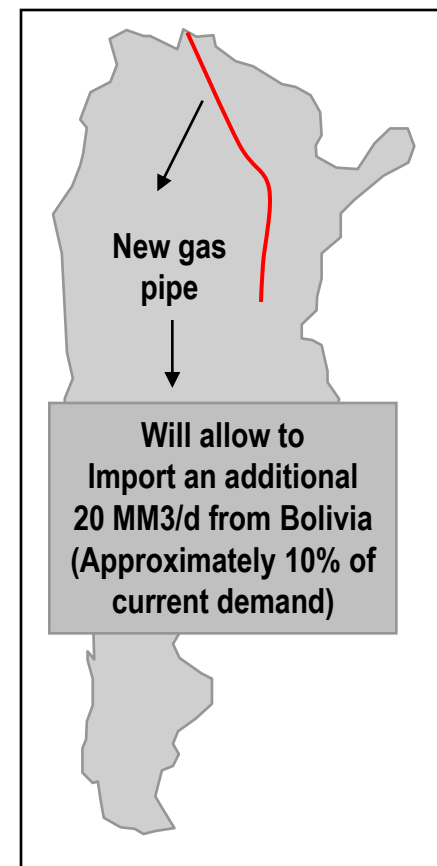
Demand growing faster than production capacity. The last three years imports were needed to supply the demand. Imports are not enough and shortage is a fact, specially during the winter.



NEW PROJECTS WITHIN ENERGY AREA

- Gas shortage is expected to be solved within three to four years

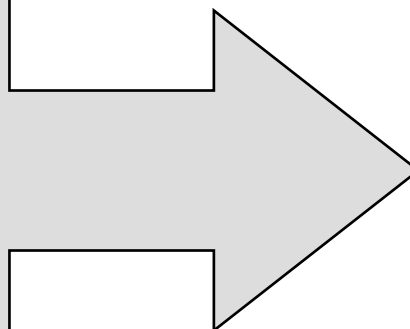
Gas supply	Planned projects
<ul style="list-style-type: none"> Recently the government increased gas tariffs for the industrial sector by 20%. This should increase gas suppliers profits and incentive investment in production. Gas tariffs are low compared to Brazil and Chile: in Argentina the M3 costs 0.087 USD, while in Brazil 1.74 USD and 0.8 USD in Chile. This disincentivates investment in supply. Due to lack of gas supply, chemical and petrochemical companies lost an estimated 100 MUSD in a month (May-June). 	<ul style="list-style-type: none"> Northeast gas pipe will allow Argentina to import 9,800 millions of M3 yearly from Bolivia. This pipe will solve partially gas needs, and will require 1,500 MUSD in investments. It's planned to be finished by 2009. Petrobras is investing 420 MUSD to produce 6 MM3/d of gas in Santa Cruz province (south). Pan American Energy is investing 850 MUSD to expand oil & gas production in the south of the country.



Investments in new gas pipes and in new gas fields are being undertaken by Oil and Gas companies

ARGENTINA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- Fast growing economy, annual GDP growth exceeding 8,5% the past five years
- New government with strong support focusing on external commercial relations
- Large (four times Sweden's) domestic market with increasing purchasing power
- High growth of imports, particularly machinery and equipment
- Latin America's most skilled labor force at low cost



... which has contributed to...

...the fact that more than **40** Swedish companies are registered in Argentina and many more are there as sub suppliers or via distributors.

STC in Argentina is the natural partner for all Swedish companies who want to establish or develop their business in Argentina

USEFUL CONTACTS

ADEFA

(Health ministry)

Tel: +54 11 43 79 9000

www.msal.gov.ar

AFAC

(Argentine Autopart Suppliers Association)

Tel: +54 11 43 40 0800

www.anmat.gov.ar

CADIME

(Medical diagnosis commerce chamber)

Tel: +54 11 52 35 7200

www.cadime.com.ar

Ministerio de Economía

(Ministry of Economy)

Tel: +54 11 43 49 5000

www.mecon.gov.ar

INDEC

(National Statistical Office)

Tel: +54 11 43 49 9200

www.indec.gov.ar

Comisión Nacional de Comunicaciones (CNC)

(National Communications Commission)

www.cnc.gov.ar

Swedish Trade Council in Argentina

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