

EXPORT RÅDDET

SWEDISH TRADE COUNCIL

ARGENTINA – ESTABLISHING A BUSINESS

FACT PACK

Swedish Trade Council in Argentina
2008

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

Sweden:

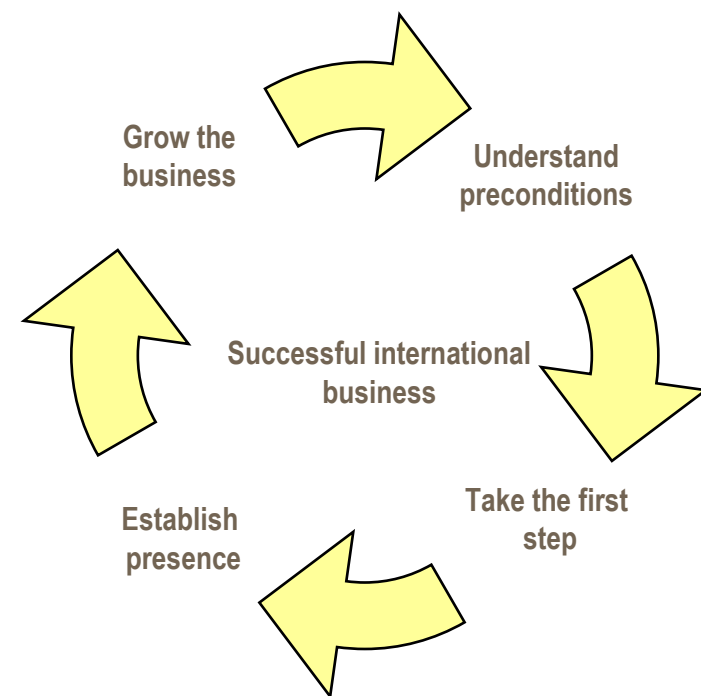
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

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

FOREIGN INVESTMENT IN ARGENTINA

- Federal Constitution grants foreigners all civil rights that are granted to an Argentine citizen. Foreigners can conduct their business or profession, and own and sell real estate
- Treaties exist for reciprocal promotion and protection of investments as well as double taxation treaties and others with several countries, including Sweden
- Foreign Investment Law 21,382 (restated text as per Decree 1853/93) (“FIL”) generally grants foreign investors equal rights and obligations to those granted to local investors
- There are specific restrictions for foreign ownership in the telecommunications, broadcasting and publishing industries

No prior approvals are required for foreign investments

FOREIGN INVESTMENT IN ARGENTINA

Requirements

- Corporate requirements: Argentine Company Law (ACL) sets forth what a foreign company can do with and without registration in Argentina
- Corporate Requirements: Local Corporate Registries issue further regulations
- Registrations are made at the “Registro Público de Comercio” (PRC)
- Corporate Vehicles are identified in the ACL including, among others:
 - corporation
 - limited liability company
 - branch

What foreign companies can do in Argentina

- Foreign companies in Argentina are qualified to :
 - perform isolated acts – meaning for example sales
 - litigate
- Foreign companies in Argentina are qualified to conduct business on a regular basis by :
 - registering a branch
 - organizing a subsidiary
- Foreign corporate shareholders must secure a prior registration with Public Registry of Commerce (PRC) to hold shares of a corporation or quotas of a SRL.

Tax considerations may drive the choice of the corporate vehicle.

OVERVIEW OF DIFFERENT INVESTMENT VEHICLES IN ARGENTINA

Corporation – “Sociedad Anonima”

- The minimum corporate capital is AR\$12,000 (approx. USD 4,000)
- Shares are nominative
- There must be two or more shareholders
- Shareholders’ liability is limited to their contributions
- In order to register a corporation, the required documentation may have to be both certified and translated to Spanish
- A local attorney will carry out the practicalities for the registration

Limited Liability Company – “SRL”

- There is no minimum capital required
- The quotas are nominative
- There may be two to fifty partners
- Offers certain corporate flexibility: e.g. less corporate books, no board
- Partners’ liability is limited to their contributions
- Transfer of quotas requires an amendment to by-laws that must be registered with the local registry
- To register a “SRL” basically the same applies as for Sociedad Anónima

Branch

- It is necessary to establish a legal domicile in Argentina
- Appoint legal representative
- Capital assigned to the branch if required by specific regulation (eg. banks, insurance companies)
- Must have its own accounting, separate from the head office
- In order to register a branch, the required documentation may have to be both certified and translated to Spanish
- A local attorney will carry out the practicalities

The PRC will control that the corporate capital is consistent with the type of activities to be undertaken

From an administrative point of view, the SRL is simpler than a corporation

For the Branch there is no limitation of liability of parent company

TIME AND COST TO ESTABLISH A CORPORATION IN ARGENTINA

- Approximations

	PROCEDURE	TIME (approx)	COST TO COMPLETE
1	Company name verified by the Office of Corporations	1 day	ARS 18
2	Certify signatures of quota holders by a notary public	1 day	ARS 250
3	Deposit initial capital in National Bank	1 day	ARS 30 + VAT
4	Publish the new company's notice in the official paper	7 - 14 days	ARS 400
5	Payment of the incorporation fee	1 day	ARS 30
6	Register at the <i>registro publico de comercio</i> at the <i>Inspeccion General de Justicia</i>	5 days	ARS 94 / 282
7	Buy special accounting books	1 day	fees included in procedure 8
8	Notary public submits the company books for rubrication by IGJ	5 days	ARS 400
9	Obtain tax identification number from National Tax Office, register for social security	4 days	no charge
10	Register turnover tax at local level at the Dirección General de Rentas	1 day	ARS 50
11	Register with the Unified System for Labor Registration ("USLR")	1 day	no charge
12	Contract an insurance for employees	1 day	no charge
13	Register with AFJPs (Aseguradoras de Fondos de Jubilaciones y Pensiones)	1 day	no charge
14	Rubricate books of wages in the Ministry of Labor	1 day	ARS 75

The whole process takes approximately 1,5 -2 months

CERTAIN EXCHANGE CONTROLS APPLY IN ARGENTINA

- Similar restrictions in neighboring countries

- **Current situation:** There has been a gradual relaxation of foreign exchange controls except in connection with speculative investments. Changes are continuous and there are limitations to the transfer or receipt of funds from abroad where the Central Bank is implementing authority.
- **Obligation to register:** All transfers in and out of Argentina which may imply a future payment in foreign currency to non-residents must register with central bank
- **Transfer of dividends abroad:** currently no authorization of Central Bank required is required for this activity but a certified financial statement is required
- **Payment of financial indebtedness:** currently no authorization of Central Bank for repayment of principal and interest at maturity (debt reported with the Central Bank). There are however certain requirements and limitations for repayment before maturity.

Any transaction involving an inflow or outflow of funds from abroad must be carefully planned. There are constant regulatory changes in this area.

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

IGJ Inspección General de Justicia

(Corporate control office of the Justice Ministry)

Tel: +54 11 43 49 5000

www.jus.gov.ar/igj

Ministerio de Justicia

(Ministry of Justice)

Tel: +54 11 43 28 3015

www.jus.gov.ar

AFIP – Agencia Federal Ingresos Públicos

(Argentinean Internal Revenue Service)

Tel. +54 08 10 999 2347

www.afip.gov.ar

Colegio de Escribanos de la Ciudad Buenos Aires

(Buenos Aires Public Notaries Association)

Tel: +54 11 48 01 0081

www.colegio-escribanos.org.ar

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