

A Primer on Exporting to Argentina¹

Christina D. Storz, Timothy G. Taylor, and Gary F. Fairchild²

Introduction

Every year the U.S. Department of State publishes extensive Country Commercial Guides for a large number of countries. These guides provide a great deal of information useful to individuals interested in developing export markets either through direct exports or direct foreign investment. This paper provides an abridged version of the Country Commercial Guide for Argentina as well as supplemental information of direct relevance to agribusiness firms. It is hoped that the information contained in this report provides a useful starting point for individuals interested in exploring export or investment opportunities in Argentina.

Note: County Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA by telephone (1-800) STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.stat-usa.gov>, <http://www.state.gov>, and <http://www.mac.doc.gov>. They can also be ordered as a hard copy or on diskette from the National Technical Information Service (NTIS) by telephone (1-800) 553-NTIS. American exporters seeking

general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by telephone (1-800) USA-TRADE; or by fax (202) 482-4473.

Economic and Political Overview

Argentina's nominal GDP (Gross Domestic Product) was only US\$89.2 billion in 2002 after three years of recession, a prolonged bank run, and a sovereign debt default. This led Argentina to abandon the quasi-currency board system ("convertibility"), which had pegged the peso to the dollar at a one-to-one rate for over ten years and had proved unable to withstand the combined effects of external economic shocks and persistent fiscal deficits at home. The recession intensified in 2002 when the GDP fell 10.9% and consumer price inflation was 41%. The banking system, once one of the strongest in Latin America, has been hollowed out. In the near future, the number of banks and the scale of banking operations will undoubtedly shrink, with most domestic banking limited to transactional operations.

-
1. This document is FE500, one of a series of the Food and Resource Economics Department, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. Original publication date January, 2005. Reviewed March, 2008. Visit the EDIS Web Site at <http://edis.ifas.ufl.edu>.
 2. Christina D. Storz, Research Assistant; Timothy G. Taylor, Professor; and Gary F. Fairchild, Professor, Department of Food and Resource Economics, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL.

The Institute of Food and Agricultural Sciences (IFAS) is an Equal Opportunity Institution authorized to provide research, educational information and other services only to individuals and institutions that function with non-discrimination with respect to race, creed, color, religion, age, disability, sex, sexual orientation, marital status, national origin, political opinions or affiliations. U.S. Department of Agriculture, Cooperative Extension Service, University of Florida, IFAS, Florida A. & M. University Cooperative Extension Program, and Boards of County Commissioners Cooperating. Larry Arrington, Dean

In 2003, the economy rebounded and inflation fell. However, country risk is still high until the financial system is redesigned, the fiscal sector reformed, and the legal system reformulated to create a friendlier environment for investors. Unemployment has risen to over 21% and close to 50% of the population is below the poverty line. However, assets that Argentina has not lost during recession are its natural resources, infrastructure and human capital—the highest educated workforce in Latin America. Also, the devaluation of the peso provides Argentina with an opportunity to increase the export competitiveness of many products.

The United States is Argentina's second largest trading partner after Brazil. However, U.S. exports to Argentina declined US\$1 billion from the 2000 level to US\$3.8 billion in 2001, reflecting the effect of the prolonged recession, while U.S. imports from Argentina reached US\$2.9 billion in 2001. Although concerns persist about Argentina's financial situation, the country is likely to remain an attractive market for U.S. trade and investment due to its size, diversity, and proximity to other MERCOSUR markets. Argentina should continue to grow in importance for U.S. companies as Free Trade Areas of the Americas (FTAA) agreement moves toward implementation in 2005.

The U.S. Commercial Service has identified agricultural machinery, equipment and parts, food processing, and packaging equipment sectors as having the most promising growth potential for U.S. exporters in the short- and medium-term based on an analysis of Customs data, market research, and forecasting of changing industrial trends in Argentina's recently devalued economy.

The U.S. Foreign Agricultural Service has identified Argentina as an important market for U.S. exports of planting seeds, particularly those used in forage (alfalfa, clover, rye grass, fescue) and for various horticultural crops. The United States is also well positioned to export food ingredients and cotton to Argentina, as local industry will need these products to expand export-oriented production of processed foods and textiles.

The United States vies with Spain for top ranking in foreign direct investment (FDI) in Argentina. The U.S. FDI in Argentina through the end of 2001 is estimated at US\$18 billion and is concentrated in financial services, telecommunications, energy, petrochemicals, food processing, and motor vehicle manufacturing. Argentina's flexible foreign investment regime and liberalized economy spurred significant foreign investment over the course of the 1990s, but economic crisis and recent government decisions have diminished the country's attractiveness for foreign investors. In response to the recent devaluation and pesification of previously dollar-denominated contracts, many U.S. firms have substantially written-down the value of their Argentine investments.

Marketing U.S. Products and Services

There are a number of factors that should be considered in exporting products to Argentina. This section provides a brief overview of many critical factors that must be considered.

Establishing a Business

All traditional types of business entities are allowed in Argentina. Foreign companies may carry out single transactions. To carry on a habitual activity, a foreign company must establish a branch in Argentina. An individual must be appointed as the company's legal representative, but assignment of capital to the branch is unnecessary.

Foreign corporations often operate in Argentina through a separately incorporated subsidiary rather than through a branch, primarily to reduce their potential liability. If a branch is used, all of the foreign corporation's assets, not just its Argentine assets, may be subject to potential liability. In contrast, if an Argentine or foreign subsidiary were used, the foreign corporation's liability would generally be limited to the assets owned by that subsidiary.

Registration Procedures are the laws effective throughout Argentina that regulate corporations. Corporations are set up with the approval of at least

two legal or natural persons, whether Argentine or foreign.

Distribution / Sales Channels

Channel selection should be based on the nature of the product and the company's knowledge of the Argentine market. Generally, firms new to this market find it more effective to sell through a distributor.

Argentine distribution channels are rapidly gaining more efficiency through concentration and streamlining. Due to increased competition and changes in consumer buying preferences, processes that ensure goods are delivered in a timely manner at lower prices are becoming essential.

Large firms generally buy directly from overseas suppliers, with smaller firms preferring to buy through intermediaries. Industrial equipment is sold by sales agents or through trade fairs, while consumer goods are increasingly sold through large outlets such as supermarkets.

Agents / Distributors: Finding a Partner

Although the use of an agent or distributor is not required, it is frequently the best policy. A strong local representative can place products and generate sales that otherwise may not materialize. The U.S. Department of Commerce, through the Foreign Commercial Service (USFCS) at the U.S. Embassy in Buenos Aires, Argentina, can help U.S. exporters find agents and distributors through the following services:

- *Customized Contact List (CCL)*: Provides a contact list of up to 10 potential Argentine agents, distributors, or importers of your product *without charge*. This free contact list contains basic information such as company name, address, and phone/fax numbers. For US\$100, CCL will provide a customized contact list of up to 10 potential partners along with additional information, such as email and web site addresses, a description of the firm (size, products/services, foreign companies represented, year established, territory covered, and sales revenue) if available. On request, CCL

will contact up to five of these companies to determine if they are interested in your products.

- *International Partner Search (IPS)*: Provides a pre-screened search to identify up to five qualified potential representatives, distributors, licensees, franchisees, or other strategic partners interested in your product or service. The cost for this service is US\$200; turnaround time is 30 business days.
- *Gold Key Matching Service (GKS)*: Provides face-to-face meetings with potential business partners. GKS will prepare a customized schedule of appointments with pre-screened potential agents, distributors, or other business contacts according to your needs. The cost for this service is US\$250 for the first day and US\$220 for each additional day of appointments.

Video conferencing technology services are available from the U.S. Department of Commerce, offering enhanced opportunities to U.S. businesses that cannot travel to Argentina to establish initial communication and follow up with potential clients and partners.

Direct Marketing

While direct marketing has grown considerably during the last decade, it has followed the general shrinking trend triggered by the economic recession of the last few years. However, there is still great potential for development. Telemarketing is quickly becoming a more common tool for businesses to contact clients and credit card use is widespread. Some imported products are marketed directly through cable and satellite television programs, but Argentina has been losing a considerable number of cable subscribers. Mail order has not caught on as duties and other taxes remain high. Print flyers and tabloids are often used to lure consumers into stores, but the use of coupons is not yet a fully successful marketing tool. The increasing use of Internet is enabling other firms/sectors to penetrate the market.

Electronic commerce (e-commerce) is believed to have great potential though it is still developing in Argentina. The Argentine economic collapse, accompanied by the global Internet crisis, caused the

shutdown of over 394 of the 484 portals that were online in 2000. However, growth of e-business will likely continue to drive change in most industries. As technology transforms business processes, consulting firms are leading the way in setting international standards to protect electronic transactions conducted online and through wireless communications and electronic payment systems. However, there is still a generalized lack of confidence in the culture of Argentine e-consumers regarding online transactions. Optimistic projections from local sources indicate that the size of the e-commerce market by 2004 could range between US\$34 and US\$71 million if the Argentine economy improves.

Franchising

This sector has been on a downward trend in Argentina since 2001. The current situation is forcing companies to create different types of business partnerships, adjust costs, and reduce the requirements to franchisees in order to adapt to real market demand and opportunities. This implies greater flexibility to adapt to a rapidly changing, competitive, and recessive environment. About 70% of franchisers are local. However, the peso devaluation and the lack of credit render it increasingly difficult for potential Argentine franchisees to acquire international or U.S. franchises. American franchises account for approximately 15% of the market. The most popular international franchisers include fast foods, foreign language training, apparel, dry cleaning, hotels, and car rental services. Significant U.S. market players include Kodak Express, McDonald's, Burger King, Blockbuster, Holiday Inn, Futurekids, and the Wall Street Institute.

Joint Ventures / Licensing

Argentine legislation permits the establishment of temporary associations, equivalent to "joint ventures" (Union Transitoria de Empresas, or UTE). This is an association of two or more individuals or companies, which contribute assets to develop or perform a particular transaction within or without Argentina, using Argentina as its base of operations. It can also perform work or render services that are supplementary or accessory to its main purpose.

Joint ventures (UTEs) are not considered to be companies or legal entities in their own right. Participants may be resident businessmen, locally constituted entities, or non-resident companies that have established a separate branch or other type of presence in Argentina.

Transfers of proprietary information between related companies are subject to prior government approval. Transfers between non-related companies do not require prior government approval, but they must be registered for information purposes.

Selling Factors / Techniques

Due to payment chain problems and virtual lack of credit as a result of the economic meltdown of 2002, price and financing terms have become more important selling factors than has marketing. Purchases are concentrated in simple or critically needed products with a minimum marketing component.

In many ways, marketing strategies seem to have gone back several years. Many massive consumption companies have started or are about to re-launch old brands, product lines, glass bottles, and packaging popular in the 1980s to reduce final costs. However, Argentine end users, who have become much more demanding and knowledgeable during the past open-import decade, will still look for a balance between price, quality, and after-sales service.

Advertising / Trade Promotion

An increasingly important component of the marketing-mix is promotion through visiting (or exhibiting at) local and regional trade shows, visiting trade shows in the United States attended by Argentine buyers, and participating in trade missions to Argentina. Single Company Promotions (a trade event service offered by the Commercial Service Buenos Aires) provides a good means for a single company to launch its product, make technical presentations, or identify and cultivate key market makers.

Argentina has many advertising agencies and management consultants, but only the largest firms offer complete services. The leading agencies are

members of the Argentine Association of Advertising Agencies (Asociacion Argentina de Agencias de Publicidad). Many major U.S. advertising agencies have branches or affiliates among the leading agencies.

Advertising in the print media is the most widely used method, although television and radio advertising are highly effective and usually aimed at the Buenos Aires market. Internet advertising, though in its beginning stages, is increasing in popularity and use among advertising firms.

Sales Service / Customer Support

Customer service is becoming a differentiating factor in selling products. Argentine consumers are paying increasing attention to after-sales services, which is particularly important for electronic equipment, and to home-delivery services.

Product Pricing

Customized services and products can still charge price premiums demanded by the high end of the population in certain geographical areas. Due to highly concentrated markets, Argentina is characterized by high prices, high costs, and relatively low competitive pressures.

Selling to the Government

There is no requirement that the Argentine government purchase from Argentine companies. However, some provincial governments are announcing measures to buy from Argentine companies established in the local territory. Selling to the government has become increasingly risky due to defaults by the national government and some provincial governments.

Requirements for first-time sales to the government depend on the type of provider. Information should be submitted in writing along with a diskette formatted as established by the National Contracting Office in order to be incorporated into the SIPRO database.

IPR Infringement Protection

Intellectual property protection for books, films, music, software, and trademarks in Argentina has improved in recent years, although enforcement is uneven. Argentina adheres to most treaties and international agreements on intellectual property. Argentina is a member of the World Intellectual Property Organization (WIPO) and signed the Uruguay Round agreements in December of 1993, including measures related to intellectual property.

In 2000, a new patent law took effect that improved earlier Argentine patent legislation, but provided less protection than that called for in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). In 2002, negotiations between the United States and Argentina clarified aspects of the latter country's intellectual property system. Additionally, Argentina agreed to amend its patent law to provide additional protection. Finally, the U.S. government retains its right to seek resolution under the World Trade Organization (WTO) dispute settlement mechanism on the outstanding issues that remain.

Need for a Local Attorney

It is strongly recommended that a local attorney review any agreements before they are signed. To have legal standing in Argentina, documents must be written in Spanish or translated by a Sworn Public Translator. Be sure the Spanish and English versions of any document are carefully reviewed for concordance so that both parties fully understand the content.

Agribusiness Industry Prospects

Planting Seeds

Planting seeds remain the single most important agricultural product imported into Argentina from the United States, totaling US\$20 million in 2001. Even with a forecasted drop in the importation of seeds in general due to economic uncertainty, lack of credit, and the high cost of imported products, seeds will continue to be an important agricultural import. Good returns in the cattle business and better prospects for dairy production, which will become more dependent

on pastures, should maintain a relatively good demand for high quality forage seed. Seed companies in Argentina are the major competition, with most selling locally-produced seeds. In 2001, Chile and Australia were the main foreign competitors in a market dominated by the United States.

Food Ingredients

Argentina's food processing industry grew rapidly during the past decade as a result of important investments, primarily made by foreign multinational food and beverage companies. Although the economic crisis and the four year-long recessions have hurt domestic sales, the recent devaluation makes Argentina very competitive as a food exporter. Therefore, once the economy gets back on track, we expect a growth in imports of high-quality food ingredients to manufacture products for demanding foreign markets. There are many food ingredients that are not produced locally, which have to be imported.

Cotton

Argentine spinners needed to import good quality cotton in 2002 and 2003 due to short domestic output and scarcity of good quality lint. After the devaluation, local spinners have become very competitive and are increasing exports of textiles. Moreover, imported textiles, which came in large quantities, have now become very expensive and will be substituted by domestic products. Cotton imports will come primarily from Brazil, but U.S. cotton has great potential because of its quality and financial facilities.

Trade Regulations and Standards

Companies wishing to import products into Argentina must be registered in the National Registry of Importers and Exporters. Registration procedures are relatively simple; however, exporters are advised to consult a Customs broker.

Trade Barriers

MERCOSUR (the Common Market of the South), gradually eliminated almost all non-tariff restrictions and other limitations to trade among its members, reaching zero duty and removing all tariff

restrictions for approximately 90% of traded goods. However, certain products in the sugar industry and in the automotive sector have not yet been incorporated into the MERCOSUR Customs Union. For countries outside the MERCOSUR area, Argentina and its MERCOSUR partners established the MERCOSUR common external tariff (CET), which ranges from 0% to 22% for most products.

In 2002, the Argentine government lowered import duties on many consumer products by 7%. The new duties range from 12% to 22%, as compared to the previous 28% to 35% levels. The affected consumer products include meat, milk, edible oils, canned tomatoes, canned meat, canned fish, juices, fruits, alcoholic drinks, tobacco, and wood products.

The tariffs on imports apply to the declared CIF value in Argentina. In addition to the tariffs, the following fees and taxes are applied:

- 0.5% statistics fee on the CIF value, with some exceptions. This fee is not levied on MERCOSUR intra-zone trade.
- 21% or 10.5% (depending on the product) of Value Added Tax (VAT) on the CIF value plus tariff plus statistics fee.
- 10% or 5.5% (depending on the product) of advanced VAT on CIF plus tariff and statistics fee on all goods imported for resale. Goods imported directly by end-users are exempted.
- 3% anticipated profits tax on all retail goods, except for goods imported directly by users. Individuals pay 11%.

The CIF value plus the duty and the import statistics fee are the base for the application of domestic taxes. For this reason, imports must be supported by the foreign supplier's invoice. VAT and Profits Tax are deductible from gross income tax. Domestic taxes (i.e. excise taxes) are levied on tobacco, alcoholic beverages, soft drinks, syrups, extracts and concentrates.

Many food-related and agricultural imports, such as livestock, plants, bulbs, cuttings, rhizomes, roots, grains, and plant products, require a sanitary certificate issued by a competent authority in the

exporting country. Products destined for human consumption must fulfill certain specifications and be labeled and packed accordingly.

The U.S. Animal and Plant Health Inspection Service (APHIS) and the government of Argentina have signed sanitary agreements allowing imports into Argentina of U.S. fresh, chilled, and frozen pork. Although there was an agreement on citrus imports, imports from the United States are currently suspended. For more information, please contact the Foreign Agricultural Service.

For trade in agricultural products, several steps must be taken to ensure that U.S. food and fiber can be sold in the Argentine market. Each exporter should make the appropriate consultations and seek qualified advice before doing business. For more information, please consult Report AR1054, published by the Foreign Agricultural Services (FAS), Office of Agricultural Affairs in Buenos Aires.

Labeling Requirements

Argentine law establishing labeling requirements for products in Argentina is the Direccion de Lealtad Comercial (government agency roughly equivalent to the U.S. Better Business Bureau), under the Secretariat of Industry, Ministry of Economy. This agency ensures the transparency of business transactions. It states and ensures that product labeling includes all the information the customer needs and that the information is true and valid.

Import Controls

Depending on the type of product, Argentina requires various steps to be taken and information provided.

Regulations define “dumping” to exist when the export price of imported merchandise is lower than the comparable sales price in normal commercial operations of identical or similar goods destined for consumption in the domestic market of the country of origin.

Imports for consumption of goods that benefit from a subsidy abroad may also be subjected by

authorities to a compensatory duty when they cause, or threaten to cause, serious damage or to delay the commencement of a productive activity in Argentina (countervailing).

Export Controls

The Argentine Food Code (Codigo Alimentario Argentino, or CAA) regulates local food production and marketing. However, the CAA resolutions are being gradually replaced by MERCOSUR standards.

There are three official entities that regulate sanitary and health-related traits, quality, stability, packaging, and transport of food products in Argentina:

- The National Service of Agricultural Food Health and Quality (Servicio Nacional de Sanidad y Calidad Agroalimentaria, or SENASA) handles fresh, chilled, or frozen products and by-products of animal, plant, and seafood origin. It also handles canned products of over 60% animal origin and food preparations of over 80% animal origin.
- The National Food Institute (Instituto Nacional de Alimentos, or INAL) regulates processed food products that are prepared for direct human consumption, health supplements, and both alcoholic and non-alcoholic beverages, with the exception of wine.
- The National Wine Institute (Instituto Nacional de Vitivinicultura, or INV) exercises control over the genuineness of wine and wine products during their production, manufacturing, fractionating, and marketing stages.

SENASA and INAL have overlapping responsibilities. FAS recommends that exporters work with their importers to ensure their products are registered with the appropriate organization.

Free Trade Zones / Warehouses

There is one free trade zone (FTZ) in each of Argentina's 23 provinces and four others in border areas. Primary FTZs are located in La Plata, San

Luis, Cordoba, Tucuman, Mendoza, Salta, Misiones, and Comodoro Rivadavia. Free Trade Zones offer advantages to importers. Goods brought into the zones enter free of taxes and duties. Their entry does not imply that their final destination is for consumption. The Customs authority regulating the goods considers them as stored in a third country; therefore, incoming products are subjected to inspection with the sole purpose of classifying quantity and type.

This system allows importers to improve cash flow by delaying taxes and Customs duty payments. In other words, goods enjoy a duty-free status until they enter the Argentine Customs territory. Goods may remain in the zone for a maximum period of five years.

A Special Customs Area, which allows duty-free imports of capital goods not produced in Argentina but designated for use in high-priority industries, is located in Tierra del Fuego.

Bonded warehouses, located outside Customs areas and generally within port limits, provide tax-free storage for merchandise for a limited amount of time.

Membership in Free Trade Agreements

Argentina is a member of the Common Market of the South (MERCOSUR, or *Mercado Común del Sur*) and the Association for Latin American Integration (ALADI, or *Asociación Latinoamericana de Integración*). ALADI was created with the long-term goal of establishing a Latin American Common Market. Under the ALADI, member countries sign regional and bilateral agreements that allow partial trade liberalization that can then be extended to other members. In the 22 years since its creation, Argentina has signed eight regional agreements and several multilateral and bilateral arrangements.

Under MERCOSUR, about 75% of tariff categories were included in the Common External Tariff (CET) by 1995, and the remaining categories will be phased-in by 2006. MERCOSUR represents 70% of the South American territory and 64% of its population.

Investment Climate in Brief

- Argentina remains open to foreign investment. However, the investment climate has degraded substantially since the economic crisis that began in 2001 undermined the financial base for many existing foreign investments.
- Investors are free to enter the country through merger, acquisition, greenfield investment, or joint venture.
- Foreign and Argentine firms face the same tax liability.
- The U.S.-Argentina Bilateral Investment Agreement (BIT) provides for free, prompt transfers related to investments. However, in the wake of the recent crisis, the government of Argentina instituted and subsequently modified an array of emergency transfer and currency conversion restrictions, which have generated considerable uncertainty for investors.
- The U.S.-Argentina BIT states that investments shall not be expropriated or nationalized except for public purpose on payment of prompt fair-market value compensation. However, some U.S. investors claim the January 2002 pesification of dollar-denominated contracts amounts to an effective expropriation of their investments.
- Argentina accepts the principle of international arbitration. The U.S.-Argentina BIT provides for binding international arbitration of investment disputes that cannot be settled through amicable consultation and negotiation between the parties. Argentina is also a party to the International Center for the Settlement of Investment Disputes (ICSID) and the World Bank's Multilateral Investment Guarantee Agency (MIGA). Companies that seek recourse through Argentine courts, however, may not also pursue recourse through international arbitration.
- No performance requirements are aimed specifically at foreign investors.

- Foreign and domestic investors have free and equal rights to establish and own businesses or to acquire and dispose of interests in businesses without discrimination. However, in 2003, Argentina enacted legislation limiting foreign ownership of “cultural goods”, which includes media and Internet service provider companies, to 30%.
- Secured interests in property, including mortgages, are recognized and common in Argentina. Such interests can be easily and effectively registered, bought, and sold. However, since February of 2002, the government of Argentina has continued to extend a temporary moratorium prohibiting financial institutions from foreclosing on delinquent mortgages on primary residences.
- Businesses in Argentina, foreign and domestic alike, still face problems involving inconsistent application of regulations, fraud, and corruption.
- Frequent changes to the bankruptcy law and other regulatory changes during early 2002 increased creditor insecurity.
- Securities and accounting standards are transparent and consistent with international norms.
- Protests, marches, and roadblocks directed at the national, provincial, and municipal governments are commonplace in Argentina, but their number, size, and the likelihood of accompanying violence fell in 2003.
- Argentine regulation of capital markets promotes the free flow of financial resources. A wide variety of credit instruments are available at free-market terms to foreign investors on the local market, although local credit is generally more expensive than that obtained in the United States.
- American businesses have identified corruption in Argentina as a significant problem for trade and investment. Procurement, regulatory systems, tax collection, and health care administration are problem areas.
- Argentine workers are highly educated and were also relatively well paid prior to the peso devaluation in January of 2002. The government of Argentina passed a modest labor reform law in 2000 to address rigidities in the labor market. However, the anticipated growth in employment did not materialize, as the reforms were coincident with a deepening of the economic recession produced by foreign and domestic factors.
- The governments of Argentina and the United States enacted an Agreement for Reciprocal Promotion and Protection of Investments.
- Many U.S. firms have substantially written-down the value of their Argentine investments in response to the recent devaluation and pesification of previously dollar-denominated contracts. American investment is concentrated in financial services, telecommunications, energy, petrochemicals, food processing, household products, and motor vehicle manufacturing. The Argentine Ministry of Economy and the Investor's Investment Information Service for Argentina have additional detailed information on foreign direct investment in Argentina.

Business Customs

Travel Advisory and Visas

Buenos Aires is a high crime area. Therefore, U.S. visitors and residents should take the same precautions they would take in any major U.S. or foreign metropolis. There are no specific threats aimed directly against American visitors at the present time. It is recommended, however, that due caution be exercised when traveling about the city, including avoiding wearing expensive jewelry or carrying large amounts of cash. Consult the U.S. Department of State's Bureau of Consular Affairs website for general travel information and the website's section on travel warnings for country-specific information.

Visas are not required for U.S. citizens traveling to Argentina for up to 90 days of tourism or business, except for holders of U.S. Diplomatic and Official

passports. Visitors may request an extension of stay for up to 90 days from the Argentine Immigration Service.

Business Infrastructure

Argentine business and customs are generally more formal compared to those in the United States. For instance, business dress, appearance, and general demeanor are more conservative in Argentina. Always have a pre-arranged appointment and be prompt. It is wise, as well as courteous, to hire an interpreter to assist in business meetings, unless you are certain that all parties speak English fluently. Politeness is very important in Argentina, and efforts to rush a business deal will likely not be successful. It is important to shake hands with everyone in the room on arriving and leaving.

Contacts and introductions are available through services of the U.S. Commercial Service at the U.S. Embassy in Buenos Aires, or through other organizations such as the American Chamber of Commerce or industry associations. The “cold call” approach will not likely be well received.

Business office hours are generally 9:00 a.m. to 6:00 p.m., Monday through Friday (two hours earlier for factories), with a one-hour lunch break. Work luncheons are frequent for business executives and they generally extend from 1:00 to 3:00 p.m. Business dinners, and dinners in general, do not begin until 9:00 or 10:00 p.m. Therefore, it is common to return home or to the hotel to sleep for few hours before going out. Since evenings start and end late, the early evening nap is the secret to being functional the next day. It is advisable to not schedule morning meetings before 10:00 a.m. Business breakfasts are not common.

American carriers flying to Argentina include United Airlines and American Airlines. The primary gateways are from Miami, New York, and Washington, D.C. Argentine carrier Aerolineas Argentinas also flies between the United States and Argentina. Two main airports serve Buenos Aires: Aeroparque Jorge Newbery, near downtown Buenos Aires, and Ezeiza International Airport, which is a 45-minute drive from Buenos Aires.

Buenos Aires has an extensive system of subways and buses. Taxis are plentiful and fares are reasonable, and are generally the most effective way of moving around Buenos Aires.

Railroad travel is available from several stations in downtown Buenos Aires. Commuter trains link Buenos Aires with most suburban areas, and long-distance trains connect most large cities.

Automobile rental is available throughout the country, although quite expensive. Travelers should be aware that Argentina has a high rate of auto accidents, and driving is not recommended for travelers in the country for short visits.

Telephone service, both international and local, is adequate, but expensive. AT&T, MCI, and Sprint have local numbers that reduce cost, but may be difficult to connect with during business hours. Business people often use cellular phones to work more efficiently.

Useful Web Sites

ARGENTINA:

- Funacion Invertir Argentina
<http://www.invertir.com>
- Latin Investor--Argentina
<http://latininvestor.americaeconomia.com/HomeENG.asp>
- Lanic Links
<http://www.lanic.utexas.edu/la/argentina>

UNITED STATES:

- USDA Foreign Agricultural Service
<http://www.fas.usda.gov>
- US Export Programs Guide
<http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/AF34FA880278BDD5825690D00656C6F/F69FDCF72B7713B58525691900746F18?OpenDocument>
- Internet Guide to Trade Leads
<http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/504ca249c786e20f85256284006da7ab/ef7db94aef24919885266470049c1cd?OpenDocument>

- US Trade Finance Resources
[http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/
AF34FA880278BDD5825690D00656C6F/
F69FDCF72B7713B58525691900746F18?Open
Document](http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/AF34FA880278BDD5825690D00656C6F/F69FDCF72B7713B58525691900746F18?OpenDocument)
- Basic Guide to Exporting
<http://www.unzco.com/basicguide/index.html>

HEMISPHERIC:

- Hemispheric Guide on Customs Procedures
http://alca-ftaa.iadb.org/hgcp_eng.htm
- Hemispheric Trade and Tariff Database
http://alca-ftaa.iadb.org/eng/ngmadb_e.htm