Investing in Argentina

March, 2024

Why invest?

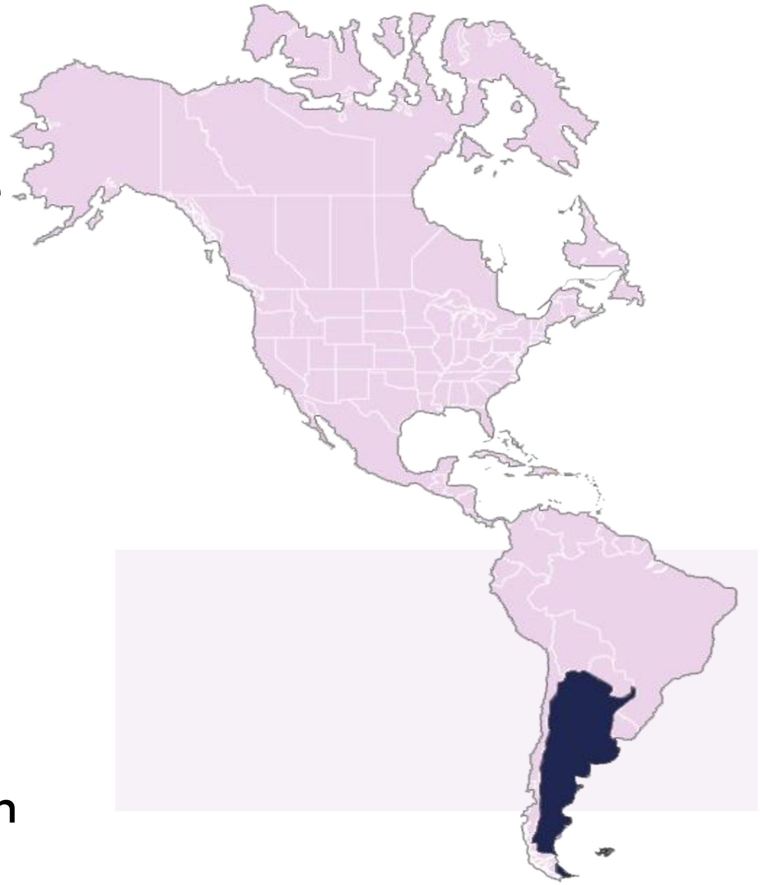
Leading exporter of key commodities

- Soybeans, corn, lemon, lithium, meats;
- 2nd unconventional gas field;
- 4th unconventional oil deposit in the world;

705,000 km2 of high-potential mining areas with more than 250 early-stage projects

Highly qualified human resources

- 110,000 STEM university graduates;
- First in English language proficiency in Latin America;
- Strong growth in knowledge-based services and biotechnology.



Why invest?

Heavy investment in education

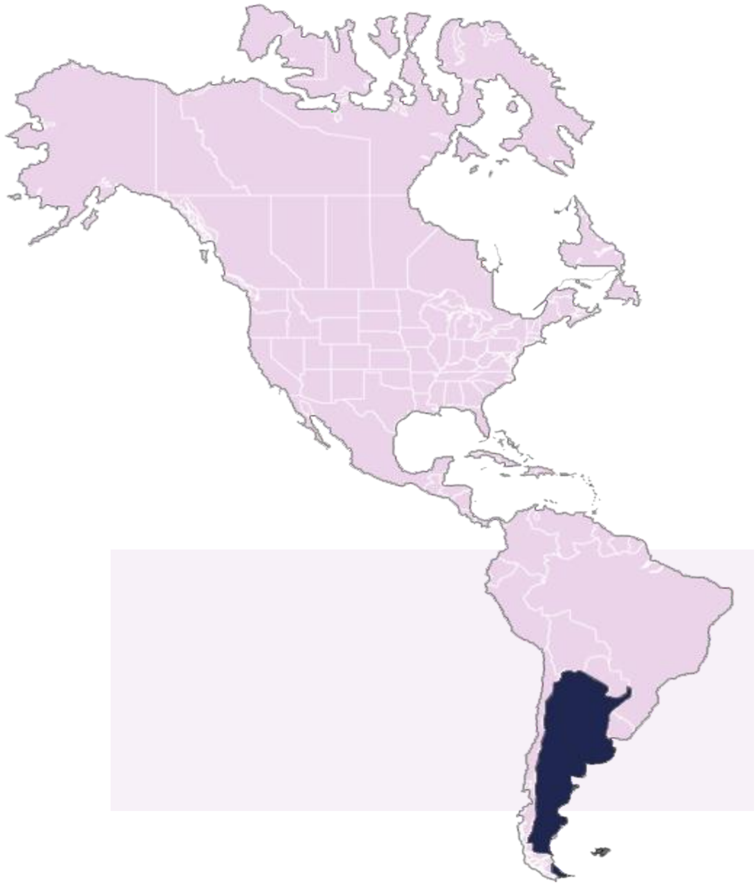
Argentina is the second country in the region with the highest public expenditure on education (6% of its GDP) and on science and technology (0.6% of its GDP).

Technology Ecosystem

The largest global telecommunications, media and technology companies have a presence in Argentina

Advantageous time zone

Time Zone advantages for working with countries in the Middle East, Europe, and North America.



Why invest?

Favorable global and regional context

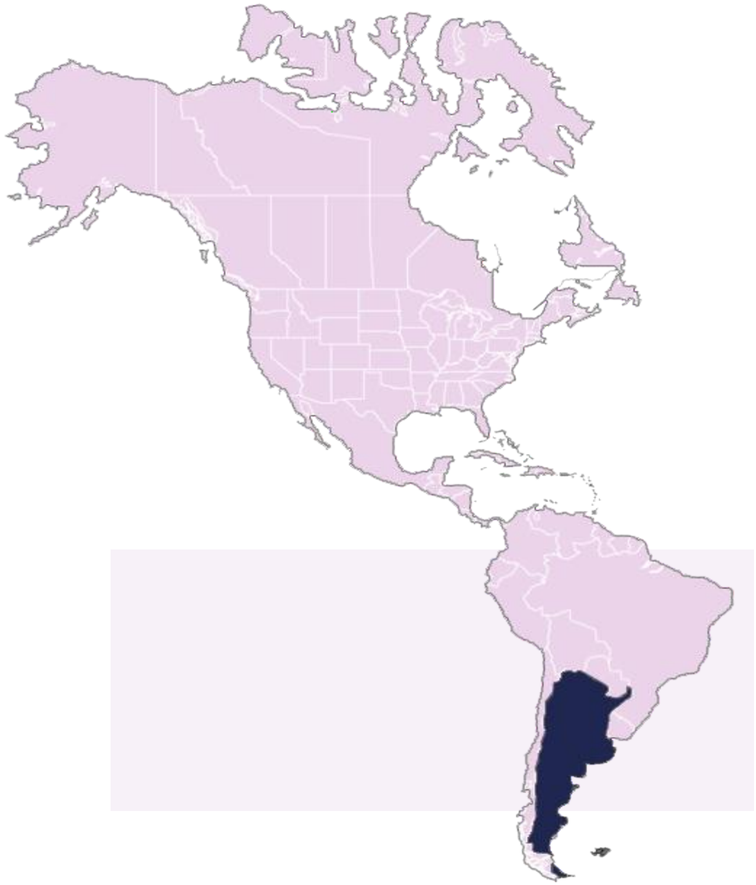
Record highs in FDI to Latin America (2022) thanks to mining, oil and gas, and despite a global contraction in investments.

Major recipient of FDI

- 33rd in the ranking of countries that received the most FDI between 1990 and 2022 (UNCTAD).
- 4th destination in Latin America

Major global investors

United States, Spain, Netherlands, Brazil, Chile, Uruguay, Germany, Canada, United Kingdom, France, Mexico and China, main investors (2017-2023, BCRA).



Why invest?

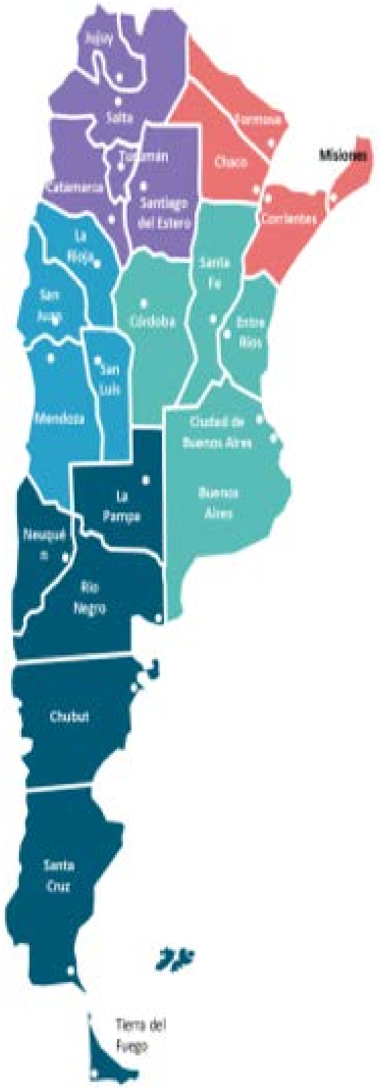
- ✓ **Almost 2,000 multinationals**
- ✓ **575 investment project announcements (2013-2023)**
- ✓ **USD 26,538M global amount of such announcements**
- ✓ **63% of them have already been completed.**
- ✓ **16 unicorns**
- ✓ **Latin America's leading software exporter**

Why invest?

Sector	FACTS – 2022 Exports 2022	FORECAST – 2030 Exports 2030	Increase	Driving factors
	USD (millons)			
Total	**102,878**	**181,429**	**78,551**	
Agro-industry	56,838	60,931	4,093	• Impact of post-pandemic prices • Higher amounts due to technological improvements (irrigation, fertilizers, bio-technology) • Greater share of animal protein in the export basket
Energy	9,297	35,907	26,610	• Oil & Gas Boom in Vaca Muerta • Liquefied Natural Gas (LNG) Development • Development of green hydrogen
Mining	3,655	19,174	15,519	• Lithium, copper and other minerals
Processed Industrial Products (PIP)	18,656	33,839	15,183	• Doubling of automotive exports • New products in the petrochemical industry due to Vaca Muerta, as well as in the forestry industry (pulp and paper)
Services	14,432	31,578	17,146	• Dynamism of technology-based services (KBS) • Recovery of tourism

Source for Exports 2022 (column 1): INDEC / Source for Forecast 2030 (column 2): Ministry of Economy, Secretariat for Industry and Productive Development, Argentina Productiva 2030 (Plan on Productive, Industrial and Technological Development)

Where to invest?



Northwest	**Agriculture:** soybeans, corn, sugarcane, rice, citrus, timber, **Mining:** gold, silver, lithium, potassium
Northeast	**Agriculture:** rice, soybeans, yerba mate, tea, tobacco, citrus, fruits, forest products (paper and pulp), aquaculture **Mining:** precious and semi-precious stones **IT:** Software (Misiones, Chaco)
Cuyo	**Agriculture:** wine, walnuts, olive **Mining:** silver, gold, copper, lime **IT & Software:** (Mendoza) **Industry:** Electronics Manufacturing **Energy:** Solar & Wind
Center	**Agriculture:** soybeans, corn, wheat, sunflower, nuts, dairy, livestock **IT:** Buenos Aires, Cordoba. **Industry:** automotive, agricultural equipment, petrochemical, pharmaceutical, real estate, cultural industries
Patagonia	**Agriculture:** fishing for fruits, sheep **Industry:** Electronics Manufacturing **Energy:** oil, gas, shale, wind

INFRASTRUCTURE

55 Airports

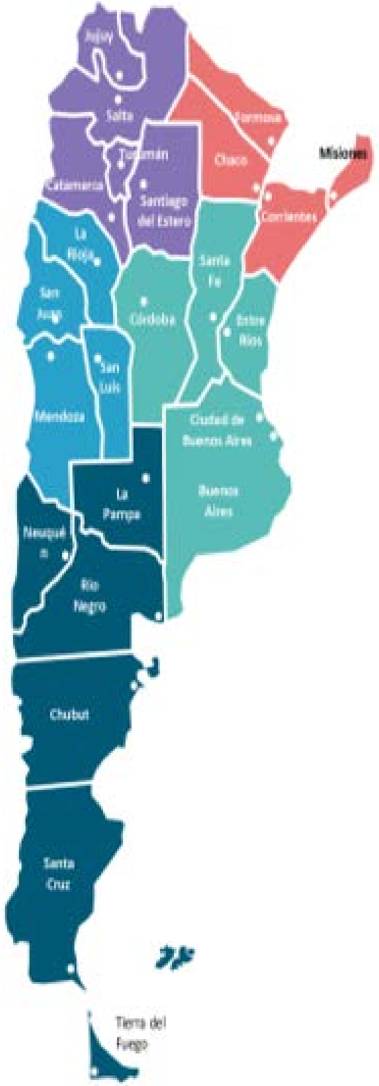
101 harbours

500.000 km de Routes

3.870 km Cargo FFCC

12.623 Ttcoe of Power Generation

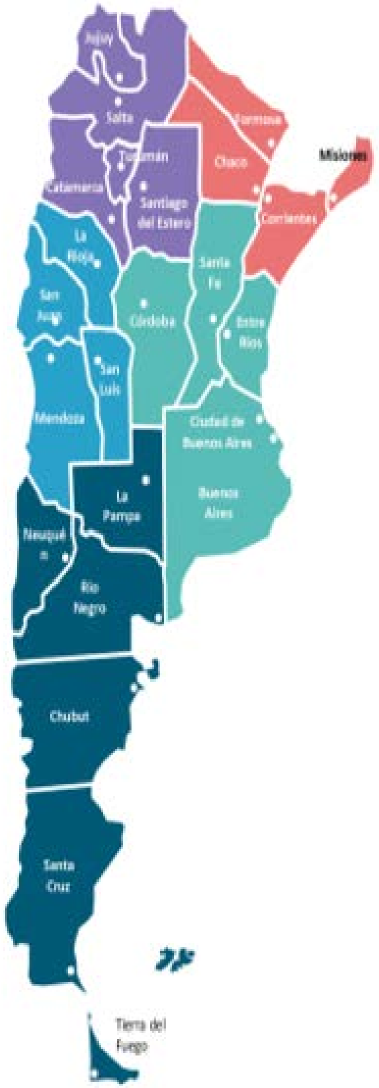
Under what regulatory framework?



Main Features of the Regulatory Framework

- Federal State (23 provinces + Autonomous City);
- Promotional regimes can be national, provincial, or both;
- They can be multisectoral or sectoral;
- National laws regulate different sectors, and may add fiscal, financial and regulatory benefits;
- Some provincial laws join federal promotion regimes and adapt local legislation and add benefits at the local level.

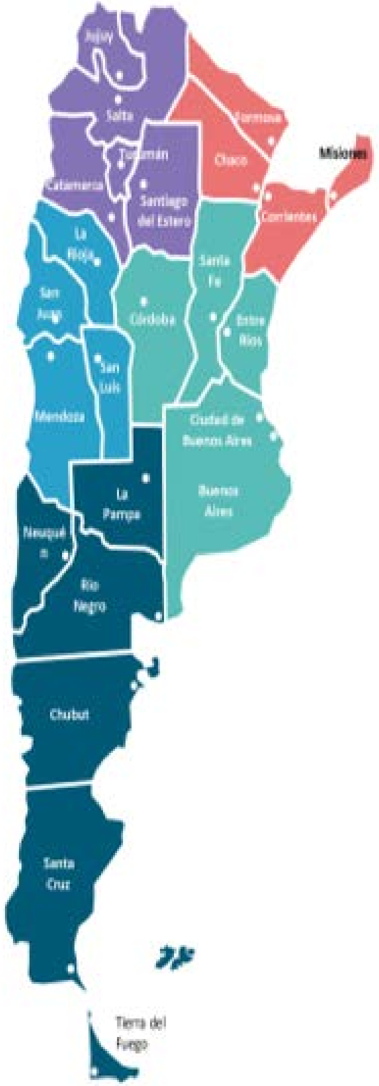
Under what regulatory framework?



General (National)

- Law 21.382 – Foreign Investment Law (1976)
- Law 23.101 – Export Promotion (1984)
- 57 Intl. Investment Promotion Agreements (IIAs)
- 21 agreements to avoid double taxation (DTAs)
- Economic Complementation Agreements (ECAs)
- Trade Agreement between Argentina and Chile and the Intra-MERCOSUR Investment Cooperation and Facilitation Protocol
- GSP (Australia, Japan, New Zealand, Norway, Switzerland)
- Capital Goods Importation Regimes

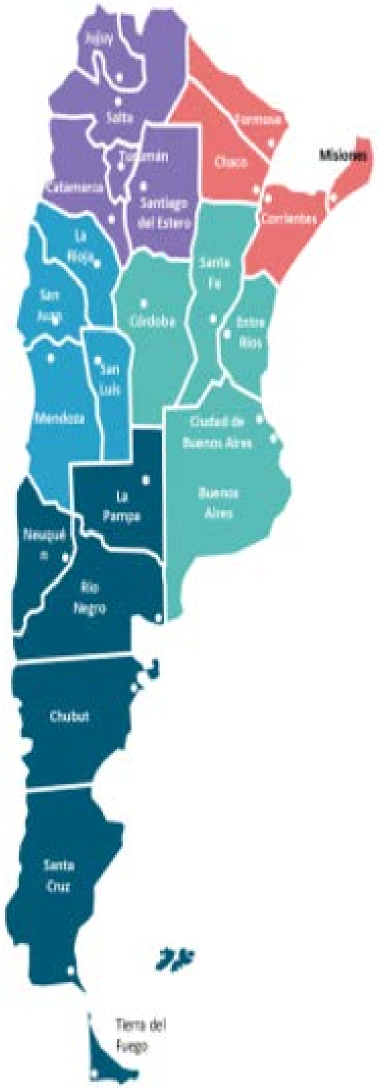
Under what regulatory framework?



Mining, Oil & Gas (National)

- Law 24.196 on Mining Investments (1993);
- Law 26.154 on Hydrocarbons (2006) and Decrees 277/22 and 484/22 on access to foreign currency;
- LNG Promotion Bill (under review):
- Law 26,093 on Biofuels (2006) and Decree 109/2007;

Under what regulatory framework?



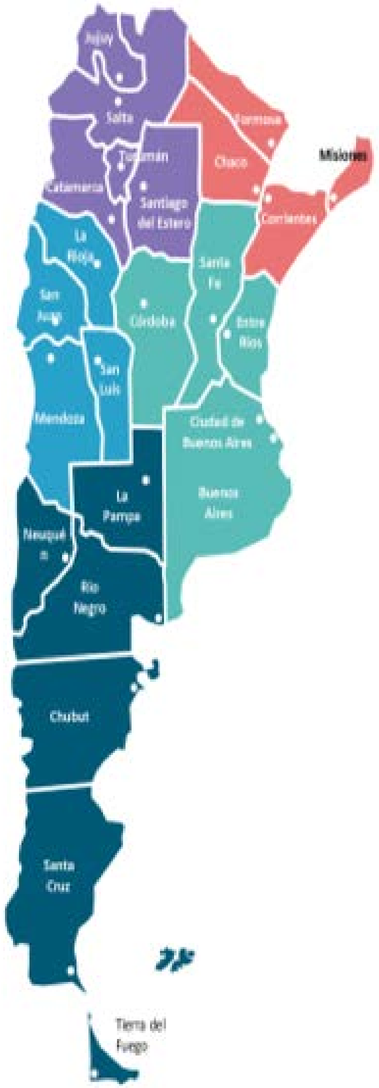
Energy (National)

- Law 25.019 on Wind and Solar Energy (1998) and Decree 814/2017 on tariff exemptions.
- Laws 26.190 and 27.191 on Renewable Sources of Electricity (2006)
- Law 27.424 on Distributed Generation of Renewable Energy in the Public Grid (2017).
- Tariff Exemption on Renewable Energy - Decree No. 814/2017.

Technology (National)

- Laws 27.506 (2019) and 27.570 (2020) on the Knowledge Economy.

Under what regulatory framework?



Provincial Regulatory Frameworks

- Multisectoral Promotion Schemes with Gross Receipts Tax Reduction.
- Specific regimes for key sectors, such as agriculture (wine, yerba, non-sheep), forestry, energy, mining, software, tourism, and audiovisual industries.
- Large number of provincial industrial parks.
- Special Regime for Tierra del Fuego.

What changes are planned?

✓ **Government Committed to:**

- Ensuring legal certainty for investors,
- Generating a favourable climate for private initiative, and
- Promoting transparent and predictable rules for companies that decide to invest in Argentina.

✓ **Decree of Necessity and Urgency 70/2023 (DNU 70/2023)**:

- Eliminates rules that required registration in registries, and established fixed quotas and prices;
- Promotes the digitalization and agility of procedures in foreign trade operations;
- Liberalises the commercial aviation, media and sports sectors.

✓ **Economic measures:**

- Eliminating the Fiscal Deficit.

What changes are planned?

✓ **Encouraging first results:**

- 5% reduction in the deficit in the first month of management;
- Inflation reduction in recent weeks, due to fiscal and monetary control;
- Increase of BCRA reserves by USD 7 billion in 60 days;
- Increase in the price of dollar bonds in the markets.

What changes are planned?

✓ **Law 27,742 – Title VII: Regime for Large Investors (RIGI)**

A) Requirements:

- No judicial conviction, or pension/tax arrears;
- Investment Plan: Minimum 3 years, USD 200M with total annual cash flow no less than 30% of the total investment;
- Foreign Direct Investment (no portfolio).

B) Benefits

- Corporate Income Tax Reduction;
- Conditional exemptions on tax or export fees;
- Elimination of quantitative limits;
- Facilities of access to foreign currency;
- 30-year stability in tax, customs, and exchange rules.
- Alternative Dispute resolution (including ICSID).
- Enhanced benefits for Exporting Projects above USD 1,000M.
- Subnational benefits pending provincial & municipal approval.

CANCILLERÍA

REPÚBLICA ARGENTINA

Thank you!

Summary and Key Features of Law 27,742 on the Incentive Regime for Large Investments (RIGI)

On July 8, the Argentine Official Gazette published Law 27,742 "Bases and Starting Points for the Freedom of Argentines". Title VII includes the Incentive Regime for Large Investors (RIGI). Below are its main features. For further information, a thorough review of the published text is recommended.

Additionally, it is important to note that:

- it is subject to clarifications and interpretations that will be included in the *regulations* currently being prepared by the technical departments of the Ministry of Economy and other relevant agencies;
- an *Enforcement Authority* will be appointed by the President. This Authority will be responsible for evaluating and resolving requests to join the RIGI, and for providing further clarifications, as needed.

1.- Executive Summary

Notable features of the Incentive Regime for Large Investments (RIGI) include:

- The aim of creating conditions of predictability, stability and legal certainty for large projects; protecting against potential non-compliances by the State and developing local supply chains, among other benefits;
- special incentives for large investment projects in eight strategic sectors: forest industry, tourism, infrastructure, mining, technology, steel, energy, oil and gas;
- a variety of possible applicants, including corporations, branches of foreign companies or temporary joint ventures and even infrastructure and services concession holders, provided that they are created solely to present and develop a single long-term project that qualifies as a Large Investment, in one or more phases;
- the requirement of a minimum three-year implementation period and USD 200 million (among other criteria) to be eligible for the Regime;
- the need for a detailed and sound Investment Plan that will be evaluated by the Enforcement Authority for approval or rejection, and will be verified for compliance with the Law upon implementation;
- additional benefits for projects exceeding USD 1 billion that position Argentina as a new long-term supplier in global markets, where it currently has no relevant participation; these projects will qualify as "Long-Term Strategic Export Projects";
- a THIRTY (30) year guarantee of regulatory stability for special benefits, including:
    - Fiscal incentives, such as reduced corporate income tax; reduced personal income tax on dividends (applicable only after seven years of joining the RIGI); VAT payments with tax credit certificates; full deduction from the income tax base of the amounts paid as tax on debits and credits in bank accounts;
    - Customs incentives, such as import duty exemptions (including for temporary imports); export duty exemptions (applicable only after three years of joining the RIGI);
    - Foreign exchange incentives, including free availability of foreign currency;
    - Regulatory incentives, such as RIGI benefits applicable even in Free Zones; no export limitation imposed by the State due to domestic supply needs; no direction of infrastructure development by the State, or mandatory local procurement;
    - Jurisdictional, such as the extension of jurisdiction, in a similar way to the Reciprocal Investment Protection Treaties (BIT);
- provincial tax or municipal fee exemptions, provided that provincial laws or municipal ordinances indicating the scope of benefits are enacted.

Apart from the benefits offered under the General Regime, Long-Term Strategic Export projects (over USD 1 billion) receive the following significant additional benefits:

- Income Tax exemption for payments abroad of certain contracts, including transport, construction and engineering services.
- Export duty exemption starting two years after joining the RIGI, compared to the three year-period required under the General Regime.
- The possibility of extending fiscal, customs, exchange and regulatory stability for up to FORTY (40) years.

2.- Main features of the RIGI

Law 27,742 encompasses many procedural aspects typically regulated by Executive Decree, aiming to provide foreign investors with enhanced assurances of regulatory stability.

a) *General Aspects (Chapter 1, arts. 164-66)*

Congress has declared the RIGI to be of national interest, exercising its powers to enact laws that promote well-being, industry and *protect the importation of capital* (art. 75 paragraph 18 of the Argentine Constitution). It is important to note that the Constitution also establishes the principle of equal treatment for national and foreign investors (art. 20).

Any national norm that restricts, violates, hinders or distorts the RIGI is considered null. However, this provision will only apply to provincial and municipal regulations after they are aligned with Law 27,742 through provincial law or municipal ordinance (art. 165).

Article 166 outlines several objectives of the RIGI. Three of them stand out:

- To create conditions of predictability, stability and legal certainty.
- To give special protection to investors in the event of any breach by the State.
- To develop of local supply chains.

b) *Scope (Chapter 2, arts. 167-170)*

- *Areas*. Law 27,742 restricts RIGI to projects classified as Large Investments within eight sectors: forestry, tourism, infrastructure, mining, technology, steel, energy, and oil & gas.
- *Deadlines*. Projects can join the RIGI only within TWO (2) years from July 8, 2024, the date when when Law 27,742 was published in the Argentine Official Gazette and took effect (arts. 168, 228). The Executive Branch may extend this period for only ONE (1) additional year.

  Article 227 establishes that the RIGI will be fully operational, even if no further rules are issued. It also introduces penalties for officials who fail to comply with the law’s deadlines or terms without justification.
- *Covered Subjects*. Articles 169 to 174 specify that eligible entities are referred to as "Single Project Vehicles" (VPUs in Spanish). These include corporations, branches of foreign companies or temporary unions, established solely to present and, if approved, develop one or more phases of a single long-term project qualifying as a Large Investment under the law.

  Since a VPU cannot engage in activities beyond the project for which it joined the RIGI, or allocate assets to other purposes, corporations (SA in Spanish) and limited liability companies (SRL in Spanish) in this situation may register a "dedicated branch" –an entity with its own CUIT (Tax Identification Code) and capital, created solely for executing the investment project (art. 170).

  The regulation also allows:

    - Holders of concessions for infrastructure or service operations to join the RIGI, if they present an investment plan meeting the RIGI requirements and renegotiate their contracts with the State, to align with project conditions under the Law (art. 178);
    - suppliers of goods or services to a VPU adhering to the RIGI to register in order to benefit from customs exemptions in the Regime for merchandise imported for this purpose, provided the import exceeds the minimum percentage of total billing set by the Enforcement Authority (art. 169, final section).

  Finally, the direct or indirect transfer or assignment of quotas, shares or social participations of the VPU adhered to the Regime is permitted without prior authorization from the Enforcement Authority, with the only requirement being to report the transfer within 15 calendar (art. 207).

- *Excluded Subjects* Article 171 forbids individuals or entities involved in a VPU from joining the RIGI if, at the time of submitting the investment project, they are:
    - under final conviction in the second instance for crimes listed in Law 27,401, such as bribery, influence peddling, negotiations incompatible with the exercise of public functions, extortion, illicit enrichment, and aggravated falsification of financial statements;
    - declared bankrupt, or are tax and/or social security debtors;
    - convicted due to tax, customs, or exchange-related criminal complaints;
    - as tax, customs or social security debtors.

c) *Requirements (Chapter 3, arts. 172-176)*

To join the Regime, submitted projects must be:

- *Large investments*, defined as:
    - Long-term, with the net cash flow for any given year not exceeding 30% of the total investment to be disbursed over the first THREE (3) years of project development. The Executive Branch may modify this percentage for all sectors simultaneously (art. 172).
    - With a minimum amount of USD 200 million in eligible investment assets, with at least 40% to be disbursed in the first TWO (2) years. The Executive Branch has the authority to set higher minimum amounts and, in exceptional cases, reduce this percentage to 20% and/or authorize the inclusion of essential services contracts as eligible assets (art. 173).
    - Intended for acquiring, producing, building or developing assets, or acquiring a company, VPU, or its shares, or to assigning assets to a "Dedicated Branch", subject to Law 27,742 limits and conditions (art. 174).
- *Or Long-Term Strategic Exportation* (art. 172), which must:
    - Exceed USD 1 billion per stage.
    - Position Argentina as a new long-term supplier in global markets where it currently lacks significant participation.
    - Meet the conditions under the General Regime.

In both cases, the application for membership must include an Investment Plan detailing, at least (art. 176):

- Description;
- Corporate data of the VPU executing the Project.
- Address for notifications.
- Total investment amount, and detailed breakdown.
- Allocation of funds.
- Execution schedule.
- Investment amount in the first and second years.

- Technical study demonstrating the VPU's non distortion of the local market.
- Deadline for specifying the minimum investment amount.
- Sources of financing and guarantees, as financing is at the VPU's risk.
- Estimated direct and indirect employment generation, and local integration.
- Local supplier development, including existing capacity.

d) *Evaluation* (Chapter 3, arts. 177-178)

Once the application and the Implementation Plan are submitted to the Enforcement Authority designated by the Executive, it must approve or reject them within 45 calendar days. The decision will be based on non-discretionary, objective criteria. The Enforcement Authority may also request additional information or clarifications to make its decision.

Rejections cannot be appealed, but do not prevent the submission of a new investment plan up to two times within the calendar year, or other projects. Rejections can only be based on one or more of the eight reasons established by the Law, such as failure to meet requirements, failure to provide information, a clear technical, economic or financial impossibility to fulfill the proposed investment plan, or the determination that the project will distort the local market, among others.

The VPU will have RIGI rights from the submission of the application and must fulfill its obligations from the notification of the administrative act resolving its request.

Article 178 assigns property rights over the incentives acquired under the RIGI, which cannot be violated or affected by subsequent regulations during the THIRTY (30) years of stability, unless one of the termination causes specified in the disciplinary regime established by Law 27,742 in Chapter VIII, arts. 211-217, is met.

It is to note that the stability guarantee of this article is similar to that contemplated in Article 8 of Law 24,196 on Mining Incentives (1993), among other regimes providing similar incentives.

e) *Monitoring* (Chapter 3, arts. 179-182)

Law 27,742 authorizes the Enforcement Authority to monitor and control the VPU's compliance with its obligations, the commitments made in the Project, and the proper use of benefits (art. 179). Changes to amounts and compliance dates can only occur with the Enforcement Authority's approval (art. 180). Other modifications need only be notified by the VPU.

Projects may be suspended due to force majeure (art. 181). A guarantee is required to preserve the tax credit. This guarantee may be in the form of cash, public debt securities, bank guarantees, insurance, real guarantees, or other forms authorized by regulations (art. 182).

f) *General Regime Benefits* (Chapter 4, arts. 183-196; Chapter 5, 198-200)

The Law establishes a series of non-cumulative benefits compared to those of similar nature provided by existing promotional regimes but allows for cumulative benefits when they differ from those established by Law 27,742 (art. 208).

- *Fiscal Benefits*. They are provided on the condition that they do not involve a transfer to foreign treasuries (e.g., parent companies of multinational companies) due to the application of a global minimum tax aimed at implementing the second pillar of the OECD's Inclusive Framework on Base Erosion and Profit Shifting or BEPS (art. 196). They include:
    - Income Tax. Reduction from 35% to 25% in the corporate tax rate; accelerated depreciation (art. 183); and a reduced rate of 3.5% on individual income from dividends and profits after

    seven years of adherence to the RIGI (art. 181-2). The legal limit of five years for compensating or absorbing losses may not apply, under art. 209.
    - Value Added Tax (VAT). Payment of taxes with tax credit certificates, as outlined in Art. 187. Regulations will determine whether such credits can be transferred to third parties.
    - Tax on Debits and Credits in bank accounts. 100% discount on this tax, credited against the income tax base (art. 189).
- *Customs Benefits*. The Law prohibits quantitative restrictions (quotas, limits, etc.) or qualitative economic restrictions, even for reasons related to the internal market supply, unless such restrictions are outlined in the Implementation Plan (art. 193). Additionally Law 27,742 provides:
    - Imports. Exemption from import duties, statistical fees and destination verification for imports of goods for consumption, as well as temporary imports of new capital goods, spare parts, components, and any advance payments (art. 190).
    - Exports. Exemption from export duties (retentions) three years after joining the RIGI (art. 191).
- *Exchange Benefits*. Art. 199 of Law 27,742 establishes the free availability of foreign currency, and:
    - Exemption from exchange restrictions or prior authorizations for the remittance of profits, dividends or interest, within the limits established by Law 27,742.
    - Exemption from limits on holding liquid assets abroad, except for measures requiring priority payment of debts to foreign entities (art. 199).
    - A progressive scheme that allows not to convert export proceeds into local currency in the Single Free Foreign Exchange Market (in Spanish, MULC) for up to 20% of exports after two years, 40% after three years and 100% after four years (art. 198).
- *Regulatory Benefits. Law 27,742 establishes benefits regarding:*
    - Operation. Exemption from any obligation to market products domestically, guarantees against confiscation or expropriation of investments, and State assistance against any such attempts by national or foreign authorities, as well as the right to continue the project's operation, except by judicial measure (art. 200).
    - Regulatory Stability. It is established in tax, customs, exchange, and regulatory matters for THIRTY (30) years following the VPU's accession to the RIGI, within the scope and limitations set forth in arts. 201 to 205. Additionally, a streamlined procedure is established for resolving any interpretation differences between the VPU and the Enforcement Authority in foreign exchange matters.
    - Free Zones. Access to benefits is permitted, even in free zones (art. 208).
    - Jurisdictional. Law 27,742 provides for dispute resolution, first through consultations or friendly negotiations, and then, through international arbitration at the VPU's choice among various mechanisms, including ICSID (art. 221), without the need to exhaust administrative remedies first. The Law also includes protection under applicable Bilateral Investment Promotion Treaties or BITs (art. 222).

g) *Benefits for Long-Term Strategic Export Projects*

Outside the general regime outlined above, projects qualifying as Long-Term, Strategic and Export oriented by the Enforcement Authority will receive additional incentives:

- *Tax Benefits*. Exemption from Income Tax on payments for international charter or shipping services of exports, and for services included in engineering, procurement and construction management contracts, and a reduced rate of 30% for payments for other concepts, unless a more favorable treatment exists.
- *Customs Benefits*. Exemption from export duties starting two years after joining the RIGI, instead of three, as generally required under the Regime (art. 191).

- *Exchange Benefits*. An accelerated scheme allowing not to convert export proceeds into local currency in the Single Free Foreign Exchange Market (in Spanish, MULC) by up to 20% of exports after one year (instead of two), 40% after two (instead of three) and 100% after three (instead of four) years (art. 198).
- *Regulatory*. The Law also provides benefits regarding:
    - Production Restrictions. It declares the inapplicability of any restriction requiring the purchase of inputs from national suppliers under less favorable conditions than market conditions. No measure will require dedicating a new infrastructure for transport and processing of inputs to activities other than the project, or affect long-term export authorizations (art. 193).
    - Stability period. The Law allows extending tax, customs, exchange and regulatory stability for up to FORTY (40) years, instead of 30 (art. 201).

h) *Infractions Regime* (Chapter 8, arts. 211 to 217)

Law 27,742 establishes a series of sanctions for VPU non-compliance, focusing on omissions or falsehoods in providing information to the Enforcement Authority, misuse of goods imported with tax and customs benefits for purposes other than those specified in the project, engaging in activities not exclusively related to the project, and any other undue enjoyment of the RIGI's benefits.

The RIGI includes a scheme for submissions and discharges during the verification stage of any non-compliance and, once proven, a series of fines and penalties ranging from ARS 10 million to 15% of the minimum investment amount, depending on the severity of the case. Penalties may even include expulsion from the Regime and disqualification from applying with new projects.

Aside from the cases mentioned, articles 209 and 210 establish termination by right, when the project ends, the VPU goes bankrupt, or voluntarily requests withdrawal, among other issues.