

Argentina

RISK & COMPLIANCE REPORT

DATE: January 2017

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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

Contents

Section 1 - Background.....	5
Section 2 - Anti – Money Laundering / Terrorist Financing	6
FATF Status.....	6
Latest FATF Statement - 27 June 2014	6
Compliance with FATF Recommendations.....	6
US Department of State Money Laundering assessment (INCSR)	7
Key Findings from other US State Department Reports:.....	11
International Sanctions.....	15
Bribery & Corruption.....	16
Section 3 - Economy.....	20
Section 4 - Investment Climate	23
Section 5 - Government.....	37
Section 6 - Tax.....	38
Methodology and Sources.....	42

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 was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Institutionalized corruption, drug trafficking, high levels of informal and contraband trade, and an active informal exchange market present significant challenges for Argentina's AML/CFT regime. Contraband is smuggled into Argentina through the tri-border area (Argentina, Paraguay, and Brazil), and a very porous northern border shared with Bolivia and Paraguay, and through changes to shipping manifests designed to disguise the importer and the type of merchandise. The previous administration's use of currency controls to avoid balance of payments issues fostered a thriving black market for U.S. currency. During the first ten months of 2015, the unofficial exchange rate valued the dollar about 60 percent higher than the official government rate. Argentina controlled access to foreign currency to try to maintain its falling central bank reserves. President Macri, inaugurated December 20, 2015, quickly adopted economic policies to address a host of economic problems, including high inflation and disputes with foreign creditors.

Many Argentines prefer to hold their savings in U.S. dollars and/or dollar-denominated assets as a hedge against high inflation and potential peso devaluation. Even during periods of more liberal currency exchange, Argentina has a long history of capital flight and tax evasion. The latter is the predicate crime in the majority of money laundering cases. Argentines hold billions of U.S. dollars outside the formal financial system, both domestically and offshore, much of it legitimately earned, but not taxed.

The general vulnerabilities in the financial system also expose Argentina to a risk of terrorism financing.

Do FINANCIAL INSTITUTIONS engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: YES

Criminalization OF money laundering:

“All serious crimes” approach or “list” approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES **civilly:** YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES **Domestic:** YES

KYC covered entities: Banks, financial companies, credit unions, trusts, tax authority, customs, currency exchange houses, casinos, athletic societies, securities dealers, insurance companies, accountants, notaries public, dealers in art and antiques, jewelers, real estate registries, real estate agents, money remitters, charitable organizations, auto and boat dealers, and postal services

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 25,589 in 2014

Number of CTRs received and time frame: Not available

STR covered entities: Banks, financial companies, credit unions, trusts, tax authority, customs, currency exchange houses, casinos, athletic societies, securities dealers, insurance companies, accountants, notaries public, dealers in art and antiques, jewelers, real estate registries, real estate agents, money remitters, charitable organizations, auto and boat dealers, and postal services

money laundering criminal Prosecutions/convictions:

Prosecutions: Not available

Convictions: Not available

Records exchange mechanism:

With U.S.: MLAT: YES **Other mechanism:** YES

With other governments/jurisdictions: YES

Argentina is a member of the Financial Action Task Force of Latin America (GAFILAT), a FATF-style regional body.

Enforcement and implementation issues and comments:

While the Government of Argentina has established the legal authorities and structures necessary for an AML regime, implementation of that regime remains a challenge. Ongoing receipt of suspicious transaction reporting, including through online submission, demonstrates that the function has become institutionalized. The total number of suspicious transaction reports (STRs) dropped 29 percent in 2015, in part because the Financial Information Unit (UIF), the Argentine financial intelligence unit (FIU), raised the reporting threshold for savings

and loan organizations. The thresholds had been low and had not been adjusted previously to account for inflation. The changes resulted in a 94 percent drop in reporting by the savings and loan sector. The UIF continues to face challenges in analyzing suspicious reporting information and converting analysis into actionable intelligence. To address these gaps, the UIF has developed a risk matrix and modernized reporting systems, including incorporating an online reporting capability. In addition, the Financial Crimes Enforcement Network (FinCEN), the U.S. financial intelligence unit, suspended information sharing with the UIF in June 2015. This is the second suspension of information sharing between FinCEN and the UIF due to Argentina's unauthorized disclosure of intelligence that FinCEN had shared with the UIF. The first suspension took place in July 2009, and lasted three and a half years. This is a serious offense and FinCEN is evaluating next steps.

Program effectiveness, as measured by convictions and asset forfeiture, has been negligible. Since 1999, Argentina has successfully prosecuted only seven cases of money laundering. In general, money laundering cases are pursued by a chief prosecutor, working as part of a prosecutorial unit focused on six operating areas. Systematic deficiencies in Argentina's criminal justice system persist, including widespread delays in the judicial process and a lack of judicial independence.

In an effort to support judicial action, the UIF and the Economic and Money Laundering Prosecutor's Office (PROCELAC) have enhanced cooperation with judges and prosecutors throughout the country. In 2015, PROCELAC reported opening 101 preliminary investigations and responding to 140 requests for case collaboration. However, reporting suggests the majority of these actions have focused on investigating foreign currency outflows and tax evasion.

In 2014, the UIF responded to 213 requests for information or testimony from judges and prosecutors and issued eight administrative orders to freeze the assets of 18 entities believed to be involved in terrorist financing. As a result of this intervention, 11 state terrorists were captured, bringing the total to 21 terrorists captured since 2013 using CFT instruments. To date, the offenders have largely been former members of the military junta, and the majority has been charged with domestic terrorism related to crimes committed during military rule in Argentina (1976-1983). Argentina has not used its CFT regime to pursue international terrorism cases.

With its AML/CFT regime established through legal and regulatory structures, suspicious transaction reporting institutionalized, and information flowing more freely between branches of government, Argentina's challenge now is enforcement. Critical components of this effort will be demonstrating the country's commitment to the principles of transparency and good governance; fostering a universal culture of AML/CFT compliance; improving the ability to coordinate, investigate, and prosecute complex financial crimes efficiently; and increasing convictions.

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

Key Findings from other US State Department Reports:**Narcotics**

Argentina is a transit country for Andean-produced cocaine; however, domestic cocaine processing and consumption are moderate but growing problems. Marijuana is Argentina's most-used illegal drug, and cocaine is the leading illegal drug for which Argentines seek help at treatment centers, with cocaine base ("paco") a particular problem among the poor. Many Argentines believe drug-linked violent crime is increasing. U.S. cooperation with Argentina's Ministry of Security has largely consisted of information sharing and offers of trainings and seminars.

The Security Ministry's counternarcotics mandate grew in 2014 with the establishment of a sub-secretariat dedicated to analysis and coordination. The Ministry managed a large deployment of federal police forces to the city of Rosario and a re-deployment of gendarmes along the northern border. Argentina continued to dedicate resources to Operation Northern Shield, which aims to deter illicit flights and drug trafficking, but has had only modest effect. Judicial case backlogs and vacant judgeships continue to complicate prosecutions, and prisons are overcrowded. There was progress in federal-provincial cooperation, but additional collaboration would be beneficial.

Most cocaine transiting Argentina goes to Europe. Seizures of cocaine production facilities and the widespread availability of "paco" suggest domestic processing is growing, though it remains small. While Argentina has not published annual seizure statistics since 2010, partial data indicates cocaine and marijuana seizures increased in 2014, likely due to an increased operational tempo by federal forces.

Argentine officials estimate the annual prevalence of cocaine use at 0.9 percent of the population, using the most recent official numbers from 2010. There is concern about the rising use of synthetic drugs and "paco" by Argentine youth. In March, Argentina announced a large increase in federal spending to treat and prevent addiction. One province implemented a drug court during the year.

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. During 2014, Argentine courts investigated members of the security forces and several civilian officials for their involvement in trafficking.

Argentina took steps to improve its drug control efforts in 2014, but more resources, capabilities, and coordination are needed to fully address the challenge. Constructive measures Argentina could undertake 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, including many from rural areas or northern provinces, are forced into prostitution within the country. A significant number of foreign women and children, primarily from Paraguay and the Dominican Republic, are subjected to sex trafficking in Argentina. To a more limited extent, Argentine men, women, and children have been found in sex and labor trafficking in other countries. In 2013, transgender Argentines were identified as victims of sex trafficking by French authorities, and activists from the LGBT community reported that transgender Argentines were vulnerable to sex trafficking within the country and in Western Europe. Bolivians, Paraguayans, and Peruvians, as well as Argentine citizens from poorer northern provinces, are subjected to forced labor in sweatshops, agriculture, charcoal and brick production, domestic work, and small businesses, including restaurants and supermarkets. Chinese citizens working in supermarkets are vulnerable to debt bondage. In 2013, Argentine authorities identified Colombian citizens working in furniture and basket production and peddling as potential labor trafficking victims; some of these potential victims reportedly were subjected to debt bondage. Argentine officials have identified isolated cases of foreign victims recruited in Argentina and subjected to trafficking in third countries.

The Government of Argentina does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Argentine officials continued to identify a significant number of potential trafficking victims and support several shelters that provided services to such victims. The government increased convictions of sex trafficking offenders, but convicted no labor traffickers in 2013, despite having identified more than 900 labor trafficking victims during the year. Trafficking-related corruption remained a serious concern, and no complicit officials were convicted or sentenced during the year. Government funding for victim services was inadequate to assist the large number of victims identified during the year, particularly in forced labor. Authorities did not report how many victims received specialized services or shelter in 2013, raising concerns that many victims might not have access to services beyond emergency assistance.

Terrorist Financing 2015:

Overview: Argentina maintained capabilities for confronting terrorism at the federal level, and directed efforts to address border security challenges along its remote northern and northeastern borders, which include the Tri-Border Area where Argentina, Brazil, and Paraguay meet, an area where terrorism financing occurs. Senior Argentine officials made statements condemning violence wrought by ISIL and urging action to alleviate humanitarian suffering in Syria and Iraq. It is possible small numbers of Argentine citizens may have sought to travel to Syria and Iraq to join ISIL. U.S. law enforcement and security

cooperation with Argentina focused on information sharing as well as some training funded by the Antiterrorism Assistance program.

Legislation, Law Enforcement, and Border Security: Argentina's Antiterrorism Law of 2007, modified in 2011, serves as a supplement to the criminal code for the prosecution of terrorism cases. Multiple security agencies maintained specialized law enforcement units that have substantial capabilities to respond to terrorist incidents. One of those agencies underwent a wide-scale replacement of personnel and reorganization in the first part of the year that degraded its counterterrorism capabilities. The Argentine government's Security Ministry chaired meetings of the Internal Security Council to coordinate between federal and provincial security institutions. The outgoing administration took steps to implement the transition of the criminal justice system from an inquisitorial to an accusatorial model.

The investigation into the 1994 terrorist bombing of the Argentine Jewish Mutual Association community center in Buenos Aires that killed 85 people encountered difficulties. Outgoing President Cristina Fernandez de Kirchner defended a "truth commission" agreed on between Argentina and Iran in January 2013 against a prosecutor's legal filing claiming the president had in fact subverted the investigation. The prosecutor was discovered dead in his apartment in January, and his filing was later dismissed by a judge. The outgoing president maintained that the talks with Iran were intended to clarify Iran's alleged role in the bombing, for which several former Iranian cabinet-level officials have outstanding INTERPOL Red Notices. On December 10, Mauricio Macri assumed the presidency of Argentina. The Macri administration issued a press release stating that the Argentine government was "firmly determined" to maintain INTERPOL Red Notices issued against the one Lebanese and five Iranian suspects in the case.

An Argentine court declared the agreement between Iran and Argentina unconstitutional in May 2014. As a superior court reviewed the decision in June, the outgoing government used a controversial new law to remove a judge from the panel and appoint a temporary judge in his place. The Argentine-Jewish community and the U.S. government expressed skepticism regarding the Argentina-Iran dialogue, and indeed it failed to advance the investigation. In December, the incoming Macri administration announced it would cease the executive's challenge of judicial decisions against the pact. The same month, the administration appointed a state secretary with Cabinet rank to carry forward the investigation of the 1994 attack.

Countering the Financing of Terrorism: Argentina is a member of the Financial Action Task Force of Latin America (GAFILAT), a Financial Action Task Force (FATF)-style regional body. Its financial intelligence unit, Unidad de Informacion Financiera (UIF), is a member of the Egmont Group. During 2014, the last period for which data is available, the UIF identified seven possible instances of terrorism financing. Two were submitted to the Attorney General's Office, and the remaining five were under investigation. These cases involve the capture of 11 terrorist fugitives, all from the last military dictatorship, and eight resolutions to freeze assets. At the close of 2015, the Federal Prosecutor in charge of Economic Crimes identified a new potential terrorism-financing case regarding a Syrian national involved in a number of suspicious transactions in the Tri-Border Area (with Brazil and Paraguay). That case was proceeding through the justice system at year's end.

While the Government of Argentina has established the legal authorities and structures necessary to identify and pursue terrorism financing, results in the form of targets identified, assets seized, and cases prosecuted have been minimal. In December, the new administration appointed a new head of the UIF and considered proposals to create a special counsel reporting directly to the government to combat money laundering and terrorism financing, establish an inter-agency anti-money laundering/counterterrorism financing task force, and develop a new national risk-based strategy founded on a revised national risk analysis. Such measures, if implemented effectively, could help the country move closer to international standards and improve program effectiveness.

International and Regional Cooperation: Argentina participated in the OAS Inter-American Committee against Terrorism and the Southern Common Market Special Forum on Terrorism. Argentina, Brazil, and Paraguay coordinated law enforcement efforts in the Tri-Border Area via their Trilateral Tri-Border Area Command.

International Sanctions

Argentina is not currently subject to any International Sanctions

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	36
World Governance Indicator – Control of Corruption	33

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.anticorruccion.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 under 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 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. During 2013, the government continued with a mix expansionary fiscal and monetary policies and foreign exchange and imports controls to limit the drain in Central Bank foreign reserves, which nevertheless dropped US \$12 billion during the year. GDP grew 3% and inflation remained steady at 25%, according to private estimates. In October 2013, the government settled long-standing international arbitral disputes (including with three US firms) dating back to before and following the 2002 Argentine financial crisis. In early 2014, the government embraced a series of more orthodox economic policies. It devalued the peso 20%, substantially tightened monetary and fiscal policies, and took 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 presenting a proposal to pay its arrears to the Paris Club.

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

Exports - partners:

Brazil 19.7%, China 7.2%, Chile 5.8%, US 5% (2012)

Imports - commodities:

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

Imports - partners:

Brazil 26.9%, US 15.4%, China 11.8%, Germany 4.5% (2012)

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.

Section 4 - Investment Climate

Executive Summary

The Government of Argentina (GOA) took actions in the past year to improve the investment climate in Argentina. To regain investor confidence, the GOA settled outstanding international arbitral awards, engaged with the International Monetary Fund (IMF) to improve economic reporting data, and compensated the Spanish-firm Repsol for the partial expropriation of YPF in 2012. Argentina also engaged with the Paris Club group of creditors to address legacy debt issues. A January 2014 currency devaluation reduced costs and asset prices in dollar terms. Over the past year, one measure of Argentina's country risk has fallen approximately 35 percent from 1210 basis points to 790. The GOA has signaled its desire to see continued foreign direct investment (FDI) flows to enhance the nation's productive capacity and GDP growth potential.

Although improved from the year before, investor confidence remains low. Longstanding concerns regarding the lack of transparency in government policymaking diminish the attractiveness of prospective investments in some sectors. Decisions that affect companies, both foreign and domestic, are frequently taken without industry input and rarely with a formal comment period. GOA actions to curb the remittance of profits abroad have also led some foreign companies to question whether their money should be invested in the country if they are unable to access it later. Currency controls delay companies' access to dollars to pay suppliers.

The GOA's all-encompassing import licensing system has made it burdensome to import the materials necessary for the day-to-day functioning of a business. Factories and distributors occasionally sit idle while the GOA delays granting approval to move inputs through customs, a process that can be unpredictable. Companies that export more from Argentina than they import generally receive preferential access, but even these firms have reported difficulties in securing certain goods. Price controls have also caused difficulties for businesses.

Argentina continues to owe debt to private bondholders. Ninety-two percent of the defaulted USD 82 billion of private debt has been swapped for a mix of new bonds with a substantial loss in net present value. Some bondholders, known as the "holdouts," have not participated in the swaps and continue to pressure Argentina via the U.S. courts to settle its outstanding debt for the actual amount they are owed plus interest.

Argentina's growth slowed in 2013 to 3 percent and unemployment remained steady at 6.4 percent, according to official figures. Central Bank reserves dipped to USD 27 billion down from their high of USD 52 billion in early 2011. This decline has been due to reserves having been used to service debt, maintain the exchange rate, and meet other balance of payment needs. The 2014 budget allowed the use of USD 9.8 billion in Central Bank reserves to make debt payments. Argentina ran current and financial account deficits in 2013 that also contributed to a decline in reserves.

After several years of publishing non-credible statistics, Argentina's official statistics agency (INDEC) released substantially revised inflation and GDP growth data that are closer in line

with private estimates. The IMF had formally censured Argentina in February 2013 because of manipulation of inflation and GDP data, a breach of obligation to the Fund under the Articles of Agreement. As of publication of this report, the IMF had not yet released its conclusions regarding its review of Argentina's new data.

1. Openness to, and Restrictions Upon, Foreign Investment

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.

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 to a maximum of 15 percent of all national productive land. Individuals or companies from a same nation may not hold over 30 percent of that amount; and 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. As approved, 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."

Foreign and Argentine firms generally face the same tax liabilities. In general, taxes are assessed on consumption, imports and exports, assets, financial transactions, and property and payroll (social security and related benefits).

The GOA has established a number of investment promotion programs. Those programs allow for Value-Added Tax (VAT) refunds and accelerated depreciation of capital goods for investors and offer tariff incentives for local production of capital goods. They also include sectoral programs, free trade zones, and a Special Customs Area in Tierra del Fuego Province, among other benefits. A complete description of the scope and scale of Argentina's investment promotion programs and regimes can be found at <http://www.industria.gov.ar>, <http://www.inversiones.gov.ar> and <http://www.mecon.gov.ar/basehome/promocion.htm>. Information about programs that specifically apply to small and medium businesses may be found at <http://www.sepyme.gov.ar>.

Argentina

Measure	Year	Index or Rank	Website Address

TI Corruption Perceptions Index	2013	(106 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom Index	2013	(166 of 178)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(126 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(56 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener

2. Conversion and Transfer Policies

The GOA began imposing significant restrictions on remittances of capital overseas in 2011. These were formally implemented in December 2012 with Resolution 3417. In 2012, the Central Bank issued Regulation A-5318 officially banning the purchase of dollars by residents (either Argentine or foreign) as a form of financial savings (although it does not prevent residents from maintaining existing dollar saving accounts and time deposits). This measure formally ended the previous norm that had allowed individuals to buy up to USD 2 million per month without having to specify the destination of the funds (e.g., debt payment, investments, savings, international travel expenses, etc). Residents could only buy foreign currency for international tourism purposes, and these purchases were also subject to caps and controls by the GOA of the origin of funds to acquire the currency and a 35 percent withholding tax that can be deducted from an individual's income and wealth tax obligation. The Federal Tax Authority (AFIP) subsequently uses Resolution 3333 to regulate retail purchases of foreign exchange for travel. Requestors provide information as to the source of their money and proof that it was acquired legally. In addition to other personal data such as birth date, profession, and tax ID numbers, they must also provide details about their planned trips, including where, when, and why they are traveling. Since the issuance of this norm, the government has reportedly provided additional verbal instruction to banks and foreign exchange houses that further limit the purchase of foreign exchange.

In January 2014, the GOA allowed residents to purchase a limited quantity of foreign exchange for savings depending on the person's declared income. The buyer can choose to withdraw the foreign currency within the first year and pay a 20 percent tax, or else leave the funds in a local bank for a year longer with no tax.

Since 2011, government restrictions on foreign currency purchases have led to the expansion of an informal retail foreign exchange market. The informal dollar rate reached ARS 13 to the USD in January 2014, exceeding the official exchange rate (ARS 8 pesos to the USD) by more than 60 percent. As of publication, the gap between the informal and the official exchange rate has fallen to 30 percent.

Companies have reported difficulties in exchanging pesos for dollars in order to pay for imports. These measures are thought to be in place to address balance of payments concerns, but they have resulted in occasional goods shortages and difficulties for companies doing business in Argentina. Companies must complete multiple steps to import a good into the country. Certificates-of-origin for some goods must be notarized by the Argentine embassy or consulate in the country in which they were produced. This consularization requirement holds for products that have multiple parts from multiple countries. The company must then obtain import license approval, which is known by its Spanish-language acronym "DJAI." Following DJAI approval, companies must then petition the Central Bank for access to foreign exchange. Companies are also often asked to submit detailed financial and operational information.

The GOA subjects speculative capital inflows to three major requirements: (a) investments may not be transferred out of the country for 365 days after their entry; (b) proceeds from foreign exchange transactions involving these investments must be paid into an account in the local financial system; and (c) a 30 percent unremunerated reserve requirement, meaning 30 percent of such transactions must be deposited in a local financial entity for 365 days in an account that is denominated in dollars and receives no interest payment.

There are some notable exceptions to the deposit requirement. A deposit is not required for capital inflows to finance energy infrastructure. Nor is a deposit required on inflows for the purchase of real property by foreigners as long as the foreign exchange liquidation occurs on the day of settlement (and transfer of the title). A deposit is also not required for inflows from foreigners to be used for (a) tax payment and (b) social security contributions within 10 days of the settlement of the foreign currency. In October 2011, the Central Bank imposed new market controls on non-residents. They are now required to immediately "register capital inflows into the local foreign exchange market when they purchase a local company, contribute capital, or purchase real estate."

Foreign entities are banned from participating in Central Bank initial bond offerings, but foreign firms may trade Central Bank debt instruments on the secondary market. The Central Bank also requires that exporters deposit U.S. dollar proceeds from exports in "local" banks (cuentas de corresponsalía de entidades financieras locales) within a specified number of days depending on the good exported (usually between 10-30 days).

Hard currency earnings on exports, both from goods and services, must be converted to pesos in the local foreign exchange market. In 2011, the GOA eliminated the exceptions previously granted to hydrocarbon and mining exports. These firms must now convert their revenues to pesos on the local foreign exchange market. Revenues from re-exports of some temporary imports and exports to Argentine foreign trade zones are still exempted from this requirement.

In October 2011, the Argentine insurance regulator issued Resolution 36.162 requiring “all investments and cash equivalents held by locally registered insurance companies be located in Argentina.” This has exposed insurance companies to greater country risk since they are unable to diversify their assets outside of Argentina. In 2012, the GOA further expanded the investment requirements for insurance companies requiring them to allocate part of their overall investments in “instruments related to local productive projects.” The minimum percentage required ranges from 5 percent for labor risk insurers to 10 percent for property insurers and 12 percent for life insurers. A government committee composed of the secretaries of Finance, Economic Policy and Development, Internal Trade, Industry, and SMEs as well as the superintendent of Insurance determine the projects eligible to receive such investments.

The Argentine Central Bank issued Circular A5272/73 in January 2012 increasing bank liquidity requirements for operational risks and minimum capital requirements, which sharply limited dividend payments.

The Central Bank expanded in 2012 the list of activities involving the transfer of money abroad by local subsidiaries to headquarters that will require prior approval (Circular A5295). These activities now include: IT services; business and professional services’ royalties, patents, trademarks and copyrights; commercial guarantee payments on exports of goods and services; foreign film, audio and video rights; and services for technology transfer, and rental and leasing income, among other activities. The regulations apply to transactions greater than USD 100,000 in value.

In February 2014, the Central Bank issued Circular A5536 capping the foreign exchange exposure of private banks. The norm limits a financial institutions’ foreign currency exposure to 30 percent of their net worth and future exchange rate contracts to 10 percent. Private estimates suggest that 50 percent of the positions held by banks in Argentina are “dollarized,” representing nearly USD 9 billion in assets. This implied that banks will liquidate USD 3.5 billion through a mix of foreign currency, dollar bonds, and future contracts – with most of that presumably going to Argentina’s Central Bank.

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 be previously compensated. Fair compensation for expropriation is also guaranteed by international treaty obligation. Article 4 of the United States-Argentina BIT states that investments shall not be expropriated or nationalized except for public purpose upon prompt payment of the fair-market value in compensation. In October 2008, the government nationalized Argentina’s private pension funds, which amounted to approximately one-third of total 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 Aerolineas Argentinas.

President Cristina Fernandez de Kirchner 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 announced a settlement with Repsol approximately two years later in 2014, which the Argentine congress approved on April 23, 2014.

4. Dispute Settlement

The GOA officially accepts the principle of international arbitration. The United States-Argentina BIT provides for binding international arbitration of investment disputes that cannot be settled through amicable consultation and negotiation between the parties. 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). Companies that seek recourse through Argentine courts may not also pursue recourse through international arbitration.

Prior to and following the 2001/2 Argentine economic crisis, a number of U.S. investors in privatized public utilities filed ICSID arbitration claims against the GOA arguing that the government rulings de-linking public utility tariffs to foreign inflation indices and a January 2002 "pesofication" of dollar-denominated contracts were a de facto expropriation of their investments. In addition, some U.S. investors filed ICSID arbitration claims based on disputes with provincial governments over unforeseen changes in tax laws and liabilities. Customs treatment and delays in re-negotiating public utility rate changes also provoked investment disagreements.

A longstanding bilateral concern had been non-payment of three final awards granted to U.S. investors: (1) a September 2007 final ICSID judgment awarding approximately USD 133 million plus interest; (2) a September 2009 final judgment awarding USD 165 million plus interest; and (3) a September 2011 final decision awarding USD 2.8 million with interest. Based on claimant petitions alleging that Argentina failed to act in good faith to recognize as binding, or enforce, an arbitral award, the Government of the United States withdrew Argentina's status as a beneficiary of Generalized System of Preferences (GSP) trade benefits in May 2012. Argentina settled the ICSID judgments in October 2013 with the three U.S. companies by paying them a portion of the judgment through a mixture of bonds.

Domestic investment dispute adjudication is available through local courts or administrative procedures. Many foreign investors prefer to rely on private or international arbitration when those options are available.

5. Performance Requirements and Incentives

Formally, no performance requirements are aimed specifically at foreign investors. Government incentives apply to both foreign and domestic firms.

6. Right to Private Ownership and Establishment

In general terms, foreign investors have the same rights as Argentines to establish and own businesses, or to acquire and dispose of interests in businesses.

The media law caps foreign capital ownership of media outlets at 30 percent; requires a minimum national content of between 60 to 70 percent; requires that all transmission signals be owned totally or partially by the national government; establishes a minimum screen quota for Argentine movies; imposes a 0.5 percent of annual revenue fee on foreign programmers for acquiring Argentine films; requires advertisement transmitted by broadcast channels or national channels be produced locally; dictates that all investment in advertising on a non-national signal be covered by exemptions and reductions to income tax; gives

foreign media operations differing tax treatment from local companies; and limits the number of broadcasting licenses (based on geography and market segment) to be held by a single licensee. Measures regarding the limitation of foreign ownership in media outlets are not retroactively applied to existing foreign investments currently covered by BIT provisions of non-discriminatory treatment. The U.S.-Argentina BIT contains such protection for U.S. firms.

7. Protection of Property Rights

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. 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 (WTO). 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 Priority Watch List.

Patents: Patent protection remains a theme of particular importance in Argentina's intellectual property rights regime. Extension of adequate patent protection to pharmaceuticals and genetically modified seeds has been a source of bilateral disagreement. Representatives of U.S. companies with significant interest in patented product sales in Argentina say that the patent issuance process is slow and that the backlog of patent applications remains substantial. The National Intellectual Property Institute (INPI) has taken a number of steps to reduce the backlog, including the implementation of fast-track procedures, and opportunities for companies to prioritize their patent applications before INPI several times over the past years. In April 2002, the United States and Argentina reached an agreement with respect to most of the claims in a WTO dispute brought by the United States with respect to Argentina's implementation of its Trade Related Aspects of Intellectual Property Rights (TRIPS) obligations. New patent legislation implementing part of the April 2002 agreement was passed in December 2003. Several issues remain unresolved, however. The United States and Argentina have agreed to leave these issues within the WTO dispute settlement mechanism for action.

Some U.S. and European pharmaceutical firms have expressed concern that some provisions in the amended legislation limit their ability to protect patented products via the use of judicial injunctions to prevent patent violations. The unlicensed production by Argentine firms of pharmaceuticals whose patent rights are owned by foreign companies is a longstanding concern to foreign pharmaceutical companies. In May 2012, INPI published a joint Resolution (118/2012, 546/2012 and 107/2012) that sets new standards for chemical and pharmaceutical patent applications. The guidelines instruct patent examiners to reject new use, new form, and new formulation patents, and specify a number of other changes to drugs that will no longer be acceptable. Companies have stated that the measures were implemented without sufficient transparency and that they significantly diminish protection of their intellectual property.

Copyrights, Trademarks, Trade Secrets, and Semiconductor Chip Layout Design: Although Argentina's copyright law dates to 1930, it provides a sound legal framework to protect intellectual property such as books, films, music, and software. Piracy of CDs, DVDs, and software is widespread, but declining due in large part to the introduction of online content

streaming services. While enforcement continues to be sporadic and pirated products are widely available on the market, the government of Argentina has passed laws designed to allow authorities to mount undercover operations; to flag electronically suspect shipments; to facilitate the seizure and detention of suspect merchandise; and to rotate more frequently customs personnel. The Customs administration in 2006 instituted a voluntary trademark registry and owner notification program. Seizures of imported counterfeit goods have since risen dramatically. 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. The government has decreased the time needed for trademark registration and increased the rate at which trademarks are registered. 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 press criminal charges. 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.

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/>.

Embassy point of contact: María Soledad Iglesias Liste IglesiasS@state.gov

Local attorneys list link: <http://argentina.usembassy.gov/legal.html>

8. Transparency of Regulatory System

Argentine government authorities, including the Ministries of Economy, Production, and Planning and a number of quasi-independent regulatory entities, have mandates to foster competition and protect consumers. Some international investors have expressed concern about abrupt changes in sector-specific regulatory regimes that in their view increase uncertainty.

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 international network of transparent investment procedures. Lomas de Zamora, the second largest province of Buenos Aires offers 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

<http://lomasdezamora.eregulations.org/>. Two other provinces (Berazategui and VicenteLopez) plan to offer the same information system online by the end of 2014.

9. Efficient Capital Markets and Portfolio Investment

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

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.

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 private pension fund system -- consolidated in 1995 -- provided a growing base for capital markets until the 2001-2002 economic and financial crises. Following the government's 2005 debt restructuring, private pension funds once again became significant players in domestic capital markets. The 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.

Following new provisions introduced in the Central Bank charter reform approved in mid-2012, banks operating in Argentina holding at least 1 percent of total market deposits are required to lend at least 5 percent of their deposits -- approximately ARS 15 billion -- for "productive investments" at an interest rate of 15 percent by December 2012. This interest rate is well below private estimates of inflation. In December 2012, the GOA again required major banks to lend another 5 percent of their deposits (approximately ARS 17 billion) for "productive investments" at similar rates required in the previous program. In June 2013, the GOA for a third time required the largest banks to lend 5 percent of their deposits (approximately ARS 20 billion) for "productive investments" by December 2013. In this instance, the program allowed small and medium sized enterprises (SMEs) to use up to 20 percent of their loans for working capital. Once again in December 2013, the government extended the program under similar terms for a fourth time adding about ARS 20 billion at a rate of 17 percent.

10. Competition from State-owned Enterprises

The Argentine government owns stakes ranging from 1 percent to 31 percent in 46 publically-listed companies through ANSES. 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 it 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.

The Argentine government also owns or participates in companies in the following sectors: Civil commercial aviation, water and sanitation, oil and gas, electricity generation, transport, paper production, banking, railway, shipyard, and aircraft ground handling services.

11. Corporate Social Responsibility

There is an increasing awareness of corporate social responsibility (CSR) among both producers and consumers. Foreign and local enterprises both tend to follow generally accepted CSR principles, such as the OECD Guidelines for Multinational Enterprises. CSR practices are welcomed by beneficiary communities throughout Argentina.

12. Political Violence

Demonstrations are common in metropolitan Buenos Aires and occur 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 nonviolent, 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. Though political violence is always concerning, it is not widely considered a hindrance to the investment climate in Argentina.

13. 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 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).

14. Bilateral Investment Treaties (BITs)

The governments of Argentina and the United States signed a BIT in 1991. The agreement was amended, ratified by the Congresses of both countries, and entered 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>. Argentina does not have a bilateral tax treaty with the United States.

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 Superintendency for Frontiers to invest in non-mining activities in border areas.

Argentina has over 50 BITs currently in force and valid double taxation treaties (DTAs) with 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 from international transport are in force. Argentina and Switzerland signed on March 20, 2014 a Tax Information Exchange Agreement (TIEA), which will allow both countries to share information on financial accounts and other assets of their respective taxpayers. The agreement must be ratified by the legislatures in both countries.

15. OPIC and Other Investment Insurance Programs

The GOA signed a comprehensive agreement with the Overseas Private Investment Corporation (OPIC) in 1989. The agreement allows OPIC to insure U.S. investments against risks resulting from expropriation, inconvertibility, war or other conflicts affecting public order. OPIC programs are currently used in Argentina. Argentina is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

16. Labor

Argentine workers are among the most highly educated in Latin America. Wages in dollar terms have historically been competitive. The peso depreciation in January 2014 reduced the dollar cost of labor in Argentina, making it a more attractive place for investors. Argentina has relatively high social security charges and other labor taxes. As of the fourth quarter of 2013, the unemployment rate was 6.4 percent according to official government statistics. The Ministry of Labor, Employment, and Social Security estimated that 33.5 percent of the urban workforce worked in the informal sector as of the fourth quarter of 2013.

Organized labor plays an active role in labor-management relations and in the Argentine political system. Standoffs between management and union activists do occur, but many managers of foreign companies say that they have good relations with their unions. While negotiations between unions and industry are largely market-driven, they occasionally require mediation by the Ministry of Labor.

Argentine law affords unions the right to negotiate collective bargaining agreements and offers recourse to mediation and arbitration. The Ministry of Labor ratifies collective bargaining agreements, which covered roughly 75 percent of the formally employed workforce. There are no special laws or exemptions from regular labor laws in the Foreign Trade Zones (FTZs).

17. Foreign-Trade Zones/Free Ports

Argentina has two types of tax-exempt trading areas: FTZs, which are found throughout the country; and the more comprehensive Special Customs Area (SCA), which covers all of Tierra del Fuego Province and whose benefits apply only to already established firms.

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 GOA 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. There are already ten free trade zones in Argentina, according to the AFIP and the Argentine government announced in February 2014 the installation of two new free trade zones in Province of Santa Cruz. The new free trade zones will be located in the cities of Caleta Oliva and Rio Gallegos. 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. The government reduced some SCA benefits in the early 1990s. Some of these benefits were later reestablished at first only for those firms previously established in Tierra del Fuego Province, and later applied to all firms. The SCA program is scheduled to expire at the end of 2023. In late 2006, Economy Ministry 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. Additionally, the law removes certain tax benefits and taxes electronic products between 20.5 percent and 26 percent, which is reduced by two-thirds for electronics produced in Tierra del Fuego. However, the use of non-tariff barriers to

effectively mandate the local production of many electronic goods is often the primary reason that foreign firms choose to assemble electronic products in Argentina.

18. 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) (<i>Millions U.S. Dollars</i>)	2012	468,301	2012	475,500	INDEC, www.indec.gob.ar http://www.worldbank.org/en/country ((The difference is due to statistical corrections done by INDEC on regular basis.))
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 (<i>Millions U.S. Dollars, stock positions</i>)	2012	N/A	2012	14,396	(BEA) click selections to reach. On historical-cost basis Bureau of Economic Analysis
Host country's FDI in the United States (<i>Millions U.S. Dollars, stock positions</i>)	2012	N/A	2012	209	(BEA) click selections to reach Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP (<i>calculate</i>)	2012	N/A	2012	3.03%	

TABLE 3: Sources and Destination of FDI

Instructions: CHOOSE YOUR COUNTRY's Name from IMF website <http://cds.imf.org>

((Note: IMF censured Argentina in Feb 2013 for reporting unreliable economic data.))

Argentina did not report data according to cds.imf.org data table.

In past reports we used UNCTAD data, Source:

<http://unctadstat.unctad.org/TableViewer/tableView.aspx> -- According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2012, the total stock of FDI in Argentina at the end of 2012 was estimated at USD 110.7 billion. The stock of U.S. FDI in Argentina in 2012 was estimated at USD 14.4 billion by the U.S. Bureau of Economic Analysis. In 2012, according to UNCTAD, total FDI inflows were estimated at USD 12.5 billion and outward FDI flows amounted to USD 1.1 billion.

TABLE 4: Sources of Portfolio Investment

Argentina, June 2013

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	21,765	100%	World	12,800	100%	World	8,965	100%
United States	20,427	94%	United States	11,803	92%	United States	8,624	96%
Luxembourg	682	3%	Luxembourg	682	5%	Brazil	294	3%
Brazil	397	2%	Spain	124	1%	Germany	39	0.44%
Spain	124	1%	Brazil	103	1%	Chile	4	0.05%
Germany	40	0.18%	China, P.R.: Mainland	22	0.17%	Uruguay	3	0.03%

Source: <http://cpis.imf.org/>

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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