Argentina, Uruguay, and Paraguay: Market Overview & Opportunities
Argentina at a Glance

- **Size:** 1.1 million sq. miles
- **Population:** 40.1 million (2010) (40% in Buenos Aires)
- **Literacy Rate:** 97.2%
- **GDP:** US$435 billion*
- **Real GDP growth:** 9.2%
- **Unemployment rate:** 7.2% (as of Sep ‘11)
- **Est. GDP growth (2012):** 3-4%

*Source: CIA World Factbook, 2011*
The Legacy of the Peron Era (1946-1955)

- Populism
- Statism
- Nationalism
Political Environment

• Political influence on Argentine economy

• 2011 Presidential Elections
  CFK wins with 54%
  (Dec 2011-Dec 2015)
### Top Trading Partners

#### Argentine Exports
- **US$ 84.3 billion**
  - Brazil 21%
  - China 8%
  - Chile 6%
  - U.S. 5%
  - Soybeans and derivatives, petroleum and gas, vehicles, corn, wheat

#### Argentine Imports
- **US$ 73.9 billion**
  - Brazil 31%
  - China 14%
  - U.S. 11%
  - Germany 6%
  - Machinery, motor vehicles, petroleum and natural gas, organic chemicals, plastics

*Total Export and Import Numbers are for 2011 while % breakdown by trading partner was calculated using 2010 as a 2011 breakdown is not yet available.*
### U.S.-Argentina Bilateral Trade (2008 - 2011)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Exports to Argentina:</strong></td>
<td>$7.5 Billion Up 29%</td>
<td>$5.6 Billion Down 26%</td>
<td>$7.4 Billion Up 32.1%</td>
<td>$9.9 Billion Up 34%</td>
</tr>
<tr>
<td><strong>U.S. Imports from Argentina:</strong></td>
<td>$5.8 Billion Up 29.8%</td>
<td>$3.9 Billion Down 33%</td>
<td>$3.8 Billion Down 2.6%</td>
<td>$4.5 Billion Up 18%</td>
</tr>
</tbody>
</table>
U.S. Exports to Argentina

2011 Exports to Argentina of NAICS Total All Merchandise

<table>
<thead>
<tr>
<th>Product</th>
<th>Value ($)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>325--CHEMICALS</td>
<td>$2,702,156,058</td>
<td>27.3%</td>
</tr>
<tr>
<td>324--PETROLEUM &amp; COAL PRODUCTS</td>
<td>$1,752,611,673</td>
<td>17.7%</td>
</tr>
<tr>
<td>334--COMPUTER AND ELECTRONIC PRODUCTS</td>
<td>$1,688,273,086</td>
<td>17.1%</td>
</tr>
<tr>
<td>333--MACHINERY, EXCEPT ELECTRICAL</td>
<td>$1,447,267,063</td>
<td>14.6%</td>
</tr>
<tr>
<td>All Others</td>
<td>$2,294,764,172</td>
<td>23.2%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$9,885,072,052</td>
<td>100%</td>
</tr>
</tbody>
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U.S. Imports from Argentina

2011 Imports from Argentina of NAICS Total All Merchandise

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<th>Product</th>
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<th>Percent</th>
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<tr>
<td>211--OIL &amp; GAS</td>
<td>$1,072,360,240</td>
<td>23.8 %</td>
</tr>
<tr>
<td>311--FOOD MANUFACTURES</td>
<td>$810,420,918</td>
<td>18 %</td>
</tr>
<tr>
<td>331--PRIMARY METAL MFG</td>
<td>$762,276,758</td>
<td>16.9 %</td>
</tr>
<tr>
<td>325--CHEMICALS</td>
<td>$355,255,231</td>
<td>7.9 %</td>
</tr>
<tr>
<td>All Others</td>
<td>$1,499,553,029</td>
<td>33.3 %</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$4,499,866,176</td>
<td>100 %</td>
</tr>
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</table>
Bilateral Trade and Investment

- The U.S. is one of Argentina's major trading partners, and historically ranks among the top three spots in FDI.

- Argentina is an attractive market for U.S. trade due to its size, diversity and proximity to other Mercosur markets.

- Over 500 U.S. companies operate in Argentina.
Market Opportunities

• Abundant natural resources
• High commodity prices
• International credit market re-entry?
• Needed infrastructure and investment
Leading Sectors

1. Agricultural Machinery & Parts
2. Electronic Security Equipment
3. Information & Communication Technology
4. Food Processing & Packaging Equipment
5. Travel & Tourism Services
6. Renewable Energy Equipment
7. Mining Machinery & Equipment
8. Medical Equipment, Instruments, & Supplies
• “Heterodox” Economic Policies
  – Growing Government Deficit
  – Inflation – Both Peso and Dollar
  – Issues with Government Statistics Agency
  – NAILs and Requirement for Government Pre-Approval of all Imports
  – DJAIs
  – Foreign Exchange Controls and Mandatory Repatriation of FX

• Lack of Transparency
  – Decision Making Authority not Aligned with Ministerial Structure
  – Many unwritten rules and regulations

• Extreme Cyclicality in Economic Growth

• USTR Priority Watch List
Exchange Controls

• Current official rate is 4.65 Pesos to the US$
• “Blue rate” is 6.38 Pesos to the US$
In May 2012, the EU filed a complaint against Argentine trade barriers in WTO CTG.

In August 2012, the U.S., Mexico, and Japan filed WTO complaints against Argentine trade barriers.

In August 2012, Argentina filed complaints at WTO against EU restrictions on biodiesel imports and U.S. restrictions on Argentine exports of Beef and Lemons.

Brazilian exports to Argentina are down 17% in first seven months of 2012 and Argentine exports to Brazil are down 9% in the same period.

Argentine exports contracted 6%, 7%, and 10% in April, May, and June of 2012 and 1% overall, 2012 first half.
Imports have been hit hard by currency controls and trade barriers....

Inter-Annual Quarterly Growth in Argentine non-Energy Imports vs. Inter-Annual Quarterly Growth in Argentine GDP

A drop in Argentine non-Energy Imports has lagged or been contemporaneous with a fall in Argentine GDP. In February 2011, the Argentine Government expanded the number of HS codes on the non-automatic import license (NAI) list (from 400 HS codes to 598 HS codes). In October 2011, foreign exchange controls were introduced, and in February 2012, a requirement for Government pre-approval of all imports was imposed.

Movements in Quarterly GDP Growth preceded a fall in Argentine imports even during the late 2008/early 2009 Financial Crisis.
Brazilian, Chinese, and U.S. Exports to Argentina have been hit hard
Historical Economic Performance

Real GDP Growth in Argentina since 1901

-10.9%, 2002
18.3%, 1918
“Doing Business” Rankings for: Argentina (113 of 183)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Rank</th>
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<tbody>
<tr>
<td>Starting a Business</td>
<td>146</td>
</tr>
<tr>
<td>Dealing with Construction Permits</td>
<td>169</td>
</tr>
<tr>
<td>Registering Property</td>
<td>139</td>
</tr>
<tr>
<td>Getting Credit</td>
<td>67</td>
</tr>
<tr>
<td>Protecting Investors</td>
<td>111</td>
</tr>
<tr>
<td>Paying Taxes</td>
<td>144</td>
</tr>
<tr>
<td>Trading Across Borders</td>
<td>102</td>
</tr>
<tr>
<td>Enforcing Contracts</td>
<td>45</td>
</tr>
<tr>
<td>Resolving Insolvency</td>
<td>85</td>
</tr>
</tbody>
</table>

Source: World Bank, [www.doingbusiness.org](http://www.doingbusiness.org)
Uruguay at a Glance

• Population 3.4 mn
• GDP $52 bn
• Per capita income $15,700
• Literacy 98%
• Econ growth 6.5% pa 2004-2008, slowed to 2.9% for 2009-2010, but now faster.
• Ag economy, low unemployment
Why Uruguay?

- Open economy
- Member of Mercosur
- Good commercial relations with U.S.
- Good investment and trade climate
- Low corruption
- Ranks highly in rule of law, ease of doing business, human development, civil rights, etc.
Uruguay Opportunities

• ICT
• Security Equipment
• Fertilizers
• Ag equipment
• Chemicals
• Renewable energy
• Construction heavy equipment
• Infrastructure Projects
Paraguay Overview

- Population: 6.5 mn
- Roughly size of CA
- GDP $22 bn (per capita $3230)
- U.S. exports $2 bn (9% of GDP): Machinery, vehicles, tractors, fertilizers, chemicals, consumer goods
- Imports just $110 mn
Paraguay (cont)

- Paraguay is a traditional friend and ally of US
- Paraguayans increasingly view U.S. favorably (64%), especially compared to other So. Americans (Lugo)
- Paraguay was less affected by the global crisis than many others—commodity prices hurt
Paraguay (cont)

• Monetary policy is very conservative: stable currency, low inflation
• U.S. is biggest investor--
• Best prospects for U.S. are agriculture, energy, telecoms, transportation, and services
• Corruption and contraband
Contact Information

• U.S. Embassy Buenos Aires
  http://argentina.usembassy.gov

• U.S. Commercial Service Buenos Aires
  www.Export.gov/Argentina
Thank You