

Argentina

An overview on economy and business environment



Argentina is a very large country, covering most of the Southern part of South America and bordering the South Atlantic Ocean, between Chile and Uruguay.

Argentina is the 3rd largest economy in Latin America. However, the historical instability of economic growth has hindered the country's development. The Covid 19 pandemic and social isolation as a way to manage it have worsened the situation. To counteract the impacts of the crisis, the Government has implemented a package of emergency measures to protect the most vulnerable and support companies during lockdown.

The economy is projected to expand in 2022, even if it will still be below pre-pandemic activity levels because persistent macroeconomic imbalances and new mobility restrictions will weigh on domestic demand and limit the recovery. Continued monetization of the fiscal deficit will keep inflation high. Job creation will slowly recover, but high informality remains a problem.



The social situation of the country is characterized by constant underlying tensions between the Government and trade unions over the reforms announced. The country is also split between central and decentralized authorities over the distribution of federal revenues. Almost one third of the population in Argentina lives below the poverty line. Infrastructure networks require more investment as access to electricity and water in rural areas is not always ensured.

Despite all the recent economic struggles, Argentina continues to play an important role within the global economy, especially with regards to its agricultural production. Within its 2.8 million square kilometers of territory, Argentina is rich in fertile lands. In 2020, even though every economical sector in Argentina was negatively impacted by the COVID-19 pandemic, the agricultural sector was the least affected.

The agricultural sector is mainly based on livestock farming, cereal cultivation (wheat, corn and transgenic soy), citrus fruits, tobacco, tea and grapes (mostly for the production of wine). Argentina is the world's largest exporter of soy-derived products and the world's third largest producer of such products. Soy and sugar cane are extensively cultivated for bio-fuel production.

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As a result, the country is the world's largest exporter and sixth largest producer of bio-diesel. Additionally, given that the country is rich in energy resources, Argentina also has a great potential in terms of raw materials: it is the fourth largest natural gas producer in Latin America, and they have the world's third largest shale gas reserve and the fourth largest lithium reserve.

The industrial sector has vastly expanded in recent years. According to the latest data from the World Bank, the sector represented 23.41% of GDP in 2019 and employed 21.04% of the population in 2020. Food processing and packaging - in particular meat packing, flour grinding and canning - and flour-milling are the country's main industries. The industrial sector also demonstrates strength in motor vehicles and auto parts, consumer durables, textiles, chemicals and petrochemicals, pharmaceuticals, printing, metallurgy and steel, industrial and farm machinery; electronics and home appliances. In 2020, the manufacturing industry was among the sectors that were the most affected by the pandemic.

However, according to Reuters, even though Argentina's industrial production declined, the sector wasn't as negatively impacted as they had forecasted in the beginning of the COVID-19 crisis. On the other hand, some essential industries, such as food and beverages, chemicals, and medical equipment, had a significantly better performance than the rest of the industrial sector.



The service sector has been following the same upward trajectory as the industrial sector. It contributes 54.33% of the GDP and employs 78.86% of the active workforce. Argentina has specialized in areas of high-tech services and is highly competitive in software development, call centers, nuclear energy and tourism.

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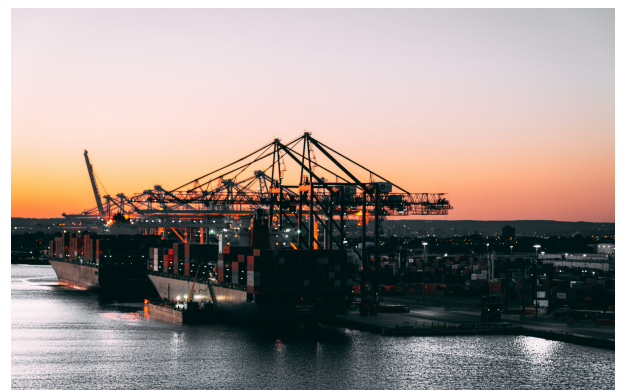
The telephone and ITC sectors are also developing dynamically, as well as tourism, which is increasingly becoming an important sector. However, that was one of the most affected sectors during the pandemic, as the number of tourists greatly decreased. Along with tourism, other services that were badly hit in 2020 were retail, hotels, restaurants, real estate, business services, and social, cultural and sports activities.

The economic sector that includes finance, insurance, real estate, and business services accounts for one-fifth of GDP and employs about one-twelfth of the workforce. The central bank issues currency, sets interest and exchange rates, and regulates the money supply by deciding the amount of reserve cash that banks must hold. The peso is the monetary unit. Prior to the establishment in the 1990s of the Southern Common Market (Mercado Común del Sur; Mercosur) with Brazil, Uruguay, and Paraguay, Argentine trade was mainly oriented toward Europe and the United States. Brazil is now Argentina's most important trading partner, representing about one-fifth of all foreign trade, followed by China, the United States, Germany, and Chile, among others.

Argentina generally has had a favorable balance of trade, although it has occasionally experienced years with trade deficits since the Mercosur pact was enacted. The country's major exports are still agricultural products, notably grain; also important are petroleum, machinery and transport equipment, and chemicals. About half of its imports, by value, are machinery and transport equipment. Chemical products and consumer goods are significant as well.

The most recent exports are led by Soybean Meal, Corn, Delivery Trucks, Soybeans, and Soybean Oil. The most common destination for the exports of Argentina are Brazil, China, United States, Chile, and Vietnam.

The top imports of Argentina are Cars, Refined Petroleum, Vehicle Parts, Petroleum Gas, and Soybeans, importing mostly from Brazil, China, United States, Germany, and Paraguay.



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Despite the current world crisis due to the Covid-19 pandemic, Argentina is still one of the world biggest economies and one of the main important business partners for most countries. In order to establish profitable and long lasting relationship with Argentinian companies, especially in the current world crisis situation, it is important to get business information from the most accurate and reliable sources.

Thanks to SkyMinder, it is possible to receive the most complete and updated full report on all companies based in Argentina thanks to the expertise of the local providers.

On SkyMinder, all reports on Argentina are freshly investigated and local provider analysts can access all public registries and are expert in collecting information through interviews.



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- Credit rating and suggested credit limit
- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
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Thanks to SkyMinder full reports and the expertise of local providers, it is possible to establish safe and profitable business partnership with any Argentinian company.

Sources: <https://www.worldbank.org/>; <https://www.oecd.org/>; <https://santandertrade.com/>; www.britannica.com; <https://www.cia.gov/the-world-factbook/countries/>