

Investing in Argentina

Knowledge – Based services

April 2020



Agencia Argentina
de Inversiones
y Comercio Internacional



Ministerio de Relaciones Exteriores,
Comercio Internacional y Culto
Argentina

1st

LATAM SOFTWARE EXPORTER

USD 1.7 BILLION
50% TO USA

3rd

EXPORT INDUSTRY (KBS)

+ USD 6.1 BILLION
7.7% TOTAL EXPORTS

5

LATAM UNICORNS (16 IN TOTAL)



Globant ▶



Auth0

9th

POTENTIAL EXPORTER OF KNOWLEDGE ECONOMY*

*UNCTAD and WTO

+40

TECH POLES TROUGHOUT THE COUNTRY

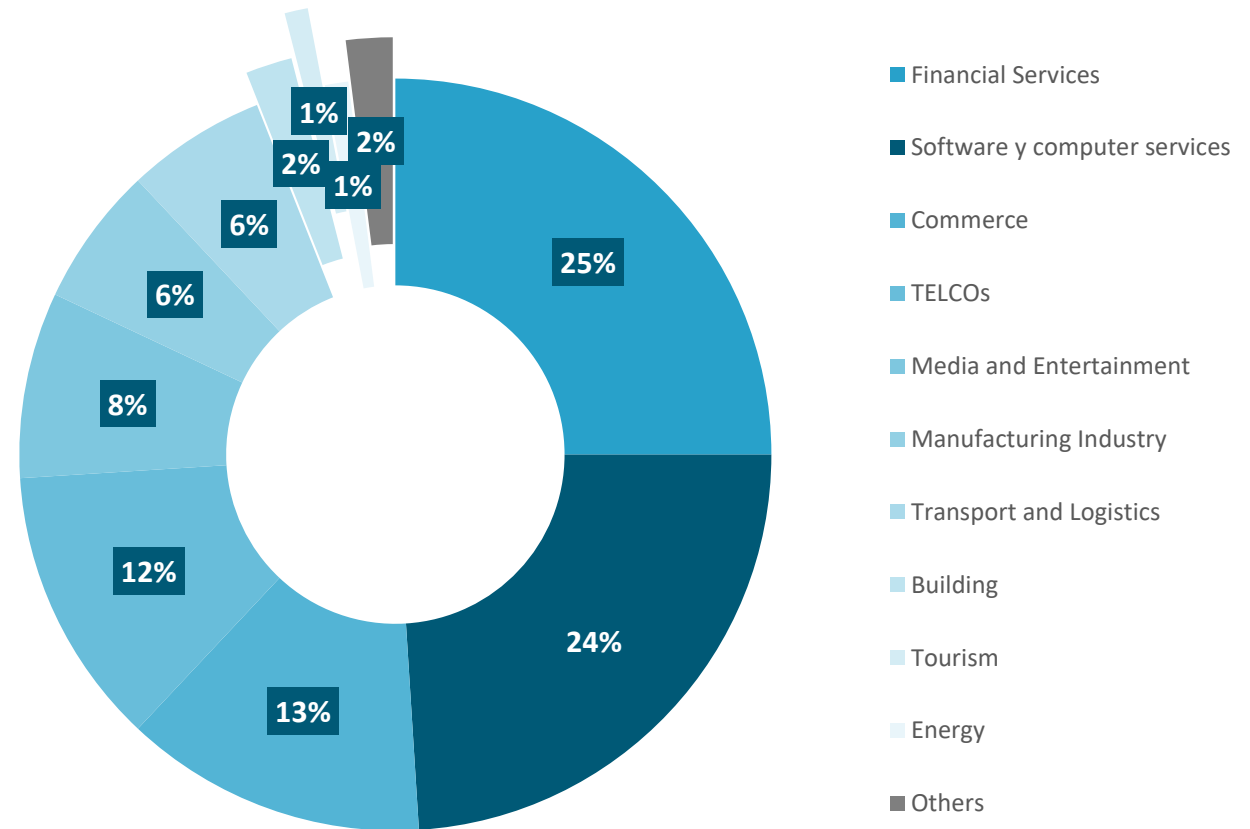
+440k

HIGHLY QUALIFIED PROFESSIONALS + 110,000 GRADUATES IN TECHNOLOGY CAREERS

Services we export to the world

What services do we export to the world?

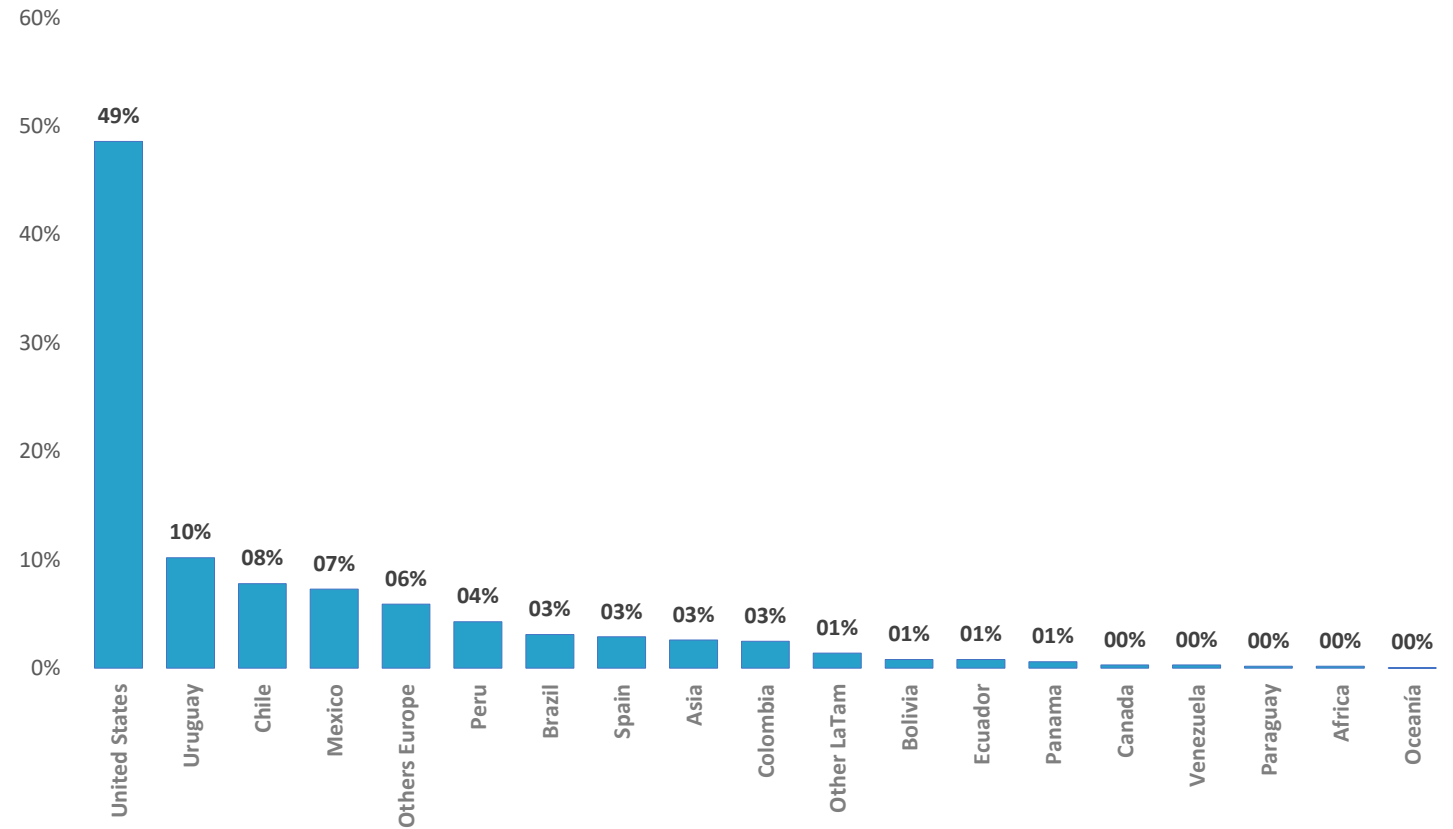
Financial services are the principal exports, followed by software and computer services. Together they explain 50% of the total exportation



Services we export to the world

Where do we export them?

- The United States is our main export market with almost half of the total exportation
- **LATAM** countries are the **second exportation destination** for services



Software

Introduction

- Argentina is the **main software exporter** in LATAM, with **+ 40 technology hubs**, ranked **#1 in English** in LATAM with **more than 5,000 software companies**, a **convenient time zone**, and **5 of the 16 unicorns** in the region.
- **Access to high levels of education** for a large part of the population, a **skilled labor force**, and a **competitive exchange rate** make Argentina a good place to develop software.
- **Employment**, the most important variable to understand the growth of this sector and its potential, **increased by 47.8%** between 2009 and 2018 (almost 6% last year).

- During the **last ten years**, **income from abroad** grew at an average **annual rate of 7.2%**.
- **One in every two companies** in the sector **exported to the United States** last year.

Target Market



Agriculture and Technology

Agricultural Technology services (AgTech) include any company that offers **innovation and technology** in the **agricultural and food value chain** and helps to **increase productivity, efficiency, and profitability**.

Agriculture is one of the **least digitized sectors** worldwide and, at the same time, it will have to meet an **increasing global demand** with the **same level of supply**; thus, AgTech has an enormous potential for growth.

Why AgTech in Argentina?

- **The agricultural sector represents 60% of Argentine exports (~USD 36 B)**
- **#1 soybean oil & soy flour exporter worldwide**
- **43%** of people working in the agricultural sector have **college degrees** and **57%** have a **secondary education**
- **Significant high-tech adoption**

Target Markets



Gaming

What is gaming?

It is an industry that works with companies that develop video games or provide specific services for them.

Why video games in Argentina?

Argentina has around **130 game studios**

- It exported an average of USD 57 million last year (artwork, development, scripts, and localization, among others)

Argentine technological video game **entrepreneurs go global**

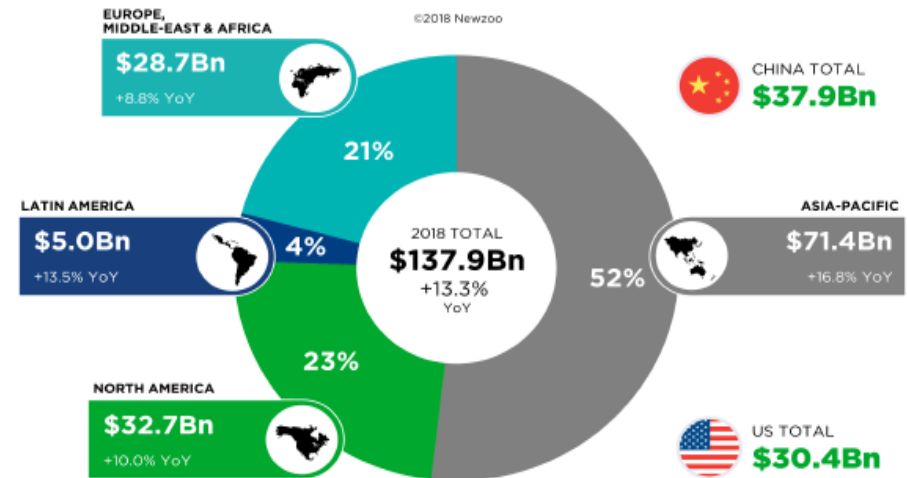
- 85% of Argentine game studios focus their business model in exporting services

The gaming industry is federal

- Firms are concentrated in Buenos Aires, Córdoba, Rosario, and Mendoza

Growth of this sector

LATAM is the **second fastest-growing** region



Games made in Argentina,  re





Fintech B2B Services

What do we understand by Fintech B2B Services?

- They are companies that provide solutions to businesses and SMEs, through software as a Service (SaaS), giving their users an increase in productivity. **FINTECH B2B services** aim to create **financial services** and **provide the technology** necessary to transform an entity into a secure Fintech.
- They are usually complex procedures that require specialized software.
- Argentina is the 3rd country in Latin America with more Fintech companies.
- Since the number of companies doubled in the last year, sources of employment tripled.
- 190 Fintech firms are exporters and their main markets are LATAM and the USA.

Argentina

has distinct competitive advantages in LATAM to export global services

Full government support



TALENT

Highly-qualified and English-speaking workforce



CONVENIENT COSTS

Competitive cost structure in middle & upper labor pyramid



MATURE SECTOR

(+) 12 years of maturity in this sector



SECTORAL INCENTIVES

Tax and social security incentives for companies to go into business in the country



QUALITY OF INFRASTRUCTURE

Availability of high-quality, affordable urban office space



ENVIRONMENT & TIME ZONE

Located in a convenient time zone



Talent

Highly-qualified and English-speaking workforce

1st country in Technological Skills worldwide (Coursera)

110K higher education graduates per year

1st in LATAM in terms of English proficiency, 19th in the world*

2nd in the region creating the most valuable tech companies

98% literacy rate countrywide

Excellent combination of **aptitude & attitude**



Convenient costs

Competitive cost structure in middle & upper labor pyramid

Buenos Aires' **office space is cheaper** than Rio de Janeiro, S. Paulo, Bogota, Santiago & Mexico City, and has an increasing number of **sustainable and AAA buildings**



Mature sector

(+) 12 years of maturity in this sector

1st country in LATAM to establish Shared Services Centers



Sectoral incentives

Tax and social security incentives for companies to go into business

New Knowledge Economy Law (in progress)

Law for Entrepreneurs

+40 Tech Poles with special benefits



Quality of infrastructure

Availability of high-quality, affordable urban office space

141% cell phone penetration with wide service availability

75% of the population has **broadband access**

Very good **public transportation accessibility**



Environment & time zone

Located in a convenient time zone

Buenos Aires is a cosmopolitan city with **cultural offerings** that are **unequaled** in the region

The entire Americas and Europe within +/- 5 hours

During 2020,
a new, improved & inclusive
laws law will be enacted to
boost the **growth of**
Argentina's export services

New scope of the law

- Its main activity (**70% of its revenues**) must be **linked to knowledge**
- Investment requirements in **R&D, workforce training and exports**
- **Cap established** in # of employees (3,745) to obtain the benefit in the reduction of social contributions
 - This cap does **not** damage the **creation of new jobs**
- **New commission** created for SME's training, internationalization, and innovation activities
- **Creation of an Advisory Board** to guide the lawful activities of companies

Industries reached

- Software and computer services
- Audiovisual production and post-production
- Biotechnology, Bioeconomy, Biology, Biochemistry, Microbiology, Genetic Engineering, Geoengineering
- Geological services
- Professional services
- Nanotechnology and nanoscience
- Aerospace and satellite industry
- Goods and services to offer solutions, digital processes, and automation



FOUR FISCAL BENEFITS OFFERED

Stability of benefits

Due to the legal effect of the law

Corporate Income Tax

Reduced **up to 60%**

Reduction in Labor Costs

- Reduction of social security contributions (**70%** of the charges may be deducted **from certain national taxes**)
- **Additional 10pp** reduction in some cases*

Tax relief for exporters' payments on account of taxes paid or withheld abroad (**only for income derived from the activities included in the law**)

*professionals with postgraduate studies in Engineering, Exact or Natural Sciences, women, disabled people, beneficiaries of social programs or those living in less developed areas

Objectives
Of the
Knowledge
Economy Law
by 2030

**Doubling
Employment
In the sector**
+440k jobs

**Multiplying by 2.5
The amount of
exports**
**from USD 6 Bn
to USD 15 Bn**

**Increasing exports
per worker by 25%**
USD 40,000

Benefitting
**11,000 companies &
215,000 workers**

How we can help

We promote the internationalization of Argentine companies and facilitate private investments in Argentina

OUR SERVICES:



IDENTIFICATION OF OPPORTUNITIES AND LOCATION



NETWORKING



DUE DILIGENCE SUPPORT



FACILITATION



IMPROVEMENT OF BUSINESS CLIMATE



FOLLOW-UP TO THE OPERATION

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