

Argentina is one of the largest economies in Latin America. With a GDP of approximately US\$400 billion, it represents a significant opportunity for your company.

Like any other market, Argentina has [challenges that you must overcome](#) to reap the benefits of doing business there — learning what makes this country different will guarantee that you have the best possible start in your international venture.

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Why do business in Argentina?

One of the most substantial reasons to do business in Argentina is the [government's efforts](#) to promote international investments in recent years.

Some of these initiatives include:

- Lifting of foreign-exchange controls.
- Increased participation in the international market.
- Creating a similar legal framework for both locals and global investors.

In addition to a friendly investment environment, the country also has strong agricultural and renewable energy sectors looking for international participation.

[One of the most substantial reasons to do business in Argentina is the government's efforts to promote international investments in recent years. Click To Tweet](#)

What are the benefits of doing business in Argentina?

Mercosur

One of the most significant advantages of doing business in Argentina is its membership with [Mercosur](#), a trading block made up of Argentina, Brazil, Paraguay, and Uruguay as its founding members, with other South American countries as [associate members](#).

The block offers access to a population of more than [250 million people](#) and makes up almost three-fourths of total economic activity in South America.

Global player

According to [HSBC](#), Argentina's presidency of the G20 in 2018 was a major signal of its commitment to "connecting with the global economy and playing its part on the world stage."

As a member of a trading block, companies in Argentina benefit from Mercosur's relationships with its largest trading partners, China, the European Union, and the United States.

Argentina has benefited from significant international trade and investment in recent years: The EU is Mercosur's number one trade and investment partner.

- In 2019, the [EU](#) accounted for 17.1 percent of the block's total annual trade.
- In the same year, EU's exports to the four Mercosur countries totaled EUR€41 billion, while Mercosur's exports to the EU were valued at EUR€35.9 billion.
- China is Mercosur's biggest trade in goods partner.
- China is [constructing two nuclear plants](#) in Argentina.
- China spent US\$2.5 billion on upgrading the county's rail network.
- In 2019, [U.S. trade with Argentina](#) was estimated at US\$23.3 billion.

Educated professionals

In Argentina, over 43 million people complete secondary education. In addition, many Argentinians speak a high level of English. According to the English First's [English Proficiency Index](#) (EPI), Argentina ranks 25 out of 100 countries and has an EPI score of 566, the highest in Latin America.

Companies that have had to deal with the additional costs of translators and the language barrier in other international ventures will recognize the value of a country with a large number of high-level English-speaking professionals.

Agriculture

According to [Fortune](#), Argentina is one of the world's largest agricultural producers. "The country has a vast network of industrial and small-holder farmers; it is one of the world's top suppliers of soy and exports large amounts of wheat, corn, fruits, and other crops."

There have also been [significant investments from China](#) to increase the country's agricultural infrastructure.

Natural resources

According to [AZO Mining](#), Argentina's proven oil reserves are the 32nd highest globally. In addition, the country is also the 35th largest proven national natural gas reserve.

Entrepreneurs

The recent [Entrepreneurs Law](#) passed by the government allows people to incorporate companies in one single day.

Technology

Buenos Aires is home to [three internet companies](#) worth over US\$1 billion: MercadoLibre, OLX, and Despegar. MercadoLibre is the only internet company from Latin America listed in NASDAQ. It has 100 million users and a valuation of US\$6 billion, and it is the leading e-commerce platform in the region.

What are areas where Argentina's [tech scene is growing](#)?

- Entrepreneurs in Argentina are using blockchain technology as protection against corruption and economic instability.
- S4, a company that provides data analytics tools for agriculture, was named one of the most innovative agTech (agricultural technology) startups outside of the U.S.
- Of the 44 million people who live in Argentina, approximately 30 million have internet access.
- In 2021, a [telecom company](#) will be rolling out 5G connectivity.
- According to [Statista](#), in 2020, Argentines were the third most active social media population in Latin America.

What are the challenges of doing business in Argentina?

Economic and political instability

Argentina has dealt with a history of economic and political up and downs. During the global pandemic in 2020, it suffered a [GDP decline of 10 percent](#). The country is also struggling to reach its [15 percent inflation target](#).

However, according to the [International Monetary Fund \(IMF\)](#), Argentina is predicted to recover with 5.8 percent growth for 2021.

Not the ideal consumer market

According to the U.S. [International Trade Administration](#), “macroeconomic instability, high inflation, and a currency crisis have forced the Argentine government, businesses, and consumers to cut back on spending.”

Higher-priced labor

Labor unions are common in Argentina, and they push hard for employee rights and often contest reforms. [Labor laws](#) are among the most expensive in the region.

Compliantly employing professionals

Due to the monetary instability in recent years, professionals in Argentina may demand terms that are not always favorable for your company.

It has become common in recent years for professionals to ask to be paid by [direct deposit in U.S. dollars](#). This is illegal, puts employers in a tough spot, and makes it challenging to hire the best talent.

How can you compliantly hire employees in Argentina?

In the past, international ventures were taken on only by those with the resources required to set up a global entity, gather capital, compliantly hire a workforce, and know how to handle local laws and ensuing complexities.

If you are like every successful global company, you want to exploit the benefits of expansion while minimizing risk. The great news is that your company can now achieve these goals in a short amount of time.

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The Employer of Record (EOR) model helps companies hire international employees compliantly. An EOR handles payroll, benefits, taxes, and HR functions.

Doing business in countries like Argentina comes with many benefits, but companies often hold back due to political or economic instability. However, with an EOR, you can hire a small number of employees without the need for a significant in-country investment or long-term commitment.

In addition, an EOR is 100 percent responsible for compliance. This puts the rewards close to your company and distances you from risk.

We invite you to learn more about [hiring employees in Argentina](#) and [building a global team](#).