

## CANADIAN INVESTMENTS IN ARGENTINA

Since 1989, there is a growing interest towards the Argentine investment market by foreign companies including Canadian ones. The process of Argentina's economic revitalization, its growing deregulation, the implementation of a privatization program and an opening up of trade barriers, the agreements signed between the countries and the possibility for growth in other sectors where Canada's leadership is world class (i.e., energy, mining and communications), without a doubt have contributed in sparking interest by Canadian investors.

Canada's foreign direct investment in Argentina is small. In 1992, it represented less than 8% of total investment in Central and South America with US \$175 million, but is now growing with Canadians playing a larger role. Canadian participation in the privatization program is 3.22% as of January 31, 1994, with a concentration in the energy and telecommunications sectors.

In the first part of this document, the section entitled INVESTMENT OPPORTUNITIES provides a good overview of the foreign investment rules in Argentina. In addition, as previously mentioned, a Foreign Investment Protection Agreement (FIPA) is effective between the two countries. Argentine laws and the predisposition in favour of greater cooperation with Canadian companies, allow the vision of a growing joint operation.

## THE EXPORT DEVELOPMENT CORPORATION (EDC)

EDC has been helping Canadian business people compete globally for 50 years. EDC facilitates trade and investment outside Canada by providing risk management services, including export financing, credit insurance, guarantees and foreign investment insurance to Canadian companies and their global customers. EDC is committed to the highest standards of service, quality and professionalism.

EDC has been very active in Argentina in the 1970's, and its overall exposure with this country is estimated at approximately \$600 million. In view of the economic difficulties encountered by Argentina in the 1980's, EDC had to reschedule a significant portion of the debt owed by Argentina and cover was suspended under our medium and long-term financing programme in 1987.

With the success of President Menem and Minister Cavallo's economic programme, EDC is now on cover again and