

## Energy & Natural Resources - Argentina

### New promotional programme promotes investment in hydrocarbons exploitation

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December 16 2013

Through Decree 929/2013, published in the *Official Gazette* on July 15 2013, the Executive Branch introduced its programme for the promotion of investment in hydrocarbons exploitation. The programme applies nationwide and is aimed at achieving hydrocarbon self-sufficiency, fostering both national and foreign direct investment and enabling the incorporation of new technologies.

To apply for the programme, applicants must:

- register with the National Registry of Hydrocarbons Investments;
- hold exploration permits or concessions for the exploitation of hydrocarbons, or be partnered with the holder of such rights (in such cases, the application must be filed together with the rights holder);
- file an investment project for the exploitation of hydrocarbons, which must entail direct investment of not less than \$1 billion during the first five years. The project must be filed before and approved by the Planning and Strategic Coordination Commission for the National Plan of Hydrocarbons Investments.

The decree empowers the commission to establish the requirements and conditions for filing and approving projects, and for the projects to be included in the programme. Moreover, enrolment under the programme entails an obligation to comply with the projects filed.

The decree entitles those that have complied with these requirements and have become beneficiaries of the programme to export freely 20% of the hydrocarbons produced by their projects, and exempts them from paying export duties on this 20%. Furthermore, the decree ensures that they can use freely the foreign currency obtained from such exports and releases them from the obligation to enter the funds into the Argentine market.

On the other hand, the decree provides that when the national production of hydrocarbons is not enough to achieve self-sufficiency, the beneficiaries of the programme can claim for the aforesaid 20% of production a price not lower than the reference price of export, excluding applicable export duties. Moreover, the decree grants beneficiaries the priority right to obtain freely disposable foreign exchange in the Argentine foreign exchange market for 100% of the price obtained from the internal commercialisation of the above-mentioned exportable 20%, provided that the project entails the entry of foreign exchange for at least \$1 billion.

These benefits can be claimed as from the fifth year after the execution of the project.

The above-mentioned benefits terminate on:

- the expiration of permits or concessions; or
- substantial breaches to the projects, as declared by the commission.

The decree also charges the commission with preparing an annual report on the status of compliance with the objectives set forth in the projects.

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