



OCTOBER 2020

Argentina and Covid 19

The Corona / Covid 19 pandemic has affected nearly each of the industrial countries and the governments work hard to manage the situation in order to keep the development under control, as far as possible.

This alliurisbriefing newsletter is intended to give a quick overview on the current situation in the countries of the Alliuris member firms. The information is relevant for the moment when it was issued, but we know – and, dear readers, always keep in mind – that the economic and legal framework is much influenced by the current development and its impacts on countrywide health, social life, economy and the consequently its legal framework.

If you are planning certain activities or decisions please search legal advice from lawyers – our member firms are ready to support you.

1. Small und medium size business (Pymes)

1.1 Emergency assistance program for work and production

The government provided credits called “Emergency assistance programs for work and production”¹, which have been 6 times extended ² and divided into two categories:

1. On one side it is focused on formal employees of the private sector which activities in their companies where critically damaged by the pandemic.

¹ Programa de Asistencia de Emergencia al Trabajo y la Producción (ATP)

² Newspaper, <https://www.telam.com.ar/notas/202009/517473-el-gobierno-aprueba-el-atp6-para-los-salarios-de-septiembre.html>

2. On the other side there is a support for the independent workers known as “monotributistas” and the “autónomos” (these have a higher income as the first ones) which also suffered a significant reduce on their salary due to the pandemic.³

It is understood the concept of critical and non critical areas or services, decisive for granting these credits.⁴ There are more categories included each time and there is an incentive for companies that even have the possibility to hire new employees to earn benefits. Nevertheless bigger companies with a better annual turnover with more employees have more requirements to fulfil [which is being criticized by them too]. For the second category (independent workers) they have a limited financial access too.⁵

1.2 Pyme plus

There is another type of credit called “Pyme plus”, which is intended to support companies that had no access to a credit from the bank⁶, when their sales didn’t exceed specific limits, considering the VAT and exports being excluded. It is focused on the working assets from companies that didn’t have until 09.30 banking funds and the amount is for a maximum for 250.000 (2813.65 Euro approx.) for the micro companies and 500.000 pesos (5627.30 Euro approx.) for small and medium companies with a base rate of 24% with a one year deadline plus 3 months.⁷ This credit could be used for the working capital of companies or to pay also salaries of employees and it is extended to the cooperatives and mining.⁸

1.3 Culture (Pymes)

The Ministry of Productive Development and the Ministry of Culture announced a 750 million pesos credit line to support small and medium businesses with a cultural focus,

³ Newspaper, https://www.clarin.com/sociedad/-para-quienes-es-el-monotributo-y-en-que-consiste-0_7uNO7nIR.html 25.09.20

⁴ Government Gazette. For more information about essential activities, see decree 754/2020, article 12. <https://www.boletinoficial.gob.ar/detalleAviso/primera/235132/20200920>

⁵ Official website of the government. <https://www.argentina.gob.ar/atp> More information: <https://www.afip.gob.ar/medidas-de-alivio/medidas/programa-atp/requisitos.asp> 25.09.20

⁶ Newspaper, <https://eleconomista.com.ar/2020-06-el-gobierno-prorrogo-el-programa-atp-aunque-con-algunas-diferencias/> Author not known. 24.06.20

⁷ Official website of the government, <https://www.argentina.gob.ar/produccion/medidas-pymes-covid/creditos-pago-sueldos>

⁸ Official website of the government. <https://www.argentina.gob.ar/produccion/medidas-pymes-covid/creditos-capital-trabajo#1>

which credits cover until 2 ½ months their turnover being paid in a year with no interests.

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2. Eviction

Through the decree 766/2020 it is *maintained* the prohibition of eviction and the maintenance of the rent established on the tenancy agreement until January 31st 2021, also the deferment of contracts until that date.¹⁰

3. Labour Law

Through the decree 761/2020 is *maintained* the prohibition to dismiss employers without a cause or for a declaration of a *force majeure* clause, among others.¹¹

Also the decree 756/2020 forbids companies that provide electricity, water, gas, internet and telephone services to suspend them when the other part is in default of performance of their obligations.¹²

4. Import

The decree 455/2020 *extends* the decree 333/20, which states a long list of products with zero taxes. These products belong to the area of medical equipment.¹³

5. Restrictions for companies

5.1 Prices

Through the resolution of 100/2029 and 86/2020 manufacturers, distributors and marketer for products of the basic food, beverage, personal hygiene and cleaning basket must take the same prices being assigned at March 3rd back and for alcohol gel from February 15th.¹⁴

⁹ Official website of the government. <https://www.argentina.gob.ar/noticias/el-gobierno-lanzo-creditos-por-750-m-para-pymes-culturales-con-un-ano-de-gracia-y-tasa-cero>

¹⁰ Government Gazette. <https://www.boletinoficial.gob.ar/detalleAviso/primera/235338/20200925>

¹¹ Government Gazette. <https://www.boletinoficial.gob.ar/detalleAviso/primera/235299/20200924>. There is also a provision in the decree 754/2020 Article 25, which states people over sixty years old, pregnant women and people in **group risks** are exempted from the duty of assistance to the workplace, according to the resolution No. 207/20, extended by resolution No. 296/20, both from the Ministry of Labour, Employment and Social Security of the Nation.

¹² Government Gazette. <https://www.boletinoficial.gob.ar/detalleAviso/primera/235133/20200920>

¹³ Government Gazette. <https://www.boletinoficial.gob.ar/detalleAviso/primera/228962/20200511> The list is stated down in the website.

¹⁴ Official website of the government. <https://preciosmaximos.argentina.gob.ar/#/aviso-empresas>

5.2 Capacity

With the decree 754/2020 in their article 6 established the possibility economic, industrial, commercial or service activities to be carried out, as long as they have an operating protocol approved by the provincial health authority that includes all the recommendations and instructions of the national health authority and restrict the use of enclosed surfaces to a **maximum of fifty percent** of their capacity.

6. Social prohibitions

6.1 General prohibitions

The same decree 754/2020 in article 9.1 allows social contact in public or private spaces with attendance of no more than ten people, holding cultural, recreational and religious events (article 9.3 allows sport meetings attending the same rule of 10 people). Article 9.2 establishes social or family events in closed spaces and in people's homes *as prohibited*, in all cases and whatever the number of attendees, except for the cohabiting group, being sanctioned from articles 205 and 239 of the National Penal Code. Article 9.4 establish prohibitions for cinemas, theatres, clubs, cultural centres. Article 9.5 forbids public interurban, inter-jurisdictional and international passenger transport service, being exceptions possible. The last one is tourism (Article 9.6). All of this until October 11th which will be probably extended once again.

6.2 Specific prohibitions

Article 18 states that specific activities could be *suddenly* forbidden in all places if they are covered by article 10, which states that urban agglomerates and departments and parties of the Argentine provinces must comply with the three epidemiological and sanitary parameters established in article 2 the same decree, which are (1) the sufficiency and adequate capacity to respond to health demand, (2) the non definition of an urban agglomerates or departments as "community transmission" by the national health authority, and (3) the doubling time for confirmed Covid-19 cases should not be less than fifteen days. The borders remain closed until October 11th.¹⁵

7. Currency

So far this year is the local currency 20% devalued in the official market.¹⁶

¹⁵ Government Gazette. <https://www.boletinoficial.gob.ar/detalleAviso/primera/235132/20200920>

¹⁶ Newspaper. SMINK, Veronica. Supercepo" al dólar: por qué los últimos 3 gobiernos en Argentina

8. Corruption

According to Transparency International (global organization against corruption) is Argentina in the rank 66 of 198 countries with a score of 45/100, where 0 means no corruption.¹⁷

9. Health

On March 3 Argentina had their first positive Covid-19 patient and after two weeks President Alberto Fernández decided to close the country's borders for 15 days to non-residents (decree 297/2020), and shortly after, mandated a nationwide quarantine.¹⁸ John Hopkins Institute states that there are 723,132 cases and around 16,113 deaths until September 29th 2020.¹⁹ The fatality rate as of September 17 remained stable at 2.1% and the mortality rate is 275 people per million inhabitants, remaining within the countries with the lowest mortality in the region.²⁰

10. Politics

President Fernández is criticized for his amount of decrees. An explanation is that the Congress needed almost two months to organize virtual sessions. Still a majority of Argentinians (at least 80%) support the president's actions indicated by several polls in regard to the pandemic management.²¹ Several protests against the confinement measures had taken place too.

11. Global competitiveness report

Schwab Klaus, from the World Economic Forum wrote:

"Argentina (83rd, down 2 places) is the lowest ranked from 141 countries on the list and in a recession since 2018 (GDP declined by 2.5% in 2018 and by 1.2% in 2019 on a yearly basis), leading to an increase in the unemployment rate (9.9%2) and in the number of

aplicaron trabas al acceso de dólares (y qué nos dice sobre el deterioro de su economía)18.

Septiembre del 2020. **BBC Mundo**. <https://www.bbc.com/mundo/noticias-america-latina-54210848>

¹⁷ Transparency International. <https://www.transparency.org/en/cpi/2019/results/arg#details> 25.09.20

¹⁸ Article. World Health Organization. <https://www.who.int/news-room/feature-stories/detail/argentina-there-is-no-economy-without-health> 29th July 2020.

¹⁹ John Hopkins Institute. <https://coronavirus.jhu.edu/map.html> 29.09.20

²⁰ Government Gazette. <https://www.boletinoficial.gob.ar/detalleAviso/primera/235132/20200920>

²¹ Newspaper. Smink, Veronica. Coronavirus en Argentina: 5 controversias de la estricta cuarentena en el país sudamericano, que ya es más larga que la de Wuhan. **BBC Argentina**. 5 Junio 2020. <https://www.bbc.com/mundo/noticias-america-latina-52914804>

people falling into multidimensional poverty (31.3%). Local and foreign investors have moved over \$35 billion out of the country since last year, forcing the government to re-introduce capital controls. Business executives have also reduced their perceptions on Argentina's legal framework (i.e. the judicial independence score fell by 3.9 points and the country ranks 112th) and government's policy stability (ranking 118th, also down 11 places), further discouraging private sector's investments. On a positive note, education attainment is trending upwards (mean years of schooling increased by 13%, ranking the country 36th) and recent efforts to upgrade curricula in secondary and tertiary education (+3.0 points, 61st) and vocational training (+4.7, 27th) have been judged positively by business leaders. ²²

12. Perspective for the future

According to Esteban Lafuente, the economy will fall by 11.5% in 2020, thus completing its third consecutive year of GDP contraction. For 2021, meanwhile, a rebound of 5.3% is expected, somewhat less than the 5.5%. The government estimates that inflation will continue to decline and will be below 29%, optimistic compared with projections of 38.7% for this year and 45.9% for 2021. ²³

13. Positive side

Also, it is considered that through the devaluation of the currency, Argentina's exports could be cheaper and competitive. An example is the price of soybeans as a main export good.²⁴ Argentina has restructured his debt of 66 billion pesos.²⁵ This is almost the 99% of the country external credit, which will bring a positive signal for the market.²⁶

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²² Article. SCHWAB, Klaus. The Global Competitiveness Report 2019. World Economic Forum. P. 14. http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

²³ Newspaper. LAFUENTE, Esteban. Dólar e inflación. Las principales diferencias entre las proyecciones oficiales y las de economistas. La Nación. 15 de septiembre de 2020. 17:58 <https://www.lanacion.com.ar/economia/nuevas-proyecciones-diferencias-dolar-inflacion-segun-economistas-nid2451098>

²⁴ Newspaper. SMINK, Veronica. Supercepo" al dólar: por qué los últimos 3 gobiernos en Argentina aplicaron trabas al acceso de dólares (y qué nos dice sobre el deterioro de su economía) 18. Septiembre del 2020. BBC Mundo. <https://www.bbc.com/mundo/noticias-america-latina-54210848>

²⁵ Newspaper. <https://www.bangkokpost.com/business/1977971/creditors-back-argentina-restructuring-of-66-bn-debt> Stand. 25.09.20

²⁶ Newspaper. SMINK, Veronica. Supercepo" al dólar: por qué los últimos 3 gobiernos en Argentina aplicaron trabas al acceso de dólares (y qué nos dice sobre el deterioro de su economía) 18. Septiembre del 2020. BBC Mundo. <https://www.bbc.com/mundo/noticias-america-latina-54210848>

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