

# THE REPORT

## Argentina 2018

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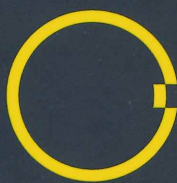
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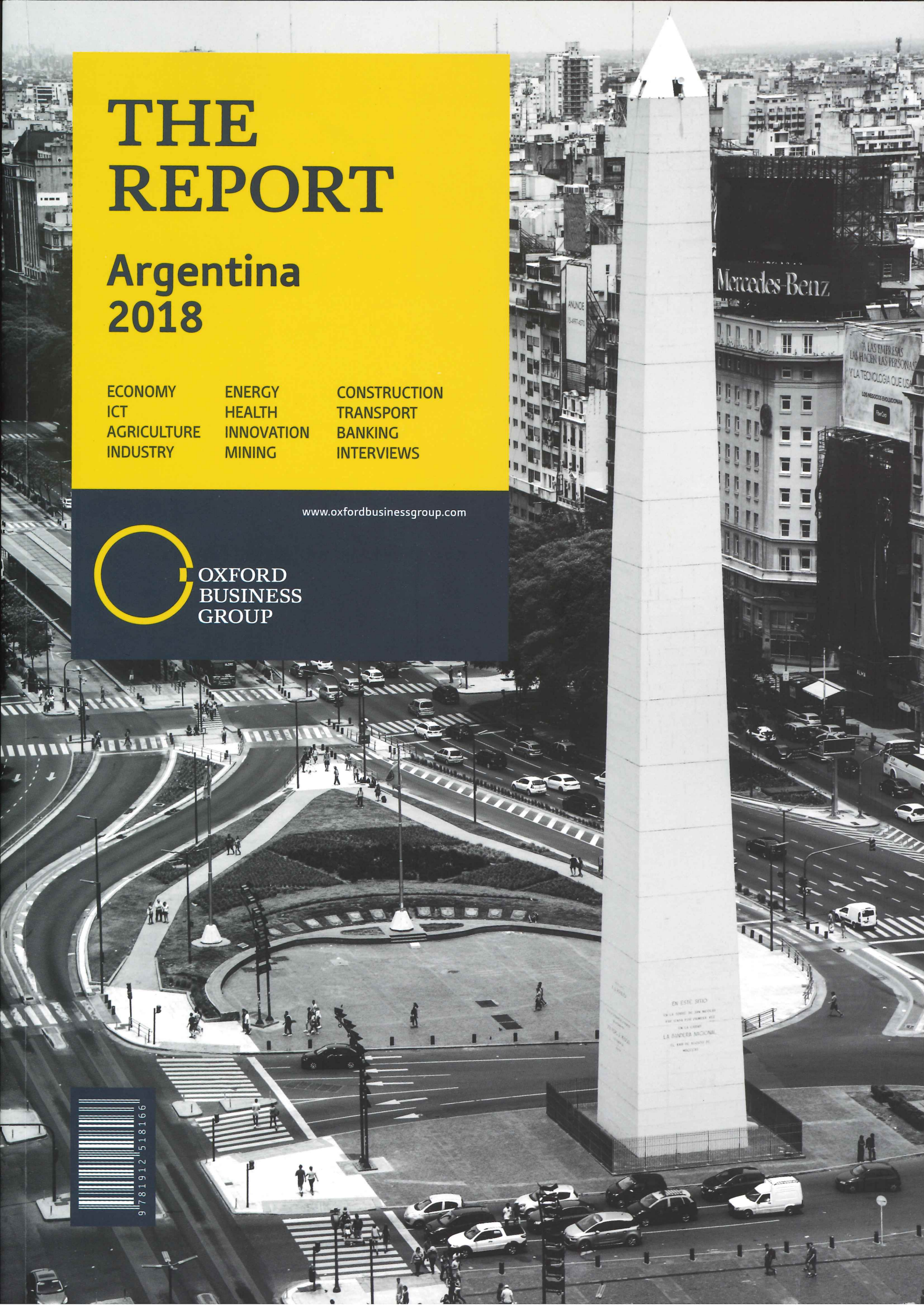
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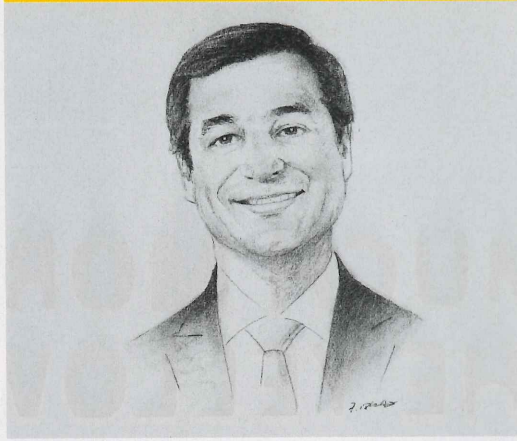


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Jorge Pérez Alati

## Legal perspective

Jorge Pérez Alati, President, Pérez Alati, Grondona, Benites & Arntsen, on how much-needed changes are gradually improving confidence in the legal system

### How would you describe society's level of confidence in the country's legal system?

**PÉREZ ALATI:** There are certain claims that Argentina has an inefficient legal system, but this generalisation is unfair. It is true, however, that those segments of the population without the means and financial resources have more restricted access to justice. Therefore, the average citizen may perceive the system to be working against their interests. Many have based their opinions on news about corruption cases under the federal criminal jurisdiction, where despite clear evidence, there have been no rulings made against the accused. However, there is a completely different side to the judicial system that is not covered by the press, and is therefore not seen by the general public, which has been, and is still, working independently and in accordance with the highest moral and ethical standards. The challenge now is to speed up the entire legal process through the broader application of digital tools, and address demand for transparency through a wider access to legal information via technology.

### What steps are currently being taken to reduce labour litigation in the country?

**PÉREZ ALATI:** In the 1980s, when a transaction was completed to acquire a given company, one of the biggest hurdles to overcome were labour claims. The term "labour litigation industry" was coined to describe this. During the 1990s such contingency was severely reduced, but over the last decade it has reappeared in the business and legal scenes. Labour litigation today raises doubts over the viability of important investments in the country. An investor needs to have a thorough understanding of what it means to hire and fire employees. The cost of firing is very high, and the compensation needed is unclear as the criteria used to determine the exact amount varies from judge to judge. The Supreme Court is implementing a paradigm shift in this regard. For example, service contracts now

exist and are applied, which did not happen before. Argentina will not be able to be competitive without more efficient and less expensive labour regulations.

### How do you perceive the recent investment flows from the legal perspective?

**PÉREZ ALATI:** There has been much said about the lack of promised investments in Argentina, but the truth is many important investments are still being made in the country. There has been a lot criticism following the investor flight during the mini-crisis in May and June 2018; however, these were mainly financial investors, which generally tend to be the first to leave on the verge of macroeconomic turbulence.

Conversely, strategic investors have not ceased with their investment plans, as they are looking at the long-term development of Argentina and have placed a great deal of trust in the path initiated in December 2015. The strategic investor knows that Argentina is not worse off than a year ago. The country is therefore trying to boost these types of investments. In January 2018 Argentina issued bonds worth \$900m at the lowest rate in our recent history. The crisis we went through in May and June was a result of external factors that affected our economy due to macroeconomic vulnerability inherited by the Macri administration. The country, however, has continued to pursue its course of normalisation.

### What aspects of the legal framework have recently been changed, and what more needs to be done?

**PÉREZ ALATI:** Much still needs to be done to improve our justice system, especially in the jurisdictions that have been most affected by cases of corruption. Here, an important restructuring is taking place, with incorruptible judges being designated. Although there are ongoing issues that need to be solved, the country has made changes in the right direction since 2016. Moving forwards, we must properly assess legal contexts to ensure that issues are correctly identified and resolved.