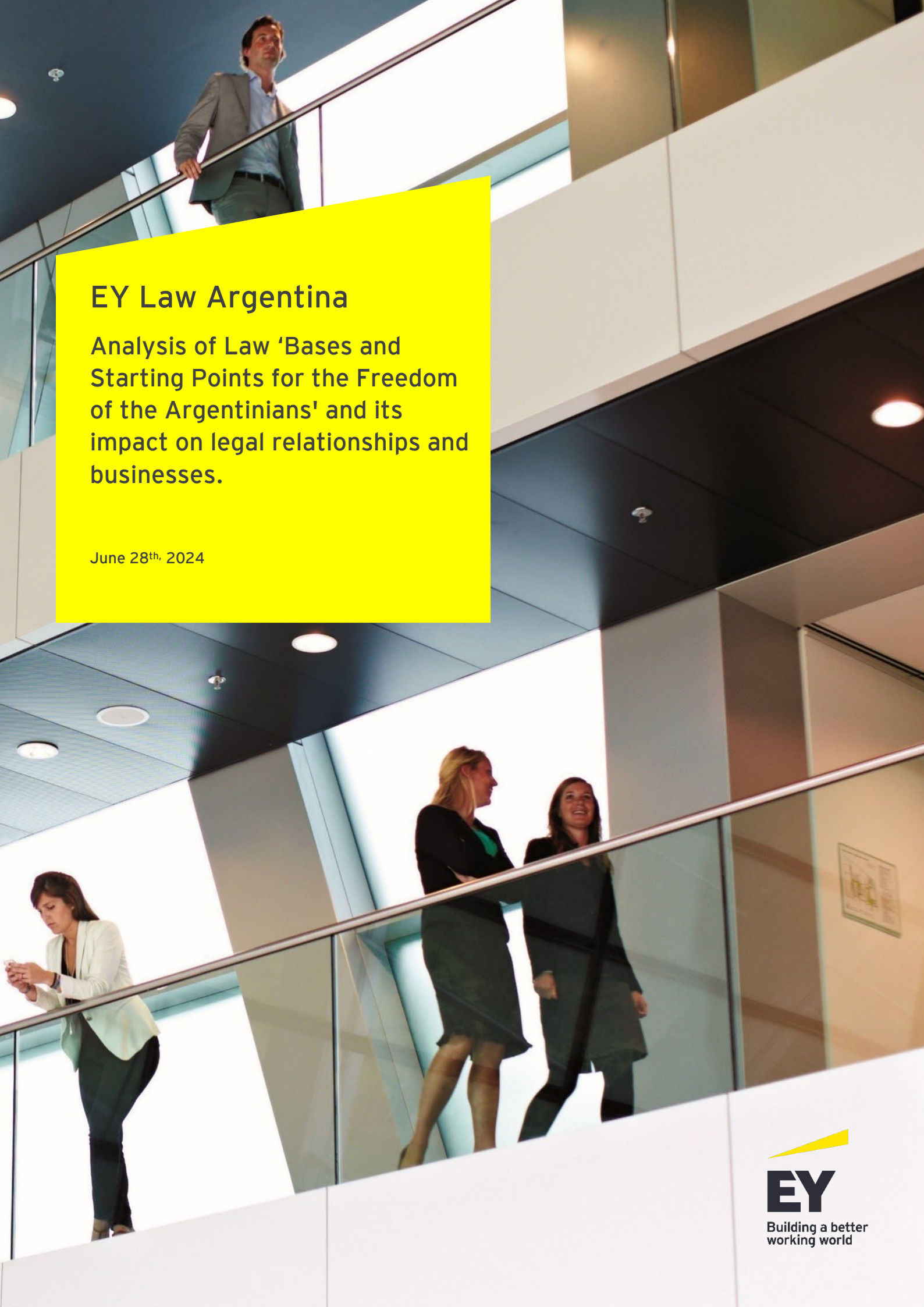

EY Law Argentina

Analysis of Law 'Bases and Starting Points for the Freedom of the Argentinians' and its impact on legal relationships and businesses.

June 28th, 2024

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EY Law Argentina Team

For inquiries and advice related to the issues contained herein, please contact one of the **EY Law** Argentina professionals listed below. This document is for informational purposes only and is based on publicly available information. Its purpose is not to provide legal advice or a comprehensive analysis of the issues it mentions.

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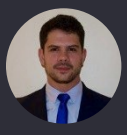

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Law 'Bases and Starting Points for the Freedom of the Argentinians'.

The new law known as "**Bases and Starting Points for the Freedom of the Argentinians**" was approved on June 28th, 2024, after an intense legislative debate in both chambers (hereinafter, the **Law**). This Law includes substantial changes to the original project but maintains the spirit and the aim of simplifying rules and obstacles to promote free market and competition, consisting in an unprecedented change in legal, commercial, and social relationships in the Argentine Republic.

The Law shall be proclaimed by the Executive Power to become effective.

This material aims to provide its readers with an overview of the most relevant topics contained in the aforementioned proposed legislation, which may be of interest to the business sector.

For more information, feel free to consult **the EY Law Argentina team**.

Objectives and principles of the Law

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The Law establishes the same main objectives as the original Project, which are detailed below:

- To introduce the promotion of private initiative as the purpose of the law, implying the stimulation of economic activities carried out by individuals.
- To promote the growth and development of industry and commerce in the Nation, ensuring the benefits of freedom for all citizens.
- To limit state intervention to only what is strictly necessary to protect constitutional rights. This reflects an orientation towards a limited government approach in economic matters.

The Law provides several types of temporary delegations of powers to the Executive Branch, spanning various areas, mainly in economic and financial matters. The remaining provisions of the law are permanent and will not expire within the period established for delegated provisions. This indicates the existence of permanent norms that are not linked to emergency situations.

Principles and Purposes:

Article 2 of the Project establishes the fundamental principles and purposes that will guide its application and interpretation:

- Promotion of the fundamental right to individual freedom.
- Protection of the inhabitants and their private property.
- Deepening of market freedom.
- Attention to economic, social, and cultural rights.
- Rational and sustainable organization of the Public Administration.
- Reasonable exercise of legislative initiative and regulatory authority.
- Creation, promotion, and development of private productive employment

Collectively, these principles reflect an approach focused on the protection of individual freedom, the promotion of economic development through private initiative, efficiency, and transparency in government management. Additionally, it emphasizes the importance of security, investment, and addressing fundamental, economic, social, and cultural rights.

Reorganization of Public Administration

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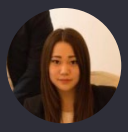

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The first powers delegated to the Executive Branch are those related to the reorganization of the Public Administration (hereinafter, AP).

The "State Reform" focuses on administrative reorganization to improve the efficiency and transparency of public management. Article 2 establishes the bases for legislative delegations in this regard:

- Improve the functioning of the State to achieve transparent, agile, efficient, effective and quality public management in caring for the common good;
- Reduce the size of the state structure in order to reduce the deficit, make spending transparent and balance public accounts;
- Ensure effective internal control of the national Public Administration in order to guarantee transparency in the administration of public finances.

In accordance with articles 3 and subsequent, the national Executive Branch will be empowered to modify, eliminate or reorganize powers and functions of state bodies, as well as intervene in State Companies, State Companies, Public Limited Companies with Majority State Participation, Mixed Economy Companies and all other business organizations where the national State has a majority participation in the capital or in the formation of corporate decisions. The Law excludes entities such as the Judicial and Legislative Branch, national universities and research organizations, which were expanded with respect to the previous Law. In addition, it establishes that in cases of reorganization, modification or transformation of the legal structure, centralization, merger or spin-off of agencies related to science, technology and innovation, funds will be guaranteed for the continuity of the functions of such organization within the framework of the National Plan for Science, Technology and Innovation 2030.

Likewise, the national Executive Branch is allowed to modify the legal structure of such companies and societies, as well as merge, split them, reorganize, reconform or transfer them to provinces or to the Autonomous City of Buenos Aires, ensuring the proper use of resources.

Article 5 empowers the Executive Branch to modify, transform, unify, dissolve, liquidate or cancel public trust funds to guarantee greater transparency in their administration. It is established that the Executive Branch must ensure that the beneficiaries receive the same resources that they would have obtained if the fund had not been dissolved, respecting the specific allocations.

In the event that, by reasoned decision of the competent authority, it is decided to liquidate and dissolve a public trust fund and discontinue with the program or purpose for which it was created: if the fund is financed

by a specific allocation of a coparticipable tax, such allocation shall be deemed eliminated and the tax shall again be distributed in accordance with the regime established by Law 23.548 and its complementary regulations. If the fund is financed by a specific allocation of a non-co-participable tax, such allocation will be considered to be eliminated and the tax will return to the National Treasury. In the event of being financed by a specific allocation of mandatory contributions or surcharges created for such purpose, both the allocation and the mandatory contributions or surcharges will be considered eliminated. The following is excluded from the powers of this article: the Trust Fund for Subsidies for Residential Gas Consumption.

Article 6 authorizes the Executive Branch to intervene, for the period established by law, in decentralized organizations, companies and societies mentioned in Law No. 24,156, except for entities such as the organs of the Judicial, Legislative Branch, the Public Ministry and all the entities that depend on them; the National Administration of Medicines, Food and Medical Technology (ANMAT), national universities, CONICET, INTA and social security institutions, among others. The auditors assume the powers of administration and direction, supervised by the corresponding Minister, and a management audit must be carried out at the beginning and at the end of the intervention.

Privatization of public companies:

Article 7 of the Law declares companies and corporations wholly or majority owned by the National Government, listed in Annex I, to be subject to privatization. The transfer to provinces of contracts under execution is allowed to facilitate privatization. Aerolíneas Argentinas, Correo Argentino and Radio y Televisión Argentina (RTA) cannot be privatized.

Articles 8 and 9 declare "subject to privatization" Nucleoeléctrica Argentina Sociedad Anónima (NASA), Complejo Carbonífero, Ferroviario, Portuario y Energético in charge of Yacimientos Carboníferos Río Turbio (YCRT), empowering them to organize a joint ownership program and place a class of shares for that purpose, and to incorporate the participation of private capital as long as the majority is state-owned. In addition, they are subject to the vote of the State in the making of multiple decisions.

Regarding the privatization procedure, the Law provides that the National Executive Branch must execute them in accordance with the procedures established in Law No. 23,696, complying with the principles of transparency, competition and efficiency in the use of resources, in addition to publicize and disseminate the process.

Employees of entities to be privatized may acquire participation in the Participated Ownership Program, excluding temporary and contracted personnel and government officials and advisors. The enforcement authority will determine a participation coefficient based on criteria such as seniority, family responsibilities, hierarchy and annual salary.

Amendments have been made to Law 23,696, repealing certain sections and articles, and exempting companies from complying with certain prior legal requirements. In addition, companies or entities with majority or total state participation must adhere to principles of efficiency, transparency, integrity, value generation, differentiated roles and efficient controls. These principles seek to ensure efficient use of resources, transparency in management, prevention of corruption, maximization of economic and social impact, independence of management bodies and a robust auditing and control system.

The Bicameral Privatization Monitoring Commission, created by article 14 of Law No. 23,696, will intervene in privatizations carried out under the rules of this Law, being informed of the procedures, preferences granted to potential acquirers, measures to guarantee the principles of the procedure and any other relevant circumstances.

Likewise, the General Audit Office of the Nation is empowered to carry out an examination of the privatization process of each company, evaluating its legal and financial compliance. For its part, the SIGEN (the internal control body of the National Executive Power) will intervene prior to the hiring indicated by law, preparing a comprehensive report on the company in question, whose observations must be considered by the Executive Branch and sent to the Bicameral Commission.

Changes to the National Administrative Procedures Law

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In Chapter III of the Law, delimited by articles 25 to 51, important reforms to the National Law of Administrative Procedures No. 19,549 (LPA) are included.

Changes in the scope of application:

The provisions of the APL will apply to the organs of the Legislative, Judicial, and Public Ministry of the Nation when they are exercising administrative functions. Likewise, it will apply subsidiarily to non-state public entities, non-state public legal entities, and private individuals when exercising public powers granted by national laws. However, it does not apply to state-owned companies and other organizations where the State has a majority participation, majority shareholding in the capital or in the formation of corporate decisions governed by private law.

Continuing with the original project, one of the main reforms in this regard is the application of the law to military and defense and security agencies. Except in matters governed by special laws and those issues that the Executive Branch excludes because they are related to the discipline and technical and operational development of the respective forces, entities, or bodies.

Principles and requirements of the administrative procedure:

The Law makes an exhaustive and descriptive list of the principles and requirements that the administrative procedure must have; incorporating them into Article 1 bis of Law 19,549, highlighting effective administrative protection, right to offer and produce evidence, right to be heard, to a founded decision within a reasonable time, the principles of speed, economy, simplicity, effectiveness and efficiency in procedures, gratuity, good faith, among others.

Each of these principles and requirements contributes to guaranteeing transparency, equity and efficiency in the development of administrative procedures.

The deadlines:

No changes are proposed regarding the way to calculate the deadlines. They will be counted in business days, starting from the day following the notification.

However, the obligation is added that said notification must inform the However, it is added that in said notification, it must be made known to the interested party the administrative remedies that can be filed against

the notified act and the deadline within which they must be articulated. In this way, the interested party is assisted so that they can truly access effective administrative protection, being properly informed of their rights against the Administration's act. The omission of the mentioned requirements will automatically determine the invalidity and ineffectiveness of the notification.

Among the directives regarding deadlines, the following stand out:

- If no special deadline is established, the standard is ten days.
- For appeals that must be elevated to a higher body, the deadline is five days.
- The Administration may, before expiration, order the extension of deadlines for a reasonable time, notifying the decision at least two days before expiration.
- The presentation of appeals interrupts all applicable legal deadlines, including those of expiration and prescription.
- The loss of right occurs when the resources are not exercised within the corresponding period.
- Once the deadlines established for presenting administrative appeals have expired, the right to file them will be lost; this will not prevent the petition from being considered as a claim of illegitimacy by the body that should have resolved the appeal, unless it provides otherwise for reasons of legal certainty or if, due to reasonable time limits being exceeded, it is understood that there was a voluntary abandonment of the right (which in no case may exceed one hundred and eighty (180) days from the date of notification of the act), it is understood that there was a voluntary abandonment of the right.
- In any case, the interested parties must be informed of the maximum term established for the resolution of the procedures and for the notification of the acts that terminate them, as well as of the effects that the administrative silence may produce.
- The expiration of the procedures occurs if they are paralyzed for sixty days for reasons attributable to the interested party, with prior notification of thirty days of additional inactivity. Certain procedures are excepted, and the interested party can start a new file taking advantage of the evidence previously presented.

These provisions seek to ensure that procedures are carried out within reasonable deadlines and with due compliance with formalities, thus guaranteeing efficiency and legal certainty.

Competence conflicts between ministries:

The Article 4 of the Administrative Procedure Law is replaced so that the Executive Branch can delegate to the Chief of the Cabinet of Ministers the authority to resolve jurisdictional issues that may arise between Ministers and those that arise between authorities, entities, or autonomous bodies that carry out their activities within different ministries.

Definition of administrative act:

The Law replaces Articles 7 and 8 of the APL concerning the administrative act, considering it as any declaration, provision, or decision of the state authority in the exercise of its administrative functions, producing a legal effect. It adds as a requirement of the administrative act that it must be issued by a competent authority whose will is not tainted by error, fraud, or violence.

The administrative act will be expressly and in writing, either in graphic, electronic, or digital form. The act that lacks a signature will not produce any legal effect. The same will happen with the act that lacks a written form unless the circumstances allow the use of a different form.

Additionally, Article 8 bis adds that in cases where the law requires the participation of users and consumers in tariff and public service regulation issues, the obligation to carry out a public consultation procedure.

Duty of non-obstruction and prohibition of imposing measures that require prior judicial intervention:

Article 9 of the APL is replaced, including in it sections c) and d). These additions stipulate that the Administration will refrain from establishing electronic, computer, or other mechanisms that, through the omission of alternatives or other defects or technical resources, practically have the effect of making behaviors that are not legally prohibited impossible.

The administration will also refrain from imposing measures that, by their nature, require prior judicial intervention, such as attachments, searches, or others of similar characteristics on the domicile or property of individuals.

Modification to the interpretation of silence by the Public Administration:

By replacing Article 10 of the APL, it is anticipated that the silence on the part of the Administration when a rule requires authorization or other administrative approval for individuals to carry out a certain conduct or act will be interpreted positively. Once the positive response is configured from the silence, the interested party may demand the corresponding registration, issuance of a certificate, or authorization in the administrative seat.

Nullity and repeal of the administrative act:

Article 14, in its new wording, establishes that the administrative act will be absolutely null and void, in addition to the cases contemplated above, when: (i) its object is not certain, physically or legally possible, or in accordance with the law; (ii) the prior hearing of the interested party has been omitted when it is required; and (iii) a deviation or abuse of power has been incurred. In the event that the absolute nullity of the act is declared, said nullity will have retroactive effect to the date of issuance of

the act, unless the court orders otherwise for reasons of equity, provided that the interested party to whom the act benefited has not incurred in fraud.

When the act has incurred a defect or vice that is not provided for in the preceding article, it will be considered relatively null and void and will only be voidable in court. Likewise, the judgment declaring relative nullity will have retroactive effect to the date of the act.

Administratively declared null acts of general scope may be revoked, in whole or in part, and replaced by others, ex officio or at the request of a party. All this without prejudice to acquired rights that may have arisen under the previous rules and with compensation for the damages suffered by their holders.

Regarding the statute of limitations for requesting the judicial declaration of nullity of an administrative act of particular scope, it is extended to 10 years in the case of absolute nullity and 2 years in the case of relative nullity, in both cases from the notification of the act.

The lack of direct challenge to an act of general scope, or its eventual dismissal, will not prevent the challenge of acts of particular scope that apply it. Also, the lack of challenge to acts of particular scope that apply an act of general scope, or its eventual dismissal, will not prevent the challenge of the latter, without prejudice to the effects of the particular acts that are final.

Legal action:

The administrative act may be judicially challenged when it is definitive and completely prevents the processing of the claim filed even if it does not decide on the merits of the issue, after the exhaustion of the administrative process.

New exceptions to the exhaustion of the administrative route are also established, ensuring that interested parties have fewer obstacles when challenging an administrative act through judicial life, and thus reducing the discretion of the Administration. These new exceptions are: the challenge must be based on the invalidity or unconstitutionality of the norm, that there is clear conduct of the State that makes the certain ineffectiveness of the administrative procedure presumable, an action for amparo or another urgent process must be filed, or it must involve acts related to matters under judicial proceedings.

Acts of general scope that affect legally protected rights or interests may be legally challenged after filing a complaint with the authority that issued it, and the result is adverse or one of the cases contemplated by Article 10 occurs. Article 24, in its new wording, exempts amparo actions or other urgent processes, the challenge of decrees of the National Executive Branch, and declaratory actions of unconstitutionality of acts of general scope from the obligation of this complaint.

By amending Article 25, the deadline for filing the judicial claim is extended from 90 days to 180 days. Also, Article 26 establishes that the lawsuit may be initiated at any time when the administration remains silent.

Creation of the Incentive Regime for Large Investments (RIGI)

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In Title VII, Chapter I of the Law, encompassed between articles 162 y 218, provides the creation of the Incentive Regime for Large Investments (hereinafter, the **Regime**) to be applied throughout the territory of the Argentine Republic, in a more extensive manner than in the original Project.

Objective and regulation of the Regime:

The Regime will grant the holders and/or operators of large investments in Laws or extensions of existing ones, the incentives, certainty, legal security, and effective protection of acquired rights to holders and/or operators of large investments in Laws or expansions of existing ones. At the same time, they shall be in the national interest and any rule that hinders the provisions of this Chapter will be null.

Throughout this Chapter, a series of priority objectives for its development are established, along with eligible subjects to join the Regime, those excluded from doing so, and the requirements and conditions for integration. The regulatory authority of the Regime will be determined by the National Executive Branch.

The aim is to encourage competition between the various economic sectors, seeking to create employment and increasing exports of goods and services abroad, among other things.

The deadline for joining the Regime will be two years from its entry into force. The Executive Branch may extend, on a one-time basis, the validity of that period for a period of up to two years.

Any regulation or action that limits, restricts, violates, obstructs, or distorts what is established in this Title will be considered absolutely null and void.

The project approved by the Senate includes a section promoting the development of local production chains associated with investment projects covered by the RIGI.

Additionally, the scope of suppliers of goods or services with imported goods seeking RIGI registration has been restricted. This regulation will only apply to goods imported for the provision of goods or services to an adhered VPU and cannot be used for merchandise intended for other purposes.

Finally, suppliers must annually invoice a percentage of their total sales, not less than what is established by the Regulatory Authority.

Incentives and benefits:

A series of tax, exchange, and customs benefits are established for those subjects who decide to adhere to the Regime. Mainly, these benefits are oriented towards the sectors of agribusiness, afforestation, infrastructure, energy, mining, gas, oil, and technology.

The incentives will apply to the so-called 'Unique Project Vehicles' (hereinafter, **VPU**), which will be entities whose sole and exclusive purpose is to develop the investment project subject to the Regime. The following entities may be considered VPUs:

- Corporations;
- Branches of foreign companies;
- Temporary unions of companies and other associative contracts;
- Dedicated branches.

Excluded from inclusion in the Regime:

The article 169 of the Law, lists the cases where inclusion in the Regime may not be requested. Among them, the following stand out:

- Convicted, with a final sentence, of any crime under the Criminal Liability Act;
- Declared bankrupt;
- Convicted, with a final sentence, of any crime under the Criminal Tax and Social Security Law or the Tax Crimes Law;
- Those with outstanding, enforceable, and unpaid debts;
- Legal entities whose partners, managers, directors, legal representatives, auditors, supervisory board members, or equivalent positions have been convicted;
- Those that do not have a structure that conforms to that of the VPU.

Requirements for inclusion in the Regime:

In Chapter III, the issues to be considered "Large Investors" are implemented. Those interested in being included under the Regime must have an investment amount per project in computable assets equal to or greater than two hundred million US dollars (USD 200,000,000).

Furthermore, they must provide for the first two years, the fulfillment of a minimum investment in computable assets equal to or greater than that established by the Executive Branch.

The regulatory authority will be responsible of the monitoring compliance with those requirements.

Additionally, the project approved by the Senate stipulates that the minimum investment percentage cannot be less than 20%.

The VPU must submit a local supplier development plan containing a commitment to contract local suppliers for goods and/or works for the development of the project equivalent to at least twenty percent (20%) of the total investment amount, provided that the offer of local suppliers is available and on market conditions in terms of price and quality. This minimum percentage must be maintained during the construction and operation stages.

Finally, it is exceptionally established that, upon request by a VPU, the amounts used to settle assumed obligations may be counted towards meeting the minimum investment requirement.

Main tax benefits:

- Income Tax: the rate will be 25%.
- Payment of dividends and profits: the rate will be 7%, which can be reduced to 3.5% if the dividends and profits are distributed after seven years from the date of joining the RIGI. The possibility of transferring dividends and profits abroad after three years has been eliminated.
- Value Added Tax (hereinafter, **VAT**): a system based on 'Tax Credit Certificates' (hereinafter, the **Certificates**) is established to settle obligations, in which VPUs may pay VAT to their suppliers or to the Federal Administration of Public Revenue (AFIP), through the delivery of the Certificates (the regulations establish a series of requirements and procedures for the issuance, delivery, and transfer of the Certificates).
- Computation for income of 100% of the tax on debits and credits to bank accounts.
- Taxes on debits and credits to bank accounts: they may compute 100% of the amounts paid and/or received as a credit against income tax.
- Accounting records in US dollars: they may choose to keep their accounting and financial statements prepared in US dollars using International Financial Reporting Standards.
- Differentiated and special tax treatment for dedicated corporations:
- Income Tax: a) they are subjects of the tax; b) they will enjoy the tax attributes that the corporation to which they belong had in proportion to the assigned equity; c) certain tax rights and obligations corresponding to the corporation to which they belong will be transferred to the branch, based on the values of the assigned assets, such as losses, positive balances from inflation adjustments, tax exemptions, among others.
- VAT: they are subjects of the tax and are included in this separate tax treatment from the corporation to which they belong.
- Other national, provincial, and/or municipal taxes: no other national, provincial, or municipal tax can affect the operations, acts, or economic relations between the corporation and the special branch.

Main exchange benefits:

- Exchange regulations that establish (currently or in the future) any restriction or prior authorization for the payment of foreign loans, repatriation of investments, or payment of profits, dividends, or interest will not apply.
- Export proceeds will gradually be exempt from the obligation to enter and settle foreign currency in the following percentages: a) 20% from the first year of joining the Regime; b) 40% from the second year of joining the Regime; and c) 100% from the third year of joining the Regime.
- Free availability of foreign currency from local or external financing and free holding of foreign assets.
- Exemption from the obligation to enter and settle currencies for other concepts such as capital contributions, loans, or services.

Main customs benefits:

- Import duties: imports of capital goods, spare parts, parts, components, and inputs made by VPUs will be exempt from import duties and any collection or retention regime of national or provincial taxes.
- Export duties: exports for consumption made by VPUs adhering to the Regime will be exempt from export duties, after three years from the date of joining the Regime.
- Prohibitions: any restriction on the import and export of goods and services is prohibited. They may freely import and export goods and services for the construction, operation, and development of the adhered project.

Other benefits and incentives:

- Regulatory stability: during the life of the project, tax stability will be guaranteed for a period of thirty years, and the taxes applied will be those in force on the date of joining (including modifications arising from the Regime itself); b) exchange rate stability in that the exchange rate regime in the project cannot be affected by exchange regulations that establish more onerous conditions.
- Regarding guarantees: a) full availability of the products resulting from the project, without the obligation to commercialize in the local market; b) full availability of its assets and investments, which will not be subject to confiscatory or expropriatory acts; c) right to the continued operation of the project without interruptions; d) right to pay profits, dividends, and interest, through access to the exchange market without the need for prior approval; and e) unrestricted access to justice and other available legal remedies.
- Compatibility with other promotional regimes: it will not imply waiver or incompatibility with other existing and/or future promotional regimes with which incentives of different nature that

do not overlap, accumulate, or repeat with the incentives provided in the Regime can be combined.

Jurisdiction and arbitration:

- In the event of a dispute between the National Government and an adherent VPU to the regime, it shall be resolved, in the first instance, through consultations and friendly negotiations;
- In the event that the dispute cannot be resolved under the previous clause within sixty days, the dispute shall be submitted to arbitration;
- The Executive Branch shall be empowered to establish dispute resolution mechanisms with the VPU.

Grounds for termination of the benefits and incentives established by the Regime:

- Expiration of the useful life of the investment project;
- Bankruptcy of the VPU;
- Voluntary withdrawal requested by the VPU; and/or cessation due to the application of a sanction for a violation of the Regime.

News and modifications in energy matters.

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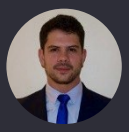

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Chapter VIII of the Law, titled "Energy", modifies various laws related to the regulatory framework for hydrocarbons, natural gas, biofuels, electric power, among others. These changes are projected with the intention of reshaping the relationship between the State and the market, aiming to give greater prominence to private initiative to enhance competitiveness and maximize income.

Modifications to Law No. 17,319 on hydrocarbons.

The Law modifies and revokes various articles of Law No. 17,319, which regulates the exploration and exploitation of hydrocarbons in Argentina. Among these modifications, we can highlight:

- The Executive Branch cannot intervene or set prices for domestic marketing in the domestic market.
- State-owned companies must sell at export or import parity prices, as appropriate.
- Frees international trade in hydrocarbons, meaning that hydrocarbons and their derivatives can be freely exported without the need to supply the domestic market as a requirement for exporting.
- Allows, with transport and/or processing authorizations, the construction and operation of natural gas liquefaction plants.
- The Executive Branch may grant authorizations for the underground storage of natural gas.
- The deadline for the concessionaire to request the subdivision of the area will be December 31st, 2028.
- Exploration permits and exploitation concessions will no longer be granted through a bidding process but will be awarded through competitive bidding based on the royalty value to be offered over a base value of 15%.
- An increase in the fine amount for non-compliance with obligations, ranging between eighty thousand (80,000) UVAs and eighty million (80,000,000) UVAs.
- Empowers the Executive Branch to jointly develop uniform national environmental legislation with the Provinces.

These modifications grant greater freedom to companies in the sector and imply that the State withdraws from public companies. It also allows exportation without the need to supply the domestic market as a prerequisite, as envisaged by the 1967 law.

Modifications to Law No. 24,076 – Regulatory framework for natural gas:

The most notable changes that the Law introduces to the regulation of natural gas transportation and distribution are:

- Changes the specific system provided by Law No. 24,076 for natural gas exports, which were authorized by the Executive Branch and had to be regulated by it.
- The National Energy Secretariat will grant authorizations to export Liquefied Natural Gas without restriction during the validity of that authorization.
- Extends the renewal period of the natural gas service provider's authorization for an additional 20 years, instead of 10.

The authority given to the Executive Branch to enact regulations in this matter suggests a more favorable and permissive regulation for exports in the future.

Unification of regulatory entities:

It merges the regulatory bodies for gas and electricity (ENRE and Enargas) into a single National Regulatory Entity for Gas and Electricity which will have the same functions as the current ones.

Revokes article 1 of Law No. 26,741:

The revocation of Article 1 of Law No. 26,741 represents a change in the State's agenda, as it declared the achievement of national self- sufficiency in hydrocarbons (exploration, exploitation, industrialization, transportation, and commercialization of hydrocarbons, etc.) of national interest to achieve hydrocarbon sovereignty in Argentina.

This measure seems to follow the trend of the modifications to the Hydrocarbons Law where, as already explained, the environment is intended to be conducive to the flourishing of free competition and the growth of markets with minimal state intervention.

The modifications to Law No. 27,640 on biofuels have been revoked:

Although the Original Project had dedicated a specific chapter to the amendments of Law No. 27,640 on Biofuels, it has been omitted in the Law. In the Original Project, the following aspects were highlighted:

- Specifies the functions of the regulatory authority in the same law, establishes that this law will be the Regulatory Framework for Biofuels, revoking Laws No. 23,287, 26,093, and 26,334.
- Specifies the products that will be considered biofuels and imposes minimum blending percentages, creating a registry of producers.
- Opens biofuel imports to generate free competition.
- Eliminates the quota system per company for supply.
- Allows oil companies to participate in the business.
- The Ministry of Energy will no longer set the price of Biofuel; instead, it will be determined through agreements between private parties, emphasizing the autonomy of contractual will, in line with reforms in civil matters.

This change in the Law reflects the potential risk posed to oil companies within a free-market environment, particularly in comparison to larger entities, according to the Chamber of Regional Small and Medium-sized Enterprises Engaged in Biofuel Production (CEPREB).

Delegation to the Executive Branch to modify the electric power regulatory framework:

With the aim of achieving a free market and promoting competition with the least possible state intervention, the Law empowers the Executive Branch to modify Laws No. 15,336, on Electric Power, and No. 24,065, the Regulatory Framework for Electric Power. The Executive Branch must ensure the following principles:

- Free international trade in electric power.
- Free trade, competition, market expansion, and the ability for the end-user to choose their provider.
- The specification of different concepts to be paid by the end-user.
- The development of electric power transport infrastructure through open, transparent, efficient, and competitive mechanisms.
- The review of administrative structures in the electric power sector, modernizing and professionalizing them.

Unlike the provisions stipulated in the Original Project, the Law has omitted the section regarding to the Executive Power's jurisdiction over the fiduciary funds within the energy sector. This omission reflects prior apprehensions regarding subsidized sectors.

Compliance with the Paris Agreement – Absolute net greenhouse gas emissions: Its omission in the Law.

In the last title of the Original Project, emphasis was placed on the absolute net emissions of Greenhouse Gases (hereinafter, **GHG**), incorporating a framework to comply with the absolute net GHG emissions targets to which Argentina committed under the Paris Agreement (2015) for the 2030 goals. The final version of the Law suppresses it.

The Original Project empowered the Executive Branch, among other things, to:

- Allocate GHG emission rights to each sector of the economy to meet committed emission targets. And set a percentage of new capacity, production, and demanders to whom emission rights will be allocated at no cost to allow entry.
- Establish mandatory limits on these rights to achieve the committed objectives for all subjects in the public and private sectors, ensuring that those who pollute are responsible to the extent that they correspond.
- Create a national GHG Emission Rights Market, where those who exceed their target sell quotas to those who need them to achieve their goal and avoid penalties.
- Monitoring, control, and regulation of these systems will also be their responsibility, in addition to the duty to create the conditions for the affected subjects to comply.
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