

The Franchise in Argentina

THE FRANCHISE IN ARGENTINA

Argentina has more than 450 franchises operating in its territory with more than 18,000 (eighteen thousand) establishments, representing 2% of its gross domestic product.

The franchise business started in the late eighties and has been growing since then. In 2008 there were 40 (forty) concepts of franchise created along with 1,500 (one thousand five hundred) establishments and 9,000 (nine thousand) jobs.

In Argentina, 90% of the franchises are domestic franchises, making Argentina the country with more domestic franchises in relation with the number of franchises in the country in all Latin America. The other 10% is formed mainly by American, French and Spaniard franchises.

There is a franchise association in Argentina called "Asociación Argentina de Marcas y Franquicias", which has for affiliates most of the franchises in the country. Said association has its own Ethics Code with proper sanctions for its violation.

Some of the main franchises are: Bonafide, Delicity, Fiestissima, El Noble Repulgue and Cremolatti.

It is worth mentioning that Argentina has signed many economics agreements that allow a foreign investor to have an excellent platform in order to introduce its products to other Latin American Countries. The most important of these agreements is the South Common Market (MERCOSUR), signed by Argentina, Paraguay, Uruguay, Venezuela, Bolivia and Chile.

LEGAL ASPECTS

There is no special law in Argentina that governs the franchise. Nevertheless the franchisor and franchisee must abide the following dispositions:

- **Trademarks Law:** It establishes the general requirements for trademark and license registration. It has importance significance the obligation of providing a domicile in the federal capital and the obligation of renewing the trademark registration every ten years.
- **Ethics Code:** It establishes obligations like assistance and supervision from franchisor to franchisee, to provide franchisee with a disclosure informative document and the possibility of going, in case of a dispute, to an established arbitration panel of the Argentinean franchise association.
- **Disclosure Informative Document:** It must comply with the following requirements:
 - Brief history of the company
 - Required investments (detailed)
 - List of existing franchisees
 - Services that franchisor offers to franchisees
 - Territory

Finally we must mention that there is a project for a franchise law in the Argentinean Congress; some of the highlights of said project are:

- The provision of a disclosure informative document and an operations manual in at least 10 working

days prior to the signing of the contract.

- A minimum term of 3 (three) years of the franchise contract.
- The payment of a penalty from franchisor to franchisee in case that the first one terminates the contract without cause or prior notification.
- The right of franchisee of using the know-how acquired in virtue of the franchise contract, eighteen months after the termination of the contract.

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