



## Argentina

### Note on Trade Regulations & Standards

Generally, there are no preliminary requirements for imports and document requirements have been simplified substantially. However, certain types of goods may only be imported into Argentina with a permit from the pertinent authority, such as explosives, arms and ammunition, certain foodstuffs, including artificial sweeteners, pharmaceutical products, and most recently electrical appliances. Companies wishing to import products into Argentina must be registered in the National Registry of Importers and Exporters. Registration procedures are relatively simple; however, exporters are advised to consult a Customs broker.

Argentine Customs Law 22,415 provides a procedure whereby the importer may appeal to Argentine Customs, in the event that a Customs provision has been incorrectly assessed (e.g., Customs valuation, tariff classification, duties charged, etc.) The rebuttal should be addressed to the appropriate Customs office and submitted in written form within ten days of occurrence.

### Trade barriers

Despite the generally favourable environment for imports, authorities occasionally erect protectionist barriers. For example, some times ago, government imposed specific duties on footwear as part of a safeguard investigation initiated at the request of domestic producers. Specific duties have also been applied to the textile industry and to toys. In response to WTO (World Trade Organization) standards, and in accordance with article VIII of GATT (General Agreement of Tariff and Trade), the Argentine Government reduced the "Statistical Fee" from 3 per cent to 0.5 per cent imposed on most imports from countries outside MERCOSUR.

### Non-tariff barriers

A major non-tariff barrier is the automotive industry tariff/quota system and the special regime for auto parts imports. The Argentine/Brazil auto agreement establishes preferential market access treatment for both countries to protect the MERCOSUR automobile industry. The quotas are likely to be phased out gradually by 2006, as part of a MERCOSUR-wide automotive regime. A complicated system of reciprocal obligations exists between Argentina and Brazil. Currently, there exists a trade-balancing scheme that determines import levels for auto assemblers. The Argentine government separately sets annual quotas for official distributors of foreign cars and auto dealers, as well as for other firms and individuals. Foreign auto manufacturers in these countries receive national treatment.

In addition, temporary quotas exist on paper, pulp, and footwear. Prior government approval is required for imports of other sensitive goods such as pharmaceuticals, foodstuffs, insecticides, veterinary products, medical devices, and defense materials. Many food-related and agricultural imports, such as livestock, plants, bulbs, cuttings, rhizomes, roots, grains, and plant products, require a sanitary certificate issued by a competent authority in the exporting country. Products destined for human consumption must fulfill certain specifications and be labeled and packed accordingly. Argentine government put in place greater certificate of origin and

consularization requirements on a broad range of imports generally covering but not limited to consumer goods, textiles, apparel and footwear, printing machines, and machine tools.

### Import licence

In 1999, the Argentine government implemented a new import licence regulating 1,276 products. Per resolution MEOSP 17/99 the Government of Argentina requires the presentation of an import licence (Licencia Automatica de Importacion-LAPI) for Customs clearance purposes. The purpose of this measure is to provide Argentine Customs officials with a lead-time to identify potential problem shipments, i.e. possible under-voicing or other unfair trade practices.

Products affected include certain organic and inorganic chemicals; plastics and products made of plastic; products made of paper or paperboard; textile products; apparel; footwear; wood and articles made of wood; books, newspapers and printed products; iron, steel and metal products; capital goods; furniture and toys.

To receive Customs clearance, the form must be approved by the Under-Secretariat of Foreign Trade, of the Secretariat of Industry, Commerce and Mining. As a rule, the approving procedure takes 48 hours for air shipments and 72 hours for ocean shipments. However, for imports of sensitive products, subject to monitoring, the procedure may take up to 10 days. If the Ministry does not reply within the specified 10-day time frame, the importation is considered approved. This procedure is considered an automatic system of authorization, and it complies with the WTO. Neither importers nor exporters must pay a fee for this licence. This licence is valid for 60 days from the approval date. Only clean and complete original copies will be accepted; corrections, manual markings, edits or additions will result in non-acceptance. If discrepancies exist between this form and other relevant Customs documentation, the Under Secretary will not issue the required licence. Each Harmonized Schedule (HS) Code, i.e. each different product, must have a different form. Any false information submitted in this form is punishable by the Customs Office pursuant to Customs regulations. The following are exemptions to this regulation :

- Import transactions of less than FOB \$ 800
- Goods imported under the "Postal Regime"
- Goods imported under the "Sample Regime"
- Goods imported under the "Automotive Industry Regime" to be included in a production process
- Goods covered by decree 732/72 "Science, Art, Technical and Human Health" and donations

The Argentine authorities are concerned about over and under invoicing. These acts are subject to fines and penalties pursuant to Customs and Foreign Exchange regulations. Penalties are also applied for false declarations as to the quantity, quality, or kind of goods or incorrect classification under the Harmonized Code of NCM (Nomenclatura Comun del MERCOSUR).

Valuation system, the Government of Argentina implemented a new valuation method to further combat under-invoicing and tax evasion. Resolution AFIP 335/99 sets a "reference price" for products covered by some 1,000 HS codes and establishes a "purple channel" that brands



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them for inspection. In fact, the resolution authorizes Customs authorities to select import transactions classified under this so-called "purple channel", for inspection by the National Tax Authority (Dirección General Impositiva - DGI) in conjunction with the Argentine Customs Bureau.

### Tariff and Import Taxes

Argentina and its MERCOSUR partners established the MERCOSUR common external tariff (CET). The CET ranges from 0 to 30 per cent, and until recently averaged 17 per cent. The CET gradually eliminated all non-tariff restrictions and other limitations to trade among the member countries, reaching zero duty and removing all tariff restrictions for approximately 85 per cent of traded goods. There is a list of a few products temporarily exempted from this status, mainly a few sensitive products, which are subject to gradual tariff adjustment over a five-year period. Capital goods and information-related technology are exempted until 2001, while telecommunications equipment will not be covered until 2006.

The structure of tariffs (which apply to the C.I.F. value in Argentina) is the following :

- 0 to 5 per cent tariff on some goods not produced domestically, as well as on some specific items such as newsprint, certain petroleum products, and certain capital goods and telecom goods;
- 0 to 10 per cent on agricultural products;
- 0 to 18 per cent on r/materials, intermediate industrial materials, and primary products;
- 0 to 14 per cent on capital goods, IT products, and telecommunications goods;
- 10 to 24 per cent on consumer durable and non-durable goods and 24 per cent on most finished goods;
- 20 to 30 per cent on household appliances, electronics and cars.

Besides the tariffs, the following fees and taxes are applied :

- 0.5 per cent statistics fee on the CIF value, except capital goods. This fee is not levied on MERCOSUR intra-zone trade;
- 21 per cent Value Added Tax (VAT) on the CIF value plus tariff plus statistics fee;
- 10 per cent advanced VAT on CIF plus tariff and statistics fee on all goods imported for resale. Goods imported directly by end-users are exempted;
- 3 per cent anticipated profits tax on all retail goods, except for goods imported directly by users. Individuals pay 11 per cent.

The CIF value plus the duty and the import statistics fee are the base for the application of domestic taxes. For this reason imports must be supported by the foreign supplier's invoice. Domestic taxes (i.e., excise taxes) are levied on tobacco, alcoholic beverages, soft drinks, syrups, extracts and concentrates, television sets, tape recorders, record players, microwave appliances, among other products. Excise taxes are paid on the basis of sworn returns or through stamps affixed to the product. Rates vary considerably, reaching up to 60 per cent of the retail price in the case of cigarettes.

### Import Duty Reduction for Capital Goods

Resolutions 19/99 and 255/2000 of the Ministry of Economy reduced the import duty on certain telecommunications products, information technology industries, and capital goods to 3 per cent, subject to approval by the Under-Secretariat of Foreign Trade. The products destined to benefit from this tariff reduction are determined on a case by case basis. The Under-Secretariat of Industry, Commerce, and Mining of the Ministry of Economy accepts lists of products

submitted by industry associations on behalf of their members or by private companies directly. Lists should include products that are not manufactured within MERCOSUR. Such products, both finished and parts, new and used, must be included in the importer's production process or used when rendering services.

The Under-Secretariat, upon receipt of a list, evaluates and approves/disapproves each product; each list is reviewed and responded to on an individual basis to the petitioning trade/industry association or private company.

Companies wishing to import products under this new regulation must submit to the Under-Secretariat proof of contract between the importing company and a certifying agency, indicating the importer's commitment to having the end product or service certified pursuant to quality standards set by the Argentine Standards Institute (Instituto Argentino de Normalización - IRAM).

Importers of products who have benefited from this new legislation will also be required to pay a 0.20 per cent tariff of "proof of destination" at the time of Customs clearance.

The drawback mechanism, which is gradually falling into disuse because of its cumbersome nature, was established to refund various import charges. The following charges are rebated : tariffs; the 0.5 per cent statistical fee on imports; and the value-added tax of 21 per cent. To benefit from this mechanism, the imported goods must be substantially transformed or embodied in the production of goods for export. We recommend that an agent or distributor handle this process.

The Temporary Admission Regime (TAR) allows duty free admission of goods such as commercial samples, packaging, pallets, containers and goods for exhibits. The exports must be completed within the stipulated time as set by Customs in accordance with the type of imported merchandise.

Failure to re-export goods will result in a fine. Merchandise may suffer changes, which increase or lower its value, but no export charges will be levied when goods remain unchanged. If value is increased, charges will apply on the added value. The transfer of property, possession, or use is not permitted. A bond will be needed to cover the value of import charges for the goods, which is canceled when the goods are re-exported.

### Standards and Regulations in MERCOSUR

Argentina, as an active MERCOSUR member, participates in the development of both MERCOSUR standards and regulations.

MERCOSUR standards are developed by a committee where the private sector standards institutes of Argentina, Brazil, Paraguay, and Uruguay are represented. The MERCOSUR Standards Association has an Executive Secretariat located in Sao Paulo. Most of the voluntary standards published deal with steel products and cement and concrete. Several hundred additional standards are at different stages of preparation or in the work plan with many in the electrical safety area.

Regional technical regulations are developed and/or harmonized within the MERCOSUR Sub-Working Group 3 in the following fields : automotive, foods, metrology, safety of electrical products, toys and others. Other working groups are focused on telecommunications and health issues. To be applicable, harmonized MERCOSUR regulations must be adopted by each country.

*(Approved by Embassy of India, Buenos Aires, Argentina)*