

IMPORT LICENSING SYSTEM OF ARGENTINA

Replies by Argentina to Questions Posed by the UNITED STATES,
the EUROPEAN COMMUNITIES, CANADA, CHINA and JAPAN¹

The following communication, dated 7 May 2009, is being circulated at the request of the delegation of Argentina.

Question:

In response to Argentina's recent notifications dated 19 January 2009 and 19 March 2009 under Article 5, we have the following questions regarding Argentina's import licensing requirements:

Has Argentina provided copies of the regulations below to the WTO Secretariat? If not, we would greatly appreciate a copy of the following regulations:

- *Regulation No. 47/2007*
- *Regulation No. 343/2007*
- *Regulation No. 16/2008, cited in G/LIC/N/2/ARG/4/Add.1*
- *Regulation No. 329/2008, cited in G/LIC/N/2/ARG/7/Add.3*
- *Regulation No. 330/2008, cited in G/LIC/N/2/ARG/12/Add.1*
- *Regulation No. 589/2008, cited in G/LIC/N/2/ARG/14*
- *Regulation No. 588/2008, cited in G/LIC/N/2/ARG/15*

These regulations should be notified under Articles 1.4, 5.1 and 8.2 of the Agreement on Import Licensing Procedures and copies of them made available to the WTO Secretariat for review by interested WTO Members.

Reply:

Copies of Resolutions 47/2007, 343/2007, 329/2008, 330/2008, 589/2008 and 588/2008 as well as Regulation 16/2008 have been transmitted to the WTO Secretariat.

All of these Resolutions and the mentioned Regulation were notified to the Committee in accordance with the Agreement on Import Licensing Procedures, in the following documents:

- Resolution 47/2007: G/LIC/N/2/ARG/13;
- Resolution 343/2007: G/LIC/N/2/ARG/12;

¹ See documents G/LIC/Q/ARG/6 and G/LIC/Q/ARG/6/Corr.1.

- Resolution 329/2008: G/LIC/N/2/ARG/7/Add.3;
- Resolution 330/2008: G/LIC/N/2/ARG/12/Add.1;
- Resolution 589/2008: G/LIC/N/2/ARG/14;
- Resolution 588/2008: G/LIC/N/2/ARG/15;
- Regulation 16/2008: G/LIC/N/2/ARG/4/Add.1.

Question:**Automatic import licence requirements (G/LIC/N/2/ARG/4/Add.1)**

Please clarify the apparent contradiction between the statements in sections (e) and (g) of the notifications. Are these automatic or non-automatic licensing measures?

G/LIC/N/2/ARG/4/Add.1 includes approximately 130 tariff lines for which import licence procedures (apparently automatic) are now required.

Are these requirements in addition to those previously notified by Argentina in G/LIC/N/2/ARG/4, dated 5 March 1999? Or does G/LIC/N/2/ARG/4/Add.1 replace the previous list of tariff lines subject to automatic import licences?

How and according to what criteria was it determined that the importation of these items should require an automatic import licence?

Reply:

We refer you to document **G/LIC/N/2/ARG/4/Add.1/Rev.1**, which contains the reply to these questions.

Question:

Approximately what percentage of the total value of Argentina's imports in a recent representative period is covered by the notified lines?

Reply:

Imports subject to automatic licensing as a percentage of total imports:

	2008
Automatic licensing	6.5%

Note: The period covered is November 2008 to February 2009.

Source: Centro de Estudios para la Producción (CEP)

Question:

Argentina states that the purpose of the automatic licensing requirements is: "to ensure that imports are subject to a regime which permits the advance supply of descriptive information to the historical records in order to be able to carry out a rapid analysis of their evolution, and which averts delays that could cause irreparable damage to different production sectors."

It is not clear what Argentina's objective with respect to the new requirements is, based on the above explanation. Could Argentina please elaborate further regarding the administrative purpose for these automatic import licensing procedures?

Specifically, what sorts of "delays" are intended to be averted? Delays in importation or delays in determining whether imports should be restricted? What is meant by "delays that could cause irreparable damage to different production sectors"? Could Argentina please provide an example of such a delay and of the "irreparable damage?"

Could Argentina please also explain what measures have been taken to ensure that the automatic licensing requirements are the most transparent and least trade restrictive for achieving these objectives?

Reply:

Import licensing is an early warning system to monitor changes in trade flows.

Question:

What is the statutory or regulatory length of time allowed to the Government for processing applications for automatic import licences?

Reply:

The regulatory length of time allowed for processing applications for automatic import licences is the length of time stipulated in Article 2 of the Agreement on Import Licensing Procedures.

Question:

Non-automatic import licence requirements²

Two of Argentina's notifications are addenda to earlier notifications (G/LIC/N/2/ARG/7/Add.3 and G/LIC/N/2/ARG/12/Add.1).

Do the tariff lines listed in these addenda replace the tariff lines listed in earlier notifications (G/LIC/N/2/ARG/7 and G/LIC/N/2/ARG/12), or are they additional tariff lines now subject to non-automatic import licenses?

Reply:

The items mentioned in notifications G/LIC/N/2/ARG/7/Add.3 and G/LIC/N/2/ARG/12/Add.1 are incorporated in those set forth in notifications G/LIC/N/2/ARG/7 and G/LIC/N/2/ARG/12. The reasons for incorporating these items are the same as for the original resolutions, namely the need to establish a mechanism for monitoring the imports of certain products.

Question:

If the notifications are with respect to additional tariff lines now subject to non automatic import licenses, could Argentina please explain how and according to what criteria the items covered by these tariff lines were selected?

² G/LIC/N/2/ARG/7/Add.3; G/LIC/N/2/ARG/12/Add.1; G/LIC/N/2/ARG/14; G/LIC/N/2/ARG/15; G/LIC/N/2/ARG/16.

What percentage of the total value of Argentina's imports is now covered by these non-automatic licensing requirements?

What prompted the addition of new products subject to non-automatic import licence requirements, per the four notifications in January 2009 and the notification in March 2009?

Reply:

The changes in the trade flows caused by the world economic and financial crisis made it necessary to extend the coverage of the system of non-automatic licences (in force since 1999) to certain tariff lines corresponding to products that were sensitive to these fluctuations.

Question:

Argentina indicates that these new non-automatic import licenses are required in order to establish a pre-release verification mechanism.

Please describe how the non-automatic import licence requirements establish a pre-release verification mechanism to monitor and control imports.

Please explain how the pre-release verification mechanism works.

Why does Argentina consider this mechanism necessary?

What information must be provided by importers?

What is being verified?

What sort of control is applied?

How long before entry may application for the licence be made?

How does this mechanism affect imports?

Is there an appeals process?

Reply:

Non-automatic import licences are a mechanism for the pre-release verification of goods that requires the importer to submit an application to the competent body, which verifies that the product complies with all of the technical standards and other requirements under the national regulations in force (the same ones that apply to domestic products) as well as the accuracy of the importer's data. If the product complies with these requirements, the competent body issues the corresponding licence within the stipulated time-frame. The data that must be provided by the importers are set out in each one of the corresponding resolutions.

The period for processing a licence is indicated in Article 3.5(f) of the Agreement on Import Licensing Procedures.

Regarding the appeals process, Law 19.549 on Administrative Procedures applies.

Question:

Please explain the criteria used by Argentina for granting and/or allocating its non-automatic import licences.

Are applications considered on a first-come first-served basis, or are they considered simultaneously?

Reply:

Applications for non-automatic import licences were examined on a first-come first-served basis; currently, they are considered simultaneously.

Question:

What is the approximate length of time for processing applications for non-automatic import licences?

- *In practice, the time required by Argentinean authorities for processing applications for non-automatic import licences, by average, is far longer than the time-period prescribed by Article 3.5(f) of the WTO Import Licensing Agreement.*
- *What are the reasons for these delays?*
- *Do importers have any remedy in case of excessive delays in processing applications?*

Reply:

The processing time for applications for non-automatic import licences is as stipulated in Article 3.5(f) of the Agreement on Import Licensing Procedures.

With respect to legal remedies, importers may resort to the administrative procedures provided for in Law 19.549.

Question:

If the automatic import licence requirements identified in G/LIC/N/2/ARG/4 are still in effect (i.e., not replaced by those listed in G/LIC/N/2/ARG/4/Rev.1), then it would appear that there are some tariff lines for which both an automatic and non-automatic import licence is required. Please clarify this, with particular reference to the following points:

- *G/LIC/N/2/ARG/4 notifies automatic import licences for approximately 49 different HS chapters, including 52-60 and 84. G/LIC/N/2/ARG/14 notifies non-automatic import licence requirements for certain products classified within chapters 52, 54, 55, and 60. G/LIC/N/2/ARG/15 establishes non-automatic requirements for certain products that fall under chapter 84. A number of tariff lines are notified in more than one document.*
- *In such cases, are importers required to file two separate applications?*
- *If so, what is the reason for these duplicate procedures?*

Reply:

Where non-automatic import licences are required for certain tariff items, they are exempted from the automatic licensing requirement if they have been subjected to it.

Please refer to document **G/LIC/N/2/ARG/4/Add.1/Rev.1**, in which this is explained.

Question:

On 22 January, the Government of Argentina published Regulation 26/2009, establishing a non-automatic import licensing procedure for new tyres.

- *What is the justification for requiring non-automatic import licence requirements for these particular products?*

Reply:

The justification for requiring non-automatic import licence requirements in the tyre sector lies in the need to establish, for these products, a pre-release verification mechanism to monitor and control imports of such goods, checking that they comply with the environmental, safety and consumer protection regulations governing their placement on the market, and controlling the accuracy of the data declared by the importer.

Question:

Approximately what percentage of the total value of Argentina's imports in a recent representative period is covered by the notified lines?

Reply:

See the table at the end of this document.

Question:

On 6 March, the Government of Argentina published Regulation 61/2009, through which Argentina has extended the coverage of import licences to new product lines.

- *What is the justification for requiring non-automatic import licence requirements for these particular products?*

Reply:

The main reason is that there have been significant changes in trade flows for these products coupled with the increase in subsidies and tax refunds introduced to avoid bankruptcy and support production in various related economic sectors.

These trends and the reasons underlying the changes need to be evaluated. To that end, as a transitional measure, this mechanism for verifying the technical standards and other requirements imposed under the domestic regulations in force (the same that apply to domestic products) was set up for goods of different kinds.

Question:

Approximately what percentage of the total value of Argentina's imports in a recent representative period is covered by the notified lines?

Reply:

See the table at the end of this document.

Question:

- In view of the progressive extension of the product coverage of the non-automatic import licensing requirements in Argentina, what percentage of the total value of Argentina's imports, in a recent representative period, is currently covered by those requirements?

Reply:

See the table at the end of this document.

Question:

Argentinean Regulations establishing import licensing requirements refer to the "provisional" ("transitoria") imposition of these requirements. However, import licensing requirements as those established by Regulation 47/2007 and 343/2007 have not only be maintained until present but have been extended to an increasing number of product lines since 2008. How does Argentina explain this?

Reply:

The provisional nature of the non-automatic import licensing requirements is dictated by market conditions and the need to control compliance with the applicable technical standards and regulations, and environmental, safety and consumer protection regulations. Non-automatic licences will be applied as long as the reasons for having to submit certain goods to a pre-release verification and monitoring mechanism still exists.

Trade analysis

- Imports subject to non-automatic import licensing as a percentage of total imports.

	2008
1 - G/LIC/N/2/ARG/7 - G/LIC/N/2/ARG/7/Add.1 - G/LIC/N/2/ARG/7/Add.2 - G/LIC/N/2/ARG/7/Add.3^(*)	0.65%
2 - G/LIC/N/2/ARG/12 - G/LIC/N/2/ARG/12/Add.1^(**)	0.26%
1 + 2	0.91%
3 - G/LIC/N/2/ARG/16^(***)	2.91%

(*) CIAH (Resolution 444/04, Resolution 289/06, Resolution 177/07, Resolution 181/08 and Resolution 329/08).

(**) CIPT (Resolution 343/07 and Resolution 330/08).

(***) CIPV (Resolution 61/09) and CIN (Resolution 26/09).

Source: Centre for Studies on Production (CEP).

2. Imports subject to automatic and non-automatic licensing as a percentage of total imports.

	2008
Non-automatic licensing	6.17%
Automatic licensing (*)	6.5%

Note: The period covered is November 2008 to February 2009.

Source: Centre for Studies on Production (CEP).
