

Trade Policy Review Body

TRADE POLICY REVIEW

ARGENTINA

Report by the Secretariat

This report, prepared for the second Trade Policy Review of Argentina, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Government of Argentina on its trade policies and practices.

Document WT/TPR/G/47 contains the policy statement submitted by the Government of Argentina

Note: This report is subject to restricted circulation and press embargo until the end of the meeting of the Trade Policy Review Body on Argentina.

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GLOSSARY

Advisory Council on Foreign Trade	<i>Consejo Asesor de Comercio Exterior, CACE</i>
Argentina Film Institute	<i>Instituto Nacional de Cine y Artes Audiovisuales</i>
Argentine Accreditation Agency	<i>Organismo Argentino de Acreditación</i>
Argentine Centre for Macroeconomic Studies	<i>Centro de Estudios Macroeconómicos de Argentina, CEMA</i>
Argentine Food Code	<i>Código Alimentario Argentino</i>
Argentine Interconnected System	<i>Sistema Argentino de Interconexión</i>
Argentine Standards Institute	<i>Instituto Argentino de Normalización, IRAM</i>
Argentine Technology Fund	<i>Fondo Tecnológico Argentino, FONTAR</i>
Automotive Industries Association	<i>Asociación de Fábricas de Automotores, ADEFA</i>
Central Bank of Argentina	<i>Banco Central de la República Argentina, BCRA</i>
Chamber of Argentine Exporters	<i>Cámara de Exportadores de la República Argentina, CERA</i>
Chamber of Deputies	<i>Cámara de Diputados</i>
Council of Magistrates	<i>Consejo de Magistratura</i>
Customs	<i>Administración Nacional de Aduanas, ANA</i>
Directorate General of Taxation	<i>Dirección General Impositiva, DGI</i>
Directorate of Technology, Quality and Industrial Property	<i>Dirección de Tecnología, Calidad y Propiedad Industrial</i>
Federal Administration of Public Revenue	<i>Administración Federal de Ingresos Públicos, AFIP</i>
Federal Council of Fisheries	<i>Consejo Federal Pesquero</i>
Federal Hydrocarbon Authority	<i>Ente Federal de Hidrocarburos</i>
Federal Radio Broadcasting Committee	<i>Comité Federal de Radiodifusión, COMFER</i>
General Customs Directorate	<i>Dirección General de Aduanas, DGA</i>
Head of Cabinet	<i>Jefe de Gabinete de Ministros</i>
Investment and Foreign Trade Bank	<i>Banco de Inversión y Comercio Exterior, BICE</i>
Judge's Jury	<i>Jurado de Enjuiciamiento</i>
League for Consumer Defence or Consumer Action	<i>Liga de Defensa del Consumidor, o Acción del Consumidor, ADELCO</i>
Ministry of Defence	<i>Ministerio de Defensa</i>
Ministry of Economy, Works and Public Services	<i>Ministerio de Economía, Obras y Servicios Públicos, MEOSP</i>
Ministry of Education and Culture	<i>Ministerio de Cultura y Educación</i>
Ministry of External Relations, International	<i>Ministerio de Relaciones Exteriores, Comercio</i>

Trade and Worship	<i>Internacional y Culto</i>
Ministry of Interior	<i>Ministerio del Interior</i>
Ministry of Justice	<i>Ministerio de Justicia</i>
Ministry of Labour and Social Security	<i>Ministerio de Trabajo y Seguridad Social</i>
Ministry of Public Health and Social Action	<i>Ministerio de Salud y Acción Social</i>
Mixed Technical Committee of Maritime Front	<i>Comisión Técnica Mixta del Frente Marítimo</i>
Multilateral Agreement on Maritime Transport	<i>Acuerdo de Transporte Marítimo Multilateral</i>
National Administration of Food Health and Quality	<i>Servicio Nacional de Sanidad y Calidad Agroalimentaria, SENASA</i>
National Agency for the Promotion of Science and Technology	<i>Agencia Nacional de Promoción Científica y Tecnológica, AGENCIA</i>
National Commission for Posts and Telegraphs	<i>Comisión Nacional de Correos y Telégrafos, CNCT</i>
National Commission for the Protection of Competition	<i>Comisión Nacional de Defensa de la Competencia, CNDC</i>
National Commission for Transport Regulation	<i>Comisión Nacional de Regulación del Transporte</i>
National Commission on Foreign Trade	<i>Comisión Nacional de Comercio Exterior, CNCE</i>
National Council of Scientific and Technical Research	<i>Consejo Nacional de Investigaciones Científicas y Técnicas, CONICET</i>
National Customs Administration	<i>Administración Nacional de Aduanas, ANA</i>
National Directorate of Domestic Trade	<i>Dirección Nacional de Comercio Interior</i>
National Drugs, Food and Medical Technology Administration	<i>Administración Nacional de Medicamentos, Alimentos y Tecnología Médica</i>
National Fisheries Fund	<i>Fondo Nacional Pesquero, FONAPE</i>
National Fund for Electric Energy	<i>Fondo Nacional de la Energía Eléctrica</i>
National Institute for Agricultural and Livestock Technology	<i>Instituto Nacional de Tecnología Agropecuaria, INTA</i>
National Institute of Industrial Property	<i>Instituto Nacional de Propiedad Industrial, INPI</i>
National Institute of Industrial Technology	<i>Instituto Nacional de Tecnología Industrial, INTI</i>
National Institute of Research and Development of Fisheries	<i>Instituto Nacional de Investigaciones y Desarrollo Pesquero, INIDEP</i>
National Mortgage Bank	<i>Banco Hipotecario Nacional, BHN</i>
National Procurement Office	<i>Oficina Nacional de Contrataciones</i>
National Regulatory Agencies for Electricity	<i>Ente Nacional Regulador de la Electricidad, ENRE</i>
National Regulatory Agencies for Gas	<i>Ente Nacional Regulador del Gas, ENARGAS</i>
National Securities Commission	<i>Comisión Nacional de Valores</i>

National Seeds Institute	<i>Instituto Nacional de Semillas, INASE</i>
National Telecommunications Commission	<i>Comisión Nacional de Comunicaciones, CNC</i>
National Telecommunications Committee	<i>Comité Nacional de Telecomunicaciones, CNT</i>
National Treasury	<i>Tesoro Nacional</i>
Office of the Attorney-General	<i>Ministerio Público</i>
Office of the Auditor-General	<i>Sindicatura General de la Nación, SIGEN</i>
Official Bulletin	<i>Boletín Oficial</i>
Permanent Bicameral Commission	<i>Comisión Bicameral Permanente</i>
Regional Valuation Centres	<i>Centros Regionales de Valoración, Secretaría del Interior</i>
Scientific and Technical Cabinet	<i>Gabinete Científico Tecnológico, GACTEC</i>
Secretariat of Agriculture, Livestock, Fisheries and Food	<i>Secretaría de Agricultura, Ganadería, Pesca y Alimentación, SAGPA</i>
Secretariat of Communications	<i>Secretaría de Comunicaciones</i>
Secretariat of Coordination	<i>Secretaría de Coordinación</i>
Secretariat of Culture	<i>Secretaría de Cultura</i>
Secretariat of Economic Planning	<i>Secretaría de Programación Económica</i>
Secretariat of Energy	<i>Secretaría de Energía</i>
Secretariat of Finance	<i>Secretaría de Hacienda</i>
Secretariat of Industry, Trade and Mining	<i>Secretaría de Industria, Comercio y Minería</i>
Secretariat of International Economic Relations	<i>Secretaría de Relaciones Económicas Internacionales</i>
Secretariat of Natural Resources and Human Environment	<i>Secretaría de Recursos Naturales y Ambiente Humano, SRNAH</i>
Secretariat of Natural Resources and the Environment	<i>Secretaría de Recursos Naturales y Desarrollo Sustentable</i>
Secretariat of Public Works and Services	<i>Secretaría de Servicios y Obras Públicas</i>
Secretariat of Science and Technology	<i>Secretaría de Ciencia y Tecnología, ScyT</i>
Secretariat of Social Development	<i>Secretaría de Desarrollo Social</i>
Secretariat of Sports and Tourism	<i>Secretaría de Deportes y Turismo</i>
Special Tobacco Fund	<i>Fondo Especial del Tabaco, FET</i>
Superintendency of Financial and Exchange Entities	<i>Superintendencia de Entidades Financieras y Cambiarias</i>
Supreme Court of Justice	<i>Corte Suprema de Justicia</i>
Under-secretariat of Agriculture, Livestock, and Food	<i>Subsecretaría de Agricultura, Ganadería y Alimentación</i>
Under-secretariat of Fisheries	<i>Subsecretaría de Pesca</i>

Under-secretariat of Food and Markets

Subsecretaría de Alimentación y Mercados

Valuation Division

División Valoración, Secretaría Metropolitana

Wholesale Electricity Market Management
Company

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SUMMARY OBSERVATIONS**(1) THE ECONOMIC ENVIRONMENT**

1. Since the early 1990s, Argentina has pursued its economic reform and restructuring process with notable success. The macroeconomic disciplines introduced under the Convertibility Plan of 1991, together with built-in initiatives in the areas of trade liberalization, de-regulation, privatization as well as regional integration developments, have allowed for a doubling of real per capita income since 1990 and led to price stability (less than one per cent inflation in the last two years). These basic changes permitted a fast recovery from the impact of the 1994 Mexican financial crisis, although not without some major adjustments in the banking sector. Unemployment remains relatively high, but the labour market shows some signs of improvement. There has been a marked improvement in public finances, resulting from major tax reforms and the elimination of a number of fiscal supports to various sectors of the economy. Nevertheless, in response to periodic fiscal pressures, there have been frequent adjustments to tariffs and the statistical tax; while the thrust of the reforms remains unchanged, these policy adjustment lend an appearance of some uncertainty to the trade and investment regimes. So far, there are few signs that the Asian crisis has had any serious impact on the Argentine economy, and the reform programme, including banking reforms after the financial crisis of 1995, means that the economy is more resilient than before; however, any global slowdown would inevitably have some spillover effects.

2. The success in reducing inflation owes much to the currency board system, which has prevented the monetization of fiscal deficits, but has thrown the burden of macro-economic management on to fiscal policy. Initially, the fixed exchange regime had a negative effect on international competitiveness, but this has been recovered mainly because of the reduction in inflation and productivity gains under the reform package. Although current account and merchandise trade deficits

persisted, these were maintained at manageable levels, and international reserves reached record levels by mid-1998 (eight months of imports). Although external debt rose, the share of foreign debt of the non-financial public sector has dropped; recourse to the issue of public bonds and titles has increased.

3. Under the changed economic climate, the far-reaching privatization programme and various improvements in the regulatory framework for investment have turned Argentina into a major destination for foreign direct investment. This has further stimulated the transformation of the Argentine economy, contributing to the productivity gains.

4. The composition of trade has also changed under the reforms: outward-looking sectoral development has induced import concentration in investment-related items, while there has been a reduction in the dominance of agricultural and agro-industrial exports. Since the establishment of MERCOSUR, Brazil has become the largest single market for Argentine exports. The EU, Brazil and the United States remain Argentina's main suppliers, but imports from East and South Asia have declined.

(2) TRADE POLICY FRAMEWORK

5. Since the previous review, Argentina has consolidated and continued to extend its autonomous reforms in trade and related policies, while pursuing greater integration in the world economy through the completion and implementation of the results of the Uruguay Round, and in the sub-regional economy through MERCOSUR and other bilateral agreements. As a result, Argentina has become a more open and secure market for trading partners. While trade has grown more rapidly within MERCOSUR, trade with third countries has also expanded strongly. Competition is expected to further intensify in the Argentine market as tariff protection on imports of sensitive items originating in other MERCOSUR countries is to be largely eliminated by the end of 1998. In the near

future, this may entail further adjustments, particularly in sectors such as sugar and motor vehicles where the establishment of common regimes was still pending at the time of completion of this report. MERCOSUR negotiations for freeing trade in services, for which the framework was agreed in December 1997, may be expected to have a positive impact on the Argentine economy. The expansion of the network of free trade treaties within Latin America should extend the regional market, but the exclusion of "sensitive" items would reduce the benefits from improved resource allocation across the sub-region.

6. Among the more important extra-regional initiatives is the Free-trade Area for the Americas for which negotiations were launched at the Second Summit of the Americas in Chile in 1998 and are due to be concluded by 2005. A framework has also been agreed between MERCOSUR and the European Union for negotiations on an Association Agreement with an FTA as a long-term goal. Such regional initiatives indicate a willingness of Argentina and MERCOSUR to pursue wider market opening; they also pose a challenge to the WTO system to provide equivalent opportunities for negotiating trade liberalization at the multilateral level through the scheduled agricultural and services negotiations, the built-in agenda and, perhaps, a new, comprehensive round of multilateral negotiations.

7. Since the previous Review, Argentina has undertaken an extensive reform of its legislative framework, driven by the adoption of a new Constitution and the incorporation of trade commitments at the regional and multilateral levels. In order to implement WTO commitments, new legislation has been adopted in a number of areas, including on price bands (1996), preshipment inspection (1997), patents (1995/96), data exclusivity, industrial design and utility models protection (1996), and sanitary and phytosanitary standards (1997). MERCOSUR regulations have been adopted in areas such as investment, anti-dumping, safeguards,

sanitary and phytosanitary standards, competition protection and trademarks. In the same context, further legislative reforms are being considered for customs clearance, standards, government procurement, anti-dumping, export taxes, patents and copyrights, competition policy, trademarks and copyrights, fisheries, hydrocarbons and services. In addition, Argentina has autonomously adopted new legislation in the area of consumer defence (1993, 1997).

8. Argentina has met regular GATT/WTO notification requirements relating to the legislation and responded to periodic questionnaires in various areas. However, the transparency of the Argentine trade regime could be further enhanced through timely communication of the adoption of all trade measures affecting the operation of GATT 1994. For example, a series of measures have not yet been communicated to the WTO, including variable import levies on sugar, changes in statistical tax rates, increases in ad valorem duties on footwear (1997) and on most tariff items (1998), price bands (1996), import quotas on certain paper products (period 1993-94), "mirror" export subsidies (period 1992-93) and free-trade zones and similar fiscal regimes. Information on the regime of minimum specific duties (textiles, clothing, footwear) was only made available in the context of the Dispute Settlement Mechanism.

(3) TRADE POLICY DEVELOPMENTS

9. Since the previous review, Argentina has been adapting its customs tariff to converge progressively to MERCOSUR's Common External Tariff (CET); this process will bring a modest decrease in the average MFN rate from 13.5% in 1998 to 11.1% in 2006. Recourse to other forms of border protection has been limited to a few instruments and sectors.

10. Under the CET, Argentina's previous, basic four-tier applied tariff structure is being enlarged to a more dispersed eleven-tier system, with common rates of 0, 2, 4, 6, 8, 10,

12, 14, 16, 18 and 20%; in 1998, the average applied MFN tariff level was increased by 3 percentage points to offset the reduction of the statistical tax rate (see below); the increase will apply only until 2000. Peak applied ad valorem rates, exceptions to the basic structure, were reduced to 33%, applying to imports of passenger motor vehicles. However, the precise level of duty charged on certain types of automobiles, sugar, textiles, clothing and footwear is difficult to compute because of additional or alternative para-tariff measures. The CET convergence process has reversed the earlier trend towards reducing tariff escalation, which is now more pronounced in virtually all sectors.

11. In the Uruguay Round, binding commitments were expanded considerably to cover the entire tariff; the ceiling was reduced from 140% to 35%, implying an average gap of over 20% between bound and applied rates. Argentina's bindings are subject to a waiver under GATT 1994. Provisions for tariff exemptions or concessions on imported inputs have been revised with a view to promote sectoral and/or regional development as well as to meet input supply shortages within MERCOSUR. There is as yet no agreement on any timetable for a common regime of concessional entry under MERCOSUR.

12. Despite trade liberalization, as a result of the growth of trade and efforts to improve tax collection on imports, the share of trade taxes in total tax revenues has risen in recent years, reversing the trend noted at the time of the previous review. The rate of the statistical tax, affecting non-MERCOSUR origin imports, has varied frequently depending on the fiscal situation; in 1998 it was reduced to 0.5% ad valorem and a proposal was made to set maximum amounts. A pre-shipment inspection regime was adopted in 1997, but certain inputs for the automotive, electronics and telecommunications industries are exempt from such requirements. In 1996 price bands were introduced to monitor invoicing practices of certain items. Since the early 1990s anticipated payment of VAT and

the profits tax has been required for imports. Maximum rates for container handling fees seem to differentiate between imports and exports.

13. Since the last Trade Policy Review, no new import prohibitions have been introduced on commercial grounds. For contingency protection, Argentina has become an important user of anti-dumping measures, mainly against imports from Brazil, China and the EU; however, there has been a slight declining trend in the application of provisional measures in recent years. Countervailing measures and safeguards have been applied in a few cases. A few product-specific measures have affected imports of sugar, automobiles, textiles, clothing and footwear.

14. Export prohibitions on commercial grounds have been eliminated. Export taxes, now covering a few unprocessed products, apply to ensure supplies to domestic processors and to counter tariff escalation in export markets; those on cattle-derived raw materials are to be phased-out by the end of 1999. Export licensing has been used to administer tariff quotas related to access to certain markets, such as sugar and beef and in the United States, various meats and cheese in the European Union and textiles and clothing items.

15. Direct assistance has been provided to exports under turnkey plant contracts and from Patagonian ports; the latter is to be phased out by the year 2005. The drawback regime now covers virtually all export items, including most agricultural products; maximum drawback rates were cut by half due to fiscal constraints. Concessional rates for export finance are limited to small- and medium-sized producers of capital goods under certain regional criteria. In addition, since 1994, legislation authorizing the establishment of free-trade zones has allowed operators exemption from the payment of duties and all internal taxes as well as from taxes affecting basic utilities (such as telecommunications, gas, electricity, water

and sewage). Argentina is expected to bring any measures considered as prohibited export subsidies into line with relevant WTO provisions by the year 2003.

16. The large-scale privatization, franchising and de-regulation programme has dramatically reduced the degree of State involvement in the economy. Preference for domestic bidders in government procurement was eliminated and remaining provisions for telecommunications equipment do not apply in practice. In the light of the increasingly higher degree of market concentration in the economy, competition legislation has been implemented more efficiently in recent years. Consumer defense and conciliation action have become important issues, particularly in relation to pricing by certain public utilities.

17. Restructuring and diversification as well as regional, scientific and technological development projects have been encouraged through a complex network of fiscal, credit, direct financial and technical assistance available at national and/or regional level. The form of assistance has varied depending on the sector and the size of the beneficiary firm. There have been improvements in the coordination in the use of a number of federal and regional incentives since 1994.

18. Wide-ranging legislative efforts have been made recently to reinforce the protection of intellectual property rights on patents and utility models, thus paving the way for the implementation of the provisions of the TRIPs Agreement by the end of the transition period; nevertheless, progress remains to be made in enforcement of measures against software and video tape piracy.

(4) SECTORAL POLICY DEVELOPMENTS

19. Government assistance for the agriculture, livestock, forestry and fisheries sectors has been falling and is now modest, mainly consisting of border measures, tax breaks, subsidized credit and debt rescheduling. Nominal tariff protection stands at 9.5% in 1998, below the overall average

level. General liberalization has reduced the bias against the sector. However, this process will be partly reversed by full implementation of the CET under which tariff protection for the sector by will be reduced by another third while industrial protection is maintained at higher levels, a situation similar to that under the earlier import-substitution policy. This policy shift will only be partly offset by fiscal incentives in form of deferrals of tax payments and explicit tax breaks introduced to encourage structural adjustment and new investment. Subsidized credit has been made available for regional development purposes .

20. Some sectors benefit from higher than average assistance. Thus, in addition to the ad valorem tariff of 23% on imports of sugar, variable import levies have been applied since 1992. Tobacco has benefited from a price support mechanism, which has been discussed in the WTO Committee on Agriculture in November 1997. Special debt write-off facilities are also available for the tobacco sector in certain provinces. In its WTO commitments, Argentina has made no use of tariffication, tariff quotas, special safeguards nor was any notification made of domestic or export subsidies that would become subject to reduction commitments (except that the tobacco price support, initially thought to be de minimis, is now subject to such commitments).

21. In the Uruguay Round Argentina obtained improved access to the US and EU markets for several agricultural items; however, certain factors have impeded making full use of such improvements depending on the item and the market. In the meat sector, a particular effort has been made to ensure compliance with export-related sanitary requirements, re-opening some export markets for beef.

22. In the light of rapid expansion in fisheries, efforts have been focused in rationalizing operations of foreign vessels and restraining overfishing of certain species. Fiscal incentives in forestry were replaced by

direct subsidies for re-forestation and trimming.

23. The mining and energy sectors have experienced a rapid, reform-led expansion thus turning Argentina into an oil and gas exporter; by the end of the century, ongoing mining projects may also produce exportable surpluses. Mining was assisted by the introduction of an attractive framework of investment incentives including tax breaks; efforts have also been made to co-ordinate provincial incentives and procedures at federal level. State involvement in oilfield exploration, petrochemicals, electricity generation and distribution, and gas distribution has decreased.

24. Under the reform programme, the manufacturing sector has experienced increased concentration towards large conglomerates, but the reforms have led to important increases in labour productivity. Nominal tariff protection of 13.8% in 1998 (including the three percentage point increase to offset the reduction of the statistical tax) stands slightly above the average level and this will decline to 11.4% by 2001. Since 1993, minimum specific duties have protected domestic producers of textiles, clothing and footwear; in 1997 duties affecting footwear were revoked but safeguards in the same form were adopted, while *ad valorem* duties on this item were increased concurrently. Previously, the manufacturing sector benefited from specific assistance schemes such as the industrial specialization regime and tax breaks for the purchase of capital goods, but these have now been suspended for new contracts in the light of fiscal constraints.

25. Liberalization in the automotive sector on an MFN basis has been limited, but some recent flexibility in the application of policies has helped increase production and trade while cutting car retail prices. Complicated protection measures, coupled by a managed trade agreement with Brazil, remain in force; these include high peak tariffs for completely-built up vehicles (and in certain cases a surcharge), quantitative restrictions, local

content and export performance requirements. The combination of a high rate on vehicles and concessional entry on parts and components implies levels of effective protection for domestic value added well above that for any other sector of the economy. Under the transitional arrangements of the TRIMS Agreement, local content and export performance requirements should be eliminated in principle by the year 2000 when a MERCOSUR Common Automotive Regime is to be introduced.

26. Economic reforms resulted in pronounced changes in the services sector; the elimination of State involvement in most activities has encouraged an expanding supply of services at largely competitive prices. Commerce is the leading services activity, but travel and transportation are the main components of trade in services. The restructuring and strengthening of the financial sector was greatly accelerated following the Mexican crisis; foreign-owned banks are allowed to operate on the same basis as domestic banks. The suspension in the establishment of new insurance firms was to be eliminated by October 1998 and taxes affecting fees are to be progressively cut. Competition in the telecommunications sector is being increased through the gradual introduction of more operators, and tariffs for basic telecommunications services are falling. Reforms have produced more efficient and cheaper passenger and cargo transportation as well as merchandise handling; however, cabotage rights and bilateral cargo sharing agreements persist in maritime transport. The satellite broadcast transmission is subject to an MFN exemption under the WTO, while taxation and other administrative measures have been introduced to support the local film industry.

27. Argentina's commitments under the General Agreement on Trade in Services (GATS) cover a large number of sectors. The provision of fixed satellite communication geo-stationary services, which are subject to conditions of reciprocity, were exempt from MFN treatment as envisaged

under GATS Article II; no such exemption was made with respect to preferential treatment granted in the context of agreements on audio-visual, cinematographic and transport services. Argentina participated in the negotiations in financial, maritime transport and basic telecommunications services but no interest was expressed in signing the Information Technology Agreement.

(5) TRADE POLICIES AND FOREIGN TRADING PARTNERS

28. *At the time of the previous review in 1992, the major reforms of the Argentina economy had just begun. In the last six years, these reforms have been extended across practically all areas of the economy, radically changing the economic life of the country. Pressures from some sectors to reverse the liberalization process have largely been resisted, although the resort to anti-dumping and other trade-restricting measures as well as frequent variations in trade taxes gives cause for vigilance, both for their effects on market access and for the threat they pose to*

the reform process. From the perspective of trading partners, the market opening of the last decade has been strengthened by increased security of access resulting from extended trading commitments at the multilateral level. So far, regional commitments have largely complemented the domestic reforms and the multilateral commitments, and, while trade within the region has grown more rapidly, trade with third countries has also benefited from the greater opening and economic stability within the region. However, tariff escalation under MERCOSUR's CET continues to distort resource allocation, providing higher than average effective protection for certain processing industries, especially automobiles. Despite the results of the Uruguay Round, Argentine agricultural exports face barriers or unfair competition in certain markets. In this sense, Argentina's own reforms and its regional integration represent a challenge to the WTO system to encourage multilateral liberalization through a new round which allows a balancing of interests across the entire range of issues.