
II. TRADE AND INVESTMENT REGIME

(1) OVERVIEW

1. During the period under review there have been changes to the institutional structure responsible for formulating and implementing trade policy: internal and external trade have been combined under a single Ministry to streamline implementation of trade policing. In the context of this Review, the authorities noted that Argentina uses trade policy as a tool for attaining socially inclusive economic development goals that seek to combine economic growth with objectives such as reducing unemployment and poverty.

2. Argentina is a founder Member of the WTO and grants, as a minimum, MFN treatment to all its trading partners. It is of the view that the multilateral trade system must be strengthened by agreeing a working agenda centred on agricultural reform.

3. Argentina, together with Brazil, Paraguay and Uruguay, is a founding member of the Southern Common Market (MERCOSUR), established in March 1991 with the ultimate objective of establishing a common market providing for the free movement of goods, services, capital and labour among member countries. In August 2012 the Bolivarian Republic of Venezuela became a State party to MERCOSUR. As a member of MERCOSUR Argentina has signed five preferential agreements since 2007, of which only the agreements with India and Israel have entered into force for Argentina.

4. In accordance with the legislation in force, foreign investors may, without any need for prior approval, invest in economic activities related to the production of and trade in goods and services, except in the fields of fisheries, the media, arms and munitions, the purchase of land and real estate in certain areas and cabotage services. Additionally some sectors, such as insurance, require reciprocal treatment or prior authorization based on whether it is considered opportune or desirable.

5. Argentina implements various incentive programmes nationally and provincially in the aim of promoting national and foreign investment, competitiveness and exports, including horizontal and sectoral schemes to stimulate investment in capital goods and technological innovation, promote the development of small and medium-sized businesses (SMEs) and facilitate access to credit at preferential or fixed rates of interest. Some of the programmes require the purchase of domestic goods in return. There are also incentives to encourage investment in certain sectors of the economy, alongside incentives that are granted according to geographical location and upon establishment in free zones.

(2) TRADE POLICY FORMATION AND IMPLEMENTATION

(i) Institutional and legal framework

6. Argentina is a federal republic comprising 23 provinces and one city governed by an autonomous system (the Autonomous City of Buenos Aires).¹ The last constitutional reform was conducted in 1994.²

¹ Article 1 of the Constitution (Law No. 24.430) and information at the *Casa Rosada Nuestro país: organización*. Viewed at: <http://www.presidencia.gov.ar/nuestro-pais/organizacion>.

² Online information from the InfoLEG Documentation and Information Centre. Viewed at: <http://infoleg.mecon.gov.ar>.

7. Executive power is vested in the President, who is elected by universal suffrage for a term of four years and can be re-elected once only.³ The President is the supreme head of the nation, head of the government and the chief policymaker for the general administration of the country, and Commander in Chief of the Armed Forces.⁴ He appoints the Chief of the Cabinet of Ministers, Ministers and the Secretary General of the President's Office. The President concludes and signs international treaties⁵, which must then be approved by the National Congress.⁶

8. Judicial power is exercised by the Supreme Court of Justice and by the lower courts established by Congress.⁷

9. Legislative power lies in the National Congress, comprising a Chamber of Deputies and the Senate. The Deputies (257) and Senators (72) are elected by universal suffrage. Deputies hold their seats for a four-year term and may be re-elected. Senators are elected for a six-year term and may be re-elected for an indefinite period.⁸ The National Congress is empowered to legislate, among other things, on customs matters (including export and import duties), taxation, budgetary and monetary matters. It also has powers to award subsidies to the provinces to cover ordinary expenditure.⁹ The National Congress oversees the balance of the public accounts with technical assistance from the General Auditing Office of the Nation (AGN).¹⁰

10. The Chambers of Congress, the Executive and citizens may table draft laws.¹¹ A draft law must be approved by the Chamber in which it originated before it may be debated in the other Chamber. Once a draft law has been approved by both Chambers it is passed to the Executive for consideration. Once approved by the Executive it is enacted as law. If the Executive rejects part or all of a draft law from the Legislature, the draft law and the Executive's objections to it are returned to the Chamber of origin; that Chamber debates it again and if it upholds the draft by a majority of two-thirds it is forwarded to the reviewing Chamber once more. If both Chambers support the bill by the two-thirds majority the bill becomes law and is forwarded to the Executive for enactment.¹² Acting on the initiative of the Chamber of Deputies the National Congress may submit a draft law to public consultation. The law calling that consultation may not be vetoed. A public vote in favour of the draft law confers the status of law and automatically promulgates the draft law.¹³ The President issues the directives and regulations necessary to implement the country's laws, ensuring that the spirit of the legislation is not contravened by exemptions contained in the regulations.¹⁴

11. The Constitution empowers the President to issue decrees on the grounds of "necessity or urgency" only where exceptional circumstances have rendered it impossible to follow the ordinary

³ Articles 87, 88, 90 and 94 of the Constitution.

⁴ Article 99 of the Constitution.

⁵ Article 99 of the Constitution.

⁶ Article 75 of the Constitution.

⁷ Articles 108 and 120 of the Constitution.

⁸ Articles 44-62 of the Constitution.

⁹ Article 75 of the Constitution.

¹⁰ Article 85 of the Constitution and AGN online information Viewed at: <http://www.agn.gov.ar>.

¹¹ Articles 39 and 77 of the Constitution. See also Law No. 24.747/1996 regulating Article 39 of the Constitution. Draft laws relating to constitutional reforms, international treaties, taxation, budget and penal matters cannot be tabled by popular initiative. (Article 39 of the Constitution). Additionally, the Chamber of Deputies has sole responsibility for tabling laws on taxes or the recruitment of troops (Article 52 of the Constitution).

¹² Article 83 of the Constitution.

¹³ Article 40 of the Constitution.

¹⁴ Article 99 of the Constitution.

procedures provided for in the Constitution to endorse laws, and where the decrees in question do not regulate penal, taxation or electoral matters or arrangements governing political parties. The decrees are to be decided upon by general agreement of ministers, who along with the Chief of the Cabinet of Ministers must authenticate them.¹⁵ The Chief of the Cabinet presents a decree tabled on grounds of necessity or urgency for consideration by the Bicameral Standing Committee, which must report on the validity of the decree, and submits the report to the plenary sitting of each Chamber.¹⁶ The Chambers must give an express pronouncement on the approval or rejection of the decree tabled on grounds of "necessity or urgency".¹⁷ In the absence of an express pronouncement, the decrees in question remain in force from the time of the report for the duration of the procedure laid down in the Constitution. Since 2007 various decrees on grounds of "necessity or urgency" have been issued (Table II.1).

Table II.1
Decrees issued on grounds of necessity or urgency, 2007-2012

Decree No.	Date	Description
530/2012	16.04.2012	Provides for transitional aid for YPF S.A. for 30 days to ensure the business's continuing operation, protect its assets and equity, the fuel supply and ensure the country's needs are met.
324/2011	02.01.2012	Amends the national budget.
2.082/2011	12.12.2011	Amends Decree No. 438/1992 (text harmonized by the Ministerial Law) on the institutional framework of the Ministry of External Relations, International Trade and Religion.
1.764/2011	18.11.2011	Amends the national budget (2011).
192/2011	25.02.2011	Dissolves the National Office for the Control of Agricultural Trade, a decentralized body under the Ministry of Agriculture, Livestock and Fisheries.
2.054/2010	29.12.2010	Lays down measures supplementing the extension of the national budget (2010).
2.052/2010	28.12.2010	Amends the national budget (2010).
1.798/2010	24.11.2010	Amends the national budget (2010).
919/2010	30.06.2010	Establishes the Ministry of Tourism. Amends Ministerial Law.
296/2010	01.03.2010	Repeals Decree No. 2.010/2009 establishing the Bicentennial Debt Relief and Stability Fund. Declares the bringing into effect of the text of Article 6 of Law No. 23.928/1991 as amended by Law No. 26.076/2012 ratifying Decree No. 1.599/2005 on the Central Bank Reserves.
298/2010	01.03.2010	Establishes the Argentine Debt Relief Fund.
2.010/2009	15.12.2009	Establishes the Bicentennial Debt Relief and Stability Fund. Amends Law No. 23.928/1991 on the convertibility of the austral.
206/2009	20.03.2009	Establishes the Federal Solidarity Fund to finance works in provinces and municipalities to improve the health, educational, hospital, housing or road infrastructure in urban or rural centres.
1.472/2008	16.09.2008	Amends the national budget (2008).
1.798/2007	05.12.2007	Amends Decree No. 135/2006 on the deferred payment of taxes in non-industrial projects.

Source: Online information from the InfoLEG Documentation and Information Centre. Viewed at: <http://infoleg.mecon.gov.ar>.

12. The Constitution, international treaties and the laws of the nation constitute the "supreme law" in Argentina and rank highest in the legal order.¹⁸ The Constitution provides that the President is empowered to issue other norms: the instructions and regulations necessary to implement the country's laws; decrees on the grounds of "necessity or urgency", decrees issued by the Executive by virtue of Article 76 of the Constitution, which provides that "the power to legislate shall not be delegated to the Executive except in specific matters of administration or in a public emergency ...". In the hierarchy of laws, these are followed by the acts and regulations issued by the Chief of the Cabinet of Ministers as are necessary to exercise his powers and the resolutions issued by Ministers in respect of the economic and administrative arrangements for their departments.¹⁹

¹⁵ Article 99 of the Constitution.

¹⁶ Law No. 26.122/2006, Article 10.

¹⁷ Law No. 26.122/2006, Article 22.

¹⁸ Articles 31 and 75 of the Constitution.

¹⁹ Articles 100 and 103 of the Constitution.

13. The Constitution recognizes the autonomy of the provinces and the Autonomous City of Buenos Aires. Each province has its own constitution²⁰; the power to establish its own institutions and to elect its governors, legislators and other provincial officials without intervention from the Federal Government.²¹ The Autonomous City of Buenos Aires has an autonomous system of government with its own legislative and judicial powers, and its head of government is directly elected by the city's inhabitants.²² The provinces cannot exercise the powers conferred upon the nation by the Constitution (Table II.2).²³

Table II.2
Powers of the Federal Government

Conclude partial political treaties
Issue laws on trade or navigation, whether internal or external
Establish provincial customs offices
Coin money
Establish banks with the power to issue notes without authorization from the Federal Congress
Issue the Civil, Commercial, Penal and Mining Code, following approval by Congress
Issue laws on citizenship and naturalization, bankruptcy, counterfeiting of money or State documents
Establish tonnage duties
Fit out warships or raise armies ^a
Appoint or receive foreign agents

a The provinces may commission warships or raise armies in the event of foreign invasion or a threat so imminent that there can be no delay; they must report the situation to the Federal Government after the event.

Source: Article 126 of the Constitution.

14. The powers conferred upon the provinces include the authority to establish economic development regions, promote and establish new industries, administer their natural resources and import foreign capital²⁴, and to impose indirect taxes "as a concurrent power" with Congress. The Constitution provides for the establishment of a revenue-sharing arrangement to redistribute most indirect taxes and certain direct taxes approved by Congress.²⁵ Certain national taxes such as VAT, income/profits tax and import or export duties are excluded from the revenue-sharing arrangement²⁶; there is another distribution mechanism for these taxes.²⁷

15. The provinces may also, with the knowledge of Congress, conclude international agreements insofar as they are not incompatible with the country's foreign policy and do not infringe upon the powers delegated to the Federal Government or affect the public credit of the nation. The Autonomous City of Buenos Aires has its own regime for concluding international agreements.²⁸

²⁰ Articles 5 and 123 of the Constitution.

²¹ Article 122 of the Constitution.

²² Article 129 of the Constitution.

²³ Article 126 of the Constitution.

²⁴ Articles 124 and 125 of the Constitution.

²⁵ Article 75 of the Constitution.

²⁶ For further information see Article 2 of Law No. 23.458/1988 and online information from the Parliamentary Training Institute, *Diccionario de Términos Parlamentarios: Coparticipación Federal de Impuestos*. Viewed at: <http://www1.hcdn.gov.ar/dependencias/icap/CopFedDicc.asp>.

²⁷ Online information from the Ministry of the Economy and Public Finance *Destino de la Recaudación de los Impuestos al 30 de junio de 2012*. Viewed at: http://www.mecon.gov.ar/sip/dniaf/destino_recaud.pdf.

²⁸ Article 124 of the Constitution.

(ii) Trade policy formulation and objectives

16. During the period of this Review, there have been several changes to the institutional structure responsible for formulating and implementing trade policy, which are the responsibility of the Ministry of the Economy and Public Finance (MEFP) and the Ministry of External Relations and Worship (MREC).²⁹ The Undersecretariat for Foreign Trade was established at the MEFP in 2011, combining the foreign-trade-related responsibilities within a single Ministry to make implementation of trade policy more flexible. Previously these had been attached to three different Ministries (MECON, MREC and the Ministry of Industry). Since 2011, the MREC has been responsible for regional, bilateral and multilateral negotiations on external trade. When formulating external trade policy these Ministries consult with various public sector entities involved in the area as well as with representatives of the private sector and civil society. The Ministry of Agriculture, Livestock and Fisheries and the Ministry of Tourism were established in 2009 and 2010 respectively (Table II.3).

Table II.3
Ministries involved in the formulation and/or implementation of trade policy

Body	Trade policy functions
Ministries with primary responsibility for formulating trade policy	
Ministry of the Economy and Public Finance	
Secretariat for Domestic Trade	Draft domestic trade policy and national economic and trade integration processes.
Undersecretariat for Domestic Trade ^a	Implement policy on domestic trade, consumer protection and competition protection. Oversee the National Commission for the Defence of Competition.
Secretariat for Foreign Trade ^a	Its prime responsibility is to propose and define trade policy at regional and multilateral levels. Draw up the tariff structure and policy on refunds and drawback for export. Oversee the National Commission on Foreign Trade Intervene in trade promotion policy.
Undersecretariat for Foreign Trade and International Relations ^a	Implement trade policy. Participate in the design of policy on national investment and foreign direct investment Act as a single window for foreign investors.
Ministry of External Relations and Worship	
Secretariat for International Economic Relations (MREyC) ^a	Take part in international trade negotiations. Take part in policies on external trade and internationalization of Argentine businesses abroad.
Undersecretariat for Latin American Economic Integration and MERCOSUR ^a	Take part in bilateral and multilateral economic negotiations with Latin America, the Caribbean and MERCOSUR.
Undersecretariat for International Economic Negotiations ^a	Participate in bilateral and multilateral economic negotiations with the rest of the world.
Undersecretariat for Investment Development and Trade Promotion ^a	Formulate and implement policy and instruments to promote foreign investment. Act as a single window for foreign investors.
Other ministries that may be involved in trade policy	
Ministry of Industry^b	
Secretariat for Small and Medium-Sized Enterprises and Regional Development	Draw up policies to develop, consolidate and promote SMEs. Provide financial assistance and facilitate access to credit for SMEs.
Secretariat of Industry ^a	Draw up industrial policy. Take part in designing the tariff structure and policy on support for exports (refunds and drawback). Assist the Ministry in the supervision of measures taken by the National Institute of Intellectual Property.
Undersecretariat for Industry	Participate in drafting industrial policy and regional and international negotiations in the automotive sector.
Secretariat for Industrial Strategic Planning	Control and implement sectoral strategic plans. Develop tools to promote industry Implement industrial policy in line with the Industrial Strategy Plan 20-20.
Undersecretariat for Industrial Strategic Planning	Review the objectives and outcomes of the Industrial Strategy Plan 20-20. Define policy on industrial parks. Analyse the competitiveness of local industry and propose policies to promote and improve it.
Ministry of Federal Planning, Public Investment and Services	
	Draw up public investment promotion and protection systems. Take part in drawing up tariff structures. Participate in the drawing up of mining, energy, rural electrification and communications policies Participate in drawing up and enforcing fuel regulations and the setting of fuel prices.

²⁹ The Ministry of External Relations and (MREC) was formerly known as the Ministry of External Relations, International Trade and Worship (Decree Nos. 2.082/2011 and 2.085/2011).

Body	Trade policy functions
Ministry of Agriculture, Livestock and Fisheries^b	Determine and implement policy on agriculture, livestock and fisheries. Take part in drawing up tariff structures, drawing up and implementing policy on refunds and drawback for export, and trade policy.
Ministry of Tourism^c	Determine policy on tourism. Promote and develop tourism-related products.

a Established in 2011.

b Established in 2009.

c Established in 2010.

Source: Law No. 22,520 (Ministerial Law, harmonized by Decree No. 438/92) and Decree No. 357/02 (organizational framework of the National Government).

17. Argentina uses trade policy as a tool for attaining socially inclusive economic development goals. Export promotion continues to be one of the principal objectives of Argentina's trade policy, alongside promotion of domestic production (including import substitution), investment promotion and employment generation. The authorities have indicated that Argentina's trade policy is based on WTO principles and disciplines. Argentina is in favour of strengthening the multilateral system, and its trade policy therefore combines a multilateral approach with regional integration processes and bilateral trade agreements to expand and facilitate trade.

(3) INTERNATIONAL TRADE RELATIONS

(i) WTO

18. Argentina is a founder Member of the WTO and grants, as a minimum, MFN treatment to all its trading partners.³⁰ It is an observer in the Committee on Trade in Civil Aircraft and the Committee on Government Procurement. Argentina made specific commitments in the WTO negotiations on telecommunications and has ratified the Fourth Protocol. It also participated in the financial services negotiations but neither made any offers nor undertook new commitments, and therefore is not one of the signatories to the Fifth Protocol.

19. In accordance with its statement at the Ministerial Conference in Geneva in December 2011, Argentina is of the view that the multilateral trading system must be strengthened, since the importance and centrality of the WTO go far beyond the negotiating round. Nonetheless, in facing up to future work within the WTO, Argentina believes that a working agenda must be agreed with a view to creating a level playing field in trade and making it more equitable for the interests of all Members, while retaining agricultural reform as the lynchpin. Fulfilment of the Doha mandate with regard to agriculture is essential for developing countries.³¹

20. In the context of this Review, the Argentine authorities indicated that the country's multilateral trade policy is based on the fulfilment and consistent implementation of the commitments undertaken during the Uruguay Round; active participation in the various WTO forums; commitment to the Trade Review Policy Mechanism; the notifications process as a method of maintaining transparency; and recognition of the Dispute Settlement Mechanism as a means of settling disputes and increasing predictability.

21. In line with the commitments it has undertaken since the last Review, Argentina has continued to submit notifications to the WTO during the period of the Review (Table II.4).

³⁰ Information provided by the authorities.

³¹ WTO document WT/MIN(11)/ST/19 of 16 December 2011.

Table II.4
Principal notifications to the WTO, 1 January 2007–30 October 2012

Agreement	Requirement	Frequency	WTO document date (latest document if submitted regularly)
Agreement on Agriculture			
Articles 10 and 18.2 (ES:1 and ES:2)	Export subsidies	Annual	G/AG/N/ARG/29 (27 April 2010)
Article 18.2 (DS:1)	Domestic support	Annual	G/AG/N/ARG/30 (18 October 2010)
GATT 1994			
Article XVII:4(a) (State trading)	State trading enterprises	Annual	G/STR/N/13/ARG, G/STR/N/14/ARG (15 February 2012)
Article XXVIII:3	Modification of Schedules (withdrawal of concessions as a means of retaliation)	Ad hoc	G/SECRET/20/Add.6 (11 January 2007)
Article XXVIII:5	Modification of Schedules (reservation of the right to modify schedules for a period of three years)	On a three-year basis	G/MA/248 (22 September 2011)
Enabling clause (integration)	Preferential Trade Agreement between developing countries: MERCOSUR and India	Ad hoc	WT/COMTD/N/31 (25 February 2010)
QR (G/L/59)	Quantitative restrictions	Biennial	G/MA/NTM/QR/1/Add.12 (3 May 2011)
GATT concessions (Addendum to L/6905)	Changes in the 1996 Harmonized System	Ad hoc	G/SECRET/HS96/30/Add.1 (28 February 2011)
Agreement on Implementation of Article VI of the GATT 1994 (anti-dumping)			
Article 16.4	Anti-dumping actions (preliminary and final)	Ad hoc	G/ADP/N/152 (19 January 2007) G/ADP/N/234 (16 October 2012)
Article 16.4	Anti-dumping actions (taken during the preceding six months)	Semi-annual	G/ADP/N/230/ARG (4 October 2012)
Article 18.5	Laws/Regulations as amended	Ad hoc	G/ADP/N/1/ARG/1/Suppl.9, G/SCM/N/1/ARG/1/Suppl.8 (22 September 2008)
Agreement on Import Licensing Procedures			
Article 1.4(a)	Copies of publications setting out the rules and information relevant for the purposes of the Agreement	Once only, subsequently notification of changes	G/LIC/N/1/ARG/3 (17 September 2009)
Article 5.1, 5.2, 5.3	Import Licensing Procedures and changes thereto	Ad hoc	G/LIC/N/2/ARG/11 (29 May 2007) G/LIC/N/2/ARG/4/Add.1/Rev.1/Suppl.1 (24 October 2012)
Article 7.3	Replies to questionnaire	Annual	G/LIC/N/3/ARG/9 (24 April 2012)
Article 8.2(b)	Changes in laws/regulations and administrative procedures	Once only, subsequently notification of changes	G/LIC/N/1/ARG/4 (14 April 2011)
Agreement on the Application of Sanitary and Phytosanitary Measures			
Article 7, Annex B	Sanitary/phytosanitary measures	Ad hoc	G/SPS/N/ARG/103 (3 January 2007) G/SPS/N/ARG/160 (27 September 2007)
Agreement on Technical Barriers to Trade			
Article 2.10	Technical regulations (urgent)	Ad hoc	G/TBT/N/ARG/179/Add.1 (18 September 2008) G/TBT/N/ARG/186/Add.1 (5 April 2012)
Article 2.9	Technical regulations	Ad hoc	G/TBT/N/ARG/207 (10 January 2007) G/TBT/N/ARG/277 (30 October 2012)
Articles 2.9 and 5.6	Technical regulations; conformity assessment procedures	Ad hoc	G/TBT/N/ARG/208 (24 January 2007) G/TBT/N/ARG/260 (30 March 2011)
Article 5.6	Conformity assessment procedures	Ad hoc	G/TBT/N/ARG/213 (20 April 2007) G/TBT/N/ARG/259 (30 June 2010)
Article 5.7	Conformity assessment procedures (urgent)	Ad hoc	G/TBT/Notif.99/498/Add.3 (20 March 2007) G/TBT/Notif.99/498/Add.9 (8 December 2011)

Agreement	Requirement	Frequency	WTO document date (latest document if submitted regularly)
Agreement on Safeguards			
Article 12.1(b)	Safeguard measures in the event of a finding of serious injury or threat thereof	Ad hoc	G/SG/N/10/ARG/5, G/SG/N/11/ARG/5, G/SG/N/8/ARG/5 (26 April 2007)
Article 12.1(c)	Safeguard measures when a decision is taken to apply or extend a safeguard measure	Ad hoc	G/SG/N/10/ARG/5/Suppl.2, G/SG/N/11/ARG/5/Suppl.2, G/SG/N/8/ARG/5/Suppl.2 (26 November 2008)
Article 9.1, footnote 2	Non-application of safeguard measures against products originating in a developing country	Ad hoc	G/SG/N/10/ARG/5, G/SG/N/11/ARG/5, G/SG/N/8/ARG/5 (26 April 2007) G/SG/N/11/ARG/5/Suppl.3 (12 May 2009)
Agreement on Subsidies and Countervailing Measures			
Article 25.1 GATT Article XVI.1	Subsidies	Annual	G/SCM/N/220/ARG (10 February 2012)
Article 25.11	Countervailing measures (preliminary and final)	Ad hoc	G/SCM/N/152 (24 January 2007)
Article 25.11	Countervailing measures (adopted during the preceding six months)	Semi-annual	G/SCM/N/242/Add.1 (12 October 2012)
Article 32.6	Laws/regulations and changes thereto	Once only, subsequently notification of changes	G/ADP/N/1/ARG/1/Suppl.9, G/SCM/N/1/ARG/1/Suppl.8 (22 September 2008)

Source: WTO Secretariat.

22. During the period of this Review, Argentina has participated in 34 disputes at the WTO Dispute Settlement Body, acting as complainant in four cases, respondent in five cases and as third party in the remaining cases (Table II.5).

Table II.5
Status of dispute-related WTO matters involving Argentina, 1 January 2007-19 October 2012

Case	Complainant/ respondent	Date of receipt of request for consultations	Status at 19 October 2012	WTO document series
Argentina as complainant				
Anti-dumping measures on imports of wheat flour from Argentina	Argentina/Chile	14 May 2009	In consultations (14 May 2009)	WT/DS393
Certain measures concerning the importation of biodiesels	Argentina/EU and Spain	17 August 2012	In consultations (17 August 2012)	WT/DS443
Measures affecting the importation of animals, meat and other animal products from Argentina	Argentina/United States	30 August 2012	In consultations (30 August 2012)	WT/DS447
Measures affecting the importation of fresh lemons	Argentina/United States	3 September 2012	In consultations (3 September 2012)	WT/DS448
Argentina as respondent				
Anti-dumping duties on fasteners and chains from Peru	Peru/Argentina	19 May 2010	In consultations (19 May 2010)	WT/DS410
Measures affecting the importation of goods	EU/Argentina	25 May 2012	In consultations (25 May 2012)	WT/DS438
Measures affecting the importation of goods	United States/Argentina	21 August 2012	In consultations (21 August 2012)	WT/DS444
	Japan/Argentina	21 August 2012	In consultations (21 August 2012)	WT/DS445
	Mexico/Argentina	24 August 2012	In consultations (24 August 2012)	WT/DS446
Argentina as third party				
Subsidies and other domestic support for corn and other agricultural products	Canada/United States	8 January 2007	Panel established, but not yet composed (17 December 2007)	WT/DS357
Certain measures granting refunds, reductions or exemptions from taxes and other payments	United States/China	2 February 2007	Settled or terminated (withdrawn, mutually agreed solution) (7 February 2008)	WT/DS358
	Mexico/China	26 February 2007		WT/DS359
Measures affecting the protection and enforcement of intellectual property rights	United States/China	10 April 2007	Implementation notified by respondent (19 March 2010)	WT/DS362

Case	Complainant/ respondent	Date of receipt of request for consultations	Status at 19 October 2012	WTO document series
Domestic support and export credit guarantees for agricultural products	Brazil/United States	11 July 2007	Panel established, but not yet composed (17 December 2007)	WT/DS365
Certain measures prohibiting the importation and marketing of seal products	Canada/EU ^{a b}	25 September 2007	Panel established, but not yet composed (25 March 2011)	WT/DS369
Definitive anti-dumping and countervailing duties on certain products from China	China/United States	19 September 2008	Implementation notified by respondent (31 August 2012)	WT/DS379
Measures concerning the importation, marketing and sale of tuna and tuna products	Mexico/United States	24 August 2008	Report(s) adopted, with recommendation to bring measure(s) into conformity (13 June 2012)	WT/DS381
Anti-dumping administrative reviews and other measures related to imports of certain orange juice from Brazil	Brazil/United States	27 November 2008	Report(s) adopted, with recommendation to bring measure(s) into conformity (17 June 2011)	WT/DS382
Anti-dumping measures on polyethylene retail carrier bags from Thailand	Thailand/United States	26 November 2008	Implementation notified by respondent (31 August 2010)	WT/DS383
Certain country of origin labelling (COOL) requirements	Canada/United States Mexico/United States	1 December 2008 17 December 2008	Report(s) adopted, with recommendation to bring measure(s) into conformity (23 July 2012)	WT/DS384 WT/DS386
Measures affecting the importation of bovine meat and meat products from Canada	Canada, Korea, Rep. of	9 April 2009	Settled or terminated (withdrawn, mutually agreed solution) (20 June 2012)	WT/DS391
Measures related to the exportation of various raw materials	United States/China	23 June 2009	Report(s) adopted, with recommendation to bring measure(s) into conformity (22 February 2012)	WT/DS394
	EU ^a /China	23 June 2009		WT/DS395
	Mexico/China	21 August 2009		WT/DS398
Measures prohibiting the importation and marketing of seal products	Canada/EU ^a	2 November 2009	Panel composed (4 October 2012)	WT/DS400
	Norway/EU ^a	5 November 2009		WT/DS401
Countervailing and anti-dumping duties on grain oriented flat-rolled electrical steel from the United States	United States/China	15 September 2010	Circulation of Appellate Body report (18 October 2012)	WT/DS414
Measures affecting the importation and internal sale of goods (environmental charge)	Ukraine/Moldova	17 February 2011	Panel established, but not yet composed (17 June 2011)	WT/DS421
Measures concerning the importation of certain agricultural products from the United States	United States/India	6 March 2012	Panel established, but not yet composed (25 June 2012)	WT/DS430
Measures related to the exportation of rare earths, tungsten and molybdenum	United States/China	13 March 2012	Panel composed (24 October 2012)	WT/DS431
	EU/China	13 March 2012		WT/DS432
	Japan/China	13 March 2012		WT/DS433
Certain measures concerning trademarks and other plain packaging requirements applicable to tobacco products and packaging	Ukraine/Australia	13 March 2012	Panel established, but not yet composed (28 September 2012)	WT/DS434

a Previously the European Communities.

b The measures are national measures taken by Belgium and Netherlands, not Community measures.

Source: WTO Secretariat.

(ii) **Regional agreements**³²

23. Argentina, together with Brazil, Paraguay and Uruguay, is a founding member of MERCOSUR, established in March 1991 by the Treaty of Asunción, with the ultimate objective of establishing a common market providing for the free movement of goods, services, capital and labour among member countries.³³ The Additional Protocol to the Treaty of Asunción on the Institutional Structure of MERCOSUR (Ouro Preto Protocol), signed in 1994, gave MERCOSUR legal personality under international law. In June 2012 Paraguay's right to participate in MERCOSUR organs and discussions was suspended.³⁴ A press release from the Ministry of Foreign Affairs of Paraguay states that: "Despite referring expressly to the Protocol of Ushuaia on Democratic Commitment within MERCOSUR, that decision was adopted in breach of Article 4 of that Protocol, which requires relevant consultations to be held with the State concerned; this did not occur in respect of the Republic of Paraguay. On that ground the decision is not only illegal but also illegitimate and in violation of due process."³⁵

24. The Bolivarian Republic of Venezuela signed its Protocol of Accession with the original four MERCOSUR members in July 2006; in June 2012, the Heads of State of the MERCOSUR member countries, except Paraguay, signed a Declaration on the Incorporation of the Bolivarian Republic of Venezuela into MERCOSUR.³⁶ The Bolivarian Republic of Venezuela deposited its instrument of ratification to the Protocol on Accession to MERCOSUR on 13 July 2012. Meeting in Brasilia on 30 July 2012, the Council of the Common Market (CMC) decided that as from 12 August 2012 the Bolivarian Republic of Venezuela would acquire the status of State Party and would participate in MERCOSUR with all rights and obligations.

25. The Treaty of Asunción provides for the free movement of goods among member countries, with a timetable for achieving this under the Trade Liberalization Programme. Since 1 January 2000, goods other than those in the sugar and automotive sectors have moved freely within MERCOSUR if they have a MERCOSUR certificate of origin. Specific deadlines for integrating the sugar sector into common trade policy have not yet been set. CMC Decision No. 56/10 provided that the MERCOSUR common automotive policy should be in force by 1 January 2013 at the latest.

26. The MERCOSUR Common External Tariff (CET) has been in force since January 1995; some exemptions are allowed under various CMC decisions. Nevertheless, Decision CMC No. 56/10 (on convergence towards the customs union) established an ad hoc group to examine the consistency and dispersion of the entire structure of the CET and to present a proposal for revision of the CET to the Common Market Group in 2014.

27. MERCOSUR has an agreement on the elimination of double charging of the CET and the distribution of customs revenue within MERCOSUR.³⁷ The aim is to achieve the free movement of

³² This section is based on WTO (2012).

³³ The provisions in the Treaty of Asunción were incorporated in the LAIA's legal structure under Economic Complementarity Agreement No. 18.

³⁴ Decision on the suspension of Paraguay within MERCOSUR pursuant to the Protocol of Ushuaia on Democratic Commitment. Viewed at: http://www.mercosur.int/innovaportal/file/4496/1/ver_adjunto.pdf.

³⁵ Ministry of External Relations of Paraguay, Press Release, "Communiqué on the MERCOSUR Decision in respect of Paraguay". Viewed at: <http://www.mre.gov.py/v1/Noticias/74-comunicado-sobre-la-decision-del-mercosur-sobre-paraguay.aspx>.

³⁶ Declaration on the Incorporation of the Bolivarian Republic of Venezuela into MERCOSUR. Viewed at: <http://www.mercosur.int/innovaportal/file/4501/1/vzl.pdf>.

³⁷ MERCOSUR Decision CMC No. 54/04.

goods and eliminate the double charging of CET duties, and it was to be implemented in three stages.³⁸ The first stage concerns recognition of goods with a 0% CET rating in all the member countries and with a 100% tariff preference within the framework of the agreements concluded by MERCOSUR with third parties. The second stage was expected to cover all the other goods subject to the CET; implementation was planned for the entry into force of the MERCOSUR Customs Code, which was signed in 2010 but has yet to enter into force.³⁹ The third stage, full implementation of the process, will require the establishment of a mechanism for the distribution of customs revenue and the interconnection of the computerized customs management systems of the various member States and the establishment of the Regional Registers of Offenders Database (RIM).

28. The Protocol of Montevideo on Trade in Services in the MERCOSUR was signed in 1997 with the aim of liberalizing services over a period of 10 years. The Protocol has been ratified by Argentina, Brazil and Uruguay and entered into force on 7 December 2005. The Protocol is of indefinite duration; it establishes a programme to liberalize trade in services within the Common Market by December 2015.⁴⁰

29. Since 2007 Argentina has signed five preferential agreements as a member of MERCOSUR, of which only two have entered into force for Argentina (Table II.6).

Table II.6

Preferential agreements in force and/or signed between 1 January 2007 and 19 October 2012

Preferential agreements in force and/or signed between 1 January 2007 and 19 October 2012								
SignatureDuration			Scope		Final year of tariff reduction	Tariff lines		
			Goods	Services		Excluded (number)	Coverage (% of total)	
							2012	End of the reduction period
Trade agreements that have entered into force since 1 January 2007			Yes	No	n.a. ^a	9,378	4.6	n.a. ^b
MERCOSUR-India preferential trade agreement ^b	25 January 2004	1 June 2009						
MERCOSUR-Israel free trade agreement	18 December 2007	9 September 2011	Yes	No	2019	408	95.8	95.8
Trade agreements signed since 1 January 2007			Yes	No	n.a. ^a	8,780	10.7	n.a. ^b
MERCOSUR-Southern African Customs Union (SACU) preferential trade agreement	15 December 2008	Pending						

³⁸ MERCOSUR Decision CMC No. 10/10.

³⁹ MERCOSUR Decision CMC No. 27/10 and MERCOSUR Decision CMC No. 34/11.

⁴⁰ For further information on the commitments entered into by Argentina see the Protocol of Montevideo on Trade in Services in the MERCOSUR, Seventh Round of Negotiations on Specific Services Related Commitments: Schedule of specific commitments. Viewed at: <http://www.aladi.org/nsfaladi/nuevostemas.nsf/2c617e60b2a993cb032574920060b614/51071885d11687c10325768e006039d2?OpenDocument>.

			Scope		Final year of tariff reduction	Tariff lines		
						Excluded (number)	Coverage (% of total)	
							2012	End of the reduction period
Signature	Duration		Goods	Services				
MERCOSUR-Egypt FTA	2 August 2010	Pending	Yes	No	10 years ^c	197	98	98
MERCOSUR-State of Palestine FTA	20 December 2011	Pending	Yes	No	10 years ^c	408	95.8	95.8

n.a. Not applicable.

a Not relevant because the agreement in question concerns fixed preferences.

b Notified to the WTO (WTO document WT/COMTD/N/31 of 23 February 2010).

c Since entry into force.

Source: Online information from the Undersecretariat of Trade Policy and Management, *Dirección Nacional de Política Comercial Externa: Política Comercial Regional*. Viewed at: <http://www.comercio.gov.ar/web/index.php?pag=334&btn=161>. Online information from the MERCOSUR Secretariat *Tratados, Protocolos y Acuerdos*. Viewed at: http://www.mercosur.int/t_generic.jsp?contentid=2639&site=1&channel=secretaria; additional information supplied by the Argentine authorities.

30. Within the framework of the Latin American Integration Association (LAIA), Argentina has partial-scope economic complementarity agreements with Brazil (ECA No. 14), Mexico (ECA No. 6), Paraguay (ECA No. 13) and Uruguay (ECA No. 57). The agreements with Brazil and Uruguay were amended during the period of this Review. In 2010 the original agreement of 1990 between Brazil and Argentina was supplemented by the Thirty-Ninth Additional Protocol on the Common Automotive Policy between Argentina and Brazil. In 2008 the agreement with Uruguay was supplemented by a Protocol updating the quotas for the automotive sector (Chapter IV(4)).⁴¹ Implementation of Economic Complementarity Agreement No. 55/02, including the Annexes thereto and Bilateral Appendix I on Trade in the Automotive Sector between Argentina and Mexico, was suspended in 2012 for a period of three years (Chapter IV(4)).⁴²

31. Argentina is eligible for the Generalized System of Preferences (GSP) of Belarus (WTO Observer), Canada, the European Union, Japan, New Zealand, Norway, the Russian Federation, and Turkey.⁴³ Argentina was eligible for the GSP of the United States until March 2012.

32. At multilateral level, as part of MERCOSUR Argentina is a signatory to the Global System of Trade Preferences among Developing Countries (GSTP).⁴⁴

⁴¹ Online information from LAIA, *Integración y Comercio: Acuerdos: Disposiciones de Internalización, Sumarios y Textos: Acuerdos Actuales*. Viewed at: <http://www.aladi.org/nsfaladi/textadcos.nsf/vpaíses/argentina>.

⁴² Decree No. 969/2012.

⁴³ UNCTAD (2011).

⁴⁴ Agreement on the Global System of Trade Preferences among Developing Countries of 12 April 1988. Viewed at: http://unctad.org/en/docs/ditcmisc57_en.pdf. See also Law No. 26.083/06 approving the Protocol for the Accession of the Southern Common Market (MERCOSUR) to the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP).

(4) INVESTMENT REGIME**(i) General investment framework**

33. Argentina's foreign investment regime is governed by a number of norms including the Foreign Investment Law (Law No. 21.382) as amended; Decree No. 1.853/93; Economic Emergency Law No. 23.697⁴⁵; Law No. 22.561 on Public Emergency and Exchange Regime Reform⁴⁶; Decree No. 616/2005; and Communications of the Central Bank of the Argentine Republic. These norms regulate foreign direct investment (FDI) as such as well as the registration of foreign companies, monetary policy, the regime governing currency exchange and transfers that also have a bearing on FDI. Under Law No. 21.382 foreign investors have the same rights and obligations as those afforded by the Constitution and laws to national investors; foreign investors are therefore eligible for promotional or other special regimes provided for in the various laws.⁴⁷ Argentina grants national treatment to foreign investment.⁴⁸ Under the Constitution, property is inviolable and expropriation for reasons affected with a "public purpose" may be authorized by law subject to compensation.⁴⁹

34. The foreign investment regime in Argentina covers foreign direct investment (FDI) by way of capital, real estate and portfolio investment.

35. Until 2010 the task of formulating and implementing foreign investment policy was a matter for the National Investment Development Agency (ANDI), a decentralized body under the former Ministry of the Economy and Production.⁵⁰ The ANDI was dissolved in 2010 and responsibility for foreign investment policy was transferred to the Undersecretariat for Investment Development and Trade Promotion in the Ministry of External Relations and Worship.⁵¹ The Undersecretariat provides assistance to potential investors at all stages of the investment process. Argentina also has various provincial investment promotion bodies to advise investors.

36. Foreigners can invest without the need for prior approval in activities in industry, mining, agriculture, finance, services or other sectors associated with production of and trade in goods and services.⁵² In practice, there are no restrictions on entry by foreigners to the various sectors and the principle of national treatment applies to foreign capital. Nevertheless, in order to operate in some sectors reciprocal treatment, or prior authorization depending on opportuneness and desirability (insurance market), are required (Chapter IV(6)(iii)(d)).

37. The Reporting System for Direct Investment at Home and Abroad was implemented in 2004. Non-residents' direct investments in Argentina must be recorded in the System where the value of their holdings in the country is equal to or greater than the equivalent of US\$500,000 and must be declared in respect of the end of each six-month calendar period. Additionally, the regime governing

⁴⁵ Article 16 of Law No. 23.697 of 1989 (the Economic Emergency Law) empowers the Executive to issue such regulations as may be necessary to facilitate the repatriation of profits on foreign investment.

⁴⁶ Article 2 of Law No. 25.561 of 2002 empowers the Executive to provide for the system determining the exchange rate between the Argentine peso and foreign currencies, and to issue regulations for the regime governing currency exchange.

⁴⁷ Law No. 21.382.

⁴⁸ Decree No. 1.853/1993 approving the harmonized text of Law No. 21.382, Articles 1 and 2.

⁴⁹ Article 17 of the Constitution.

⁵⁰ Decree No. 1.225/2006.

⁵¹ Decree No. 1.187/2010.

⁵² Decree No. 1.853/93.

the inflow and outflow of foreign currency for the Argentine currency exchange market requires foreign investment to be declared for statistical purposes to the Central Bank; invested capital must remain in the country for at least one year prior to being remitted abroad.⁵³

38. Portfolio investors must lodge a deposit in US dollars for a sum equivalent to 30% of the amount of the investment. The deposit does not bear interest and must remain at the Central Bank for a period of one year, after which time the funds are released and may be transferred abroad. This requirement only applies to persons making an FDI where: (i) the debt between companies is entered into abroad⁵⁴ and (ii) the deed transferring ownership to a non-resident is not executed at the same time as the sale of foreign exchange on the unified free foreign exchange market.⁵⁵

39. Foreign investors may set up a business in Argentina as provided for by law; they may establish a branch office, participate in an existing company or set up a new company.⁵⁶ A branch of a foreign company is an office opened by a foreign company in Argentina. In terms of equity the branch is accountable for the capital of its parent and not only for the capital allocated by the parent company to the branch established in Argentina. Branches of foreign companies must be entered in the Public Trade Register appropriate to their registered office. Branches may carry out the same activities as their parents. Investors may also establish a new company or participate in an existing one. The Law on Commercial Companies (LSC) provides for a number of types of corporation, of which the most frequently used by foreign investors in Argentina are public limited companies (SA) and limited liability companies (SRL). In contrast to a branch, these two types of corporation are in principle accountable only for the capital of the company established or the company in which shares are held.⁵⁷

40. Local foreign-capital businesses have the same rights to access domestic credit as local domestic-capital businesses, and on the same terms.⁵⁸

41. The Investment Law (Law No. 21.382) guarantees foreign investors the right at any time to repatriate their investment and transfer abroad the liquid profits they have made. Since 2001 Argentina has, however, imposed several requirements on the purchase and transfer of foreign currency. These controls have become a key aspect of current economic policy and are used to increase reserves, manage the exchange rate, limit foreign-currency liabilities in the private sector, and prevent capital flight. The Argentine authorities have stated that the current rules do not place restrictions on remittance abroad provided that a number of requirements confirming the genuine nature of the transfer are complied with. They have further stated that "the controls governing such transactions have become a key aspect of current economic policy to prevent capital flight based on figures that do not tally with actual transactions".

⁵³ Decree No. 616/2005, Article 1 and Article 4

⁵⁴ Excluding debt used to purchase non-financial assets that is repaid in a period of more than two years.

⁵⁵ Ministry of External Relations, International Trade and Worship (2010).

⁵⁶ Harmonized text of Law No. 21.382/1993, Annex I to Decree No. 1.853/1993, Article 6 and Article 7.

⁵⁷ Online information from Invest in Argentina *Guía del Inversor: Aspectos legales relativos a la IED*. Viewed at: <http://www.inversiones.gov.ar/es/prosperar-guia-del-inversor/aspectos-legales-relativas-a-la-ied.html>.

⁵⁸ Harmonized text of Law No. 21.382/1993, Annex I to Decree No. 1.853/1993, Article 6 and Article 7.

42. Argentina authorizes the payment abroad of interest, dividends, earnings or royalties without restrictions provided that the accounts have been closed and certified by an external auditor.⁵⁹ Payment of royalties to affiliated enterprises requires the prior authorization of the BCRA where the sum involved is greater than US\$100,000. An investment may be repatriated once it has remained in the country for one year, subject to certain restrictions.⁶⁰ In principle there is no quantitative limit on the repatriation of FDI; nonetheless since October 2011 the repatriation of FDI in the form of funds invested in any new investment or stockholding purchased in local enterprises and real estate must have been deposited and surrendered on the unified free foreign exchange market (MULC). There is no requirement to prove the deposit of funds for the repatriation of investments made prior to October 2011. If the foreign currency was not deposited via the MULC the investor must seek authorization from the Central Bank in order to repatriate the FDI.⁶¹ The prior authorization of the BCRA is required for any repatriation of FDI in financial entities or in non-financial enterprises that control financial entities.

43. Foreign investment is allowed without restriction in all sectors except fisheries, the media⁶², arms and munitions, the purchase of land and real estate in certain areas and cabotage services. Argentina restricts foreign stockholdings in the media to 30% of the capital (and votes) but has allowed higher holdings under reciprocal contracts with countries that authorize foreign investment in their media, up to the limit allowed in those countries.⁶³ The restriction does not include media that were under foreign control prior to 2003.⁶⁴ In the transport sector, air and maritime cabotage services are reserved to Argentine enterprises although exceptions may be authorized (Chapter IV).

44. In 2011 the Regime to Protect the National Domain over Property, Possession and Tenure of Rural Land (or Rural Land Law) introduced restrictions on the acquisition of rural land by restricting purchase by foreigners to a maximum of 15% of all rural land and 1,000 ha in the "core area".⁶⁵ Additionally, nationals of a single country may not acquire over 30% of all land available for purchase.⁶⁶ The Rural Land Law is not retrospective.⁶⁷ Foreign owners must be listed on the National Rural Land Register.⁶⁸

45. The Rural Land Law also prohibits foreigners, on grounds of national security, from purchasing real estate in the country's border areas and in areas bounded by major permanent bodies of water. Nevertheless the Law also states that foreigners may, with the consent of the Ministry of the Interior, acquire real estate in areas where the border is secure.⁶⁹

⁵⁹ Harmonized text of Law No. 21.382/1993, Annex I to Decree No. 1.853/1993, Article 5 and Ministry of External Relations, International Trade and Worship (2010).

⁶⁰ Central Bank, Communication No. 4.662 of 11 May 2007.

⁶¹ Central Bank, Communication No. A5237 of 28 October 2011.

⁶² Journals and magazines; radio broadcasting services and associated radio broadcasting services as set out in the Radio Broadcasting Law (Law No. 22.285/1980); producers of audiovisual and digital content; suppliers of internet access; and public broadcasting enterprises (Law No. 25.750/2003, Article 3).

⁶³ Law No. 25.750/2003, Article 2 and Law No. 26.522, Articles 25 and 29.

⁶⁴ Law No. 25.750/2003, Article 2.

⁶⁵ Article 10 of Decree No. 274/2012 defines the concept of "core area".

⁶⁶ Law No. 26.737/2011, Articles 8-10.

⁶⁷ Law No. 26.737/2011, Article 17.

⁶⁸ Law No. 26.737/2011, Article 12.

⁶⁹ Law No. 26.737/2011, Articles 10 and 13.

46. To date Argentina has signed 55 reciprocal investment promotion and protection agreements (IPPAs)⁷⁰, and 17 double taxation conventions.⁷¹

47. Argentina is a member of the Multilateral Investment Guarantee Agency (MIGA) and of the International Centre for Settlement of Investment Disputes (ICSID).⁷² Between 2007 and 2012, ICSID registered 14 claims by foreign investors against Argentina of which four have been settled. The pending claims principally concern transport services, and gas and water supply services.⁷³ Between 2007 and 2012 shares were expropriated in Aerolíneas Argentinas S.A., Austral Líneas Aéreas Cielos del Sur S.A. and the enterprises under its control, and in Yacimientos Petrolíferos Fiscales (YPF) S.A. and Repsol YPF GAS S.A. (Chapters III and IV).

(ii) Incentives for investment, manufacturing and trade

48. Argentina has various incentive programmes at national and provincial level that aim to promote national and foreign investment, competitiveness and exports (Chapter III). There are a number of horizontal and sectoral incentives and programmes that seek to stimulate investment in capital goods and technological innovation, promote the development of small and medium-sized enterprises (SMEs), and facilitate access to credit at preferential or fixed interest rates. Incentive programmes continue to be implemented to encourage investment in certain sectors of the economy.⁷⁴ Argentina also has incentives that are granted on a geographical basis and upon establishment in free zones (Chapter III(3)(iv)(a)). These incentives are administered and granted by various agencies with regard to the aims the incentive is intended to achieve.

(a) Fiscal incentives

Horizontal fiscal incentives

49. Argentina does not have a general law awarding incentives; instead the process is governed by a series of laws that can apply either to the entire economy (horizontal), to a single sector or in relation to specific schemes.

50. Law No. 25.924/2004 on the Promotion of Investment in Capital Goods and Infrastructure Works ("LPI Law") established a special fiscal regime for investments in capital goods (except cars) intended for use in industrial activity or infrastructure works. Under the scheme, when enterprises purchase new capital goods they receive advance refund of VAT and/or accelerated amortization of income/profits tax.⁷⁵ The scheme's period of application was originally scheduled to end in September 2007 but was extended to 31 December 2012.⁷⁶ In 2004 Arg\$1.2 billion were allocated to the scheme to finance fiscal exemptions, with a quota of Arg\$200 million earmarked for SMEs; the

⁷⁰ For further information, see Ministry of External Relations, International Trade and Worship (2010).

⁷¹ Online information from the Federal Public Revenue Administration (AFIP), "*Convenios para evitar la doble tributación internacional*" [Conventions for the prevention of double taxation] Viewed at: <http://www.afip.gob.ar/institucional/convenios.asp>.

⁷² Ministry of External Relations, International Trade and Worship (2010).

⁷³ Online information from ICSID, "Search ICSID Cases". Viewed at: <http://icsid.worldbank.org/ICSID/FrontServlet>.

⁷⁴ For further information see Undersecretariat for Investment Promotion (2010).

⁷⁵ Law Nos. 25.924/2004 and 26.360/2008.

⁷⁶ Law No. 26.360/2008, Article 2; and Law No. 26.728/2011, Article 27. See in addition online information from the Secretariat for Industry "Investment Promotion Law". Viewed at: <http://www.sub-industria.gob.ar/lpi/legal.htm>.

total amount has not changed since 2004.⁷⁷ To be eligible for the scheme, enterprises must submit an investment project that seeks to generate employment, has the backing of a bank guarantee and expenditure plans for funds amounting to at least 7.5% of the total amount of the project.⁷⁸ The investment project is opened for public tender at the Ministry of Industry (industrial activities) or the Ministry of Federal Planning, Public Investment and Services (infrastructure works).⁷⁹ Capital goods covered by the scheme may not be transferred during the first three years.⁸⁰ In general terms the award of a fiscal benefit is restricted to just one type of tax: one project cannot qualify simultaneously for advance refund of VAT and accelerated amortization of income/profits tax unless the product of the project is exclusively for export or concerns a clean production plan or a sustainable industrial reconversion plan.⁸¹ SMEs, however, can be granted both fiscal benefits.⁸²

51. Additionally, various mechanisms are in place to reduce tariffs or VAT on the purchase of capital goods. Some of these require the beneficiary enterprises to purchase capital goods of domestic origin equivalent to a percentage of overall imports or to achieve certain export levels in order to qualify (Table II.7) (Chapter III). The temporary import regime also allows importers or manufacturers to import capital goods free of duty but subject to the requirement that they must be re-exported for consumption within a (renewable) period of three years (Chapter III(3)).⁸³

Table II.7
Fiscal incentives, 2007 and 2011

Incentive (legal framework)	Beneficiary	Benefits and obligations
Import regime for goods forming an integral part of major investment projects (Resolution No. 256/2000 (as amended))	Importers of new capital goods for major investment projects	Tariff reduction to 0%. Exemption from verification of destination tax. Import of parts allowed up to 5% of the exported f.o.b. value. Requirement to acquire capital goods of domestic origin for a value equivalent to 20% of all imports and prohibition on transferring imported goods for two years
Import regime for used production lines (Resolution No. 511/2000 (as amended) and Decree No. 2.259/2009)	Manufacturers of tangible goods. Financial entities and/or leasing companies	Extra-zone import duty of 6%. Exemption from payment of the statistical tax and the verification of destination tax. Requirement to import used goods with 50% of their useful life remaining and purchase goods of domestic origin amounting to 40% of the total imports
VAT reduction (Decree Nos. 493/2001, 496/2001, 615/2001, 733/2001 and 959/2001)	Purchasers/importers of finished capital goods and information technology and telecommunications products (components and finished products)	VAT rate reduced to 10.5%

⁷⁷ Law No. 25.924/2004, Article 11; and Law No. 26.360/2008, Article 6.

⁷⁸ Law No. 26.360/2008, Article 2; Law No. 26.728/2011, Article 27; and Decree No. 726/2009, Articles 13 and 15.

⁷⁹ Decree No. 726/2009, Articles 1 and 9.

⁸⁰ Online information from the Undersecretariat for Industry, *Beneficiarios*. Viewed at: <http://www.sub-industria.gob.ar/lpi/beneficiarios.htm>.

⁸¹ Law No. 26.360/2008, Article 3 and Decree No. 726/2009, Articles 8 and 10.

⁸² Law No. 26.728/2011, Article 27.

⁸³ Undersecretariat for Investment Promotion (2010).

Incentive (legal framework)	Beneficiary	Benefits and obligations
Technical VAT balance (Decree Nos. 280/2001, 733/2001 and 496/2001)	Manufacturers of capital goods and information technology and telecommunications products	Difference between VAT paid on the purchase of inputs (21%) and VAT paid on the sale of the finished product (10.5%). Option to use the balance to pay taxes
Promotion of production of capital goods, information technology and telecommunications products, and agricultural machinery (Decree Nos. 379/2001 (as amended) and 917/2010)	Manufacturers of capital goods, information technology and telecommunications products and agricultural machinery	Tax voucher to the value of 14% of the amount resulting from the deduction of the value of imported inputs from the sales price. The tax voucher is used for the payment of national taxes

Source: Ministry of External Relations, International Trade and Worship (2010), *Guide for Investors 2011: ¿Cómo hacer negocios en Argentina?*, Viewed at: <http://www.inversiones.gov.ar/es/descargas/Gu%C3%ADa-del-Inversor/Gu%C3%ADa-del-Inversor-2011/>; Undersecretariat for Investment Promotion (2010), *Incentivos a la Inversión: ventajas de invertir hoy*. Viewed at: http://www.inversiones.gov.ar/es/descargas/Guia_del_Inversor/incentivos-a-la-inversion/Incentivos-a-la-Inversión-2010/, and online information from the Ministry of the Economy and Public Finance *Base de datos de Instrumentos para el Desarrollo Productivo: Jurisdicción nacional: Beneficios impositivos y/o fiscales: Alcances horizontal y sectorial: Temas de inversión y competitividad* Viewed at: http://www.instrumentos.mecon.gov.ar/intro_esquema.php. [Link broken]

Sectoral fiscal incentives

52. Incentives are also available for specific sectors, namely fiscal benefits (tariff reductions, issue of vouchers for payment of national taxes, and fiscal stability arrangements) and/or non-repayable contributions (ANR) to promote investment, production, innovation and competitiveness in specific sectors.⁸⁴ The sectors that have benefited include agriculture and forestry; capital goods, information technology and telecommunications⁸⁵; the automotive, motorcycle and parts industry⁸⁶; the petroleum, gas and biofuels industry⁸⁷; mining⁸⁸; shipbuilding⁸⁹; biotechnology⁹⁰ and tourism⁹¹ (Chapter IV).

⁸⁴ For further information, see Undersecretariat for Investment Promotion (2010) and online information from the Ministry of the Economy and Public Finance *Instrumentos para el desarrollo productivo*. Viewed at: http://www.instrumentos.mecon.gov.ar/intro_esquema.php.

⁸⁵ Capital goods, information technology and telecommunications (Decree No. 379/2001) and Promotion Regime for the Software Industry (Law No. 25.922) (viewed at: http://www.instrumentos.mecon.gov.ar/mensajes-ver-mensajes.php?id_prog=1024&order=fecha+desc&cantidad=).

⁸⁶ MERCOSUR Automotive Regime, Law on the Development and Consolidation of the National Automotive Parts Sector (Law No. 26.393) and Local Investment Incentive Scheme for the Manufacture of Motorcycles and Automotive Parts (Law No. 26.457).

⁸⁷ Oil Plus Programme, Gas Plus Programme, Refining Plus Programme, Regulatory and Promotion Regime for the Sustainable Production and Use of Biofuels (Law No. 26.093).

⁸⁸ Promotion of Mining Activities (Law No. 24.196).

⁸⁹ Import Regime for the Shipbuilding Industry (Decree No. 1.010/2004).

⁹⁰ Promotion of the Development and Production of Modern Biotechnology (Law No. 26.270 and Decree No. 983/2007).

⁹¹ National Tourism Investment Programme; Tourism Line 400; Investment Credit Line for Tourism and Hotel Services; Technical and Financial Assistance Programme for Regional Exportable Production; Technological Support for the Tourism Industry; and Programme to Enhance and Promote Tourist Destinations (Profode) (online information from the Ministry of the Economy and Public Finance, *Instrumentos para el desarrollo productivo*. Viewed at: <http://www.instrumentos.mecon.gov.ar>).

Regional fiscal incentives to promote investment and industrial development

53. Argentina also has fiscal incentives to promote investment in the various regions of the country.⁹² The purpose of these schemes is to compensate for the disadvantages inherent in the geographical location of the various regions, both in terms of distance from centres of consumption and suppliers, and in terms of infrastructure. The provinces also have their own laws providing for fiscal incentives to promote investment and industrial development (Table II.8).

Table II.8
Provincial fiscal incentives

Province and legal framework	Beneficiaries	Benefits
Buenos Aires Law on Promotion of Industry (Law No. 13.656/2008 and Decree No. 523/2008)	Activities regarded as priorities under the current Industrial Development Plan, with the exception of microenterprises and SMEs for which all physical, chemical or physical-chemical processes conducted at their place of business are eligible for the benefits set out in the Law. In the event of expansion, the increase in theoretical production capacity required to become eligible for the benefits must be at least 50%. When a new production process is adopted the new investment must be greater than 30% of the value of the existing fixed assets.	Full exemption from all provincial taxes for 10 years. Access to finance on preferential terms. Discounts on the cost of electricity, gas, water and communications services.
Catamarca Law on Economic Promotion and Fiscal Incentives (Law No. 5.238/2008 and Decree Nos. 641/2008 and 1.705/2008)	Activities that have no presence in the region but have a high impact on its development. Agrifood industries, containers, packaging, textiles, footwear that add value to output. Enterprises that are part of and/or complementary to production chains for olives, vines, walnuts, livestock and direct and/or indirect services provided in respect of those chains. Innovative production ventures. Activities that promote the marketing and consumption of products outside the province.	Full exemption from all provincial taxes for 10 years. Tax credit equivalent to a maximum of 40% of the investment, 30% of operating expenditure and 25% of the minimum wage for each permanent new job created.
Córdoba Provincial Law No. 9.611 (Incentives for Investment and Local Production)	Agricultural producers and rural contractors in Córdoba.	Repayment of 10% on purchases of agricultural machinery, agricultural equipment and high technology fittings to enterprises and concessionaires established in Córdoba.
Corrientes Industrial Development Trust Fund (Law No. 5.684/2005 and Decree No. 306/2006)	Physical or legal persons under private law who run business ventures or expand existing industrial or services-related business ventures; generate or expand industrial, manufacturing or remanufacturing production capacity; or generate new products, services or processes.	Subsidies for recruiting and training staff. Subsidies for interest rates on loans to be used in industrial investment and the payment of industrial electricity tariffs and other expenses. Non-repayable contributions for technological innovation.
Jujuy Law on Promotion of Industry (Law No. 4.392/88)	Physical and legal persons domiciled in the province.	Loans at a subsidized rate, technical assistance, tax and/or fiscal benefits, financial facilities.
Mendoza Scheme to Attract Investment and Promote Employment (Law No. 8.019/2009) ^a	Physical and legal persons established in the Argentine Republic whose principal activity is conducted in the territory of the province of Mendoza.	Tax credit for creating employment, valid for a maximum period of five years. Full exemption from all provincial taxes for 10 years. Fiscal stability for 10 years. Tax credit amounting to a maximum of 30% of the total investment in new ventures. Wage subsidies and an interest subsidy regime for production loans.

⁹² For example: Special Tax and Customs Regime for Tierra del Fuego, Antarctica and the South Atlantic Islands (Law No. 19.640); Patagonia Rural Development Project (Proderpa); Law No. 22.021 on the Promotion of the Provinces of San Luis, La Rioja and Catamarca (online information from the Ministry of the Economy and Public Finance, *Instrumentos para el desarrollo productivo*. Viewed at: <http://www.instrumentos.mecon.gov.ar>).

Province and legal framework	Beneficiaries	Benefits
Neuquén Provincial Law No. 378 (Economic Promotion - Regulation No. 664)	Enterprises established in Neuquén.	Exemption from provincial taxes and duties on legal instruments concerning the establishment and/or registration of companies, partnerships and/or entities making the proposed investment. Sale at fiscal price of publicly owned land where essential to secure the investment. Commitment by the provincial State not to authorize the establishment of another similar industry at provincial level for a pre-determined time-limit. Technical advice to the proposers. Commitment to give preference in all tenders for the provision or execution of public works to products obtained from a benefiting establishment, provided that in terms of quality and cost they match products from outside the province.
Salta Promotion of Investment in Production and Employment (Law Nos. 6.771/1995 and 6.910/1996 and Decree No. 2.931/1997)	Agricultural producers, microenterprises and SMEs, enterprises in general engaged in primary projects, industry, construction, mining (except for hydrocarbons), tourism, commerce and the output of services, established in provincial territory and generating new investment and employment.	Exemption from a percentage of provincial taxes for 10 years.
San Luis Investment Promotion Law (Law No. VIII-0664-2009)	Physical or legal persons, whether Argentine or non-Argentine, who invest in ventures involving activities in the fields of production, industry, agriculture, livestock, mining, real-estate, tourism, new technology, alternative energy sources or services in sums in excess of Arg\$150,000.	Exemption from provincial taxes on gross earnings, real estate, stamp duties, motor vehicles, trailers and motorcycles for 15 years on a scale as follows: 100% for the first five years; 50% for the next five years; 25% for the last five years. Non-transferable, named Tax Credit Certificate for an amount not exceeding 50% of the provincial taxes payable as a result of the investment project; to be used to pay any provincial tax payable by the taxpayer. Purchase of public land to construct industrial plant to implement the investment project; payable in five years free of interest, and with one year's grace. Decreasing subsidies for persons who recruit recipients under the Social Inclusion Labour Plan for San Luis, for up to two years. Subsidies on the interest rate on the project: full or partial refund of interest payable on any loan taken out.
Santa Cruz Provincial Law No. 3.092 (Law on Provincial Industrial Development and Promotion)	Physical or legal persons, whether Argentine or non-Argentine, domiciled in the provincial territory. Priority to secondary industries in the sectors of agriculture, livestock, forestry, mining, hydrocarbons, energy, fisheries, tourism, that meet some of the following non-exhaustive list of conditions: (a) they use raw materials, semi-manufactured products and natural resources originating in the province; (b) they enable the production of inputs required by the principal economic activities in the province and/or added value to raw materials for subsequent marketing provincially, nationally or internationally; (c) they have a multiplier effect on the provincial economy.	Refund of a maximum of 40% of the new investment made or of the increase in existing investments. Exemption from existing or future provincial taxes for a period of up to ten years, with an option for 15 years. Subsidy amounting to up to 50% of the supply costs of electricity, water and sewerage services for a period not exceeding four years. Subsidies of up to 49% on the interest rate on credit lines applied by Banco Santa Cruz S.A. in respect of recipient enterprises. Transfer of use of provincial land required for the construction of production-related infrastructure. Non-repayable provincial contribution for activity in the ports of Santa Cruz for up to four years.
Santiago del Estero Provincial Industrial Promotion and Development System	Physical and legal persons established under public, provincial or private law, established or authorized to operate in the country and foreign investors who establish a legal domicile in the province.	Refund of up to 30% of the investment over a maximum five-year period. Repayment of up to 50% or tax credit for the payment of provincial taxes for infrastructure works. Full or partial exemption on sliding scale from provincial taxes for 10 years. Subsidies of up to 50% on the interest rate for loans.

Province and legal framework	Beneficiaries	Benefits
Tucumán Investment Promotion System (Law No. 7.886/2007) and Emergency Decree on grounds of Necessity or Urgency No. 14/2008 ^b	Physical or legal persons, whether Argentine or non-Argentine, who are established or authorized to operate in the country and establish a legal domicile in the province and whose projects justify investment in ventures established in the province.	Exemption from provincial taxes for 15 years. Exemption from increases in the provincial tax burden for 15 years. Subsidy of up to 50% on the interest rate for credit lines.

a Applied only to activities in the fields of software, call centres, web-hosting and technological innovations.

b Law No. 6.699/1995 introduced the Industrial Promotion Scheme into the province of Tucumán. Repealed by Law No. 7.886/2007.

Source: Online information from the Ministry of the Economy and Public Finance, *Base de datos de Instrumentos para el Desarrollo Productivo: Jurisdicción provincial: Beneficios impositivos y/o fiscales: Tema de inversión*. Viewed at: http://www.instrumentos.mecon.gov.ar/intro_esquema.php.

(b) Credit programmes

54. Investors have access to lines of credit at preferential rates through institutions such as the Bank of the Argentine Nation (BNA), the Investment and Foreign Trade Bank (BICE), the Federal Investment Council (CFI) and bodies such as the Secretariat for Small and Medium-Sized Enterprises (SEPYME).⁹³ The aim of the programmes includes the promotion of investment, industrial competition and the consumption of goods produced in Argentina by offering medium term and long-term finance to sectors of the economy or regions of the country that are not conventional credit recipients, such as microenterprises and SMEs. This type of credit is principally granted to projects that promote investment, generate employment, strengthen production chains and enhance regional development.

Table II.9
Financing of investment and competitiveness, 2007 and 2012
(Arg\$ million)

Description	Amount granted	
	2007	2012
Bank of the Argentine Nation (BNA) credit lines		
Productive Investment Financing Facility - SEPYMEYDR (Assistance Programme for the Establishment of Productive Clusters) and BNA.		
Provision of finance to purchase capital goods of domestic origin, including new IVECO lorries manufactured in Argentina. Finance at a fixed interest rate for construction, plant, other equipment, technology for investment projects. Interest-rate subsidy of two annual percentage points for users of the SEPYMEYDR facility.	..	..
BNA and EMPRETEC Foundation Programme to finance innovative business ventures.		
New business ventures that have not entered the market and plan to do so within six months of disbursement of credit. Young businesses where less than two years have elapsed since the first fiscally registered sale.	..	..
Bicentennial Productive Financing Programme		
Credit granted at a fixed annual interest rate (in Argentine pesos) of 9.990% for a five-year loan.	n.a.	4,530

⁹³ For example SEPYME (www.sepyme.gov.ar) and the Social Capital Fund (FONCAP) S.A. (www.foncap.com.ar) (online information from the Faculty of Agronomy at the University of Buenos Aires, *Información sobre organismos y entidades que ofrecen financiamiento a emprendimientos*. Viewed at: <http://www.agro.uba.ar/unpuente/contenidos6.html>).

Description	Amount granted	
	2007	2012
Investment and Foreign Trade Bank (BICE) credit lines		
Programme to Finance Investment		
Finance for the purchase of capital goods for investment projects in the field of the production of goods and services	123,527	182,420
Finance for Renewable Energy Investment	n.a.	28,972
Finance for Projects in the field of Modernization and/or Technological Innovation in the Sector producing Goods of Domestic Origin (FONTAR)	n.a.	9,552
Finance for Investment in Environmental Improvement in Production Sectors	n.a.	0
Programme to Co-Finance Investment	n.a.	8,400
Finance for Regional Economies	57,228	2,496
Programme to Finance Investment - Blended Rate		
Finance projects to invest in and purchase new capital goods, regardless of whether or not they need to be registered, for the purposes of an investment project. Finance amounting to up to 80% of the total amount of the project excluding VAT. Finance for imported goods may not exceed 30% of all BICE assistance allocated to the project.	..	..
CAE-BICE		
Financial facilities for enterprises producing goods legally established in the country that have invoiced up to Arg\$200 million. The amount to be financed by the credit must be between Arg\$1 and Arg\$4 million, excluding VAT, and may cover up to 80% of investments required by the enterprise under the approved project. The interest rate to be charged on the loan is a blend where 85% comprises a fixed component of 6.45% annually (nominal annual rate or TNA), and 15% comprises a variable component calculated by adding a fixed margin of 150 basis points (1.50%) to the TNA.	n.a.	..
Subline financing Capital Goods of Domestic Origin		
To finance the purchase of capital goods of domestic origin. The interest rate to be charged on the loan is based on the enterprise's annual sales		

.. Not available.

n.a. Not applicable.

Source: Undersecretariat for Investment Promotion (2010), *Incentivos a la Inversión: ventajas de invertir hoy* Viewed at: http://www.inversiones.gov.ar/es/descargas/Guia_del_Inversor/incentivos-a-la-inversion/Incentivos-a-la-Inversion-2010/, and online information from the Ministry of the Economy and Public Finance *Instrumentos para el desarrollo productivo*. Viewed at: http://www.instrumentos.mecon.gov.ar/intro_esquema.php and information from the Argentine authorities.

55. The BNA plays an important role in the country's development policy, for example by providing assistance to SMEs and businesses in locations of low economic vitality that are a long way away from major centres. Additionally the BNA promotes and supports external trade, notably by encouraging the export of Argentine goods, services and technology, and provides financial assistance to "enterprises producing" goods and services, credit for investment and working capital, and awarding finance and guarantees to external trade activities.⁹⁴ The BICE, a financial institution for development established in 1992, is a second tier public bank that awards medium and long-term credit to promote productive investment and foreign trade among Argentine enterprises.⁹⁵ The CFI is a federal body whose aim is to promote the harmonious development of Argentine provinces and regions by directing investment towards all sectors in the national territory.

(c) Support for research, development and improving competitiveness.

56. The Ministry of Science, Technology and Innovative Production was established in December 2007 and was entrusted with generating competitiveness and strengthening the "Argentine

⁹⁴ Online information from the BNA. Viewed at: <http://www.bna.com.ar/institucional/institucional.asp>.

⁹⁵ It has also made direct loans to businesses since October 2003 (online information from the BICE. Viewed at: www.bice.com.ar *Créditos para Inversión*. Viewed at: http://www.bice.com.ar/bice_en/index.asp).

model of production" through research and innovation in science and technology.⁹⁶ The National Agency for the Promotion of Science and Technology (ANPCyT), established in 1996, and the Federal Science and Technology Council (COFECyT), established in 1997, have been agencies of the Ministry since 2007 and are responsible for promoting investment in scientific and technological projects.⁹⁷ To that end the ANPYyT administers four funds and the COFECyT five credit lines (Table II.10). To be eligible for finance, projects must promote applied scientific research and "precompetitive technology" and adapt or improve technologies.

57. The number of programmes run by both the ANPCyT and the COFECyT increased during the period of this Review. In 2008 the ANPCyT launched a new fund, the Argentine Sectoral Fund, and the COFECyT established two new credit lines to support technological development within municipalities and the tourism sector.⁹⁸ As at 2011, the four funds administered by the ANPCyT offered 22 credit lines, some exclusively to finance SMEs.⁹⁹ The recipient enterprises and institutions can choose to receive "non-repayable contributions (ANR)", loans or tax credits. The benefits granted under these programmes rose between 2007 and 2011 (Table II.10).¹⁰⁰ Projects are selected through a public tendering process.¹⁰¹

Table II.10
Incentives for research, development and improving competitiveness, 2007 and 2011
(Arg\$ million)

	Amount granted in 2007				Amount granted in 2011			
	Support	Credit	Tax credit	Total	Support	Credit	Tax credit	Total
ANPCyT Funds								
Argentine Technological Fund (FONTAR)	33.4	161.9	22.6	217.9	134.9	110.5	40.0	285.4
Scientific and Technological Research Fund (FONCyT)	182.5	n.a.	n.a.	182.5	243.5	n.a.	n.a.	243.5
Trust Fund for Promotion of the Software Industry	6.9	0.6	n.a.	7.5	59.0	0.3	n.a.	59.3
Argentine Sectoral Fund (FONARSEC)	n.a.	n.a.	n.a.	n.a.	306.7	n.a.	n.a.	306.7
Total	222.8	162.5	22.6	407.9	744.1	110.8	40.0	894.9
COFECyT credit lines								
Technological Support for the Tourism Industry (ASETUR)	n.a.	n.a.	n.a.	n.a.	24.0	n.a.	n.a.	24.0
Municipal Technological Development Projects (DETEM)	n.a.	n.a.	n.a.	n.a.	33.6	n.a.	n.a.	33.6
Federal Projects for Innovation in Production (PFIP)	14.4	n.a.	n.a.	14.4	n.a.	n.a.	n.a.	n.a.

⁹⁶ Online information from the Ministry of Science, Technology and Productive Innovation, *El Ministerio: Presentación*. Viewed at: <http://www.mincyt.gov.ar/ministerio/presentacion/index.php>.

⁹⁷ Decree Nos. 1.660/1996 and No. 1.113/1997.

⁹⁸ National Agency for the Promotion of Science and Technology (2011) and online information from the Federal Science and Technology Council, *Líneas de financiamiento*. Viewed at: http://www.cofecyt.mincyt.gov.ar/Linea_financiamiento.htm.

⁹⁹ National Agency for the Promotion of Science and Technology (2012) and online information from the National Agency for the Promotion of Science and Technology. Viewed at: <http://www.agencia.gov.ar>.

¹⁰⁰ National Agency for the Promotion of Science and Technology (2012).

¹⁰¹ Online information from the National Agency for the Promotion of Science and Technology. Viewed at: <http://www.agencia.gov.ar>. Online information from the Federal Science and Technology Council. Viewed at: <http://www.cofecyt.mincyt.gov.ar/>, and online information from the Ministry of the Economy and Public Finance, *Instrumentos para el desarrollo productivo*. Viewed at: http://www.instrumentos.mecon.gov.ar/intro_esquema.php.

	Amount granted in 2007				Amount granted in 2011			
	Support	Credit	Tax credit	Total	Support	Credit	Tax credit	Total
Federal Projects for Innovation in Production – Linkages in Production (PFIP - ESPRO)	14.4	n.a.	n.a.	14.4	43.2	n.a.	n.a.	43.2
Institution-Building Projects ^a	-	n.a.	n.a.	-	-	n.a.	n.a.	-
Total	28.8	n.a.	n.a.	28.8	100.8	n.a.	n.a.	100.8

n.a. Not applicable.

a Line not used.

Source: Online information from the National Agency for the Promotion of Science and Technology (ANPCyT). Viewed at: <http://www.agencia.gov.ar/spip.php?article49>, online information from the Federal Science and Technology Council (COFECyT). Viewed at: <http://www.cofecyt.mincyt.gov.ar/>, and information provided by the Argentine authorities.

(d) Micro, small and medium-sized enterprises (MSME)

58. The MSME sector continues to be extremely important to the Argentine economy and a priority of the national development strategy; the State therefore seeks to foster and promote the sector through various support programmes. The sector generates around 65% of employment and accounts for 40% of GDP.¹⁰² Exports from MSMEs represent 15% of the national total.¹⁰³

59. The operation of MSMEs in Argentina is governed by Law No. 24.467 as amended, which seeks to promote their growth and development by creating new support instruments and consolidating those already in place. Since the Law was promulgated the State has continued to develop credit instruments and tools for technical assistance and training by introducing an interest subsidy regime to reduce the cost of credit, stipulating that the BNA and the BIUCE must have special credit lines available to MSMEs, and establishing a system of Mutual Guarantee Societies (SGR). Argentina promotes the formation of consortia of SMEs, especially those that are export-oriented.¹⁰⁴

60. The National Fund for Microenterprise and SME Development (FONAPyME) was established in 2000 under the MSMEs Development Law (Law No. 25.300) to provide capital contributions and medium and long term finance for investment. The Microenterprise, Small and Medium-Sized Business Guarantee Fund (FOGAPyME) was also established, as was the training tax credit scheme and the Compremipyme Programme requiring national Argentine public bodies to apply a 5% preference rate to tenders from MSMEs supplying goods or services produced in Argentina for purposes of comparison with the best tender. Compremipyme also stipulates a minimum preference rate of 10% in tenders or bids for the procurement of goods and services in which only MSMEs are competing (Chapter III (4)(v)).

61. The objective of the Secretariat for Small and Medium-Sized Enterprises and Regional Development (SEPYMEyDR) at the Ministry of Industry is to support the development of MSMEs through various programmes, including tax credit programmes for training; perform analyses and implement action plans to improve management and competitiveness; and provide improved access to credit through the interest subsidy regime and direct credit under FONAPyME. Since 2010, access to SEPYME's assistance programmes and other programmes focused on MSMEs has been available to

¹⁰² Information provided by the authorities.

¹⁰³ Information provided by the authorities.

¹⁰⁴ Law No. 24.467/95.

enterprises whose total sales in Argentine pesos are not higher than figures specifically provided for in the law (Table II.11). An SME must be in compliance with its tax obligations in order to be eligible to access the benefits.

Table II.11
Definition of enterprise
(Arg\$ million)

	Agriculture	Industry and mining	Commerce	Services	Construction
Micro	0.61	1.8	2.4	0.59	0.76
Small	4.1	10.3	14	4.3	4.8
Medium-sized	24.1	82.2	111.9	28.3	37.7

Source: Resolution No. 21/2010.

62. The Government's policy on SMEs does not comprise only the programmes run by the SEPyME. MSMEs are also eligible for specific programmes run by various institutions (Table II.12). The provinces also have specific programmes to assist MSMEs.

Table II.12
Support programmes for MSMEs, 2007 and 2012
(Arg\$ million)

Description	Amount granted	
	2007	2012
Finance programmes		
Investment Finance in Productive Industries for Various Activities - BNA		
Finance amounting to up to 80% of the value of the purchase or charge, excluding VAT, at subsidized interest rates for the procurement of new capital goods of domestic origin to be used in construction, installation and purchase of equipment and technology in investment projects. Interest rate subsidized by the BNA and the SEPyME. Subsidy individually determined, depends in particular on the domicile of the enterprise.	..	526.9 ^a
Regional and Sectoral Development Programme (PRODER) - BNA		
Credit line for assisting the implementation of sectoral projects promoted through various intermediate organizations (chambers, associations, federations, development agencies and others) that focus on the sector's common objectives. The loan can be used to finance up to 90% of the total investment at an interest rate set at 60% of the rate paid on the general BNA portfolio plus a subsidy of 5 points.	b	b
Investment and Foreign Trade Bank (BICE) credit lines		
SME Stimulus Programme: Credit line in Argentine pesos with a fixed rate subsidized by the Undersecretariat for SMEs.	..	..
Credit Line for SMEs and Cooperatives - BICE		
Finance investment projects for SMEs and cooperatives. The interest rate to be charged on the loan will be based on the annual sales figures for the SMEs and cooperatives.	..	0.1
Working Capital Finance Programme for MSMEs - BICE		
Credit line to finance working capital for various economic activities. Maximum amount of finance is Arg\$300,000 at a fixed interest rate of 11% (TNA).	..	..
Federal Investment Council (CFI) credit lines		
Revival of production: credit to finance working capital, fixed assets and preinvestment. Regional Exportable Production: credit to prefinance exports and support exportable production (working capital, fixed assets and preinvestment).	132.3	130.3
Subsidized credit		
The State assumes responsibility for a proportion of the financial cost of bank loans for the procurement of new capital goods, the formation of working capital, prefinancing and financing of exports, etc.	..	..
SEPYME interest subsidy regime		
Credit lines subsidized by financial entities. Credit granted for the procurement of capital goods and for working capital. The subsidized proportion ranges between 3 and 8 percentage points, based on the level of development in each region, but does not exceed 50% of the rate offered.	199.0	1,333.0
National Fund for Microenterprise and SME Development (FONAPyME)		
To finance projects directed at the domestic market with the principal emphasis on replacing imports, generating added value and employment, and promoting regional development. For investment projects, capital goods, construction and plant (up to 70% of the project) and raw materials (only those associated with the project and up to 10% of the amount of credit). Interest rate set at 50% of the rate paid on the general BNA portfolio, equivalent to 9.43% annually (April 2012).	9.0	159.0

Description	Amount granted	
	2007	2012
Direct support for Businesses - Competitiveness and Credit Access Programme (PACC)		
To co-finance through non-repayable contributions up to 60% of the investment in technical assistance and/or training in activities identified as important for improving competitiveness. The maximum ANR is Arg\$90,000 but it must not account for more than 60% of the investment made. Non-eligible businesses are businesses in the brokerage, financial, insurance, professional legal or accountancy services sectors; businesses where more than 49% of the stock is held by foreigners; and importing businesses where the turnover on imported goods accounts for more than 25% of total turnover.	..	118.0
Other support programmes		
Tax Credit Scheme for SMEs and Large Businesses - MTEYSS		
Participating businesses receive tax credit certificates that may be used to pay income/profit taxes, presumptive minimum profit tax, domestic taxes and VAT. SMEs can finance projects for the equivalent of 8% of their total annual payroll plus their respective employer contributions.	7.7	28.0
Support for Local Production Systems		
Technical assistance, training and market access through non-repayable contributions for Argentine SMEs belonging to a Local Production System.	0.3	4.5
Training Tax Credit		
Tax benefits to be used for technical assistance. Issue of endorsable tax credit certificates that can be used to pay taxes collected by the Federal Public Revenue Administration.	..	..

. Not available.

a To August 2012.

b Over the period 2006-2011 Arg\$5,589,634 were allocated to FOMICRO and Arg\$34,069,737 to FONDER.

Source: Undersecretariat for Investment Promotion (2010), *Incentivos a la Inversión: ventajas de invertir hoy*. Viewed at: http://www.inversiones.gov.ar/es/descargas/Guia_del_Inversor/incentivos-a-la-inversion/Incentivos-a-la-Inversión-2010/, and online information from the Ministry of the Economy and Public Finance, *"Instrumentos para el Desarrollo Productivo"*. Viewed at: http://www.instrumentos.mecon.gov.ar/intro_esquema.php.