
SUMMARY

1. The production and exportation of agricultural products are of particular importance for the Argentine economy. Argentina is one of the world's leading exporters of soya beans and soyabean by-products, maize and sunflowers. It is also a major producer and exporter of other cereals, beef (bovine meat) and dairy products. Value chains have been created for soya beans, maize, meat, sunflowers, dairy products and other products, which significantly contribute to GDP and employment and are major sources of foreign currency. Since Argentina's previous review in early 2013, the production sectors linked to exports, particularly agriculture, have been the strongest performers. In general, the external sector has continued to play an important role in the Argentine economy. Despite the contraction in exports and the economy in general during the review period, exports have not only contributed to maintaining the balance of payments and preventing a further decline in GDP, but have also been a significant source of public sector financing.
2. The period under review saw overall domestic demand contract in real terms, which resulted in an average annual decline in real GDP of 1.5% between 2012 and 2020 (0.3% if 2020 is excluded). On average, net exports contributed positively to GDP growth throughout the period 2012-20. The weak economic growth and the devaluation of the Argentine peso against the US dollar resulted in a stagnation and subsequent fall in GDP per capita, which declined from USD 13,932 in 2012 to USD 8,442 in 2020. From 2012 to 2020, the Argentine economy recorded high levels of inflation and external debt and there was strong pressure on the exchange rate. In this regard, the contraction in GDP and the subsequent decline in income per capita are due partly to the measures adopted to contain inflation and to the increase in the fiscal deficit and public debt. The economic situation worsened as a result of the health crisis, which intensified the economic recession that began in 2018 and caused GDP to fall by 9.9% in 2020 and the unemployment rate to rise to 11%.
3. The period under review saw growing fiscal deficits caused primarily by a drop in fiscal revenue in real terms. Despite the high number of taxes in force, Argentina's level of fiscal revenue in relation to GDP is relatively low. One of the fiscal policy objectives is to boost revenue, which could be achieved by simplifying the tax system and carrying out further tax reforms to complement those undertaken in 2017 and 2019. Argentina recorded an annual primary deficit during the period 2012-20, which ranged from 0.2% to 4.2% of GDP for the national non-financial public sector (NFPS). In 2020, the primary deficit of the NFPS increased again to 6.5% of GDP and the national financial deficit to 8.5% of GDP, mainly as a result of the measures adopted to address the COVID-19 pandemic and the decrease in fiscal revenue caused by the fall in economic activity.
4. During the period under review, Argentina introduced a new methodology for measuring inflation, which provides greater coverage. In December 2016, the Greater Buenos Aires consumer price index (IPC-GBA), which reflected the price variations in that area, was replaced by an index providing national coverage. This index rose by 24.8% in the 12 months to December 2017, and then saw an accelerated increase, reaching 53.8% in the 12 months ending in December 2019. In the 12 months to December 2020, the increase in the consumer price was down to 36%, partly due to weak domestic demand.
5. Between 2012 and 2015, Argentina adopted monetary programmes with an expansionary approach in order to address its economic weaknesses. An inflation targeting scheme was implemented between 2015 and 2018, with a view to reducing inflation expectations. This approach was abandoned in September 2018 due to the accelerated depreciation of the peso, greater price correction and an increase in inflation expectations. In order to contain inflation, a new monetary policy regime based on monetary base control and outlining intervention zones for the exchange rate was adopted. However, in August 2019, inflation expectations and the perception of the risk associated with Argentine assets went up again, which led to a depreciation of the exchange rate, a rise in the benchmark interest rate and a drop in international reserves. The depreciation of the peso caused inflation to accelerate, which resulted in the application of a more contractionary monetary policy and of measures aimed at regulating access to the foreign exchange market and reducing the loss of international reserves, such as the compulsory liquidation on the domestic market of the foreign exchange earnings of exporters of goods and services and the requirement for the Central Bank to authorize purchases by natural persons that exceed USD 10,000. Following the change of administration in 2020, a monetary and exchange rate policy was outlined, aimed at helping to normalize economic activity, supporting a gradual process of disinflation, promoting exchange rate stability and strengthening the international reserve position while maintaining the foreign exchange regulations in force in order to minimize possible pressures on the foreign exchange market. The

monetary policy became more expansionary so as to address the negative effects of the COVID-19 pandemic, in particular through an increase in credit.

6. The current account of Argentina's balance of payments was in deficit each year within the period 2012-19, although a surplus was recorded in 2020 (0.8% of GDP). This was mainly due to the decline in imports of goods and services following the contraction in domestic demand caused by the health crisis-related drop in levels of activity, and to the interest payment relief through the renegotiation of debt. The current account deficit reached 5.2% of GDP in 2018 before declining significantly to 0.9% of GDP in 2019. The merchandise trade balance was in surplus for most of the period, although both exports and imports recorded a sharp fall between 2012 and 2019, of 19% and 28% respectively. 2020 saw a further contraction in both exports and imports, meaning that exports amounted to just 68% of the 2012 level, and imports to 62%.

7. Argentina's total external debt increased significantly during the review period, from USD 156,478 million in 2012 (26.9% of GDP) to USD 271,505 million in 2020 (70.9% of GDP). In 2020, Argentina renegotiated its external debt with the creditors of securities issued under both foreign and Argentine law, which led to a reduction in rates and an extension of the maturity profile. Securities for USD 63,207 million and EUR 4,185 million were swapped in the negotiations with creditors subject to foreign law. In the renegotiation of the debt under domestic law, new bonds for USD 41,724 million and new inflation-adjustable bonds (BONCER) for ARS 57,683 million were issued.

8. During the period under review, active use was made of monetary, exchange rate and fiscal policies, and also of a number of trade policy instruments, including registration requirements for imports and exports, import licensing and export taxes. At the end of 2019, Argentina introduced an emergency economic package with measures including subsidies for the most vulnerable, tax exemptions/reductions for low-income groups, an increase in export taxes, an increase in the statistical tax on imports from 1% to 3%, and the introduction of a 30% tax on foreign exchange transactions, effective for five years.

9. International trade in goods accounted for 25.3% of GDP in 2020, a percentage similar to that observed in 2012, despite the decline in trade flows. Between 2012 and 2020, Argentine exports of goods fell at an annual average rate of 4.6% (to USD 54,884 million in 2020) and imports decreased at an annual average rate of 5.7% (to USD 42,356 million in 2020). The drop in exports largely reflects the deterioration in the terms of trade, while the fall in imports is a reflection of the weak domestic demand for both consumer and capital goods.

10. Argentina is a major exporter of agricultural products, which continued to be its leading export item, accounting for 63.3% of the total in 2020. Seed oils, soya beans, wheat, maize and beef (bovine meat) are the main export products. The share of manufactured goods in total exports decreased in the review period, mainly due to the steep fall in exports of automotive and chemical products. On the other hand, manufactured products accounted for 85% of imports in 2020. The evolution of the composition of imports over the review period shows an increase in the share of machinery and equipment and chemical products, as well as a sharp decline in the importation of vehicles and fuels. The main markets for Argentine exports in 2020 were Brazil (14.5% of the total), the European Union (12.2%), China (9.6%), the United States (6.0%) and Chile (5.3%). The main sources of imports were Brazil (20.4% of the total), China (20.4%), the European Union (15.6%) and the United States (10.4%).

11. During the period under review, Argentina had three successive administrations and saw a number of changes made to its institutional structure, in particular with regard to the functions and names of the various ministries. The Ministry of Foreign Affairs, International Trade and Worship; the Ministry of Productive Development; and the Ministry of Agriculture, Livestock and Fisheries are currently responsible for formulating and implementing trade policy.

12. One of the main aims of Argentina's trade policy is to boost the country's participation in international trade by increasing and diversifying exports, for which reason the policy seeks to integrate SMEs into export activity and international value chains, and promote social inclusion. As part of its internationalization strategy, Argentina also considers that it is vital for women to play an even more prevalent role, since gender equality is fundamental for development and growth. Argentina continues to actively use trade policy measures as a tool to achieve objectives in areas

that occasionally extend beyond trade. This includes objectives for both the long term (growth and economic development) and the short term (greater fiscal revenue, containment of inflation, or maintenance of the balance-of-payments equilibrium). Frequent amendments have been made to laws and regulations in order to fulfil various objectives through trade policy instruments. However, while these amendments seek to achieve concrete results, they may end up further complicating the trade regime by making it less predictable, and may even undermine the effectiveness of certain policies. For example, although export promotion is one of the main trade policy objectives and efforts are being undertaken to stimulate exports through measures such as export refunds and other incentives, export duties are being used at the same time to achieve revenue targets, which discourages exports.

13. Argentina is a founding Member of the WTO and grants, as a minimum, most-favoured-nation (MFN) treatment to all its trading partners and regularly submits notifications concerning its trade and related measures. Argentina is of the view that it is important for the WTO to resume its central role in international trade and for there to be a rules-based, open and equitable multilateral trading system that contributes to inclusive development. Argentina advocates the reduction of restrictions and distortions in the agriculture and fisheries sectors. The country also supports the discussions on new trade issues. Argentina ratified the Trade Facilitation Agreement and the Protocol Amending the TRIPS Agreement. The country is an observer in the Committee on Government Procurement, but has no immediate intention to accede to the Agreement on Government Procurement (GPA).

14. Argentina is a founding member of the Southern Common Market (MERCOSUR). The period under review saw the entry into force of the agreements concluded by MERCOSUR with Colombia, Egypt and the Southern African Customs Union (SACU). In 2019, MERCOSUR concluded agreements in principle with the European Free Trade Association (EFTA) and the European Union (EU). 2019 also saw Argentina agree new provisions for trade in automobiles with Brazil, Mexico and Paraguay. In the cases of Mexico and Brazil, the zeroing of tariffs had been planned for 2019 and 2020, but was postponed until 2022 and 2029, respectively.

15. Argentina grants national treatment to foreign investment. Foreign investors do not require authorization to invest, but foreign direct investment must be registered for statistical purposes. Foreign investors may transfer profits abroad, repatriate invested capital, and pay interest, dividends, profits or royalties abroad, provided that they comply with the provisions regulating access to and the functioning of the foreign exchange market, which is currently subject to restrictions. Domestic and foreign private investment is permitted in the majority of activities, with certain exceptions. There are limits on foreign participation in the media and certain restrictions on the purchase of land. Fishing in waters under Argentine jurisdiction and maritime cabotage services are generally reserved for Argentine nationals. In 2021, a new regime to promote investment in non-traditional export products was introduced, enabling exporters to use part of the foreign currency that they have earned through restriction-free exportation.

16. The import and export requirements have not changed substantially since 2013. Importers and exporters must complete a one-off registration with Argentina's register of exporters and importers and with other special customs registries. During the period under review, Argentina abolished a number of its import registers, while others were maintained or established.

17. Argentina's tariff is based on the MERCOSUR Common External Tariff (CET), which is currently based on the 2017 Harmonized System (HS). Argentina uses only *ad valorem* tariffs, but the Executive is empowered to set specific import duties where necessary. In 2020, the simple average MFN tariff remained at its 2012 rate of 11.4%. The average applied MFN tariff for agricultural products (WTO definition) was 10.4% (10.1% in 2012). Like in 2012, this was below the protection accorded to non-agricultural products, namely, 11.5%. Argentina has no MFN tariff quotas. However, it has negotiated preferential tariff quotas under a number of its trade agreements. Argentina offers tariff concessions to promote certain economic sectors. In some cases, such concessions apply only to a specific quota. Exemptions are also offered for imports under certain import regimes and procedures, including the temporary admission import regime, the in-factory customs procedure (RAF) and the free zone and special customs area regimes. In 2020, in response to the health emergency, Argentina temporarily exempted vaccines and disposable material from all import duties and all other taxes, levies or contributions.

18. In addition to tariffs, a statistical tax, a verification-of-destination tax, value added tax (VAT) and internal taxes (or selective consumption taxes) are levied on imports. These internal taxes,

which affect sales and imports of certain goods (beverages, tobacco, motor vehicles and engines, vessels and aircraft for pleasure or sports, and electronic products), are levied on 130% of the value resulting from adding import taxes and the internal taxes themselves to the customs value. The Executive may increase the rates of these taxes by up to 25%, reduce or cancel them where the economic situation requires such action to be taken. A number of the rates increased during the review period. Some products are subject to a minimum tax; others are taxed only if the value is above a minimum selling price.

19. Argentine legislation allows the authorities to prohibit imports (and exports) of goods for economic and non-economic reasons. Prohibitions laid down for economic reasons seek to promote employment and domestic production, stabilize prices and protect industrial property and consumers. Non-economic prohibitions are imposed to protect public health and safety, artistic heritage and the environment, and to implement international treaties. Argentina currently uses prohibitions for non-economic reasons only.

20. Administering import licences remains one of the main components of Argentina's trade policy. All goods imported for final consumption require either an automatic or a non-automatic import licence. The lists of products requiring each type of licence are updated as and when the circumstances so require, rather than at predetermined intervals, meaning that the number of products for which licences are required changes regularly. In 2020, non-automatic licences were required for 14.3% of all tariff lines, which is a substantial increase on 2012, when only 6% were subject to non-automatic licensing. The types of products affected by the measure have not changed substantially since 2012. Most non-automatic licences are still for textiles, machinery and appliances, and base metals.

21. During the period under review, Argentina continued to actively use anti-dumping measures. Between 2013 and 2020, the country initiated 199 anti-dumping investigations, including reviews; imposed 151 definitive anti-dumping measures, including reviews; and accepted nine price undertakings. A total of 41 anti-dumping investigations – or 21% of those initiated during this period – concluded without the imposition of duties. In March 2021, there were 114 definitive anti-dumping measures and one provisional anti-dumping measure in place, compared to 85 measures in force at the end of 2012. Definitive measures were imposed on 24 trading partners, especially China (55% of measures), Brazil (12%) and India (5%). Most of the anti-dumping duties were applied to plastics and articles thereof, machinery and mechanical appliances, electrical equipment, tools and cutlery of base metal, and vehicles other than railway or tramway rolling-stock, and parts and accessories thereof. The value of the imports in the dumping cases investigated between 2013 and 2019 ranged from USD 686 million to USD 958 million per year, representing between 1.2% and 1.7% of total imports. During the period under review, no investigation procedures were initiated under the Agreement on Subsidies and Countervailing Measures or the Agreement on Safeguards.

22. Argentina applies a number of export requirements, such as exporter registers and the use of sworn declarations of foreign sales (DJVEs) to register exports of certain agricultural products. The use of DJVEs, the purpose of which is to ensure a more steady incoming flow of foreign currency and to provide information in advance on the projected volume of exports, was modified a number of times over the review period.

23. Export duties are currently levied on all Argentine exports, with rates ranging from 0% to 33%. During the period under review, both the products subject to export duties and the rates of such duties were modified on a number of occasions. In 2021, 92.7% of tariff lines were subject to a rate of less than 5%. Export duties are an important source of tax revenue; the revenue obtained from export duties increased progressively before peaking in 2019. In 2020, there was a decrease in the revenue obtained from export taxes, which was caused by the reduction of rates and decline in the volume of exports as a result of the health crisis. This revenue accounted for 13.5% of NFPS tax revenue, 5.7% of the total revenue obtained and 12.7% of the total value of exports. As a "major exporter" (with a share exceeding 5% of total global exports) of certain cereals, oil seeds and oilcake, and vegetable oils, Argentina's occasional application of high export duties (such as for soya beans) could, to a certain extent, affect these products' terms of trade.

24. Argentina offers fiscal incentives to promote exports, which include the free zone programme, drawback, an internal tax refund system, the turnkey plant export regime, and a number of special customs regimes such as the *Exporta Simple* (simplified export) regime and the temporary admission

import regime for inputs. Argentina notified the WTO Committee on Agriculture that it had not granted any subsidies to exports of agricultural products over the period 2013-19.

25. During the period under review, various incentive programmes continued to be implemented at the national and provincial level, with the aim of promoting investment, competitiveness and exports. In addition to the sectoral incentives, there are a number of horizontal programmes that seek to stimulate investment and technological innovation, promote the development of SMEs, and facilitate access to credit at preferential or fixed interest rates. There are also incentive programmes for specific geographical areas. Argentina has notified to the WTO the sectoral incentive programmes for mining, forestry activity and capital goods, information technology and telecommunications products, as well as the free zone regimes.

26. The preparation and review of mandatory technical regulations is the responsibility of the relevant ministry or regulatory authority. As a general rule, Argentine technical regulations are based on international or regional standards. There is no legally-established timeframe after which technical regulations are to be reviewed; the authority responsible decides when the review takes place. Between 1 January 2013 and 31 December 2020, Argentina submitted 360 notifications to the WTO Committee on Technical Barriers to Trade. Of these, 129 were regular notifications, of which 118 concerned draft technical regulations. During the period under review, no concerns were raised by Argentina's trading partners regarding the country's technical regulation-related practices.

27. While sanitary and phytosanitary (SPS) measures are formulated, adopted and implemented by a number of institutions, these institutions all follow a similar procedure for the preparation of such measures. In 2017, it was decided that resolutions introducing new SPS measures must expressly set a period of validity not exceeding four years, which may only be extended once. An import authorization is required for the entry into the country of products and by-products of plant or animal origin or food items from abroad, which must meet all the relevant sanitary, phytosanitary, zoosanitary and/or safety requirements. In addition to the import authorization, a phytosanitary import authorization (AFIDI) is required for imports of plants or parts thereof that are considered to pose a phytosanitary risk. Between 1 January 2013 and 31 December 2020, Argentina submitted 99 SPS notifications (including addenda and corrigenda) to the WTO. During this period, WTO Members did not express any new trade concerns regarding the SPS measures adopted by Argentina.

28. In 2018, Argentina passed a new competition law that modernizes its legislation in the area, establishes a new competent authority, withdraws all relevant powers granted to other state bodies or entities, and incorporates new elements such as leniency programmes and civil fines in favour of the injured party. The new law draws a distinction between prohibited, absolutely restrictive and restrictive practices. The law applies to all public or private natural or legal persons that undertake economic activities in Argentine territory, as well as to those engaged in economic activities abroad, insofar as these activities may have an effect on the domestic market. It also incorporates new provisions on mergers, which set new thresholds for their notification and provide that the merger may only be completed once approved by the competent authority. In contrast, the previous law allowed notification to be given up to one week after the completion of the transaction.

29. Argentina continues to apply price regulation and marketing policies. The legislation in this area was amended in 2014 and authorizes the implementing authority to establish profit margins, reference prices and maximum and minimum prices; issue marketing, intermediation, distribution and/or production regulations; and set minimum levels or quotas for production, industrialization, marketing, transport, distribution or provision of services, in order to ensure domestic supply. Due to the COVID-19 pandemic, this type of measure was used for various medical products and instruments and medicines. Moreover, in December 2019, an agreement was reached with pharmaceutical companies to reduce medicine prices by 8% and subsequently freeze these prices (currently until 31 October 2021). The State also works to reach agreements with the various trade associations concerning the prices of a number of products, such as certain cuts of beef, tobacco, some hydrocarbons, and electricity and basic telephone tariffs, in addition to subsidizing the price of liquefied petroleum gas (LPG) for household consumption. Since 2014, price agreements have been signed with supermarkets and manufacturers of basic consumer goods that are part of the *Precios Cuidados* (preserved prices) programme. As of March 2021, the list of preserved retail prices contained 685 products, mainly frozen foods, pasta, dairy products, bread, cold meats, beverages, certain cuts of meat, vegetables, and also lighting, perfumery and cleaning products. There is also

a list of preserved wholesale prices, which, in March 2021, contained 460 headings, as well as a list of preserved construction prices with 117 headings.

30. Argentina is not party to the WTO Plurilateral Agreement on Government Procurement, but has been an observer in the Committee on Government Procurement since 1997. The Argentine procurement system is organized on the basis of a centralized approach to policies and regulations, and a decentralized approach to operational management. Invitations to tender, basic specifications and conditions, the tender opening record, the evaluation ruling, contract awards and purchase orders are made available on the COMPR.AR electronic procurement system. The electronic portal for the procurement of public works (CONTRAT.AR) is used for the procurement of public works in electronic form. Under current rules, contracts are to be awarded to the bid that is most advantageous for the contracting agency in terms of price, quality, bidder suitability and other conditions of the bid. The granting of preferences is authorized under the procurement regime. Preferences for goods of domestic origin are granted for all procurement with a value exceeding the direct contracting threshold. The margin of preference for tenders of goods of domestic origin is 15% for MSMEs and cooperatives and 8% for other enterprises. In 2020, the most used government procurement procedure was open tendering (51.1% of the total), followed by direct contracting (38.8%) and selective tendering (10.2%).

31. The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) forms part of Argentine legislation. Argentina is party to a number of the treaties administered by the World Intellectual Property Organization (WIPO) and since the previous review in 2013 has acceded to the Marrakesh VIP Treaty. Argentina is also party to non-WIPO multilateral intellectual property treaties. During the period under review, Argentina signed the Convention on Cybercrime, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity, and the International Treaty on Plant Genetic Resources for Food and Agriculture. The prioritized examination of patents (PEP) programme was established in 2019 to speed up the substantive examination of applications and thus the registration of inventions.

32. The agricultural sector is very important for Argentina because of the scale of its production and its contribution to exports and GDP. Agriculture's share of GDP (including livestock and forestry, but not food processing) was 6.5% in 2020. Argentina is one of the world's leading producers of sunflower seed oil, soya beans and soyabean oil, honey, lemons and beef (bovine meat). The country's chief exports are oilseed-related products, livestock products and cereals. The average MFN tariff applied to agricultural products (WTO definition) in 2020 was 10.4% lower than the overall average. Argentina has no tariff quotas at the multilateral level, but it does apply a small number of preferential tariff quotas under regional trade agreements. Export duty is payable on agricultural products and currently ranges from 5% to 33%. Argentina uses the previously-mentioned DJVEs to keep a register of exports of certain agricultural products.

33. Argentina maintains a series of domestic support programmes for the agricultural and agro-industrial sector. An interest-rate subsidy programme for small-scale agricultural producers is implemented through banking institutions in order to finance, above all, investment and working capital for dairy, livestock, pork, poultry and honey production. A series of programmes are also run to facilitate, fund and promote agricultural activity, innovation and development in production, with a view to enhancing the competitiveness of the agro-industrial sector. One of the main federal programmes is the provincial agricultural services programme (PROSAP), through which projects are implemented to increase the coverage and quality of rural infrastructure and agri-food services. PROSAP, which provides non-repayable contributions of up to 60% of the investment, is mainly geared towards primary producers and MSMEs seeking to integrate into value chains. In addition, the *Cambio Rural* (rural change) programme encourages agri-food and agro-industrial MSMEs, the cooperative sector and family farmers to innovate and form partnerships to develop projects aimed at improving output and increasing added value. The National Agro-Industrial Trust Fund (FONDAGRO), created in 2016, finances projects through non-repayable contributions and direct credit at below-market interest rates.

34. Living marine resources in waters under Argentine jurisdiction may only be exploited by natural persons domiciled or legal persons incorporated in Argentina that have obtained a fishing permit. Fishing vessels must be listed in the national register. Catches must also be unloaded in Argentine ports, except in cases of *force majeure* and subject to prior authorization. A fishing quota must be allocated or a fishing permit obtained if the species is not subject to a quota. In 2019,

Argentina notified the WTO that the country had no specific programmes for fisheries subsidies during the period from 1 July 2016 to 30 June 2018.

35. Mining policy is formulated at the national and provincial levels. A number of agreements have been reached between the national government (the Government) and the provinces, the most recent of which was signed in 2017 and establishes certain limits on royalty amounts and contains environmental provisions and clauses aimed at promoting the use of Argentine components, the employment of Argentine workers and the granting of preferential treatment for SMEs in the mining sector. The private sector may explore and exploit mineral resources without prejudice to the State's ownership. The holder of a concession has an exclusive right that is not time bound. Duty is payable on the export of mining products. The rate for the majority of MERCOSUR Common Nomenclature (NCM) tariff headings corresponding to mining is currently 4.5%. A number of tax benefits are granted for mining activities, including fiscal stability for 30 years, exemption from the payment of export duties, and exemption from tariffs and the statistical tax payable for the import of capital goods, parts and inputs. The investment promotion regime for hydrocarbons exploitation, established in 2013, allows for 20% of hydrocarbons production to be marketed freely on the foreign market with an export duty of 0%, and for 100% of the foreign currency earned through exportation to be kept for use. Tariff reductions are granted for the importation of capital goods for petroleum companies' investment projects, and used goods may be imported for the hydrocarbons industry with a zero or reduced tariff if a certain percentage of new domestic goods are also being acquired.

36. The GDP share of the manufacturing sector (including food processing) fell from 15.2% in 2012 to 13.9% in 2020. The decline in the performance of the manufacturing industry is due partly to competitiveness problems and weak domestic demand. Argentina provides assistance to its manufacturing sector through horizontal fiscal incentive programmes and export promotion schemes. The manufacturing sector may access special credit facilities for research and development projects and technological development and innovation. SMEs in the manufacturing sector are eligible for a number of additional tax incentives, an interest subsidy regime and credit access services through mutual guarantee societies. There is also a regime of incentives aimed at promoting the domestic manufacture of capital goods, information technology and telecommunications products, which consists of a transferable tax credit bond equivalent to a percentage of sales. The implementation of the national programme for productive transformation (PNTP) began in 2016, with a view to promoting the transformation of companies affected by production, employment or export losses or by a significant increase in imports of like products. The automotive industry is eligible for a variety of incentives, including a cash refund on the value of purchases of domestic auto parts.

37. The financial system's penetration is low, although there were improvements during the review period. The authorities have sought greater financial inclusion through the reduction of costs, the digitalization of operations and the development of the National Strategy for Financial Inclusion. Efforts have also been made to facilitate access to credit for SMEs, particularly since the beginning of the COVID-19 pandemic. During the period under review, the Argentine financial system continued to show solvency levels above the minimum prudential requirements, even during the most difficult economic times and in spite of the negative effects of the health crisis. The banking sector is relatively concentrated, with the five largest banks holding over 50% of assets in 2020. Public banks have a significant share in terms of assets. Insurance companies must be limited companies, cooperative associations and mutual insurance companies, or branches or agencies of foreign companies, and their sole purpose must be to carry out insurance transactions. The authorization of new insurance operators is subject to the expediency of their role in the market.

38. In 2014, a new law was passed to regulate the telecommunications sector, which allows for the convergence of services and guarantees that all users have the same type of access to the Internet in terms of speed and content. Various institutional changes were also introduced, including the establishment of the new regulatory body in 2015. Argentina has implemented a number of regulatory measures and a range of strategies to enhance access to and the use of information and communications technology and stimulate the digital transformation. This has led to a continued increase in electronic commerce since 2013, and particularly in 2020 on account of the pandemic. Two operators merged in 2017, creating the country's main telephone and Internet provider. The tariffs of essential and strategic public services are regulated; other tariffs are determined freely.

39. Since 2013, the transport policy has sought to create a more efficient and cheaper multimodal transport system in order to ensure the competitiveness of exports and support trade policy. A plan

has been implemented to restructure facilities and streamline container operations at the Port of Buenos Aires, which has resulted in the reduction of container handling costs. As the main provider of a number of services at airports, the State continues to be highly involved in the air transport sector. Aerolíneas Argentinas, a state company, is the biggest airline on the domestic market in terms of passenger transport and one of the biggest for international transport. Despite this, the company requires state support in order to continue operating.

40. Tourism is an important part of Argentine service exports. During the period under review, the sector's share of service exports fluctuated between 36.8% in 2016 and 49.3% in 2014, falling to 17.8% in 2020 owing to the pandemic. The sector has been badly affected by the 2020 health crisis, for which reason a number of measures have been drawn up to support it.