

ARGENTINA

TRADE SUMMARY

U.S. goods exports in 2013 were \$10.2 billion, down 0.7 percent from the previous year. Corresponding U.S. imports from Argentina were \$4.6 billion, up 6.7 percent. The U.S. goods trade surplus with Argentina was \$5.6 billion in 2013, a decrease of \$358 million from 2012. Argentina is currently the 31st largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Argentina were \$6.4 billion in 2012 (latest data available), and U.S. imports were \$1.9 billion. Sales of services in Argentina by majority U.S.-owned affiliates were \$8.1 billion in 2011 (latest data available), while sales of services in the United States by majority Argentina-owned firms were \$49 million.

The stock of U.S. foreign direct investment (FDI) in Argentina was \$14.4 billion in 2012 (latest data available), up from \$13.5 billion in 2011. U.S. FDI in Argentina is mostly in manufacturing and nonbank holding sectors.

IMPORT POLICIES

Tariffs

Argentina is a member of the MERCOSUR common market, formed in 1991 and composed of Argentina, Brazil, Paraguay, Uruguay, and Venezuela, which was admitted as a full member in July 2012. MERCOSUR maintains a Common External Tariff (CET) schedule with a limited number of country-specific exceptions, with most favored nation (MFN) applied rates ranging from zero percent to 35 percent *ad valorem*. Argentina's import tariffs follow the MERCOSUR CET with some exceptions. Argentina's MFN applied rate averaged 12.5 percent in 2012. Argentina's average bound tariff rate in the WTO is significantly higher at 31.9 percent. According to current MERCOSUR procedures, any good introduced into any member country must pay the CET to that country's customs authorities. If the product is then re-exported to any other MERCOSUR country, the CET must be paid again to the second country.

At the MERCOSUR Common Market Council (CMC) ministerial meeting in December 2011, MERCOSUR members agreed to increase import duty rates temporarily to a maximum rate of 35 percent on 100 tariff items per member country. Although authorized to implement the decision as early as January 2012, Argentina waited until January 2013 to publish Decree 25/2013 implementing these tariff increases. These tariff increases were valid for one year, with the option to extend them for an additional year. Argentina has extended these tariff increases through December 2014. The list of products affected can be found at <http://infoleg.gov.ar/infolegInternet/anexos/205000-209999/207701/norma.htm>. In June 2012, the MERCOSUR CMC allowed an additional 100 additional country-specific tariff- line exceptions to the CET to be implemented for as long as one year, but ending no later than December 31, 2014. Argentina has not yet implemented this provision.

MERCOSUR member countries are also currently allowed to set import tariffs independently for some types of goods, including computer and telecommunications equipment, sugar, and some capital goods. In July 2012, Argentina partially eliminated its exemptions to the CET on capital goods through Decree 1026/2012. Argentina currently imposes the 14 percent CET rate on imports of capital goods that are produced domestically; imports of certain other capital goods that are not produced domestically are also

subject to a reduced *ad valorem* tariff of 2 percent. A list of the goods affected and their respective tariff rates can be found at <http://infoleg.gov.ar/infolegInternet/anexos/195000-199999/199256/norma.htm>.

Argentina has bilateral arrangements with Brazil and Uruguay on automobiles and automotive parts intended to liberalize trade and increase integration in this sector among the three countries. Mexico and Argentina also have a separate bilateral trade agreement regarding automobiles and automotive parts.

Several U.S. industries have raised concerns about prohibitively high tariffs and other taxes in Argentina on certain products, including distilled spirits, restaurant equipment, and motorcycles.

While the majority of tariffs are levied on an *ad valorem* basis, Argentina also charges compound rates consisting of *ad valorem* duties plus specific levies known as “minimum specific import duties” (DIEMs) on products in several sectors, including textiles and apparel, footwear, and toys. These compound import duties do not apply to goods from MERCOSUR countries and cannot exceed an *ad valorem* equivalent of 35 percent. Although the DIEMs purportedly expired on December 31, 2010, and the government of Argentina has not formally extended them, they are still being charged.

MERCOSUR’s CMC advanced toward the establishment of a Customs Union with its approval of a Common Customs Code (CCC) and Decision 5610 (December 2010) to implement a plan to eliminate the double application of the CET within MERCOSUR. The plan was to take effect in three stages with the first phase to have been implemented no later than January 1, 2012. That deadline was not met, however. In November 2012, Argentina became the first MERCOSUR member to ratify the CCC. The CCC must be ratified by all MERCOSUR member countries before it enters into force.

Nontariff Barriers

Argentina imposes a growing number of customs and licensing procedures and requirements, which make importing U.S. products more difficult. The measures include additional inspections, restrictions on entry ports, expanded use of reference prices, import license requirements, and other requirements such as importer invoices being notarized by the nearest Argentine diplomatic mission when imported goods are below reference prices. Many U.S. companies with operations in Argentina have expressed concerns that the measures have delayed exports of U.S. goods to Argentina and, in some cases, stopped exports of certain U.S. goods to Argentina altogether.

Argentina’s increased use of nontariff barriers is a function of the government of Argentina’s increasing reliance on a growth strategy that is based heavily on import substitution. More recently, Argentina’s import restrictions also appear intended to address concerns about declining currency reserves.

Since April 2010, pursuant to Note 232, Argentina has required importers to obtain a “certificate of free circulation” from the National Food Institute (Instituto Nacional de Alimentos) prior to importing food products. This requirement affects all exporters of food products to Argentina and appears to serve as an import licensing requirement. U.S. companies report that this requirement is used to delay or deny the importation, and the issuance of such certificates is often contingent upon the importer undertaking a plan to export goods of an equivalent value.

Argentina prohibits the import of many used capital goods. Domestic legislation requires compliance with strict conditions on the entry of those used capital goods that may be imported, which are also subject to import taxes. On January 9, 2013, Argentina published Decree 2646/2012, implementing changes to the regulations regarding the import of used capital goods. The import of certain capital goods remains banned, and those allowed are taxed at a 28 percent rate in the case of existing local production,

14 percent in the absence of existing local production, and 6 percent for used capital goods for the aircraft industry. The changes on the conditions to import used capital goods are the following:

- Used capital goods can only be imported directly by the end user;
- Overseas reconditioning of the goods is allowed only if performed by the original manufacturer. Third-party technical appraisals are discontinued;
- Local reconditioning of the good is subject to technical appraisal only to be performed by INTI (state-run Institute of Industrial Technology), except for aircraft related items;
- Regardless of where the reconditioning takes place, the Argentine Customs Authority requires at the time of import the presentation of a “Certificate of Import of Used Capital Goods.” This certificate is issued by the Secretariat of Foreign Trade and Ministry of Industry after the approval by the Secretariat of Industry;
- The time period during which the imported used capital good cannot be transferred (sold or donated) is extended from two years to four years.

The text of the Decree can be found at: <http://infoleg.gov.ar/infolegInternet/anexos/205000-209999/207093/norma.htm>. Argentina created exceptions for some industries (e.g., graphics, printing, machine tools, textiles, and mining), enabling importation of used capital goods at a zero percent import tax. In September 2013, some types of aircraft were added to the list of exceptions. More details can be found at <http://www.infoleg.gov.ar/infolegInternet/anexos/215000-219999/219230/norma.htm>.

The Argentina-Brazil Bilateral Automobile Pact bans the import of used self-propelled agricultural machinery unless it is rebuilt. Argentina prohibits the importation and sale of used or retreaded tires (but in some cases allows remolded tires); used or refurbished medical equipment, including imaging equipment; and used automotive parts. Argentina generally restricts or prohibits the importation of any remanufactured goods, such as remanufactured automotive parts, earthmoving equipment, medical equipment, and information and communications technology products.

In December 2010, Argentina reintroduced an import prohibition on used clothing, which is due to expire in 2015. In August 2012, the Argentine tax authority (Administración Federal de Ingresos Públicos or AFIP) issued Resolution 3373, which increased the tax burden for importers because the taxes are charged after import duties are levied. The value-added tax (VAT) advance rate rose from 10 percent to 20 percent on imports of consumer goods, and from 5 percent to 10 percent on imports of capital goods. The income tax advance rate on imports of all goods increased from 3 percent to 6 percent, except when the goods are intended for consumption or for use by the importer, in which case an 11 percent income tax rate applies.

In January 2014, the Argentine government introduced a sliding scale tax on cars. Vehicles valued between 170,000 pesos (approximately \$25,000) and 210,000 pesos (approximately \$30,000) are subject to a 30 percent tax. Vehicles valued at more than 210,000 pesos are subject to a 50 percent tax. The tax is applied on top of the normal import duty.

Argentina maintains certain localization measures aimed at encouraging domestic production. For example, in May 2012, the Argentine National Mining Agency (Agencia Nacional de Minería or ANM) issued Resolutions 12/2012 and 13/2012, requiring mining companies registered in Argentina to use Argentine flagged vessels to transport minerals and their industrial derivatives for export from Argentina. These resolutions also require that mining companies registered in Argentina purchase domestic capital goods, spare parts, inputs and services. Another example is Law 26,522 of 2010, which requires that radio and television (via airwaves and cable) advertisements have a minimum of 60 percent local content.

Import Licenses

In early January 2012, Argentina announced a measure, effective on February 1, 2012, requiring companies to file an online affidavit, known as the Advanced Sworn Statement on Imports (DJAI) and wait for government review and approval before importing goods. All goods imported for consumption are subject to the DJAI requirement. This requirement creates additional delays and is used to restrict imports. Following the implementation of the DJAI measure, in September 2012, Argentina eliminated the automatic import licensing requirements it previously administered on 2,100 tariff lines, mainly involving consumer products. Argentina also repealed its use of product-specific non-automatic import licenses in January 2013 via Resolution 11/2013. Prior to that, Argentina had used product-specific non-automatic licenses to restrict imports and provide protection in sectors that the Argentine government deemed sensitive. Argentina also uses the DJAI requirement and other licensing requirements to extract commitments from importers to export goods from Argentina, increase investments in Argentina, increase the use of local content, refrain from repatriating profits, and/or limit the volume or value of imports.

In response to U.S. Government inquiries about its import licensing regime, Argentina has asserted that all of these measures are nondiscriminatory and consistent with WTO obligations. On August 21, 2012, the United States requested consultations with Argentina under the dispute settlement provisions of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes concerning the DJAI requirement, the product-specific import licenses (which have since been repealed), and the commitments Argentina requires importers to comply with in order to receive import approvals. The United States, along with Mexico and Japan, held consultations with Argentina in September 2012. After the consultations failed to resolve the issue, the United States requested the establishment of a dispute settlement panel in December 2012. The European Union and Japan joined the United States in its panel request. In January 2013, the WTO's Dispute Settlement Body (DSB) established a panel to examine this dispute. On November 15, 2013, the Chair of the panel informed the DSB that it expects to issue its final report to the parties by the end of May 2014.

Customs Valuation

Argentina continues to apply reference values to several thousand products. The stated purpose of reference pricing is to prevent under-invoicing, and authorities establish benchmark unit prices for customs valuation purposes for certain goods that originate in, or are imported from, specified countries. These benchmarks establish a minimum price for market entry and dutiable value. Importers of affected goods must pay duties calculated on the reference value, unless they can prove that the transaction was conducted at arm's length.

Argentina also requires importers of any goods from designated countries, including the United States, that are invoiced below the reference prices to have the invoice validated by both the exporting country's customs agency and the appropriate Argentine embassy or consulate in that country. The government of Argentina publishes an updated list of reference prices and applicable countries, which is available at: <http://www.afip.gov.ar/aduana/valoracion/valores.criterios.pdf>. In April 2012, Argentina issued General Resolution 3301, which established reference values for certain household articles and toiletry articles of plastics (HS code 3924.90) from several countries, including the United States.

Customs External Notes 87/2008 of October 2008 and 15/2009 of February 2009 established administrative mechanisms that restrict the entry of products deemed sensitive, such as textiles, apparel, footwear, toys, electronic products, and leather goods. While the restrictions are not country specific, they are to be applied more stringently to goods from countries considered "high risk" for under-invoicing, and to products considered at risk for under-invoicing as well as trademark fraud.

Ports of Entry

Argentina restricts entry points for several classes of goods, including sensitive goods classified in 20 Harmonized Tariff Schedule chapters (*e.g.*, textiles; shoes; electrical machinery; iron, steel, metal and other manufactured goods; and watches), through specialized customs procedures for these goods. A list of products affected and the ports of entry applicable to those products is available at: <http://www.infoleg.gov.ar/infolegInternet/anexos/130000-134999/131847/norma.htm>. Depending on their country of origin, many of these products are also subject to selective, rigorous “red channel” inspection procedures, and importers are required to provide guarantees for the difference in duties and taxes if the declared price of an import is lower than its reference price.

Since the first measure regarding the limitation of ports of entry was formally announced in 2005, several provincial and national legislative authorities have requested the elimination or modification of the specialized customs scheme. Through several resolutions issued by the Customs Authority in 2007, 2008, 2010, and 2011, Argentina has increased the number of authorized ports of entry for certain products.

Customs Procedures

Certificates of origin have become a key element in Argentine import procedures in order to enforce antidumping measures, reference prices (referred to as “criterion values”), and certain geographical restrictions. In August 2009, AFIP revised through External Note 4 the certificate of origin requirements for a list of products subject to non-preferential tariff treatment for which a certificate of origin is required. The products affected include certain organic chemicals, tires, bicycle parts, flat-rolled iron and steel, certain iron and steel tubes, air conditioning equipment, wood fiberboard, most fabrics (*e.g.*, wool, cotton, other vegetable), carpets, most textiles (*e.g.*, knitted, crocheted), apparel, footwear, metal screws and bolts, furniture, toys and games, brooms, and brushes. To receive the most favored nation tariff rate, the certificate of origin must be certified by an Argentine consulate or embassy. For products with many internal components, such as machinery, each individual part is often required to be notarized in its country of origin, which can be very burdensome. Importers have stated that the rules governing these procedures are unclear and can be arbitrarily enforced.

Simplified customs clearance procedures on express delivery shipments are only available for shipments valued at \$1,000 or less. Couriers are now considered importers and exporters of goods, rather than transporters, and also must declare the tax identification codes of the sender and addressee, both of which render the process more time consuming and costly. These regulations increase the cost not only for the courier, but also for users of courier services.

EXPORT POLICIES

Argentina imposes export taxes on all but a few exports, including significant export taxes on key hydrocarbon and agricultural commodities. In many cases, the export tax for raw materials is set higher than the sale price of the processed product to encourage development of domestic value-added production. Crude hydrocarbon export taxes are indexed to world commodity benchmarks.

Despite proposals from within and outside the Argentine Congress to reduce or eliminate export taxes, the taxes continue to be actively supported and managed by the government of Argentina. Export taxes are a major source of fiscal revenue for the government; they advantage downstream processors of the products subject to the export tax; and they serve as an incentive to increase value-added production in Argentina. The following products are currently subject to an export tax: iron ore at 10 percent, soybeans at 35 percent, soybean oil and soybean meal at 32 percent, sunflower seed at 32 percent, sunflower seed meal and sunflower seed oil at 30 percent, wheat at 23 percent, and corn at 20 percent.

On December 3, 2013, in Decree 2014/2013, Argentina increased export taxes for soybean pellets and animal food which contains soybean hulls and waste from 5 percent to 32 percent. (MCN, Mercosur Common Nomenclature positions 2302.50.00, 2308.00.00 and 2309.90.90.)

In August 2012, Argentina increased its export tax on biodiesel from 20 percent to 32 percent and eliminated a 2.5 percent rebate. Biodiesel exports are now affected by a sliding scale tax that is reviewed every 15 days. Since September 2013, the effective export tax has been 21 percent.

In August 2012, pursuant to Decree 1513/2012, Argentina extended the 2009 ban on exports of ferrous scrap for 360 days. The ban expired in August 2013, but a 5 percent export tax remains in place.

The MERCOSUR CCC restricts future export taxes and anticipates a transition to a common export tax policy. As noted above, in November 2012, Argentina became the first MERCOSUR member to ratify the CCC, but the CCC must be ratified by all MERCOSUR member countries before it enters into force.

Export Registrations

In addition to levying high export taxes, Argentina requires major commodities to be registered for export before they can be shipped out of the country. Until 2011, the National Organization of Control of Agricultural Commercialization (ONCCA) administered the Registry of Export Operations for meat, grain (including vegetable oils), and dairy products under the provisions of Resolution 3433/2008. After ONCCA was dismantled in early 2011, part of the administration of the Registry of Export Operations was transferred to the Ministry of Agriculture (related to dairy and meat exports) and to the Ministry of Economy (related to grain exports), but reportedly there have been no major changes to procedures for registering exports. All exports must still be registered, and the government retains the authority to reject or delay exports depending on domestic price and supply conditions. One of the goals of the export registration process has been to control the quantity of goods exported, and thereby guarantee domestic supply. Export registrations of wheat, corn, beef, and dairy products continue to be subject to periodic restrictions due to shortfalls in domestic supplies.

Argentina continues to impose time restrictions on the validity of grain and oilseed export permits depending on when the export tax is paid. Under applicable regulations, export permits are valid for 45 days after registration is approved, if the export tax is paid at the time of export. Export permits may be valid for up to 365 days for corn and wheat and 180 days for soybean and sunflowers products if the exporter pays 90 percent of the export tax at the time the export license is approved.

GOVERNMENT PROCUREMENT

Law 25,551 of 2001 established a national preference for local industry for most government procurement if the domestic supplier's tender, depending on the size of the company, is no more than 5 percent to 7 percent higher than the foreign tender. The preference applies to procurement by all government agencies, public utilities, and concessionaires. There is similar legislation at the provincial level. These preferences serve as barriers to participation by foreign firms.

Argentina is not a signatory to the WTO Agreement on Government Procurement, but it is an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Argentina continued to be listed on the Priority Watch List in the 2013 Special 301 report. Argentina has made some progress with respect to intellectual property rights (IPR) enforcement, including two noteworthy actions that Argentina's judicial authorities, both civil and criminal, took in 2012 against the unauthorized distribution of pirated content over the Internet. However, significant concerns remain. IPR enforcement needs to be strengthened in order to combat the widespread availability of pirated and counterfeit goods. Although some industries report good cooperation with law enforcement authorities, Argentina's judicial system remains inefficient with respect to IPR enforcement, and there is reluctance to impose deterrent-level criminal sentences. Piracy over the Internet is a concern, and overall levels of copyright piracy, in both the online and hard goods environments, remain high. South America's largest black market for counterfeit and pirated goods, La Salada, located in Buenos Aires, has been named repeatedly in USTR's Notorious Markets List including most recently in February 2014.

In 2012, Argentina amended the criteria for granting pharmaceutical patents through Joint Resolutions 118/2012, 546/2012 and 107/2012, which establish patent examination guidelines for chemical and pharmaceutical inventions. The application of these guidelines has led to the denial of pharmaceutical patents for compositions, dosages, salts, esters and esthers, polymorphs, analogous processes, active metabolites and pro-drugs, enantiomers, selection patents and Markush-type (*i.e.*, multiple functionally equivalent) claims, as well as certain manufacturing processes.

Argentina's patent backlog also remains a key concern. It takes, on average, eight years to nine years for a patent to be granted in the pharmaceutical, chemical, and biotechnology sectors. The lack of adequate protection against unfair commercial use and unauthorized disclosure of undisclosed test and other data also remains a concern. Argentina also does not have an effective system to address patent issues expeditiously in connection with applications to market pharmaceutical products. The United States encourages Argentina to provide for protection against unfair commercial use, as well as unauthorized disclosure, of undisclosed test and other data generated to obtain marketing approval for pharmaceutical and agricultural chemical products, and to provide an effective system to address patent issues expeditiously in connection with applications to market pharmaceutical products.

SERVICES BARRIERS

Effective April 1, 2012, pursuant to Resolution 3307, Argentina requires individuals and companies to file an online affidavit known as the Advance Sworn Statement on Services (or by its Spanish acronym "DJAS") and obtain approval prior to offering or purchasing offshore services if the value of the services to be provided exceeds \$100,000. U.S. companies note that the DJAS requirement creates delays and is used to restrict the purchase of foreign services and to restrict dollar-denominated payments abroad. The DJAS requirement applies to a wide range of services including professional and technical services, royalties, as well as personal, cultural and recreational services. This requirement has reportedly resulted in significant delays in purchasing services from U.S. services providers and has hindered the ability of Argentine purchasers to promptly transfer payment to the United States.

Audiovisual Services

The Argentine government imposes restrictions on the showing, printing, and dubbing of foreign films in Argentina. As a result, the U.S. film industry must incur added costs associated with exporting movies to Argentina. Argentina also charges *ad valorem* customs duties on U.S. film exports based on the estimated value of the potential royalty generated from the film in Argentina rather than on the value of the physical materials being imported.

Since August 30, 2011, under Resolution 2114/2011, the National Institute of Cinema and Audiovisual Arts has been authorized to tax foreign films screened in local movie theaters. Distributors of foreign films in Argentina must pay screening fees that are calculated based on the number and geographical locations of theaters at which films will be screened within Argentina. Films that are screened in 15 or fewer movie theaters are exempted.

Insurance Services

The Argentine insurance regulator (SSN) issued an order (Resolution 35,615/2011) effective on September 1, 2011, prohibiting cross-border reinsurance. As a result, Argentine insurers are able to purchase reinsurance only from locally based reinsurers. Foreign companies without local operations are not allowed to enter into reinsurance contracts except when the SSN determines there is no local reinsurance capacity. In 2011, the Argentine insurance regulator issued Resolution 36.162 requiring that “all investments and cash equivalents held by locally registered insurance companies be located in Argentina.”

These regulations do not formally require the exchange of dollars into pesos; companies can convert their holdings to dollar-denominated assets based in Argentina and still be in compliance. Nevertheless, non-Argentine insurance firms – whose liabilities are often denominated in U.S. dollars – have reported pressure by the Argentine government to sell their dollars for pesos. U.S. insurance firms also have reported that complying with the Argentine government’s requests would force them to take losses due to what they believe is an official exchange rate that overvalues the peso. The Argentine government has also blocked payments by subsidiaries of dividends and royalties to parent companies and shareholders abroad.

INVESTMENT BARRIERS

Pension System

In November 2008, the Argentine Parliament approved a bill to nationalize Argentina’s private pension system and transfer pension assets to the government social security agency. Compensation to investors in the privatized pension system, including to U.S. investors, is still pending and under negotiation.

Foreign Exchange and Capital Controls

Hard currency earnings on exports, both from goods and services, must be converted to pesos in the local foreign exchange market. In November 2011, pursuant to Decree 1722/2011, Argentina eliminated exceptions to the local conversion requirement previously granted to hydrocarbon and mining exporters. Revenues from exporting to Argentine foreign trade zones and from re-exporting some temporary imports are still exempted from this requirement.

Time limits on fulfilling the requirement to convert to pesos range from 60 days to 360 days for goods (depending on the goods involved) and 15 days for services. For certain capital goods and situations where Argentine exports receive longer-term financing, Argentine exporters receive more generous time limits. A portion of foreign currency earned through exports may be used for foreign transactions. The time periods for fulfilling the requirements to convert pesos are frequently changed. For example, in April 2012, Argentina issued Resolution 142/12, which reduces the time limits for companies to convert their export earnings to pesos on the local foreign exchange market to within 15 calendar days. This requirement virtually halted exports in some industries, such as mining, that were unable to comply with the new rule. In response, the Argentine government partially eased the requirement and set differential timeframes ranging from 15 days to 360 days depending on the exported product. Tariff lines and their

corresponding timeframes can be found at: <http://www.infoleg.gov.ar/infolegInternet/anexos/195000-199999/196638/texact.htm>

In 2005, the government issued Presidential Decree 616, revising the registration requirements for capital inflows and outflows. The Ministry of Economy implemented Decree 616 through resolutions in 2005 and 2006, which imposed more restrictive controls on the following classes of inbound investments: inflows of foreign funds from private sector debt (excluding foreign trade and initial public offerings of stock and bond issues); inflows for most fiduciary funds; inflows of nonresident funds that are destined for the holding of Argentine pesos or the purchase of private sector financial instruments (excluding foreign direct investment and the primary issuance of stocks and bonds); and investments in public sector securities purchased in the secondary market. These inflows are subject to three restrictions: (1) they may not be transferred out of the country for 365 days after their entry; (2) proceeds from foreign exchange transactions involving these investments must be paid into an account in the local financial system; and (3) a 30 percent unremunerated reserve requirement must be met, meaning that 30 percent of the amount of such transactions must be deposited in a local financial entity for 365 days in an account that must be denominated in dollars and pay no interest. Pursuant to subsequent amendments to the decree, a deposit is not required for capital inflows to finance energy infrastructure, certain purchases of real estate by foreigners, and certain tax payments and social security contributions.

In October 2011, Argentina increased controls on retail foreign exchange. Buyers are required to be approved by AFIP which evaluates each request based on the individual's or company's revenue stream. Local business representatives have reported receiving approvals for amounts much lower than requested. This has hampered the ability of Argentine importers to buy U.S. exports. In July 2012, Argentina also banned retail foreign exchange purchases for purposes of savings, and only allows such purchases, though with significant restrictions, for purposes of payment for tourism services abroad. This limited access to foreign exchange has contributed to the existence of a parallel exchange rate. In August and September 2012, AFIP issued Resolutions 3378 and 3379/2012 that set a 15 percent withholding tax on purchases by non-residents (be it overseas or via the Internet) with debit and credit cards. On March 19, 2013, through Resolution 3450/2013, the tax rate was increased up to 20 percent and extended to airfare tickets and tourism packages. More details are available at: <http://www.infoleg.gov.ar/infolegInternet/verNorma.do;jsessionid=E78A28E1FDF40305464EA9158ED2B88A?id=209507>. On December 3, 2013, the tax was increased to 35 percent (Resolution 3350). This new resolution provides that the purchase of foreign exchange, previously authorized by AFIP, is also subject to this tax. The tax is theoretically refundable when the agent files an income tax return, although in practice the amount received would be depreciated by inflation. This tax reduces U.S. services exports as purchases on credit cards remain the only direct access to foreign exchange for Argentines traveling abroad.

U.S. companies have reported that since 2012 the Argentine government has limited their ability to make payments in foreign currency outside of Argentina. The restrictions are often communicated informally by the Argentine government and may extend to profit remittances, royalty payments, technical assistance fees, and payments for expenses incurred outside of Argentina. Companies also report that the Argentine government may eventually permit remittance of a portion of their Argentine-based revenue, but this amount is often reported to be less than what the company had intended to remit.

ELECTRONIC COMMERCE

On January 20, 2014, Argentina modified its retail mail order import licensing system through AFIP General Resolution 3579. Online purchases of foreign products valued up to \$3,000 and delivered through Argentina's official postal service (EMS) are assessed a charge of 50 percent of the value of the goods. Goods in excess of \$3,000 may not be sent via EMS. In addition, individuals may import up to

\$25 in goods duty free by mail once a year. Total mail order transactions via EMS are limited to two per year per individual. The new resolution also requires goods delivered by official mail to be retrieved in person at the post office or customs authority.

Argentina does not allow the use of electronically produced airway bills that would accelerate customs processing and the growth of electronic commerce transactions.