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Committee on Import Licensing

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## IMPORT LICENSING SYSTEM OF ARGENTINA

### QUESTIONS FROM THE UNITED STATES TO ARGENTINA

The following communication, dated 5 May 2023, is being circulated at the request of the delegation of the United States.

The United States thanks Argentina for recent engagements and responses to past questions on its import licensing system. From our understanding, Argentina has replaced the Comprehensive Import Monitoring System (SIMI) with a new import licensing system, the Import System of the Argentine Republic (SIRA). We understand Joint General Resolution No. 5271/2022 was published on 12 October 2022 with an implementation date for SIRA of 17 October 2022.

- a. Please provide a comprehensive list of all products subject to non-automatic import licensing in your response.
- b. From our understanding, the number of products subject to non-automatic import licenses is extremely high. Please explain:
  1. What percentage of imports to Argentina are now covered by automatic import licensing and by non-automatic licensing? Please provide a breakdown the percentages for each type of licensing.
  2. What were those percentages before implementation of the SIRA system? Please provide this information by volume and value.
- c. What is the criteria Argentina uses to approve or reject a SIRA request? Is Argentina prioritizing specific industries, sectors, or products? Or on what basis are these priorities determined?
- d. Importers have reported long and unpredictable delays in approvals under the SIRA system. What is the timeframe to consider applications? How will Argentina address the long response time to provide predictability for applicants?
- e. How can applicants seek information about the status of their application or make corrections in an application?
- f. What is the process to appeal a rejection of an application under the SIRA system?
- g. Article 26 of the Joint General Resolution notes that there will be the creation of a committee for monitoring and evaluation of the SIRA system. Has this committee issued its operating documents? How will the committee engage with stakeholders and importers regarding implementation of the SIRA system?
- h. Is Argentina considering changes to SIRA or other aspects of its import licensing system?

- i. Does Argentina intend to continue the broad use of non-automatic licenses and the SIRA system? Under what circumstances will Argentina reduce its use of burdensome non-automatic licenses? Would Argentina consider phaseouts to these systems, to improve trade flows and predictability?

Argentina's most recent notification under Article 7.3 of the Agreement on Import Licensing Procedures (G/LIC/N/3/ARG/18) states, "There is no relation between the import licensing regime and the foreign currency exchange system."<sup>1</sup> On 17 October 2022, the Government of Argentina published a notice<sup>2</sup> indicating that the Government of Argentina is using SIRA to protect Argentine Central Bank reserves. An article in La Nación reported that authorities designed this new import system to control the quantity of imports in a time when the government feared that foreign exchange might be insufficient.<sup>3</sup>

- j. Please explain, is there a relationship between the SIRA and the foreign currency exchange system?
- k. Please explain how the government of Argentina uses the SIRA to protect Argentine Central Bank reserves.
- l. What is the basis for granting the import licenses administered through SIRA, and where is that basis published?

In the Agreement on Import Licensing Procedures, Article 1.9 states, "The foreign exchange necessary to pay for licensed imports shall be made available to licence holders on the same basis as to importers of goods not requiring import licences."

- m. Is foreign exchange for imports made available on the same basis to all of the following categories of importers? (i) Those that must obtain an automatic import license; (ii) those that must obtain a non-automatic import license; (iii) those not required to obtain an import license?

Resolution 26/2022 states that the Government of Argentina has done an analysis of the current economic and productive situation, and come to the conclusion that there are innumerable import licenses that do not represent a need or urgency to enter the country.<sup>4</sup> Resolution No. 26/2022 has a list of tariff lines subject to non-automatic import licensing, which includes lines in Chapters 2, 4, 5, 9, 16, 17, 18, 19, 20, 21, 22, and 23 that correspond to food and animal feed products.

- n. Please explain how these import licensing procedures are neutral in application and administered in a fair and equitable manner, in accordance with Article 1.3 of the Agreement on Import Licensing Procedures.
- o. Please explain how the decision to provide or not provide import licenses based on 'need or urgency to enter the country,' is applied in accordance with Article 3.2 of the Agreement on Import Licensing Procedures.

The Central Bank of Argentina's website<sup>5</sup> includes a link to the text of Foreign Exchange Regulations. The linked text was last updated in May of 2022 and contains the text of several "Communication" documents from the Central Bank. In section 10.14.1 of Communication 7507, requirements seem

<sup>1</sup> G/LIC/N/3/ARG/18 of 26 September 2022, page 4, response No. 19, available at <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/G/LIC/N3ARG18.pdf&Open=True>

<sup>2</sup> "Imports: the government regulated the new authorization system for companies." 17 October 2022 <https://www.argentina.gob.ar/noticias/importaciones-el-gobierno-reglamento-el-nuevo-sistema-de-autorizaciones-para-empresas>

<sup>3</sup> "Comercio: advierten que las importaciones podrían frenarse al menos US\$1,500 millones por un cambio en el sistema de permisos otorgados" La Nación. 14 October 2022. Accessed 24 March 2023. <https://www.lanacion.com.ar/economia/comercio-advierten-que-las-importaciones-podrian-frenarse-al-menos-us1500-millones-por-un-cambio-en-nid14102022/>

<sup>4</sup> Ministry of Economy, Secretariat of Commerce. Resolution 26/2022. 3 October 2022. <http://servicios.infoleg.gob.ar/infolegInternet/anexos/370000-374999/372579/norma.htm>

<sup>5</sup> Central Bank of the Republic of Argentina. Foreign Regulations and Changes. Accessed 24 March 2023. [https://www.bcra.gob.ar/SistemasFinancierosYdePagos/Regulaciones\\_exterior\\_y\\_cambios.asp](https://www.bcra.gob.ar/SistemasFinancierosYdePagos/Regulaciones_exterior_y_cambios.asp)

to set limits on the amounts of imports that could be brought into the country in 2022, specifically, each importer subject to automatic licensing was entitled to the value of its imports for the year 2021 plus 5%, or the value of its imports for the year 2020 plus 70%, whichever was smaller.<sup>6</sup>

- p. Are importers of goods to Argentina still subject to limits based on their imports in prior years?
- q. If so, what are the limits for 2023? Please include any limits for importers subject to non-automatic import licenses as well as limits for importers subject to automatic import licenses.
- r. If not, are importers subject to any other limits?

Article 2.2 (a) of the Agreement on Import Licensing Procedures states that automatic licensing procedures shall not be administered in such a manner as to have restricting effects on imports subject to automatic licensing.

- s. Please explain how the practice of limiting automatic import licensing to a value of goods corresponding to a prior year was in compliance with Article 2.2 (a).

Central Bank of Argentina Communication "A" 7622 states that foreign exchange can be made available for goods subject to SIRA after the period in the SIRA declaration has elapsed.<sup>7</sup> Joint General Resolution No. 5271/2022 creating the SIRA states that the period of validity of a SIRA declaration is 90 days.<sup>8</sup>

- t. Please explain how requiring companies to wait 90 days to complete payment on imports is no more administratively burdensome than necessary to administer the measure as required under Article 3.2 of the Agreement on Import Licensing Procedures.

Central Bank of Argentina Communication "A" 7638 seems to provide an exception to the 90-day waiting period mentioned above—access to foreign exchange is granted immediately with no waiting period as long as the imports will be used as inputs for production of goods to be re-exported.<sup>9</sup>

- u. Has Argentina notified this possibility for exception to the Committee on Import Licensing pursuant to Article 3.4 of the Agreement on Import Licensing Procedures? If so, please indicate where it is notified.

The United States has an interest in trade with Argentina. For example, in agricultural goods, data from the Argentina National Institute of Statistics shows that Argentina imported more than \$200 million worth of agricultural products from the United States in 2022. In accordance with Article 3.5 of the Agreement on Import Licensing Procedures, we request that Argentina provide:

- v. Data on the administration of Argentina's import licensing system after 17 October 2022, specifically, the number of import licensing applications that were granted, rejected, and left without response, disaggregated into automatic import license data and non-automatic import license data, as well as processing time (averages, minimum, and maximum) for applications.
- w. Import statistics showing value and volume of products imported under the tariff lines subject to Argentina's non-automatic import licensing system both before and after 17 October 2022.

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<sup>6</sup> Central Bank of the Republic of Argentina. "Exterior y Cambios." Last communication incorporated: "A" 7516. Text as of 19 May 2022. See the page that the PDF numbers as 132.

<https://www.bcra.gob.ar/Pdfs/Texord/t-excbio.pdf>. Accessed 24 March 2023.

<sup>7</sup> Central Bank of the Republic of Argentina. Communication "A" 7622. 13 October 2022. <https://www.bcra.gob.ar/Pdfs/comytexord/A7622.pdf>

<sup>8</sup> Federal Public Revenue Administration and Commerce Secretariat. Joint General Resolution 5271/2022. 12 October 2022. <https://www.boletinoficial.gob.ar/detalleAviso/primera/273484/20221012>. See Article 4.

<sup>9</sup> Central Bank of Argentina. Communication "A" 7638. 17 November 2022. <http://www.bcra.gob.ar/Pdfs/comytexord/A7638.pdf>.