

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

DFC/INV/5/Add.9/Suppl.1
19 April 1993

Special Distribution

International Dairy Arrangement

Original: Spanish

ARGENTINA

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

Milk and Dairy Products Policy

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1. Foreign trade policies: tariffs, phytosanitary measures, rôle of the State

The Government does not promote exports or restrict imports of dairy products.¹ On the contrary, viewed over the long term dairy exports have been subject to deductions that impaired the sector's profitability. These export duties have now been eliminated.

The tariff structure for dairy products is as follows:

Product	Export	Import	Drawback
Milk (less than 2 kg.)	0	7.5	7.5
Other	0	5	5
Cheese (less than 3 kg.)	0	10	10
Other	0	7.5	7.5
Butter (less than 5 kg.)	0	10	10
Other	0	7.5	7.5

Sanitary and phytosanitary requirements relating to trade are drawn up and applied by various bodies in accordance with their responsibilities; in this case, the National Animal Health Service (SENASA).

The quality standards for dairy products are laid down in the Food Code and by the requirements established by enterprises.

Accordingly, the Government's rôle is confined to establishing import duties and health and quality standards, and checking compliance with them in domestic and external marketing.

2. Price policy

Hence, since the abolition of COCOPOLE the Government does not set any prices. In line with overall economic policy, markets are responsible for allocating resources and prices are determined by supply and demand.

3. Credit policy

The Banco de la Nación Argentina recently announced its credit line for sowing and related costs of coarse cereals for agricultural year 92/93 (which may be taken in pesos or dollars, and finances up to 80 per cent of current expenditure):

¹The recently announced export promotion measures are of a general nature, and are described below in the section on credit.

- In United States dollars:
 - producers with their own inputs: US\$95/ha.
 - producers without their own inputs: US\$122/ha.

Rates:

Up to 80 ha., 12 per cent per annum; the remainder, 17 per cent per annum.

- In pesos:
 - The ordinary lending rate; full payment must be made by 31 May 1993.

The Banco de la Provincia de Entre Rios is to establish a credit line for financing the sowing of coarse cereals, which include corn (maize). Beneficiaries will be entitled to financing for 200 hectares, with repayment scheduled for 30 April 1993. The maximum amount will be US\$104/ha., with an annual interest rate of 18 per cent in dollars.

All members of the dairy production sector have access to the general (non-specific) credit lines offered by private and government financial entities. They are entirely free to seek international financing if they are large enough to be able to do so.

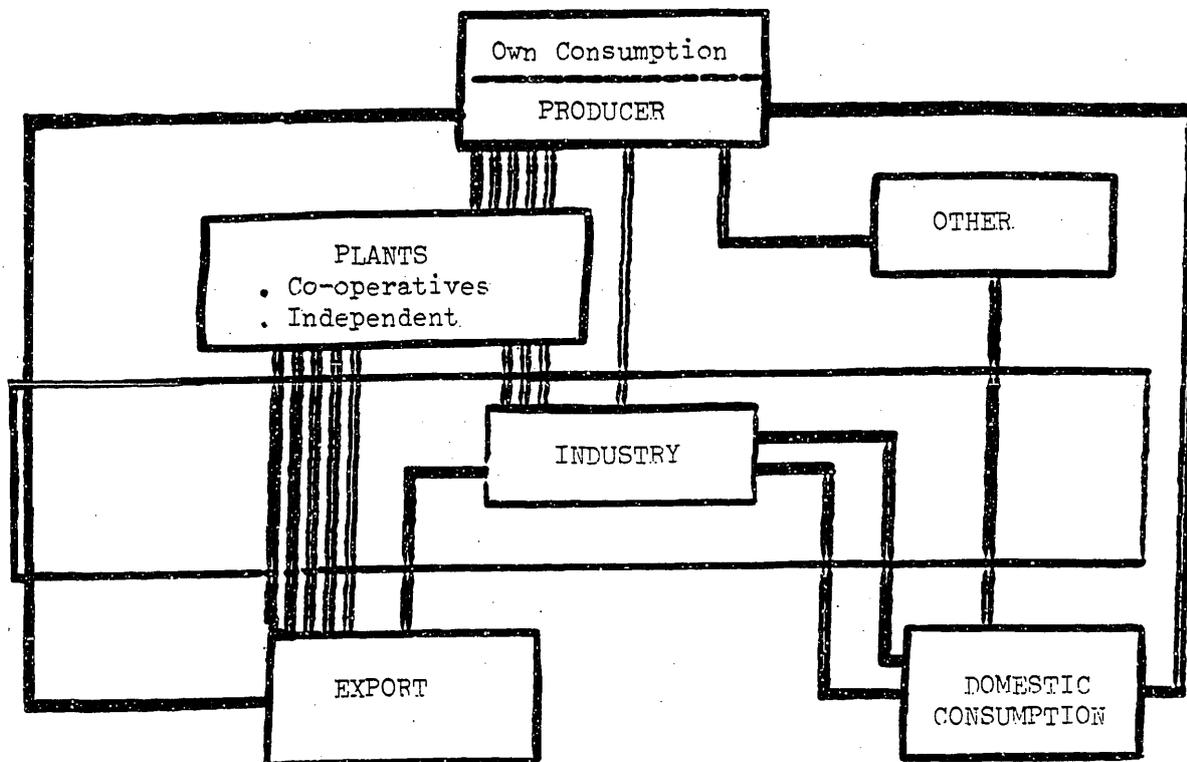
4. Policies on production, quotas, etc.

There are no policies on production or quotas in our country. In any case, Argentina has followed a production cycle since the end of the last century. In general, products are of high quality measured by international standards.

5. Marketing policies

The State plays a passive rôle in marketing, and does not participate in either purchasing or storing products.

MARKETING CHANNELS



6. Technology policy

National production technology policy as well as extension work in the agricultural field are carried out by the National Agricultural Technology Institute (INTA). In the case of industrialized products, technology policy is established by the National Industrial Technology Institute (INTI).

Research focuses on the development of new forms of production and overcoming technological obstacles that restrict production.

The overall objective is to generate and adapt technology so as to contribute to the development of a competitive and dynamic dairy sector capable not only of satisfying domestic demand but also of boosting traditional and non-traditional exports.

The specific objectives are to:

- achieve a sustained increase in production per hectare without deteriorating the productive capacity of soil resources;
- reduce unit production and marketing costs, improving producer profitability;

- diversify and improve the quality of primary products and derivatives in line with market demand;
- provide suitable sanitary protection for products, avoiding all contamination that would represent a health danger, environmental deterioration or marketing drawback for products.

There are general technological limitations, as follows:

- (1) lack of crops adapted to specific ecological regions;
- (2) high proportion of weeds, particularly perennial weeds in summer crops;
- (3) need for techniques for pest and disease control;
- (4) lack of adaptation or dissemination of fertilization technology according to crops and regions;
- (5) lack of adaptation and adoption of a conservationist technology package to allow higher levels of productivity with suitable soil conservation, particularly in areas under permanent agriculture.

Limitations concerning producers are as follows:

- (1) limitations in efficiency of production factors;
- (2) low productivity at the smaller scales;
- (3) non-optimal technologies;
- (4) genetic problems of certain herds.

7. Tax policy

Tax policy with respect to dairy producers and processors of industrialized dairy products is the ordinary tax régime at national, provincial and municipal level. It is as follows:

National taxes:	Assets: 0.75 per cent on land 1 per cent on other assets
	Income: 30 per cent
	Value-added tax (VAT): 18 per cent
Provincial taxes:	Real estate: about 2.5 per cent on land and improvements
	Gross income: 1 per cent on sales
Municipal:	Conservation tax: US\$5 per hectare per year.

8. Industrial promotion policy

At present no activities are promoted. Industrial promotion programmes existed in the past, but they encouraged the establishment of firms in specific provinces. These benefits were of course open to enterprises of any sector.

9. Consumer protection policy

Consumer protection policy is laid down by the National Food Code. This contains provisions governing food products derived from the processing of milk, including milk for drinking. It also defines the processes permitted in the treatment and handling of the product.

10. Health and quality policy

SENASA, a decentralized agency of the Ministry of Agriculture, Livestock and Fisheries, is responsible for the preparation, implementation and supervision of standards relating to products in primary form. It is also responsible for the preparation and application of standards defining the animal-health and marketing parameters for animal products in any state. In 1991, SENASA became a self-managing agency with power of action throughout the country in the areas of:

- sanitary action;
- inspection of food products of animal origin;
- health control of exports, imports and inter-provincial trade of animals, animal products and by-products;
- compliance with undertakings stemming from agreements in the area of plant health signed with other countries, particularly MERCOSUR countries;
- adoption and implementation of the sanitary principles put forward in GATT.

In order to fulfil these objectives, and minimize the risks of introduction of exotic pests and diseases that could affect livestock, SENASA carries out many border controls, for instance at ports, land passages and airports.

In order to raise the level of sanitary confidence in foreign markets and comply with their sanitary requirements, SENASA carries out measures to control and eradicate endemic diseases and pests, and also preventive measures to stop the entry and/or spread of phytosanitary problems. These include: measures for the control of veterinary waste, through the Programme for the improvement of the system of registration, control and monitoring of veterinary, agro-biological and agro-biological products; support for exports as regards phytosanitary conditions, quality and waste, by the establishment of the legal framework for quality control establishments dealing with packing plants and waste-analysis laboratories.

In 1989 the National Foot-and-Mouth Plan 1990/1992 was drawn-up by SENASA, in co-operation with the various branches of the activity concerned and provincial and municipal governments. The Plan involved a payment to producers of US\$100 million per annum, and a publicity campaign to make them aware that the only way of acceding to high-value international markets is to break out of the foot-and-mouth circuit.

As a result of this Plan, the number of bovine cattle inspected rose from 1.2 million in 1989 to 46 million in the first half of 1992, with a vaccination coverage of over 54 million head of cattle out of an estimated herd of 55 million. This has led to a striking decline of 76 per cent in the disease compared with the average for the last five years.

For 1993, the 1993-1997 Eradication Plan was drawn up with the participation of the sectors represented in the National Commission for Foot-and-Mouth abatement. The fundamental objectives are:

- to reduce the number of foci;
- to consolidate the disease-free areas;
- to protect areas where the disease occurs sporadically.

11. Institutions that participate in drawing up policies

- Ministry of Agriculture, Livestock and Fisheries
- National Animal Health Service
- National Agricultural Technology Institute
- Ministry of Health and Social Action
- Ministry of Industry and Trade
- National Industrial Technology Institute