GENERAL AGREEMENT

ON TARIFFS AND TRADE

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Arrangement regarding Bovine Meat

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INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

Replies to Parts G and H of the Questionnaire

ARGENTINA

Revision

The participants have agreed to provide information concerning the domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under symbol IMC/INV; they will be revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the Secretariat to draw up and keep up to date, under the provisions of Article III of the Arrangement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

POLICIES RELATING TO LIVESTOCK FARMING AND MEAT

1. Production

(a) Description of the bovine meat sector

There are at present roughly 250,000 cattle farms. Twenty-two per cent of them are in Buenos Aires province, and possess 36 per cent of the 52,172,740 head of cattle recorded in 1993. The average number of bovine animals per agricultural establishment is 200 head, a figure which rises to 275 in the case of the provinces with the larger herds (Buenos Aires, Córdoba, Corrientes, Entre Ríos, La Pampa y Santa Fe), which account for 84 per cent of the total.

Cattle farming takes place on natural pasture, but in recent years there has been increased interest in grain-based feedlot production. Nevertheless, feedlot beef accounts for less than 1 per cent of total production.

Approximately 89 per cent of total meat production is destined for domestic consumption. This figure has been rising significantly in recent years, from 84 per cent in 1991, as a consequence of lower exports.

(b) General policies relating to livestock farming and meat

After Dr. Carlos Menem became President in 1989, a thorough economic reform was launched to overhaul the production system in Argentina. That reform was and is guided by four fundamental objectives: (1) to orient the functioning and institutional organization of the national economy through market forces; (2) to re-organize the existing tax structure by broadening the tax base and eliminating distorting taxes which weighed upon the production sector, particularly farming; (3) to promote the opening of the Argentine economy as an essential element for making it more competitive as well as more efficient and productive; (4) to promote higher levels of domestic saving and encourage the local capital market in order to attain sustained growth.

With regard to the free-market orientation, in practical terms this has meant a change in the role the State used to play in the economy. The Government has sought to withdraw from activities in direct production and from excessive interference in the marketplace. Two main policy instruments have been used for this purpose: (a) privatization of public enterprises; and (b) deregulation of production activities.

Privatization: During the four years from 1989 to the present, almost all the national government's enterprises and activities have been transferred to the private sector, both national and foreign. Thus, telephone services, transport, petroleum activities, electricity, water and gas companies, petro-chemicals companies, the railways, the main highways and ports of the countries and other assets and activities are now operated and administered by the private sector. The national government retains the role of safeguarding and providing essential public goods and services such as security, justice, health and so forth.

Deregulation: A series of regulations and bodies governing economic activity have been abolished. The most salient measures include: equivalent treatment of local and foreign capital, liberalization of markets (elimination of price controls for goods and services), free availability of foreign exchange, and the disappearance of regulatory bodies such as the National Cereals Board, the National Meat Board, etc.

As far as agricultural reorganization is concerned, the measures taken since 1989 to the present day have emphasized enhancement of productivity, assistance to small producers and a substantial improvement in the so-called "Argentine Cost", so as not only to strengthen the domestic market but also to open up attractive alternatives internationally. To attain these objectives the State and producers have worked together through the Ministry of Agriculture, Livestock and Fisheries (SAG y P), the National Animal Health Service (SENASA), the Argentine Plant Health and Quality Institute (IASCAV) and the National Institute of Agricultural Technology (INTA).

(b)(1) Policies and measures relating to production

Price levels are not guaranteed and there is no direct support to producers. Likewise, there are no direct subsidies to producers. The list of taxes which have been abolished, and which used to affect farming in particular, includes the following:

(a) Elimination of the bulk of withholding taxes on agricultural exports and reduction of those on oilseeds and grains to 3.5 per cent;

(b) Tax on fuels (turpentine, solvent, diesel oil, kerosene, aviation fuel, fuel oil, diesel and compressed natural gas). The elimination of these taxes has been calculated to represent a saving of US$200 million for the production sector.

(c) The 1.2 per cent tax on bank debits.

(d) Statistical tax on temporary imports and capital goods and basic inputs for farming, such as bulls' semen and others.

(e) Withholding tax on mineral exports.

(f) Elimination of the stamp tax at national level.

(g) Asset tax (1 per cent).

(h) 1.5 per cent INTA tax on agricultural exports.

Implementation of the Federal Fiscal Pact between the national government and the provinces is currently underway. It is based on the agreement to eliminate provincial stamp and gross income taxes and replace them by a sales tax. All provinces that have signed the Pact are to have fulfilled these objectives by mid-1995. Another measure that will have a strong economic impact in view of its link with the above-mentioned "Argentine cost" is the reduction in social security contributions of enterprises in the following sectors: primary production, industry, construction, tourism and scientific and technological research. The average reduction in employers' contributions (which varies according to the geographical location of the enterprise) is 65 per cent. Translated into figures, altogether the measures implemented under the Fiscal Pact represent a reduction in business sector costs amounting to US$3,957 million, or 1.74 per cent of GDP, according to initial calculations. This large reduction breaks down as follows: 50 per cent as a consequence of the elimination of gross income tax, 25 per cent from lower social security contributions and the remaining 25 per cent from lower Family Allowances (11 per cent), Social Works (9 per cent) and Employment Fund (5 per cent) contributions.

With regard to the promotion of technical development, the INTA's three-year Plan provides for increasing the number of technology agreements with the private sector, developing the stock of agriculture technology, creating a Strategic Research Project Fund and implementing the National Agricultural Technology Plan consisting of 15 regional agricultural technology plans and more than

100 technology transfer projects covering all regions and the main agricultural and forestry activities of the country. It is also planned to quintuple technological assistance received by producers for reconversion programmes. In 1994, the Plan will be financed with part of the $100 million granted by the IDB as special credits to special projects for the incorporation of technology.

Animal health involves high-impact measures to combat the animal diseases, which are supervised and implemented by SENASA. These include the Plan for the Eradication of Foot-and-Mouth Disease, the National Plan for the Control and Eradication of Brucellosis and Tuberculosis, and special action programmes to combat ticks, mange, horn fly, exotic diseases, and diseases of horses, swine and poultry.

With regard to credit policy, the Banco de la Nación has played a fundamental role in financing investment, working capital and reconversion of enterprises in order to enhance productive efficiency in the economy, paying particular regard to the agricultural sector. The Bank aims to attain the following balances in its portfolio of loans to the private sector: 5,400 million in 1994 and 6,200 million in 1995.

It will cater in particular for the needs of the regional economies, with special programmes for particular cases such as Patagonia (an additional $10 million for restructuring in the sheep sector) and for the smooth operation of highly seasonal activities through instruments such as warrants or certificates of deposit of the Grains Law. There are also lines of credit for pre-financing of exports, in dollars and without limits, for up to 90 per cent of the f.o.b. value with a maturity of up to 180 days and interest rates below 10 per cent per annum. These loans are settled with the proceeds of the actual sale, without exceeding the stipulated deadline. Rural mortgage bonds have been re-introduced for the agriculture sector. These are granted in United States dollars and provide a guaranteed income for two years of 7.90 per cent T.N.A. and subsequently the Libor plus 2.90 per cent T.N.A., repaid in six annual instalments (the first as of 1995) free of national taxes.

The special incentives for small and medium-sized producers include introduction last year of the "Rural Change" Federal Programme for the Restructuring of Small and Medium-Sized Agricultural Enterprises. The aim is to try to boost alternative solutions on the basis of integration of provincial and local institutions, so that thanks to technical assistance, credit options, social organization, production diversification, market information and marketing processes, technology can serve as an instrument for the changes needed by small and medium-scale producers.

For those defined as minifundista farmers, there are also special credit plans generally granted by international institutions (IDB - World Bank) which include not only money but also technical support and are broken down by geographical areas and production activity: an example is the Patagonia region-credits for sheep-farming reconversion.

There are no subsidies to inputs.

(b)(2) Policies and measures affecting national meat and livestock marketing

The marketing of livestock for slaughter is carried out at various points, the most important being the Liniers Concentration Market, where 20 per cent of bovine cattle slaughtered in the country are marketed and which is considered a major price indicator. Other points where cattle are sold are the auction/fairs covering the various livestock regions of the country and the Concentrations Markets of Rosario and Córdoba. Livestock sales can also be carried out through agents or directly between meat-packing plants and producers.

Thirty-five per cent of sales of bovine meat are made in supermarkets and the remaining 65 per cent in butchers' shops. The traditional marketing system is the sale of half-carcases with bone-in. In the public sector as from October 1992 a new system of bovine meat marketing, known as the

"Healthy Cutting" system whose main objective is to improve hygiene throughout the marketing chain. The principal measure is to keep meat at a temperature of 7 degrees, thus inhibiting the multiplication of micro-organisms, as well as the requirement of plastic wrapping of quarters so as to extend the life span of the meat.

There are no subsidies to transport live animals and meat or for any other activity relating to the livestock trade.

(c) Stabilization and/or direct subsidization programmes

There are no such programmes at the moment.

II. Internal prices and consumption

Prices are determined by market forces. There are no measures to control prices, no consumer subsidies, no special sales for social reasons, and no incentives for domestic consumption.

III. Measures at the frontier

(a) Import policies

In line with the market-oriented policy described above, the Government does not intervene directly in meat imports. There are no quantitative limitations on the entry of meat products from abroad. Import duties are ad valorem and range between 2.5 and 10 per cent. In addition to the customs duty, imports are subject to a 10-per-cent statistical tax and value-added tax (18 per cent).

SENASA applies the same sanitary standards to imports of animal products as to locally produced products. For this purpose it carries out regular inspections of meat-packing plants abroad which wish to export products to Argentina. Plants inspected during 1993 were located in Brazil, Chile, Uruguay, Ecuador and Mexico. SENASA is working within MERCOSUR and CONASUR (consisting of Argentina, Brazil, Chile, Paraguay and Uruguay) to harmonize sanitary standards. A system of mutual recognition of the Veterinary Product Inspection Certificate has been adopted within MERCOSUR. Agreements have also been signed with Ecuador, Colombia and Venezuela.

In general there are no preferential arrangements for imports from developing countries. Special treatment is provided for under LAIA and MERCOSUR.

(b) Export policies

Following the dissolution of the National Meat Board in 1991, the Argentine meat sector has operated in the framework of a free, market-oriented economy. At present the Government is responsible only for the tasks that are its exclusive responsibility. In the meat-exporting sector, these consist of supervising the quality and wholesomeness of products shipped abroad.

Following the same market-oriented approach, there are no special export licences or restrictions on settlement in foreign exchange, which under the Convertibility Law of 1991 may be acquired on the free exchange market without Central Bank intervention.

There are no export duties, and the statistical tax for exports has been eliminated. Meat exports are subject to a drawback of between 2.5 and 5 per cent. In the case of prepared meat, the drawbacks increase to between 5 and 10 per cent (see Annex).

Given the free market system for agricultural trade, there are no reserves accumulated by the Government to be disposed of on the world market.

With regard to trade promotion, the Ministry of Agriculture has launched the Meat Export Promotion Programme (PROCAR), which has provided for participation in various trade fairs such as ANUGA and Berlin, and during the current year missions will be sent to Tokyo and the SIAL in Paris.

FOREIGN TRADE NOMENCLATURE

Export Drawbacks

I.	Bovine meat	
	1. Fresh, chilled and frozen	
	02.01.10.000	2.5
	02.01.20.000	2.5
	02.01.30.000	5
	02.02.10.000	2.5
	02.02.20.000	2.5
	02.02.30.000	5
	2. Prepared and preserved	
	02.10.20.000	5
	16.02.50.110	10
	16.02.50.120	10
	16.02.50.190	10
	16.02.50.210	10
	16.02.50.220	10
	16.02.50.231	10
	16.02.50.239	10
	16.02.50.241	10
	16.02.50.249	10
	16.02.50.251	10
	16.02.50.259	10
	16.02.50.260	10
	16.02.50.270	10
	16.02.50.290	10
II.	Pig meat	
	1. Fresh, chilled and frozen	
	02.03.11.000	2.5
	02.03.12.000	5
	02.03.19.000	5
	02.03.21.000	2.5
	02.03.22.000	5
	02.03.29.000	5
	a. Hams/shoulders and other cuts, cured	
	02.10.11.000	2.5
	02.10.12.000	5
	02.10.19.000	2.5

(Cont'd)

4.	Prepared and preserved	
	16.02.41.100	7.5
	16.02.41.200	7.5
	16.02.41.900	5
	16.02.42.100	7.5
	16.02.49.100	7.5
	16.02.49.900	5
III. Sheep and goat meat		
1.	Other than canned	
	02.04.10.000	2.5
	02.04.21.000	2.5
	02.04.22.000	5
	02.04.23.000	2.5
	02.04.30.000	2.5
	02.04.41.000	2.5
	02.04.42.000	5
	02.04.43.000	5
	02.04.50.000	2.5
IV. Other meat products		
1.	Fresh, chilled and frozen	
	02.04.50.000	2.5
	02.05.00.000	5
2.	Prepared and preserved	
	16.02.10.000	5
	16.02.20.100	7.5
	16.02.20.900	5
V. Variety meats (offal)		
1.	Bovine meat	
	02.06.10.000	2.5
	20.06.21.000	5
	02.06.22.000	5
	02.06.29.000	5
2.	Pig meat	
	02.06.30.000	2.5
	02.06.41.000	5
	02.06.49.000	5

FOREIGN TRADE NOMENCLATURE

Import tariffs	January-October 1992		October 1992-	
	Duty	Statistical fee	Duty	Statistical fee
I. Bovine meat				
1. Fresh, chilled and frozen				
02.01.10.000	5	3	2.5	10
02.01.20.000	5	3	2.5	10
02.01.30.000	5	3	5	10
02.02.10.000	5	3	2.5	10
02.02.20.000	5	3	2.5	10
02.02.30.000	5	3	5	10
2. Prepared and preserved				
02.10.20.000	5	3	5	10
16.02.50.110	13	3	10	10
16.02.50.120	13	3	10	10
16.02.50.190	13	3	10	10
16.02.50.210	13	3	10	10
16.02.50.220	13	3	10	10
16.02.50.231	13	3	10	10
16.02.50.239	13	3	10	10
16.02.50.241	13	3	10	10
16.02.50.249	13	3	10	10
16.02.50.251	13	3	10	10
16.02.50.259	13	3	10	10
16.02.50.260	13	3	10	10
16.02.50.270	13	3	10	10
16.02.50.290	13	3	10	10
II. Pig meat				
1. Fresh, chilled and frozen				
02.03.11.000	5	3	2.5	10
02.03.12.000	5	3	5	10
02.03.19.000	5	3	5	10
02.03.21.000	5	3	2.5	10
02.03.22.000	5	3	5	10
02.03.29.000	5	3	5	10
a. Hams/shoulders and other cuts, cured				
02.10.11.000	5	3	2.5	10
02.10.12.000	5	3	5	10
02.10.19.000	5	3	2.5	10

(Cont'd)

Import tariffs	January-October 1992		October 1992-	
	Duty	Statistical fee	Duty	Statistical fee
4. Prepared and preserved				
16.02.41.100	5	3	7.5	10
16.02.41.200	5	3	7.5	10
16.02.41.900	5	3	5	10
16.02.42.100	13	3	7.5	10
16.02.42.900	13	3	5	10
16.02.49.100	13	3	7.5	10
16.02.49.900	13	3	5	10
III. Sheep and goat meat				
1. Other than canned				
02.04.10.000	5	3	2.5	10
02.04.21.000	5	3	2.5	10
02.04.22.000	5	3	5	10
02.04.23.000	5	3	5	10
02.04.30.000	5	3	2.5	10
02.04.41.000	5	3	2.5	10
02.04.42.000	5	3	5	10
02.04.43.000	5	3	5	10
02.04.50.000	5	3	2.5	10
IV. Other meat products				
1. Fresh, chilled and frozen				
02.04.50.000	5	3	2.5	10
02.05.00.000	5	3	5	10
2. Prepared and preserved				
16.02.10.000	13	3	5	10
16.02.20.100	13	3	7.5	10
16.02.20.900	13	3	5	10
V. Variety meats (offal)				
1. Bovine meat				
02.06.10.000	5	3	2.5	10
02.06.21.000	5	3	5	10
02.06.22.000	5	3	5	10
02.06.29.000	5	3	5	10
2. Pig meat				
02.06.30.000	5	3	2.5	10
02.06.41.000	5	3	5	10
02.06.49.000	5	3	5	10
3. Other meats				
02.06.80.000	5	3	2.5	10
02.06.90.000	5	3	5	10

Note: In all cases products are liable to Value-Added Tax.