## ARGENTINA'S IMPORT RESTRICTING POLICIES AND PRACTICES: JOINT STATEMENT BY AUSTRALIA, THE EUROPEAN UNION, ISRAEL, JAPAN, KOREA, MEXICO, NEW ZEALAND, NORWAY, PANAMA, SWITZERLAND, CHINESE TAIPEI, THAILAND, TURKEY AND THE UNITED STATES

## COUNCIL FOR TRADE IN GOODS MARCH 30, 2012

- We would like to express jointly our continuing and deepening concerns regarding the nature and application of trade-restrictive measures taken by Argentina, which are adversely affecting imports into Argentina from a growing number of WTO Members.
- These measures include the overly broad use of non-automatic import licensing trade balancing requirements, and pre-registration and pre-approval of all imports into Argentina.
- Since 2008, Argentina has greatly expanded the list of products subject to non-automatic import licensing requirements. Currently, an import license is required for approximately six hundred 8-digit tariff lines in Argentina's non-agricultural goods schedule. The products affected include, but are not limited to, laptops, home appliances, air conditioners, tractors, machinery and tools, autos and auto parts, plastics, chemicals, tires, toys, footwear, textiles and apparel, luggage, bicycles, and paper products.
- A non-automatic licensing requirement is WTO incompatible unless it is necessary to implement measures which are imposed in conformity with the relevant WTO rules and does not have trade-restrictive or trade-distortive effects on imports beyond those caused by the underlying restriction. The non-automatic licensing requirement must comply with all relevant provisions of the Agreement on Import Licensing Procedures, including a maximum processing period of 60 days.
- Companies from many of the Members that support this statement report that Argentina's non-automatic import licensing scheme has a trade-restrictive effect on imports and that there are long delays in the issuance of import licenses. Many companies have reported wait periods of up to six months and longer. In some instances, companies are denied import licenses altogether, without justification or explanation.
- The lack of transparency in Argentina's implementation and administration of its import licensing regime creates profound uncertainty both for exporters and potential exporters to Argentina, as well as for investors in Argentina.
- In January 2012, Argentina announced regulations that went into effect on February 1, requiring pre-registration, review and approval of each and every import transaction. These regulations are creating long delays and resulting in huge costs for many of the exporters from Members supporting this statement.

- It appears that this new system is operating as a *de facto* import restricting scheme, on <u>all products</u>.
- Argentina has made clear through public government statements that is has also adopted an
  informal "trade balancing" policy, whereby companies seeking to import products must agree
  to export, dollar for dollar, goods of an equal or greater value or establish production
  facilities in Argentina.
- Many companies have reported receiving telephone calls from Argentine government officials in which they are informed that they must agree to undertake such trade balancing commitments prior to receiving authorization to import goods.
- The Ministry of Industry's website is replete with press releases announcing these trade balancing and domestic production arrangements. These arrangements include well known automakers agreeing to export products such as wine, olive oil, and soy meal, and requiring companies across a number of sectors to undertake production in Argentina without reference to the economics of doing so.
- Argentina may claim that companies enter into these arrangements voluntarily, but many of the Members supporting this statement share concerns that it may be operating otherwise.
- We are not aware of any official directive or resolution setting out these trade balancing or investment requirements. However, high level Argentine government officials have been quoted in the Argentine press as saying quite clearly that the purpose of these requirements is to improve its trade balance by restricting imports and promoting exports.
- Many of the Members that support this joint statement today have previously raised concerns about Argentina's increasingly protectionist measures both bilaterally and multilaterally beginning in 2008 when Argentina began progressively expanding the number of products subject to its non-automatic import licensing requirements.
- Concerns have been raised and questions have been directed to Argentina in the Committee
  on Import Licensing, the Committee on Agriculture, and in this Council. However,
  Argentina has failed to adequately address these concerns or respond to Members' questions.
- Indeed, rather than eliminating these import-restrictive measures and practices, Argentina has
  introduced new measures, and the existing measures have become increasingly problematic
  for our exporters.
- The import-restrictive measures and practices that Argentina has put in place are unbefitting any WTO Member, particularly a member of the G-20 who has committed to refrain from raising new barriers to trade and investment. In light of the shared goal of making every effort to sustain global economic growth, Argentina's measures, which clearly limit the growth-enhancing prospects for trade, are particularly troubling.

- We Members who support this Joint Statement request that Argentina take immediate steps to address the concerns we have raised today, and that many Members have raised in the past, by removing or terminating these import-restrictive measures and practices.
- If, on the other hand, despite the concerns described above, Argentina continues to maintain these import-restrictive measures and practices, Argentina should provide a detailed written explanation of why in its view these measures and practices are consistent with WTO rules. Members reserve their rights to pursue this matter further.