

ARGENTINA

Overview

The opportunities for defense contracting between U.S. corporations and the Argentine military are numerous and diverse. With recent successful privatization of most government-owned systems such as the telephone, gas, and electrical organizations, the Argentine military is poised for the same type of contractual changeovers.

For the first time in more than a generation, the environment for American business in Argentina is positive. This is a result of a political decision by the government to embark on a course of free market reform that includes fiscal responsibility, an open market, privatization and deregulation.

Argentina's economic and technical advancements over the past three years have been greater than its growth over the past 20 years. Eager to become a first world country and to gain acceptance and participation in world trade agreements, the Argentine government has placed great emphasis on creating a place for itself in the international marketplace. With the stabilization of the economy in 1992, foreign investors have flocked to Argentina and have flooded the market with goods and services long known but unattainable.

Defense Industry Environment

The military is moving to an all volunteer Army and is changing its focus more toward international peacekeeping missions; these changes bring many new requirements that offer potential business to U.S. firms accustomed to defense support. Although the Argentine market is open to U.S. imports, the imports, especially in the Defense sector, are accepted only if the foreign firm is willing to invest in Argentina. The two primary hindrances to U.S. firm's entry into this sector are limited funding; and the available Argentinean work force which is controlled by complicated labor regulations. Companies willing to invest capital, offer generous financial support with an eye toward long- term profits, and the fortitude to work within the regulatory constructs of the labor market, will find ample business prospects.

Argentine businesses are adopting international standards in both daily business practices and management and training, having already entered (or are poised to enter) in international competition in the goods and services sectors. At this time however, Argentine business infrastructures do not offer the quality of goods nor the breadth of services to support the requirements of the evolving Argentine military. The Argentine military has become increasingly active in international peacekeeping missions, and is interested in the technological support required for the modernization required to interact in an international environment. Defense contracting is a ripe field for business opportunities.

American suppliers of defense related equipment enjoy an excellent reputation for price, quality and after sales service. Standardization of equipment plays a key role in maintaining the U.S. position in the market.

European suppliers have been aggressive in their marketing promotion in Argentina and have thereby increased their marketing share by over ten percent in the past five years. One reason for their success is the pooling of equipment by specialized Government offices. American suppliers, able to work with other firms in providing turn-key solutions instead of single pieces of equipment, will most likely turn out to be very competitive against European suppliers of comparable equipment. Attractive terms of payment of over 8-10 years will add competitiveness for American vendors seeking to enter the market. Adequate after-sales servicing has played a key role in increasing the U.S. market share over the share now held by France.

Following the U.S. embargo of defense equipment to Argentina, the Humphrey-Kennedy amendment of 1978, the role of American supplies in this market was greatly reduced. French companies rapidly filled the gap with equipment that, although more costly to purchase and maintain, were the only available alternatives. While the Argentine military prefers U.S. made products for reliability and simplicity of operation, many systems are now based on French products: combat aircraft; helicopters; A/A missiles; radars, and others.

The current budget constraints will make it very difficult for the Argentine military and security forces to invest in complete systems. This works against U.S. suppliers because replacement of obsolete or damaged equipment is authorized by legislation and can be purchased automatically through existing suppliers.

The Defense Budget

The Government of Argentina's 1994 budget allocated to the Ministry of Defense totaled US\$ 2.2 billion, which is approximately the same amount as the previous year. It is broken down by Service as follows:

Army	US \$702.1 million
Navy	546.9
Air Force	483.9
Ministry for Defense	437.5
Joint Chiefs of Staff	6.4

The 1995 budget, estimated at US\$1.76 billion, was cut by 20% over the 1994 budget.

Armed Service Personnel

Army	36,000
Navy	20,000
Air Force	12,000
Paramilitary:	
Prefectura (Coast Guard)	13,000
Gendarmeria (Border Patrol)	17,000

Primary Ministry of Defense Contractors

Area Material Cordoba (aircraft maintenance): operated as a concession by Lockheed Martin as a regional repair facility for C-130 and A-4 aircraft; eventually plans to expand into other aircraft platforms, maintenance, and repair.

Altos Hornos Zapla (steel mills): formerly government-owned, now making the transition to the private sector.

Astillero Domeq Garcia (submarines)

Direccion General de Fabricaciones Militares: provides majority of military materiel. Munitions will remain under military control.

TAMSE (medium tanks)

Tandanor (ship repair)

Defense Opportunities

Within the Argentine Ministry of Defense, each military service has unique needs that may be targeted by U.S. firms.

Air Force

In the next five to ten years the Argentine Air Force plans procure simulators for its A-4 fighter and UH-1 helicopter aircraft. It will need support systems, parts, and maintenance training for these platforms as well as for the newly purchased Presidential Sikorsky Blackhawk helicopter. Maintenance, parts, electronics, avionics/warfare training and simulation will also enjoy increased demand pending probable sale of more P-3s and H-3s. An increased number of crash trucks for airport accidents will be needed in the future, as will components for a nationwide Air Traffic Control System. Information systems (specifically, how to manage logistics) dealing with maintenance and parts inventories will be needed across the board.

Army

The Argentine Army is currently expanding its domestic role. Thus, new disaster relief equipment and training are on their expansion agenda, as well as increased water purification and well-drilling for the more underdeveloped areas. Transport aircraft and mobile power generation equipment will be required to support this initiative. Also needed is equipment for the mechanical clearing of vegetation in waterways, and for the environmental disposal of munitions and hazardous waste. The Army also plans to purchase FLIR--Forward Looking Infra-Red Systems.

Navy

The Argentine Navy currently plans to rework ship engines to be converted to U.S. standards, and it will need assistance in re-engineering the fleet. The Navy has specifically requested Oshkosh valves for certain ships. The Navy has had problems with the Naval aviation's T-34 landing gear, therefore, they need technical assistance in maintenance and repair, parts, and the development of a depot level maintenance system.

Some common needs throughout all the Armed services are in the following areas:

Information systems -- to manage logistics, maintenance, and parts inventories.

Uniforms -- Need better quality and more durable fabrics.

Recruiting --Public relations, sales, information systems.

Global Positioning Systems.

Communications Networks -- e.g., distributed training satellite and terrestrial systems that could be used by the military, medical, and education sector. Argentina is a large country with residential regions and developed areas long distances from each other, thus, such systems and networks would be a tremendous benefit in providing information and training necessary for progress to modernize these regions.

Defense Procurement Process

Currently, the Foreign Military Sales Program through the U.S. Security Assistance Office secures U.S. involvement and cooperation with the Argentine military departments. In the last several years, the Argentine military establishment has shifted to purchasing most goods (military equipment) and services (training) from the United States. Most government-to- government military hardware purchases and contracts for training in the U.S. are made under the Foreign Military Sales (FMS) program.

FMS sales, which averaged about US\$ 5 million per year from 1950 until 1982

(Falklands-Malvinas War), dropped to a low of US\$ 630 thousand in 1985. FMS sales rebounded to an unprecedented level of US\$ 18 million at the end of fiscal year 1993.

This record-sales of US\$ 18 million was shattered in fiscal year 1994 by the signing of various FMS contracts, totaling US\$ 54.5 million (\$40 million of which pertains to the sale of A-4M aircraft). In December 1994, Lockheed Martin signed a contract valued at approximately US\$ 279.5 million to refurbish these A-4M aircraft.

This single sale of A-4M aircraft to Argentina is a 100% increase over all defense sales by the U.S. to Argentina from 1950 to 1982, and clearly demonstrates the current Argentine preference for U.S. products. The Lockheed Martin maintenance contract for the Argentine Air Force aircraft (estimated at US\$200 million) remains an issue that is being worked out by both the Argentine Ministry of Defense and Lockheed Martin. The Argentine Air Force has jurisdiction over the A-4M program and all the requirements associated with the aircraft upgrade contract. The problems with the maintenance contract center around social security benefits laws which would create a tax advantage loss for Lockheed Martin.

From 1988 through 1995, modest International Military Education and Training (IMET) funds are being gradually replaced by FMS cases for military training. Through a combination of FMS and IMET funding, 74 Argentines attended schools in the U.S. fiscal year 1994.

In addition, the U.S. has supplied a substantial amount of military equipment under the Excess Defense Articles (EDA) program. Used C-130 transports, OV-1 Mohawk reconnaissance aircraft, and an ocean-going tug have been transferred to Argentina free of charge over the last 18 months. This increased acquisition of U.S. goods and services from the U.S. Department of Defense will help ensure Argentina military interoperability with U.S. forces through commonality of equipment and training.

Military Cooperation and Points of Contact

The U.S. military supports the reforms and changes initiated by the Argentine Armed Forces through their modernization and restructuring programs. Furthermore, as a result of policy changes made by the Argentine government, and a change in the Argentine military's focus, cooperation with the U.S. Armed Forces has increased dramatically in the last several years. Relations are now routinely characterized by bilateral cooperation and friendship. The tempo of deployments, visits and information exchanges has increased significantly in recent years, and are expected to remain high in the foreseeable future.

Within the Argentine armed forces, there does not currently exist a centralized system for decision-making and procurement for defense related articles. Decisions to procure new equipment or enter into long-term service contracts are normally made at the Chief of Service level. The Ministry of Defense is usually responsible for consolidating Service requests and seeking approval for the required funding from the Ministry of Economy. For large contracts, the Ministry of Defense plays a larger role in source selection and contract negotiations. The following are Ministry of Defense and Armed Forces points of contact:

Ministry of Defense

Subsecretaria de Politica y Estrategia
Paseo Colon 255
1063 Capital Federal
Buenos Aires, Argentina
Commercial tel: (54-1) 343-4571/4573
Commercial fax: (54-1) 331-8961

Secretaria de Planeamiento
Tel: (54-1) 342-8283/3793
Contact: Dr. Echichurri

Sec. Asuntos Militares
Tel: (54-1) 342-2523/0976
Secretary Mr. Baeza

Armed Forces Joint Staff

Jefe A - Logistica
Estado Mayor Conjunto de las F.F.A.A.
Paseo Colon 255
1063 Capital Federal
Buenos Aires, Argentina
Commercial tel/fax: (54-1) 331-5738

Army

Jefe I - Logistica
Estado Mayor General del Ejercito Argentina (E.M.G.E.A.)
Azopardo 250
1328, Capital Federal
Buenos Aires, Argentina
Commercial tel/fax: (54-1) 331-7106

Jefe III - Operaciones
Estado Mayor General del Ejercito Argentino (E.M.G.E.A.)
Azopardo 250
1328, Capital Federal
Buenos Aires, Argentina
Commercial tel: (54-1) 331-8869
Commercial fax: (54-1) 334-6259

Navy

Director General de Material Naval
Estado Mayor General de la Armada Argentina (E.M.G.A.A.)
Edificio Libertad, Comodoro Py 2055
Capital Federal
Buenos Aires, Argentina
Commercial tel: (54-1) 315-4819
Commercial fax: (54-1) 312-4621

Air Force

Comandante de Material
Estado Mayor General de la Fuerza Aerea Argentina (E.M.G.F.A.A.)
Edificio Condor, Pedro Zanni 250
Capital Federal
Buenos Aires, Argentina
Commercial tel: (54-1) 315-4979
Commercial fax: (54-1) 311-0874

Jefe III - Planificacion
Estado Mayor General de la Fuerza Aerea Argentina (E.M.G.F.A.A.)
Edificio Condor, Pedro Zanni 250
Capital Federal
Buenos Aires, Argentina
Commercial tel: (54-1) 312-5108
Commercial fax: (54-1) 313-9367

Normal procedures for procurement include solicitations from available bidders. A formal review/consideration process of the bids is conducted by the interested Service, then a recommendation for acceptance is forwarded to the Ministry of Defense for approval, funding, and implementation. Service chiefs and designated general staff directorates can negotiate and enter into lesser contracts. Due to budget constraints, U.S. firms capable of providing bids that include financing options stand a good chance of being selected. Potential U.S. suppliers are encouraged to coordinate their offers and visits with the Argentine Armed Forces through the U.S. Military Group, American Embassy, Buenos Aires, Argentina:

Commander
USMILGP Argentina, Unit 4329
APO AA 34034
Commercial tel/fax: (54-1) 777-1207

Civilian and Para-Military Procurement Points of Contact

Police Force Purchasing Agents

Policia Federal Argentina

Oficina de Compras
(Purchasing Office)
Avenida Rivadavia 1330, Piso 1
(1033) Buenos Aires

Contacts:

Comisario Inspector Victor Candido De Filippis
Jefe de Compras (Chief Purchaser)
Tel: (54-1) 381-5905
Fax: (54-1) 381-5869

Comisario Oscar Jorge Pricolo
Coordinador de Compras (Purchasing Coordinator)
Tel: (54-1) 381-5921
Fax: (54-1) 381-5869

Policia Federal Argentina

Oficina de Importaciones (Importation Office)
Avenida de Mayo 1333, Piso 5
(1085) Buenos Aires

Contact:

Comisario Juan Carlos Humaron
Encargado de Importaciones (Importation Officer)
Tel/fax: (54-1) 381-6989

Direccion General de Materiales (General Division of Materials and Supplies)
Azopardo 650 Piso 3
(1107) Buenos Aires

Contacts:

Comisario Mayor Domingo Artentino Torrellas
Gerente de Materiales (Materials & Supplies Manager)
Tel/fax: (54-1) 342-7643

Comisario Jorge Alberto Chiossone
Gerente de Recepcion de Materiales (Supplies Receiving Manager)
Tel/fax: (54-1) 334-5052

Policia Aeronautica (Aeronautical Police - reports to the Air Force)

Contact:

Comodoro Juan Carlos Spain
Director Nacional de Policia Aeronautica, (National Director of Aeronautical Police)
Aeropuerto Internacional de Ezeiza
(1804) Provincia de Buenos Aires
Tel: (54-1) 480-9081
Fax: (54-1) 480-0906

Prefectura Naval Argentina (Coast Guard)

Contact:

Prof. General Jorge Humberto Maggi
Prefecto Nacional Naval
Av. Eduardo Madero 235, Piso 2, Of. 210
(1106) Buenos Aires
Tel: (54-1) 314-8048
Fax: (54-1) 331-0317

Gendarmeria Nacional (Border Patrol)

Contact:

Comandante General Timar Musumeci
Director Nacional de Gendarmeria
(National Director of Border Patrol)
Antartida Argentina y Gendarmeria Nacional
(1005) Buenos Aires
Tel: (54-1) 313-1398
Fax: (54-1) 313-6369

Ministry of the Interior

Contact:

Prof. Aldo Omar Carreras, Secretario
Secretaria de Poblacion
25 de Mayo 145, Piso 5
(1002) Buenos Aires
Tel: (54-1) 342-8126, Int. 371

Diversification/Commercialization Opportunities

Government Industries or Facilities

Argentina has privatized most of its government-run organizations. The private electrical, gas and telephone systems are well into their second or third year of existence. The gas

and oil industries have also experienced changes, and many U.S. companies are involved in their privatization. Within the last two years, the military has begun to sell off many of its industrial assets and it is in the process of privatizing traditionally military-run systems such as the airports, ship repair facilities, steel mills, and maintenance and repair industries. With Argentina's economic potential constantly being reevaluated by the media, great strides are being made by Argentine businesses and industries to better equip themselves to compete in an international marketplace.

Under President Menem, Argentina is opening a number of opportunities for U.S. business and industries to help advance the Argentine economy. The country has remained economically stable for the last three years, the Argentine peso has been pegged to the dollar, and much construction, repair and cleanup are evident throughout the city of Buenos Aires. While the city of Buenos Aires is very advanced and modern, much of Argentina's interior remains underdeveloped. This area represents a large untapped resource, awaiting only the necessary initial capital investment. Argentina is a resource-wealthy nation and the future years promise tremendous opportunity for U.S. business growth.

Opportunities in dual-use or related technology fields

Current potential opportunities for U.S. defense firms are virtually unlimited with regard to types of products or services that would be of interest to Argentina. However, problems lie in the limited funds available to National and Provincial government agencies to purchase new goods and services, and in the work force, union and labor regulations that would affect the daily conduct of business within the country. Also, Argentina lacks the requisite technical infrastructure, and therefore, many of the high-tech products currently in use in the defense industry would not be practical for Argentina to consider at this time. Argentina's military is well educated and many of its senior officers, through special military programs, have lived and studied in the United States and Europe. They appreciate the need for a better technological infrastructure within their military, and realize they have far to go. Currently however, other issues, e.g., such as changing from a conscript military to an all-volunteer military, may take higher priority over the need for more sophisticated equipment.

Civilian Market Opportunities

Waterways - dredging the rivers for silt, garbage and pollution. This sector currently is affecting the barge and shipping industry. Engineering techniques/equipment focusing on dredging would be welcomed by the commercial shipping industry.

Airport and Aviation Support Systems - includes air traffic control systems, radar systems, and detection devices.

Law Enforcement - radar and detection technologies, night-vision equipment, and training.

Medical Supply - portable field hospitals and support equipment; medical diagnostic equipment.

Petrochemicals.

Port System Privatization - because of deregulation port systems, a broad difference in quality and capabilities exists among the many new public ports. Equipment and technology in the shipping and port sectors are needed.

Another emerging trend in demand in the Argentine market is at the state-level. Privatization of state and regional programs are underway, offering opportunities beyond the programs at the national level in many of the same sectors previously mentioned. At the state level, the engineering and construction sectors are also in need of technology and equipment.

For further information on opportunities in the above civilian sector areas, contact:

Presidencia de la Nacion, Subsecretaria General
Balcarce 50, Piso 1
Buenos Aires
Tel. (54-1) 343-0317 and 342-9017 ext. 503/516

Doing Business in Argentina

The Menem administration warmly welcomes foreign investment, which it views as necessary to Argentina's continued economic growth. The government encourages investment through national treatment in most cases under a free foreign exchange regime without price controls. Foreign investors, including many American firms, operate in every major sector of the economy.

Decree Law 1853 of September 1993 governs foreign investment in Argentina, combining in one piece of legislation the liberalization measures contained in the Economic Emergency and State Reform Laws of 1989 and the Foreign Investment Law of 1993. This law stipulates that foreign companies may invest in Argentina without prior government approval on an equal footing with domestic firms. Separate legislation (Law 24,196 of May 1993), designed specifically to generate foreign participation, governs the mining sector. A Bilateral Investment Treaty is nearing final ratification as well.

Investors are free to enter the market via the most convenient vehicle, be it through merger, takeover, green field or joint venture. Foreign firms have also participated extensively and without discrimination in the Government of Argentina's ambitious privatization program, becoming most involved in the oil, gas, telecommunications, transportation, electric power and water and sewer sectors. Foreign firms may also participate in publicly financed research or subsidized research and development programs on a national treatment basis.

Foreign investors face the same tax liabilities as local firms. The bulk of taxes are assessed

on consumption and importation; others are assessed inter alia on income, value-added, wages (social security), assets and other property. There is not tax on dividends. Foreign firms are eligible for the government's various export promotion schemes, including one which provides for lower import duties or restrictions on production materials tied to increased exports in non-traditional areas. Under legislation elaborated last year, mining investment will enjoy: guaranteed tax stability for the coming 30 years; exemption from taxation on assets; deductions for prospecting and exploration expenses and environmental conservation expenses; accelerated depreciation; and, exemptions from import duties and the statistical tax on equipment and parts.

Notwithstanding the highly favorable investment climate, there remain a few sectors where national treatment is denied. Foreigners cannot invest directly in uranium mining and nuclear power generation. (We understand the prohibition on uranium mining may be lifted in late 1994.) Foreigners have been denied broadcasting licenses as well, although their participation is not expressly prohibited by law. Foreigners can only enter the fishing and insurance industries by purchasing control of existing firms; no new licenses are being issued. Foreigners require permission from the National Superintendent of Frontiers, within the Ministry of Defense, to invest in non-mining activities in frontier areas; no permission is required for mining investments in these areas.

Foreign investors enjoy much the same treatment as do Argentines to the point that they occasionally suffer from the same inconsistent application of laws and regulations and alleged cases of favoritism that Argentine businesses face.

Also note that local end-users are reluctant to invest in equipment offering a different technology than the applications they are used to working with. Thus, they typically source with suppliers of similar equipment. Argentine military departments are familiar with and comfortable using U.S. technology and equipment.

Distribution and Sales

The normal sales process used by U.S. companies is through agent distributors. Principal-agent relations are basically governed by the Civil and Commercial Codes. No special legislation has been enacted to regulate the termination of agency agreements. Law 14,546 of 1958 extends Labor Law benefits to business agents. The parties may not elect foreign laws to govern the agreement. If a contract is executed abroad to avoid Argentine law, it will not be enforced by Argentine courts.

The Civil and Commercial Codes permit discretionary termination by a principal of an agency agreement. However, the terminating party may be liable for damages resulting from a wrongful termination. All agreements, whether for a definite or undefined term should include a notice of termination clause.

Licensing Arrangements

Transfers of know-how from a foreign individual or company to an Argentine individual

or company, and transfers of patents or trademarks are governed by Law 22,426. This law establishes two categories of transactions: those between related companies and those with third parties.

Transfers of know-how between related companies are subject to prior government approval. Lack of approval does not invalidate these contracts, but any payments made on the contracts will not be allowable for tax purposes and will be subject to the 27% withholding tax.

Transfers of know-how between non-related companies, or third- parties, are required to be registered for information purposes only.

Joint Ventures

Argentine legislation permits the establishment of joint-ventures. A contract must be signed and registered with the Commercial Registry. The contract must contain a number of specific clauses and must also provide for the appointment of a legal representative in charge of management.

Establishing an Office

Foreign companies may carry out any single transaction. To carry on a continuing activity, a foreign company must establish a branch (sucursal) in Argentina. An individual must be appointed as the company's legal representative. It is not necessary to assign capital to the branch.

Foreign Structures Commonly Used by Investors

Regardless of whether they are associated with local investors, foreign investors may do business in Argentina as individuals or through corporations, branches of foreign corporations, limited liability companies, limited partnerships, general partnerships or joint-ventures.

Foreign corporations often operate in Argentina through a separately incorporated subsidiary rather than through a branch, primarily to minimize their potential liability. If a branch is used, all of the foreign corporation's assets, not only its Argentine assets, may be subject to potential liability. In contrast, if an Argentine or foreign subsidiary is used, the foreign corporation's liability would generally be limited to the assets owned by that subsidiary.

Bilateral Investment Treaty

A Bilateral Investment Treaty was signed on November 14, 1991, and was ratified by the legislatures of the U.S. and Argentina in 1994. Under the Treaty, "investment" includes equity, debt, and service and investment contracts. It includes tangible and intangible property, a company or shares of stock interests in assets, and any right conferred by law or contract and any licenses and permits. Investment also encompasses intellectual property, including literary and artistic works, inventions in all fields of human endeavor, industrial designs, semiconductor mask

works, trade secrets, know-how and confidential business information and trademarks, service marks and trade names.

The Treaty establishes "national treatment" for investment, i.e., obligates each party to permit and treat investment in its territory by companies or nationality of the other party on a basis no less favorable than the accorded to investment for its own nationals. In no case shall investment be accorded treatment less than required by international law. The Treaty prohibits expropriation or nationalization except for a "Public Purpose" and in a non-discriminatory manner. In such cases, prompt and adequate compensation must be provided.

Argentine Corporations

Corporations are regulated by a law effective throughout Argentina. Corporations are set up with the approval of at least two legal or natural persons, whether Argentine or foreign. A corporation may not be a partner in a partnership. A corporation can usually be established within three to four weeks if capital is supplied only in cash. If supplied in kind, the corporation can be established within approximately two months.

U.S. firms considering establishing in Argentina are encouraged to investigate the registration, tax, and legal aspects of corporation establishment with a legal counselor in Argentina. There are a number of good law firms in Argentina and most have English-speaking attorneys and tax consultants.

Selling Factors/Techniques

Argentine requirements/standards may have to be used; however, U.S., British, or similar requirements or standards may be acceptable. The importer's instructions must be followed.

- **Standard Code**

Argentina has signed (subject to ratification by Argentine legislative bodies) the "Standards Code" negotiated and accepted during the Tokyo Round of MTN negotiations under the GATT. For non-agricultural standards and their testing and certification systems, contact the National Center for Standards and Certification Information, National Institute of Standards and Certification Information, National Institute of Standards and Technology, TRF Building, Room A163, Gaithersburg, MD 20899. Tel: (301)975-4040. U.S. exporters can also find more information on foreign standards from the American National Standards Institute, 11 W. 42nd St., New York, NY 10036 Tel: (212)642-4900.

- **Weights and Measures**

Metric System Regulations based on Law 11,275 of November 10, 1923, require metric labeling for packaged products.

- **Electric Current**

A.C. 50 cycle, 220 volts, one phase; 380 volts, 50 cycles, three phase.

Government Procurement

There is no requirement for Government sourcing with Argentine companies. A "Buy Argentina" program preference system was eliminated in October 1991.

Import Tariffs and Taxes

The Argentine tariff classification system--Harmonized System (HS)--was implemented on January 1, 1992 and is aligned with the GATT Customs Classification and Code adopted in 1979.

- **Customs Duties**

The HS classification is used for specifying tariff rates. Ad valorem duties are assessed on the C.I.F. value of the imported merchandise. The average unweighted tariff is approximately 9 percent, while duty rates range from 2.5 percent to 15 percent. The top duty rate of 20 percent applies to virtually all finished goods, except capital goods not produced in Argentina where a ten percent duty applies. Argentina has accepted (with reservations) the GATT "Customs Valuation Code."

- **Import Restrictions**

Only a few import restrictions remain in effect. Permanent quotas remain on goods such as automobiles. Temporary quotas exist on paper, pulp and a few other items. Other goods such as pharmaceuticals, foodstuffs, defense materials and other particular items require the approval of the related government department.

- **Import Charges**

In addition to the duties applied to most products entering the Argentine market, there is a 3 percent import statistics fee applied to the CIF value of all durable goods. The CIF value plus the duty and the import statistics fee constitute the base for the application of domestic taxes.

The office which drafts customs rules, regulations and tariffs is:

Direccion Nacional de Impuestos,
Ministerio de Economia
Hipolito Yrigoyen 250, Oficina 606
1310 Buenos Aires, Argentina
Tel: (54-1) 331-7330

Technical Administration for Imports
Azopardo 350, 1st Floor,
1328 Buenos Aires, Argentina
Tel: (54-1)343-0661/0669 Fax: (54-1)331-9881

- **Other Import Information**

In the case of larger shipments or shipments of valuable items, a security escort is recommended. Before customs clearance is granted, all taxes must be paid and registered through the CUIT (Certificado Unico de Impuestos y Tributos) document.

There are no restrictions on import payments. Payment terms are worked out freely between the private trading partners.

Argentine experience with barter and counter trade is very limited. Under the current liberal foreign exchange regime, there is no financial incentive to enter into counter trade arrangements.

Key Commercial Defense Firm Contacts

TURSOL S.A.

Tucuman 825, piso 4

1049 Buenos Aires

Phone: (54-1) 322-5322

Fax: (54-1) 331-8007

Contact: Ing. Jorge Recupero (President)

Comment: Tursol is an aircraft representative.

LA MACARENA S.A.

25 de Mayo 489, piso 6

1339 Buenos Aires

Phone: (54-1) 312-5671

Fax: (54-1) 311-2742

Contact: Mr. Jose Maria Beraza (Director)

Comment: La Macarena is an aircraft representative and a repair station.

HELITECNO S.R.L.

Entre Rios 140, piso 5

1079 Buenos Aires

Phone: (54-1) 372-8543

Fax: (54-1) 476-1210

Contact: Mr. Angel Mario Guevara (Vice President)

Comment: Helitecno is an aircraft and helicopter representative.

AEROLINK S.A.

Peru 457, 4H

1067 Buenos Aires

Phone: (54-1) 331-0241

Fax: (54-1) 345-1833

Contact: Mr. Pedro Martinez (Director)

Comment: Aerolink is a aircraft and parts representative.

FIALA & ASOCIADOS S.R.L.

Av. R. S. Pena 710, piso 3

1035 Buenos Aires

Phone: (54-1) 328-1474

Fax: (54-1) 328-1474

Contact: Mr. Jorge A. Fiala (Director)

ALEXANDER TAYLOR S.A.

Corrientes 534, 12B

1043 Buenos Aires

Phone: (54-1) 394-3751

Fax: (54-1) 394-3751

Contact: Mr. Alexander Taylor (Director)

CONTROL LOGISTICO S.R.L.

Paraguay 609, piso 6, depto, K

1057 Buenos Aires

Phone: (54-1) 311-1412

Fax: (54-1) 311-1700

Contact: Mr. Oscar Ramos (President)

RAYO ELECTRONICA S.R.L.

Belgrano 990, piso 6

1092 Buenos Aires

Phone: (54-1) 334-0683

Fax: (54-1) 334-8799

Contact: Mr. Jaime Rosenblum (Director)

Comment: Rayo Electronica is a representative of radar and communications equipment.

AEROTEST S.R.L.

Paraguay 435, piso 4, oficina 15

1057 Buenos Aires

Phone: (54-1) 311-0534

Fax: (54-1) 311-0543

Contact: Mr. Fernandez Zavalua (Director)

Comment: Aerotest is a aircraft and parts representative.