

# WORLD TRADE ORGANIZATION

**G/SCM/N/38/ARG**  
17 November 1998

(98-4576)

**Committee on Subsidies  
and Countervailing Measures**

Original: Spanish

## **SUBSIDIES**

New and Full Notifications Pursuant to Article XVI.1 of the GATT 1994 and  
Article 25 of the Agreement on Subsidies and Countervailing Measures

## **ARGENTINA**

The following communication, dated 27 October 1998, has been received from the Permanent Mission of Argentina.

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## PATAGONIAN PORTS

**1. Title of subsidy programme, if relevant, or brief description or identification of the subsidy**

Refund scheme for Patagonian ports. Act No. 24,490 extending the validity of Act No. 23,018.

**2. Period covered by the notification**

Act No. 24,490 entered into force on 15 January 1996 and is still in force.

**3. Policy objective and/or purpose of the subsidy**

See document G/SCM/N/3/ARG of 25 March 1996.

**4. Background and authority for the subsidy (including identification of the legislation under which it is granted).**

See document G/SCM/N/3/ARG of 25 March 1996.

**5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)**

Supplementary refund for exports.

**6. To whom and how the subsidy is provided (whether to producers, to exporters or others; through what mechanism; whether a fixed sum or fluctuating amount per unit; if the latter, how determined)**

See document G/SCM/N/3/ARG of 25 March 1996.

**7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit). Where provision of per unit subsidy information (for the year covered by the notification, the previous year, or both) is not possible, a full explanation.**

The total supplementary refunds under the Patagonian ports scheme for the period 1995-1997 were as follows:

1995	72.20 million pesos.
1996	98.05 million pesos.
1997 (provisional)	53.17 million pesos.

Source: National Statistics and Censuses Institute (INDEC).

**8. Duration of the subsidy and/or any other time-limits attached to it, including the date of inception/commencement.**

Act No. 24,490 extends the validity of the supplementary refund for exports scheme established in Article 1 of Act No. 23,018 for a period of five (5) years from 1 January 1995. The supplementary refund provided for by this Act will be gradually eliminated as from 31 December 1999 at a rate of one percentage point a year.

## MINING

**1. Title of subsidy programme, if relevant, or brief description or identification of the subsidy**

Tax exemptions under Article 270 of the Mining Code, as amended by Act No. 10,273.

Mining Activities Promotion Act No. 22,095.

Mining Activities Promotion Decree No. 554/81, regulating Act No. 22,095.

Mining Investment Act No. 24,196.

Mining Investment Decree No. 2,686/93, regulating Act No. 24,196, and its amendments (Decree No. 1403/97 and Resolutions Nos. 242/96 and 198/98).

Mining Investment Act No. 24,296; amendment to Article 6 of Act No. 24,196.

Regime to Finance Payment of the Value-Added Tax Act No. 24,402.

Regime to Finance Payment of the Value-Added Tax Decree No. 779/95, regulating Act No. 24,402, and its amendments (Decree No. 216/96).

Federal Mining Agreement Act No. 24,228.

**2. Period covered by the notification**

Article 270 of the Mining Code was amended by Act No. 10,273, which came into force on 25 November 1917.

Act No. 22,095 entered into force on 9 November 1979 and was derogated from by Act No. 24,196. The beneficiaries of this Act, apart from Article 9 of Chapter III, continue to enjoy the regime thus established.

Decree No. 554/81 entered into force on 8 June 1981.

Act No. 24,196 entered into force on 1 June 1993.

Decree No. 2,686/93 entered into force on 11 January 1994.

Act No. 24,296 entered into force on 21 January 1994.

Act No. 24,402 entered into force on 9 December 1994.

Decree No. 779/95 entered into force on 13 June 1995.

Act No. 24,228 entered into force on 10 August 1993.

**3. Policy objective and/or purpose of the subsidy**

The purpose of the legislation in question is to encourage mining activities so as to contribute to the development of the country, ensure the rational exploitation of mining resources, generate employment and diversify regional economies.

**4. Background and authority for the subsidy (including identification of the legislation under which it is granted).**

Act No. 22,095: Ministry of Economic Affairs and Public Works.

Decree No. 554/81: Ministry of Economic Affairs and Public Works.

Act No. 24,196: Ministry of Economic Affairs and Public Works.

Decree No. 2,686/93: Ministry of Economic Affairs and Public Works.

Act No. 24,296: Ministry of Economic Affairs and Public Works.

Act No. 24,402: Ministry of Economic Affairs and Public Works.

**5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)**

Act No. 10,273 (amendment to Article 270 of the Mining Code): Tax exemptions.

Act No. 22,095: Tax concessions and exemptions. Special promotion: tax concessions and exemptions, deferment of payment, customs exemptions.

Encouragement of mining activities: financing and non-refundable contributions.

Act No. 24,196: Tax stability. Tax concessions and exemptions. Customs exemptions.

Act No. 24,402: Regime to finance payment of the value-added tax.

Act No. 24,228: Elimination of taxes.

**6. To whom and how the subsidy is provided (whether to producers, to exporters or others; through what mechanism; whether a fixed sum or fluctuating amount per unit; if the latter, how determined)**

Act No. 10,273 (amendment to Article 270 of the Mining Code): the tax exemptions relate to mines granted to private individuals.

Act No. 22,095: the potential beneficiaries of this Act are natural persons domiciled in the Argentine Republic and legal persons incorporated in Argentina or authorized to act within its territory who are carrying out mining activities included in Article 6 of the Act. The benefits of the special promotion are granted to persons who apply for them in accordance with the provisions of Chapter IV of the Act. Loans and non-refundable contributions are granted in accordance with the provisions of Articles 21, 22, 23 and 24.

Act No. 24,196: all natural persons domiciled in the Argentine Republic and legal persons incorporated in Argentina or authorized to act within its territory can take advantage of the regime of this Act if they are carrying out mining activities included in Article 5 of the Act.

The tax stability granted by this Act means that enterprises carrying out mining activities within the framework of the present investment regime cannot be affected, beyond the total fiscal burden determined at the moment of the presentation of the feasibility study, by increases in taxes and duties, whatever they may be called, by the national, provincial and municipal authorities adopting this regime or by the introduction of new taxes which would legally extend to them as being subject to such authorities. It applies also to the exchange and tariff regimes, excluding exchange parity and refunds, repayments and/or drawbacks of taxes on account of export activities. It does not apply to the value-added tax.

Tax stability is granted for thirty (30) years from the date of presentation of the feasibility study for the mining ventures included in the regime.

Act No. 24,402: this Act has instituted a regime for financing payment of the value-added tax through credit lines granted by financial entities. The beneficiaries of this regime are the purchasers or importers of the goods referred to in the Act (Article 1), inasmuch as they are intended for the productive process directed towards sales abroad, and persons who are subject to the regime of Act No. 24,196 and invest in civil and construction works intended to supply the infrastructure needed for the production of export-oriented goods.

Act No. 24,228: the provinces are invited to eliminate taxes on mining activities from their legislation in accordance with points 9 and 10 of the Federal Mining Agreement.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit). Where provision of per unit subsidy information (for the year covered by the notification, the previous year, or both) is not possible, a full explanation.**
8. **Duration of the subsidy and/or any other time-limits attached to it, including the date of inception/commencement.**

Act No. 24,402: in accordance with Decree No. 779/95, the regime will come to an end on 31 December 1999.

## **FORESTRY ACTIVITIES**

1. **Title of subsidy programme, if relevant, or brief description or identification of the subsidy**

Forestry Activity Promotion Act No. 13,273 (regulatory enactment by Decree No. 710/95).

Promotion of Afforestation Decree No. 711/95.

Promotion of Afforestation Resolution No. 393/96 and its amendments, regulations and application standards (see annexed documentation).

Tax Stability Act No. 24,857.

2. **Period covered by the notification**

Act No. 13,273 entered into force on 14 October 1948 (it is still in force) and its Regulatory Decree entered into force on 4 December 1995 and is still in force.

Decree No. 711/95 entered into force on 4 December 1995 and is still in force.

Resolution No. 393/96 entered into force on 22 July 1996 and is still in force.

Act No. 24,857 entered into force on 19 September 1997 and is still in force.

**3. Policy objective and/or purpose of the subsidy**

Argentina has an environmental and economic potential of woodland cultivation that has barely been exploited. The purpose of the legislation in this area is to promote forestry activities throughout the entire country; such activities could encourage medium- and long-term investment and generate employment.

**4. Background and authority for the subsidy (including identification of the legislation under which it is granted).**

Act No. 13,273 (R.E. by Dec. No. 710/95): Ministry of Economic Affairs and Public Works.

Decree No. 711/95: Ministry of Economic Affairs and Public Works - Department of Agriculture, Livestock and Fisheries.

Resolution No. 393/96: Ministry of Economic Affairs and Public Works - Department of Agriculture, Livestock and Fisheries.

Act No. 24,857: Ministry of Economic Affairs and Public Works.

**5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)**

Act No. 13,273 (R.E. by Dec. 710/95): customs exemptions and promotion measures.

Decree No. 711/95: credits.

Resolution No. 393/96: credits.

Act No. 24,857: tax stability.

**6. To whom and how the subsidy is provided (whether to producers, to exporters or others; through what mechanism; whether a fixed sum or fluctuating amount per unit; if the latter, how determined)**

Act No. 13,273 (R.E. by Dec. 710/95): The equipment, tools, drugs, seeds, cuttings and other elements needed for afforestation, the reafforestation of the country and survey work are exempted from the customs duties.

Decree No. 711/95: A tax credit is granted to natural and legal persons owning cultivated woodlands, in a fixed amount per hectare of woodland effectively qualified as eligible for the purpose, for the forestry activities of planting, pruning, thinning out or other silvicultural processes.

Resolution No. 393/96: Non-refundable economic assistance is offered to persons submitting plans which include as components planting, pruning and/or thinning-out activities in cultivated woodlands.

Act No. 24,857: Tax stability is granted to every forestry activity and woodland exploitation included in the regime of Act No.13,273. By tax stability is meant that enterprises engaged in forestry or woodland exploitation activities cannot be affected, beyond the total fiscal burden determined at the moment of the presentation of the relevant feasibility study, by increases in taxes and duties, whatever they may be called, by national, provincial and municipal authorities or by the introduction of new taxes which would legally extend to them as being subject to such authorities.

- 7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit). Where provision of per unit subsidy information (for the year covered by the notification, the previous year, or both) is not possible, a full explanation.**

Promotion of forest plantations: according to the legislation, the cost of the credits will be not less than 15 million (15,000,000) pesos per year.

- 8. Duration of the subsidy and/or any other time-limits attached to it, including the date of inception/commencement.**

Act No. 13,273 began operating from its entry into force on 14 October 1948 and its regulatory Decree became operational on 4 December 1995.

Resolution No. 393/96 applies to the years 1996, 1997, 1998 and 1999.

### **FREE ZONES (ACT NO. 24,331)**

- 1. Title of subsidy programme, if relevant, or brief description or identification of the subsidy.**

Free Zones Act No. 24,331 (the resolutions by which the exploitation concessions, operational regulations and functioning standards for the free zones were established appear in the Annex).

Free Zones Act No. 25,005 and Regulatory Decree No. 932/98. Amendment to Article 44 of Act No. 24,331.

- 2. Period covered by the notification**

Act No. 24,331 entered into force on 27 June 1994.

Decree No. 932/98, regulating Act No. 25,005, entered into force on 28 August 1998.

- 3. Policy objective and/or purpose of the subsidy**

The policy objective in this respect is set out in Article 4 of Act No. 24,331 in the following way: "The objective of the free zones shall be to stimulate trade and industrial exporting activity, helping to extend to investment and employment the increase in efficiency and reduction in costs associated with the activities developing within them. The free zones shall function in accordance with national trade policy, shall contribute to the growth and competitiveness of the economy and shall be fully incorporated into the regional integration process."

**4. Background and Authority for the subsidy (including identification of the legislation under which it is granted).**

Act No. 24,331, Act No. 25,005 and Decree No. 932/98.

**5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)**

Exemption from the duties on imports of consumer goods (at the entry of goods into the free zone) and exemption from the taxes on the export of consumer goods (for goods leaving the free zone for third countries); charges for services effectively rendered are excluded from these exemptions (Articles. 24, 25 of Act No. 24,331).

Exemption from the payment of national taxes on the basic services rendered within the free zone. For this purpose, basic services mean those which have as their purpose the provision of telecommunications, gas, electricity, running-water, sewage and drainage services.

There are no economic prohibitions in force.

**6. To whom and how the subsidy is provided (whether to producers, to exporters or others, through what mechanisms; whether a fixed sum or fluctuating amount per unit; if the latter, how determined).**

The exemptions benefit those persons engaged in activities within the free zone in accordance with Act No. 24,331.

**7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit). Where provision of per unit subsidy information (for the year covered by the notification, the previous year or both) is not possible, a full explanation.**

It is not possible to make such calculations because sufficient elements are not available.

**8. Duration of the subsidy and/or any other time-limits attached to it, including the date of inception/commencement**

The benefits of this legislation apply from the commencement of activities within the free zone in accordance with the conditions established by Act No. 24,331.



## ANNEX

### Free Zones

–	Res. 898/95	Rio Gallegos and Caleta Olivia, Province of Santa Cruz.
–	Res. 389/96	Rio Gallegos and Caleta Olivia, Province of Santa Cruz.
–	Res. 3870/96	Rio Gallegos and Caleta Olivia, Province of Santa Cruz.
–	Res. 33/96	Justo Daract, Province of San Juan.
–	Res. 3896/96	Justo Daract, Province of San Juan.
–	Res. 1847/97	Justo Daract, Province of San Juan.
–	Res. 767/96	Province of Mendoza.
–	Res. 768/96	Villa Constitución, Province of Santa Fe.
–	Res. 769/96	Córdoba, Province of Córdoba.
–	Res. 70/96	Zapala, Province of Neuquén.
–	Res. 33/96	Sierra Grande, Province of Rio Negro.
–	Res. 78/96	Frias, Province of Santiago del Estero.
–	Res. 79/96	Province of San Juan.
–	Res. 80/96	Province of Tucumán.
–	Res. 52/98	Province of Tucumán.
–	Res. 3235/96	La Plata, Province of Buenos Aires.
–	Res. 275/96	Comodoro Rivadavia, Province of Chubut.
–	Res. 320/96	Comodoro Rivadavia, Province of Chubut.
–	Res. 286/96	Province of La Pampa.
–	Res. 553/96	Perico - La Puna, Province of Jujuy.
–	Res. 322/97	Province of Chaco.
–	Res. 596/97	Province of Tucumán
–	Res. 634/97	Clorinda, Province of Formosa.
–	Res. 712/97	Province of Mendoza.
–	Res. 854/97	Zapala, Province of Neuquén.
–	Res. 964/97	Chamical and Felipe Varela, Province of La Rioja.

All these Resolutions were issued by the Ministry of Economic Affairs and Public Works, except Resolutions 3235/96, 3870/96 and 3896/96 which were issued by the National Customs Administration.

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