

WORLD TRADE ORGANIZATION

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Committee on Subsidies
and Countervailing Measures

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SUBSIDIES

New and Full Notification and Updating Notification 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 13 September 2004, is being circulated at the request of the delegation of Argentina.

Please find attached the following subsidy notifications by the Argentine Republic under Article 25 of the Agreement on Subsidies and Countervailing Measures and Article XVI.1 of the GATT 1994:

- Updating notification for 1999;
- Updating notification for 2000;
- New and full notification for 2001;
- New and full notification for 2003.

The following notification is the 1999 update by Argentina of document G/SCM/N/38/ARG of 17 November 1998, corresponding to the period 1 January to 31 December 1999 (G/SCM/N/48/ARG/Suppl.1).

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MINING

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

Decree No. 1343/99 (amending Law No. 24,402).

2. **Period covered by the notification**

1 January to 31 December 1999.

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

No change since last full notification.

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

No change since last full notification.

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

No change since last full notification.

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)**

No change since last full notification.

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 in the previous year). 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 amounts disbursed for the development of mining activity for the period 1997-1999 were as follows:

	<u>1997</u>	<u>1998</u>	<u>1999</u>
<i>Law No. 24,196</i>	0.7	4.7	5.3
<i>Tax concessions</i>	128.6	137.0	30.0
<i>Law No. 24,095</i>	7.2	8.0	6.6

N.B.: In millions of pesos.

Source: Department of Mining, Ministry of Federal Planning, Public Investment and Services.

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

Pursuant to Decree No. 1343/99, the regime will come to an end on 31 December 2005.

FORESTRY ACTIVITY

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

Promotion of investment for cultivated forests. Law No. 25,080.

2. Period covered by the notification

1 January to 31 December 1999.

3. Policy objective and/or purpose of the subsidy

No change since last full notification.

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

Promotion of investment for cultivated forests. Law No. 25,080 (regulatory enactment by Decree No. 133/99 and Amendment Resolution No. 610/99).

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

No change since last full notification.

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)

Value-added tax is refunded on the purchase or definitive importation of goods, leases or the provision of services effectively intended as an investment under the forestry project. Non-repayable economic support is granted to planted forests of not less than five hundred (500) hectares on a scale established by the Law.

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 in the previous year). 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 non-repayable amounts disbursed for economic support for the period 1997-1999 were as follows:

1997	17.4 million pesos
1998	15.0 million pesos
1999	23.2 million pesos

Source: Department of Agriculture, Livestock, Fisheries and Food - Ministry of Economy and Production.

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

Laws Nos. 24,857 and 25,080: Applicable since their entry into force on 11 September 1997.

Undertakings under the regime will benefit from tax stability for a period of up to thirty (30) years from the date of approval of the corresponding project.

FREE ZONES

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

No change since last full notification.

2. Period covered by the notification

1 January to 31 December 1999.

3. Policy objective and/or purpose of the subsidy

No change since last full notification.

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

No change since last full notification.

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

No change since last full notification.

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)

No change since last full notification.

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 in the previous year). 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.

No change since last full notification.

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

No change since last full notification.

MODERNIZATION OF THE AGRICULTURAL SECTOR

The Agricultural Sector Modernization Regime, established by Decree No. 257/99 and notified in document G/SCM/N/48/ARG, came to an end on 31 December 1999.

ANNEX 1: FREE ZONES

Resolution No. 898/95	Río Gallegos and Caleta Olivia. Province of Santa Cruz
Resolution No. 33/96	Sierra Grande. Province of Río Negro
Resolution No. 33/96	Justo Daract. Province of San Luis
Resolution No. 70/96	Zapala. Province of Neuquén
Resolution No. 78/96	Frías. Province of Santiago del Estero
Resolution No. 79/96	Jachal. Province of San Juan
Resolution No. 80/96	Cruz Alta. Province of Tucumán
Resolution No. 275/96	Comodoro Rivadavia. Province of Chubut
Resolution No. 320/96	Comodoro Rivadavia. Province of Chubut
Resolution No. 286/96	General Pico. Province of La Pampa
Resolution No. 549/96	General Güemes. Province of Salta
Resolution No. 553/96	Perico and La Puna. Province of Jujuy
Resolution No. 767/96	Luján de Cuyo. Province of Mendoza
Resolution No. 768/96	Villa Constitución. Province of Santa Fe
Resolution No. 769/96	Córdoba. Province of Córdoba
Resolution No. 3235/96	La Plata. Province of Buenos Aires
Resolution No. 165/97	Paso de los Libres. Province of Corrientes
Resolution No. 322/97	San Fernando. Province of Chaco
Resolution No. 634/97	Clorinda. Province of Formosa
Resolution No. 964/97	Chamical and Felipe Varela. Province of La Rioja
Resolution No. 855/98	Tinogasta. Province of Catamarca
Resolution No. 678/99	Puerto Iguazú. Province of Misiones

All of these Resolutions were issued by the Ministry of the Economy, Works and Public Services, except for Resolution No. 3235/96, which was issued by the National Customs Administration.

The following notification is the 2000 update by Argentina of document G/SCM/N/38/ARG of 17 November 1998, corresponding to the period 1 January to 31 December 2000 (G/SCM/N/60/ARG).

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MINING

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

Decree No. 1343/99 (amending Law No. 24,402).

2. Period covered by the notification

1 January to 31 December 2000.

3. Policy objective and/or purpose of the subsidy

No change since last full notification.

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

No change since last full notification.

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

No change since last full notification.

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)

No change since last full notification.

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 in the previous year). 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 amounts disbursed for the development of mining activity for the period 1998-2000 were as follows:

	<u>1998</u>	<u>1999</u>	<u>2000</u>
<i>Law No. 24,196</i>	4.7	5.3	3.4
<i>Tax concessions</i>	137.0	30.0	11.7
<i>Law No. 24,095</i>	8.0	6.6	6.0

N.B.: In millions of pesos.

Source: Department of Mining, Ministry of Federal Planning, Public Investment and Services.

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

Pursuant to Decree No. 1343/99, the regime will come to an end on 31 December 2005.

FORESTRY ACTIVITY

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

Promotion of investment for cultivated forests. Law No. 25,080.

2. Period covered by the notification

1 January to 31 December 2000.

3. Policy objective and/or purpose of the subsidy

No change since last full notification.

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

Promotion of investment for cultivated forests. Law No. 25,080 (regulatory enactment by Decree No. 133/99 and Amendment Resolutions Nos. 610/99, 152/00 and 22/01).

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

No change since last full notification.

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)

No change since last full notification.

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 in the previous year). 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 non-repayable amounts disbursed for economic support for the period 1998-2000 were as follows:

1998	15.0 million pesos
1999	23.2 million pesos
2000	24.2 million pesos

Source: Department of Agriculture, Livestock, Fisheries and Food - Ministry of Economy and Production.

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

Laws Nos. 24,857 and 25,080: Applicable since their entry into force on 11 September 1997.

Undertakings under the regime will benefit from tax stability for a period of up to thirty (30) years from the date of approval of the corresponding project.

FREE ZONES

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

No change since last full notification.

2. Period covered by the notification

1 January to 31 December 2000.

3. Policy objective and/or purpose of the subsidy

No change since last full notification.

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

No change since last full notification.

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

No change since last full notification.

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)

No change since last full notification.

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 in the previous year). 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.

No change since last full notification.

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

No change since last full notification.

ANNEX 1: FREE ZONES

Resolution No. 898/95	Río Gallegos and Caleta Olivia. Province of Santa Cruz
Resolution No. 33/96	Sierra Grande. Province of Río Negro
Resolution No. 33/96	Justo Daract. Province of San Luis
Resolution No. 70/96	Zapala. Province of Neuquén
Resolution No. 78/96	Frías. Province of Santiago del Estero
Resolution No. 79/96	Jachal. Province of San Juan
Resolution No. 80/96	Cruz Alta. Province of Tucumán
Resolution No. 275/96	Comodoro Rivadavia. Province of Chubut
Resolution No. 320/96	Comodoro Rivadavia. Province of Chubut
Resolution No. 286/96	General Pico. Province of La Pampa
Resolution No. 549/96	General Güemes. Province of Salta
Resolution No. 553/96	Perico and La Puna. Province of Jujuy
Resolution No. 767/96	Luján de Cuyo. Province of Mendoza
Resolution No. 768/96	Villa Constitución. Province of Santa Fe
Resolution No. 769/96	Córdoba. Province of Córdoba
Resolution No. 3235/96	La Plata. Province of Buenos Aires
Resolution No. 165/97	Paso de los Libres. Province of Corrientes
Resolution No. 322/97	San Fernando. Province of Chaco
Resolution No. 634/97	Clorinda. Province of Formosa
Resolution No. 964/97	Chamical and Felipe Varela. Province of La Rioja
Resolution No. 855/98	Tinogasta. Province of Catamarca
Resolution No. 678/99	Puerto Iguazú. Province of Misiones

All of these Resolutions were issued by the Ministry of the Economy, Works and Public Services, except for Resolution No. 3235/96, which was issued by the National Customs Administration.

The following is Argentina's new and full notification for 2001, pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures, corresponding to the period 1 January to 31 December 2001 (G/SCM/N/71/ARG).

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MINING

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

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

Promotion of mining activities. Law No. 22,095.

Promotion of mining activities. Decree No. 554/81, regulating Law No. 22,095.

Mining investment. Law No. 24,196.

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

Mining investment. Law No. 24,296; amendment to Article 6 of Law No. 24,196.

Value-added tax financing regime. Law No. 24,402.

Value-added tax financing regime. Decree No. 779/95, regulating Law No. 24,402 and amendments thereto (Decrees Nos. 216/96 and 1343/99).

Law No. 24,228, Federal Mining Agreement.

2. Period covered by the notification

1 January to 31 December 2001.

3. Policy objective and/or purpose of the subsidy

The purpose of the legislation in question is to encourage mining activities in order to contribute to the country's development, 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)

Law No. 22,095: Ministry of the Economy, Works and Public Services.

Decree No. 554/81: Ministry of the Economy, Works and Public Services.

Law No. 24,196: Ministry of the Economy, Works and Public Services.

Decree No. 2,686/93: Ministry of the Economy, Works and Public Services.

Law No. 24,296: Ministry of the Economy, Works and Public Services.

Law No. 24,402: Ministry of the Economy, Works and Public Services.

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

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

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

Promotion of mining activities: financing and non-repayable contributions.

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

Law No. 24,402: Value-added tax financing regime.

Law No. 24,228: Tax elimination.

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)

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

Law No. 22,095: potential beneficiaries of this Law are natural persons domiciled in Argentina and legal persons incorporated in the country or authorized to act within its territory who are engaged in the mining activities set out in Article 6 of the Law. The benefits of the special promotion are granted to persons who apply for them under Chapter IV of the Law. Loans and non-repayable contributions are granted pursuant to Articles 21, 22, 23 and 24.

Law No. 24,196: all natural persons domiciled in Argentina and legal persons incorporated in the country or authorized to act within its territory can take advantage of the regime established under this Law provided that they are engaged in the mining activities set out in Article 5 thereof.

The tax stability granted by this Law means that enterprises engaged in mining activities within the framework of this investment regime are not liable, beyond the total tax burden determined at the time of submission of the relevant feasibility study, to increases in the taxes and duties, of whatever description, imposed by the national, provincial or municipal authorities adopting this regime or to the introduction of new taxes which would legally extend to them, as subject to such authorities. It also applies to the foreign-exchange and tariff regimes, excluding exchange parity and refunds, repayments and/or drawback of taxes on account of export activities. It does not apply to value-added tax.

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

Law No. 24,402: this Law has instituted a regime for financing payment of 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 Law (Article 1), inasmuch as they are intended for productive process, and persons subject to the regime established under Law No. 24,196 who invest in civil and construction works to provide the infrastructure required for the production of goods.

Law No. 24,228: the provinces are called upon to eliminate taxes on mining activities from their legislation pursuant to 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 in the previous year). 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 amounts disbursed for the development of mining activity for the period 1999-2001 were as follows:

	<u>1999</u>	<u>2000</u>	<u>2001</u>
<i>Law No. 24,196</i>	5.3	3.4	12.1
<i>Tax concessions</i>	30.0	11.7	3.4
<i>Law No. 24,095</i>	6.6	6.0	2.8

N.B.: In millions of pesos.

Source: Department of Mining, Ministry of Federal Planning, Public Investment and Services.

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

Law No. 24,402: Pursuant to Decree No. 1343/99, the regime will come to an end on 31 December 2005.

FORESTRY ACTIVITY

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

Promotion of forestry activity. Law No. 13,273 (regulatory enactment by Decree No. 710/95).

Promotion of forest plantations. Decree No. 711/95.

Tax Stability. Law No. 24,857.

Promotion of investment for cultivated forests. Law No. 25,080 (regulatory enactment by Decree No. 133/99 and Amendment Resolutions Nos. 610/99, 152/00 and 22/01).

- 2. Period covered by the notification**

1 January to 31 December 2001.

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

The environmental and economic potential of Argentina's forestry sector has barely been exploited. The purpose of the legislation in this area is to promote forestry activity throughout the country; such activity 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)

Law No. 13,273 (regulatory enactment by Decree No. 710/95): Ministry of Economy, Works and Public Services.

Decree No. 711/95: Ministry of Economy, Works and Public Services - Department of Agriculture, Livestock, Fisheries and Food.

Law No. 24,857: Ministry of Economy, Works and Public Services.

Law No. 25,080: Ministry of Economy, Works and Public Services - Department of Agriculture, Livestock, Fisheries and Food.

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

Law No. 13,273 (regulatory enactment by Decree No. 710/95): customs exemptions and promotion measures.

Decree No. 711/95: tax credits.

Law No. 24,857: tax stability.

Law No. 25,080: tax credits.

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)

Law No. 13,273 (regulatory enactment by Decree No. 710/95): the equipment, tools, drugs, seeds, cuttings and other elements needed for afforestation, the reforestation of the country and survey work are exempted from customs duties.

Decree No. 711/95: a tax credit, in a fixed amount per hectare of forest qualified as eligible, is granted to natural and legal persons owning cultivated forests for the forestry activities of planting, pruning, thinning or other silvicultural treatments.

Law No. 24,857: tax stability is enjoyed by all forestry and forest exploitation activities coming under Law No.13,273. By tax stability it is meant that enterprises engaged in forestry or forest exploitation activities are not liable, beyond the total tax burden determined at the time of submission of the relevant feasibility study, to increases in the taxes and duties, of whatever description, imposed by national, provincial or municipal authorities or to the introduction of new taxes which would legally extend to them as subject to such authorities.

Value-added tax is refunded on the purchase or definitive importation of goods, leases or the provision of services effectively intended as an investment under the forestry project. Non-repayable economic support is granted to planted forests of not less than five hundred (500) hectares on a scale established by the Law.

- 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 in the previous year). 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 non-repayable amounts disbursed for economic support for the period 1999-2001 were as follows:

1999	23.2 million pesos
2000	24.2 million pesos
2001	19.0 million pesos

Source: Department of Agriculture, Livestock, Fisheries and Food - Ministry of Economy and Production.

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

Law No. 13,273 has been applicable since its entry into force on 14 October 1948; its Regulatory Decree became applicable on 4 December 1995.

Laws Nos. 24,857 and 25,080 have been applicable since their entry into force on 11 September 1997. Undertakings under the regime will benefit from tax stability for a period of up to thirty (30) years from the date of approval of the corresponding project.

Law No. 25,080: The benefits granted will apply to undertakings approved within ten (10) years of the enactment of the Law.

FREE ZONES (Law No. 24.331)

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

Free Zones. Law No. 24,331 (the resolutions establishing the exploitation concessions and operating regulations and standards for free zones appear in the Annex).

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

- 2. Period covered by the notification**

1 January to 31 December 2001.

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

The policy objective in this respect is set out in Article 4 of Law No. 24,331 as follows: "The objective of the free zones shall be to stimulate trade and industrial export activity, helping to extend to investment and employment the increase in efficiency and reduction in costs associated with the activities developing within such zones. 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)

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

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

Exemption from duties on the importation for consumption for goods entering the free zone and for goods leaving the free zone for third countries; charges for services effectively rendered are excluded from these exemptions (Articles 24 and 25 of Law No. 24,331).

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

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 mechanism; whether a fixed sum or fluctuating amount per unit; if the latter, how determined)

The exemptions benefit persons engaged in activities within the free zone in accordance with Law 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 in the previous year). 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.

Lack of data makes such calculations impossible.

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

Benefits under this legislation apply from the commencement of activities within the free zone, in accordance with the conditions established by Law No. 24,331.

CAPITAL GOODS, INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS REGIME

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

Capital goods, information technology and telecommunications regime.
Decrees Nos. 379/2001 and 502/2001.

2. Period covered by the notification

1 January to 31 December 2001.

3. Policy objective and/or purpose of the subsidy

The objective of the legislation in this area is set out in Article 1 of Decree No. 502/2001. This is an incentives regime for manufacturers in the capital goods, information technology and telecommunications sectors with establishments in national territory. Given that tariffs were reduced to zero per cent, pursuant to Resolutions Nos. 8/2001 and 27/2001, the purpose of the regime is to maintain competitive conditions for domestically produced capital goods in relation to imports.

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

Decree No. 379/2001: Ministry of Economy, Works and Public Services.

Decree No. 502/2001: Ministry of Economy, Works and Public Services - Department of Industry.

Resolution No. 8/2001: Ministry of Economy, Works and Public Services - Department of Industry.

Resolution No. 27/2001: Ministry of Economy, Works and Public Services - Department of Industry.

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

Tax bond, to be applied to the payment of national taxes, of a value equivalent to ten per cent (10%) of the amount resulting from the deduction from the sales price of the value of imported inputs, parts or components incorporated in the goods and cleared through customs at an import duty of zero per cent (0%).

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)

The exemptions benefit manufacturers in the capital goods, information technology and telecommunications sectors with industrial establishments in national territory.

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 in the previous year). 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.

Lack of data makes such calculations impossible.

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

Benefits under this legislation apply until 31 December 2005.

ANNEX 1: FREE ZONES

Resolution No. 898/95	Río Gallegos and Caleta Olivia. Province of Santa Cruz
Resolution No. 33/96	Sierra Grande. Province of Río Negro
Resolution No. 33/96	Justo Daract. Province of San Luis
Resolution No. 70/96	Zapala. Province of Neuquén
Resolution No. 78/96	Frías. Province of Santiago del Estero
Resolution No. 79/96	Jachal. Province of San Juan
Resolution No. 80/96	Cruz Alta. Province of Tucumán
Resolution No. 275/96	Comodoro Rivadavia. Province of Chubut
Resolution No. 320/96	Comodoro Rivadavia. Province of Chubut
Resolution No. 286/96	General Pico. Province of La Pampa
Resolution No. 549/96	General Güemes. Province of Salta
Resolution No. 553/96	Perico and La Puna. Province of Jujuy
Resolution No. 767/96	Luján de Cuyo. Province of Mendoza
Resolution No. 768/96	Villa Constitución. Province of Santa Fe
Resolution No. 769/96	Córdoba. Province of Córdoba
Resolution No. 3235/96	La Plata. Province of Buenos Aires
Resolution No. 165/97	Paso de los Libres. Province of Corrientes
Resolution No. 322/97	San Fernando. Province of Chaco
Resolution No. 634/97	Clorinda. Province of Formosa
Resolution No. 964/97	Chamical and Felipe Varela. Province of La Rioja
Resolution No. 655/98	Tinogasta. Province of Catamarca
Resolution No. 678/99	Puerto Iguazú. Province of Misiones
Resolution No. 442/01	Bahía Blanca Cnel. Rosales. Province of Buenos Aires

All of these Resolutions were issued by the Ministry of the Economy, Works and Public Services, except for Resolution No. 3235/96, which was issued by the National Customs Administration.

The following is Argentina's new and full notification for 2003, pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures, corresponding to the period 1 January to 31 December 2003 (G/SCM/N/95/ARG).

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MINING

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

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

Promotion of mining activities. Law No. 22,095.

Promotion of mining activities. Decree No. 554/81, regulating Law No. 22,095.

Mining investment. Law No. 24,196.

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

Mining investment. Law No. 24,296; amendment to Article 6 of Law No. 24,196.

Value-added tax financing regime. Law No. 24,402.

Value-added tax financing regime. Decree No. 779/95, regulating Law No. 24,402 and amendments thereto (Decrees Nos. 216/96 and 1343/99).

Law No. 24,228, Federal Mining Agreement.

2. Period covered by the notification

1 January to 31 December 2003.

3. Policy objective and/or purpose of the subsidy

The purpose of the legislation in question is to encourage mining activities in order to contribute to the country's development, 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)

Law No. 22,095: Ministry of the Economy, Works and Public Services.

Decree No. 554/81: Ministry of the Economy, Works and Public Services.

Law No. 24,196: Ministry of the Economy, Works and Public Services.

Decree No. 2,686/93: Ministry of the Economy, Works and Public Services.

Law No. 24,296: Ministry of the Economy, Works and Public Services.

Law No. 24,402: Ministry of the Economy, Works and Public Services.

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

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

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

Promotion of mining activities: financing and non-repayable contributions.

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

Law No. 24,402: Value-added tax financing regime.

Law No. 24,228: Tax elimination.

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)

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

Law No. 22,095: potential beneficiaries of this Law are natural persons domiciled in Argentina and legal persons incorporated in the country or authorized to act within its territory who are engaged in the mining activities set out in Article 6 of the Law. The benefits of the special promotion are granted to persons who apply for them under Chapter IV of the Law. Loans and non-repayable contributions are granted pursuant to Articles 21, 22, 23 and 24.

Law No. 24,196: all natural persons domiciled in Argentina and legal persons incorporated in the country or authorized to act within its territory can take advantage of the regime established under this Law provided that they are engaged in the mining activities set out in Article 5 thereof.

The tax stability granted by this Law means that enterprises engaged in mining activities within the framework of this investment regime are not liable, beyond the total tax burden determined at the time of submission of the relevant feasibility study, to increases in the taxes and duties, of whatever description, imposed by the national, provincial or municipal authorities adopting this regime or to the introduction of new taxes which would legally extend to them, as subject to such authorities. It also applies to the foreign-exchange and tariff regimes, excluding exchange parity and refunds, repayments and/or drawback of taxes on account of export activities. It does not apply to value-added tax.

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

Law No. 24,402: this Law has instituted a regime for financing payment of 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 Law (Article 1), inasmuch as they are intended for productive process, and persons subject to the regime established under Law No. 24,196 who invest in civil and construction works to provide the infrastructure required for the production of goods.

Law No. 24,228: the provinces are called upon to eliminate taxes on mining activities from their legislation pursuant to 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 in the previous year). 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 amounts disbursed for the development of mining activity for the period 2001-2003 were as follows:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
<i>Law No. 24,196</i>	12.1	15.5	16.2
<i>Tax concessions</i>	3.4	33.7	1.3
<i>Law No. 22,095</i>	2.8	2.5	2.3

N.B.: In millions of pesos.

Source: Department of Mining, Ministry of Federal Planning, Public Investment and Services.

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

Law No. 24,402: pursuant to Decree No. 1343/99, the regime will come to an end on 31 December 2005.

FORESTRY ACTIVITY

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

Promotion of forestry activity. Law No. 13,273 (regulatory enactment by Decree No. 710/95).

Promotion of forest plantations. Decree No. 711/95.

Tax Stability. Law No. 24,857.

Promotion of investment for cultivated forests. Law No. 25,080 (regulatory enactment by Decree No. 133/99 and Amendment Resolutions Nos. 610/99, 152/00 and 22/01).

2. **Period covered by the notification**

1 January to 31 December 2003.

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

The environmental and economic potential of Argentina's forestry sector has barely been exploited. The purpose of the legislation in this area is to promote forestry activity throughout the country; such activity 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)

Law No. 13,273 (regulatory enactment by Decree No. 710/95): Ministry of the Economy, Works and Public Services.

Decree No. 711/95: Ministry of the Economy, Works and Public Services - Department of Agriculture, Livestock and Fisheries.

Law No. 24,857: Ministry of Economy, Works and Public Services.

Law No. 25,080: Ministry of Economy, Works and Public Services - Department of Agriculture, Livestock, Fisheries and Food.

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

Law No. 13.273 (regulatory enactment by Decree No. 710/95): customs exemptions and promotion measures.

Decree No. 711/95: tax credits.

Law No. 24,857: tax stability.

Law No. 25,080: tax credits.

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)

Law No. 13,273 (regulatory enactment by Decree No. 710/95): the equipment, tools, drugs, seeds, cuttings and other elements needed for afforestation, the reforestation of the country and survey work are exempted from customs duties.

Decree No. 711/95: a tax credit, in a fixed amount per hectare of forest qualified as eligible, is granted to natural and legal persons owning cultivated forests for the forestry activities of planting, pruning, thinning or other silvicultural treatments.

Law No. 24,857: tax stability is enjoyed by all forestry and forest exploitation activities coming under Law No.13,273. By tax stability it is meant that enterprises engaged in forestry or forest exploitation activities are not liable, beyond the total tax burden determined at the time of submission of the relevant feasibility study, to increases in the taxes and duties, of whatever description, imposed by national, provincial or municipal authorities or to the introduction of new taxes which would legally extend to them as subject to such authorities.

Value-added tax is refunded on the purchase or definitive importation of goods, leases or the provision of services effectively intended as an investment under the forestry project. Non-repayable economic support is granted to planted forests of not less than five hundred (500) hectares on a scale established by the Law.

- 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 in the previous year). 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 non-repayable amounts disbursed for economic support for the period 2001-2003 were as follows:

2001	19.0 million pesos
2002	8.3 million pesos
2003	42.0 million pesos

Source: Department of Agriculture, Livestock, Fisheries and Food - Ministry of Economy and Production.

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

Law No. 13,273 has been applicable since its entry into force on 14 October 1948; its Regulatory Decree became applicable on 4 December 1995.

Laws Nos. 24,857 and 25,080 have been applicable since their entry into force on 11 September 1997. Undertakings under the regime will benefit from tax stability for a period of up to thirty (30) years from the date of approval of the corresponding project.

Law No. 25,080: The benefits granted will apply to undertakings approved within ten (10) years of the enactment of the Law.

FREE ZONES (Law No. 24,331)

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

Free Zones. Law No. 24,331 (the resolutions establishing the exploitation concessions and operating regulations and standards for free zones appear in the Annex).

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

- 2. Period covered by the notification**

1 January to 31 December 2003.

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

The policy objective in this respect is set out in Article 4 of Law No. 24,331 as follows: "The objective of the free zones shall be to stimulate trade and industrial export activity, helping to extend to investment and employment the increase in efficiency and reduction in costs associated with the activities developing within such zones. 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)

Laws Nos. 24.331 and 25.005 and Decree No. 932/98.

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

Exemption from duties on the importation for consumption for goods entering the free zone and for goods leaving the free zone for third countries; charges for services effectively rendered are excluded from these exemptions (Articles 24 and 25 of Law No. 24,331).

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

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 mechanism; whether a fixed sum or fluctuating amount per unit; if the latter, how determined)

The exemptions benefit persons engaged in activities within the free zone in accordance with Law 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 in the previous year). 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.

Lack of data makes such calculations impossible.

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

Benefits under this legislation apply from the commencement of activities within the free zone, in accordance with the conditions established by Law No. 24,331.

CAPITAL GOODS, INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS REGIME

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

Capital goods, information technology and telecommunications regime. Decree No. 379/2001 and Decree No. 502/2001.

2. Period covered by the notification

1 January to 31 December 2003.

3. Policy objective and/or purpose of the subsidy

The objective of the legislation in this area is set out in Article 1 of Decree No. 502/2001. This is an incentives regime for manufacturers in the capital goods, information technology and telecommunications sectors with establishments in national territory. Given that tariffs were reduced

to zero per cent, pursuant to Resolutions Nos. 8/2001 and 27/2001, the purpose of the regime is to maintain competitive conditions for domestically produced capital goods in relation to imports.

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

Decree No. 379/2001: Ministry of Economy, Works and Public Services.

Decree No. 502/2001: Ministry of Economy, Works and Public Services - Department of Industry.

Resolution No. 8/2001: Ministry of Economy, Works and Public Services - Department of Industry.

Resolution No. 27/2001: Ministry of Economy, Works and Public Services - Department of Industry.

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

Tax bond, to be applied to the payment of national taxes, of a value equivalent to ten per cent (10%) of the amount resulting from the deduction from the sales price of the value of imported inputs, parts or components incorporated in the goods and cleared through customs at an import duty of zero per cent (0%).

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)

The exemptions benefit manufacturers in the capital goods, information technology and telecommunications sectors with industrial establishments in national territory.

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 in the previous year). 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.

Lack of data makes such calculations impossible.

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

Benefits under this legislation apply until 31 December 2005.

ANNEX 1: FREE ZONES

Resolution No. 898/95	Río Gallegos and Caleta Olivia. Province of Santa Cruz
Resolution No. 33/96	Sierra Grande. Province of Río Negro
Resolution No. 33/96	Justo Daract. Province of San Luis
Resolution No. 70/96	Zapala. Province of Neuquén
Resolution No. 78/96	Frías. Province of Santiago del Estero
Resolution No. 79/96	Jachal. Province of San Juan
Resolution No. 80/96	Cruz Alta. Province of Tucumán
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Resolution No. 320/96	Comodoro Rivadavia. Province of Chubut
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Resolution No. 553/96	Perico and La Puna. Province of Jujuy
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Resolution No. 678/99	Puerto Iguazú. Province of Misiones
Resolution No. 442/01	Bahía Blanca Cnel. Rosales. Province of Buenos Aires

All of these Resolutions were issued by the Ministry of the Economy, Works and Public Services, except for Resolution No. 3235/96, which was issued by the National Customs Administration.
