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Report Name: Argentina Lowers Export Taxes on Many Specialty Crops and Imposes Financing Restrictions on Luxury Beverages

Country: Argentina

Post: Buenos Aires

Report Category: Agriculture in the News, Avocado, Canned Deciduous Fruit, Dried Fruit, Fresh Deciduous Fruit, Fresh Fruit, Kiwifruit, Raisins, Stone Fruit, Strawberries, Citrus

Prepared By: Benjamin Boroughs

Approved By: Melinda Meador

Report Highlights:

On January 6 the Central Bank of Argentina announced financing restrictions on importers of luxury goods, including but not limited to, champagne, whisky, liqueurs and other spirits valued at more than USD $50 per liter. In another move, the Government of Argentina recently announced adjustments to export taxes on many specialty crops, including apples, pears, citrus fruits, blueberries, seeds, and alfalfa intended to improve the international competitiveness of these products.
Luxury Good Rule Affects Imports of Premium Alcoholic Beverages

On January 6, 2021 the Central Bank of Argentina (BCRA) issued a statement that importers of luxury goods must wait up to 365 days to legally exchange currency to complete foreign transactions. Effectively, this requires importers to finance the cost of imports from the day the items clear customs. After 365 days, importers will be allowed to obtain foreign currency from an Argentine bank to complete the payment to the foreign partner. The statement references, “…beverages such as champagne, whisky, liqueurs and other spirituous beverages worth over USD50 per liter; caviar;…” The measure affects products shipped after January 7, 2021. A full list of affected HS codes can be found in Annex II of Appendix I of Communication “A” 7201/2021. In 2019, Argentina imported $31.2 million in alcoholic beverages under the listed HS codes of which $2.6 million originated from the United States. Post does not have an estimate of what percentage of the previously imported beverages were valued at more than $50 per liter FOB. The same measure also enacts a similar 90 day currency exchange delay on imports of mineral water. In 2019, Argentina imported $841,811 worth of mineral water, $99,758 from the United States. The measure is intended to decrease the outflow of foreign currency as the BCRA is seeking to manage its foreign currency reserves which have fallen in recent years.

Argentine Government Seeks to Boost Exports of Specialty Crops:

On Thursday, December 31, 2020 the Government of Argentina published Decree 1060/2020 which made adjustments to the export tax rates for many specialty crops as well as some manufactured goods. After several rounds of export tax changes in recent years the government is attempting to standardize export tax rates for many products at 0%, 3%, 4.5%, and 9% to avoid varying export tax rates among similar products. Previous export tax changes had given some products exchange-rate linked export taxes that had eroded in value as the Argentine peso devalued against the dollar.

The stated rationale for the policy change is to encourage exports of added-value products and products whose increased production will result in higher levels of employment, and for which increasing exports won’t raise food costs. The government also hopes to encourage investment in these same sectors. Major structural issues such as high fixed operating costs, lack of investment, and currency controls have reduced Argentine competitiveness in many specialty crops over the years, so this measure will be limited in its capacity to boost exports in the short run. Most fruits and vegetables have had export tax rates lowered from 5% to a 0%.

The list below, by HS Code Chapter, summarizes Annex 1 of Decree 1060/2020 where information on tax rates for specific products can be found. Export tax rates for most major field crops were unchanged, though the decree mentioned the need to adjust rates for certain
commodities currently regulated by an expiring decree. Care should be taken to note if a specific HS code is listed in this decree or past decrees.

Chapter 1 - Live Horses, Cattle, Primates, Dolphins, Pet Birds – 9%;

Chapter 2 – Beef, Horse, Poultry Meat – 9%; Sheep and Goat Meat – 0%;

Chapter 3 – Various Fish - 9%; Tilapia, Trout, Carp – 0%;

Chapter 4 – Fluid Milk – 9%; Ultra High Temperature Milk, Yogurt, Butter, Cheese – 4.5%; Honey – 0%;

Chapter 5 – Semen & Embryos – 4.5%;

Chapter 6 – Flowers and bulbs – 4.5%;

Chapter 7 – Tomatoes, Cauliflower, Broccoli, Brussel Sprouts, Carrots, Cucumbers, Chickpeas, Beans, Asparagus, Eggplant, Celery, Peppers, Spinach, Artichokes, Olives, Pumpkins, Squash, Potatoes, Sweet Corn, Onions, Mushrooms, Garlic, Vegetable Seeds – 0%;

Chapter 8 – Nuts, Plantains, Pineapples, Avocados, Mangos, Oranges, Mandarin, Clementines, Grapefruit, Lemons, Limes, Watermelon, Papayas, Apples, Pears, Quince, Sour Cherries, Peaches, Nectarines, Plums, Strawberries, Raspberries, Blueberries, Kiwis, Passionfruit, Persimmons – 0%;

Chapter 9 – Coffee, Pepper, Vanilla, Cinnamon, Cloves, Nutmeg, Mace, Cardamom, Saffron, Turmeric – 4.5%; Tea, Paprika, anise, cumin, coriander - 0%;

Chapter 10 – “Other” Wheat, Rye, Barley, Corn, Oats, Sorghum – 12%; Grain seeds for planting, Buckwheat, Millet – 4.5%; Quinoa – 0%

Chapter 11 – Malt – 9%; Flaked Grains and Germs– 4.5%; Buckwheat flower – 0%

Chapter 12 – Seeds of Soybeans, Peanuts, and Sunflowerseed for planting, Ginseng, Sugarbeets, Sugarcane – 4.5%; Hops, Alfalfa pellets – 0%

Chapter 13 – Various Gums, Saps, & Pectins – 4.5%

Chapter 14 – Bamboo, Vegetable Plaiting Materials – 4.5%

Chapter 15 – Glycerol 9%; Olive oil – 0%;

Chapter 16 – Sausages, Hams, Other Prepared & Preserved Meats, Sardines, Tuna – 4.5%

Chapter 17 – Refined Beet & Cane Sugar, Glucose and Fructose Syrups, Non-Chocolate Confectionary – 4.5%
Chapter 18 – Chocolate ingredients – 4.5%

Chapter 19 – Cereals, Pastas, Tapioca, Cuscus – 4.5%

Chapter 20 – Pickled Cucumbers & Mushrooms, Preserved fruits and vegetables – 4.5%; Preserved Peas, Olives, Tomatoes, Fruit Juices – 0%

Chapter 21 – Coffee Extracts, Yeasts, Sauces, Food Preparations and Ingredients – 4.5%; Tea & Yerba Mate Extracts – 0%

Chapter 22 – Mineral Waters, Beer, Champagne, Wine, Liquor, Vinegar – 4.5%

Chapter 23 – Livestock Feed 12%; Pet Food – 4.5%

Chapter 24 – Tobaccos 12%, Cigarettes & Cigars – 4.5%

Chapter 41 – Hides, skins, and leather – 4.5%

Chapter 51 – Wool – 4.5%, Yarn – 3.0%

Chapter 52 – Raw Cotton – 12%; Carded Cotton and cotton waste – 4.5%; Cotton thread and yarn – 3.0%
Attachments:

No Attachments.