

**STUDY ON
ECONOMIC DEVELOPMENT
OF
THE ARGENTINE REPUBLIC**

FINAL REPORT

Vol. I: ARGENTINE ECONOMY

V. EXPORT

JANUARY 1987

JAPAN INTERNATIONAL COOPERATION AGENCY

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V. EXPORT

1. CHANGES IN EXPORT STRUCTURE AND INTERNATIONAL COMPETITIVENESS

1-1 Changes in Export Commodity Structure

1-1-1 Long-Term Trends (1962-1983)

This section aims to review changes in the structure of export commodities for the most recent period (up to 1983), based on data from United Nations statistics, in order to set a general view of the long-term trends in the exports of Argentina (Table V-1-1).

The total exports of Argentina were worth US\$1,216 million in 1962 and continued to increase thereafter until 1966, reaching US\$1,593 million. According to the one-digit classification of SITC (Standard International Trade Classification) the largest share of the export market was held by the foods and live animals (SITC-0), accounting for more than 70% of total exports. After SITC-0, inedible crude materials except fuels (SITC-2) and animal and vegetable oils and fats (SITC-4) followed. These three groups' shares made up 92.6% of the total exports, showing that Argentine exports were composed mainly of primary products, especially agricultural ones.

In 1967 and 1968, turning from the previous upward trend to a downward trend, the total value of exports suddenly declined to US\$1,465 million and US\$1,368 million, respectively, primarily caused by a decrease in export commodities in SITC-0. However, in 1969, total exports recorded a high of US\$1,612 million due to the recovery of the SITC-0 group to the 1966 level, as well as increases in the manufactured products classified under SITC-5 to 8 groups. Thereafter, exports continued to show favorable increases until 1974, indicating a clear change in the export structure for the corresponding period. In absolute figures, the SITC-6 (manufactured goods classified chiefly by material) and SITC-7 (machinery and transport equipment) increased more sharply than the SITC-0 group. In terms of a percentage of total exports, the SITC-0 decreased from a record high of 75.2% in 1965 to 64.9% in 1974 with narrow fluctuations, while SITC-2 showed a drastic decline from 23.7% in 1962 to only 4.6% in 1974. On the contrary, SITC-6 group, which held a negligible 0.7% in 1962, attained a rapid increase after 1970 and increased its share to as high as 8.7% in 1974. A similar upward trend was seen for SITC-7.

As mentioned above, processed products and machinery wedged their way into the export market after the era of sluggish exports in the last half of the 1960s, seeing gradual growth. However, in 1975 the export share again decreased by US\$600 million for the SITC-0 group, by US\$100 million for SITC-4 and by US\$200 million for SITC-6, resulting in a total decrease of US\$1 billion. However, this was a temporary effect, and in the following year, 1976, total exports rebounded to the 1974 level and then continued to increase sharply until 1981.

Table V-1-1 Changes in Export Commodity Structure

	Total		SITC-0	SITC-1	SITC-2	SITC-3	SITC-4	SITC-5	SITC-6	SITC-7	SITC-8	SITC-9	(%)
	\$million	share											
1962	1,216	100.0	63.0	0.3	23.7	1.1	8.5	2.3	0.7	0.3	0.1	0.0	
1963	1,365	100.0	65.9	0.4	21.1	0.8	5.6	2.4	2.4	0.9	0.4	0.0	
1964	1,410	100.0	72.6	0.4	14.9	0.4	4.3	2.9	2.2	1.3	0.9	0.0	
1965	1,493	100.0	76.2	0.4	12.1	0.6	4.3	2.7	1.1	1.1	0.8	0.0	
1966	1,593	100.0	72.4	0.3	15.0	0.9	5.2	2.6	1.5	1.3	0.8	0.0	
1967	1,465	100.0	70.0	0.3	14.4	0.5	6.5	3.0	2.1	2.0	1.1	0.0	
1968	1,368	100.0	67.4	0.5	14.0	0.9	4.9	3.7	4.4	2.6	1.6	0.0	
1969	1,512	100.0	68.3	0.4	12.0	0.4	5.2	3.6	4.9	3.2	2.1	0.0	
1970	1,773	100.0	68.3	0.4	11.3	0.4	5.6	3.1	5.0	3.8	2.1	0.0	
1971	1,740	100.0	71.6	0.5	7.6	0.5	4.5	3.4	5.4	4.7	1.6	0.0	
1972	1,941	100.0	68.4	0.5	7.5	0.3	2.8	3.9	8.5	6.1	2.0	0.0	
1973	3,266	100.0	65.3	0.5	7.3	0.2	4.1	2.9	9.0	7.8	2.8	0.1	
1974	3,931	100.0	64.9	0.7	4.6	0.3	5.0	3.5	8.7	9.4	2.8	0.1	
1975	2,961	100.0	64.6	1.2	5.3	0.5	3.0	4.0	4.8	13.5	2.2	0.0	
1976	3,912	100.0	62.8	0.8	6.7	0.5	4.3	3.6	6.4	10.4	2.5	0.0	
1977	5,642	100.0	58.1	0.8	10.3	0.5	6.3	3.1	7.8	8.5	4.5	0.0	
1978	6,394	100.0	49.9	0.8	16.1	0.6	5.9	3.5	11.1	8.0	3.8	0.0	
1979	7,808	100.0	52.4	0.6	14.7	0.6	6.8	3.5	11.2	6.5	3.6	0.1	
1980	8,021	100.0	49.8	0.5	14.9	3.5	6.3	4.9	10.0	6.5	3.4	0.1	
1981	9,143	100.0	55.2	0.5	12.3	6.8	4.2	4.4	10.0	4.8	2.0	0.0	
1982	7,625	100.0	50.0	0.9	10.7	7.2	5.6	5.1	12.0	6.7	1.7	0.0	
1983	7,836	100.0	62.8	0.7	7.9	4.3	6.8	4.7	8.3	3.4	1.0	0.0	

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Notes: SITC-0 = food and live animals,

SITC-1 = beverages and tobacco,

SITC-2 = inedible crude materials except fuels,

SITC-3 = mineral fuels, lubricants and related materials,

SITC-4 = animal and vegetable oils and fats,

SITC-5 = chemicals,

SITC-6 = manufactured goods classified chiefly by material,

SITC-7 = machinery and transport equipment,

SITC-8 = miscellaneous manufactured articles,

SITC-9 = others.

A feature of the commodity structure during the aforementioned period until 1983 was that SITC-0 group (foods and live animals) further decreased its export share from the 60% level of the early 1970s to around 50%, in a clearer indication of downward trend. On the other hand, the SITC-2 group (inedible crude materials except fuels) which showed only gradual increases in the early 1970s experienced a sharp rise, while the SITC-6 group (manufactured goods classified chiefly by materials) also attained a further increase. Also, the SITC-4 group (animal and vegetable oils and fats) raised its share, although gradually. All these can be regarded as secondary effects of the commodity structure during the same period.

Next, we would like to review the changes for agricultural products (SITC-0) and manufactured products (SITC-5 to 8) by two-digit classification of SITC in order to look at the commodity structure in more detail.

As for SITC-0 (see Table V-1-2), the largest export share was held by SITC-04 items (cereals and cereal preparations) accounting for 30% to 60% of the total. The next largest share was held by SITC-01 items (meat and meat preparations), showing, however, a downward trend after 1972. SITC-01 remained at the 30% level until the early 1970s, reaching as high as 52% in 1972. However, after the mid-1970s, their share decreased to a low of 12.3% in 1983, with an increase to 30% in 1979 only. SITC-08 items (feedstuffs for animals) held the third largest share, moving between around 8% and 9%. Among other items in the SITC-0 group, SITC-05 items (fruit and vegetables) held a relatively high share.

As shown above, three items of SITC-0 group, 01, 04 and 08, hold a large share of the group's exports (84.7% in 1983). Further details are given in the four-digit breakdown under the SITC-0 group. In 1983, SITC-0 group export items were divided as follows: under SITC-01, SITC-0111 (fresh and frozen beef, 6.8% of the total SITC-0 export), and SITC-0138 (prepared and preserved meat n.e.s., 3.3%); under SITC-04, SITC-0410 (unmilled wheat and meslin, 30.0%), SITC-0440 (unmilled maize, 16.3%) and SITC-0459 (unmilled cereals, n.e.s., 11.8%); under SITC-06, SITC-0612 (raw sugar, beet and cane, 2.6%); and under SITC-08, SITC-0813 (oil seed, cake, vegetable oil residue, 11.1%). The total of these seven items accounted for 81.9% of the export total of SITC-0 group items, which itself accounted for over half of the total export from Argentina. With half of the total exports of Argentina occupied by these commodities, the country's exports can be termed "small-items concentrated", as far as agricultural products are concerned. In other words, exports have been affected substantially by the production of wheats, maizes, other cereals and vegetable oils.

Next, regarding the details of manufactured exports (see Table V-1-3), the SITC-51 (chemical elements and compounds) accounted for the largest share of SITC-5 group exports, showing a increase trend to 46.8% in 1983. It is followed by the SITC-53 (dyeing, tanning and colouring materials) which showed a different trend with a decrease from 43.0% in 1962 to 29.1% in 1970, and further to 14.2% in 1983. The SITC-59 (chemical materials and products, n.e.s.) indicated a similar trend, with a 39.9% share, large compared to that of SITC-53, although it

Table V-1-2 Changes in Commodity Composition of Agriculture Export (SITC-0)

	\$million	SITC-0	SITC-00	SITC-01	SITC-02	SITC-03	SITC-04	SITC-05	SITC-06	SITC-07	SITC-08	SITC-09
												(%)
1962	766	100.0	3.6	29.8	1.8	0.0	45.8	5.0	0.9	0.5	12.1	0.3
1963	899	100.0	3.7	37.2	1.9	0.1	31.3	5.5	7.5	0.5	11.2	0.2
1964	1,024	100.0	2.4	31.9	1.3	0.0	49.2	4.1	1.2	0.6	9.2	0.1
1965	1,123	100.0	2.1	29.3	1.1	0.1	51.7	4.5	1.1	0.8	9.3	0.1
1966	1,154	100.0	2.2	34.2	0.9	0.1	47.4	4.7	0.8	0.7	8.5	0.3
1967	1,026	100.0	4.1	37.2	0.7	0.1	39.2	6.6	1.3	0.6	10.0	0.3
1968	922	100.0	3.8	36.3	0.5	0.1	37.5	7.9	2.0	1.0	10.3	0.4
1969	1,100	100.0	3.0	39.5	0.6	0.1	38.8	6.8	1.0	0.8	8.9	0.4
1970	1,211	100.0	1.9	36.4	0.2	0.3	42.8	6.3	1.5	0.9	9.4	0.4
1971	1,247	100.0	1.5	33.3	1.2	0.4	44.1	6.9	1.5	1.1	9.7	0.4
1972	1,328	100.0	1.3	52.0	2.1	0.6	26.4	7.5	2.6	0.9	6.3	0.3
1973	2,132	100.0	0.5	37.0	0.9	1.0	41.4	5.3	4.9	0.5	7.8	0.6
1974	2,551	100.0	0.3	17.3	0.7	1.3	53.7	7.9	12.3	0.8	5.2	0.6
1975	1,912	100.0	0.2	15.1	1.2	1.0	57.9	9.2	6.9	0.9	7.4	0.3
1976	2,455	100.0	0.3	21.3	2.3	1.6	49.3	10.1	4.3	0.8	9.3	0.4
1977	3,278	100.0	0.4	19.5	1.6	2.6	47.7	10.0	5.8	1.2	10.9	0.5
1978	3,190	100.0	0.8	24.9	1.3	4.8	39.6	13.3	5.0	0.9	11.0	0.5
1979	4,091	100.0	0.3	30.0	0.4	5.0	40.3	10.4	2.4	0.7	10.0	0.5
1980	3,998	100.0	0.1	24.2	0.5	3.6	41.4	9.7	2.5	1.0	10.3	0.6
1981	5,047	100.0	0.1	18.4	0.5	2.8	56.3	6.7	6.2	0.7	7.9	0.3
1982	5,814	100.0	0.2	21.1	1.4	5.0	48.2	9.2	2.4	0.9	11.5	0.2
1983	4,921	100.0	0.1	12.3	1.0	3.4	59.3	5.6	4.3	0.9	13.1	0.2

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Notes: SITC-00 = live animals,

SITC-01 = meat and meat preparations,

SITC-02 = dairy products and eggs,

SITC-03 = fish and fish preparations,

SITC-04 = cereals and cereal preparations,

SITC-05 = fruit and vegetables,

SITC-06 = sugar, sugar preparations and honey,

SITC-07 = coffee, tea, cocoa, spices and manufactures thereof,

SITC-08 = feedstuff for animals (not including unmilled cereals),

SITC-09 = miscellaneous food preparations.

V-1-3 Changes in Commodity Composition of Manufactured Export

	(%)					
	1962	1965	1970	1975	1980	1983
SITC-5	100.0	100.0	100.0	100.0	100.0	100.0
SITC-51	5.9	10.2	22.4	37.3	48.3	46.8
SITC-52	0.0	0.0	0.0	0.0	0.6	4.0
SITC-53	43.0	42.2	29.1	22.6	12.4	14.2
SITC-54	9.9	11.8	27.0	20.5	9.3	6.8
SITC-55	0.7	1.0	4.4	4.1	9.1	3.0
SITC-56	0.0	0.0	0.4	0.1	0.1	0.2
SITC-57	0.2	0.1	0.1	1.1	0.4	0.4
SITC-58	0.3	3.6	4.4	2.4	2.8	13.7
SITC-59	39.9	31.1	12.2	11.9	17.1	13.7
SITC-6	100.0	100.0	100.0	100.0	100.0	100.0
SITC-61	30.4	31.3	41.1	46.9	46.8	41.1
SITC-62	0.5	1.7	4.6	2.0	1.0	2.0
SITC-63	0.9	0.3	0.1	0.1	0.0	0.0
SITC-64	1.6	1.4	2.0	3.0	2.2	1.4
SITC-65	5.0	6.3	5.3	1.7	4.5	4.0
SITC-66	2.8	2.6	2.7	4.0	3.5	1.9
SITC-67	6.5	38.1	31.7	15.7	17.9	29.4
SITC-68	40.3	2.4	2.2	0.4	17.3	12.8
SITC-69	11.8	15.8	10.4	26.0	6.9	7.3
SITC-7	100.0	100.0	100.0	100.0	100.0	100.0
SITC-71	43.8	73.6	72.4	53.8	55.8	55.0
SITC-72	49.3	18.3	12.3	9.5	13.9	11.2
SITC-73	6.9	8.1	15.3	36.7	30.3	33.8
SITC-8	100.0	100.0	100.0	100.0	100.0	100.0
SITC-81	0.6	0.3	0.4	2.4	0.4	0.9
SITC-82	2.1	1.0	0.3	2.3	1.8	1.2
SITC-83	1.6	0.2	0.5	2.1	4.5	1.3
SITC-84	7.7	0.6	41.7	24.7	51.9	36.1
SITC-85	0.4	2.2	0.8	6.7	0.7	6.2
SITC-86	14.7	6.7	12.0	18.0	15.3	23.4
SITC-89	57.4	89.0	44.2	43.9	25.3	30.8

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Notes: SITC-5 = chemicals,

SITC-51 = chemical elements and compounds,

SITC-52 = mineral tar and crude chemicals from coal, petroleum and natural gas,

SITC-53 = dyeing, tanning and colouring materials,

SITC-54 = medicinal and pharmaceutical products,

SITC-55 = essential oils and perfume materials; toilet, polishing and cleansing preparations,

SITC-56 = fertilizers, manufactured,

SITC-57 = explosives and pyrotechnic products,

SITC-58 = plastic materials, regenerated cellulose and artificial resins,

SITC-59 = chemical materials and products, n.e.s.

SITC-6 = manufactured goods classified chiefly by material,

SITC-61 = leather, leather manufactures, n.e.s. and dressed fur skins,

SITC-62 = rubber manufactures, n.e.s.,

SITC-63 = wood and cork manufactures (excluding furniture),

SITC-64 = paper, paperboard and manufactured thereof,

SITC-65 = textile yarn, fabrics, made-up articles and related products,

SITC-66 = non-metallic mineral manufactures, n.e.s.,

SITC-67 = iron and steel,

SITC-68 = non-ferrous metals,

SITC-69 = manufactures of metal, n.e.s.,

SITC-7 = machinery and transport equipment,

SITC-71 = machinery, other than electric,

SITC-72 = electrical machinery, apparatus and appliances,

SITC-73 = transport equipment,

SITC-8 = miscellaneous manufactured articles,

SITC-81 = sanitary, plumbing, heating and lighting fixtures and fittings,

SITC-82 = furniture,

SITC-83 = travel goods, handbags and similar articles,

SITC-84 = clothing,

SITC-85 = footwear,

SITC-86 = professional, scientific and controlling instruments; photographic and optical goods, watches and clocks,

SITC-89 = miscellaneous manufactured articles, n.e.s.

showed a gradual decline thereafter. In addition, the share of the SITC-54 (medicinal and pharmaceutical products) moved downward after the 1970s. On the other hand, the SITC-55 (essential oils and perfume materials such as toilet, polishing and cleansing preparations) increased its share, though at a very slow rate, remaining at the 3% level after the 1960s and reaching as high as 9.1% in 1980 with occasional slight fluctuations. However, it began to decline from 1980, falling to 3.0% in 1983. The SITC-58 (plastic materials, regenerated cellulose and artificial resins) also gradually increased, despite repeated fluctuations.

As for the composition of SITC-6 group exports, SITC-61 (leather, leather manufactures n.e.s. and dressed fur skins) had the largest share. In particular, these items maintained a level of over 40% starting in the mid-1970s, with exceptions in 1978 and 1982, suggesting that the SITC-61 commodities have led the SITC-6 group in exports. This was followed by the SITC-67 (iron and steel) which held a considerable share, however with remarkably unsteady increases since the mid-1970s, thus making fluctuating growth its export feature. The greatest recent growth is found in the SITC-68 (non-ferrous materials). It is noteworthy that its share increased to 10% at the beginning of the 1980s, and that the same level has been sustained since then.

Of the major SITC-6 items grouped by four-digit classification, in 1983, SITC-611 (bovine leather, equine, n.e.s.) accounted for the largest share, 38.8% of total group exports. This was followed by SITC-6841 items (aluminum and unwrought alloys) with 11.0% share, SITC-6783 (iron, steel tubes, welded, clinch) with 8.8% share and SITC-6743 (uncoated iron, thin steel plate) with 7.9% share. All these commodities together totaled 66.5% of the exports of SITC-6 group.

In the SITC-7 group, SITC-71 (machinery other than electric) has the largest share. In the 1960s, its share was between 60% and 70%, although it decreased to around 50% in the 1970s, showing a decreasing trend since. SITC-73 (transportation equipment) moved into an expanding phase in the 1970s, increasing at a remarkable rate from the middle to the last half of the 1970s. Entering the 1980s, its share ranged from 27-37% with annual fluctuations. According to the four-digit breakdown of the SITC-7 group, for 1983, the largest share was occupied by SITC-7143 (statistical machines) accounting for 25.9% of the SITC-7 exports. This group was followed by SITC-7328 (motor vehicle parts, n.e.s.) with 10.1%, SITC-7353 (ships and boats excluding warships) with 8.5%, and SITC-7321 (passenger motor vehicles excluding buses) with 8.1%.

Within the SITC-8 group, the category that held the largest share until the first half of the 1970s was SITC-89 (miscellaneous manufactured articles, n.e.s.), although wide fluctuations were seen after the last half of the 1970s. From the middle of the 1970s, SITC-84 (clothing) increased its share, reaching a high of 62.3% in 1979, and thereafter moved downwards until the early 1980s when it hit a plateau at 30%. Next in line was the SITC-86 (professional, scientific and controlling instruments; photographic and optical goods, watches and clocks), maintained a 10% level in the 1970s (except for in 1977 and 1978), and increased further after 1980, finally reaching 23.4% in 1983.

1-1-2 Recent Trend in Export Commodity Structure (1980-1985)

In this section, we would like to present an overview of the structural change in export in the 1980s based on the trade statistics of INDEC.

The total value of exports from Argentina hit a high of US\$9,143 million in 1981 (see Table V-1-4). This figure was supported by CCCN¹⁾ (Customs Cooperation Council Nomenclature, see Table V-1-A1 at the end of this section) Section II items (vegetable products) which were exported in record amounts, with an increase of 41.4% over the previous year, accounting for 41.6% of total Argentine exports for 1981. According to the CCCN 99 classification (Chapter 1 - 99), which is a further breakdown of the CCCN 22 classification (Section I - XXII), CCCN Chapter 10 items (cereals) accounted for 30% of the total exports, indicating that a favorable increase in the export of cereal products contributed largely to Argentine exports.

However, in 1982, exports fell drastically to US\$7,625 million showing a more than US\$1.5 billion loss, a 16.6% decrease from the previous year, mainly due to drastic decrease in cereal exports of US\$1,188 million. In addition, decreases in exports of CCCN Section IV (prepared foodstuffs, beverages, spirits and vinegar, tobacco) of US\$200 million, and CCCN Section VIII (raw hides and skins, leather, furskins and articles thereof) of US\$126 million also contributed to the decline. Especially noteworthy is the decline in exports of Chapter 17 items (sugars and sugar confectionery) under Section IV, which decreased by US\$220 million from the previous year, and exports of Chapter 41 items (raw hides and skins other than furskins and leather) under Section VIII, which decreased by US\$90 million.

During 1983, exports overall continued in the preceding year's sluggish trend, although an increase of US\$122 million was seen as a sign of recovery. This was primarily due to an increase in cereal exports of US\$1 billion, although these exports had decreased the previous year, and also due to a recovery of sugar and sugar confectionery exports. On the other hand, exports of other products, such as Section I (live animals, animal products), Section V (mineral products), Section XI items (textiles and textile articles), Section XV (base metals and articles of base metal), Section XVI (machinery and mechanical appliances, electrical equipment, parts thereof) and Section XVII (vehicles, aircraft, and parts thereof, vessels and certain associated transportation equipment) each decreased by approximately US\$200 million, resulting from the reduction in manufactured exports. Agricultural products, however, were recovering their export markets.

In 1984 and 1985, total exports increased steadily by about US\$300 million each year, reaching US\$8,396 million in 1985, a little below the 1981 level. This was mainly due to an increase in Section III (animals and vegetables fats and oils and their derived products) of US\$400

1) According to CCCN, commodities are classified into 22 groups (sections), and each commodity group (section) is divided into several subgroups (chapters). Total number of subgroups (chapters) is 99.

Table V-1-4 Changes in Recent Exports Commodity Composition (1980-85)

(US\$ million, %)

CCCN Section	1980	1981	1982	1983	1984	1985	
Total	8,021 100.0	9,143 100.0	7,625 100.0	7,836 100.0	8,107 100.0	8,396 -	- 100.0
I	11.1	9.7	11.6	8.7	5.7	425	5.1
II	33.5	41.6	34.3	45.2	42.9	3,306	39.4
III	6.5	4.3	5.6	6.9	11.5	993	11.8
IV	14.6	11.9	11.6	14.7	13.7	855	10.2
V	3.9	7.2	7.6	4.7	4.5	657	7.8
VI	4.6	4.1	4.6	3.8	3.3	330	3.9
VII	0.3	0.4	0.7	1.0	1.1	92	1.1
VIII	6.9	5.4	4.8	3.8	4.1	317	3.8
IX	0.0	0.0	0.0	0.0	0.1	4	0.1
X	0.9	0.6	0.6	0.5	0.5	52	0.6
XI	5.9	4.4	4.4	2.9	3.8	322	3.8
XII	0.0	0.0	0.1	0.1	0.0	2	0.0
XIII	0.3	0.3	0.3	0.1	0.1	12	0.1
XIV	0.3	0.3	0.1	0.0	0.0	0	0.0
XV	4.1	4.9	6.7	4.1	3.9	508	6.1
XVI	4.3	3.4	3.9	2.3	2.6	268	3.2
XVII	2.2	1.4	2.8	1.2	2.1	236	2.8
XVIII	0.3	0.2	0.2	0.1	0.1	10	0.1
XIX	0.0	0.0	0.0	0.0	0.0	1	0.0
XX	0.1	0.0	0.0	0.0	0.0	3	0.0
XXI	0.0	0.0	0.0	0.0	0.0	0	0.0

Source: INDEC

Notes: 1) As to CCCN grouping,

2) Excluding Section XXII, see Table V-1-A1.

million in 1984 over the previous year, and due to an increase in Section V (mineral products) exports of US\$300 million in 1985 over the previous year. An important factor was that the mining and manufactured products, recovering from their 1983 stagnation, expanded their share of exports, while agricultural products remained generally sluggish.

The export structure of Argentina shows, a "monoculture" nature as described already, meaning that a very limited number of items, such as cereals, have a consistently strong impact on total exports. However, starting in 1980, this monoculture export structure began changing, and this has been the main feature of changes in exports during the past years. In fact, in 1982, a decrease in cereal exports led to a reduction in exports as a whole. However, in 1984, stagnating manufactured products exports caused total export values to be sluggish, even though there was a recovery close to the 1981 level of cereal exports.

Table V-1-5 has been prepared to illustrate changes in the manufactured export structure for the five classifications of consumer non-durable goods, consumer durable goods, labor-intensive intermediate goods, capital-intensive intermediate goods and capital goods, as selected from among industrial products based on the INDEC

Table V-1-5 Changes in Manufactured Exports by End Use (1980-1985)

	(US\$1,000, %)					
	1980	1981	1982	1983	1984	1985
Consumer non-durable goods	257,960	138,957	106,658	69,269	57,383	61,276
Consumer durable goods	203,312	122,884	135,610	81,471	100,296	103,336
Labor-intensive intermediate goods	900,305	846,228	675,260	513,533	641,944	642,857
Capital-intensive intermediate goods	665,899	825,611	870,229	683,405	667,165	924,548
Capital goods	413,381	385,064	450,207	223,925	310,230	429,366
Total	2,440,857	2,318,744	2,237,964	1,571,603	1,777,018	2,161,383
Consumer non-durable goods	10.6	6.0	4.8	4.4	3.2	2.8
Consumer durable goods	8.3	5.3	6.1	5.2	5.6	4.8
Labor-intensive intermediate goods	36.9	36.5	30.2	32.7	36.1	29.7
Capital-intensive intermediate goods	27.3	35.6	38.9	43.5	37.5	42.8
Capital goods	16.9	16.6	20.1	14.2	17.5	19.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: INDEC

Note : See Table V-1-A2.

foreign trade statistics (this classification of commodities is shown Table V-1-A2).

In 1980, exports of manufactured products totaled US\$2,441 million, accounting for 30% of the Argentine total export values, and for the following years the shares were 25% in 1981, 29% in 1982, 20% in 1983, 22% in 1984 and 26% in 1985.

Structural changes related to each of the aforementioned five classifications are observed as follows: the export share of consumer non-durable goods gradually declined from 10.6% in 1980 to a low of 2.8% in 1985, with remarkable decreases in absolute value up to 1985, when the value of exports amounted to only one fifth of the 1980 level. A similar declining trend was observable in the area of consumer durable goods, from 8.3% in 1980 to 4.8% in 1985, and the 1985 result fell to one half of the 1980 level in terms of the absolute value. Labor-intensive intermediate goods held a 36.9% share in 1980, the largest share of total manufactured exports. However, this share declined to 29.7% in 1985 with some fluctuation. Capital-intensive intermediate goods held a 27.3% share in 1980, the second largest behind that of labor-intensive intermediates goods, but overtook this category in 1983, rising to 38.9% and reached as high as 42.8% in 1985. Lastly, capital goods achieved their highest share in 1982 at 20.1% for the period under review; after falling to 14.2% in 1983, they rose again in 1985 to the 19.9% level.

In conclusion, it can be stated that, during the recent years of the 1980s, consumer goods and labor-intensive intermediate goods experienced a downward trend, while on the other hand capital-intensive intermediate goods showed an upward trend. Meanwhile, capital goods expanded their share after 1983, although at a slow rate.

1-2 Changes in Export Market Structure

Argentina used to depend on Europe as its major export market, and in fact more than a half of total exports were shipped to Europe until around the mid-1960s. Table V-1-6 shows the Argentine export market structure for the period from 1962 through 1983. About a half of Argentine exports went to the EC 10 (the ten member countries of the European Community) until the middle of the 1960s, while levels of 13-19% of total exports were maintained for Latin American nations during the same period. In addition to the above two areas, the USA also formed a major market. However, the Europe-directed export trend gradually fell off after sluggish performances in 1967 and 1968, and in its place, the closer-to-home Latin American market expanded. In fact, after 1968, the market share of the EC 10 declined to below 50%, while Latin America began to account for a share of more than 20%, and this trend became increasingly apparent at the turn of the 1970s.

Entering the 1980s, the Argentine export markets were dramatically transformed. Large-scale cereal exports to the USSR commenced, resulting in a leap in the USSR's share of exports from 5.3% in 1979 to 20% in 1980. Exceeding the previous record of US\$8 billion, the value of Argentine total exports reached the US\$9.1 billion level in 1981:

Table V-1-6 Export Market Structure

							(%)
	World total	USA	U.S.S.R.	Japan	EC 10	Latin America	Others
1962	100.0	7.5	0.7	2.2	63.6	13.1	15.2
1963	100.0	11.3	1.0	2.8	58.4	14.9	14.5
1964	100.0	6.6	1.1	2.9	55.6	17.1	19.5
1965	100.0	6.4	5.8	2.2	52.0	16.9	18.9
1966	100.0	7.9	5.8	2.4	49.0	16.1	21.1
1967	100.0	8.4	1.3	2.3	52.8	19.7	17.8
1968	100.0	11.8	1.3	2.1	46.2	25.2	15.4
1969	100.0	9.0	1.3	4.5	48.2	23.2	18.3
1970	100.0	8.9	1.5	6.2	48.2	21.1	20.3
1971	100.0	9.3	1.7	5.1	46.6	21.4	21.0
1972	100.0	9.9	1.2	3.0	49.3	25.4	14.2
1973	100.0	8.2	2.5	4.1	41.2	25.3	22.7
1974	100.0	8.5	5.4	4.5	34.4	26.2	25.6
1975	100.0	6.6	9.7	4.6	29.4	31.2	23.0
1976	100.0	7.2	5.6	5.3	33.2	31.4	22.5
1977	100.0	6.9	3.7	5.5	32.3	28.5	28.5
1978	100.0	8.6	6.0	6.0	34.4	26.3	24.7
1979	100.0	7.4	5.3	5.1	33.3	26.9	27.0
1980	100.0	8.9	20.1	2.6	27.6	24.5	18.9
1981	100.0	9.4	32.4	1.8	21.6	20.5	16.0
1982	100.0	13.4	20.8	3.7	21.3	21.0	23.4
1983	100.0	9.9	20.9	4.8	21.1	15.7	32.4

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

this dramatic increase was undoubtedly supported by the cereal exports to the USSR. An important point, however, is that, during the 1979 to 1980 period, despite an increase in the total export value, exports to countries other than the USA and the USSR declined. As mentioned below, it is evident that the upsurge in cereal exports to the USSR caused a decline in exports to other countries, except for the USA, suggesting that the Argentine cereal supply capacity was not able to respond fully to the increasing demand from abroad. The increases in cereal exports to the USSR continued during the following year, 1981, resulting in a record high.

Table V-1-7 shows changes in the commodity structure by export market. Firstly, in the EC 10 market, the SITC-0 group (food and live animals) has always held the largest share, despite a decreasing trend. In fact, its share gradually decreased from a high of 84.5% in 1972 to 45.2% in 1980. Early in the 1980s, this share increased somewhat, although its absolute export value remained stagnant. The next largest share was held by the SITC-2 group (inedible crude materials except fuels). Its share displayed a decreasing trend up to the mid-1960s, remained at around 10-12% levels during the latter half of the 1960s, and then began to decline again until the mid-1970s. However, in the latter half of the 1970s, its share increased sharply, reaching 27.8% in 1979. Entering the 1980s, its share again decreased to around 16% along with a decrease in absolute value. Although the shares of manufactured products were all relatively small, those of the SITC-5 group (chemicals), the SITC-6 group (manufactured goods classified chiefly by material), and the SITC-7 group (machinery and transport equipment) expanded during the latter half of the 1970s.

Table V-1-7 Commodity Structure by Export Market

	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9	Total	(%)
	(\$ million)											
EC 10												
1962	68.2	0.5	18.9	0.2	10.7	1.1	0.4	0.0	0.0	0.0	100.0	773
1972	84.5	0.7	6.5	0.0	2.3	1.6	3.4	0.6	0.4	0.0	100.0	957
1982	50.7	1.3	16.0	6.1	8.1	5.0	6.8	4.9	1.2	0.0	100.0	1,626
1983	56.1	1.2	16.5	5.9	6.2	5.5	2.5	4.7	0.4	0.0	100.0	1,656
Latin America												
1962	78.9	0.0	5.5	6.2	1.5	3.5	1.5	2.1	0.8	0.1	100.0	160
1972	47.9	0.3	6.6	0.8	3.0	7.4	9.8	19.3	4.7	0.1	100.0	492
1982	30.4	0.5	11.0	9.1	6.3	7.1	15.6	15.4	4.5	0.0	100.0	1,604
1983	43.4	0.9	3.4	7.8	12.2	8.9	11.6	8.7	3.2	0.0	100.0	1,232
USA												
1962	33.7	0.1	46.9	0.0	5.7	10.4	2.7	0.2	0.2	0.1	100.0	91
1972	51.5	0.6	5.2	0.0	0.3	7.5	26.3	4.8	3.8	0.1	100.0	192
1982	22.4	3.4	0.9	25.1	0.3	11.5	21.0	12.9	2.2	0.1	100.0	1,024
1983	36.2	1.6	1.1	11.8	0.4	13.3	29.4	2.8	3.2	0.1	100.0	773
USSR												
1962	0.0	0.0	99.2	0.0	0.0	0.0	0.0	0.0	0.0	0.8	100.0	8
1972	6.0	0.0	49.0	0.0	16.9	0.0	16.9	0.0	0.0	0.1	100.0	24
1982	77.3	0.1	13.2	0.2	6.8	0.5	6.8	0.0	0.0	0.0	100.0	1,586
1983	79.8	0.0	11.9	0.3	6.1	0.4	6.1	0.0	0.0	0.0	100.0	1,536
Japan												
1962	29.4	0.0	66.5	0.0	0.6	3.5	0.0	0.0	0.0	0.0	100.0	27
1972	76.3	0.6	16.2	0.7	0.1	1.8	3.8	0.2	0.3	0.0	100.0	58
1982	52.3	0.7	15.4	2.3	0.1	9.5	5.9	3.8	0.1	0.0	100.0	283
1983	83.9	0.6	3.9	2.3	0.7	4.3	2.7	1.6	0.0	0.0	100.0	377

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note: See Table V-1-1.

Secondly, the Latin American market reflected the trend of relative decrease in the share of agricultural products (SITC-0) and increase in that of manufactured products, more clearly than in Europe. Latin America began to expand its share of the aforementioned manufactured products early in the 1970s, up to which time cereal products accounted for the major share of exports. During the 1970s, overall increases in exports to Latin American countries were attained by increasing exports in the SITC-7 (machinery and transport equipment), the SITC-6 (manufactured goods classified chiefly by material), as well as cereal products. However, with debt crisis coming to a head early in the 1980s, each country uniformly imposed strict import restrictions, resulting in a sharp decline in the exports from Argentina to these countries after 1979, which marked the peak of the total export value.

Turning to movements in the goods exported to the USA, as with the aforementioned two areas, the SITC-0 group is found to represent the largest share, particularly during the period from the latter half of the 1960s to the first half of the 1970s, when a share greater than 50% was maintained. However, after the mid-1970s, its share gradually decreased (except for 1980), although there was an increase in the absolute value of exports. On the other hand, manufactured products showed an increasing trend. In particular, the SITC-6 (manufactured goods classified chiefly by material) increased its share since the beginning of the 1970s, and moreover the SITC-8 (miscellaneous manufactured articles) and the SITC-5 (chemicals) expanded, from the latter half of the 1970s and from the beginning of the 1980s, respectively, illustrating the increasing trend in the USA of manufactured products.

Exports to Japan were worth only US\$27 million in 1962. However, after the beginning of the 1970s, exports increased, chiefly of items in the SITC-0 group (food and live animals). During the 1962-1983 period, Argentine total exports increased by an average annual rate of 9.3%, while exports to Japan increased by 13.4% annually to a total of US\$377 million, accounting for 4.8% of Argentine total exports. Until the mid-1960s, the SITC-0 and the SITC-2 group (inedible raw materials except fuels) accounted for the majority of Japan's share. After that, however, the SITC-0 group increased its share, while the SITC-2 group declined in its share as well in absolute value, as agricultural products became the major export to Japan.

As for the USSR, during the 1960s, Argentine exports remained at an annual level of US\$10 million, consisting mostly of products from the SITC-2 group (inedible raw materials except fuels), except for the years 1965 and 1966 which stand out due to the high export values recorded. From the mid-1970s, the share of the SITC-0 group (foods and live animals) expanded, and, as already mentioned, due to large-scale cereal exports to the USSR after 1980, the USSR market grew significantly, exerting a strong influence on the overall trend of Argentine exports. However, the major items of export to the USSR were agricultural products, while manufactured products held only a 5-6% share, falling mainly within the SITC-6 group (manufactured goods classified chiefly by material).

As for the recent market structure, Table V-1-8 shows market shares by region for the 1980-1985 period. For the convenience of the

Table V-1-8 Export Market by Region (1980-1985)

	1980	1981	1982	1983	1984	1985
Total(\$1,000)	8,021,418	9,143,044	7,624,936	7,836,063	8,107,405	8,396,114
(Share , %)						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Africa	2.7	2.8	5.2	5.4	4.7	5.0
North America	9.2	10.0	13.7	10.0	11.1	12.7
Latin America	24.8	20.7	21.2	15.9	21.8	22.4
East Asia	5.6	3.4	6.0	12.4	4.9	8.6
South East Asia	0.3	0.6	1.4	1.8	1.2	0.9
South Asia	0.4	0.8	0.3	0.9	2.2	1.3
Middle East	2.6	2.2	4.4	6.7	6.9	5.9
Europe	34.2	27.0	26.8	25.9	32.4	28.4
USSR	20.1	32.4	20.8	20.9	14.7	14.4
Oceania	0.1	0.1	0.1	0.1	0.2	0.4

Source: INDEC

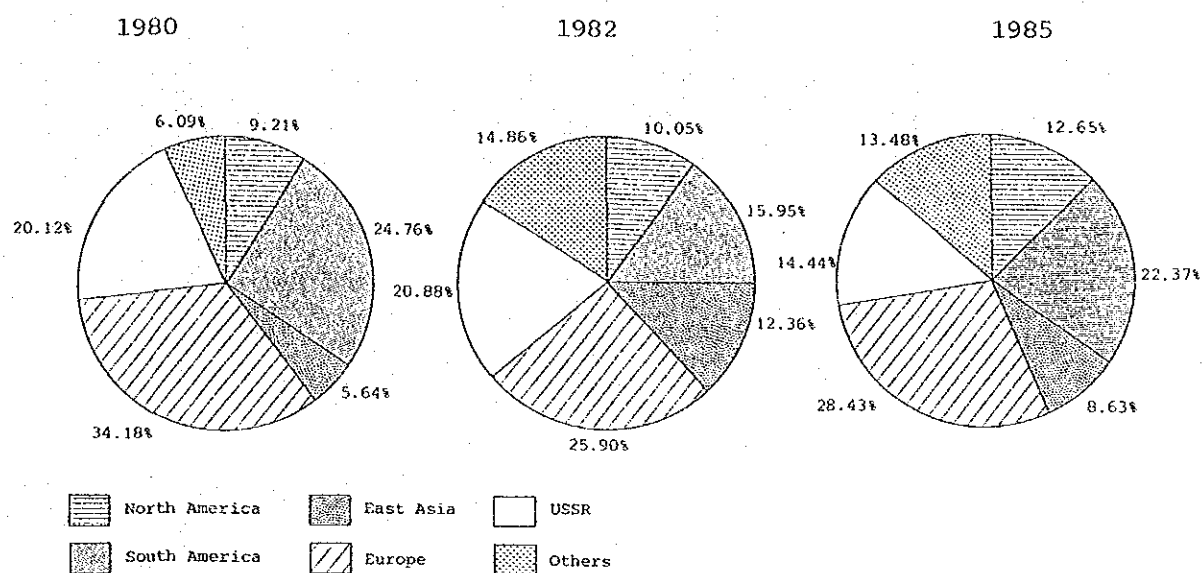
statistics, all the European countries are grouped as one region, while the USSR is shown separately, in view of the remarkable level of exports involved during the period under review. Figure V-1-1 is a graph to show the export distribution by area for 1980, 1983 and 1985. Regarding the export distribution for 1980, the largest share was held by Europe with 34.2% of the total exports, followed by Latin America with a 24.8% share, and then by the USSR with 20.1%, making a total of 79.1%, suggesting that Argentina concentrated its exports on these three major regions or areas. However, following the sluggish exports of 1982, this concentration on three areas in export distribution changed visibly, resulting in wider distribution, and signalling the diversification of the export market. In fact, as the USSR gained more influence in world export markets the beginning of the 1980s, Argentine exports adapted, freeing themselves from the traditional export markets that depended on Europe and Latin America. It is noteworthy that East Asia, the Middle East and Africa have expanded their shares, as newly expanding markets for Argentine exports.

Table V-1-9 shows the details of the export market by country in terms of export value. In 1985, the largest exports (by value) were US\$1,213 million to the USSR, followed by US\$1,004 million to the USA, US\$856 million to the Netherlands, US\$496 million to Brazil, US\$361 million to Japan.

Exports to Japan were strong in 1978 and 1979, at US\$380 million and US\$395 million, respectively, but in 1981 dropped drastically to US\$166 million. Nevertheless, exports to Japan recovered after 1982.

In the case of China, exports from Argentina recorded about US\$190 million worth in both 1979 and 1980, although they subsequently declined to US\$90 million, or by about a half, in the following year. In 1983, however, export was recorded of as much as \$498 million. Exports to China have had big fluctuation but they have shown a trend towards a

Figure V-1-1 Export Market by Region



Source: INDEC

high relative value, suggesting that China has become a rapidly expanding market for Argentina's exports.

As for the USA, exports from Argentina exceeded US\$500 million in value for the first time in 1978, making positive growth, and climbed to about US\$1 billion in 1982. In 1983, exports fell to US\$750 million; however, in 1984, recovering from this decline, exports pulled back to US\$847 million, and then to the level of US\$1 billion again in 1985.

In the Middle Eastern markets, Iran has maintained the largest share. For example, Iran accounted for 41.7% of the total exports to the Middle East from Argentina in 1980, and this percentage was raised to 64.4% in 1985.

Since 1980, dramatic increases in exports to the USSR, stagnation in exports to Europe and Latin America, and furthermore active market development in East Asia, the USA and the Middle East, are the major features causing change in the pattern of Argentine export market structure. Therefore, for the future, Argentina's export targets will included the steady cultivation of newly developed markets, and efforts to recover its traditional markets.

Table V-1-9 Export Partner Countries Top 20

Rank	1980		1982		1985	
	Country	(\$ million) (%)	Country	(\$ million) (%)	Country	(\$ million) (%)
1	USSR	1614.2 20.1	USSR	1586.3 20.8	USSR	1212.7 14.4
2	Brazil	765.0 9.5	USA	1008.0 13.2	USA	1003.6 12.0
3	Netherlands	716.3 8.9	Netherlands	604.0 7.9	Netherlands	856.3 10.2
4	USA	696.0 8.7	Brazil	567.7 7.4	Brazil	496.3 5.9
5	Italy	520.3 6.5	West Germany	335.6 4.4	Japan	360.9 4.3
6	West Germany	407.4 5.1	Italy	289.8 3.8	Iran	313.9 3.7
7	Chile	217.6 2.7	Japan	283.1 3.7	China	311.0 3.7
8	Japan	210.9 2.6	Spain	207.9 2.7	Italy	300.6 3.6
9	UK	203.4 2.5	Chile	164.1 2.2	West Germany	289.2 3.4
10	Paraguay	189.4 2.4	Paraguay	145.1 1.9	Cuba	283.4 3.4
11	China	188.8 2.4	France	141.5 1.9	Mexico	255.5 3.0
12	France	186.1 2.3	China	136.6 1.8	Spain	213.1 2.5
13	Uruguay	182.3 2.3	Algeria	136.6 1.8	Peru	162.0 1.9
14	Spain	172.4 2.1	Iran	134.4 1.8	Belgium	148.8 1.8
15	Bolivia	133.4 1.7	Uruguay	115.5 1.5	Egypt	143.7 1.7
16	Mexico	121.3 1.5	Iraq	115.5 1.5	Colombia	132.7 1.6
17	Peru	116.5 1.5	Bolivia	114.2 1.5	France	122.3 1.5
18	Iran	86.3 1.1	Mexico	111.8 1.5	Chile	111.1 1.3
19	Poland	81.9 1.0	Peru	109.5 1.4	Uruguay	99.0 1.2
20	Denmark	77.5 1.0	Egypt	108.6 1.4	Poland	98.2 1.2
Sub-total		6887.1 85.9	Sub-total	6415.7 84.1	Sub-total	6914.3 82.4
Export Total		8021.42 100.0	7624.9 100.0		8396.1 100.0	

Source: INDEC

1-3 International Competitiveness of Major Export Commodities

Argentina's share in the total Latin American exports declined sharply (Table V-1-10). The country's exports to other Latin American countries increased 11 times during 1960-1980, but the country's share dropped from 22.5% in 1960 to 12.9% in 1980. In contrast, the share of Brazil expanded substantially. Argentina's exports were twice as large as Brazil's in 1960, but by 1980 they amounted to one half the size of the latter's, a complete reversal in their relative positions.

Within Argentine exports, various factors influence commodity structure as well as the market structure. For example, with respect to supply, there are price factors such as wages and productivity, as well as non-price factors such as the quality of goods, marketing and various export procedures; while in the determination of demand, there are various factors such as developments in the commodity markets and world-wide movements in primary production, especially cereals.

In this section, we will make a review of trend in competitiveness of Argentine export commodities comparing agricultural export (SITC-0) and manufactured export (SITC-5 - SITC-8). Determination of the best method for measurement of international competitive power is a controversial subject. However, we use here the Relative Share Index (RSI), showing the relations between changes in the Argentine export commodity structure and in the world export commodity structure. The RSI is determined by the following formula:

$$S_a^h \text{ (RSI)} = \frac{X_a^h}{X_a} / \frac{X_w^h}{X_w} \times 100$$

where: S_a^h : RSI for commodity h for country a

X_a : total export for country a

X_a^h : Export of commodity h for country a

X_w : total export for the world

X_w^h : export of commodity h for the world.

RSI is one of the indexes to show the ex post international competitiveness. When h-th commodity RSI is larger than 100, we understand that h-th commodity was more competitive than weighted average of the competitiveness of all commodities of country a. According to these RSI figures, the competitiveness of each of Argentina's major export commodities will be reviewed below. Tables V-1-11 to V-1-15 have been prepared, presenting RSI figures for the previously mentioned commodity groups by two-digit classification of SITC for the 1962-1983 period.

Table V-1-10 Argentine Export in Latin American Market

	LAIA Market			Latin American Market			World Market		
	1960	1970	1980	1960	1970	1980	1960	1970	1980
(Value, million US\$)									
Argentina	170.3	365.8	1,850.5	170.5	371.6	1,892.9	1,079.6	1,773.1	8,024.8
Brazil	88.5	304.0	3,459.0	89.6	317.0	3,637.0	1,270.9	2,739.0	20,132.0
Chile	33.0	152.0	1,117.0	37.5	152.5	1,140.6	489.7	1,245.9	4,846.2
México	8.1	92.7	608.0	21.8	125.3	891.0	764.4	1,312.8	15,340.0
L A I A	567.2	1,264.1	10,926.8	687.0	1,599.6	12,349.9	7,347.9	12,786.4	80,313.0
Latin American	582.2	1,290.6	11,208.4	757.6	1,981.8	14,648.5	8,628.6	15,473.1	95,401.9
(Share, %)									
Argentina	29.3	28.3	16.5	22.5	18.8	12.9	12.5	11.5	8.4
Brazil	15.2	23.6	30.9	11.8	16.0	24.8	14.7	17.7	21.1
Chile	5.7	11.8	10.0	4.9	7.7	7.8	5.7	8.1	5.1
México	1.4	7.2	5.4	2.9	6.3	6.1	8.9	8.5	16.1
L A I A	97.4	97.9	97.5	90.7	80.7	84.3	85.2	82.6	84.2
Latin America	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ECLA, Statistical Yearbook for Latin America, 1983.

Note: LAIA = Latin American Integration Association (Formerly LAFTA)

Firstly, RSI figures for the food and live animals (SITC-0) moved between the 400 level and the 600 level. However, when analysed under the two-digit classifications, RSI figures vary over a wide range. Remarkably high RSIs are found among meat and meat preparations (SITC-01), cereals and cereal preparations (SITC-04) and animal feedstuffs (SITC-08). All these products showed remarkably high RSIs during the review period. The next highest RSI is found in the category of fruit and vegetables (SITC-05), with a value of over 100 since the 1960s. This category's RSI increased every year, reaching a level above 400 in 1975. After that, however, it moved between 360 and 380 until 1980. The competitiveness of fish and fish preparations (SITC-03) is increasing through the 1970s.

The highest RSI of chemicals (SITC-5) was 62.8 in 1982, which is still far below 100. However, from a long-term viewpoint, with slight fluctuations, that chemicals have gradually been moving towards a more competitive position. In the detailed two-digit SITC breakdown, dyeing, tanning and coloring materials (SITC-53), are maintaining a comparatively steady competitiveness. However, it fell drastically to 112 in 1973, and thereafter remained unstable, as compared to the 1960s. Very few of the other commodities in this SITC group exceeded 100 in RSI. The long-term trends in chemical elements and compounds (SITC-51) showed a rise in the RSI, although their RSI is still under 100. Mineral tar and crude chemicals from coal, petroleum and natural gas (SITC-52) rose steeply from 2.1 in 1971 to 37.5 in 1977, and then to as high as 255.9 in 1983, although there was some decline after 1977.

Next, the overall picture of manufactured goods classified chiefly by material (SITC-6) is characterized by a rising trend in RSI, with values above 50 from the 1970s, reaching 76.4 in 1982. However, in 1983 the competitiveness of these commodities was weakened, falling below 50. A more detailed breakdown, based on the SITC two-digit classifications showed that leathers, leather manufactures n.e.s. and dressed fur skins (SITC-61) became competitive after the mid-1960s, reaching RSI levels of over 1,000 after the mid-1970s. No other commodities in this SITC group had an RSI exceeding 100. However, iron and steel (SITC-67) slowly rose to 67.7 from the latter half of the 1960s, reaching 109.1 in 1982 after rising and falling each alternate year. The RSI of iron and steel fell to 63 in 1983; however, their competitiveness has risen recently. Non-ferrous metals (SITC-68) increased their competitiveness at the turn of the 1980s, with a steep rise in RSI from 33.1 in 1979 to 69.6 in 1980, and then to 80.5 in 1982, although it has not yet reached 100.

Taking machinery and transport equipment (SITC-7), the RSI reached 47.8 in 1975, thereafter declining. The detailed breakdown of the group into SITC two-digit classifications also showed a rise in RSI in the early 1970s, when manufactured exports were expanding. International competitiveness of SITC-7 showed deterioration because of recession in this field caused by intensified domestic competition after the end of the 1970s as affected by the import liberalization movements in Argentina. By 1979, their absolute value had already declined, spurring a further fall in the export competitiveness of these commodities.

Table V-1-11 Changes in Relative Share Index (Foods and Live Animals)

	SITC-0	SITC-00	SITC-01	SITC-02	SITC-03	SITC-04	SITC-05	SITC-06	SITC-07	SITC-08	SITC-09
1962	443	428	1375	119	2	729	126	23	13	1124	95
1963	453	438	1695	126	7	510	175	203	15	1013	61
1964	506	316	1604	103	2	834	129	37	18	897	36
1965	547	285	1515	90	9	973	142	34	28	802	29
1966	548	367	1743	81	5	859	145	26	29	763	115
1967	561	645	1878	61	6	825	197	38	23	918	102
1968	594	598	1915	42	11	889	250	62	39	998	146
1969	639	448	2079	58	13	1089	223	34	35	898	130
1970	632	289	1962	15	30	1193	220	51	32	863	140
1971	679	237	1864	105	36	1371	258	57	49	953	126
1972	630	154	2601	182	53	777	258	89	44	633	104
1973	570	73	1748	82	80	869	189	177	24	562	207
1974	689	65	1267	70	151	1208	370	574	45	555	214
1975	653	29	956	106	110	1265	385	290	53	925	84
1976	653	63	1334	210	149	1199	407	174	34	938	145
1977	591	79	1117	128	200	1327	363	210	36	879	126
1978	466	108	1071	78	261	811	383	86	25	735	95
1979	584	62	1558	32	331	1015	372	86	25	824	108
1980	581	26	1217	36	275	934	360	314	49	839	139
1981	623	23	1002	39	218	1248	264	246	48	671	83
1982	573	27	987	86	340	1074	318	82	57	908	30
1983	679	14	713	79	280	1466	246	189	65	994	34

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Notes : See Table V-1-2.

Table V-1-12 Changes in Relative Share Index (Chemicals)

	SITC-5	SITC-51	SITC-52	SITC-53	SITC-54	SITC-55	SITC-56	SITC-57	SITC-58	SITC-59
1962	36	7	0	178	26	4	0	8	1	95
1963	37	11	0	168	30	5	0	0	2	93
1964	44	18	0	192	47	8	0	2	5	95
1965	39	12	0	196	37	6	0	4	9	101
1966	37	16	0	179	45	8	0	7	13	68
1967	42	21	0	189	57	6	0	8	10	84
1968	49	33	0	227	64	8	2	14	10	80
1969	48	32	0	218	73	25	1	7	10	58
1970	43	29	2	158	85	32	3	6	10	44
1971	47	25	0	182	80	37	4	16	12	67
1972	54	32	0	179	76	49	0	70	16	94
1973	40	33	0	113	62	44	0	71	14	54
1974	45	47	0	135	79	59	0	84	8	54
1975	55	60	1	189	94	42	1	90	7	57
1976	49	53	2	160	80	29	0	134	9	44
1977	42	46	2	143	53	40	0	171	12	30
1978	40	46	37	120	61	43	1	65	9	27
1979	43	53	16	130	45	51	1	56	8	42
1980	62	83	21	127	54	99	1	39	8	83
1981	56	70	18	149	52	50	2	26	6	10
1982	63	77	26	190	50	33	1	70	22	37
1983	53	66	256	125	31	29	2	31	34	62

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note : See Table V-1-3.

Table V-1-13 Changes in Relative Share Index (Manufactured goods classified chiefly by material)

	SITC-6	SITC-61	SITC-62	SITC-63	SITC-64	SITC-65	SITC-66	SITC-67	SITC-68	SITC-69
1962	3	49	1	1	0	1	1	1	8	4
1963	12	104	2	1	1	7	1	17	14	17
1964	11	94	2	1	1	6	1	24	4	10
1965	5	87	3	1	1	2	1	8	1	8
1966	7	128	4	0	1	1	2	13	1	7
1967	11	200	6	0	1	1	4	18	3	11
1968	22	309	42	0	6	2	7	39	5	22
1969	23	432	46	0	7	6	8	31	3	20
1970	24	538	36	1	6	7	7	30	3	24
1971	28	558	5	1	9	3	8	40	4	30
1972	44	1017	23	1	13	5	10	41	5	38
1973	46	745	34	0	26	16	12	68	6	34
1974	47	811	23	2	51	12	18	60	5	50
1975	28	730	14	1	9	3	11	14	1	58
1976	50	1062	13	1	11	25	16	50	5	45
1977	46	1014	19	1	24	29	20	34	5	32
1978	56	1032	29	2	20	23	19	68	11	39
1979	64	1403	14	1	18	11	19	57	33	32
1980	59	1354	14	1	14	15	15	44	70	32
1981	65	1374	19	1	9	11	18	76	77	25
1982	76	1278	18	1	10	16	24	109	81	44
1983	50	966	22	0	7	11	8	63	54	26

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note : See Table V-1-3.

Table V-1-14 Changes in Relative Share Index (Machinery and Transport Equipment)

	SITC-7	SITC-71	SITC-72	SITC-73
1962	1	1	4	0
1963	4	4	5	3
1964	6	8	4	3
1965	4	7	4	1
1966	5	8	4	2
1967	8	13	4	3
1968	10	16	7	4
1969	11	18	10	5
1970	13	23	8	6
1971	16	27	8	8
1972	20	30	12	14
1973	27	34	16	25
1974	38	47	22	38
1975	48	61	22	47
1976	36	41	15	43
1977	29	34	13	33
1978	24	30	14	23
1979	24	31	20	18
1980	24	33	14	20
1981	17	26	9	12
1982	22	30	8	23
1983	10	15	5	9

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note : See Table V-1-3.

Table V-1-15 Changes in Relative Share Index (Miscellaneous Manufactured Articles)

	SITC-8	SITC-81	SITC-82	SITC-83	SITC-84	SITC-85	SITC-86	SITC-89
1962	3	1	1	3	1	0	1	4
1963	7	0	1	6	4	1	2	17
1964	13	1	2	3	3	2	4	38
1965	11	1	2	2	0	4	3	31
1966	12	1	3	2	2	2	4	32
1967	14	2	2	1	7	1	5	36
1968	21	4	1	8	15	2	8	49
1969	25	5	2	12	18	4	17	56
1970	26	3	2	10	44	3	13	37
1971	19	3	1	22	14	10	15	36
1972	22	9	2	24	18	21	15	42
1973	33	10	4	61	39	95	16	43
1974	41	19	6	94	51	128	18	42
1975	29	25	10	40	28	23	22	43
1976	32	14	10	74	45	24	22	40
1977	53	17	8	87	69	58	18	95
1978	38	14	7	88	90	40	14	26
1979	41	8	7	120	103	12	20	27
1980	39	5	10	96	82	4	26	37
1981	23	6	3	24	31	4	20	29
1982	19	7	4	7	25	9	16	23
1983	10	4	2	6	15	7	10	9

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note : See Table V-1-3.

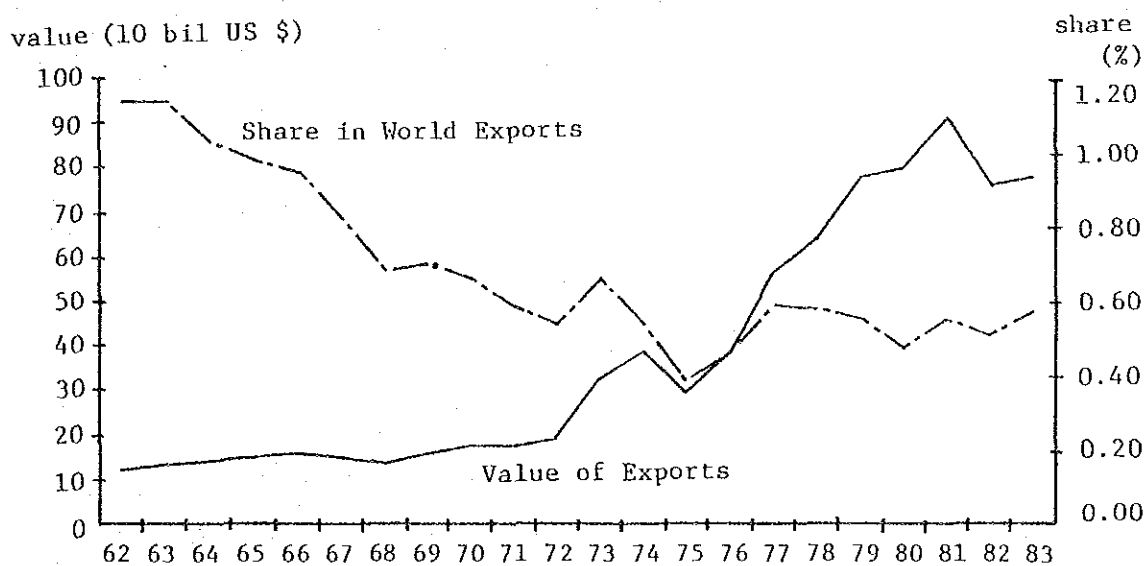
For miscellaneous manufactured articles (SITC-8) as a whole, an upward trend was maintained, until the first half of the 1970s, with RSI levels of approximately 30 to 40. However, the RSI declined in the 1980s, as low as a value of 9.8 in 1983. According to the review by item under the SITC two-digit detailed classification, within the SITC-8 group, the highest RSI was achieved during the latter half of the 1970s. In particular, travel goods, handbags and similar articles (SITC-83) exceeded RSI 100 for a while, and garments (SITC-84) recorded an RSI of over 80 during the 1978-1980 period. As for other items, there has been no record of an RSI of 100 or over, against a recent downward trend.

1-4 Changes in Export Performance of Argentina: An Application of the Constant-Market-Share Analysis

1-4-1 Export Performance of Argentina

The share of Argentine exports in the world exports declined continuously with a few fluctuations between 1962 and 1975; in 1962 the share was 1.1% while in 1975 it was 0.4% (Figure V-1-2). Since 1975, however, the share has been maintained around 0.5%. This section attempts to explain the factors that influenced the unfavorable export performance between 1962 and the mid-1970s and relative recovery since then. The method used for the analysis is a constant-market-share analysis.¹⁾ The constant-market-share analysis provides a framework for examining the factors influencing a country's export performance. It decomposes the change in the country's total exports between two periods into the following four factors: a) general rise in world exports, b) commodity composition of the country's exports, c) market distribution of the country's exports, and d) a residual reflecting the difference between the actual export growth and the growth that would have been attained if the country had maintained its share of exports in each commodity to each country. Since this method merely decomposes the change in exports into the four factors *ex post*, the results from this analysis should not be interpreted as the causes of the changes in export performance. For such an analysis a detailed examination of demand and supply factors associated with the export performance is needed.

Figure V-1-2 Export Performance of Argentina



Source: Institute of Developing Economies, AIDXT
(UN Trade Data Base).

1) See, for example, E. Leamer and R. Stern, Quantitative International Economics, Aldine Publishing Co., Chicago, 1971, Chapter 7.

Figures V-1-3 and V-1-4 present the changes in commodity composition of exports for Argentina and for the world. Differences in the shares of primary (SITC 0-2, 4) and manufactured goods (SITC 5 - 8) between the two are striking; between 1962 and 1983 the share of manufactured (primary) goods fluctuated between 3 and 27% (75 and 96%) for the Argentine exports while the corresponding share was between 60 and 70% (27 and 39%) for the world exports. It should be noted that major part of primary exports from Argentina comes from food and live animals (SITC 0), reflecting rich natural endowments suitable for farming as mentioned previous sections.

The patterns of the changes in commodity composition for the world exports and Argentine exports were similar between 1962 and 1973 as there was a shift from primary goods to manufactured goods in both cases. However, their patterns between 1973 and 1983 were different. For the world exports the manufacturing share declined substantially in 1973-74 because of rapid increase in oil prices, but its share started to rise again in 1982 after several years of small movement and then the manufacturing share continued its increase through 1983 to record as high as 71.6% that year. In contrast, the oil shock in 1973-74 did not affect a continuing increase in the manufacturing share in the Argentine exports. Its share declined precipitously by more than 8 percentage points in 1982-83, however.

Figures V-1-5 and V-1-6 present changes in export orientation for Argentina and the world. These figures show quite a contrast in their export destination between Argentina and the world. The most notable difference is a rapid decline in the importance of EC as export markets for the Argentine exports and corresponding increase in the importance of "others". These developments are mainly due to the changes in import policies toward agricultural goods in EC and other countries; EC has been tightening its import policies while "others", specifically the USSR and China, increased agricultural exports from Argentina.

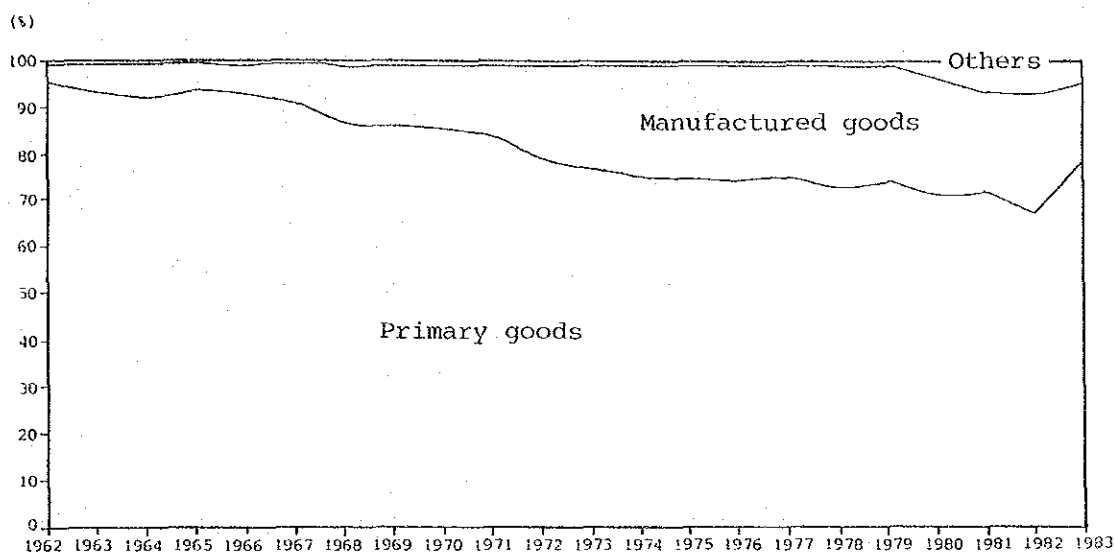
1-4-2 Constant-Market-Share Analysis

The decomposition formula used for the analysis is the following.

$$(1) \quad \sum_{ij} EX_{ij}^{a2} - \sum_{ij} EX_{ij}^{a1} = r \sum_{ij} EX_{ij}^{a1} + \sum_i (r_i - r) \sum_j EX_{ij}^{a1} \\ + \sum_{ij} (r_{ij} - r_i) EX_{ij}^{a1} + \sum_{ij} (X_{ij}^{a2} - X_{ij}^{a1} - r_{ij} X_{ij}^{a1})$$

where X_{ij}^{at} = the value of country a's exports of commodity i to country j in period t (t=1,2)
 r = percentage increase in total world exports from period 1 to period 2.
 r_i = percentage increase in world exports of commodity i from period 1 to period 2.
 r_{ij} = percentage increase in world exports of commodity i to country j from period 1 to period 2.

Figure V-1-3 Commodity Composition of Argentine Export



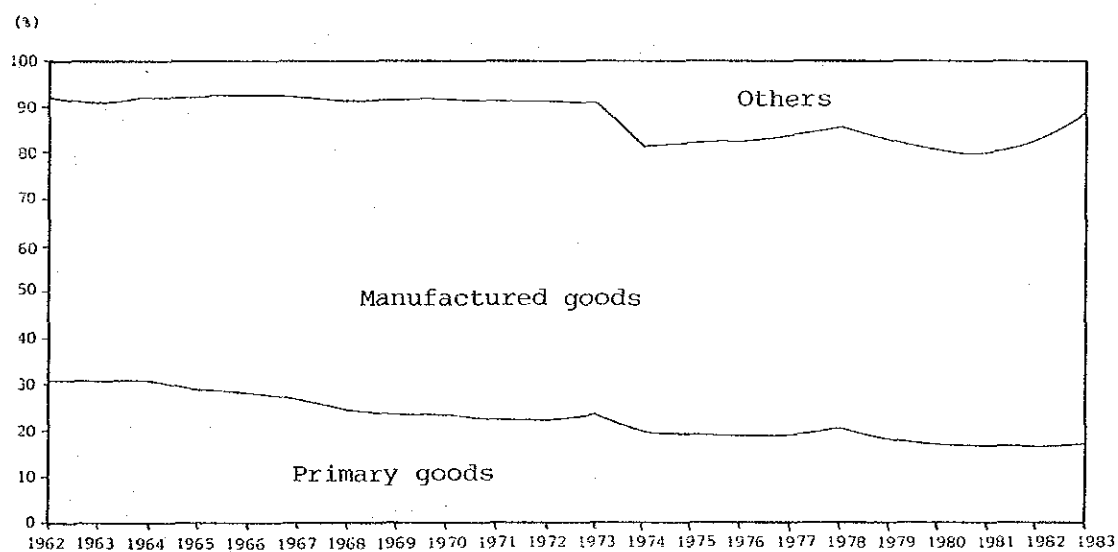
Source: Institute of Developing Economies, AIDXT (Un Trade Data Base).

Note : Primary Goods = SITC 0-2, 4

Manufactured Goods = SITC 5-8

Others = 3,9

Figure V-1-4 Commodity Composition of World Export



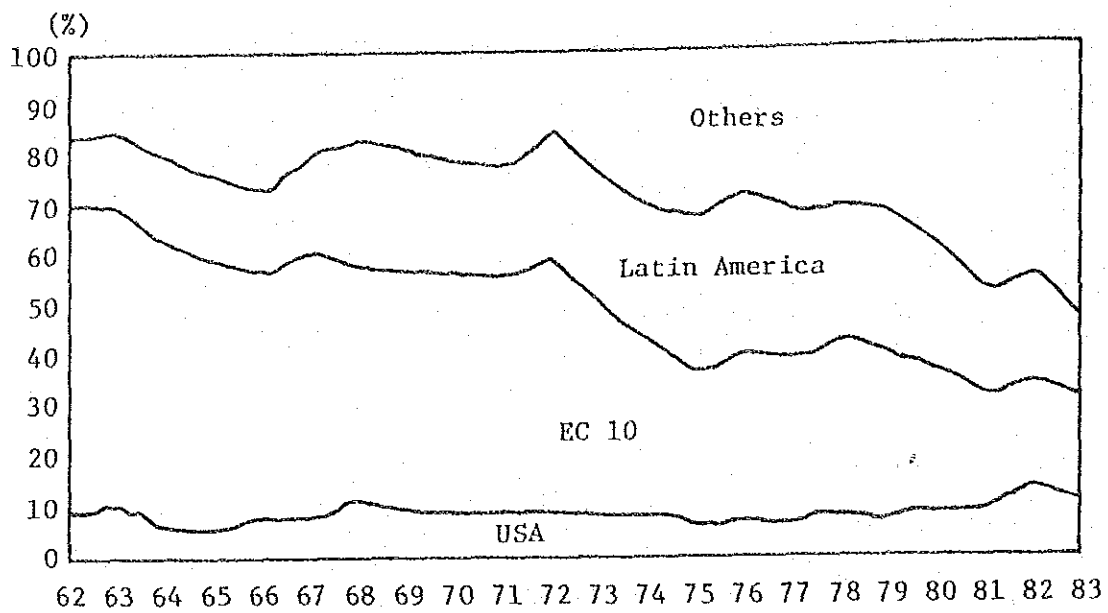
Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note : Primary Goods = SITC 0-2, 4

Manufactured Goods = SITC 5-8

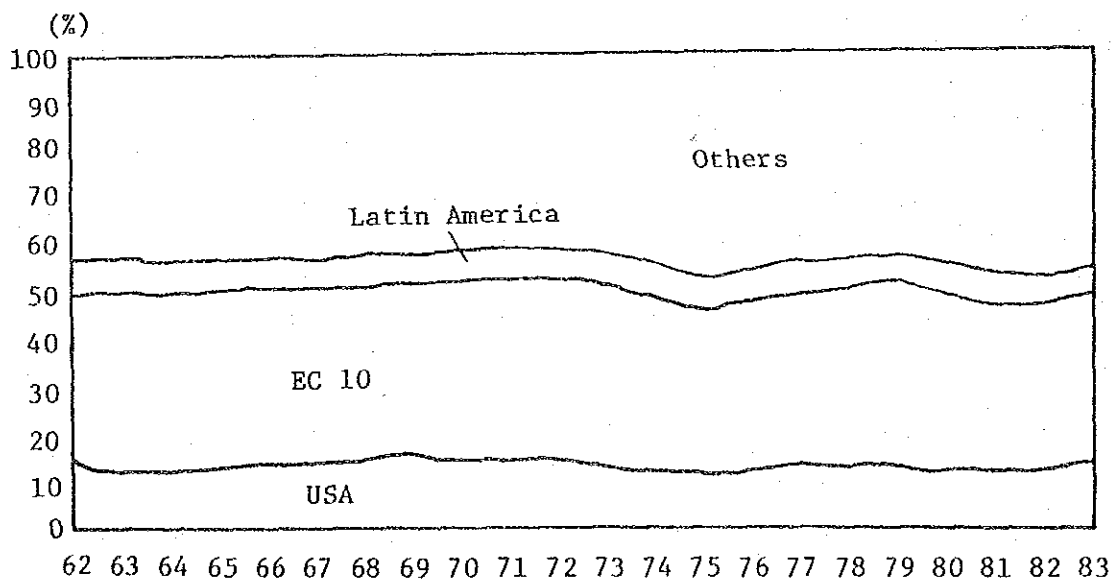
Others = SITC 3,9

Figure V-1-5 Market Orientation of Argentine Export



Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Figure V-1-6 Market Orientation of World Export



Source: Institute of Developing Economies, AIDXT (Un Trade Data Base).

Equation (1) indicates that the change in country a's total exports (left hand side of equation (1)) is decomposed into the four factors: general rise in world exports (first term in right hand side of the equation), commodity composition (second term), market distribution (third term), and competitiveness (fourth term).

The first term accounts for the part of the change in country a's overall exports explained by the general rise in world exports. The second term, commodity composition term, shows how country a's exports are concentrated in commodities whose growth rates are higher than the overall world average. If the growth of exports in commodity i is greater than the overall average, $(r_i - r)$ is positive. The second term, therefore, would be positive, if a's exports were concentrated in commodities whose markets are growing relatively fast, and would be negative if a's exports were concentrated in slowly growing commodity markets. The third term, market distribution term, may be interpreted in the similar fashion as the commodity composition term. The market distribution term would be positive (negative), if a's exports were concentrated in regional markets that were growing rapidly (slowly). The fourth term, competitive effect, shows the difference between a's actual export increase and the hypothetical increase if country a had maintained its market share in each commodity. This term would be negative if country a were to fail in maintaining the market share in each and every commodity. The sign and size of the competitiveness term, therefore, reflect various factors related to demand and supply conditions. For example, differences in the rates of increase in prices between country a's exports and those from other countries would influence the competitiveness term. The differences in the rate of increase in prices in turn depend on various factors such as productivity, demand patterns and government policies.

A few comments about the decomposition formula are as follows. First, the decomposition into the commodity composition effect and market distribution effect can be derived differently as in equation (2).

$$(2) \quad \sum_{ij} \text{EX}_{ij}^{a2} - \sum_{ij} \text{EX}_{ij}^{a1} = r \sum_{ij} \text{EX}_{ij}^{a1} + \sum_j (r_j - r) \sum_i \text{EX}_{ij}^{a1} \\ + \sum_{ij} (r_{ij} - r_j) \text{EX}_{ij}^{a1} + \sum_{ij} (\text{EX}_{ij}^{a2} - \text{EX}_{ij}^{a1} - r_{ij} \text{EX}_{ij}^{a1})$$

The difference between equations (1) and (2) is due to the difference in the order of accounting for the two effects. Although the choice of order is arbitrary, the results from earlier studies show substantial differences in their magnitude.¹⁾ In the absence of ideal treatment, we perform the decomposition in two different ways and then compute single averages of the two.

1) See J.D. Richardson, Constant-Market-Share Analysis of Export Growth, Doctoral Dissertation, University of Michigan, 1970.

Second, theoretically the decomposition could be performed using the second period as the base year. In this case the second-year value's are used as weights for the computation. The problem of the choice of weights is analogous to the index problem: Lasperes index versus Paasche index. Again in the absence of the ideal solution we compute both and then derive single average of the two.

Third, earlier studies have shown that the results are sensitive to the level of aggregation applied to the classification of commodities as well as markets.¹⁾ In our analysis the level of aggregation is constrained by data availability. To make the coverage of the period as long as possible, we are forced to use SITC 1 digit classification for commodity classification and four country groups for market orientation: Latin America (excluding Argentina), US, EC and the rest of the world.

Despite the reservations above, the constant-market-share analysis poses an interesting and important question. Moreover, it provides useful information about the extent to which the changes in a country's exports are explained by commodity composition and regional distribution of the exports. Such an analysis could be used as a basis for reviewing and/or formulating export policies.

1-4-3 Results of Constant-Market-Share Analysis

The constant-market-share analysis is applied to two subperiods covering 1962 and 1983: 1962-76 and 1976-83 periods. Data availability constraints the analysis for 1962-83 period. 1976 was chosen because of the following two observations. First, 1976 was one of the years when the share of Argentine exports in the world exports was very low from the historical trend. Second, there was a drastic shift in the development policies in Argentina in 1976, following the coup d'etat in that year. The new regime replaced long-lived import substitution policies by export-oriented open-market policies with an attempt to reconstruct the economy.

The results of the constant-market-share analysis for the 1962-76 and 1976-83 periods are presented in Tables V-1-16 and V-1-17. We will discuss the results for the total exports first, and then the results for primary and manufacturing sectors separately. Since the primary and manufacturing sectors are defined as SITC 0-2, 4 and SITC 5-8 respectively while total exports is defined as SITC 0-9, the results of the disaggregate analysis (primary and manufacturing) do not add up to the results of the total exports. Regarding the results of the total exports, we find that the sign of each individual factor accounting for the export growth is the same between the two periods. Increase in world exports and in market distribution contributed positively to overall export growth while both commodity composition and increased competitiveness contributed negatively. Despite the identical direction of the contribution from each individual factor between the two periods, the size of each contribution in absolute values declined from 1962-76 to 1976-83.

1) See Richardson, *ibid.*

Table V-1-16 Constant-Market-Share Analysis of Argentine Exports:
Total Exports

	(US\$ million)			
	1962-76		1976-83	
Change in Exports	2,695.9	(100.0)	3,924.1	(100.0)
Due to				
Increase in World Exports	5,903.0	(219.0)	2,682.0	(68.3)
Commodity Composition	- 779.0	(-28.9)	- 343.5	(- 8.8)
Market Distribution	2,132.9	(79.1)	2,238.4	(57.0)
Increased Competitiveness	- 4,561.0	(-169.2)	- 652.7	(-16.6)

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).

Note : Percentage breakdown is presented in parentheses.

These results indicate that the Argentine exports continued losing their competitiveness throughout the 1962-83 period. The magnitude of the decline in their competitiveness decreased over time, however. Although any conclusive statement on factors responsible for the remarkably large decline in competitiveness in 1962-76 must await detailed and careful analyses of supply and demand factors influencing the export performance, it seems that sustained import-substitution policies through 1976 resulted in removing incentives to export, thereby contributed to the decline in competitiveness.

Negative contribution of the commodity composition effect in both 1962-76 and 1976-83 indicates that the Argentine exports were concentrated in commodities whose demand was growing slowly. This finding implies that the trade policies pursued in Argentina during 1962-83 favored wrong commodities in retrospect. This piece of information may be useful in formulating future trade policies as trade policies can influence the composition of exports.

Positive contribution of the market distribution effect indicates that the Argentine exports were concentrated in regions whose import demand grew rapidly. Unlike the information on commodity-composition effect, the finding on the market distribution effect may not be useful in constructing trade policies because government policies, in general cannot influence market orientation of a country's exports.¹⁾

A disaggregate analysis reveals that the decline in competitiveness of Argentine exports during 1962-76 was due to the decline in competitiveness of Argentine primary exports while the decline during

- 1) One could think of situations where the government can influence the destination of its exports. For example, export destination can be influenced by formation of a customs union or other similar arrangements. Moreover, importing countries could also affect their partner's exports through various import policies. Since these policies involve policies pursued by other countries, they cannot be considered as policy options of Argentina alone.

Table V-1-17 Constant-Market-Share Analysis of Argentine Exports:
Primary and Manufactured Exports

	(US\$ million)	
	1962 - 76	1976 - 83
<u>Primary Exports (SITC 0-2, 4)</u>		
Change in Exports	1,754.7 (100.0)	3,220.8 (100.0)
Due to		
Increase in World Exports	3,368.3 (192.0)	1,607.0 (49.9)
Commodity Composition	149.3 (8.5)	283.5 (8.8)
Market Distribution	110.8 (6.3)	1,422.9 (44.2)
Increased Competitiveness	-1,873.5 (-106.8)	-92.6 (-2.9)
<u>Manufactured Exports (SITC 5-8)</u>		
Change in Exports	933.6 (100.0)	388.4 (100.0)
Due to		
Increase in World Exports	582.2 (62.4)	702.0 (180.7)
Commodity Composition	-11.2 (-1.2)	-99.7 (-25.7)
Market Distribution	6.9 (0.7)	-3.1 (-0.8)
Increased Competitiveness	355.7 (38.1)	-210.7 (-54.2)

Source: Institute of Developing Economies, AIDXT (UN Trade Data Base).
Note : Percentage breakdown is presented in parentheses.

1976-83 was mainly due to manufactured exports. It is notable that the sign of the competitive term changed from positive to negative for the manufactured exports. Although the competitive term was negative throughout the 1962-83 period for the primary exports, the magnitude of the negative term declined substantially between 1962-76 and 1976-83. These findings indicate a need for further and more detailed analyses of the factors influencing the direction and magnitude of the competitiveness term.

The contribution from the changes in commodity composition for primary exports was positive in the two periods despite its small magnitude, reflecting a phenomenon that Argentine primary exports were concentrated in the commodity whose exports grew relatively fast. Unlike the primary exports, the contribution from the changes in commodity composition for manufactured goods was negative in the two periods. Moreover, the magnitude of the negative contribution was substantial in 1976-83. These observations indicate that Argentine manufactured exports were concentrated in commodities whose demand was growing slowly, possibly due to an incentive system provided by trade policies that encouraged exports having low income elasticity of demand.

Turning to the market distribution effect, one finds a substantial increase in the contribution for the primary exports from 1962-76 to 1976-83. As mentioned above, this is due to a large increase in the agricultural exports to USSR and China, whose shares in world exports increased rapidly during 1976-83.

1-4-4 Concluding Comments

The constant-market-share analysis has been shown useful in analyzing the factors influencing export performance of Argentina. According to our analysis a decline in competitiveness was a major factor responsible for the deterioration of export performance in Argentina throughout 1962-83; a decline in the competitiveness was substantial for the primary exports in 1962-76 while it was substantial for the manufactured exports in 1976-83. Since the decomposition method used in the constant-market-share analysis does not provide any information on the factors that caused the decline in competitiveness, our results would be complemented nicely by statistical analyses of the determinants of export demand and export supply.

Table V-1-A1 CCCN Commodity grouping

Section I LIVE ANIMALS; ANIMAL PRODUCTS

- Chapter 1 Live animals
- Chapter 2 Meat and edible meat offals
- Chapter 3 Fish, crustaceans and molluscs
- Chapter 4 Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
- Chapter 5 Products of animal origin, not elsewhere specified or included

Section II VEGETABLE PRODUCTS

- Chapter 6 Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
- Chapter 7 Edible vegetables and certain roots and tubers
- Chapter 8 Edible fruit and nuts; peel of melons or citrus fruit
- Chapter 9 Coffee, tea, mate and spices
- Chapter 10 Cereals
- Chapter 11 Products of the milling industry; malt and starches; gluten; inulin
- Chapter 12 Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder
- Chapter 13 Racs; gums, resins and other vegetable saps and extracts
- Chapter 14 Vegetable plaiting materials; vegetable products not elsewhere specified or included

Section III ANIMAL AND VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL AND VEGETABLE WAXES

- Chapter 15 Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes

Section IV PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO

- Chapter 16 Preparation of meat, of fish, of crustaceans or molluscs
- Chapter 17 Sugars and sugar confectionery
- Chapter 18 Cocoa and cocoa preparations
- Chapter 19 Preparations of cereals, flour or starch; pastrycooks' products
- Chapter 20 Preparations of vegetables, fruit or other parts of plants
- Chapter 21 Miscellaneous edible preparations
- Chapter 22 Beverages, spirits and vinegar
- Chapter 23 Residues and waste from the food industries; prepared animal fodder
- Chapter 24 Tobacco

Section V MINERAL PRODUCTS

- Chapter 25 Salt; sulphur; earths and stone; plastering materials, lime and cement
- Chapter 26 Metallic ores, slag and ash
- Chapter 27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes

Section VI PRODUCTS OF THE CHEMICAL AND ALLIED INDUSTRIES

- Chapter 28 Inorganic chemicals; organic and inorganic compounds of precious metals, of rare earth metals, of radio-active elements and of isotopes
- Chapter 29 Organic chemicals
- Chapter 30 Pharmaceutical products
- Chapter 31 Fertilisers
- Chapter 32 Tanning and dyeing extracts; tannins and their derivatives; dyes, colours, paints and varnishes; putty, fillers and stoppings; inks
- Chapter 33 Essential oils and resinoids, perfumery, cosmetics and toilet preparations
- Chapter 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing and scouring preparations, candles and similar articles, modelling pastes and "dental waxes"
- Chapter 35 Albuminoidal substances; glues; enzymes
- Chapter 36 Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations
- Chapter 37 Photographic and cinematographic goods
- Chapter 38 Miscellaneous chemical products

Section VII ARTIFICIAL RESINS AND PLASTIC MATERIALS, CELLULOSE ESTERS AND ETHERS, AND ARTICLES THEREOF; RUBBER, SYNTHETIC RUBBER, FACTICE, AND ARTICLES THEREOF

- Chapter 39 Artificial Resins and plastic materials, cellulose esters and ethers; articles thereof
- Chapter 40 Rubber, synthetic rubber, factice, and articles thereof

- Section VIII RAW HIDES AND SKINS, LEATHER, FURSKINS AND ARTICLES THEREOF; SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF GUT (OTHER THAN SILK-WORM GUT)
- Chapter 41 Raw hides and skins (other than furskins) and leather
- Chapter 42 Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)
- Chapter 43 Furskins and artificial fur; manufactures thereof
- Section IX WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL; CORK AND ARTICLES OF CORK; MANUFACTURES OF STRAW, OF ESPARTO AND OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK
- Chapter 44 Wood and articles of wood; wood charcoal
- Chapter 45 Cork and articles of cork
- Chapter 46 Manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork
- Section X PAPER-MAKING MATERIAL; PAPER AND PAPERBOARD AND ARTICLES THEREOF
- Chapter 47 Paper-making material
- Chapter 48 Paper and paperboard; articles of paper pulp, of paper or of paperboard
- Chapter 49 Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans
- Section XI TEXTILES AND TEXTILE ARTICLES
- Chapter 50 Silk and waste silk
- Chapter 51 Man-made fibres (continuous)
- Chapter 52 Metallised textiles
- Chapter 53 Wool and other animal hair
- Chapter 54 Flax and ramie
- Chapter 55 Cotton
- Chapter 56 Man-made fibres (discontinuous)
- Chapter 57 Other vegetable textile materials; paper yarn and woven fabrics of paper yarn
- Chapter 58 Carpets, mats, matting and tapestries: pile and chenille fabrics; narrow fabrics; trimmings; tulle and other net fabrics; lace; embroidery
- Chapter 59 Wadding and felt; twine, cordage, ropes and cables; special fabrics; impregnated and coated fabrics; textile articles of a kind suitable for industrial use
- Chapter 60 Knitted and crocheted goods
- Chapter 61 Articles of apparel and clothing accessories of textile fabric; other than knitted or crocheted goods
- Chapter 62 Other made up textile articles
- Chapter 63 Old clothing and other textile articles; rags
- Section XII FOOTWEAR, HEADGEAR, UMBRELLAS, SUNSHADES, WHIPS, RIDINGCROPS AND PARTS THEREOF; PREPARED FEATHERS AND ARTICLES MADE THEREWITH; ARTIFICIAL FLOWERS; ARTICLES OF HUMAN HAIR
- Chapter 64 Footwear, gaiters and the like; parts of such articles
- Chapter 65 Headgear and parts thereof
- Chapter 66 Umbrellas, sunshades, walking-sticks, whips, ridingcrops and parts thereof
- Chapter 67 Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair
- Section XIII ARTICLES OF STONE, OF PLASTER, OF CEMENT, OF ASBESTOS, OF MICA AND OF SIMILAR MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE
- Chapter 68 Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials
- Chapter 69 Ceramic products
- Chapter 70 Glass and glassware
- Section XIV PEARLS, PRECIOUS AND SEMI-PRECIOUS STONES, PRECIOUS METALS, ROLLED PRECIOUS METALS, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN
- Chapter 71 Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery
- Chapter 72 Coin

Section XV BASE METALS AND ARTICLES OF BASE METAL

- Chapter 73 Iron and steel and articles thereof
- Chapter 74 Copper and articles thereof
- Chapter 75 Nickel and articles thereof
- Chapter 76 Aluminium and articles thereof
- Chapter 77 Magnesium and beryllium and articles thereof
- Chapter 78 Lead and articles thereof
- Chapter 79 Zinc and articles thereof
- Chapter 80 Tin and articles thereof
- Chapter 81 Other base metals employed in metallurgy and articles thereof
- Chapter 82 Tools, implements, cutlery, spoons and forks, of base metal; parts thereof
- Chapter 83 Miscellaneous articles of base metal

Section XVI MACHINERY AND MECHANICAL APPLIANCES; ELECTRICAL EQUIPMENT; PARTS THEREOF

- Chapter 84 Boilers, machinery and mechanical appliances; parts thereof
- Chapter 85 Electrical machinery and equipment; parts thereof

Section XVII VEHICLES, AIRCRAFT, AND PARTS THEREOF; VESSELS, AND CERTAIN ASSOCIATED TRANSPORT EQUIPMENT

- Chapter 86 Railway and tramway locomotives, rolling-stock and parts thereof; railway and tramway track fixtures and fittings; traffic signalling equipment of all kinds (not electrically powered)
- Chapter 87 Vehicles, other than railway or tramway rolling-stock, and parts thereof
- Chapter 88 Aircraft and parts thereof; parachutes; catapults and similar aircraft launching gear; ground flying trainers
- Chapter 89 Ships, boats and floating structures

Section XVIII OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL AND SURGICAL INSTRUMENTS AND APPARATUS; CLOCKS AND WATCHES; MUSICAL INSTRUMENTS; SOUND RECORDERS AND REPRODUCERS; TELEVISION IMAGE AND SOUND RECORDERS OR REPRODUCERS, PARTS THEREOF

- Chapter 90 Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts thereof
- Chapter 91 Clocks and watches and parts thereof
- Chapter 92 Musical instruments; sound recorders or reproducers; television image and sound recorders or reproducers; parts and accessories of such articles

Section XIX ARMS AND AMMUNITION; PARTS THEREOF

- Chapter 93 Arms and ammunition; parts thereof

Section XX MISCELLANEOUS MANUFACTURED ARTICLES

- Chapter 94 Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings
- Chapter 95 Articles and manufactures of carving or moulding material
- Chapter 96 Brooms, brushes, powder-puffs and sieves
- Chapter 97 Toys, games and sports requisites; parts thereof
- Chapter 98 Miscellaneous manufactured articles

Section XXI WORKS OF ART, COLLECTORS' PIECES, AND ANTIQUES

- Chapter 99 Works of art, collectors' pieces, and antiques

Section XXII COMMODITIES AND TRANSACTIONS NOT CLASSIFIED ACCORDING TO KIND

Table V-1-A2 Classification of Commodities by End USE

Consumer non-durable goods

- 33 Essential oils and resinoids, perfumery, cosmetics and toilet preparations
- 36 Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations
- 37 Photographic and cinematographic goods
 - 07 Cinematograph film
 - 08 Chemical products and flash light materials, of a kind and in a form suitable for use in photography
- 42 Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut
 - 02 Travel goods, shopping-bags, handbags, satchels, brief-cases, wallets, purses, toilet-cases, tool-cases, tobaccopouches, sheaths, cases, boxes and similar containers, of leather
 - 03 Articles of apparel and clothing accessories, of leather or of composition leather
 - 05 Other articles of leather or of composition leather
- 43 Furskins and artificial fur; manufactures thereof
 - 03 Articles of furskin
 - 04 Artificial fur and articles made thereof
- 46 Manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork
- 49 Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans
- 58 Carpets, mats, matting and tapestries: pile and chenille fabrics; narrow fabrics; trimmings; tulle and other net fabrics; lace; embroidery
- 60 Knitted and crocheted goods
- 61 Articles of apparel and clothing accessories of textile fabric; other than knitted or crocheted goods
 - 62 Other made up textile articles
- 63 Old clothing and other textile articles; rags
- 64 Footwear, gaiters and the like; parts of such articles
- 65 Headgear and parts thereof
- 66 Umbrellas, sunshades, walking-sticks, whips, ridingcrops and parts thereof
- 67 Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair
- 90 Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts thereof
 - 03 Frames and mountings, and parts thereof
 - 04 Spectacles, pince-nez, lorgnettes, goggles and the like, corrective, protective or other
- 95 Articles and manufactures of carving or moulding material
- 96 Brooms, brushes, powder-puffs and sieves
- 98 Miscellaneous manufactured articles

Consumer durable goods

- 69 Ceramic products
 - 11 Tableware and other articles of a kind commonly used for domestic or toilet purposes, of porcelain of china
 - 12 Tableware and other articles of a kind commonly used for domestic or toilet purposes, of other kinds of pottery
 - 13 Statuettes and other ornaments, and articles of personal adornment; articles of furniture
 - 14 Other articles
- 71 Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery
- 82 Tools, implements, cutlery, spoons and forks, of base metal; parts thereof
 - 08 Coffee-mills, mincers, juice-extractors and other mechanical appliances
 - 09 Knives with cutting blades, and blades therefor
 - 11 Razors and razor blades
 - 12 Scissors and blades therefor
 - 13 Other articles of cutlery
 - 14 Spoons, forks, fish-eaters, butter-knives, ladles, and similar kitchen or tableware
 - 15 Handles of base metal for articles
- 83 Miscellaneous articles of base metal

- 85 Electrical machinery and equipment; parts thereof
- 06 Electro-mechanical domestic appliances, with self-contained electric motor
- 07 Shavers and hair clippers, with self-contained electric motor
- 12 Electric instantaneous or storage water heaters and immersion heater; electric soil heating apparatus and electric space heating apparatus; electric hair dressing appliances and electric smoothing irons; electro-thermic domestic appliances; electric heating resistors, other than those of carbon
- 13 Electrical line telephonic and telegraphic apparatus
- 14 Microphones and stands therefor; loudspeakers; audio-frequency electric amplifiers
- 15 Radiotelegraphic and radiotelephonic transmission and reception apparatus; radio-broadcasting and television transmission and reception apparatus, and television cameras; radio navigational aid apparatus, radar apparatus and radio remote control apparatus
- 17 Electric sound or visual signalling apparatus
- 22 Electrical appliances and apparatus, having individual functions
- 87 Vehicles, other than railway or tramway rolling-stock, and parts thereof
- 90 Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts thereof
- 07 Photographic cameras; photographic flashlight apparatus and flashbulbs
- 91 Clocks and watches and parts thereof
- 92 Musical instruments; sound recorders or reproducers; television image and sound recorders or reproducers; parts and accessories of such articles
- 94 Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings
- 97 Toys, games, and sports requisites; parts thereof
- 99 Works of art, collectors' pieces, and antiques

Labor-intensive intermediate goods

- 41 Raw hides and skins (other than furskins) and leather
- 42 Articles of leather, saddlery and harness; travel goods, handbags and similar containers; articles of animal gut
 - 01 Saddlery and harness, of any material, for any kind of animal
 - 04 Articles of leather or of composition leather of a kind used in machinery or mechanical appliances or for other industrial purposes
- 43 Furskins and artificial fur; manufactures thereof
 - 01 Raw furskins
 - 02 Furskins, tanned or dressed
- 44 Wood and articles of wood; wood charcoal
- 45 Cork and articles of cork
- 47 Paper-making material
- 50 Silk and waste silk
- 51 Man-made fibres
- 53 Wool and other animal hair
- 54 Flax and ramie
- 55 Cotton
- 56 Man-made fibres
- 57 Other vegetable textile materials; paper yarn and woven fabrics of paper yarn
- 59 Wadding and felt; twine, cordage, ropes and cables; special fabrics; impregnated and coated fabrics; textile articles of a kind suitable for industrial use
- 68 Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials
 - 01 Road and paving setts, curbs and flagstones, of natural stone
 - 04 Hand polishing stones, whetstones, oilstones, hones and the like, and millstones, grindstones, grinding wheels and the like
 - 06 Natural or artificial abrasive powder or grain, on a base of woven fabric, of paper, of paperboard or of other materials
 - 07 Slag wool, rock wool and similar mineral wools; exfoliated vermiculite, expanded clays, foamed slag and similar expanded mineral materials; mixtures and articles of heat-insulating
 - 08 Articles of asphalt or of similar material
 - 09 Panels, boards, tiles, blocks and similar articles of vegetable fibre
 - 10 Articles of plastering material
 - 11 Articles of cement, of concrete or of artificial stone, reinforced or not
 - 12 Articles of asbestos-cement, of cellulose fibre-cement or the like
 - 13 Fabricated asbestos and articles thereof; mixtures with a basis of asbestos and mixtures with a basis of asbestos and magnesium carbonate, and articles of such mixtures
 - 14 Friction material of a kind suitable for brakes, for clutches or the like, with a basis of asbestos, other mineral substances or of cellulose

- 15 Worked mica and articles of mica, including bonded mica splittings on a support of paper or fabric
- 16 Articles of stone or of other mineral substances, not elsewhere specified or included
- 69 Ceramic products
 - 01 Heat-insulating bricks, blocks tiles and other heat-insulating goods of siliceous fossil meals or of similar siliceous earths
 - 02 Refractory bricks, blocks, tiles and similar refractory constructional goods
 - 03 Other refractory goods
 - 04 Building bricks
 - 05 Roofing tiles, chimney-pots, cowls, chimney-liners, cornices and other constructional goods
 - 06 Piping conduits and guttering
 - 07 Unglazed setts, flags and paving, hearth and wall tiles
 - 08 Glazed setts, flags and paving, hearth and wall tiles
 - 09 Laboratory, chemical or industrial wares; troughs, tubs and similar receptacles of a kind used in agriculture; pots, jars and similar articles of a kind commonly used for the conveyance of packing of goods
 - 10 Sinks, wash basins, bidets, water closet pans, urinals, baths and like sanitary fixtures
- 70 Glass and glassware

Capital-intensive intermediate goods

- 27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes
 - 05 Coal gas, water gas, producer gas and similar gases
 - 06 Tar distilled from coal, from lignite or from peat, and other mineral tars
 - 07 Oils and other products of the distillation of high temperature coal tar
- 28 Inorganic chemicals; organic and inorganic compounds of precious metals, of rare earth metals, of radio-active elements and of isotopes
- 29 Organic chemicals
- 30 Pharmaceutical products
- 31 Fertilizers
- 32 Tanning and dyeing extracts; tannins and their derivatives; dyes, colours, paints and varnishes; putty, fillers and stoppings; inks
- 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, polishing and scouring preparations, candles and similar articles, modelling pastes and "dental waxes"
- 35 Albuminoidal substances; glues; enzymes
- 37 Photographic and cinematographic goods
 - 01 Photographic plates and film in the flat, sensitised
 - 02 Film in rolls
 - 03 Sensitised paper, paperboard and cloth
 - 04 Sensitised plates and film
 - 05 Plates, unperforated film and perforated film
- 38 Miscellaneous chemical products
- 39 Artificial resins and plastic materials, cellulose esters; articles thereof
- 40 Rubber, synthetic rubber, factice, and articles thereof
- 48 Paper and paperboard; articles of paper pulp, of paper or of paperboard
- 68 Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials
 - 02 Worked monumental or building stone, and articles thereof
 - 03 Worked slate and articles of slate
- 73 Iron and steel and articles thereof
- 74 Copper and articles thereof
- 75 Nickel and articles thereof
- 76 Aluminium and articles thereof
- 77 Magnesium and beryllium and articles thereof
- 78 Lead and articles thereof
- 79 Zinc and articles thereof
- 80 Tin and articles thereof
- 81 Other base metals employed in metallurgy and articles thereof

Capital Goods

- 82 Tools, implements, cutlery, spoons and forks, of base metal; parts thereof
- 01 Hand tools, the following: spades, shovels, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; scythes, sickles, hay knives, grass shears, timber wedges and other tools 02 Saws and blades for hand or machine saws 03 Hand tools, the following: pliers pincers, tweezers, tinmen's snips, bolt croppers and the like; perforating punches; pipe cutters; spanners and wrenches; files and rasps
- 04 Hand tools, glazier's diamonds, blow lamps, anvils, vices and clamps
- 05 Interchangeable tools for hand tools, for machine tools or for power-operated hand tools
- 06 Knives and cutting blades
- 07 Tool-tips and plates, sticks and the like for tool-tips, unmounted, of sintered metal carbides
- 84 Boilers, machinery and mechanical appliances; parts thereof
- 85 Electrical machinery and equipment; parts thereof
- 01 Generators, motors, converters, transformers, rectifiers and rectifying apparatus, inductors
- 02 Electro-magnets
- 03 Primary cells and primary batteries
- 04 Electric accumulators
- 08 Electrical starting and ignition equipment for internal combustion engines, generators and cut-outs for use in conjunction with such engines
- 09 Electrical lighting and signalling equipment and electrical windscreen wipers, defrosters and demisters 10 Portable electric battery and magneto lamps
- 11 Industrial and laboratory electric furnaces, ovens and induction and dielectric heating equipment; electric or laser-operated welding, brazing, soldering or cutting machines and apparatus
- 16 Electric traffic control equipment for railways, roads or inland water-ways and equipment used for similar purposes in port installations or upon airfields
- 18 Electrical capacitors, fixed or variable
- 19 Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connections to or in electrical circuits; resistors, fixed or variable and control panels
- 20 Electric filament lamps and electric discharge lamps; arc-lamps
- 21 Thermionic, cold cathode and photo-cathode valves and tubes; photocells; mounted piezo-electric crystals; diodes, transistors and similar semi-conductor devices; light emitting diodes; electronic microcircuits
- 23 Insulated electric wire, cable, bars, strip and the like, whether or not fitted with connectors
- 24 Carbon brushes, arc-lamp carbons, battery carbons, carbon electrodes and other carbon articles
- 25 Insulators of any material
- 26 Insulating fittings for electrical machines, appliances or equipment
- 27 Electrical conduit tubing and joints therefor
- 28 Electrical parts of machinery and apparatus
- 86 Railway and tramway locomotives, rolling-stock and parts thereof
- 88 Aircraft and parts thereof
- 89 Ships, boats and floating structures
- 90 Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts thereof
- 01, 02 Lenses, prisms, mirrors and other optical elements
- 06 Astronomical instruments and mounting thereon
- 08 Cinematographic cameras, projectors, sound recorders and sound reproducers
- 09 Image projectors; photographic enlargers and reducers
- 10 Apparatus and equipment of a kind used in photographic or cinematographic laboratories, photo-copying apparatus and thermo-copying apparatus; screens for projectors
- 11 Microscopes and diffraction apparatus, electron and proton
- 12 Compound optical microscopes
- 13 Optical appliances and instruments; lasers
- 14 Surveying hydrographic, navigational, meteorological, hydrological and geophysical instruments; compasses; rangefinders
- 15 Balances of a sensitivity of 5 cg or better

- 16 Drawing, marking-out and mathematical calculating instruments, drafting machines, pantographs, slide rules, disc calculators and the like
- 17 Medical, dental, surgical and veterinary instruments and appliances
- 18 Mechano-therapy appliances; massage apparatus; psychological aptitude-testing apparatus; artificial respiration, ozone therapy, oxygen therapy, aerosol therapy or similar apparatus; breathing appliances
- 19 Orthopaedic appliances, surgical belts, trusses and the like; splints and other fracture appliances; artificial limbs, eyes, teeth and other artificial parts of the body; hearing aids and other appliances
- 20 Apparatus based on the use of X-ray or of the radiation from radio-active substances; X-ray generators; X-ray tubes; X-ray screens; X-ray high tension generators; X-ray control panels and desks; X-ray examination or treatment tables, chairs and the like
- 21 Instruments, apparatus or models, designed solely for demonstrational purposes, unsuitable for other uses
- 22 Machines and appliances for testing mechanically the hardness, strength, compressibility, elasticity and the like properties of industrial materials
- 23 Hydrometers and similar instruments; thermometers, pyrometers, barometers, hygrometers, psychrometers, recording or not; any combination of these instruments
- 24 Instruments and apparatus for measuring, checking or automatically controlling the flow, depth, pressure or other variables of liquids or gases, or for automatically controlling temperature
- 25 Instruments and apparatus for physical or chemical analysis; instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like; instruments and apparatus for measuring or checking quantities of heat, light or sound; microtomes
- 26 Gas, liquid and electricity supply or production meters; calibrating meters therefor
- 27 Revolution counters, production counters, taximeters, mileometers, pedometers and the like, speed indicators and tachometers; stroboscopes
- 28 Electrical measuring, checking, analysing or automatically controlling instruments and apparatus
- 29 Parts or accessories suitable for use solely or principally with one or more of the articles

2. EXPORT PROMOTION POLICY AND MEASURES

2-1 Export Promotion Policy

2-1-1 Postwar Period

Argentina had long been able to import necessary capital goods, raw materials, essential and even luxury consumer goods by exporting primary products and there had been no real necessity of adopting positive export promotion measures.

Argentina had experienced deficits in trade balance 14 times during the postwar period of more than 40 years, which were results of bad harvests of export crops and partly from heavy imports of capital goods as well as from downturns of export crop prices. Faced with trade imbalance, the remedy measures used to be taken by the government had been the adoption of import control policies in the succeeding years, rather than the intensification of export incentive measures existed since the early 1960s. They are 1) the draw-back of import duties and additional taxes on the inputs incorporated in exports, 2) the devolution of internal taxes, 3) the temporary importation of inputs, 4) the export finance at preferential interest rates and 5) the export credit insurance.

Since 1970, however, additional incentive measures had been introduced such as the deduction of export sales tax (1970) and the introduction of reimbursement (reembolso) system (1971), the additional reimbursement for exports to new markets (1972), the deduction of gains tax (1974), the creation of a system for the exporters of goods on deferred shipment basis guaranteeing the payment of reimbursement and duties from the fluctuation of the foreign exchange rate (1975), additional incentives to automobile exporters (1979, 1982 and 1983), etc., and fiscal incentives to exporters of promoted products had been considerably increased in the early 1970s. Argentine exports had remarkably expanded for three years from 1972 to 1974, due partly to the above incentives and largely to the sharp rise in the international prices of main export crops, the strong overseas demand supported by the high growth of the world economy and the increased production of the Argentine manufacturing industry, which went up to have a share of as high as 28.4% in the GDP in 1974, despite such deterring factors as the high production cost of manufacturers who had long been protected under the traditionally protective industrial policy and the highly appreciated domestic currency which had been maintained for a long period at least from 1960 until 1981 when the relative value of peso was slightly brought down and on the other hand the levy of export duties on major exports, cereals and meat, was legislated to adjust the foreign exchange rate.

In 1976, the new government adopted an import liberalization policy for the first time in the postwar period with an aim to improve the productivity and strengthen the competitiveness of the domestic industry by lowering import duties on inputs as well as capital goods gradually in 5 years so that manufacturers would be able to import them at

internationally competitive prices. Furthermore, the government introduced the Foreign Investment Law (L-21382) in August 1976 which provides freer rules than those which had been very restrictive for 25 years, for foreign investors allowing them to enjoy the same legal treatment as domestic investors are receiving, and decontrolling the remittance of principal, interest and profit. And the Industrial Promotion Law (L-21608) was established in July 1977 for the purpose to promote domestic, regional as well as export industries and to increase the productivity of domestic manufacturers.

However, a sharp rise of peso value continued from 1977 towards 1980, drastic reductions of fiscal incentives to a certain industrial groups and frequent changes in the export incentive measures taken place also from 1977, had not only offset the merits and effects of other export promotion measures but also had aggravated the exporters' competitive strength and led them to lose or abandon the overseas markets mainly in the field of manufactured products.

As mentioned in the previous section, Argentine exports had risen sharply for the period from 1975 to 1981 and manufactured exports from 1975 to 1980, after a sharp drop in 1975, however, the growth rate, had been much slower than that of world exports or of Brazil and Mexico.

The only year Argentina experienced higher growth of manufactured exports than the world average was 1973. The share of manufactured products in Argentine exports had risen from 3.4% in 1962, 14.0% in 1970, 22.5% in 1973 to 26.4% in 1979, the peak year, and had gone down to 21.1% in 1981 and further to 17.4% in 1983.

2-1-2 Recent Export Promotion Policy Measures

Recent deterioration of export environment caused by the downward price trend of cereals, meat and feedstuffs and by the depressed world demand for Argentine manufactured products, and the heavy burden of interest payment on the accumulated international debt, have become a matter of great concern of the government.

The Export Promotion Law was formulated in October 1984 for the first time with its name and introduced various new export promotional measures such as incentive schemes for the establishment of "International Trading Companies" and "Consortium or Cooperative of Exporters", creation of "Export Promotion Fund", establishment of a system for the Certification of Export Quality ("Calidad de Exportacion"), promotional measures for the export of regional products, exemption of stamp duties on export contracts, establishment of depositories in and outside the country; consolidating past promotional measures such as the draw-back system, export financing system, export credit guarantee system, exemption of value-added tax, repayment of indirect taxes (Reembolso and Reintegro), deduction of a certain percentage of export amount from taxable income, system for compensation trade (Intercambio Compensado), system of compensating adjustment for foreign exchange fluctuation. The Law provides various supports to exporters by means of above-mentioned promotional measures for the purpose of expanding and diversifying exports of value-added manufactured products including regional products.

Detailed rules for the enforcement of most promotional systems were publicized in 1985 and complementary regulations had been announced by June 1986, however, there are some schemes still left for future promulgation of detailed rules, such as the schemes for the export promotion of regional products, temporary admission system, export inspection system, and establishment of depositories. In addition, the Special Export Program was established in February 1986 by a decree (D-176/86) to stimulate exports by giving additional incentives to exporters increasing exports or cultivating new markets. The program was made public at the same time with the announcement of the second stage of the Austral Plan which included some other export promotion measures. They were the export prefinancing system for small and medium enterprises, system for temporary admission or duty free imports of inputs to be incorporated in exports, automatic reimbursement system of value-added tax, reduction of export duties on agricultural and livestock products, modification of the retention system for regional products and, in a broad sense, the industrial financing programs for technological development and modernization of manufacturing and agriculture industries.

The Secretariat of Foreign Trade and Industry (Secretaria de Industria y Comercio Exterior) was newly organized in January 1986 for the purpose of developing well coordinated policies to materialize the reactivation of industries through the promotion of exports. Various export promotion systems had been put forth since then and we were told that the automatic temporary admission system, new scheme of compensating adjustment for foreign exchange fluctuation and a financing system for the Special Export Program as well as the new Industry Promotion Law would be announced in two months, though some others are still under preparation stages. The most important matter to be solved immediately will be the reasonable tax reimbursement system on which the interest of exporters are most concentrated.¹⁾

2-2 Toward Improvement of Legal Environment

The Advisory Council for International Trade (Consejo Asesor de Comercio Exterior; CACE) was established in the Secretariat to discuss matters related to international trade for the better performance of exporters, composed of high ranking officers of different ministries, provincial governments, customs offices, central and foreign exchange banks, industrial or exporters associations, etc. A great numbers of proposals had been submitted to CACE in the course of frequent meetings held since the establishment of the Law, for the improvement of regulations and procedures. The Argentine Industrial Union (Union Industrial Argentina, UIA) held a congress of international trade (COMEX) in June 1986 in Cordoba city to discuss the present problems preventing smooth performance of export business. The report contains still a long list of proposals for improvements in the situations surrounding exporters, covering various aspects from policy matters to detailed procedural matters, which are more comprehensive than what have been identified in our interview study. In the following, our comments

- 1) In September 1986, Decree No. 1554 and 1555 were issued for the implementation of new Temporary Admission and Tax Reimbursement Systems.

will be made on major subjects regarding mainly the export promotion measures established since the introduction of the Export Promotion Law, being based on our findings in the interview study.

2-2-1 Policy Coordination

The fluctuating and highly appreciated foreign exchange policy and the unstable export incentive measures in recent ten years had hampered the export expansion efforts of manufactured goods exporters. Many of them had lost their markets and have failed to reenter the markets even in the period of depreciation in the peso currency from 1981 due to the depression of the world market.

The COMEX recommended that a supreme trade council should be established in order to carry out a consistent economic policy for the export promotion, composed of high ranking officers from ministries and governmental organizations in charge of policy making for the matter of taxation, finance, foreign affairs, foreign exchange, customs, international trade and industry, etc. A committee exists and it is responsible for this matter. A consistent and stable export promotion policy will be discussed and established in this committee. In Japan, the Export Council was established by a Cabinet order to coordinate policy matters among administrative organizations and reorganized in 1970 into the present Trade Council headed by the Prime Minister and composed of ministers, heads of trade organizations and official banks, and persons of rich experience. And also the Trade Councils Overseas Classified by Commodities were established in 1964 to discuss practical problems existed in imports and exports of the commodity concerned to establish most adequate promotional measures, being composed of the experienced businessmen, representatives of the traders associations, staff members of diplomatic establishments abroad, JETRO staffs and officers of the MITI. It is recommended to establish trade councils by different commodity sectors composed of practical businessmen and experienced ministerial officers in Argentina to discuss and make solution to different and proper problems.

2-2-2 Harmonization with Industrial Promotion Law

It was announced that new Industrial Promotion Law would come out soon, and we only expect that the new law will provide favorable rules and regulations for the promotion of exporting manufacturers, well harmonized with the provisions of the Export Promotion Law. As far as the previous Law of 1977 is concerned, the promotional measures were concentrated on the strengthening of the competitive power of domestic industries against imports, lowering gradually import duties on capital goods, spare parts and raw materials. And the only export promotional measure was provided afterward by the Law 22876 established in August 1983 to allow investing exporters an additional tax-free period of five years totalling to up to 15 years.

The Foreign Investment Law, re-established in August 1976 (L-21382) and amended in April 1980 (L-22208), and the Technology Transfer Law amended in March 1981 should be reviewed if the government wish to expand foreign investment for the reactivation of Argentine industry and

the promotion of exports. The Foreign Investment Law seems to be of rather liberalized one, except the special clause for the temporary suspension of profit and principal remittance, however, the Technology Transfer Law presently in force increased tax rates for the remittance of royalties and consultant fees from 18% for both to 37% and 27% respectively.

It was told that the share of foreign companies in the Argentine industrial production is about 30%, however, it may not be considered as excessive presence and more foreign investment is necessary to reactivate and improve the productivity of Argentine industries. According to the 1985 annual report of the Central Bank, though the numbers of companies are limited to only 48 chosen from the 160 largest enterprises, it turned out that the Argentine manufacturers earn profits with low productivity as seen in the Table V-2-1.

Table V-2-1 Profit Rate of Manufacturing Enterprises

	1982	1983	1984
Net Profit (%)	5.7	9.8	7.1
Gross Profit (%)	22.9	26.1	19.5
Assets Turnover Ratio	0.91	0.93	0.78
Equity Turnover Ratio	2.02	2.00	1.24

Source: Central Bank of the Argentine Republic

Many manufacturers-exporters are equipped with old machinery and their productivity seems to be very limited due mainly to the absence of new investment. They should modernize their production facilities to increase productivity and reduce the cost of production. The shortage of industrial investment in the Argentine economy is apparent and the ratio of fixed investment to GDP has been considerably reduced from more than 20% in the years of the 1970s to only 12.6% in 1985, the ratio with which the economic growth of 4% expected in 1986 will not be attained (Table V-2-2).

The reasons why the manufacturers are not going for investment are attributable to the lack of confidence of future Argentine economy, to the shortage of funds in the financial institutions, both official and mostly private, to the high interest rates and further to the high import duties on capital goods.

2-2-3 Industrial Finance and Export Promotion

The second Austral Plan established the industrial promotion fund amounting to 400 million Australs including export finance for the promotion of mainly small and medium industries as well as regional industries. The National Development Bank (BANADE) extends medium term loans to those who have investment projects at the favorable annual

Table V-2-2 Fixed Domestic Investment
(percentage of GDP)

	Total	Construction			Durable Equipment
		Sub- Total	Private	Public	
1970 - 74	20.7	12.6	7.4	5.2	8.1
1975 - 79	21.7	13.5	7.5	6.0	8.2
1980	22.0	13.1	7.7	5.4	8.9
1981	19.5	12.2	7.4	4.8	7.3
1982	15.5	10.4	6.1	4.3	5.1
1983	14.9	9.4	5.1	4.3	5.5
1984	13.1	7.6	5.0	2.7	5.5
1985	12.6	7.7	4.9	2.8	4.9

Source: Ministry of Economy and Central Bank of the
Argentine Republic, Argentine Economic
Memorandum 1985, Fourth Quarter.

interest rate of 8% for domestic capital goods and 12% for working capital. It may be apparent that the Plan intends to promote the manufacturers of capital goods. The fund is also used for lending to those who have investment projects for the modernization of industrial technology and plants, at the annual interest rate of 5%. The Plan also announced that the Inter-American Development Bank (IDB) will provide fund for the above mentioned technology development projects, as well as agricultural and regional economy development projects. According to the BANADE, the World Bank as well as other central banks including the Italian Central Bank extend loans to the industrial promotion projects, and the latter is offering loans at the annual interest rate as low as only 1.75% which can be used for capital goods imports from the country.

As for the availability of the investment funds at favorable conditions for the development and modernization of Argentine industries, the climate for the Argentine industrial investors has been considerably improved especially for small and medium enterprises which have been left behind the scenes of the industrial finance. The BANADE which is responsible for the industrial finance has been increasing its lending to small and medium industries since 1984, though the detailed statistics of its lending classified by size and purpose were not available on continued basis.

Most of its lending activities had been destined to large manufacturers, approximately 90 to 95%, according to the officials of the Bank. At present, the Bank has 375 customers belonging to the large industry, according to the classification of the Bank, with capital more than about 4.9 million Australs in May 1986, and about 700 clients each from small and medium industries. There is no legal definition

concerning the industrial classification by size of capital and numbers of employees.

It was told that there are about 1,000 applicants under consideration and that the Bank is expected to give them its decision within 45 days. However, if compared with the numbers of industrial establishments of 126,388 in the 1974 Census, though the statistics of the 1984 census are not available yet, the numbers of clients and applicants are too small. The amount of 400 million Australs will be quite enough for the development of smaller industries if compared with the past level of lending to them, however, it constitutes only 0.7% of the estimated GDP of the Argentina.

Regarding the ranking of borrowers classified by industrial sectors, the textile industry is the largest in the large industry group followed by metal products and machinery, chemicals and leather, building materials and lumber, and food processing in the order of the balance. The metal products and machinery industry is the heaviest borrower among both small and medium industries according to the Bank.

The expanded facility for industrial financing may serve as stimulant to those who have been planning to improve the production capacities and have suspended the plans because of the shortage of available funds to be borrowed from banks at the regulated low interest rate. We expect that the increased industrial investment may lead to the improvement of productivity and diversification of exports, which are the objectives of the government. Imports of higher technology and high production technique may be necessary for these objectives. However there exist the obstructive and retarding procedures for imports of foreign capital goods, according to the opinions of manufacturers interviewed. The COMEX report recommends that a positive list of domestic technology must be prepared for the smooth and faster clearance of import permissions. And sufficient foreign credits to finance such imports may be necessary in addition to the credits provided so far.

2-2-4 Tax Incentives

Various tax incentive systems are provided in the Export Promotion Law and related Decrees. According to the exporters interviewed, however, they are not actually working nor put in force due to the fiscal constraints of the government.

The exemption of indirect taxes is not fully performed by the present systems. Among the systems of Reimbursement (Reembolso), Repayment (Reintegro) and Draw-back, only the last system is working but the repayment of import duties is very slow, contrary to the explanation of Customs officers. The Reintegro system for the repayment of excise taxes, mentioned in the Law has been suspended for 11 years since 1975, according to the government officers.

The calculation system should be established for the repayment of import duties (Draw-back) on complicated exports such as machinery which are equipped with various imported inputs. Otherwise, the calculation of exact amount to be paid back takes time and used to be repeated in

the similar case afterward. Reembolso is not applied on various exports including machine tools and feedstuffs.

The repayment of value-added taxes (IVA) takes time, and is applied on few products with insufficient amount. The automatic repayment system of IVA now under consideration should be introduced as soon as possible.

A government official said that the Reembolso system has not been applied for about one year on account of the macroeconomic reasons. With regard to the return of indirect taxes, the government has reserved the budget amounting to 40 million Australs calculated on the basis of its estimation on the percentages ranging from 5 to 25% varied by products. It is expected that this may be used for the smooth running of the reimbursement of indirect taxes.

Apart from the problems existing in the tax incentive systems, there are many other factors in the taxation system of Argentina obstructing exports. They are the existence of the export duty system, the burden of rising direct taxes, the rise in the production cost caused by the increase of petroleum tax and utility service charges, high import duties on imports of capital goods and inputs, and tax on ocean freight. Export duties on both primary products and manufactured products have gradually been reduced since 1985 and most manufactured products exempted from export duties. Retention on most regional products were removed. However there are many manufactured products not exempted from the duty as follows.¹⁾

<u>Products</u>	<u>Export duty (%)</u>
Organic chemical	0 - 5
Pharmaceutical products	0 - 5
Fertilizer	0 - 10
Paint	0 - 10
Essential oil	0 - 10
Food products	5 - 15.5
Vegetable oil	5 - 24.5
Leather products	0 - 11
Wooden products	5 - 15
Shoes	5 - 10
Silk textiles	5 - 10
Stoneware	5 - 10

Exporters of processed foods, livestock products, woolen yarn, leather products and medicines are against the charge of export duty. The COMEX report comments that export duties should not be charged on the promoted products.

Other tax burdens affecting the production cost and the export quotation should also be removed so that exporters can be more competitive.

1) In August 1986, the export duties on more than 4,000 CCCN items were significantly reduced or eliminated.

Finally the structure of national revenue heavily dependent on petroleum tax, value-added tax (IVA) and taxes on international trade should be transformed, and the three items constitute almost three quarters of the revenue, although the last item is decreasing its share.

2-2-5 Procedure for Export Promotion System

The export priority system is not introduced in the Export Promotion Law. However, the Law aims at promoting manufactured exports, both of agro-based and high technology industry. A long list of promoted products is prepared for inclusion in the schemes of Decree Nos. 173 (fiscal credit), 174 (consortiums and cooperatives), 175 (trading company), 176 (compensation trade) and 179 (export promotion fund) of 1985.

The promoted products are composed of almost all the manufactured products and some primary products with few exceptions such as those prohibited under international agreements etc. That is to say, the export incentive schemes are quite open for free participation of exporters on equal right, however, the incentives or benefits stipulated in the Export Promotion Law will be given only to those who submit the export programs of promoted products for registration and get approvals.

Anyone wishing to participate in various schemes must submit applications to the authorities separately with a volume of documents for approval of the committee established in each scheme, and the Ministry of Economy is responsible for the determination of the incentives.

Therefore the proposals of exporters are concentrated on the improvement of the complicated export promotion systems and procedures. They propose that a consolidated list of promoted products should be produced to be applicable to other export promotion schemes, that procedures regarding the regulations of D-174/85 (consortiums and cooperatives) and D-176/86 (special export program), requiring the submittance of export expansion programs with documents full of detailed information data, should be simplified.

The Special Export Program provides additional fiscal credits to exporters who submit a plan of more than two years to increase at least US\$ 2 million a year or US\$ 10 million in 10 years and the fiscal credits will be given yearly if the plan is completed and the adjustment payment will be made in proportion to the performance. According to the government, there are already 270 companies participating in the Program and it is expected that the increase of manufactured exports will amount to US\$ 500 million in 1986. The system for the promotion of consortiums or cooperatives also provides them with a bounty on exports for five years if they have accomplished the scheduled increase of exports.

The opinions of exporters on the above programs are as follows:

- 1) The plan of expanding exports will be easily made out but the performance will be affected by the uncontrollable factors such as the fluctuation of overseas demand for Argentine products.

- 2) A long term contracts may cause some changes in the previously established annual plan.
- 3) Adjustment payment system established in the Special Export Program is somewhat cumbersome.
- 4) The Special Export Program will give benefits to those who have lost the market recently but will not give any merits to exporters who have maintained the markets with great efforts and costs.
- 5) The financial support for the expansion of plants are necessary.

In addition to the above, we wish to point out that firstly the system requiring submittance of the export expansion plan should be replaced by the post evaluation system to give benefits afterward on the basis of their performance, and this may reduce paper works, that numbers of documents required for application to different promotion systems should be reduced to the least minimum, that the system in which the Ministry of Economy decides the percentage of benefits should be changed if the principle and standard of making judgement are fixed, so that the Secretariat of Foreign Trade and Industry may take the charge as the responsible organization for the export promotion, and that the priority area of industry for the export promotion should be decided so that the supporting industrial promotion measures will be given to them accordingly.

2-2-6 Simplification of Export Procedures

The prevailing slow practices of the public sector processing export procedures have been a major cause for hampering the normal development of Argentine exports. Many attempts have been made to improve the situation since 1982 for smoother, simplified clearance of export procedures. However it is said that no serious efforts has been made to consolidate the consensus among public sectors and to make into practice.

According to the customs officers, there are no problem of delay in the customs clearance and the regional customs offices are actively performing their functions, however four exporters of those interviewed have told that there are some cases of delay in the processing of export procedures even if it is faster than the import clearance. According to exporters in Rosario, there are no experienced person in the local customs office to have enough knowledge about what to do, and they are obliged to do export procedures in Buenos Aires. Training of local officers is urgently needed, not only of customs offices but of other local government offices as well as of banks. Otherwise, the single window system (Ventanilla Unica) will not be established.

In Japan, the procedures for exports which don't require the previous export approval of the MITI were remarkably simplified in December 1980. The scope of export control requiring the previous export approval has been reduced to least possible groups of commodity and methods of payment and transaction (see Draft Final Report, Vol II, Chapter V).

The present export procedures of Japan are illustrated in Figure V-2-1. Exporters intending to export products with FOB value more than 3 million yen (approx. US\$ 19 thousand at the rate of \$160 per US dollar), with no necessity of obtaining export licenses (previous export approvals) or certificates of export inspection organizations and export design centers, only submit a series of documents composed of Export Reports (2 copies), Export Declarations (3 copies) and Invoices (2 copies) to the customs offices located at the ports of shipment and transport the goods to the bonded warehouse of the customs at the same time, just after the notification of L/C arrival from the foreign exchange bank. Each copy of Export Report and invoice will be sent by the customs office to the nearby MITI office, after the issuance of export permit, for the purpose of the post investigation to be made by the MITI office. The Bank of Japan also investigate ex post facto after receipt of the approved Export Report sent through the foreign exchange bank who honored the documentary bill. Tables V-2-3 and V-2-4 show the forms of Export Report and Export Declaration for reference.

2-2-7 Procedure for Temporary Admission

The temporary admission system for reexportation is a vital weapon for the expansion of exports. In Argentina this system was established in 1963 and actually performed under the system established by the Decree 2076/83 and the Resolution 147/85, however it is told that the system does not work effectively for the improvement of Argentine export competitiveness. The procedure for obtaining the approval of temporary imports usually takes 10 to 15 days however sometimes it lasts 3 to 4 months according to a plant and machinery exporter.

Now the Argentine government is planning to implement a new, flexible and automated system for temporary admission of inputs. The COMEX report also recommended that a positive list of importable technology and products should be made out and the exemption of procedures for the repeatedly importing cases.

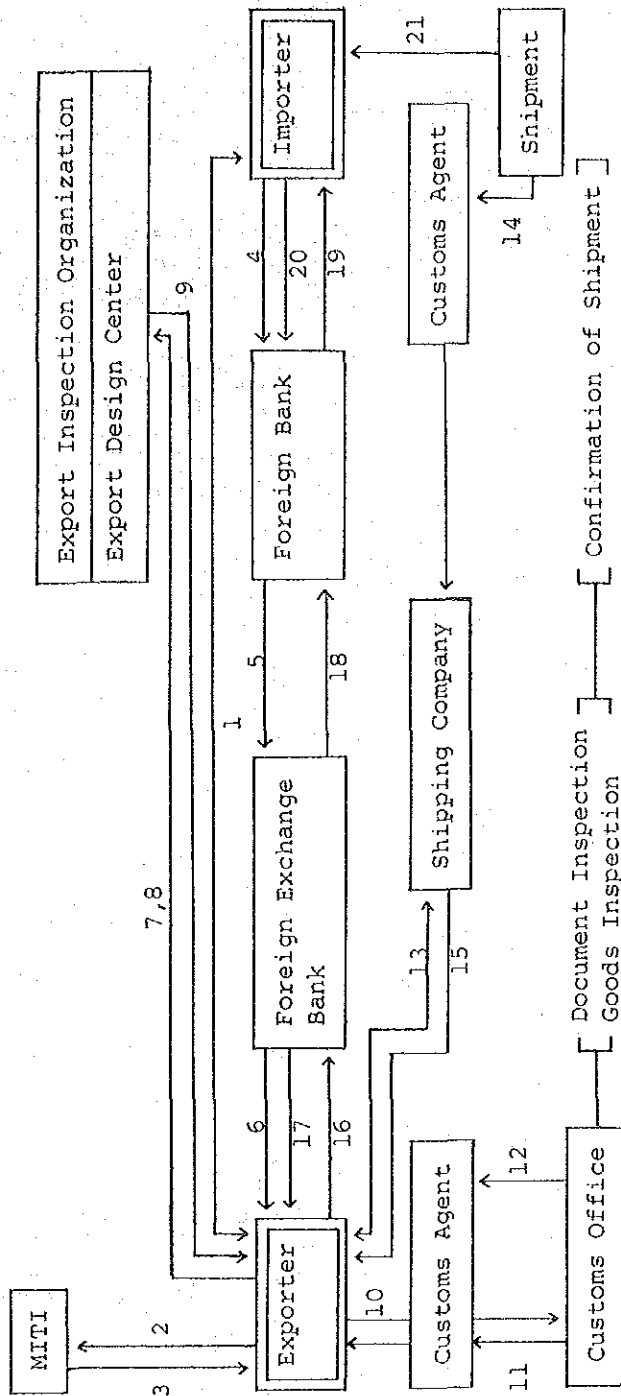
The Japanese system for the temporary imports for re-exportation will be explained hereunder.

There are two temporary import systems, one is for products under import quota control which require prior application for the certification of import quota, and another is for other goods ruled by the Customs Tariff Law Article 17 to 19, which is attached as appendix 2-A-1. Further details will be referred to appendixes 2-A-2 and 2-A-3.

For importing goods into Japan, an import declaration must be made to the Director-General of Customs nearby the port of importation to obtain an import permit after the goods have been brought into the bonded area of the port, etc., or while on board the ship or barges if approved.

In the case of temporary imports, the import declaration must be accompanied by the necessary documents. In the latter case, only the form of "the detailed statement on the reduction of or exemption from import duty and excise tax" is required. The examination made by the

Figure V-2-1 Export Procedure



- | | |
|---|-----------------------------------|
| 1. Export Contract | 12. Issuance of Export Permit |
| 2. Application for Export License | 13. Shipping Contract |
| 3. Issuance of Export License | 14. Mate Receipt |
| 4. Request for L/C Opening | 15. Issuance of B/L |
| 5. L/C Opening | 16. Issuance of Documentary Draft |
| 6. Notification of L/C Arrival | 17. Payment |
| 7.] Inspection | 18. Documents |
| 8. Certificates | 19. Presentation of Draft |
| 9. Transportation of Goods with Documents | 20. Payment |
| 10. Export Report Approved | 21. Receipt of Goods |

Table V-2-3 Form of Export Report (Japan)

Name and seal or signature of exporter	
Address	(Tel. No.)

Detailed statement of commodities	Quantity
<div style="border: 1px solid black; padding: 2px;">(Statistical number of commodity items)</div> <div style="border: 1px solid black; padding: 2px;">(Annexed list-number of goods)</div>	

Place of destination	(Code for country)
Name of buyers	
Address	

1. Column for customs verification

Re: Approval
 In case where it falls on, put mark × on the number and where it does not fall on, do not put mark × on the number.

☐ Entrusted processing
☐ Specific method of payment
☐ Inclusive verification

Approval (verification) Number

* Customs declaration number

* Date of customs export license

2. Column for verification of authorized foreign exchange bank
 Foreign exchange (Put mark × to corresponding number)

Kinds	<input type="checkbox"/> L/C (irrevocable) <input type="checkbox"/> L/C (revocable) <input type="checkbox"/> D/P <input type="checkbox"/> D/A <input type="checkbox"/> Remittance check <input type="checkbox"/> Receipt of advance payment (expected date of customs passing) <input type="checkbox"/> Deferred payment <input type="checkbox"/> Credit and debit entry <input type="checkbox"/> Offset <input type="checkbox"/> Payment en masse <input type="checkbox"/> Others ()
Term of draft	<input type="checkbox"/> Sight draft <input type="checkbox"/> Within one year <input type="checkbox"/> Exceeding one year and less than two years <input type="checkbox"/> More than two years

Contents of L/C

Unused balance	Date of receipt	Valid term

Referential data

--

Settlement of foreign exchange

Method of settlement Date of purchase and amount	Under L/C	Under D/P, D/A	Under payment in advance	Et cetera
Date				
Amount of currency received				

* Remarks

(Note) No entry shall be made in the column marked by *.

Rate of payment and total amount

	Currencies <input type="checkbox"/> US\$ <input type="checkbox"/> Yen <input type="checkbox"/> Others
(FOR U.S.\$)	
Total	(Converted amount into US\$)

* Name and seal or signature of settling bank

* Reference number

Table V-2-4 Form of Export Declaration (Japan)

Customs Form C No. 5010

To: The superintendent of _____ Date of declaration _____ Address, Name and signature of exporter _____ Port of shipment _____ Address, Name and signature of Agent _____ Name of Carrying ship (aircraft) _____ Place of storing _____ Scheduled date of departure _____ _____ Place of destination (City) _____ (Country) _____ <div style="display: flex; justify-content: space-between;"> on board handling Floating handling </div>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td colspan="2">Declaration No.</td></tr> <tr><td>Code for shipping port</td><td></td></tr> <tr><td>Code for nationality of ship (aircraft)</td><td></td></tr> <tr><td>Code per type of trade</td><td></td></tr> <tr><td>Code for Country (place) of destination</td><td></td></tr> <tr><td>Code for exporter</td><td></td></tr> <tr><td>※ (Code for research purpose)</td><td></td></tr> </table>	Declaration No.		Code for shipping port		Code for nationality of ship (aircraft)		Code per type of trade		Code for Country (place) of destination		Code for exporter		※ (Code for research purpose)	
Declaration No.																
Code for shipping port																
Code for nationality of ship (aircraft)																
Code per type of trade																
Code for Country (place) of destination																
Code for exporter																
※ (Code for research purpose)																

Name of Commodity	Statistical number of Commodity items	Unit	Quantity	Declared value (F.O.B.)	thousand	yen	※Column for research
(1)							
(2)							
(3)							

Number of articles, marks, numbers and in case of foreign products, producing district: _____	Related to Export Trade Control Order. (applicable) (Inapplicable) <input type="checkbox"/> <input type="checkbox"/> Article 1 paragraph 1 item No. _____ Paragraph _____ of Annexed List No. 1 Article 4 paragraph item No. _____ Paragraph (item) _____ of Annexed List No. _____ Number of Certificate of Export Approval or Number of Certificate of Verification for Payment Method of Export Values. _____ <div style="display: flex; justify-content: space-between;"> ← Approved <input type="checkbox"/> </div> Bonded transportation Classification _____ <div style="display: flex; justify-content: space-between;"> Land route Sea route Air route </div> Period from day-month-year _____ to day-month-year _____	Declaration - Sheets - Columns Appended papers (excluding those concerning Export Trade Control Order) Invoice <input type="checkbox"/> (Yes) Certificate of examination for export <input type="checkbox"/> Approval for export transactions <input type="checkbox"/> Other license, approval, etc. under Article 70 of Customs Law (name of laws or orders) <input type="checkbox"/> Original Customs Tariff Law, Law for Temporary Measures for Customs Tariff Concerning Article _____, paragraph _____, item _____ <input type="checkbox"/> Domestic Consumption Tax, concerning tax-free export (refunded tax) <input type="checkbox"/>	* Seal for license Date of license _____ * Date of shipment _____
	<div style="display: flex; justify-content: space-between;"> <div style="width: 40%;"> • Column for customs entry 1. Examination at the inspection office _____ 2. Spot examination _____ </div> <div style="width: 40%;"> * Accepted <input type="checkbox"/> * Under inspection <input type="checkbox"/> </div> </div>		Name and seal of person in charge of customs clearance _____ _____

(Notes) The columns marked with * shall remain without any entry thereto.
 "With regard to plea for grievance"
 In case of grievance against proceedings based on this declaration, plea for grievance may be raised to superintendent of customs within two months counting from the next day of the day when the declarant became aware of the proceedings effected.

customs is divided into two types, ordinary examination and simplified examination. The ordinary examination consists of pre-permit examination and post-permit examination, and when the examination is completed, an import permit is issued and the cargo is taken out. The simplified examination is made on duty-free imports, goods of small value, goods to be withdrawn from a bonded warehouse or bonded manufacturing warehouse without processing and those goods which are regular imports of constant quality traded between the same parties approximately five times a year or more. The examination of goods routinely imported by the same person is omitted and also the duplicated examination will be avoided when the goods examination were conducted by the same or other customs office in the past. The contents of entry in the import declaration and the flow chart of import procedures are referred to Table V-2-5 and Figure V-2-2. Before the procedure for the import clearance the import report must be submitted to MITI through the bank for statistical purpose at the same time when the application is made to the bank for the opening of the letter of credit or when the application for the import approval is made to MITI.

The contents of the Import Report are: the MITI office (13 offices) to be addressed, bank, import system, report or approval, amount of imports in US dollars, country of origin, method of payment, commodity code number, quantity of designated commodities (30 items mainly of primary products).

The procedures for the temporary imports under import quota control will be briefly explained as follows. First, the exporter must apply for the certification of import quota as previously mentioned. There are two application methods, one is for prior allocation and another is for post allocation of import quota. In the former case, he must submit an application two times a year to MITI with other documents such as general explanation of processing trade, supply and demand table of raw materials used for the production, export plan and past performance of exports by destination, certificate for bonded production, past performance of processing trade, etc. In the latter case, he submits necessary documents such as an application for import quota, general explanation of processing trade, detailed statement for the application for post-allotment of import quota, export permit, etc., within three months after the date of export declaration. The certification usually requires two weeks.

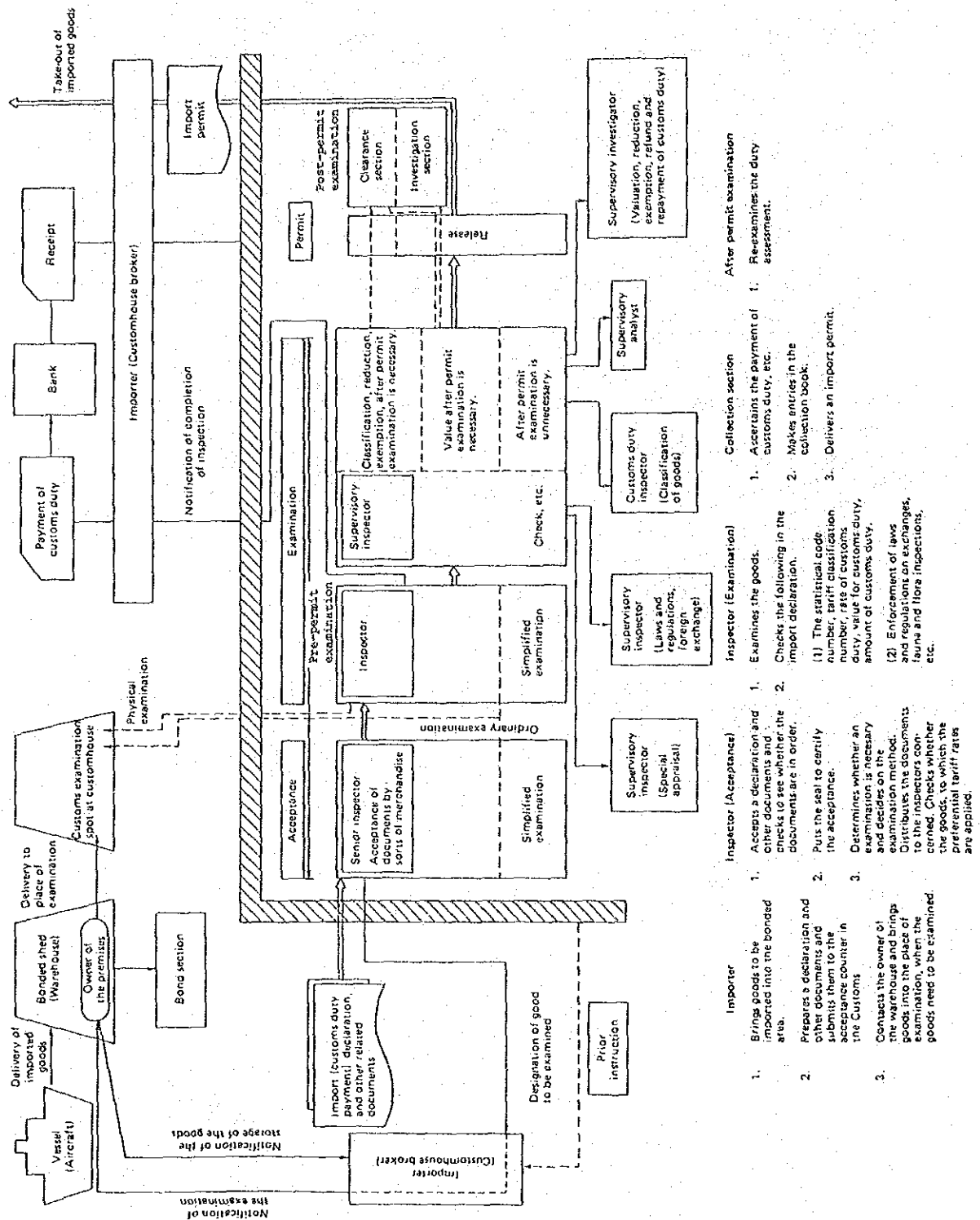
The other type of temporary import system is for goods not included in the import quota items. In this case, the exporter submit the form of "the detailed statement on the reduction of and exemption from import duty and excise duty" along with the Import Declaration (Art. 17 and 18, Customs Tariff Law). The goods will be transported out of the customs as soon as the import permit is issued. When the goods are transported to the bonded area, the transportation will be made before the issue of the import permit upon approval. The goods will be cleared within a week. The import permit must be submitted to the customs accompanied by the export declaration when the manufactured goods is to be exported.

Table V-2-5 Import (Duty Payment) Declaration (Japan)

1. IMPORT DECLARATION (Also used for declaration of taxable basis, quantity, etc. for internal tax)		
2. Date of declaration	3. To	
4. Importer	5. Proxy	
Address, name and seal	Address, name and seal	
6. Goods placed in:		
7. Description of article	8. No.	9. Statistical classification
10. Duty schedule subdivision		
11. Number of packages, Symbol, No.		
12. Attachments (Approval, license, application, etc.)		
Import License or Contract Permission No.		
13. Invoice	14. Other documents in place of invoice	
15. Certificate of origin	16. Ex ship or ex barge	
17. Declaration before transportation		
18. Unloading port	19. Name of vessel (aircraft) loaded	
20. Date of arrival in port		
21. Place of origin	City	Country
22. Loading port	City	Country
23. Bill of lading No.		
24. Place where stored or	25. Net quantity	
Place where transported to		
26. Liquor	Sugar	Commodity
27. Valuation declaration		
28. Matters pertaining to Article 4, par. 1. item 3 or 4 of the Enforcement Regulations of the Customs Law (Import approval)		
Yes No		
29. Written valuation de clarification I II Separate All-inclusive		
30. All-inclusive declaration		
Acceptance No.		
31. Customs Form No.	Declaration No.	
32. Symbol of vessel unloading port		
Symbol of nationality of vessel (aircraft)		
Symbol according to type of trade		
Symbol of country (place) of origin		
* (Symbol for investigation)		
33. Declared value (CIF)		
. Amount of domestic dutiable basis for consumption tax		1,000 Yen
		1,000 Yen
Duty rate		
. Amount of duty, duty exempted or deducted.		
34. Total tax		
*35. Accepted	Inspection	Received
*36. Permission, License Stamps, Date of Permission, License		
37. Name and seal of Qualified Customs Broker		
*38. Import Trade Control Order		
Attached Schedule Nos. 1 and 2		
Approval, license, etc. related to Art. 70 of the Customs Law		
Name of Law		
Food	Plant	Domestic animal
Drugs, Cosmetics, Medical Instruments		

- (Notes)
- * Denotes columns not to be filled out.
 - When an error in the dutiable basis or in the amount of duty has been discovered in this declaration, a declaration for correction or reassessment may be filed. Further, after receiving permission to import, there are cases where the director general of customs makes reassessment of the duty amount, etc., in this declaration by investigation.
 - In the event there is an objection to the disposition made based on the declaration, an adverse claim may be filed with the director general of customs within two months of the day following the date when the said disposition became known.

Figure V-2-2 Flow Chart of Import Clearance Procedures (Japan)



The Customs Tariff Law (Art. 19) and a Cabinet Order for Enforcement of the Customs Tariff Law (Art. 47 and Art. 54-2) also provide rules for "Reduction, Exemption or Refund of Customs Duty on Raw Materials for Manufacturing Export Goods." Details shall be referred to the appendixes 2-A-1 to 2-A-3 in this section.

In order to carry out the temporary admission system smoothly, the bonded area system could be effectively utilized. A bonded manufacturing warehouse or factory is a place where the manufacture of products may be conducted under a permission given by the Director-General of Customs, and raw materials and component parts to be incorporated in the products for re-exportation may be imported free of duty. As of January 1, 1984 there were 1,265 bonded warehouses in Japan. The period in which imported goods may be stored for the purpose of processing or manufacturing in the bonded manufacturing warehouse is two years but could be extended if permitted.

The transportation of goods between the two bonded areas will be made upon approval of the Director-General of Customs. Goods, domestic or foreign, may be brought in and out of the bonded area, after submitting a report in advance to the custom house concerned and being accompanied by a customs officer. However the self-control system was introduced and if so designated by the Director-General of Customs, the owner takes responsibility of controlling and recording the flow of goods. This system is applied to 96.7% of all the bonded areas in Japan as of January 1984.

2-2-8 Export Promotion Finance

The export promotion financing system in Argentina includes in this report the export finance, export credit lines, compensation trade on bilateral agreement, and export credit insurance, and excludes the import finance for temporary imports the details of which is not available.

The export financing system is divided into three categories, namely, pre-financing, financing and post-financing.

The present system of pre-financing and financing was established in 1981 and that of post-financing was introduced in 1982. According to the World Bank report in 1985, the annual flow of the total export financing for three years from 1982 to 1984 has been increasing, although the financing which covers deferred payment trade and counter trade has been decreasing. The balance of the financing has considerably increased since 1984 and this trend has continued until now (May 1986). It means that the exports on deferred payment terms and counter trade basis have greatly expanded recently. On the other hand, the pre-financing, which has been increasing since 1983, has dropped sharply in early 1986. It suggests that the fund for pre-financing at the favorable annual interest rate of only 1% has considerably dwindled. The fact is coincident with the opinions of exporters who have complained about the shortage of the pre-financing fund in the Central Bank.

The pre-financing fund has been in short for small and medium exporters. The second stage of the Austral Plan instituted the creation of export financing fund of 40 million Australs to be channelled to these industries. And the pre-financing system for the Special Export Program is expected to be implemented to cover the shortage.

The post-financing system was introduced in 1982 and the flow and the balance of this financing has been increasing, despite of the opinions of exporters saying that the fund of regulated interest rate is in shortage. However, as far as the total amount of export financing is concerned and, the export finance in Argentina may be considered enough for covering the present industrial exports (Table V-2-6).

Table V-2-6 Balance of Export Financing

	(US\$ million)		
	1983	1984	1985
Pre-financing	344.1	483.8	403.8
FR 153	344.1	483.8	131.7
A 598	-	-	272.1
Financing	662.0	640.3	740.2
Post-financing	3.8	27.3	148.0
Grand Total	1,009.9	1,151.4	1,292.0

Source: Central Bank of the Argentine Republic

Note : At the end of the period.

The Argentine government extends export credit lines to trading partners for the purpose of facilitating the Argentine exports. The credits amount roughly to US\$ 640 million a year, including US\$ 470 million to be traded with countries under bilateral trade agreements or counter trade negotiations.

The increased financing to compensation (counter) trade and trade on deferred payment terms may testify the increase in these types of exports in 1985 and onward, though the statistics are not available.

The recent worldwide development of counter trade may justify the positive approach of the Argentine government to the promotion of compensation trade. It may help promote exports but there may be many demerits and difficult problems to cope with. For example, it does not earn foreign currency, imports tend to be high in price with low quality, the lack of information networks to locate buyers of Argentine products or products of counterparts, the difficulty of balancing the trade, etc.

Regarding the Export Credit Guarantee System, the COMEX report has proposed that a system covering the ordinary risks should be established and slow procedures of the credit guaranteeing companies should be improved.

Export credit insurance is provided by Compañía Argentina de Seguro de Crédito a la Exportación S.A. (CASC) founded in 1967 and operating under legislation enacted in 1969. It is a private company owned by approximately 140 insurance companies operating in Argentina. CASC provides commercial risk cover on its own account and covers extraordinary risks including the political one on the account of the government. According to a statistics provided by the Secretariat of Foreign Trade and Industry the amount guaranteed by the government for extraordinary risks in the year 1985 was US\$464 million and for ordinary risks US\$25 million. The depth of the analysis required to grant the export credit depends on the risk implied by the country of destination. Political premiums vary from 0.4% to 2.5% per operation depending on the country of destination and the insurance terms. When exporters fail to obtain the export credit cover, they turn to foreign banks for bank guarantees in the case of ordinary risks. A system of guaranteeing export credits to exports small and medium industrial exporters will be necessary, such as the credit guarantee organizations established locally by the prefectural governments in Japan.

2-3 Activities of Export Promotion Organizations

2-3-1 Market Development Activities

(1) Market information

The market development activities are performed by the Secretariat of Foreign Trade and Industry and overseas commercial attaches. The overseas market information is collected by the commercial attache offices located at 63 cities throughout the world, and sent to the Secretariat for further distribution or directly to the exporters or exporters associations if requested.

The government is planning to establish a Common Data Bank and computer input and on-line service systems, of which details are not available, based on the information sent from the commercial attaches. Given the information is limited to the basic market data and exporters have to make further study on the marketability of their individual products, the following principle must be established.

- 1) Basic data cover a wide range of subjects and most of them could be obtained from government publications. Most important data among others are those related to the import policy and regulations, customs tariffs, import statistics, demand and supply trends in general and importers' directories. These publications must be sent as soon as they are published to libraries for review of exporters. Libraries must be set up in major industrial centers.
- 2) Subjects of basic information data to be collected from a country should be fixed and must be collected on continued basis.
- 3) Priority products will be determined to each market and the market information regarding the demand and supply trends of products, behavior of competitors or consumers and other

important factors affecting Argentine exports may also be collected.

- 4) A market research system should be established. Market profiles could be made out for priority products. A market research program on request basis could be undertaken as seen in the Japanese case.

In Japan, the JETRO (Japan External Trade Organization) collects newspapers, business magazines, publications of the individual governments, international organizations and private publishers, business directories, telephone directories, statistical materials covering economy, industry, investment, finance, international trade, production, consumption etc. JETRO also utilizes international trade statistics from international organizations and major developed countries in the form of magnetic tape.

These materials are useful for exporters to make preliminary study on the market. JETRO also has undertaken marketing research programs in extensive scale in the early stage to promote exports of small and medium industries in response to the requests of various industrial associations, and has established a system to undertake marketing researches on request of individual small exporters, recommended by the associations or local governments, under the condition that the exporters cover 50% of the expenses.

These activities may require a considerable amount of budget and manpower and we understand that the Argentine government has no intention of undertaking too much ambitious plan of expanding activities of collecting market information and will follow a more pragmatic approach to this matter, however, the least minimum information materials should be collected at most economical cost and some of market research activities should be performed. The activities of commercial attaches abroad include those concerning trade fairs, trade missions, public relations, trade negotiations, conferences etc. And they may not have enough time to spare for the market information services. If it is impossible to increase the numbers of commercial attache, experienced local staffs may be employed to collect basic information materials and even to conduct brief market research works.

(2) Export Promotion Fund

The Export Promotion Fund was established by the Export Promotion Law to support various market promotion activities of exporters and exporters' associations, including the participation in the international trade fairs, overseas advertisement, trade missions, establishment of overseas warehouses, holdings of domestic seminars, technical development programs for product adaptation, etc., and to cover costs of obtaining services of international organizations, domestic trade promotion organizations, and the cost of obtaining the export quality certification. This system similar to that applied in other developing countries may be of great help to small and medium industries who intend to promote exports. The numbers of official participation in the international trade fairs should be increased from the present annual program of only six participations.

(3) Activities of exporters' associations

The activities of exporters' associations are helpful to exporters. There are several exporters' associations in Argentina as independent organizations not united into a federation. The Exporters' Association (Camara de Exportadores) in Buenos Aires having 380 members located in greater Buenos Aires is most active as one of the central organizations of the Consejo Asesor de Comercio Exterior (CACE). Under the CACE about 70 members and 300 associated members, including exporters' associations, industrial associations, chambers of commerce, etc. The main activities of the Exporters' Association are the holding of seminars, conferences, the organization of participation in the international trade fairs, trade missions, the dissemination of information, etc. besides organizational works. They have been busy with holding conferences to summarize the opinions of members with regard to the rules and regulations of the Export Promotion Law, and to submit proposals for the better enforcement of the Law.

They have sub-committees to debate on different subjects regarding exports such as finance, laws, customs, transportation, etc., but not on individual industrial matters which are covered by the Union of Argentine Industries. This is also one of the central organizations under the CACE and the organizer of the COMEX (congress of international trade) in Cordoba city in June 1986.

The Exporters' Association in Rosario having 170 members is also as active as the organization in Cordoba having similar number of members. Their activities include the holding of international trade fairs in Rosario, production of export promotion movie films, collection of technical information as well as market information on products, despatch of students to Mexico, organization of trade and market research missions, etc. They are planning to establish an international business school and a bonded warehouse in the airport site. In general the activities of exporters' associations seem to be very active and are going to be intensified. The activities of exporters associations organized by different industries should also be strengthened.

2-3-2 Industrial Standard

The industrial policy aims at the reactivation of Argentine industry which has long been protected under the import substitution oriented industrial policy. The industrial investment dropped to less than 5% and R&D expenditure to about 0.6% of GDP in 1985. The competitiveness of Argentine industry has been largely reduced by the absence or negligence of improvement in the production facilities and techniques.

The reactivation of Argentine industry and the promotion of industrial exports are the central issues of the present industrial promotion policy. The industrial technology development studies are performed by the INTI (Instituto Nacional de Tecnologia Industrial), established in 1957, and also by the local technology research institutes located in other industrial centers.

Their activities include studies on applied industrial technology in cooperation with manufacturers, product design and development, processing technology, energy conservation technology, etc., which are useful to manufacturers. However, any success stories were not heard with respect to the application of their technological developments to industries and the development of new products. Their services include the material inspection and quality certification for exports. Development of product design are essential to the promotion of industrial exports. However the activity of the product design section in the INTI has been greatly decreased. The industrial standards are established by the IRAM (Instituto de Racionalizacion de Materiales), a private and non-profit organization established in 1978. There are about 6,000 standards which are not obligatory to manufacturers. Only 80 manufacturers are using 300 IRAM marks. The standards are produced by making reference to the International Standards, antecedents of developed countries and international organizations such as WHO. It is said that the level of established standards are somewhat lower than that of the international standards. The use of IRAM marks is obligatory to grains, meat and medicines and mandatory to government purchases. They perform occasionally quality inspections for exports on request mainly of Latin American countries. Cuba requires IRAM marks on imports from Argentina. They act as an inspection agency for Department of Transportation of the US for exports to inland USA. There are representative offices of the international inspection organizations to perform inspection services to Argentine exporters.

The system for the certification of export quality was established in the Export Promotion Law, but is still under consideration of the government.

2-3-3 Industrial Park

Industrial park is the important facility for the promotion of exports. The industrial parks in Argentina were established by the special law and placed under the jurisdiction of the provincial governments, to promote the industrial development as well as the urban development of local economies. There are many industrial parks established in various places in the country, however, the entry rate is very limited in most cases because of the shortage of infrastructure, and partly because of the sales policy of the manufacturers. The local governments give utmost fiscal benefits to the entrants and there are differences in the benefits given by the local governments. Whatever may be the objectives the location of the production facilities is very important to the investing manufacturers. The exporting manufacturers will select the location close to the ports. A private industrial park located near to Buenos Aires may be the best location for exporting manufacturers to establish their factories. A free trade zone established in the utmost south of the country has problems of high labor cost and port facilities.