

CANADA - ARGENTINA TRADE

The Argentine market is sophisticated and, in response to the implementation of strict government economic programmes in 1990 and 1991, has been showing a remarkable vitality. Agriculture, including agro-industries, remains the main productive sector, but manufacturing and processing industries account for a considerable volume and variety of products which reflect a high level of technological development.

Trade between Canada and Argentina has fluctuated markedly in recent years. Exports to Argentina in 1991 grew to \$61.7 million, and reached \$101.2 million in 1992, an increase of 64%.

Argentina is currently going through a massive privatization process in which assets held by the public sector are being either sold outright to, or placed in long-term concessions managed by, private entrepreneurs. The sectors involved include air transportation, communications, ports, rail and urban transit, petrochemicals, defence, oil and gas, electricity, water distribution and sewage treatment, and the highway system. The process opens considerable new opportunities for Canadian firms to market their products and services to the new and dynamic private sector owners and operators. Canadian investors are also showing renewed interest in Argentina, especially since the signature of the Canada-Argentina Double Taxation Agreement (DTA) and the ratification of the bilateral Foreign Investment Protection Agreement (FIPA) in April 1993.

Opportunities for sales of goods and services also exist in the following areas: environment; financial services sector; animal genetics; food processing and packaging technology and equipment; consumer products, in particular, specialty food items and cosmetics; biological products; and technical training.

The government continues to be firmly committed to move rapidly from a closed, statist, import-substitution model to a more open, market-driven, economy. Tariffs and other barriers have been reduced considerably. Current duty levels average about 20% for finished goods, 5 - 15% for production inputs, and 5% for primary products.

Argentina, Brazil, Paraguay and Uruguay have agreed to establish, by 1 January 1995, a Common Market of the Southern Cone (MERCOSUR) which will result in substantial reductions in tariffs and non-tariff barriers to trade between its member countries. The process was started by Argentina and Brazil in 1986. Late in 1990, Uruguay and Paraguay become involved in the process and will have one extra year to remove their product exemptions from Mercosur's global, linear and automatic tariff reduction schedule.