prospects developed.

3. Because of computers and software being so new to Argentina, the startup cost for penetration of the market is higher than in the more mature northern markets due to the need of educating the consumer. As few of the foreign firms initially consider this cost, it causes budget problems when it finally comes up in later marketing discussions.

4. It takes a long time for a local Argentine company to establish credibility with a foreign firm, partially because of the many stories of bad experiences of foreign firms trying to operate in Latin America, coupled with cultural differences. Because of the cultural differences, it is difficult for foreign firms to determine which Argentine firms would make good business partners. This factor makes the northern partners uncomfortable about sending master copies to Argentine firms to have the copies made here. They prefer to keep control, and to send only the quantity of packages ordered by the end users. The resultant customs tariffs and procedures add 55.6% to FOB costs.

5. In general, software firms in Argentina are small, producing way below 2% of the overall sales of some of the major software firms in the USA. The Argentine market is therefore not very important to the USA partner company. The USA companies are thus not willing to dedicate many resources to developing market share. Additionally, Argentines seem to be dealing in general with software developers and corporations with a strong product oriented philosophy, therefore not very prone to understanding marketing requirements in the local market.

VII. Legal Framework

a) Customs Proceedings

In 1989 the newly elected Government began its historic economic policy of import deregulation. Ever since then the trade situation has been in a state of flux. Trade restrictions have been dramatically reduced during the last few months and further changes wouldn't be surprising. For the time being, total import costs, excluding VAT and VAT Surplus, amount to approximately 25% of FOB price.

These costs include not only taxes but also shipping, insurance and handling at the port of entry (which in turn includes financial costs because of the merchandise being paid for, but not available for selling due to the importing process). In November 1991 customs procedures, which in the past have added time, considerable effort, and therefore cost to imports, underwent an overhaul (Deregulation Decree, Foreign Trade Chapter, 11/91). It is now possible to make a declaration, under oath, as to the contents and value of the shipment at the time of arrival, when the goods are being downloaded from the ship. The importer then pays the total tax cost on the declared value, and is able to take possession of the goods at that time. If there are discrepancies between the import price claimed by the importer and the price on which Customs claims the goods should be valued to base the tax payment, the importer can pay the amount claimed and initiate a summary protestation case. The procedure for initiating the case takes less than 30 minutes and involves filling a form and depositing a guarantee fund of the amount that Customs is claiming the goods are worth. The case is resolved in 30 to 60 days, at which time any excess money deposited is refunded.

-Software Imports- Non-Tax Import Costs

Type	Rate
Air Shipping	2% to 3%
Insurance	1%
Handling at Port of Entry	approx. 6%

Source: Novadata

As shown in the adjacent table, total import taxes amount to 16% of FOB price. These taxes are not refunded at any time by the government. They become a part of costs, and as was explained in a previous section, they can be avoided by arranging for

-Software Imports- Import Taxes due at Port of Entry

Type of Tax	Tax Rate
Tariff	13%
Statistics	3%
Total Import Taxes	16%

Source: Novadata