

Economic Research Department of Fundación Esperanza

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Current Economic situation in ARGENTINA

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www.fundacionesperanza.org.ar – info@fundacionesperanza.org.ar

Produced by its Research Department, co-ordinated by **Dr. Pablo Tigani, Executive Director**.

Members: Margarita Palaoro, Evelin Barroso, Marcos Leonetti, Roxana Kahale, Gabriel Holand, Pamela Padilla, Anibal Villordo, Leopoldo Scotto, Alejandro Desimone, Daniel Lenton, Sofía Porrizzo, Christian Peralta, Alfredo Di Sanso, María Gabriela Scotto, and Zulma Sequeiro.

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ARGENTINE ECONOMIC NEWS

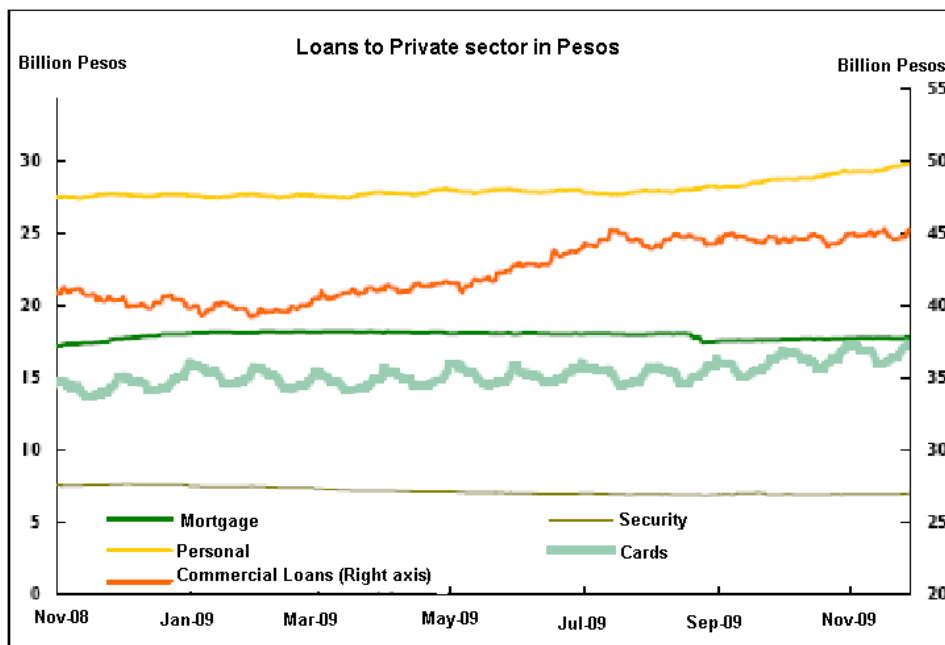


The indicators and the consensus of private economists confirm that the economy is growing. The private consumption increases according to figures from the INDEC, the different sectorial chambers, Fiel and even the arc economists CAM (Spanish abbreviation for Model Confrontation). The end of the capital output is the consequence of the frustrated devaluation, expected and spurred by the CAM's approach, whose predictions contributed to further curb the consumption in the recession months. "Dollarizers" (dedicated to the hoarding Dollars sport), have begun to consume or transfer their savings to Pesos, even with the marked interest rate drop. The consumer's credit is recovered, the personal loans \$35 for each \$1000 of the banks returned -as in 2006-, and the credit cards offer all sorts of benefits. To consumer's credit were maintained at \$43,000 million until the month of August, but in November they reached \$ 46,600 billion, revealing a rise in order of 7.1% compared to the month of August, as we had advanced.

Credit Evolution - As at 20th November, 2009

In Million Pesos	Stock			Variation				
	Last	7 days	30 days	30-60 days	2008	2007	2006	12 months
Credit to Private Sector	136,437	0.8%	1.1%	0.1%	21.8%	42.2%	40.2%	6.1%
Advances	18,207	-2.8%	0.0%	-3.5%	6.5%	27.5%	33.3%	11.5%
Documents	36,327	0.7%	1.1%	-0.6%	13.1%	38.6%	45.2%	-0.5%
Mortgage	18,614	0.3%	0.4%	0.4%	29.2%	41.9%	15.7%	2.1%
Security	7,178	0.8%	0.6%	-1.6%	28.5%	58.1%	60.9%	-8.6%
Personal	29,679	3.0%	2.1%	1.6%	29.5%	63.3%	77.2%	7.1%
Cards	16,612	0.4%	1.3%	2.3%	40.1%	51.4%	34.9%	17.3%

Source: EconViews

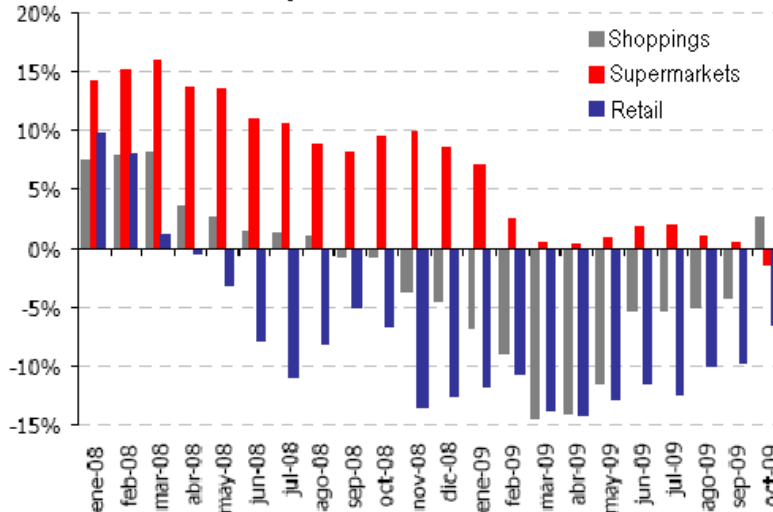


Source: BCRA

The quantities sold in Shopping have grown 2.7% in October in relation to September, accumulating a 10% increase from the floor reached in March

Sales Indicators

Interannual variation - Mobile Average 3 months



Note: The Series of Supermarkets and Shoppings were deflated with IPC EconViews
Source: EconViews based on INDEC and CAME

The household items' sales increases in the retail trade a 2.4% according to CAME (Medium Companies' Argentine Chamber). The retailers' sales improved in November, as they grow up a 3 percent compared to the same month in the previous year, so the falling tendency of 14 consecutive months broke. The sales growth was led by the sectors of "Bazaar and gifts", which registered an annual growth of 13.2 percent; and of "pharmacies", which increased their sales a 10.1 percent. The sales of 0 km. cars add, 3.1% in September plus 2.3% in October. The automobiles' market will end up the year with a different situation than the first months.

CAME: November's survey



Fundación Esperanza

Cuenca 2349 - CP 1417 - Ciudad Autónoma de Buenos Aires
Tel.: (5411) 6380-3900, 4505-2916
www.fundacionesperanza.org.ar

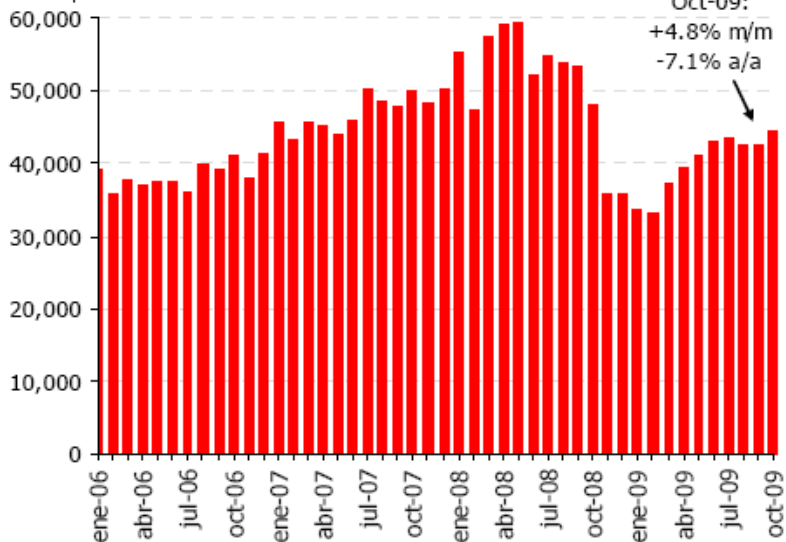
	Variation % Sold Units November 2009/2008
Drinks and Foodstuff	Igual
Bazar	13,2
Bijouterie	9,8
Footwear	-3,2
Sports	9,4
Electrical Appliance	-4,8
Farmacy	10,1
Hardware	Igual
Confectionery and Soft Drinks	4,6
Estate Agency	-5,0
Jewelry	4,6
Toy Shop	4,3
Leather Goods	6,8
Electrical Materials	Igual
Construction Materials	5,2
Office Furniture	5,7
Home Furniture	Igual
Tire	-9,7
Perfumery	2,9
Watches	4,1
Textile - White	2,8
Textile - Clothing	5,8
Average	3,0%

Source: CAME

From stock accumulated in concessionaires, the liquidation's discounts of the terminals and the Government's incentive scheme, we went in last months to a scenario where many customers have to wait two or three months until they are delivered their 0km unit. Recovery occurred at a faster rate than the automotives factories' predictions which were awed by the forecasts prior to elections of last June. This was the reason why they didn't adequately planned the supply of all its range in the local market.

Automotive Sales

Units per month

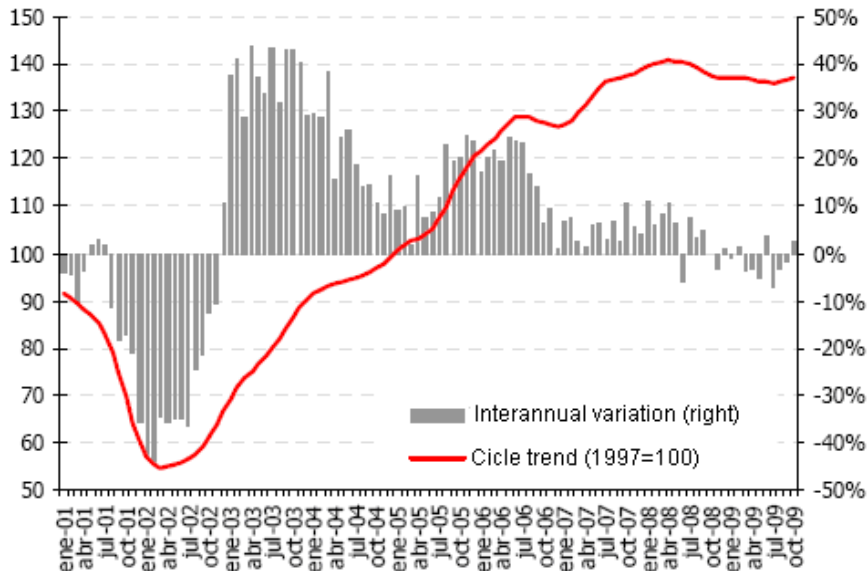


Source: EconViews based on ADEFA

The construction permissions in the month of October improved regarding the 2009 average. The authorized surface to build in the country grew up a 1.6% - year to year - in October.

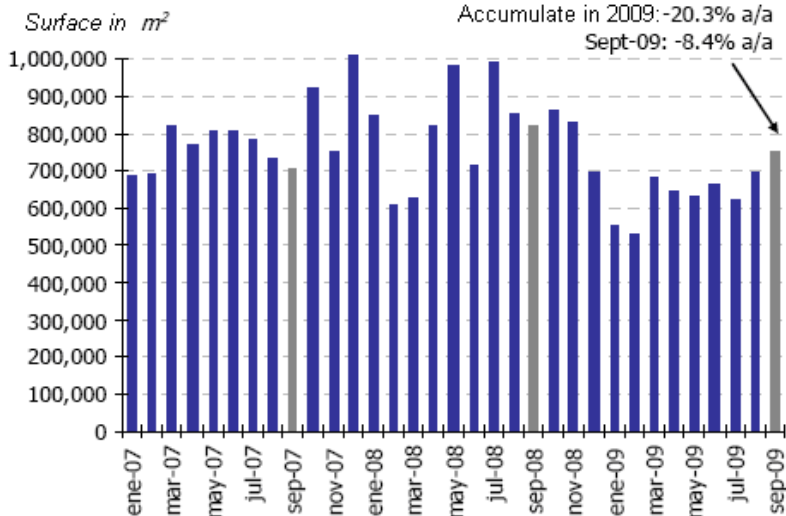
Construction Activity

Cycle trend and Inter-annual Variation



Source: EconViews

Construction Permissions



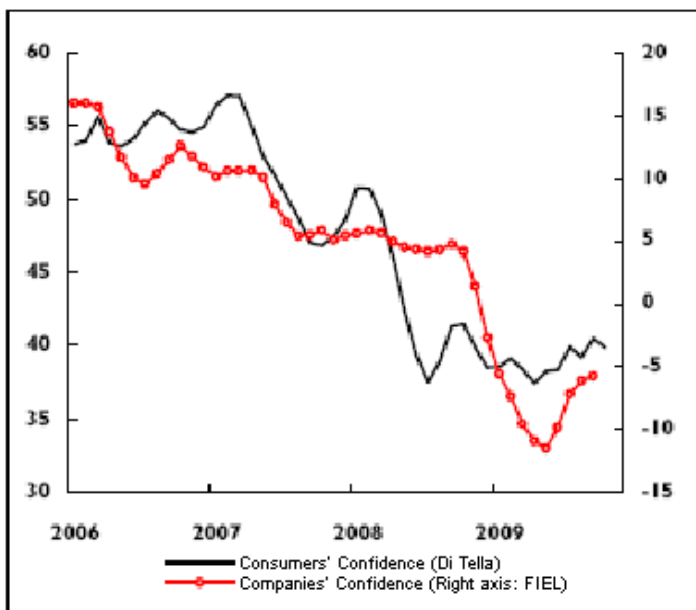
Source: EconViews based on IERIC

Source: EconViews

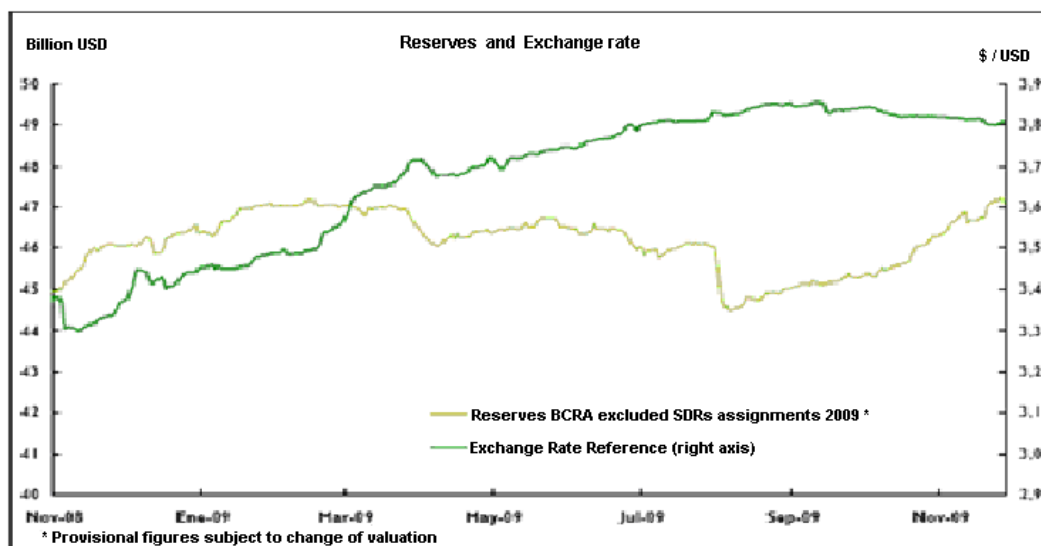
If the recovery continues, for its great influence on the general level of employment, the construction's sector in 2010 could heavily contribute to the underpinning of the occupancy levels. To complete the good news, in November the consumer confidence rallied and the capital goods' imports improved.

Confidence Rates

(mobile Average 3 months)



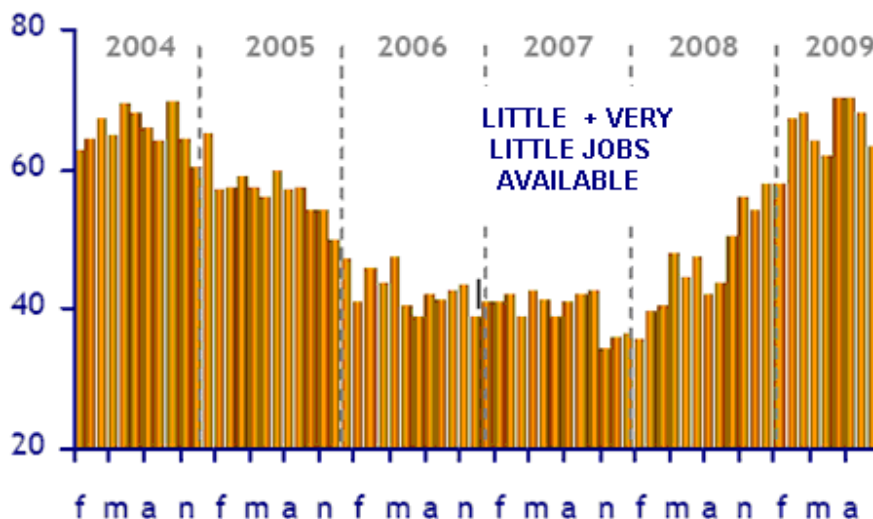
A good December is expected, taking into account the Christmas bonus plus the extra payment of \$350 for pensioners. It is important to make emphasis on the consumption improvement, which is produced as the result of holding the capital's output back. Argentina will have a surplus in the balance of payment's current account originated in a trade balance higher than USD10,000 millions. This generates a comfortable situation to face international payments, but it is also revitalising if it is retained in the local productive and financial perimeter. The BCRA's reserves began to increase again - they already exceed the 47 thousand million Dollars - influencing the deposits growth in national currency and the financial system liquidity, with a moderate influence on interest rates decline and, eventually, on the credit increase.



Source: BCRA

There is a gap for the recovery of the capacity installed in the production of goods and cyclic services sectors that were the most contracted ones. In our opinion, there are enough indications to forecast a better end of year than the previous one and a 2010 first quarter with more commercial activity. If nothing changes abruptly, Argentina can grow 5% in 2010. We are talking about continuing with the current international financial conditions. In spite of the macroeconomic improvements, the employment is lagging behind as in the rest of the world. According to the UCA, the unemployment rate ranked in the third quarter of 2009 with 14% compared to the 11.2% recorded during the same period in 2008, while in the first half of the year It had located in the setting of 12%. In terms of jobs, the Inter-annual rise would mean that about 80,000 jobs would be destroyed in the last year in the whole urban agglomerations, although they are not few the consulted sources which state not understanding the work methodology of this origin, arguing technical rigour inaccuracies.

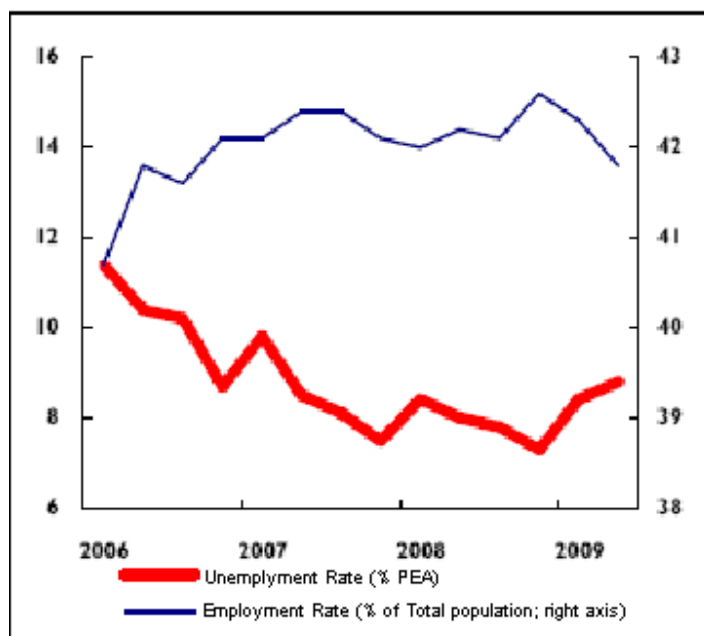
EMPLOYMENT CURRENT SITUATION



Source: UCA - TNS Gallup

The latest data published by INDEC say that the employment rate fell compared with same quarter of 2008 (-0.5% year to year), and it remained constant regarding the previous quarter.

Employment %

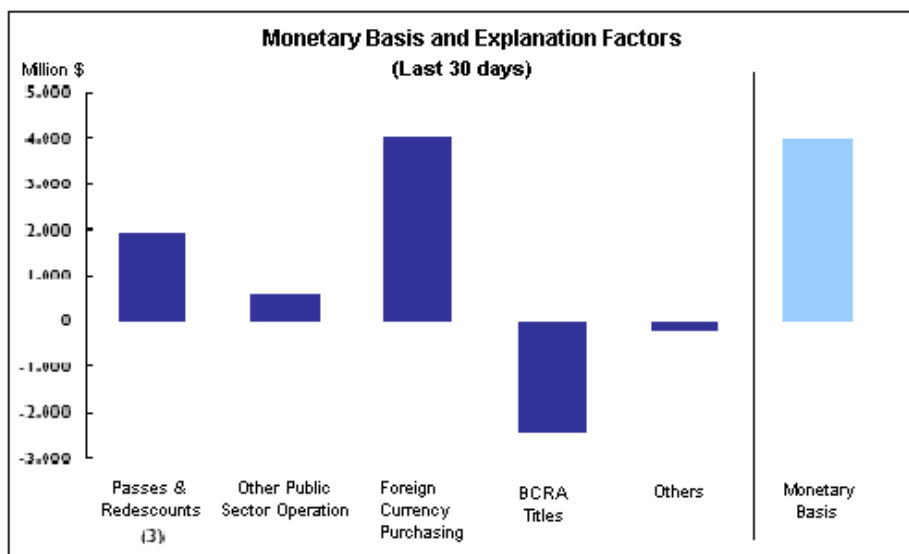


Source: INDEC

The nominal wages rate of October supported the same inter-annual variation of the two previous months (+16.3% year to year), showing a deceleration respect to this year average rate (+21%) and explaining the stagnation showed by the real salaries. The new jobs demand, as world-wide during this crisis, continues falling since more than a year according to private surveys. According to official estimate, unemployment in the third quarter 2009 would be 9%. The increase over the previous quarter is of 0.2 percentage points, but it exceeds the previous year same quarter. The activity rate, which is the ratio between the economically active population (PEA) and the total population, has slightly increased 0.2 percentage points, remaining constant in 46.1%. Unemployment rise in this last quarter, in spite of the clear signs of the activity level recovery, reflects the delay with which the response to the crisis in the real economy sector translates, as we pointed out in previous reports. It is clear that the growth of unemployment during 2009 in labour demand is product of the global recession. The annual performance of this indicator is negative since September 2008, but it is observed that the decline pace in the labour demand declined since half of this year, suggesting that a floor from where to recover has been reached. Regarding the nominal wages, in October an increased 16.3% year to year, keeping the same proportion than the last two months. However, they increased their average +1.6% with regard to September. Besides, the public sector wages increased 13% year to year, staying below the private sector salaries. The rise speed of the unregistered private sector's nominal wages was widely reduced in October in comparison with average development of the year of 19.3% year to year vs. 30 % year to year.

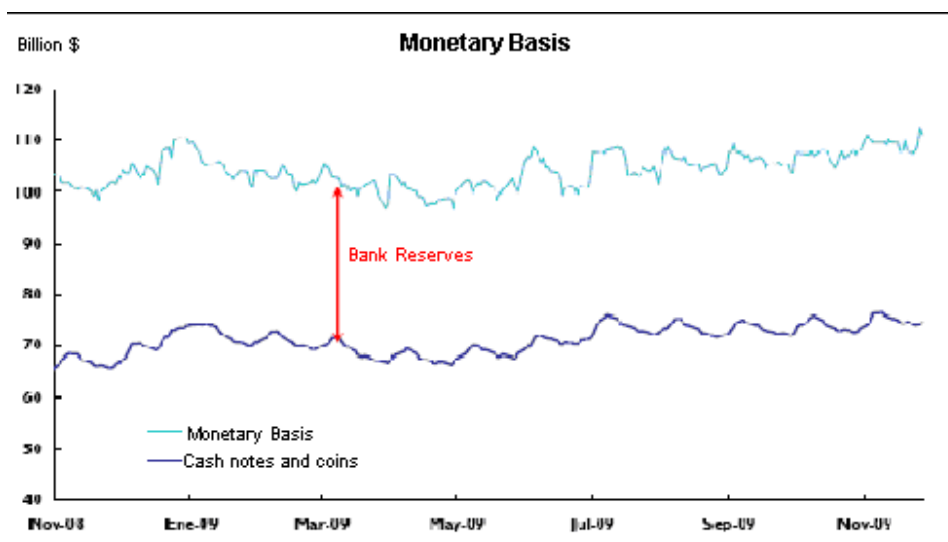
Monetary News

The monetary base is growing 8% annually, because when decreasing the exit of capitals, Dollars returned to exceed in the exchange market and the Central Bank (BCRA) returned to emit Pesos to buy incoming foreign currencies and so far only sterilises a part of which it emits.



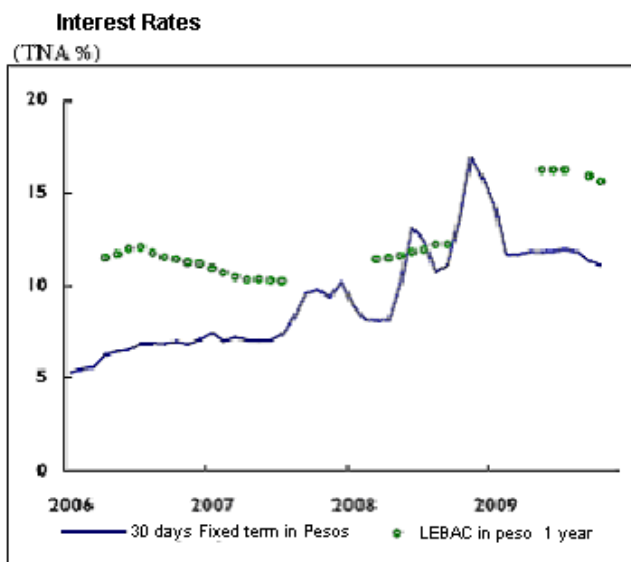
Source: BCRA

Between August and November, the BCRA emitted to buy the excess of foreign currencies of the market, around \$14.000 million and sterilised, via Lebacs, \$6.200 million. Jointly, a greater expansion of base is expected for December -although seasonally is always higher- not only cause of Dollars supply excess, but because the public sector would be an expansive factor of the monetary base to finance the cash flow in about \$3.000/4.000 million. Thus the things, the BCRA is going to sterilise liquidity via Lebacs. Yet, it is probable that the base end in around \$120.000 million closing the year, we see a more expansive policy than the one of previous months, around 9/10%.

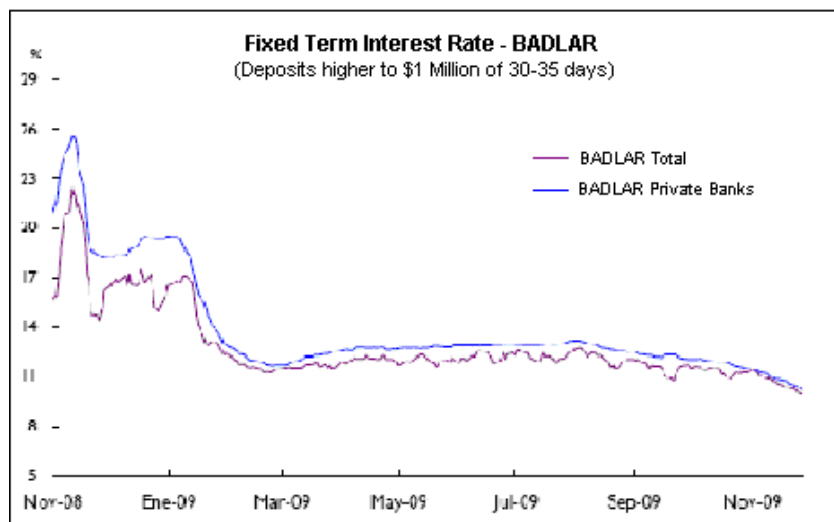


Source: BCRA

In this direction, the interest rates fall, the interest rate Badlar lowered to 10% annual, showing a reduction of 300 basis points - a 3% - from June to December.



Source: BCRA

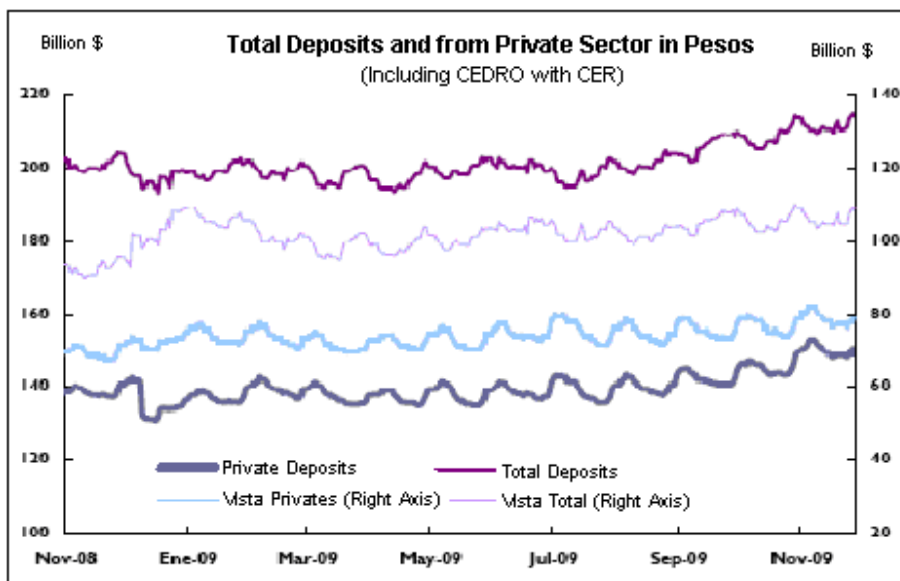


Source: BCRA

Due to raises in public titles and the increase of exchange rate that occurred in the first half of the year, the BCRA will obtain a record gain of \$10,000 million. A result that surpasses more than double to 2008, year in which it was registered a utility of \$4,585 million, transferred in total to the national State to enforce the public

accounts. In the last decade only in 2002 the result for the BCRA was higher, having arrived almost \$12,000 million, because the devaluation took the quotation of the Peso to \$3.80 what impelled the profitability of the reserves, which are calculated in Pesos. It is interesting to emphasise that this quasi-fiscal result, since the exit of the convertibility has been positive. The figure arises of considering all the incomes that the institution obtains, as the investment of its reserves and the collection of bonds that maintains in portfolio; minus the expenses that incurs for the payment of interests of the Lebac and Nobac that places in the market to sterilise the Pesos. By the way, the reserves of the BCRA already surpass USD47.000 million. The main source of utility will come from the public titles, with \$4,100 million. The figure includes the adjustment of bonds due change in the price throughout the year, the adjustment due valuation of exchange rate for the ones in dollars and the coupons of interests received. The BCRA had an active roll, was one of the main buyers in a moment in which the market was selling rapidly due to increase of distrust.

In 2008 two peaks of this tendency took place; one was during the conflict with the Farm in May and June; and the other, in October and November, when the government advanced with the nationalisation of the provisional system (retirement funds' system). Mr. Redrado an expert of the international banking, had as objective carry out an open market operation policy that consists in going out to buy bonds, but with the purpose of injecting Pesos and, in this way, avoid the interest rate increase excessively. The same thing happened to the GDP coupons that at the beginning of this year reached minimum levels to recover up to 250%. This result that the BCRA projects will be made official only towards the end of first quarter of 2010, and a part will thicken the National Treasury during 2010. In the Budget approved for the next year, it was established that the BCRA will send a total of \$3,000 million, but the number could finish being significantly higher. In 2009, the BCRA transferred to the Treasury \$4,400 million and was fundamental so that for some months the accounts continued showing a favourable sign, in middle of a fall of the fiscal surplus. In addition, the organisation transferred \$10,000 million as transitory advances and facilitated more than USD1,500 million of the reserves to cancel in August the expiration of capital of Boden 2012, a joint strategy that shows a degree of harmony between BCRA policy and the treasury. This quasi-fiscal result will diminish the need to resort to other official organisms' resources like AFIP or ANSES. In the exchange market, the private sector stopped drainage of foreign currencies and we see the funds returning in deposits in Pesos to the financial system. The private deposits in Pesos would have grown 3.7% in November, and accumulate an increase of 7.4% (+\$10,389 Ms) Since September. The transaction private deposits grow a 5.5%, around \$4,100 million, as the fixed-term deposits 9.6%, around \$6,300 million.



Source: BCRA

Fiscal News

Following the world-wide wave, the fiscal and monetary incentives keep steady and this is good news for the activity level. We said in previous reports that the reactivation is impelled by more public expenditure because, the unemployment is more worrisome for a Peronist government that the possible raise of one point of inflation. In October the primary cost grew +17.5% with respect to 2008, in a lower rate than previous months, although the tendency of increase of the expenditure is maintained, cause of the payment of remuneration and retirements.

The fiscal resources grew +5.7% with respect to 2008, maintained by the incomes coming from the contributions to the social security, around 44%. The primary surplus continued diminishing in inter-annual terms 73% in October, being located in \$703 million and the financial result presented a deficit of \$1,839 million, due to the payment of interests of \$2,542 million.

The preliminary data of collection of November reveals us that it grew +20.5% with respect to 2008, reaching \$ 26,100 million, encouraging the hypothesis of a recovery in progress. Like in the serious and developed countries, in the vanguard of the economic policy is the fiscal sector. It is there where the rate of expansion of the public expenditure is accelerated and the emblematic fiscal surplus is reduced which accompanied throughout the "K" period, despite it predominates the expectation that will stop the reduction of the consolidated primary surplus of the public sector, to stay around 1% of the GDP. In any case, the State will not have problems in taking care of the services of the debt appealing the variety established by the strategy of internal resources to its disposition. The State would avoid incurring in an imbalance of the public accounts and the exchange policy,



and would try to resist the entrance of external funds maintaining, at least, the present parity, with a slight adjustment to the rise. Most probable it is that the government can show primary surplus in the last two months of the year. To this they add the SDRs that are computed in \$4,150 million in November and \$5,469 million in December, plus the extra rents for titles of the Anses of \$6.500 Ms, in this way the total income of the two months will be record.

With such extra mass of income, those of the BCRA and the above mentioned the government will be able to show for the year 2009 that, in spite of the worse international crisis in decades, it managed to keep an interesting primary surplus in the order of 1,2% of the GDP in the Year, around \$12.500 million.

The extension of the capital of the IMF and the consequent allocation of additional Special Drawing Rights for the member countries are computed as current income in the item transference of international organisms in the scheme saving investment of the SPN increasing the primary surplus, although it would only be used a part of the SDR around USD1,075 million, for funding commitments in Dollars. The rest of the SDR that the Treasury would have requested to monetize about \$5,500 million, so far are not monetized by suggestion of the BCRA. It is important to indicate that all what have been done has to do with the world-wide tendency to apply anti-cyclical measures, in general consistent with the political strategy and the structural characteristics of the model implanted in 2003. Nothing affects until now the inter-temporary fiscal solution or the economic growth.

Labour legal economic news

In an important plenary judgement, the Work Appeals National Chamber of solved: "It is not correct to include in the predicted wage base in the first paragraph of art. 245 of the Labour Contract Law (LCT), the proportional part of the complementary annual payment and whenever an assumption of fraud to the labour law does not mediate, the bonus granted by the employer without monthly regularity and on the basis of an evaluation system of the performance of the worker, do not have to be computed with the object of determining the predicted wage base in the first paragraph of art. 245 of the LCT"

In the case 'Tulosai, Pasual Alberto c/ Central Bank of the Argentine Republic s/Law 25,561' (Plenary No. 322, 19-11-09), the Camera in full solved the way in which the calculation base should be determined to calculate the final liquidation, establishing that (in principle and except for fraud to the law) that the proportional of the bonus, nor the proportional of the complementary annual payment (SAC) should be considered at the time of establishing the calculation base of the final liquidation.

Until this plenary, at the time of establishing the calculation base of the final liquidation facing a dismissal, it was taken as part of said basis the incidence of the bonus in it (Bonus/12) and the same was done with the SAC.



Obviously, this plenary is favourable to employers' interests, since surely the final liquidations, in those cases in which employees received high Bonus, would show visibly diminished.

ARGENTINE FOREIGN TRADE STATUS

INTRODUCTION

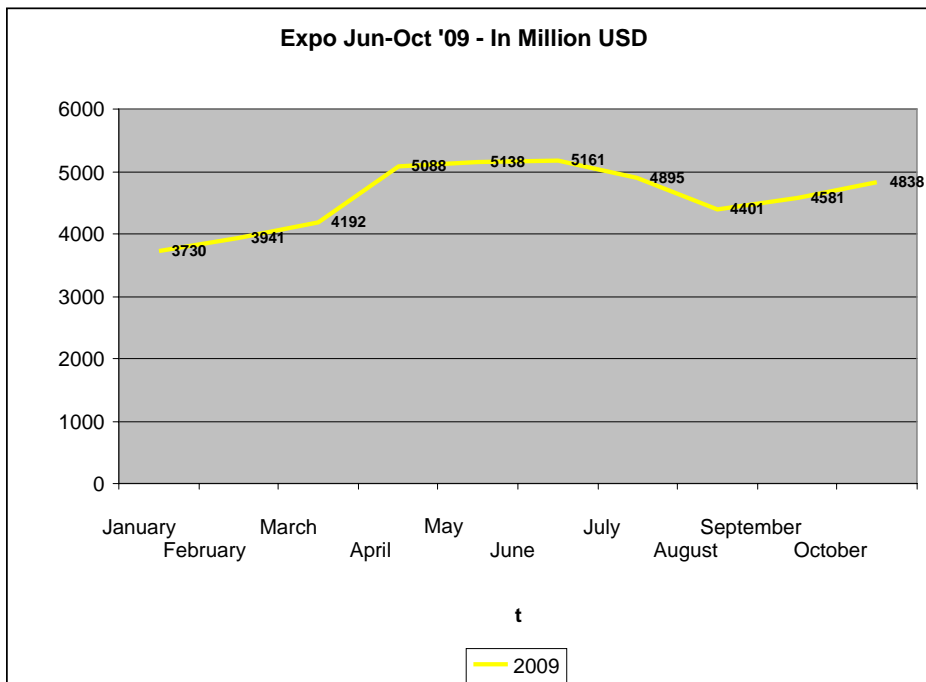
The 2009 close with a balance more than optimistic. In the second half the economic recovery begun to be evident and for some countries of Latin America (Bolivia, Argentina, Ecuador, Paraguay, Peru and Venezuela) the trade balance and the fiscal results are in surplus with tendency to continue with the growth.

EXPORTATIONS

Compared with the results of October 2008 a fall of 21% caused by a smaller value exported in all the sectors is observed. The sector with greater inter-annual reduction was the one of Primary Products, whose sales registered losses of 54%, followed by the MFO (Manufactures of Farming Origin) with a 16%. Other sectors with smaller exports were fuels and energy -15%, the MIO (Manufactures of Industrial Origin) -12%.

As far as products itself reductions were found in: soybean excluded for sowing, caused by smaller sales to China; Cereals due smaller sales of maize to Chile, Algeria and Peru among other countries, and from wheat to Brazil, Peru and South Africa and; the soybean oil to Egypt, Iran and Tunisia among other nations and to a lesser extent, sunflower oil to Netherlands and Egypt. However it is worth to emphasise the growth in other products: Crude petroleum, precious Stones, metals and their manufactures, particularly of gold for non-monetary use to Switzerland and Canada; Mineral Copper and its concentrates to Germany, Japan and Republican Korea (South Korea).

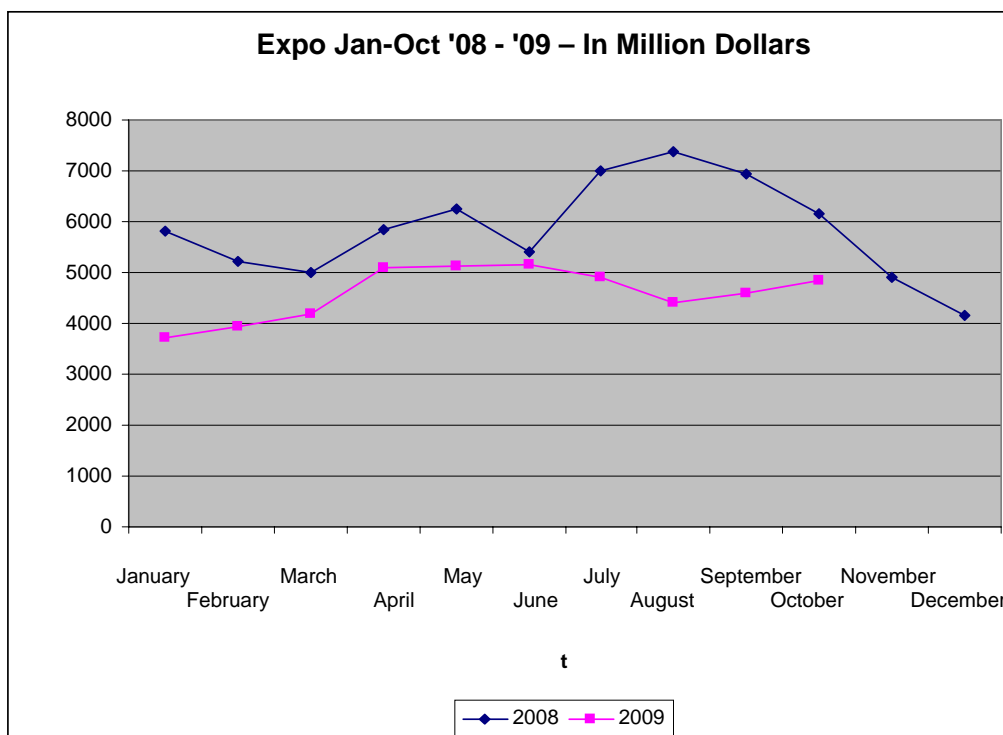




Source: Own elaboration according to information provided by INDEC (Argentine Foreign Trade Nov '09)

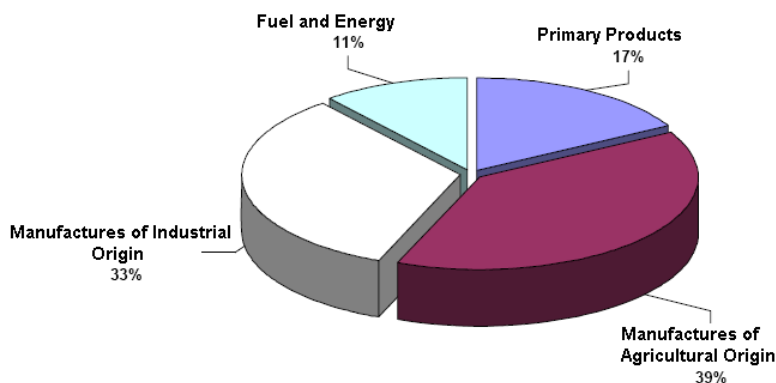
Exportation			
	2008	2009	var %
January	5821	3730	-35,92

February	5221	3941	-24,52
March	4991	4192	-16,01
April	5829	5088	-12,71
May	6237	5138	-17,62
June	5406	5161	-4,53
July	7010	4895	-30,17
August	7380	4401	-40,37
September	6930	4581	-33,90
October	6147	4838	-21,29
November	4894		
December	4157		
Accumulate	70023	45965	



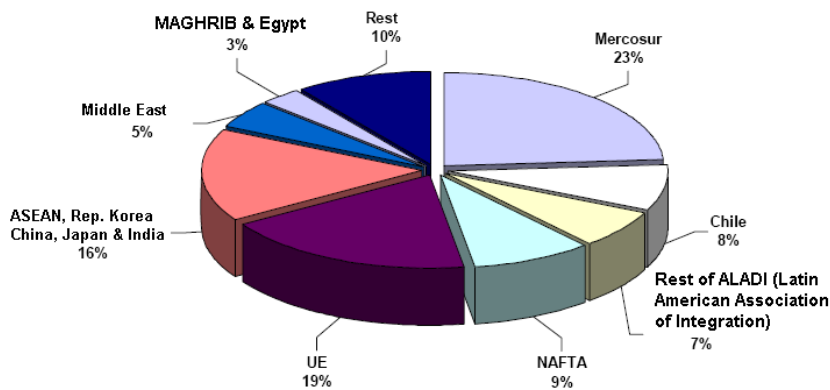
Source: Own elaboration according to information provided by INDEC (Argentine Foreign Trade Nov '09)

Exportation share



Source: Argentine Foreign Trade, INDEC November 2009

Exportation Destinies

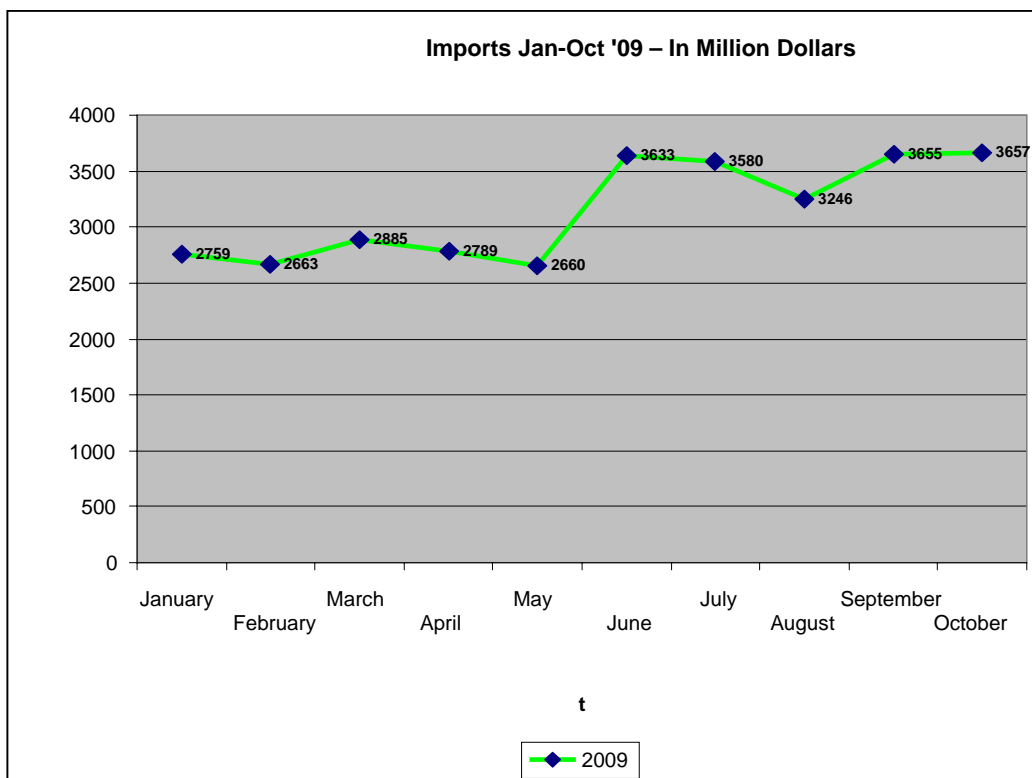


Source: Argentine Foreign Trade, INDEC November 2009

IMPORTATIONS

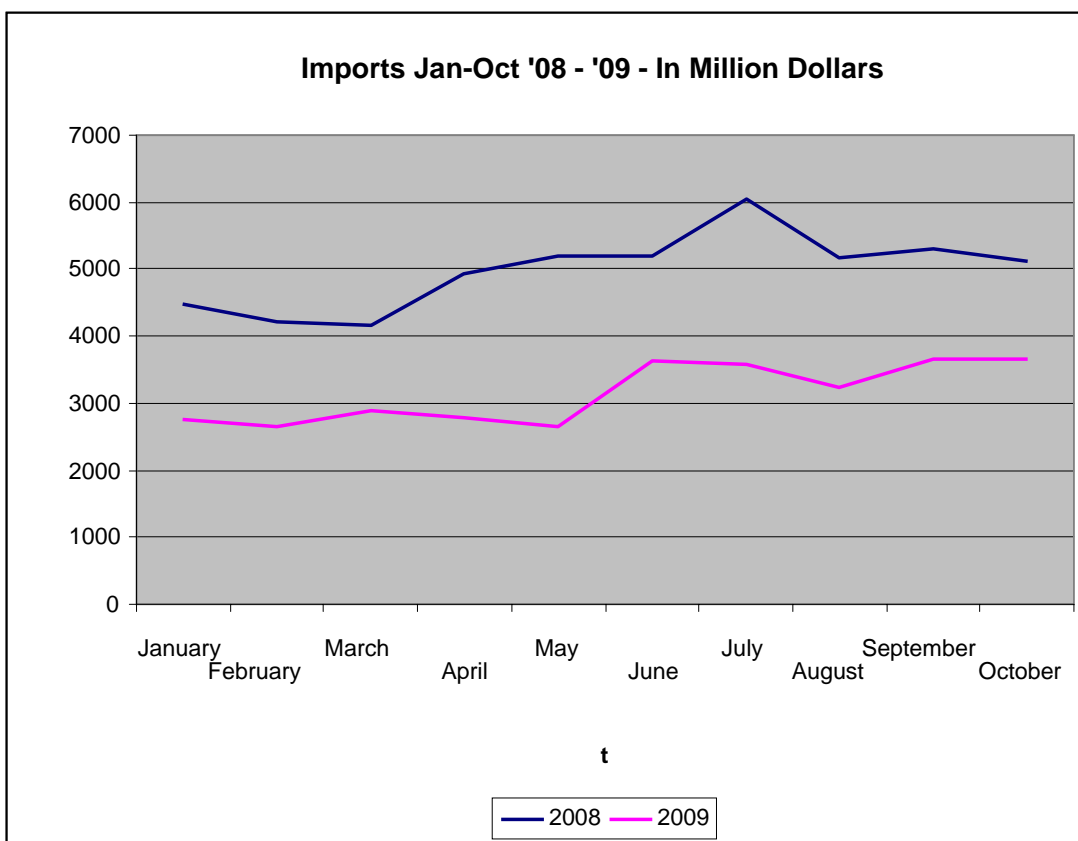
Like in the case of the exports, the imports underwent a considerable reduction in all the economic uses according to the last report of the Argentine Foreign trade. The main one was registered in the corresponding to intermediate Goods, transcendental use of import, especially by the smaller purchases of soybean, iron minerals, urea with ammonium nitrate, glyphosate and sulphur in bulk.

They are followed by the Pieces and accessories for capital assets that mainly diminished by a reduction in the imports of parts for the automotive industry and parts of machines and air conditioner equipments. The fall in the purchases of Capital assets respond to the fall in the commercialization of cellular phones, chassis with motor and cabin for transport of merchandise, vehicles for transport of merchandise and semitrailers highway tractors. The Consumer goods registered a diminution in the purchases of motorcycles and fungicides prepared for retail trade, followed by a reduction in the imports of automotive vehicles of passengers and finally, the smaller purchases of Fuel and lubricants that registered a diminution in the purchases of electrical Energy, diesel oil, bituminous soft coal and lubricating oils.



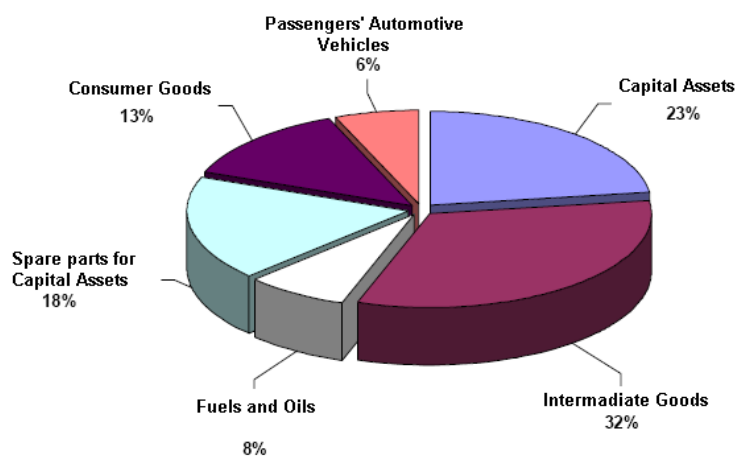
Source: Own elaboration according to information provided by INDEC (Argentine Foreign Trade Nov '09)

	Importation		
	2008	2009	var %
January	4477	2759	-38,37
February	4210	2663	-36,75
March	4162	2885	-30,68
April	4929	2789	-43,42
May	5200	2660	-48,85
June	5195	3633	-30,07
July	6046	3580	-40,79
August	5158	3246	-37,07
September	5310	3655	-31,17
October	5129	3657	-28,70
November	4149		
December	3458		
Accumulate	57423	31527	



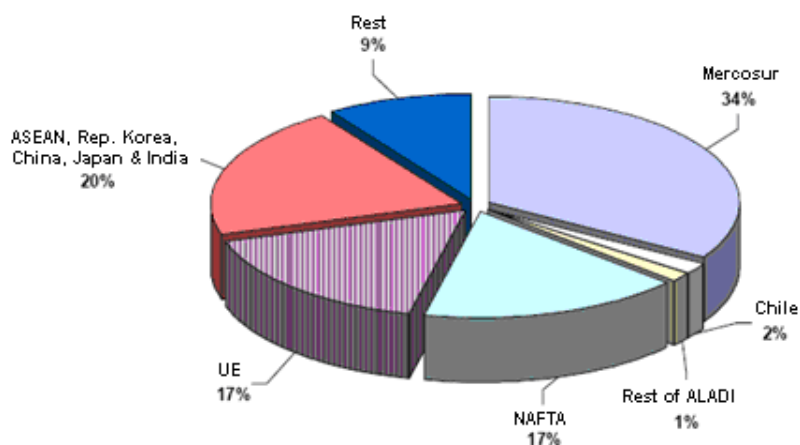
Source: Own elaboration according to information provided by INDEC (Argentine Foreign Trade Nov '09)

Imports Share According to Economic Uses



Source: Argentine Foreign Trade, INDEC November 2009

Imports According to Origin

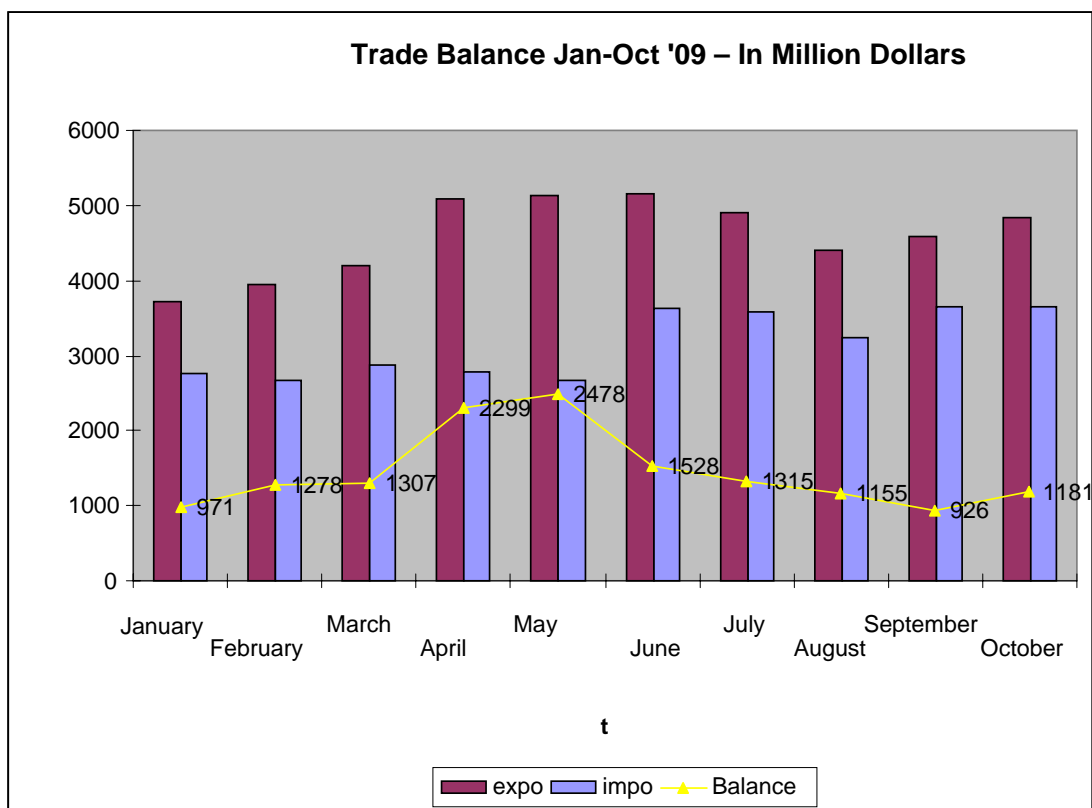


Source: Argentine Foreign Trade, INDEC November 2009

TRADE BALANCE

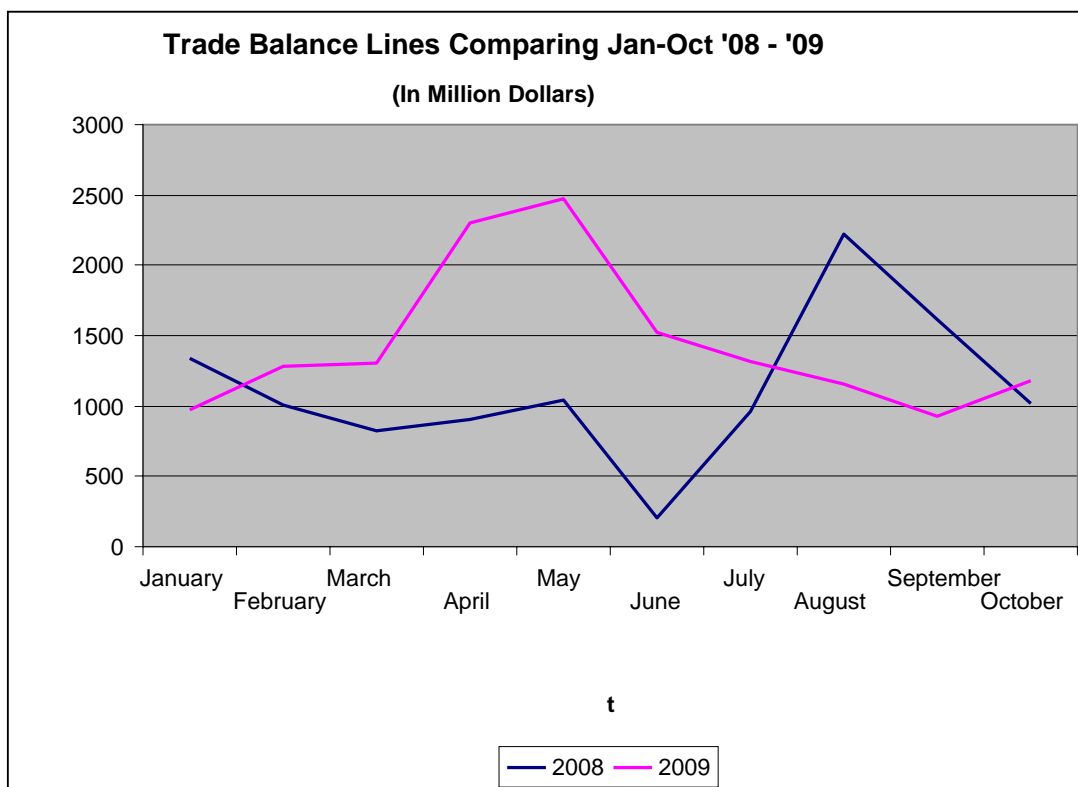
In October of 2009 the trade balance marked a surplus of 1,182 million Dollars, figure that represented an increase of 16% with respect to same period of the previous year after two months in which the variation was negative (we must bear in mind that it competed with the best months of commercial balance)

Trade Balance '09			
	expo	impo	Balance
January	3730	2759	971
February	3941	2663	1278
March	4192	2885	1307
April	5088	2789	2299
May	5138	2660	2478
June	5161	3633	1528
July	4895	3580	1315
August	4401	3246	1155
September	4581	3655	926
October	4838	3657	1181
Accumulate	45965	31527	14438



Source: Own elaboration according to information provided by INDEC (Argentine Foreign Trade Nov '09)

	Var. % '08 - '09			
	2008	2009	Var. \$	Var. %
January	1344	971	-373	-27,75
February	1011	1278	267	26,41
March	829	1307	478	57,66
April	900	2299	1399	155,44
mayo	1037	2478	1441	138,96
June	211	1528	1317	624,17
July	964	1315	351	36,41
August	2222	1155	-1067	-48,02
September	1620	926	-694	-42,84
October	1018	1181	163	16,01
Accumulate	11156	14438	3282	



Source: Own elaboration according to information provided by INDEC (Argentine Foreign Trade Nov '09)

USEFULL INFORMATION

Trade Policy

In the last days the tariff and trade profiles of the countries members of the WTO (World Trade Organization) have been published. It turns out interesting to observe the national position through the following schemes:

TRADE POLICY		Contribution to WTO budget (% , 2009)		0.315	
WTO accession date	1 January 1995	Import duties collected (% , 2002-2004)		2.8	
Trade Policy Review date	12, 14 February 2007	in total tax revenue		3.8	
Tariffs and duty free imports		to total imports		3.8	
Tariff binding coverage (%)	100	Number of notifications to WTO and measures in force		12	
MFN tariffs	<u>Final bound</u> <u>Applied 2008</u>	Outstanding notifications in WTO Central Registry		3 - 1	
Simple average of import duties		Goods RTAs - services EIAs notified to WTO		69	
All goods	31.9 11.6	Anti-dumping (30 June 2008)		...	
Agricultural goods (AOA)	32.5 10.3	Countervailing duties (30 June 2008)		1	
Non-agricultural goods	31.8 11.9	Safeguards (28 October 2008)		15 - 16	
Non <i>ad-valorem</i> duties (% total tariff lines)	0.0 11.3	Number of disputes (complainant - defendant)		3 - 6	
MFN duty free imports (% , 2007)		Requests for consultation		2 - 0	
in agricultural goods (AOA)	4.3	Original panel / Appellate Body (AB) reports		2 - 0	
in non-agricultural goods	21.7	Compliance panel / AB reports (Article 21.5 DSU)		0 - 0	
Services sectors with GATS commitments	63	Arbitration awards (Article 22.6 DSU)			

Source: Trade Profiles, WTO, 2009

Part A.1 Tariffs and imports: Summary and duty ranges

Summary	Total	Ag	Non-Ag	WTO member since	1995
Simple average final bound	31.9	32.5	31.8	Binding coverage:	Total 100
Simple average MFN applied	2008 11.6	10.3	11.9		Non-Ag 100
Trade weighted average	2007 10.9	8.6	11.0	Ag: Tariff quotas (in %)	0
Imports in billion US\$	2007 44.8	1.8	43.0	Ag: Special safeguards (in %)	0

Frequency distribution	Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV
	Tariff lines and import values (in %)								
Agricultural products									
Final bound	0.1	3.2	0.4	0.4	7.1	88.7	0	0	0
MFN applied 2008	6.1	6.4	55.8	16.1	15.2	0.5	0	0	0
Imports 2007	4.3	2.7	62.7	17.4	12.7	0.1	0	0	0
Non-agricultural products									
Final bound	0	0.1	0.3	1.5	18.6	79.5	0	0	0
MFN applied 2008	14.2	14.9	11.4	20.6	34.0	4.8	0	0	13.1
Imports 2007	21.7	8.0	6.5	20.1	42.1	1.2	0.5	0.0	2.9

Source: Tariff Profiles, WTO, 2009

Part A.2 Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	27.6	0	35	100	8.9	5.1	16	0.2	7.4
Dairy products	35.0	0	35	100	15.1	0	16	0.0	0
Fruit, vegetables, plants	33.8	0	35	100	9.8	5.4	25	0.6	1.7
Coffee, tea	34.2	0	35	100	13.3	0	20	0.5	0
Cereals & preparations	32.9	0	35	100	12.2	8.7	31	0.3	13.5
Oilseeds, fats & oils	34.6	0	35	100	8.5	7.5	32	1.6	0.6
Sugars and confectionery	33.9	0	35	100	16.5	0	20	0.1	0
Beverages & tobacco	34.6	0	35	100	17.2	0	20	0.2	0
Cotton	35.0	0	35	100	6.4	0	8	0.1	0
Other agricultural products	31.0	0.7	35	100	7.5	10.7	14	0.4	21.8
Fish & fish products	33.9	0	35	100	10.0	6.3	16	0.2	0.6
Minerals & metals	33.8	0	35	100	9.9	7.5	25	14.0	28.6
Petroleum	34.9	0	35	100	0.2	96.7	6	5.5	98.9
Chemicals	21.3	0	35	100	8.2	1.3	18	18.0	7.9
Wood, paper, etc.	33.4	0	35	100	10.7	3.5	18	3.2	9.4
Textiles	34.9	0	35	100	20.4	0	35	3.3	0
Clothing	35.0	0	35	100	24.4	0	35	0.5	0
Leather, footwear, etc.	35.0	0	35	100	14.1	2.8	35	2.8	10.1
Non-electrical machinery	34.9	0	35	100	5.5	64.0	20	17.7	38.0
Electrical machinery	34.9	0	35	100	12.5	22.6	20	11.4	11.8
Transport equipment	34.5	0	35	100	10.4	40.1	20	15.7	3.3
Manufactures, n.e.s.	33.4	0	35	100	13.6	20.8	35	3.7	23.4

Source: Tariff Profiles, WTO, 2009

Part B Exports to major trading partners and duties faced

Major markets	Bilateral imports		Diversification		MFN AVG of traded TL		Pref. margin	Duty-free imports	
	in million US\$		95% trade in no. of		Simple	Weighted		Weighted	TL in %
			HS 2-digit	HS 6-digit					
Agricultural products									
1. European Communities	2007	8,165	20	50	19.0	8.7	0.4	21.0	69.9
2. China	2007	5,156	3	3	14.8	5.4	0.0	8.9	0.0
3. Brazil	2006	2,468	16	42	12.2	12.5	12.5	100.0	100.0
4. Chile	2007	1,470	19	71	5.9	5.9	4.5	81.1	53.0
5. United States	2007	1,084	21	55	8.9	11.4	1.0	58.7	48.4
Non-agricultural products									
1. Brazil	2006	7,935	42	300	13.6	17.4	17.4	100.0	100.0
2. United States	2007	3,092	39	168	3.6	0.8	0.5	77.9	46.3
3. European Communities	2007	2,938	50	304	4.0	3.9	2.3	70.3	65.5
4. Chile	2007	2,802	48	437	6.0	6.0	5.5	95.3	76.9
5. Mexico	2006	1,592	30	133	14.5	20.3	18.1	33.9	81.1

Source: Tariff Profiles, WTO, 2009

Generalized System of Preferences (GSP):

The GSP among Developing Countries was established in 1989 as an instrument to increase the South-South trade. Days ago it was celebrated in Geneva and with the presidency of Argentina, the Meeting of the Global System of Trade Preferences (GSTP) among developing Countries. The conference constitutes a fundamental element to promote the exports of developing countries (DC) and mainly to contribute to the diversification of such countries' exporting base.

The concessions are anticipated to generate trades for an amount of 7,700 million Dollars. Particularly for Argentina, the exports to the participant countries in the Agreement could be increased in 800 million Dollars approximately, anticipating in addition an increase of more to 10% of the industrial exports to those countries.

The signatory countries of the guidelines in the agreement were: Argentina, Brazil, Paraguay, Chile, Mexico, Uruguay, Cuba, Egypt, India, South Korea, North Korea, Algeria, Iran, Morocco, Thailand, Sri Lanka, Vietnam, Malaysia, Indonesia, Nigeria, Zimbabwe and Pakistan that establish that in 2010 these countries will define the goods which will grant preferences of 20% on the applied tariffs to 70% of tariff lines.

Brazil and the meeting between Lula and Cristina

Last November 17th a meeting between Argentine and Brazilian presidents was carried out. The axis of the meeting was centered in the differences arisen by the imposition of restrictive measures on the part of Argentina and the retaliation of the neighbouring side. Unfortunately they didn't reach any agreement, reaffirming from our country the necessity and the right to establish a policy of defence to local industry. Nevertheless they agreed to have ministerial meetings every 45 days to analyze the evolution of the bilateral trade; and presidential meetings every 90 days.