

# CHAPTER 12

## OTHER MATTERS

Although the following measures fall outside the scope of the countries/regions covered in this report, they are addressed below since they are recent measures having trade-distorting effects.

### (1) ARGENTINA'S IMPORT LICENSE SYSTEM

Since 1999, the Argentine government has required the acquisition of non-automatic import licenses for a total of 17 categories of items, including paper products, metal products, fibers, toys and footwear. While the non-automatic import license system was abolished in January 2013, the trade balancing requirement and the prior import declaration system described below still remain.

The Argentine government first implemented trade balancing requirements that are not based on specific laws or regulations (for example, requiring one-dollar of export or domestic investment as a condition for the same amount of import) and domestic production requirements aimed at restraining imports. While some of these requirements have been abolished, the rest of them still remain.

In addition, in February 2012, the prior import declaration system (DJAI) was introduced. It requires import business operators to register designated items with the Federal Administration of Public Revenue (AFIP) and obtain its approval prior to initiating import procedures.

Since the DJAI covered all imports, it virtually functioned in the same manner as the non-automatic import license system. The DJAI was abolished in December 2015, and the import license system was introduced using the Comprehensive Import Monitoring System (Sistema Integral de Monitoreo de Importaciones; SIMI). As a result, business operators were required to acquire import licenses for all imports, either automatic or non-automatic licenses depending on the items. However, as the economy deteriorated, the time taken to acquire non-automatic import licenses increased. In October 2022, the SIMI was replaced by the Import System of the Argentine Republic (Sistema de Importaciones de la República Argentina; SIRA). As a result, while the import license system remains the same, the monitoring of importers' violation of laws or regulations and their financial capacity was reinforced.

The trade balancing requirements violate GATT Article XI, which prohibits export restrictions in principle, because the issuance of licenses requires meeting trade-balancing requirements for exports of Argentine products, etc. In addition, the trade balancing requirements are orally-rendered guidance not based on specific laws or regulations and therefore also violate GATT Article X, which requires trade regulations to be published.

The prior import declaration system involves arbitrary discretions by Argentine authorities and thus violates GATT Article XI. It also violates the transparency principles of GATT Article X and Articles 1, 3, and 5 of the WTO Agreement on Import Licensing Procedures,

etc.

Since 2009, Ministry of Economy, Trade and Industry, the Japanese Embassy in Argentina, and Japanese industries have repeatedly requested the Argentine government to make improvements in the measure. In the WTO, Japan has expressed concerns together with the United States, EU and other countries at the WTO Import Licensing Committee, the TRIMs Committee, and the WTO Council for Trade in Goods since 2009. In particular, 14 Members including Japan, the United States and EU jointly expressed their concerns in March 2012 at the WTO Council for Trade in Goods. However, since no improvement had yet been seen, the EU requested bilateral consultations with Argentina based on the WTO Agreements in May of the same year. In August 2012, Japan requested bilateral consultations along with the United States and Mexico, taking into account the request for improvement by the industries (Japan Foreign Trade Council, Japan Machinery Center for Trade and Investment and JEITA, the Tokyo Chamber of Commerce and Industry, and the Japan Chamber of Commerce and Industry), and the consultations were carried out in Geneva in September of the same year. However, Japan could not obtain a satisfactory resolution. Therefore, in December of the same year, Japan jointly with the United States and the EU requested the establishment of a panel. The panel was established in January 2013, and a panel report, which upheld the claims of Japan, the United States and the EU that export restrictions by Argentina do not comply with GATT Article XI: 1 (general elimination of quantitative restrictions), was released in August 2014. Argentina appealed against the panel's decision in September 2014, but in January 2015, the Appellate Body released a report which supported the panel report and recommended Argentina to bring the measure into conformity with the WTO Agreements. However, the panel and the Appellate Body did not make a determination regarding the transparency principles of GATT Article X and Articles 1, 3, and 5 of the WTO Agreement on Import Licensing Procedures, etc.

While the time limit for Argentina to comply with the recommendation was the end of December 2015, Argentina abolished the Advance Sworn Import Declaration (Declaración Jurada Anticipada de Importación; DJAI) and introduced a new import licensing system using the Comprehensive Import Monitoring System (Sistema Integral de Monitoreo de Importaciones; SIMI) on December 23, 2015. The system requires import license for all the imports except the temporary import, and 87.6% of the total falls under automatic import license items, and the rest falls under non-automatic import license items (fiber, footwear, automobile/electronic parts, etc.) In terms of promoting the export and simplifying the trade procedure, the automobile/electronic parts etc. were excluded from the non-automatic import license items gradually. However, in January 2020, electronic/electrical appliances, automobiles, motorcycles, and automobile parts were added to the non-automatic import license, and the items covered by the non-

automatic import license was increased to 1,500 items. Subsequently, household appliances and cryptocurrency mining equipment were added to the list of the covered items in July 2022, while many finished products, mainly including machinery, were added in early October 2022, which increased the number of covered items to about 2,800. Based on these circumstances, in October 2022, the United States submitted a questionnaire to the WTO Import Licensing Committee and raised new and existing concerns about Argentina's import license system.

The system stipulates that the government agencies related to issuing the non-automatic import licensing "will judge the application within ten days" but "can extend the period if necessary." In the past, the non-automatic import license could be acquired in about 72 hours at maximum after the application. However, after January 2020 when the target items were increased, the examination takes more time.

Therefore, Japan will continue paying attention to whether the system is being operated consistently the WTO Agreement, as well as collecting information regarding the implementation status of Argentina.

(For details of the point regarding quantitative restrictions, please see Part II Chapter III, Major Case (4).)

## **(2) GATT ARTICLE II VIOLATIONS REGARDING TAXATION OF FLAT PANEL DISPLAYS**

Refer to page 179 of the 2017 Report on Compliance by Major Trading Partners with Trade Agreements -WTO, FTA/EPA and IIA-.