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New Government Eliminates Export Permits for Grains and Oilseeds

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Report Highlights:

On December 29, 2015, the government of Argentina eliminated the export permit system known as the Register of Export Operations (ROEs) for grains and oilseeds, replacing it with a reporting mechanism to track exports through Affidavits of Foreign Sale (known in Spanish as *Declaraciones Juradas de Ventas al Exterior* or DJVE). Removing the export restrictions along with the recent devaluation of the Argentine peso and adjustments to export taxes (see [report](#)) are expected to increase export sales in the next few months. In the long term, this change will encourage higher production of corn and wheat. The status on ROEs for meat and dairy are pending, with sources indicating they will be officially eliminated soon.

Elimination of Export Permits and Introduction of Foreign Sale Affidavits

Joint Resolution 4/2015, 7/2015 and 7/2015¹ published in *Boletín Oficial de la República Argentina* (Official Bulletin) on December 29, 2015 eliminates export permits (ROEs) that controlled the flow of grain and oilseed exports (previously established under Resolution 543/2008 in May 2008). In the place of the ROEs, the government has reintroduced the Affidavits of Foreign Sale (DJVEs), which was a mechanism used to track exports prior to 2008. This action drops the pre-approval requirement for export sales.

The resolution requires that exporters of products listed in Annex 1 which includes the major agricultural commodities must present an Affidavit of Foreign Sale (DJVEs) along with any export sale. These affidavits will be available on the site of the Ministry of the Economy and Public Finances under the Office of Coordination and Evaluation of Subsidies to Domestic Consumption (UCESCI) at <http://www.ucesci.gob.ar/>. The major commodity exports include wheat, barley, corn, rice, sorghum, soybeans, oats, peanuts, sunflower, and all their respective by products. Approval of the DJVEs will be automatic.

The new DJVE form will require some of the following pieces of information: exporter, tax identification number, destination country, HS code, product description, mode of transport, tonnage, and value of shipment in U.S. dollars FOB.

The Joint Resolution mandates that after the DJVE is submitted the exporter has up to 180 days to finalize the shipment, unless the company opts for the special DJVE45. That DJVE provides 45 days to complete the shipment and allows for the export tax for soybean and its byproducts to be paid after the shipment is finalized, not upfront as standard. In the case of wheat exports, shipments must be finalized within 45 days. The exception for wheat is expected to be temporary as the government awaits the normalization of the domestic wheat market.

The Register of Export Operations (ROEs) was officially a system to track exports; however, informally the export declarations were allotted based on discretionary government quotas like permits or licenses. These quotas were created by the previous government administration as a way to de-link the local price of food from rising world prices by limiting export sales particularly for corn and wheat. The system reduced the price received farmers - especially in case of wheat and corn - by as much as \$40-50 per ton less than global markets indicated.

The regulations that require ROEs for meat and dairy are still in place, but these are expected to be dropped in the near future. Local sources report that export sales are already taking place without any restrictions.

Expected Impact on Agriculture Sector

In the short term, export sales are expected to increase as exporters benefit from the elimination of export quotas along with the recent devaluation of the Argentine peso and decreased export taxes (see

¹ <https://www.boletinoficial.gob.ar/#!DetalleNorma/139103/20151229>

[New Government Lifts Currency Controls and Cuts Export Taxes Buenos Aires Argentina 12-17-2015](#)). As a result, producers are expected to benefit from greater returns in U.S. dollars and will encounter lower production costs especially those denominated in pesos as a result of the devaluation. This policy change will present producers and exporters a more predictable and stable situation in the flow of agricultural exports.

President Macri has set out to reform the government's data-collection agencies to deliver more accurate and reliable economic data (<http://www.wsj.com/articles/argentinas-macri-moves-quickly-to-reboot-economy-1451247085>). The new DJVE forms will likely contribute as the mechanism will help streamline data collection on all agricultural exports.

For next season and onward, Post projects significantly higher wheat and corn area. This situation could potentially lower soybean area and production as incentives to grow alternative crops increase.

Unofficial Translation of Select Sections of Joint Resolution 4/2015, 7/2015 and 7/2015

Joint Resolution 4/2015, 7/2015 and 7/2015 provides for the following:

ARTICLE 1 - Establishes requirements for the registration of Affidavits of sales abroad, called "DJVE", to which Law No. 21,453 and No. 26,351 clarifying concerns, which are specified in the following articles this joint resolution.

ARTICLE 2 - The exporter and / or the exporting firm that intends to export agricultural products listed in Annex I which forms an integral part of this resolution or to be considered in the future, shall, in character Affidavit of Sale Outside, the "DJVE" form as Annex II, is an integral part of this resolution.

This form will be available on the website of the Office of Coordination and Evaluation of Subsidies to Domestic Consumption, hereinafter UCESCI, or where such effects enable the Ministry of Agro Industry, for entering the required data and later printing in two (2) copies, one for the public agency and the other for the applicant.

The "DJVE" must be signed by, alternatively, the exporter, the holder of the exporting firm or its legal representative or proxy accredited in the Ministry of Agro Industry.

ARTICLE 3 - The application form "DJVE" include fields that are automatically filled with the data that are recorded, being necessary that the exporter declares its unique key number Tax Identification (CUIT). You should also only complete the other fields that the application may request.

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