Export Taxes In Argentina: A Case Study

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(ABSTRACT)

With the recent agreement on a framework in the Doha Round for the WTO, trade liberalization is taking another step forward. Unfortunately, export taxes get overlooked as only five countries have this protectionist/rent seeking policy: Argentina, Malaysia, Indonesia, Russia and Ukraine (USDA FAS, 2004). However, the impact of these policies can be felt all over the world. The focus of the case study is on the differential export taxes (DET) placed on soybeans by the Government of Argentina and analyzing the impact of government intervention on trade. Argentina is the third-largest producer of soybeans, and the world’s largest exporter of soybean oil and meal with domestic consumption totaling less than five percent of the meal and oil that is processed. In Argentina there is a constant export tax level of twenty percent that is applied to all commodities in agriculture but in the case of oilseeds, raw soybeans are taxed 3.5% more than all other grains and oilseed products. This differential tax favors the exports of valued-added products, i.e. soybean oil and meal. Previous attempts to eliminate the DET have failed. FEDIOL, the Federation that represents the vegetable oils and fats industry in the European Union, filed a complaint against Argentina in the late 1970s and again in the early 1980s, but failed because the DET was not listed as a subsidy under the GATT.