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ARGENTINA AND CHILE SIGNED A FREE TRADE AGREEMENT

The agreement is seen by some as an important step for Argentina, since through the new commercial partner, national products could have better access to the Asia / Pacific region and would complement the Mercosur (trade union with Brazil, Paraguay and Uruguay). It would be significant to see how Brazil reacts. The new President of Brazil has already stated that he favors bilateral agreements following similar policies favored by the present USA Administration.

Argentina and Chile have signed a Free Trade Agreement between both nations, which still need to be implemented. Both Governments have 90 days to formalize the regulation after certain formal ratification legislative steps have been taken.

The Government of Argentina has made international integration a priority and the signature of its foreign policy. Therefore, the agreement is considered a first step towards a series of more important agreements at the regional level.

The new agreement between Argentina and Chile will aim to facilitate the exchange of products, in addition to eliminating bureaucratic and customs barriers on both sides of the border, including the elimination of the roaming system in telecommunications and the reduction of barriers to electronic trade.

The agreement also includes provisions for cooperation, coordination, exchange of information and consultations, related to the promotion and protection of free competition, as well as commitments for the elimination of unnecessary technical obstacles, promotion of regulatory cooperation, and incorporation of the Agreement. on Technical Barriers to Trade issued by the WTO.

THE BEGINNING OF THE END OF MERCOSUR AS A TRADE UNION?

At the summit that took place this week in Brazil it was agreed to move forward on the flexibilization of Mercosur, which - after consultations with Paraguay and Uruguay - will enable the possibility of signing bilateral trade agreements outside the block, while lowering the common external tariff in some industrial sectors.

It is understood that the purpose is to ensure that the rigid common external tariff, which is one of the highest in the world today, is not only reduced but can also be replaced by regulations that allow each member of the bloc to reach bilateral international trade or economic agreements.

Brazilian and Paraguayan sources indicated that it will seek to eliminate resolution 32/00, which prohibits negotiations of some of the members without the endorsement of the rest. In parallel, the four members

of Mercosur agree on a deep cut of the common external tariff, which presently reaches a maximum of 35%, allowed by the World Trade Organization.

The regional plan is to preserve the external tariff but with a great reduction of both the industrial sectors reached, and the percentages of tariffs. The new president of Brazil is the main driver of a strong flexibilization that could mean the transformation of the customs union into a free trade zone.

Argentina has agreed with the Brazilian authorities to work on a revision of the Common External Tariff (CET) to improve the productive competitiveness of the bloc, to modernize and prioritize the negotiations that Mercosur has advanced -in particular, with the European Union and resolve the issues of access of agro-industrial products to Brazil. At present, Argentine exporters to Brazil are around 3,000 companies (many industrial SMEs) that would maintain their income benefit without paying the tariff, but would lose exclusivity with this tariff preference and would be subject to competition with companies from third countries.

If it is estimated that exports to Brazil could rise in 2018 to about US \$ 11.1 billion, it can be estimated that they will represent 18% of the total exported by Argentina, above the last three years but still far from previous levels. to 2015. Imports from Brazil, on the other hand, would reach US \$16,000 million in 2018 and represent almost 24% of the total imported by Argentina.

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The members of ALFARO-ABOGADOS organization have advised and represented multinational corporations in international private transactions as well as in the negotiation of major public projects with Government Agencies. They have also presented papers and given lectures before numerous trade and professional associations in the United States, Europe and South America. Our members are fluent in the languages spoken at the main investors' countries and most of them have worked and studied in different jurisdictions, achieving the technical and business expertise necessary to understand the industry and the economics of the transaction involved

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