



21 December 2016.

Mr. Chairman of the GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative

1724 F Street, NW. Room 514
Washington, D.C. 20508

Ref. **Federal Register Notice published 21, November 2016**

Docket Number USTR-2016-0023

Subject: Generalized System of Preferences (GSP): Initiation of a Review of Argentina for Possible Designation as a Beneficiary Developing Country

Dear Mr. Chairman,

This statement is submitted by CIPA - Cámara de Industriales de Productos Alimenticios de la República Argentina (Chamber of Food Product Manufacturers of Argentina) according to the Notice published in the Federal Register on 21 November, 2016 (Vol.81, No.224) announcing the initiation of a review to consider designation of Argentina as a beneficiary developing country under the GSP Program.

CIPA - Cámara de Industriales de Productos Alimenticios de la República Argentina (Chamber of Food Product Manufacturers of Argentina), founded 90 years ago, congregates large, medium and small companies, both domestically-owned and foreign-owned, that manufacture food products in our country. The foodstuffs produced are of the highest quality, and their primary destination is the distribution and sale in the domestic market to end consumers as finished goods.

The purpose of CIPA is to assist its members in achieving a harmonic and dynamic approach to optimal food safety and quality, as well as support the economic development of the communities where the member companies have a presence. Foreign trade is a key component to achieve this objective and therefore exports are a very important and permanent interest for CIPA and its member companies.

Product categories represented by CIPA are basically confectionery products made with sugar, cocoa and chocolate; biscuits, pasta and other products made with flour; puffed cereal; jams and jellies; vegetable and fruit preserves; sauces; soups; soft drinks and edible gelatin. CIPA associate companies are responsible for approximately 85% of the Argentine production in the above mentioned categories.

CIPA member companies are consolidated sources of employment and their activities have a strong impact on regional economies of Argentina. Their manufacturing facilities are located in 17 of the 24 Argentine provinces (jurisdictions), mainly in locations with the lowest economic development and largely dependent upon agro-industrial exports.

It is important to point out that CIPA member companies do not receive any domestic or export subsidies, and that they neither have access to soft loans that may benefit their production.

Among the available resources that contribute to our export development, we value the U.S. Generalized System of Preferences (GSP) as being of major importance in gaining access to the U.S. market, the world's largest and most competitive. Regarding the sector we represent, its importance is particularly relevant for the food products detailed above.

The following figures account for this: in 2011, our sector total exports to the world amounted to \$893 million, and \$48.1 corresponded to the United States. More than 90% of our exports to the USA had preferential treatment under the GSP program.

One reason that explains this high coverage is the low profitability of mass consumption food products exported to the United States. This is a very competitive sector and business is difficult and challenging even with the GSP program in place.

Thus, the elimination of import taxes on these product categories is essential to access the U.S. market, establish contracts with importers and attract investments that are key to future production.

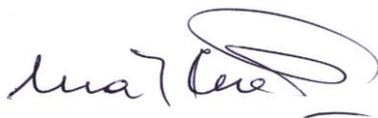
The elimination of Argentina as a beneficiary country in 2012 affected negatively our processed food exports. Exports of our products to the US fell to only \$27.1 million, a reduction of 44% with respect to 2011. In some cases, it meant the loss of the U.S. market for our exporters.

In this context, there was a highly negative impact on our employment levels; as contracts with U.S. importers had to be cancelled and potential investments in our sector were not made.

The GSP program guarantees U.S. consumers a varied range of quality food products at highly competitive prices.

We are absolutely certain that the designation of Argentina as a beneficiary country under the GSP program will cause no harm to domestic U.S. production, as the relative importance of our role is very modest in absolute terms, in spite of being substantial to our companies.

In light of all that has been stated above, we kindly ask the USTR to readmit Argentina as a beneficiary developing country under the GSP Program.



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