Argentina - Milei Administration.

Comments on the first legislative reforms.

"Bases for Argentine economic reconstruction".

Decree of Necessity and Urgency No. 70/2023
and complementary regulations.

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1. Initial comments on dnu 70/23. Objectives pursued.

In fulfillment of his electoral promises and immediately upon assuming office, as part of initial actions to address Argentina's crisis, President Milei issued Decree of Necessity and Urgency No. 70/2023, titled "Foundations for the Reconstruction of the Argentine Economy" (DNU 70/23) on December 20, 2023, signifying the first in a series of measures aimed at comprehensively reforming the Argentina Republic.

Pursuant to Article 99, paragraph 3 of the Argentine Constitution, the president is empowered to issue DNU 70/23, with the Legislative Branch responsible for its oversight in accordance with Law 26122, requiring an evaluation by the Permanent Bicameral Commission. This evaluation must be simultaneously presented to both Chambers of Congress (Senators and Deputies) for their approval or rejection of the Decree in its entirety. No specific deadline has been stipulated for the Chambers to vote on the matter.

DNU 70/23 will remain effective unless explicitly rejected by both Chambers of Congress. Should both Chambers reject it, this would lead to the repeal of DNU 70/2023. Nonetheless, as per Law 26122, the repeal should not invalidate acquired rights during the Decree's enactment. Since the enactment of Law 26122 in 2006, there have been no DNUs rejected by both Chambers of Congress. However, DNU 70/2023 may still be subject to judicial review regarding its constitutionality and application.

DNU 70/23 will enter into force on 29th December 2023.

DNU 70/23 repeals, modifies, or replaces hundreds of decrees and laws that, according to the Milei Administration, restrict the freedom of trade, industry and circulation of goods, services and labour, while establishing that there is a critical situation in areas such as the economy, finances, taxes, administration, social security, tariffs, health and social issues until 31 December 2025.

According to the jurisprudence of the Argentinean Supreme Court of Justice, the legislative declaration of emergency may allow for an intense exercise of public regulatory powers. Therefore, it is possible that this declaration of emergency could be the basis for the adoption of new regulations and amendments, complementary to DNU 70/23.

DNU 70/23 promotes an economic system based on free decisions, free competition, respect for private property and constitutional principles of free movement of goods, services, and labour. It also postulates the broader

deregulation of trade, services, and industry throughout the national territory, eliminating any restrictions or requirements that distort market prices.

DNU 70/23 also promotes Argentina's insertion into world trade by adopting international standards for trade in goods and services and harmonising the domestic regime with the regimes of Mercosur countries and other international organisations, especially in accordance with the recommendations of the World Trade Organisation (WTO) and the Organisation for Economic Cooperation and Development (OECD).

DNU 70/23 has totally or partially repealed a large number of laws related to economic regulation, to which we will refer below. Despite these specific repeals, there are different provisions in DNU 70/23 that, through amendments to existing regulations, also imply the deregulation of broad sectors of the economy

2. Simplification for industry and commerce.

The enormous administrative and regulatory bureaucracy in Argentina is well known and suffered. In order to start unblocking the economy, DNU 70/23 repealed the following laws, which regulated both trade and industry and sectoral activities, in wholesale and retail businesses in Argentina. This decision must be complemented by other regulations that allow for the flexibilisation of labor law rules and others that we will discuss below.

The repealed laws are:

- Laws No 18.425 and No 20.657 on Trade Promotion. They dealt with the commercialisation system of supermarkets, self-service food and non-food products, retail chains and wholesale supply organisations, and typifiers-packers of perishable products. They regulated, among other things, the registration of trade organisations in a specific register and the opening and closing hours of shops. The administrative authority was also empowered, among other things, to delimit in each case the area of influence of the trade and to establish the branches that traders or trade organisations had to market.

- Law No 19.227 on Markets of National Interest. It declared public service markets of national interest whose management could only be granted to certain legal entities. At the same time, it established a "protection perimeter", setting the geographical limits, duration and extent of this perimeter in each case. In fact, the Executive could prohibit the construction, transfer and operation of other wholesale markets that commercialise one or more branches operated by the market of national interest. It also established the obligation of retail markets to source their supplies from the market, except for purchases from producers of goods produced within the perimeter of protection..

- Law No 20.680 on Supply Chain. This law granted the executive branch broad powers to regulate and intervene in prices and production in all segments of the economic activity of practically any basic or essential good or service, and established a strong sanctioning regime for non-compliance.

- Law No 21.608 on Industrial Promotion. The main objective of this law was to encourage the development of national industry through fiscal and financial incentives.

- Law N° 26.992 on Price Observatory. This law created the Price Observatory, which was used by the Executive Power to carry out price statistics and to use them as reference prices or even maximum prices in cases where prices were frozen.

- Law No 27.221 of Góndolas. Although it was not applied in practice, this law established restrictions on the supply and placement of products on the shelves

(location, signage, etc.). It also regulated commercial relations with supermarket suppliers.

3. Financial system. Reforms to the credit card and warrants regime.

With the aim of broadening the freedom of negotiation between clients and operators, DNU 70/23 establishes important simplifications in the credit card and warrants regimes (the latter being very relevant in the agribusiness sector).

Law No 25.065 on Credit Cards, since its reform allows:

- Credit cards no longer need to contain cardholder identification information;

- Greater contractual autonomy, as certain requirements for credit card contracts are eliminated and do not require the approval of the supervisory body;

- Information regimes for credit card issuers are eliminated.

- Any company may issue credit cards if it is foreseen within its corporate purpose.

- Limits on financing rates are eliminated, if they are reported; and limits on punitive interests that can be applied are eliminated, prohibiting their capitalisation.

Law No. 9613 on Warrants now permits that:

- Companies issuing warrants may buy or sell goods of the same nature as those included in the warrants issued.

- Time limits on the trading of warrants are repealed;

- Warrants may be issued on domestic or foreign assets.

- Depositories are no longer obliged to register with the supervisory body. In this case, they must report the lack of registration; and

- Producers may also act as issuers of warrants without the need to transport the goods to third party warehouses.

4. State reform. Privatisation of state-owned companies

In line with the first measures adopted by the Milei administration to promote state reform, such as the drastic reduction of government spending at all levels, DNU 70/23 made progress on the following aspects:

In order to make the public procurement regime more efficient, DNU 70/23 repealed Law No 27.437 on National Procurement and Supplier Development and Law No 18.875 on National Procurement, since they established in most of the National Public Sector the obligation to prioritise the acquisition of goods of national origin and the contracting of services provided by national companies.

On the other hand, and in order to facilitate the sale or privatisation of State owned enterprises and companies, DNU 70/23 provided for the repeal of the special regimes that regulated the different forms of State enterprises and companies (Decree-Law N° 15.349/46 on Mixed Economy Companies; Law N° 13.653 on State Enterprises; Law N° 20.705 on State Companies).

Accordingly, any state-owned enterprise in which the Federal Government has a share in the capital or in the decision-making process (regardless of the specific legal structure and even if it does not have a corporate legal structure) will be transformed into a corporation, while establishing a maximum transition period of 180 days from the date of issuance of DNU 70/2023 to transform and register the newly created corporations before the applicable Corporate Authority.

DNU 70/2023 also modified the regime of Participated Ownership Programmes established in Law No. 23.696 on State Reform. In addition, it repealed certain restrictions that prevented the privatisation or transfer of the Federal Government's shares in certain companies, and authorised the total or partial transfer of the shares in Aerolíneas Argentinas S.A. and Austral Líneas Aéreas S.A. and Austral Líneas Aéreas S.A. to the Federal Government. Aéreas S.A.

It is to be expected that the executive branch will make use of these reforms to move forward with the sale or privatisation of some of its companies and enterprises.

5. Other amendments to the corporate regime. Sports corporations.

In addition to what was mentioned in 4 above, in relation to state-owned companies converted into corporations, DNU 70/23 introduces new corporate structures for the formation of entities within the "Institutional System of Sport and Physical Activity", thus expanding the options available to these entities. Specifically, football clubs can now become public limited companies.

To this end, the General Companies Act No. 19.550 was amended as follows:

- Art. 30: Public limited companies and limited joint-stock companies may only form part of joint-stock companies and limited liability companies. Associations and non-profit entities may only form part of public limited companies. They may be party to any contract of association".

- Art. 77: In the case of commercial companies, unanimous agreement of the partners, unless otherwise agreed for certain types of companies. In the case of a civil association that transforms itself into a commercial company or resolves to become a member of a public limited company, a two-thirds vote of the members.

6. Freedom of contract. Lease agreements. Foreign currency

The DNU 70/23, based on the amendment of the National Civil and Commercial Code (CCyC), introduces very important reforms to the general rules of contracts between individuals, expanding the concept of contractual autonomy, so that the parties can decide on the form, content and execution of the contracts.

Along these lines, it provided for the repeal of the Lease Law, replacing it with the rules of the CCyC.

The reforms also allow for foreign currency trading, giving certainty to transactions.

In this sense Art. 765 of the CCyC is modified, establishing that in the case of monetary obligations the debtor is only released if he delivers the amounts committed in the agreed currency, which cannot be modified by the judges. Consequently, the possibility for the debtor to discharge his obligation by giving the equivalent in legal tender was eliminated and the reference to foreign currency as a "thing" was also eliminated.

In line with the above, Art. 766 CCyC was amended to provide that, whether the currency is legal tender or not, the debtor must deliver the corresponding amount in the designated species, a situation that generated a large number of legal conflicts since, under previous legislation, the debtor could be released by delivering pesos instead of, for example, USD, and the exchange rate to be applied was a matter of controversy.

DNU 70/23, when reforming art. 958 of the CCyC, also establishes that the will of the parties expressed in the contract prevails over the law, except in the case of public order rules, and those judges may only modify the stipulations of contracts when one of the parties requests their intervention or the law so provides, eliminating the judge's power to do so ex officio.

Finally, it eliminates the judge's power to complete a contract after it has been partially annulled by him.

In relation to the rental contract, by repealing the Rental Law, unless the contracting parties agree otherwise, the rules of the CCyC will apply.

In this regard, it should be noted that Article 1198 of the CCyC establishes that the term of a lease for any purpose shall be that which the parties have established, and that in the event that no term has been established, (i) in cases of temporary leases, it shall be that established by the customs and practices of the place where the leased property is located, (ii) in lease contracts for permanent housing, with or without furniture, it shall be two (2) years and (iii) for other purposes, it shall be three (3) years.

Therefore, the term of the leases is now fixed by the parties. If they did NOT fix it, the second part applies: 2 years for the dwelling, 3 years for the rest (as it was in the old law on leases).

Likewise, Art. 1199 of the CCyC establishes in relation to the currency of payment and updating that the rents may be established in legal tender or in foreign currency, at the free discretion of the parties. The lessee may not demand that payment be accepted in a currency other than that established in the contract. The parties may agree on the adjustment of the value of the rents. The use of any index agreed by the parties, public or private, expressed in the same currency in which the rents were agreed, is valid. If the index chosen is no longer published during the term of the contract, an official index of similar characteristics published by the National Institute of Statistics and Censuses shall be used if the price is fixed in national currency, or the one that fulfils the same functions in the country that issues the agreed currency of payment.

7. Energy and natural resources.

With the aim of allowing investment while simplifying operations, DNU 70/23 repealed and reformed a significant number of regulations related to mining and energy (renewable, hydrocarbons, electricity), which we will describe below, and which seek to reduce the role of the state in the activity.

To this must be added the amendments to issues with a more general impact - contractual, labour, Argentine purchase, customs, land regime, privatisation of public companies, etc.- which are included in DNU 70/23- which are contemplated in DNU 70/23, and could complement the important changes in the sector, to the benefit of the sector.

We highlight the following aspects :

- Subsidies to electricity and gas tariffs. DNU 70/23 focuses on demand. It establishes that the main parameter to be taken into account will be a percentage of the income of the family group living together individually or jointly, which will be established by the regulations.

- Downstream. DNU 70/23 eliminates the legal obligation of fuel supply deadlines for service stations and the limitations that prevented oil companies and fuel suppliers from acquiring or operating a greater number of service stations.

- Renewables. Modifications to distributed generation. DNU 70/23 partially repeals Law No. 27.424 on distributed generation by users of the distribution network, for their own consumption, with eventual injection of surpluses into the network. DNU 70/23 seeks to eliminate promotional benefits as well as their financing, which are supported with public funds.

- Exports of electrical energy. DNU 70/23 repeals Decree No. 1491/02, which regulated exchange issues related to certain export contracts for firm power and associated electric energy and generation commercialisation agreements.

It also repealed:

- Decree N° 634/2003: which establishes extensions to the high voltage power transmission and trunk distribution system and a state fee for the shortfall in their execution.

- Law No. 25,822, which establishes the Federal Electricity Transmission Plan and how it is financed (SALEX funds);

- Decree N° 311/06 which includes 'refundable' loans from the Treasury to the Energy Secretariat for a fund to avoid price distortions in the wholesale electricity market.

- In mining, although it does not affect the current regime, DNU 70/23 repealed laws that determined bureaucratic burdens, repealed the National Mining Trade System, which was intended to organise and file data on internal and external supply and demand of mining products and by-products, and the law that created the National Bank of Information on equipment and human resources in the mining sector.

8. Open skies policy.

DNU 70/23 introduces an unprecedented change in the Argentine aeronautical policy, under the "open skies" modality, introducing significant changes in the Aeronautical Code, with the intention of increasing competition in the market, thus relaxing many of the restrictions that were in force until now (including the possibility of transferring Aerolíneas Argentinas' shares to its employees).

DNU 70/23 repealed Decree-Law 12,507/56 (national policy on aeronautical matters), Law 19,030 (national policy for commercial air transport) and Decree 1654/02 (on the emergency of commercial air transport), all essential regulations under the previous regime.

The main amendments to the Aeronautical Code (subject to administrative implementing regulations) are as follows:

- Art. 2, considers commercial civil aeronautics as an essential service, completing DNU 70/23 through the reform to the labour law, the qualification of commercial aeronautics and air traffic control as essential services, and establishes the guarantee of their provision by no less than 75% in case of collective disputes.

- Art. 18, establishes the possibility of liberalising internal and international air transport services to a large extent, while seeking reciprocity with other nations. In this sense, it promotes free reciprocal access to the circulation and operation of general and commercial aviation aircraft.

- Art. 29 bis, airport services are made more flexible, establishing that the aeronautical authority must regulate them based on the principles of safety, free competition and market access.

- Art. 48, the requirements to be the owner of an Argentine aircraft are made more flexible, in the cases of human persons and co-owners, the Argentine domicile that must be proved will be the "legal" one instead of the "real" one.

- Art. 68, contracts for the use of aircraft, the parties are free to decide the forms and types; it is only required that the contracts by which the operator's role is transferred be in writing and registered.

- Art. 95 establishes that when the authorisation for the exploitation of commercial air activity is for foreign companies, it will be subject to international standards and agreements and that the Executive Power will seek to obtain reciprocity principles.

- Art. 97, eliminates in relation to the operation of domestic air transport services, the limitation of the possibility for foreign airlines to carry passengers, cargo or mail in the country for transport to another part of the country.

- Art. 99, the incorporation requirements that companies operating domestic air transport services must comply with are made more flexible, highlighting that air transport services will no longer be subject to concession by the Executive Power, but only to its authorisation, without the need for a prior public hearing to grant it (new Article 102), and the granting of these authorisations will promote healthy competition, in accordance with the principles of market freedom (new Article 104).

- Arts. 107 and 131, the possibility for the Executive Branch to allow the use of foreign aircraft is relaxed, based on reciprocity and double surveillance agreements for operational safety and ensuring that such aircraft are manned, assisted and maintained by Argentine personnel.

- Arts. 109 and 110 liberalises the setting of tariffs, which will be established by the companies without restrictions Inter-company agreements are subject to the Antitrust Law and no longer require prior approval.

- Art. 128 bis, in relation to international air transport services, establishes that the Executive Branch shall regulate and carry out a civil aviation policy that allows the growth of the market, based on the principles of security and freedom of trade, to promote free reciprocal access to commercial airline markets and international and cabotage connectivity between domestic and foreign operators.

Finally, DNU 70/23 incorporates a new article establishing that the aviation authority must enact a regulation specifically related to the protection of passengers' rights and the new provisions also take into account the modernisation experienced in the aviation industry.

9. Telecommunications

The regimes regulating telecommunications services are reformed, eliminating restrictions to commercial expansion and encouraging investment in the sector.

In this sense, the following laws were modified by DNU 70/23:

- Law N° 26.522 on Audiovisual Communication Services and its licensing regime, where:

It will be possible to hold more than one audiovisual communication services licence and exceed the previously established limits on the number of licences allowed and the maximum percentage imposed related to the provision of these services at the national level (Section 45 of Law SCA - 326 of Decree No. 70/2023).

Removes the prohibition on holders of satellite audiovisual communication service licences from acquiring any other type of licence. Audiovisual communication service licensees may be holders of signal registers (Section 45 of Act SCA - 326 of Decree No. 70/2023).

The restriction preventing the accumulation of licences for satellite broadcasting services and mobile broadcasting services with licences for other services of a different type or nature is repealed (Section 46 - 327 of Decree No. 70/2023).

Law No. 27.078 Argentina Digital (AD) introduces amendments regarding satellite communication systems. Among other reforms:

- It incorporates subscription broadcasting services via satellite link within the definition of "Subscription Broadcasting"; therefore, there is no longer a differentiated treatment for this type of service according to the type of link. Services of this type are exclusively regulated by the AD Law and not by the SCA Law as was previously the case for services with satellite links (Section 6 inc a of the AD Law - 328 of Decree No. 70/2023).

- Incorporates as a service that may be registered by ICT licensees, the subscription broadcasting service, using any link (Art. 10 - 329 of Decree No. 70/2023).

- The provision of satellite facilities is free. No authorisation is required for such provision, but owners of satellite communications systems must register for operation for the sole purpose of coordinating the use of radio frequencies and avoiding interference with other systems under regulations to be issued by the Regulator. Notwithstanding this, the provision of any ICT service via satellite will be subject to the general regime for the provision of ICT services established in the AD Law (Section 34 - 330 of Decree No. 70/2023).

Law No. 25.877 of the Labour Regime is amended by DNU 70/23, incorporating telecommunications services, including internet and satellite communications, as essential services, and radio and television services are considered as activities

of transcendental importance. This amendment imposes minimum coverage percentages in collective labour disputes.

10. Prepaid medicine and social security system. Health regime.

DNU 70/23 has established a new regulatory framework for prepaid medicine and social security companies.

Law No. 26.682 on Prepaid Medicine was amended in the following aspects:

- It repeals the prior requirement of authorisation of prices (quotas) to be defined by health insurance agents (ASS). As a result, SSAs will be free to set the prices of the premiums, as well as the obligation of the Ministry of Health to set the minimum mandatory tariff for public and private providers. In this regard, Decree No. 743/22 was repealed, which established a maximum cap on the increase in the value of services provided by prepaid medical entities for a period of 18 months from 1 February 2023. As a result, prepaid medicine entities will be able to establish without restrictions the value of the monthly fees of their affiliates.

- the event of bankruptcy, closure or cessation of activities of the SSA, the Ministry of Health shall no longer have the power to transfer health coverage for its members to other registered providers with similar health coverage and premiums.

- The Ministry of Health will not be able to supervise the reasonableness of plan fees and possible increases. However, the power of the SSAs to establish differential prices for the benefit plans, at the time of contracting them, according to age brackets with a maximum variation of three (3) times between the price of the first and the last age bracket, is maintained.

- The body that articulates the functions set out in the law is eliminated. That is, the Permanent Commission created by Article 6 of the aforementioned law.

- The compulsory model contracts between SSA and providers are eliminated.

- The annual registration requirement paid by the SSA to the Ministry of Health is eliminated.

- The Permanent Council of Agreement as a consultative body is eliminated.

- Prepaid Medicine Law N° 26.682 is only applicable to voluntary associates who are outside the referral of social works.

DNU 70/23 substantially amended the Social Work Law No. 23.660, and provides that the social works of the central administration of the National State and its autonomous and decentralised bodies, the social works of State companies and corporations, and all other entities created or to be created that are not included in these shall operate as non-state public law entities, with legal, financial and administrative individuality and shall have the status of legal entities, with the scope established for legal persons in the Civil and Commercial Code of the Nation.

Meanwhile, trade union social welfare funds, those of management personnel and employers' professional associations, and those set up by agreement with private or public companies, will operate with administrative, accounting and financial individuality and will have the status of legal entities as public legal persons.

Meanwhile, the institutes of mixed administration, the social works and the departments or bodies whose purpose is the provision of health services created by national laws, will maintain their administrative, accounting and financial modalities in accordance with the laws that created them.

DNU 70/23 also incorporates prepaid medicine companies as insurance agents, together with national social security funds, social security funds of other jurisdictions, which must adapt their health benefits to the regulations issued under the provisions of the aforementioned law.

As regards the right of option to change (Decree No. 504/98), the requirement to remain 1 (one) year in the corresponding social security fund in order to exercise the right of option to change is eliminated. Consequently, the worker will be able to choose the insurance agent from the beginning of his employment relationship.

Law N° 26.906 of in relation to the Traceability of medicines, is modified in the following points:

- The mechanism for the identification of active medical products, the issuance of the qualification certificate by the health authorities, the need to renew the certificate for equipment in the guarantee period, and the requirements for the renewal of the qualification certificate are eliminated.

- It is incorporated that (i) the implementing authority shall determine the medical devices authorised for use in the national territory, and unauthorised active devices may not be used, (ii) users of medical devices shall report the installation and use of medical devices to the implementing authority, and (iii) the implementing authority shall determine the requirements and procedures for the use of active medical devices, reserving the right to audit compliance.

- It is added that the purpose of the advice of the Biomedical Technology Service is to comply with the technical specifications established by the enforcement authority.

Law No. 25.649 on Medicinal Specialities is amended and the possibility of indicating the name or trademark of a medicine in medical prescriptions is eliminated, and only the generic name of the medicine or international non-proprietary name must be indicated.

Law No. 27.553 regulating electronic or digital prescriptions is amended, establishing:

- It establishes that the prescription and dispensing of medicines and all other prescriptions may only be written and signed through authorised electronic platforms.

- The Executive Branch will establish the necessary deadlines to achieve total digitalisation in the prescription and dispensing of medicines and all other prescriptions, which must happen before July 1st 2024.

- The power of the enforcement authority to enter into collaboration and coordination agreements with professional health and pharmacist associations is removed.

- In line with the requirement that the prescription and dispensing of medicines and all other prescriptions may only be written and signed through authorised electronic platforms, Law No. 17.132 on the Practice of Medicine, Dentistry and Collaborative Activities eliminates the reference to handwritten prescriptions, as well as the requirement that the digital signature must comply with Law No. 25.506 on Digital Signature, and establishes that the prescription must only contain the generic name of the medicine or international non-proprietary name.

Law No. 17.565 on the Legal Regime for the Exercise of Pharmaceutical Activity and the Authorisation of Pharmacies, Drugstores and Herbalist's Shops is reformed, establishing:

- The compulsory dispensing of over-the-counter medicines in pharmacies is eliminated;

- Those requiring a prescription must be dispensed in pharmacies.

- Pharmacies may be constituted in any legal form permitted by current legislation.

- The requirement of prior authorisation by the Health Authority for changes in the name of pharmacies is replaced by a notification requirement.

- Prior authorisation for the transfer, reform, closure or reopening of a pharmacy is eliminated.

- Freedom of opening hours without restriction, opening hours defined by each pharmacy must be communicated to the Health Authority and respected.

- The requirements relating to night-time dispensing in emergencies and compulsory shifts are maintained.

- The prescription storage period is maintained, eliminating paper as an option for storage. As with prescriptions, the mandatory files must be kept in digital format.

- The restriction on the installation of opticians in pharmacies is eliminated.

- The restriction on the simultaneous exercise of pharmaceutical, medical and/or dental activity is eliminated, as well as the restriction for biochemists to be simultaneously technical directors of pharmacies and clinical analysis laboratories. The prohibition on the establishment of medical and dental practices in pharmacies or their annexes is also eliminated.

- The chapter on the registration and operation of herbalist shops is eliminated, deregulating this activity.

- The requirement of exclusive dedication of a pharmacy for technical directors is eliminated, as well as the personal and effective attention of the establishment. For technical directors of more than one pharmacy, the obligation to supervise the preparation and dispensing of medicines is maintained.

11. Flexibilisation of customs and foreign trade operations.

Decree 70/23 introduced very important changes in foreign trade operations by amending the Customs Code (CA), with the aim of reducing bureaucratic obstacles, speeding up the release of goods and limiting the discretion of customs personnel when authorising such release, all in line with the rules of the World Trade Organisation ("WTO").

As alterações acima mencionadas possibilitam:

The aforementioned amendments make it possible to:

- To carry out an import/export without the need of a customs broker (previously, this possibility was only foreseen for legal persons and not for human beings). Consequently, the registration of customs brokers is repealed.

- Operate in foreign trade without the need to register as an importer/exporter, which means that any human or legal person with a CUIT will be able to operate in foreign trade.

- Customs procedures should become fully digital, including the obligation for all authorising bodies of the central and decentralised administration to use the Single Window for Foreign Trade and the publicity of the acts of the authorities in this area, in line with WTO rules.

- Import clearance up to 5 days prior to the arrival of the means of transport. The purpose of this rule is to expedite the clearance of goods, reducing logistics and storage costs.

- The importer/exporter is allowed, in case of doubts regarding tariff classification, value, prohibitions or any other element necessary for clearance, to submit a query to customs to clear such doubts. In the event that customs does not respond within 30 days of such consultation, the importer/exporter may proceed with the clearance without being subject to any penalty. Customs, prior to allowing the release, may require the provision of a guarantee.

- In order to avoid abuses by the customs service, it is established that the customs agent -in case of preliminary verification of the existence of a customs offence- may not stop the clearance and must allow the release against the presentation of a subsequent guarantee. This does not apply in the case of goods that are prohibited for import (for example, because they do not have a certificate or permit from an administrative authority).

Additionally to what is stipulated in Executive Decree 70/23, on December 22, 2023 the Milei Administration, through joint resolution 5466/2023 (the 'Resolution'),

the Federal Administration of Public Revenue (AFIP), and the Secretary of Commerce created the 'Statistical Imports System' (SEDI) along with the 'Registry of Commercial Debt for Imports from Foreign Suppliers.'

The AFIP and Commerce authorities, Florencia Misrahi and Pablo Lavigne, who signed the regulation, worked on the details of the text that signifies the end of the Import System of the Argentine Republic (SIRA) and its corresponding Service System (SIRASE) to initiate a new 'statistical' control. The new SEDI aims to 'analyze and monitor statistical data on the importation of goods to normalize and facilitate foreign trade, as well as contribute to strengthening State Bodies to address current challenges.'

Among the considerations, the document indicates that 'the operation of the mentioned systems - SIRA and SIRASE - has affected the performance and predictability of national companies, generating serious difficulties in the trade of goods and services in the country, as well as significant commercial debt with foreign suppliers, leading to major market distortions.'

Therefore, in addition to inaugurating a new mechanism promising 'greater simplicity and transparency,' the regulation inaugurated a 'Registry of Commercial Debt for Imports from Foreign Suppliers,' in which subjects with commercial debt from imports must register. With this information, the authorities aim to generate a new tool to begin reducing the negative balance with foreign suppliers, which has increased by over USD 30 billion.

The main aspects of the Resolution are as follows:

Firstly, the Resolution repeals resolution 5271/2022 and its amendments, which established the regimes of the Import System of the Argentine Republic ('SIRA') and the Import System of the Argentine Republic and Payments for Services Abroad ('SIRASE'). In its place, it creates the 'Registry of Commercial Debt for Imports from Foreign Suppliers,' in which subjects with commercial debt from imports of goods and/or services must register and make the corresponding sworn statement. Consequently, there will no longer be a need to request authorizations to import goods and services in the Argentine Republic.

Through this new system, importers defined in section 1 of article 91 of the Customs Code will provide information about their import destinations for consumption. Via the 'Statistical Imports System (SEDI)' microsite, available on the website of the FEDERAL ADMINISTRATION OF PUBLIC REVENUE ('AFIP'), importers must provide, as a sworn statement, the required information, which will be valid for 360 consecutive days from the date of obtaining the 'RELEASE' status.

Furthermore, it states that at the time of making the SEDI declaration, the AFIP will analyze the taxpayer's tax situation and their financial economic capacity to carry out the intended operation. Once these controls are surpassed, the SEDI declaration will be 'OFFICIALIZED.'

Operations can have an 'OFFICIALIZED' SEDI declaration before the arrival of the merchandise involved in the customs territory to anticipate information and facilitate customs operations.

The SEDI declaration will attain 'RELEASE' status as long as it is authorized by the entities that are part of the National Regime of the Argentine Single Foreign Trade Window ('VUCEA'), who must make a decision within a maximum period of 30 consecutive days from the registration of the SEDI.

It is established that SIRA declarations in 'RELEASE' or 'CANCELED' status as of 27/12/2023 maintain their validity. The remaining declarations will be without effect but can register a SEDI declaration in support of them. Similarly, SIRASE declarations not approved by 27/12/2023 will be without effect.

Declared goods will have a tolerance in the unit FOB value of 7% more or less, and in quantity of 7% more, with no limitations when it is less.

Exceptional situations, manuals for using the involved systems, management guidelines, and statuses of SEDI declarations will be published on the 'Statistical Imports System (SEDI)' microsite of the AFIP.

Regarding the 'Registry of Commercial Debt for Imports from Foreign Suppliers,' subjects with commercial debt from imports of goods and/or services must register and make the corresponding sworn statement, completing the debt registry according to the guidelines established on the 'Statistical Imports System (SEDI)' microsite, within a period of 15 consecutive days from 27/12/2023, after which they cannot make any presentations.

Finally, it is established that subjects who, having commercial liabilities from imports, do not make the corresponding declaration in the 'Registry of Commercial Debt for Imports from Foreign Suppliers' in a timely manner or falsify or alter the information provided there, will not be able to access the mechanisms provided by the Resolution, and their debt will be subject to further evaluation once the situation is regularized.

12. Amendments to the labor law regime.

DNU 70/23 comprehensively reforms the labor law regime, in order to make the market more flexible and reduce indemnities, fines and costs for employers, attacking many of the issues that impede hiring and providing legal certainty.

The main issues addressed by DNU 70/23 are as follows:

Non-employment contracts.

Non-application of the LCT: It is specifically established that the Labour Contract Law will not apply to contracts for work, services, agency and all those regulated in the National Civil and Commercial Code.

Limits to presume the existence of an employment relationship

The presumption of the existence of an employment contract (art. 23 LCT) shall not apply in the case of contracts for works or professional or trade services and the corresponding receipts or invoices are issued, or bank payments are made.

Self-employed workers.

- Scope: a self-employed worker may be related to up to 5 other self-employed workers.

- Definition: this is an autonomous relationship without there being a dependency link between them or with those who contract their services.

- Social security: a special contribution regime will be established for social security (pensions, social security, health system, occupational risks).

Principles of labour law.

- Most favourable rule: in order to apply the rule of the most favourable rule for the worker, judges must first exhaust the means of investigation available to them. Likewise, it is ratified that the facts must be proven by the person who invokes them.

- Non-renounceability: with the worker's agreement, it is permitted to modify downwards the working conditions that are not in the laws or in the collective labour agreements. Agreements on essential elements of the contract may be homologated.

Labour fines

- Unregistered work: All fines for unregistered employment (Laws 24.013, Domestic personnel and 25.323) and for untimely payment of compensation for dismissal without cause or approved termination agreement (Law 25.323) are repealed.

- Undue withholding: The fine for not paying the withholdings made to the worker to the collection agencies is repealed (art. 132 bis LCT).

- Non-delivery of certificates: The fine for non-delivery of work certificates is repealed (Art. 80 LCT). Subject to regulation, the delivery of certificates through a virtual platform shall be deemed to be complied with.

Registration of contracts

A system of simple and electronic registration of employment contracts will be established.

An electronic complaint mechanism will be established to denounce the lack of labour registration before the Federal Administration of Public Revenues -AFIP-.

In the event of a court ruling that determines the existence of an unregistered employment relationship, the judge shall inform the AFIP of the circumstances that allow for the determination of the existing debt. In the determination of the debt, the payments erroneously entered as work or services contract will be deducted.

Contractors :

Workers hired by labour suppliers (art. 29 LCT) will be considered direct employees of those who register the labour relationship (the previous wording established that they would be considered direct employees of the company using the service).

In cases of solidarity of articles 29 LCT (provision of labour) and 30 LCT (subcontracting of works or services) it is considered that the registration made by any of the intervening parties will be effective. That is, registration by the contractor implies compliance with the rule.

Rules during the performance of the employment contract

Trial period: extended to eight (8) months.

Trade union deductions: only with the explicit consent of the worker may membership fees, periodic contributions or contributions to which workers are obliged by virtue of legal or conventional rules or as a result of their membership in trade union or mutual associations be deducted from their wages.

Means of payment: Wages may be paid in cash, by cheque or by crediting a bank account or other categories of entities considered suitable by the authority

in charge of the payment system. This would allow payment through electronic wallets.

Electronic receipts: It is specifically established that the delivery of salary receipts may be carried out electronically.

Term of conservation of the pay slips: it will be the one corresponding to the statute of limitations. The digitalisation will have the same legal value as the paper format.

Maternity leave: The worker or pregnant woman may choose to reduce her leave prior to childbirth to a period of no less than 10 days (previously this period was 30 days).

Working hours: Collective bargaining agreements may establish working time regimes that are adapted to the needs of each activity, providing for overtime, banked hours, compensatory time off, among other institutions related to the working day.

Termination of the employment contract.

Calculation of severance pay for length of service: the basis for calculating severance pay shall not include the Supplementary Annual Salary. Neither shall it include half-yearly or annual payment concepts (on this point, the terms of the "Tulosai" plenary are extended). In the case of workers paid on commission or with variable monthly remunerations, the average of the last 6 months shall apply, or of the last year if it is more favourable to the worker.

Vizzoti ceiling: the "Vizzoti" ceiling is incorporated into the text of Art. 245 LCT. This cap establishes that the basis for calculating the indemnity may in no case be less than 67% of the amount corresponding to 1 month's salary, considering for this purpose the best monthly, normal and customary remuneration earned during the last year or during the time of rendering services, whichever is less. In no case may the indemnity be less than 1 month's salary calculated on the same basis.

Severance fund: by means of a collective bargaining agreement, the severance system may be replaced by a severance fund or system, the cost of which shall always be borne by the employer, with a monthly contribution that may not exceed 8% of the computable remuneration.

Insurance for payment of severance pay or agreements: Employers may choose to contract a private capitalisation system at their own cost to cover the payment of severance pay for length of service and/or the sum freely agreed between the parties in the event of termination by mutual agreement (art. 241 LCT).

Discriminatory dismissal: Dismissal on grounds of ethnicity, race, nationality, sex, gender identity, sexual orientation, religion, ideology, or political or trade union opinion shall be considered discriminatory. In this case, the burden of proof shall be on the person who invokes the cause (this contradicts the doctrine of the

CSJN ruling "Pellicori c/Colegio Público de Abogados de la Capital Federal"). Once the discriminatory dismissal has been proven, a special aggravated indemnity will be paid, ranging from 50% to 100% of the seniority indemnity. The rule provides that the dismissal will cause the termination of the employment relationship for all purposes, putting in crisis the possibility of reinstatement.-

Dismissal with cause: The participation of the worker in blockades or takeovers of the establishment constitutes a serious labour injury. This situation is presumed when during a direct action measure: a) The freedom to work of those who do not adhere to the measure of force is affected by means of acts, deeds, intimidation or threats; b) The entry or exit of persons and/or things to the establishment is totally or partially prevented or obstructed; c) Damage is caused to persons or things belonging to the company or to third parties located in the establishment (installations, merchandise, supplies and raw materials, tools, etc.) or they are improperly withheld. Prior to the dismissal, the employer must give notice to the worker to cease the injurious conduct, except in the case of damage to persons or things.

Unemployment benefit and mutual agreement: Workers who have agreed a mutually agreed termination with their employer (art. 241 LCT), may access unemployment benefits.

Reinstatement of the worker: In cases of reinstatement and in the event of a new termination, the indemnities duly paid in accordance with sections 245, 246, 247, 250, 251, 253 and 254 shall be deducted, updated by the Consumer Price Index (CPI) plus a pure interest rate of 3% per annum, for the previous cause of termination. In no case may the resulting indemnity be less than that which would have corresponded to the worker if his period of service had been only the last and regardless of the periods prior to re-entry.

Agricultural work

Hiring of labour: the hiring of personnel to carry out rural tasks through temporary service companies or any other supplier of labour is authorised.

Rural labour exchanges: UATRE will be able to propose workers through labour exchanges and employers will be free to hire them or not. All resolutions limiting the freedom to hire personnel are repealed.

Salesforce law: Repeal of the Statute: Law 14.546 is repealed.

Existing contracts: the repeal does not affect the individual rights of those workers who are currently covered by the repealed law.

New hires: new hires made after the entry into force of the DNU will be governed by the general rules, individual contracts and collective bargaining agreements that are applicable.

Telework

Caring for people: people under teleworking have to coordinate with the employer the schedules in order to be able to make the care of people compatible with the fulfilment of their tasks. Periods devoted to care must be duly compensated. Working time may not be interrupted when the employer pays compensation for care.

Reversibility: An agreement with the employer is required to revert to face-to-face working. On the other hand, the employer is allowed to revert to the face-to-face mode when the characteristics of the activity so require.

Teleworking abroad: the law of the country where the employee is providing services will be applied, eliminating the possibility of applying Argentinean legislation.

Labour lawsuits

Updating of labour credits: In clear contradiction with the scope of Act 2764 CNAT for the calculation of interest in lawsuits, it was provided that the amount resulting from the updating of labour credits may in no case be higher than the amount resulting from the calculation of the historical capital updated by the Consumer Price Index (CPI) plus a pure interest rate of 3% per annum. This provision is of federal public order and shall be applied by the judges or by the administrative authority, ex officio or at the request of a party, including in cases of bankruptcy of the debtor, as well as after the declaration of bankruptcy.

Payment in instalments of judgments: Individuals and legal entities covered by the Regime for Small and Medium-sized Enterprises, in the event of a court sentence, may accept full payment of the sentence in up to 12 consecutive monthly instalments, which shall be adjusted in accordance with the detailed guidelines.

13. Regime of land ownership by non-residents.

DNU 70/23 repeals Law No. 26.737 on the Regime for the Protection of the National Domain over the Ownership, Possession or Tenure of Rural Land.

The repealed law established quantitative and qualitative prohibitions and limitations on the acquisition of rural land by foreigners (including local subsidiaries of foreign companies, as long as certain requirements are met).

As of the entry into force of DNU 70/23, the aforementioned prohibitions and limitations (and the remaining ones included in the Law) are no longer in effect, enabling the acquisition of rural land by foreigners without further requirements.

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