



## INFOCARD ELANBiz Public procurement in Argentina<sup>1</sup>

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ELANBiz is a Project funded by the EU and provides information free of charge.

**This Infocard provides a general overview of the purchase process of public agencies in Argentina**

The Government of Argentina is an important buyer of goods and services. However, to win public contracts in Argentina can be difficult for foreign firms, sometimes even if they have a significant presence in Argentina. The Mercosur-EU agreement that is currently being discussed would improve the access of European enterprises to the public procurement market in Argentina.

### Which is the legal framework that applies in Argentina?

Argentina is not a member of the WTO (World Trade Organization) agreement on public procurement, although it is an Observer in WTO's Committee on the subject.

Decrees 436/2000,1023/2001 and 1818/2006 together with Resolution 515/2000 and Decree 893/2012 set the legal framework for national public procurement. They can be reviewed at : <https://comprar.gob.ar/> under the heading "Normativa". These regulations concern all the national government agencies, including those that are decentralized or autonomous, but they do not apply to purchases by the national banks.

Most provincial governments have their own websites with information regarding their purchases.

The National Contracting Office (Oficina Nacional de Contrataciones), ONC, is the agency that overviews the purchases of the national public administration. It belongs to the Secretary of Public Management of the Chief of Cabinet (Secretaría de la Gestión Pública de la Jefatura de Gabinete).

<sup>1</sup> Content information provided in this document, is of general nature only. For more detailed information, events and commercial trade offers as well as commercial business contacts, please contact the Commercial Offices on the member States, the European trade organizations and bilateral chambers of commerce.



The announcement and tender notice of the terms of government purchases are regulated and must take place in relevant publications and in websites such as the ONC's, as well as in the Official Bulletin of Argentina (Boletín Oficial), and in the publications of the suppliers' associations.

**Preferences.** A challenge to the entry of foreign products and services in the public procurement is the preference for national products.

This legislation concerns all sectors. A product is considered to be national when it is produced or extracted in Argentina if the raw material, inputs and materials imported do not exceed 40% of the gross value of the product.

The EU-funded [Market Access Database \(MADB\)](#) describes the preference as follows:

Public procurement, at least at federal government level, gives preference to goods of origin. The law requires the federal government and its agencies/SOEs and concessionaries of public services etc., to give preference in their purchases and procurements to buying and leasing goods of domestic origin. Domestic suppliers receive a preference of 7% on their contracts if the bid is made by an SME, or 5% if the bid comes from an enterprise of another kind. Since 2012 all companies with exporting activities, irrespective of their SME status, are also given a preference margin of 7%. In addition, for certain sectors (such as fuel purchasing) it is obligatory to use national suppliers. Different preferences for local suppliers were introduced in the tenders for renewable energy launched by the Ministry of Energy in 2016.

In April 2017 a draft legislative project called 'Buy National' was submitted by the Argentine Ministry of Industry to Congress. The project aims at establishing a priority for products of national origin in public procurement with an aim to foster employment and better participation of national suppliers to GP procedures, including SMEs. The project's most problematic provisions are : (1) raising the existing preference in government procurement for SMEs and for other industries: the project foresees that existing margin preference in government procurement would increase from 7% to 12% for small and medium enterprises and from 5% to 8% for other enterprises, and (2) creating incentives to prefer products produced locally. The project foresees that in case of national tendering, it is mandatory for foreign enterprises to enter into transfer of technologies and other cooperation agreements with local enterprises



When the selection of imported products in a public purchase is questioned, the Secretary of Industry can ask the advice from the INTI, National Institute of Industrial Technology (Instituto Nacional de Tecnología Industrial), or from other institution accredited with the Argentine Accreditation Body (Organismo Argentino de Acreditación, OAA).

A comparison of the main features of the public procurement process in Argentina and other countries can be seen in a preliminary report by the World Bank, (Argentina is featured in pgs.58-59)<sup>2</sup>. On general import procedures the [Market Access Database \(MADB\)](#) offers detailed information.

## How would an Agreement EU-Mercosur- enlarge the opportunities for European SMEs?

Argentina, as part of the Mercosur block currently participates in the negotiation of a trade and investment Agreement with the EU. The public procurement market in the EU is open to enterprises from other regions, and the EU-Mercosur agreement would include the area of governmental procurement.

There is a separate ELANBiz document on Argentina and the EU-Mercosur treaty that is being discussed.

## Recommendations

- An organization that looks into municipal, provincial and national purchase on behalf of suppliers is the UAPE Union Argentina de Proveedores del Estado (Argentine Union of Suppliers of the State). UAPE has a data base about government purchases [www.uape.org.ar/](http://www.uape.org.ar/)
- It is convenient to keep in mind that national public purchases use different procedures according to their value, going from direct purchases from smaller amounts, to private bidding for those intermediate and open public tender for those

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<sup>2</sup> Source: [Banco Mundial World Bank Group. 2017. Benchmarking Public Procurement 2017. Washington, DC: World Bank](#)



- of high value. As Argentina experiences a high rate of inflation (of 40% in 2016) , the amount limits for each procedure are frequently updated.
- It is convenient to follow the negotiation between the EU and Mercosur since an eventual Agreement would facilitate European SMEs participation in the country’s public procurement.

### Useful links

- [Argentina’s national portal of public procurement](#)
- [Unión Argentina de Proveedores del Estado \(UAPE\)](#)  
Argentina’s Union of Government Suppliers
- [Organismo de Acreditación Argentino](#),  
Argentine Accreditations Body
- [Instituto Nacional de Tecnología Industrial](#)  
National Institute of Industrial Technology

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