



# Spice Industry

in Argentina / January 2021



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# 01/ Executive Summary



## // EXECUTIVE SUMMARY

- Argentina is a major agricultural producer. Small producers coexist with large producers and companies. The cultivation and processing of spices and herbs is largely the domain of the former, numbering around 10,000 and operating with high levels of informality.
- Climatically, Argentina's diversity is well suited for the production of aromatic herbs and spices.
- Regulatory processes, often lengthy, are entailed in the registration of new products in the country.
- Argentine consumers, especially the youth, are increasingly willing to explore new cuisines. Rising number of restaurants in cities such as Buenos Aires, Cordoba, Mar del Plata, La Plata, etc., offering ever more Asian and African gastronomic options in their menus bodes well for increasing demand for spices in the near future.





02/

# Market Vision and Structure



# // CONCEPT OF SPICES AND CONDIMENTS

The **Argentine Food Code**, in its **Art 1199** establishes that Spices or Vegetable Condiments, are those certain plants or parts of them that are used to season, dress or improve food and drinks, because they contain aromatic, sapid or exciting substances.

This report works on a wide set of spices and condiments, such as chamomile, coriander, mint, bell pepper, hops, oregano, cumin, fennel, anise and mustard.

# // VALUE CHAIN STRUCTURE





## // MARKET SIZE

Chamomile, Coriander, Mint, Bell Pepper, Hops, Oregano, Cumin, Fennel, Anise, and Mustard

**44,000** hectares of production

**8,000** tons of aromatic herbs and spices production

**20** USD million (gross production value)

**2,600** tons of annual exports of aromatics

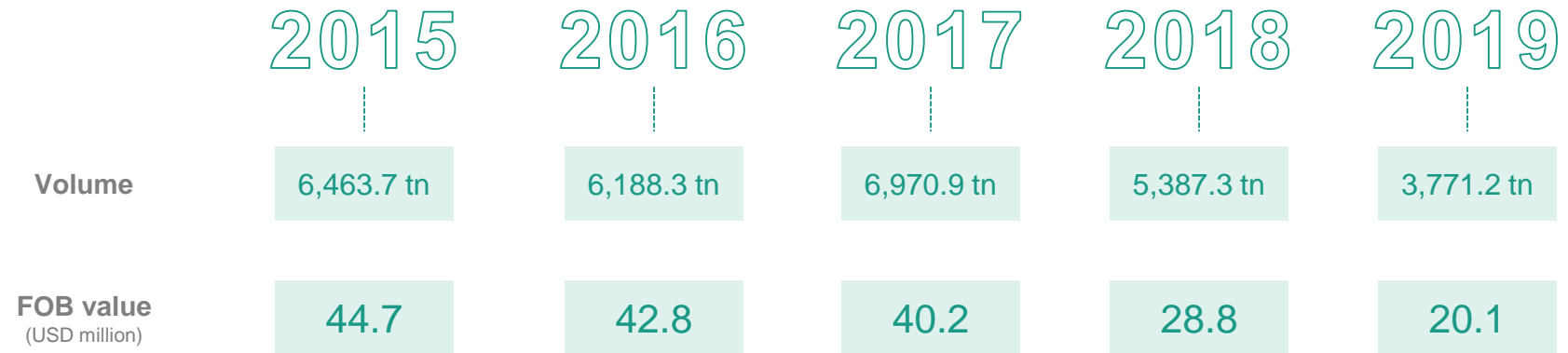
Source: RA Agricultural Census.

2019



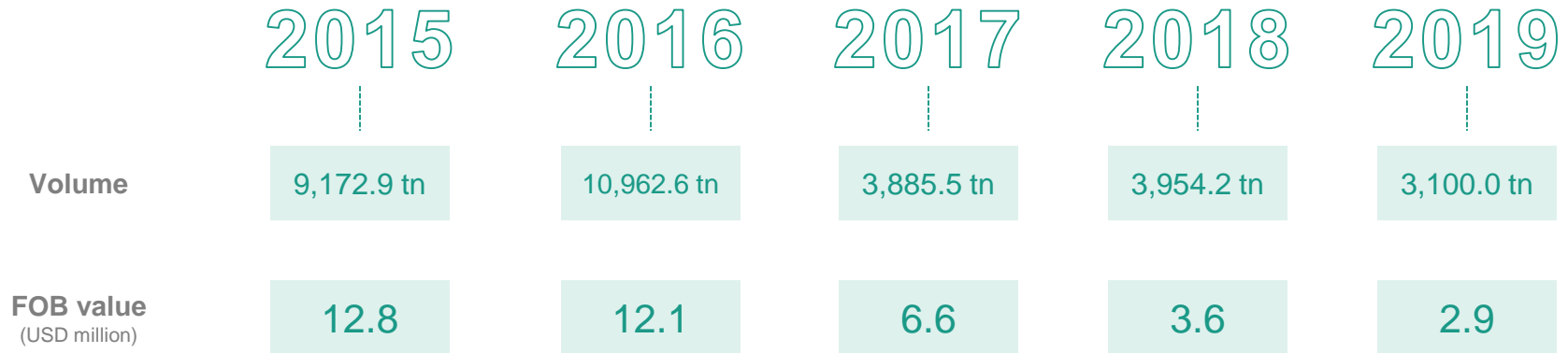


# // AGGREGATE IMPORTS OF AROMATIC HERBS AND SPICES





# // AGGREGATE EXPORTS OF AROMATIC HERBS AND SPICES



Source: Ministry of Agriculture, Livestock and Fisheries. Undersecretary of Food and Beverages. INDEC.

After the peak of 10,962.6 tons of aromatic herbs and spices exported in 2016, the exported volume reduced by 71% in 2019.

# // GEOGRAPHICAL DISTRIBUTION OF NATIONAL PRODUCTION



Production is concentrated in 5 provinces:  
Buenos Aires, Cordoba, Misiones, Catamarca and Salta.

Consumption takes place mainly in the Metropolitan Area of Buenos Aires (AMBA), Mendoza and Mar del Plata (Buenos Aires Province).

Region	Products
Central Region	oregano, rosemary, thyme, mint, chamomile, coriander, mustard, and parsley for dehydration
Northwest Region	anise, cumin, and pepper for paprika
Northeast Region	citronella and mint
Cuyo Region	oregano, rosemary, saffron, thyme, and tarragon
Patagonia Region	hops and lavender



# 03/ Main Competitors





## // SUPPLY STRUCTURE

- Argentina is a major agricultural power. Small producers coexist with large producers and companies.
- The cultivation and processing of spices and herbs is largely the domain of the former, numbering around 10,000 and operating with high levels of informality.
- Milling is carried out by wholesalers who sell in bulk and by packers who split the retail sale. It is a sector made up of an estimated 45 wholesale and packaging companies that employ 1,300 people. The 7 leading companies account for an estimated 80% of total sales.
- International trade in herbs is carried out through brokers.



04/

# Public Policies and Trade Agreements



# // PUBLIC POLICIES

Regulation	Description
Resolution 530/2001 SENASA	Good Agricultural and Hygiene Practices Manual for primary production (crop-harvest), conditioning, storage and transport of aromatic products.
Resolution 676/2006 SENASA	Registration of people who carry out activities of grinding, drying, storage and packaging of spices and vegetable seasonings.
Argentine Food Code	Chapter II (General conditions of factories and food stores). Chapter XVI (Vegetable seasonings).
Tariff positions	Argentina has 47 tariff positions considered for imports and exports of Aromatic Herbs and Spices, according to the Undersecretariat for Development of Regional Economies, Secretariat for Rural Development and Family Agriculture, Ministry of Agriculture, Livestock and Fisheries.



# // TRADE AGREEMENTS

Partner	Description
MERCOSUR	The Common External Tariff (AEC), key for agro-industrial exports to MERCOSUR: all products that lead the list of exports to the bloc are protected by extra-MERCOSUR tariffs ranging from 8% to 16%.





05/

# Industry Trends



## // FUTURE PERSPECTIVES

1. Climatically, Argentina's diversity is well suited for the production of aromatic herbs and spices.
2. Argentine consumers are increasingly willing to explore new cuisines. Increasing offer of Asian and African gastronomic options in major cities bodes well for increasing demand for spices in the near future.
3. The Argentine consumer is attentive to the production conditions of food and beverages, valuing natural and organic products.





06/

# International Trade

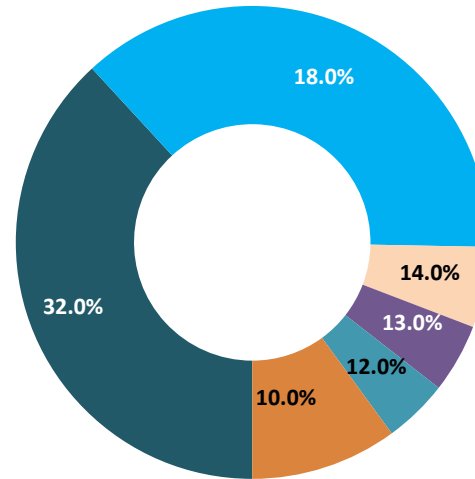


# // IMPORTS 2020

Aromatic ketones without other oxygen functions. Aromatic monoamines, derivatives and salts. Aromatic polyamides and their derivatives, salts of these products. Other spices. (inputs for the production, for example, of resins, lacquers, polyurethanes, nylon)

CIF amount in USD

- China
- India
- Turkey
- Singapore
- Egypt
- Others

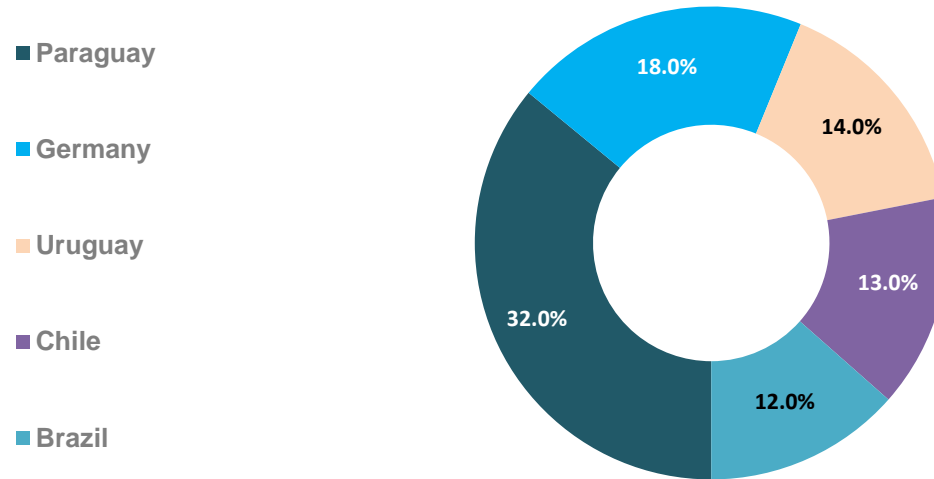






# // EXPORTS 2019

chamomile, coriander, mint, bell pepper, hops, oregano, cumin, fennel, anise, and mustard



Source: RA Agricultural Census.

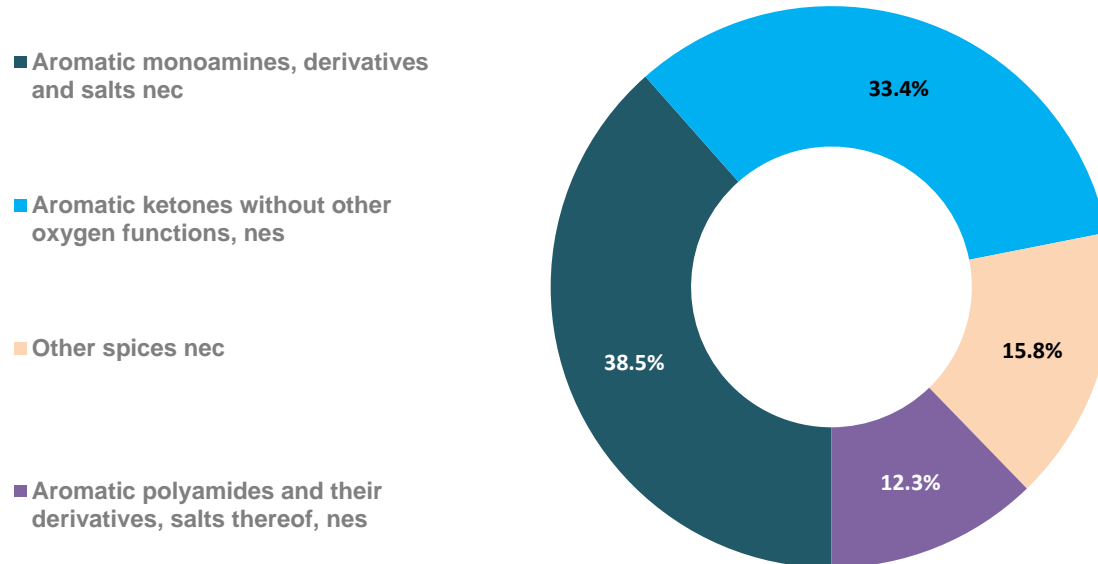
71% of Argentine exports were destined to South American countries.



# // COMPOSITION OF IMPORTS BY PRODUCTS 2020

Aromatic ketones without other oxygen functions. Aromatic monoamines, derivatives and salts. Aromatic polyamides and their derivatives, salts of these products. Other spices.  
(inputs for the production, for example, of resins, lacquers, polyurethanes, nylon)

CIF amount in USD





# // COMPOSITION OF EXPORTS BY PRODUCTS 2018





07/

# Opportunities for Indian Companies





# // OPPORTUNITIES FOR INDIAN COMPANIES

1. As can be seen in the analyses carried out in this report, spices in Argentina largely imply ingredients employed in Western cuisines.
2. The increasing offers in restaurants in major Argentine cities of Asian options offers Indian exporters numerous opportunities to tap into minimally explored product segments such as cardamom, nutmeg, cumin, sesame, fennel and tamarind, among others.
3. To cater to the rising interest in these products, local mid-sized chains of dietary supplements have already initiated their sales, thus offering interested Indian exporters established importer-options.
4. Argentina's climatic diversity, well suited for the production of aromatic herbs and spices, offers avenues worthy of exploring for Indian producers, including those of Ayurvedic herbs.
5. Access to other member countries of MERCOSUR.



08/

# Considerations for Foreign Investors



# // INVESTMENT IN ARGENTINA

The **Argentine Agency of Investment and International Trade** highlights the following aspects to invest in Argentina:

- 3rd largest GDP in Latin America (USD 450 billion).
- GDP per capita of USD 10,000.
- 45 million inhabitants (60% under 35 years) and access to 295 million people in MERCOSUR.
- 2nd largest unconventional gas field and 4th largest unconventional oil field in the world.
- 705,000 km<sup>2</sup> of high potential mining areas with more than 250 projects in their initial stage.
- 8th largest country in the world, with 53% of its land as arable land.
- Global leading exporter of soybeans, corn, lemon, lithium, among others.
- 6th producer of beef and 5th exporter worldwide, present in the world's most demanding markets such as the European Union, the United States, China and Israel.
- 1st country in Latin America in command of the English language.
- 110,000 college graduates of STEM careers a year.



## // COUNTRY OVERVIEW

**45,376,763**  
Total population

**ARGENTINE  
PESO**  
National currency

**2020**

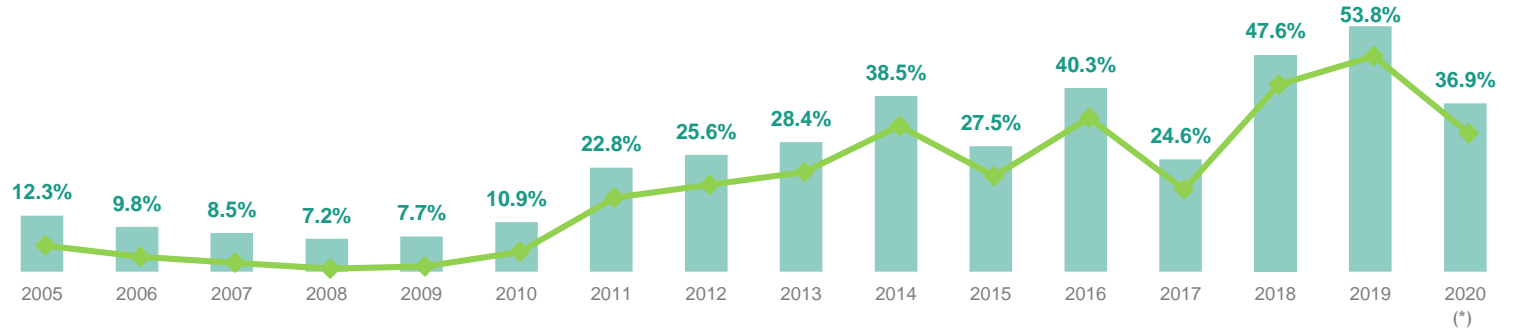
ESTIMATED  
INFLATION  
**36.9%**

ESTIMATED GDP  
GROWTH  
**-11.7%**



# // CURRENT ECONOMIC CONTEXT

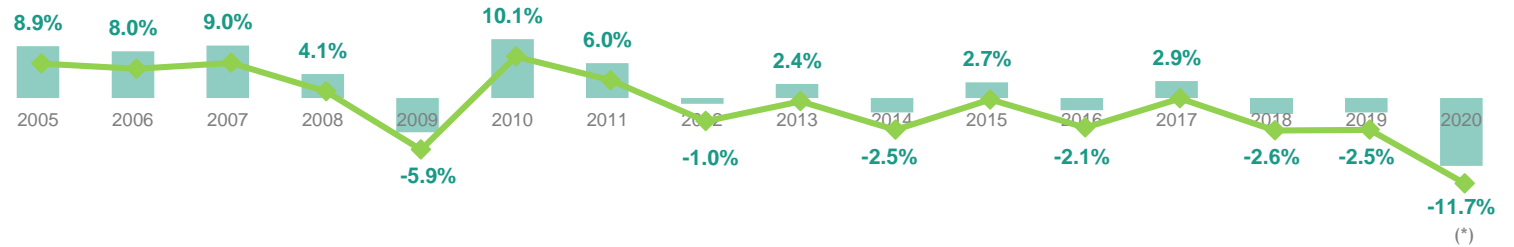
## Inflation



### 13.1%

Unemployment rate (\*\*)

## GDP



Source: Compiled based on information provided by INDEC. (\*): Central Bank of the Argentine Republic (BCRA). Estimated to October 2020. (\*\*): INDEC. 2nd Trimester of 2020.





# // ARGENTINA'S MAIN TRADING PARTNERS

Appearance	Brazil	China	United States	Viet Nam	Chile	India	Paraguay	Germany
<b>Exports</b>	<b>4,715</b>	<b>4,016</b>	<b>2,267</b>	<b>2,124</b>	<b>1,914</b>	<b>1,664</b>	<b>529</b>	<b>501</b>
Variation (%) vs 2019	-31.2%	8.8%	-18.6%	6.4%	-6.9%	12.0%	-19.7%	-22.7%
<b>Imports</b>	<b>5,176</b>	<b>5,049</b>	<b>2,861</b>	<b>454</b>	<b>313</b>	<b>512</b>	<b>1,588</b>	<b>1,287</b>
Variation (%) vs 2019	-27.8%	-19.5%	-36.5%	13.2%	-15.6%	-4.5%	14.4%	-31.7%
<b>Balance</b>	<b>-462</b>	<b>-1,033</b>	<b>-594</b>	<b>1,670</b>	<b>1,601</b>	<b>1,152</b>	<b>-1,059</b>	<b>-786</b>
<b>Total (Exports + Imports)</b>	<b>9,891</b>	<b>9,065</b>	<b>5,128</b>	<b>2,578</b>	<b>2,227</b>	<b>2,176</b>	<b>2,117</b>	<b>1,788</b>



# // TAXATION

- In Argentina, tax collection efforts are carried out at national, provincial, and municipal level by levying taxes on income, assets, and consumption.
- The agency in charge of collecting taxes, monitoring, and controlling taxation at national level is the Federal Administration of Public Revenue (AFIP, by its acronym in Spanish).
- Consequently, taxes are classified into three tiers:
  - National
  - Provincial
  - Municipal



# // NATIONAL TAXES

<b>INCOME TAX</b>	All income is subject to tax. Local subsidiaries of foreign legal entities are regarded as resident businesses and are, therefore, subject to tax. The applicable tax rate is 35% and applies to total income. Non-resident businesses with no branches or permanent offices in Argentina are only subject to local income tax.
<b>VALUE ADDED TAX (VAT)</b>	VAT applies to the values of goods and services at every stage of production. General VAT rate is 21%; nevertheless, the rate for certain goods and services is set at 10,5% or 27%. Imports are subject to the same VAT rate as local goods and services. Exports are exempt from VAT.
<b>MINIMUM PRESUMED INCOME TAX</b>	Minimum Presumed Income Tax is payable by legal entities, which are imposed a 1% rate on the value of all their assets located either in Argentina or abroad. It is also applicable to assets located in Argentine and owned by foreign individuals or legal entities with a permanent establishment in the country.
<b>PERSONAL PROPERTY TAX</b>	This tax is imposed on individuals and undivided estates with respect to assets valued at over AR\$ 2,000,000. As of the year 2020, residents are taxed 0.25% on personal property.
<b>EXCISE TAXES</b>	Excise taxes are levied on the consumption of specific goods, such as tobacco, alcoholic drinks, and luxury items; these are payable by manufactures or importers.
<b>FINANCIAL TRANSACTION TAXES - CREDITS AND DEBITS ON BANK ACCOUNTS AND OTHERS.</b>	A 0,6% general tax is levied on withdrawals and credits on bank accounts transacted by entities governed by the Financial Institutions Act. Furthermore, transactions in cash are subject to a 1.2% rate if conducted through payment systems in lieu of current accounts.



# // NATIONAL TAXES

## DOUBLE TAXATION AGREEMENTS

Argentina has entered into double taxation agreements with the following countries to provide relief from double taxation on businesses, personal income, capital, and assets:

- Australia
- United Kingdom
- Chile
- Denmark
- Germany
- Belgium
- France
- Italy
- Sweden
- Canada
- Bolivia
- Brazil
- Finland
- Norway
- Spain
- Switzerland
- The Netherlands
- Russia
- Mexico



# // PROVINCIAL TAXES

## GROSS INCOME TAX

Gross Income tax is applicable to the revenue generated by businesses engaged in trade, industrial activities, agriculture, finance, or professional services. It is levied on each commercial transaction at a rate that ranges from 1,5% to 5%, according to the industry and area. Nevertheless, certain primary and industrial activities are exempted from this tax.

## STAMP DUTY

This is a provincial tax placed on the execution of notarial and private documents, including agreements and other large-amount transactions.

## REAL ESTATE TRANSFER TAX

Real estate owners are subject to an annual tax on their real property based on the fiscal value of the land free of any improvements and on the improvements of land, if any. The payable amount is estimated pursuant to the laws in force each fiscal year, which set forth the applicable values and rate scales according to the type of property.





## // MUNICIPAL TAXES

**Municipalities collect taxes imposed on industrial safety services, lighting and cleaning services, etc. These taxes are calculated based on public revenue or other criteria, such as the number of employees.**



# // TAX INCENTIVES

Tax regulations provide incentives for certain activities such as mining, forestation, software development, renewable energies, research, biotechnology, and biofuel production.

Generally, such incentives consist of:

- **Tax stability for a specified period**
- **Tax credits**
- **Preferred tax rates**
- **VAT Exemption**

A tax-free area has been established in southern Province of Tierra del Fuego where all the activities and transactions conducted are exempted from all national taxes, except for specific activities and transactions, which are levied a lower rate.



# // LABOR LAW

## Permanent employment contract

Employment contracts in Argentina generally fall within this category, which means the labor relationship may extend permanently unless a cause of termination arises. The law provides for a three-month probation period. The employer must register the relationship with the relevant authority before the lapse of this period. Moreover, the parties are subject to the rights and obligations arising out the employment contract during this period, but either party may terminate the employment without cause. In such case, the employee is not entitled to severance payment.

## Special employment contracts

In order to provide an adequate framework, the law sets forth special forms of employment:

1. Fixed-term contracts
2. Seasonal employment contracts
3. Contingency employment agreement
4. Team employment contracts



# // LABOR REGULATIONS

## COMPENSATION (SALARIES AND WAGES)

Employees' compensation may be fully paid in cash or it may be paid both in cash and in kind, i.e. food or accommodation. In such case, payments in kind cannot exceed 20% of the total compensation amount.

### The employer has the obligation to:

- Wire-transfer the employee's salaries to a bank account on their names.
- Provide a pay slip.
- Comply with the statutory term of payment: paid employees must be paid at the end of the month, whereas wage earners must receive their compensation on a weekly or monthly basis.

## STATUTORY ANNUAL EXTRA PAY

All workers are entitled to a thirteenth salary, which is officially referred to as Statutory Annual Extra Payment. Such payment is made in two installments: 50% of the total amount is granted by June 31 and the remaining 50% by December 31.

## MINIMUM SALARY AND WAGE

The law establishes the minimum salary and wage amount.

Considering the relatively high inflation rate in Argentina, the salaries may need to be revised multiple times a year.



# // LABOR REGULATIONS

## ANNUAL VACATION

Annual vacation is paid time off employers grant to their employees.

The length of vacations varies according to the employee's seniority:

1. From 6 months to 5 years of service: 14 calendar days
2. From 5 to 10 years of service: 21 calendar days
3. From 10 to 20 years of service: 28 calendar days
4. Over 20 years of service: 35 calendar days

New employees who have rendered services for less than half the business day of the year are entitled to one vacation day for every 20 days of service.

## PAID MATERNITY LEAVE

The law provides for paid maternity leave which extends from 45 days before childbirth to 45 days after delivery.

Once this period elapses, women workers can choose to:

1. Resume working under the working conditions before the leave.
2. Terminate the employment contract unilaterally.
3. Request an unpaid extension of the maternity leave for an additional period ranging from three to six months.

Women workers are entitled to a daily thirty-minute break to breastfeed her child. This entitlement lasts for one year after childbirth.





# // LABOR REGULATIONS

## LABOR SAFETY

Employers have the obligation to provide insurance to employees to cover labor risks. To such end, they must either self-insure or hire a labor risk insurance company (in Spanish, Aseguradoras de Riesgos del Trabajo or ART), in order to compensate in the event of work accidents and diseases.

## SOCIAL SECURITY

Businesses undertake to make the relevant contributions in connection with social security services for their employees. Such contributions include family allowances, union health insurance, pensions, and contributions to unemployment funds. Contributions represent 27% of the gross salary of employees that render services and 23% of the gross salary of the rest of the employees.

## COMPULSORY LIFE INSURANCE

The employer must obtain an insurance policy within thirty days of the commencement of the employment relationship.

## MINIMUM WORKING AGE

The minimum working age is 16 years old.



# // LABOR REGULATIONS

## DISMISSAL

None of the parties can terminate the employment contract without giving prior notice.

**The minimum notice period is set by the law as follows:**

1. For the employee: 15 days
2. For the employer: 15 days for employees under probation period, one month when the worker's length of service is less than five years, and two months, when the length of service exceeds five years.

Due to the impact of COVID-19, the National Government, through Decree 891/2020 dated 31 March, later extended in May, July, September and November, dismissals without just cause and due to lack or reduction of work and force are prohibited until the end of January 2021.

## EMPLOYMENT RELATIONSHIP RECORDS

The employer has the obligation to register the employment relationship with the relevant authorities. In the event of termination of contract, the employer must give relevant notice to the Social Security Registry.

The duly registration of the employment relationship allows workers to enjoy the social security benefits granted by the law.



# // LABOR REGULATIONS

## OVERTIME

In Argentina, working time is 48 hours per week with a limit of nine hours a day (six hours a day for work performed under hazardous conditions). Night working time is limited to seven-hour shifts. Overtime is permitted with certain restrictions. Overtime rate is 50 per cent, for work performed on weekdays and Saturday mornings, and 100 per cent for work performed thereafter and on public holidays. The law establishes the maximum overtime limit which shall not exceed 200 hours per year or 30 hours per month.

## LABOR UNIONS

The workers may opt to join a labor union. Most workers are unionized. There are collective bargaining agreements to protect the workers, which shows the degree of influence these unions have.



# // RELEVANT LEGISLATION

<b>LEGAL FRAMEWORK</b>	<p>The Argentine Law provides for the protection of foreign investors and their projects. Argentina has entered into several bilateral investment treaties with other countries. It is a member country of the Multilateral Investment Guarantee Agency (MIGA), which provides guarantees to protect investments against non-commercial risks.</p>
<b>INVESTMENT MODEL</b>	<p>Foreign investors can start their businesses in three ways: setting up a foreign branch, acquiring ownership in an existing company or creating a new company.</p>
<b>CORPORATE AND BUSINESS ACT</b>	<p>Law No. 19,550 (amended and renamed as General Corporate and Business Law No. 26,994). Sets forth the different business forms available. The most popular business forms among foreign investors are Sociedades Anónimas (S.A.)— Corporations— and Sociedades de Responsabilidad Limitada (S.R.L.) — Limited Liability Companies or LLCs.</p>
<b>FOREIGN INVESTMENT LAW</b>	<p>Law No. 21,382 Sets forth the conditions for foreign investors to invest and transact business in the country. It further provides for the expansion of existing investment undertakings.</p>



# 09/ Conclusion





## // CONCLUSION

- The cultivation and processing of spices and herbs is largely the domain of small producers operating with high levels of informality, that coexist with large producers and companies.
- Climatically, Argentina's diversity is well suited for the production of aromatic herbs and spices.
- Regulatory processes, often lengthy, are entailed in the registration of new products in the country.
- The increasing offers in restaurants in major Argentine cities of Asian options offers Indian exporters numerous opportunities to tap into product segments that have been minimally unexplored.
- Mid-sized chains of dietary supplements offer established importer-options.



# 10/ Useful Information



## // USEFUL INFORMATION

### ARGENTINE CHAMBER OF SPICES, PEPPER MILLERS AND RELATED PRODUCTS (CAEMPA)

Address: Av. de Mayo 1316 - City of Buenos Aires  
Postal Code: C1085 ABQ  
Phone: (+54 11) 4383 2360 - Website: <http://www.caempa.com.ar/#links>

### ARGENTINE CHAMBER OF PHARMACEUTICAL PRODUCERS (CAPDROFAR)

Address: Avda. del Libertador 602 - 6 Floor - City of Buenos Aires  
Postal Code: C1001ABT  
Phone: (+54 11) 4819-9585 - Website: <http://www.capdrofar.com.ar/>

### FEDERAL COUNCIL OF SCIENCE AND TECHNOLOGY (COFECyT)

Address: Godoy Cruz 2320 - 4 Floor - City of Buenos Aires  
Postal Code: C1425FQD  
Phone: (+54 11) 4899-5000 - Email: [cofecyt@mincyt.gob.ar](mailto:cofecyt@mincyt.gob.ar)



# // USEFUL INFORMATION

## NATIONAL INSTITUTE OF STATISTICS AND CENSUS (INDEC)

Address: Av. Pres. Julio A. Roca 609 - City of Buenos Aires  
Postal Code: C1067  
Phone: (+54 11) 4349-9200 - Website: <https://www.indec.gob.ar/>

## MINISTRY OF FOREIGN AFFAIRS, INTERNATIONAL TRADE AND WORKSHIP

Address: Esmeralda 1216 - City of Buenos Aires  
Postal Code: C1007 ABR  
Phone: (+54 11) 4819-7000 - Website: <https://www.cancilleria.gob.ar/>

## MINISTRY OF PRODUCTIVE DEVELOPMENT

Address: Av. Hipólito Yrigoyen 250 - City of Buenos Aires  
Postal Code: C1086  
Phone: (+54 11) 0800-333-7963 - Website:  
<https://www.argentina.gob.ar/produccion>

## MINISTRY OF ECONOMY

Address: Av. Hipólito Yrigoyen 250 - City of Buenos Aires  
Postal Code: C1085 AAB  
Phone: (+54 11) 4349-5000 - Website:  
<https://www.argentina.gob.ar/economia>



सत्यमेव जयते

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