



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

COMMUNICATION "A" 7123	October 1, 2020

TO FINANCIAL INSTITUTIONS,
TO FOREIGN EXCHANGE HOUSES:

Re: Circular
CAMEX 1 - 863

Foreign Trade and Exchange. Adjustments.

This is to inform that the BCRA has adopted the following resolution, which will become effective on October 2, 2020:

1. The proceeds in foreign currency from exports of goods and services may, subject to the conditions set out in this paragraph, be allocated to:
 - a) repay principal and interest on financial debts abroad whose average life is no less than 1 (one) year;
 - b) repatriate non-residents' direct investments in companies other than parent companies of local financial institutions, provided that this occurs after the date of completion and start-up of the investment project and, at least, 1 (one) year after the transfer of the capital contribution into the forex market.

Transactions falling under the scope of this paragraph shall comply with all other applicable exchange regulations.

1.1 End use of funds.

Funds were used to finance investment projects in Argentina, which drove:

- i) an increase in the production of goods that would mostly be sold in foreign markets and/or would allow for import substitution.

This condition shall be deemed to be fulfilled when the following is reasonably shown: at least, two thirds of the increase in the production of goods driven by the project are sold in foreign markets and/or allow for import substitution within three years following the project's completion, with a positive effect on the foreign exchange balance of goods and services; and/or

- ii) an increase in the transport capacity to boost exports of goods and services by building infrastructure facilities at ports, airports and land terminals for international transportation.

1.2 Transfer and settlement of foreign exchange in the market.



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Foreign exchange is transferred and settled in the forex market as from October 2, 2020.

1.3 Follow-up of the transaction by a local financial institution.

Exporters choosing this option shall appoint a local financial institution, which will:

- i) issue a certificate as evidence—to be submitted to the BCRA—that the conditions for the project have been met;
- ii) follow up on the project's execution and finance;
- iii) certify that transactions to which foreign currency will be allocated meet these conditions;
- iv) follow up on shipping permits of exports whose proceeds are held abroad as under this regulation,
- v) follow up on collateral provided and on local special accounts to be held; and
- vi) provide any information that the BCRA may request with regard to these transactions.

Where exporters choose the option under this paragraph, the designated financial institution shall certify that the project to be financed meets the applicable conditions. Such certification shall be submitted to the BCRA—Foreign Trade and Exchange Senior Management Office—within 90 days after the first date on which foreign exchange has been transferred into the country.

The certification shall, at least, include as follows: a description of the project, the estimated investment amount, the composition of financing, an indication of whether financial debts held abroad provide for collateral accounts or non-collateral specific accounts, and the identification of the account and of the foreign financial institution.

The certification shall rely on: projections of expected annual increase in tradable goods or goods that may allow for import substitution; external sales based on potential sales or import substitution; portion of future external sales or import substitution to be covered by the production of the new project; expected foreign currency flows; and foreign currency flows allocated for debt servicing.

The institution shall request any necessary expert opinions to ensure that the transaction is economically and financially reasonable and genuine. Such opinions shall be supplemented by opinions on the technical aspects of the project where it has not been approved as under Law No. 26,360.

Any documentation used by the financial institution and any supporting work sheets shall be kept on file at the financial institution's facilities and be available to the BCRA.

2. An importer may access the forex market under the conditions set out in Communication "A" 7030, paragraph 2., as supplemented, for an increased amount, which shall equal 50% of the amounts transferred and settled in the forex market by the importer as from October 2, 2020 for advances or pre-financing of exports from abroad with a minimum term of 180 days.



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3. No prior consent from the BCRA will be required to access the forex market for the repatriation of non-residents' direct investments in companies other than parent companies of local financial institutions, where capital contributions have been transferred and settled in the forex market as from October 2, 2020, and repatriation takes place, at least, 2 (two) years after the date of transfer into Argentina.
4. Non-financial private sector debtors will not require, if applicable, prior consent to access the forex market for repaying the principal of financial debts abroad upon maturity where creditors are counterparties related to the debtors, provided that the debt's average life is no less than 2 (two) years and funds have been transferred and settled in the forex market as from October 2, 2020.

Likewise, we will distribute the copies to be included in the regulations in force in replacement of the former ones.

Faithfully yours,

CENTRAL BANK OF ARGENTINA

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