

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/6531

25 July 1989

Limited Distribution

Original: Spanish

LATIN AMERICAN INTEGRATION ASSOCIATION (LAIA)

Report on 1987-1988 Activities

The delegation of Uruguay acting also on behalf of the delegations of Argentina, Brazil, Colombia, Chile, Mexico and Peru - member States of LAIA which are contracting parties to the GATT - has forwarded, on 23 June 1989, the Report enclosed concerning the implementation of the provisions of the Enabling Clause during the period 1987-1988.

INFORMATION ON IMPLEMENTATION OF ENABLING
CLAUSE PROVISIONS

(1987-1988)

In pursuance of paragraph 4(a) of the Decision adopted by the CONTRACTING PARTIES regarding "differential and more favourable treatment, reciprocity and fuller participation of developing countries", the delegations of Argentina, Brazil, Colombia, Chile, Mexico, Peru and Uruguay, countries being members of LAIA and at the same time contracting parties to the General Agreement, bring to the knowledge of other contracting parties to the General Agreement the measures taken under the 1980 Treaty of Montevideo in 1987/88, for the mutual reduction or elimination of tariffs and non-tariff measures applying to products imported in their reciprocal trade.

Without prejudice to the reporting of agreements concluded and modifications made during the above period, the countries subscribing to the present report consider that a brief review of intra-regional trade during 1987/88 would be useful. Although the review concerns the eleven member countries of the Association, it gives an idea of the significance and importance for the whole region of the integration process launched by the 1980 Treaty of Montevideo.

It was therefore decided that the report would contain two sections, the first dealing with intra-regional trade during 1987/88, and the second covering regional- and partial- scope agreements concluded by member countries that are contracting parties to the General Agreement, and changes in treatment granted prior to and during the period in question.

I. Trade during 1987/1988

A. 1987

After the heavy decline of the previous year (-20 per cent), in 1987 the total value of the aggregate exports of the LAIA countries rose by 15 per cent to over \$80 billion. This was due to the general upturn throughout the year in international prices of the region's main commodity exports such as petroleum (+31 per cent), sugar (+8 per cent), bananas (+28 per cent), bovine meat +12 per cent), fish flour (+15 per cent), cotton (+44 per cent), wools (+23 per cent), copper (+16 per cent), tin (+19 per cent), lead (+45 per cent) and zinc (+11 per cent), and to increased sales of manufactures in a number of countries, despite the drop in coffee prices (-44 per cent) and a slight fall in the prices of maize (-6 per cent), cocoa (-3 per cent) and wheat (-2 per cent). Factors contributing to the growth in exports were higher sales in Brazil

(+16 per cent), despite the decline in coffee prices, Chile (+26 per cent), due to the rise in copper prices and higher sales of industrial goods, Mexico (+31 per cent), due to the increase in oil and natural gas prices and higher sales of manufactures, Paraguay (+52 per cent), owing to the sharp increase in international cotton prices and a slight rise in soya prices, along with the increase in the volumes exported. Higher petroleum prices triggered an increase of almost 22 per cent in the value of Venezuela's external sales, despite a drop of approximately 8 per cent in the physical volume exported.

The value of total exports declined in Argentina (-7 per cent) and Ecuador (-8 per cent) for the second year running, in Bolivia (-11 per cent) for the third year running and in Columbia (-8 per cent).

Total aggregate imports increased by 11 per cent in 1987 to over \$58 billion maintaining the upward trend recorded since 1984 after the sharp decline of 1982 and 1983.

The positive balance of the region's trade with the rest of the world, after reaching an all-time high in 1984, declining slightly in 1985 and dropping sharply in 1986, recovered strongly in 1987 (+34 per cent), with a surplus of over \$22 billion.

B. 1988

As the table appended to the present report shows, the value of total aggregate exports of the member countries of the Association reached over \$92 billion in 1988, showing an increase of 15 per cent over 1987.

This growth was recorded by most countries in the region and was particularly strong in the case of Brazil (+\$7,171 million) and to a lesser extent Argentina (+\$2,074 million), Chile (+\$1,474 million) and Mexico (+\$1,058 million).

This was a result of the drop in petroleum prices and the recovery in the prices of most other primary products, which in many cases reached the nominal price levels of the early 1980s.

Total imports approached the \$65 billion mark, showing an increase of 9 per cent over 1987. This was mainly due to increased purchases by Mexico (+45 per cent) and Chile (+22 per cent). By contrast, in Argentina, Brazil, Peru and Uruguay, virtual economic stagnation caused a decline in import values.

The favourable balance of total trade with the rest of the world appears to have increased substantially (+33 per cent) to over \$27 billion, with surpluses recorded in Brazil (+\$15,578 million), Argentina (+\$3,382 million), Mexico (+\$2,688 million), Chile (+\$2,438 million), Colombia (+\$1,435 million) and Venezuela (+\$1,131 million).

Total intra-regional exports reached over \$9,700 million, showing an increase of 14.0 per cent in relation to the previous year and accounted for 10.6 per cent of the region's total aggregate exports. The main reason for the increase was higher sales by Ecuador (+170 per cent), Brazil (+22 per cent) and Argentina (+20 per cent), whose aggregate exports to the region increased by more than \$1.200 million.

Intra-regional imports reached more than \$10,000 million, and accounted for 15.5 per cent of total purchases.

II. Agreements and modifications during the period 1987/1988

The last report, submitted in March 1987, gave an account of the measures taken during the 1984/1986 period, particularly within the framework of the various liberalization mechanisms provided for in the 1980 Treaty of Montevideo (regional- and partial-scope agreements concluded between member countries and with Latin American countries that are non-members of the Association). (GATT document L/6158 of 4 May 1987.)

At the request of the representatives of the Argentine Republic and the Federative Republic of Brazil, the above report was supplemented by a communication dated 2 December 1987, concerning partial-scope Economic Complementarity Agreement No. 7 concluded by the two Governments to regulate their reciprocal imports in the capital goods industrial sector (ACE No. 7). (GATT Document L/6158 Add.1, of 22 December 1987.)

The present report refers to the negotiations held by member countries during 1987/1988 to conclude new partial- or regional-scope agreements or amend existing agreements. It gives a brief account of the content of the new agreements and attempts to define the objectives of each of the amendments.

A. New Agreements concluded during the period 1987/1988

LATA member countries which are also contracting parties to the General Agreement concluded a number of partial-scope agreements under Articles 11, 14 and 25 of the 1980 Treaty of Montevideo and one regional partial-scope agreement under Article 6 of the Treaty.

(a) Agreements concluded under Article 11 (Economic Complementarity Agreements)

Under Article 8 of the 1980 Treaty of Montevideo, partial-scope agreements may refer to trade, economic complementarity, agriculture, trade promotion, or adopt other modalities concurring with Article 14 of the Treaty.

Article 11 defines Economic Complementarity Agreements as aiming among other objectives, to promote maximum utilisation of the production factors, stimulate economic complementarity, ensure equitable conditions for competition, facilitate entry of products into the international market, and encourage the balanced and harmonious development of member countries", and lays down that such agreements are subject to specific rules to be established for that purpose.

During the period under review, Argentina and Mexico concluded the following Economic Complementarity Agreements:

- AAP.CE/No. 8 concluded between Mexico and Peru on 25.3.87;
- AAP.CE/No. 9 concluded between Argentina and Peru on 11.3.88;
- AAP.CE/No. 10 concluded between Argentina and Venezuela on 2.5.88;
- AAP.CE/No. 11 concluded between Argentina and Colombia on 28.4.88; and
- AAP.CE/No. 12 concluded between Argentina and Brazil on 9.9.88.

For the information of contracting parties, the main points of these agreements are summed up in Annex 2.

It should be noted that the first four agreements (Mexico-Peru; Argentina with Peru, Venezuela and Colombia respectively), void the agreements concluded by the signatories under Resolution 1 of the Council of Ministers, concerning "the renegotiation of preferences granted during the period 1962-1980" (Nos. 32, 6, 7 and 4 respectively). The conclusion of these Agreements was reported to GATT contracting parties on 25.9.84 (document L/5689) and 24.3.87 (document L/6158).

(b) Agreements concluded under Article 14 (other modalities of partial-scope agreements)

Article 14 of the 1980 Treaty of Montevideo, which was taken up in Article 10 of Resolution 2 of the Council of Ministers, provides that other modalities of partial-scope agreements may be concluded. Under this Article, seven member countries of the Association, six of which are also contracting parties to the General Agreement, signed on 27 October 1988 a partial-scope agreement on "Co-operation and Trade in the Fields of Culture, Education, and Science".

The signatories to the Agreement are the Governments of Argentina, Brazil, Colombia, Mexico, Peru, Uruguay and Venezuela.

As the summary contained in Annex 2 to the present report shows, the signatory countries agreed to the free movement of cultural, educational and scientific materials, works of art, collector's pieces and antiques duly certified by the competent authorities of the country of origin, explicitly listed in the Agreement.

(c) Agreements concluded under Article 25 (trade agreements)

The Governments of Colombia, Peru and Uruguay concluded various partial-scope agreements with the Government of Cuba under Article 25 of the 1980 Treaty of Montevideo.

Article 25 of the 1980 Treaty of Montevideo provides that partial-scope agreements may be drawn up with other Latin American countries and economic integration groupings, in accordance with the modalities set forth in the third section of Chapter II. The following trade agreements were thus concluded during the period under review:

- AAP/Art. 25 TM 80/No. 17, concluded on 6.3.87 between Uruguay and Cuba;
- AAP/Art. 25 TM 80/No. 18, concluded on 28.4.87 between Peru and Cuba;
- AAP/Art. 25 TM 80/No. 19, concluded on 12.12.88 between Colombia and Cuba.

Under Article 25(a) of the Treaty, concessions granted by member countries of the Association to non-LAIA Latin American co-participants, may be extended to the relatively less developed LAIA countries.

Annex 2 to the present report contains a brief summary of each of the above Agreements.

(d) Regional-scope agreement concluded under Article 6

On 15 July 1988, the member countries concluded a Regional-Scope Agreement for the Recovery and Expansion of Intra-regional trade (AR.PREC/No. 5) which has already been brought into effect, in accordance with its provisions, by the Governments of Argentina, Brazil, Mexico, Uruguay and Paraguay, and is in the final pre-implementation phase in the other member countries of the Association (including Colombia, Chile and Peru which are both members of the association and contracting parties to the General Agreement).

Prior to signature, this regional agreement was examined and approved by the signatories at a special session of the Evaluation and Convergence Conference in October 1987. After a number of interruptions, the work of the Conference culminated on 29 June 1988 with Resolution 17 (VIII-E) which is appended to the present report.

As the text (adjoined to Resolution 17 (VIII-E)) of the Regional Agreement indicates, its purpose is to promote the recovery and expansion of reciprocal trade, while ensuring adequate reciprocity of results.

To achieve this objective, the member countries have agreed to apply a preferential tariff to imports of the products specified in the Agreement, in accordance with the provisions of Article 30.

The tariff preference consists of a percentage reduction of duties in force for third countries and applies to imports selected by each signatory country in accordance with the provisions of Article 50.

Under Article 26, the obligations accepted by Argentina, Brazil and Mexico are applicable as of 1 January 1989, as the Agreement has already been brought into effect by at least four signatories - the three mentioned above, Uruguay and, more recently, Paraguay. This means that the preferences granted by the three largest countries of the region are applicable reciprocally and also apply to Paraguay and Uruguay in accordance with the provisions of Article 27.

As already stated, the Agreement is near completion with regard to the products to be included in its second Annex. In fact, the negotiations conducted by Argentina, Brazil and Mexico under Article 6 with the other signatory countries have not yet been completed except in the case of Uruguay. The purpose of these bilateral negotiations is to ensure a balance in the expected growth of reciprocal trade of the countries concerned in respect of the products selected under Article 5 of the Agreement.

An additional report will be submitted as soon as Annexes 1 and 2 of the Agreement have been completed.

B. Amendments to existing agreements during the period 1987/88

LATA member countries which are also contracting parties to the General Agreement have engaged in numerous negotiations concerning the various liberalization mechanisms provided for in the 1980 Treaty of Montevideo. As a result, more than 150 additional protocols have been signed, amending existing regional- or partial-scope agreements.

It is therefore not possible in the present report to do more than list the agreements concerned according to their classification in the Treaty. The dates of the relevant amending protocols are also given, along with a brief account of their content explaining their objectives.

However, the following paragraphs provide more detailed information on the more important and relevant amendments to a number of existing agreements:

(a) First Protocol Amending the Regional-Scope Agreement establishing the Regional Tariff Preference (AR/4)

On 12 March 1987, the member countries of the Association concluded an Additional Protocol to Regional-Scope Agreement No. 4, introducing substantial amendments to the Regional Tariff Preference, including the following:

- Size of the tariff preference: doubling of the initial preferences applied according to the different categories of countries set out in the 1980 Treaty of Montevideo, and deeper preferences granted to land-locked relatively less developed countries;
- Treatment applicable to the products covered by the Regional Tariff Preference in respect of non-tariff restrictions: non-tariff restrictions listed at the date of the conclusion of the Amending Protocol (12.3.87) may be applied up to 1 March 1988, with the exception of those which discriminate in favour of third countries or countries in the region that have not been defined as being in a deficit situation according to a general standard to be established, and those applying to negotiated products coming under counter-trade programmes or similar regimes that imply a guaranteed balance of reciprocal trade;

non-tariff restrictions may be applied beyond the established deadline (1.3.88) on condition that extension periods establishing new deadlines are negotiated, and

signatories undertake not to introduce new non-tariff restrictions on imports of products coming under the tariff preference, as from 12 March 1987.

- Products exempted from the Regional Tariff Preference: an upper limit is established on the extension of the list of exemptions from the tariff preference, with the following ceilings:

Relatively less developed countries	2,400 NALADI headings
Intermediate developed countries	1,200 NALADI headings
Remaining countries	600 NALADI headings

Both the ceilings and the exemptions themselves will remain valid as long as a basic 10 per cent preference is maintained. The lists may be revised at the time of subsequent increases in the size of the preference.

- Régime of origin for products covered by the Regional Tariff Preference: the general régime approved by Resolution 78 of the Committee of Representatives applies;

- **Safeguard clauses:** signatory countries may apply safeguard clauses to imports of products covered by the tariff preference on the terms and conditions provided for in the general regime of safeguards adopted by the Committee of Representatives (Resolution 70 of the Committee);
- **Responsibility of the Committee of Representatives:** the Committee is made responsible for ensuring the implementation of the Regional-Scope Agreement and promoting the necessary actions to secure full compliance with it;

Lastly, the benefits deriving from the Regional-Scope Agreement do not at present apply to products originating in and coming from the Republic of Venezuela, since the signatories undertook to grant such benefits only to countries which give full effect to the Agreement (it is not yet in force for Venezuela).

(b) Seventh Additional Protocol to Regional-Scope Agreement No. 1 concerning Bolivia

On 16 December 1988, the Federative Republic of Brazil signed the Seventh Additional Protocol of the Regional-Scope Agreement on the Opening of Markets in favour of Bolivia, which extends the product coverage of the Agreement, improves the special conditions for the inclusion of certain goods and makes other provisions, including the following;

- An undertaking by the Government of Brazil to grant an automatic annual increase of 5 per cent in the quotas granted for the import of products subject to quota restrictions, either in physical volume or value;
- The establishment of specific origin requirements for products to be included in the Brazilian list.
- An undertaking to use Bolivian or Brazilian enterprises for the transport of goods contained in the Brazilian list, and for insurance and reinsurance operations, provided that the use of such enterprises does not entail an increase in the cost of freight or delay in the shipment of goods;
- An undertaking by the Government of Brazil not to reintroduce consular fees for imports of products included in the Brazilian list;
- The automatic issuing of import licences by Brazil, provided Brazilian importers comply with the licence application procedure; and
- An undertaking to streamline and simplify import formalities in order to facilitate trade in the products covered by the Agreement.

(c) Twenty-Second Additional Protocol to Partial-Scope Agreement No. 1

On 30 December 1988, the Governments of the Argentine Republic and the Federative Republic of Brazil signed the Twenty-Second Additional Protocol amending the Partial-Scope Re-negotiation Agreement (AAP.R/1), which:

- Sets out rules to ensure that a dynamic equilibrium is maintained in the growth of reciprocal trade;
- Increases the preferences granted by the Argentine Republic and the Federative Republic of Brazil by 5 and 15 percentage points, except in the cases explicitly listed in the above-mentioned Protocol;
- Incorporates into the Agreement's liberalization programme, with a 10 per cent preference, the products covered by the Tariff Nomenclature and Customs Duties (NADI) of the Argentine Republic and the Customs Tariff (TAB) of the Federative Republic of Brazil, except for the products listed in the annexes to the above-mentioned Protocol; and
- Cancels the preferences agreed upon by the two countries for the import of certain products specifically listed and provides that they shall be withdrawn from the Agreement.

(d) Second, Third and Fourth Additional Protocols to Economic Complementarity Agreement No. 7

In a series of Additional Protocols to the Economic Complementarity Agreement concluded by the two countries regulating the production, trade and technological development of capital goods (ACE/7), the Governments of Argentina and Brazil adopted a number of provisions including the following:

- Extension of the Universe of Capital Goods included in the Agreement;
- Inclusion of new products in the common list of products covered by the agreed liberalisation programme agreed; and
- Regulation of imports of specific spare parts for goods included in the common list, for repair and/or maintenance of the machinery for which they are destined.

Lastly, as stated at the beginning of the section concerning the amendments to the existing Agreements, Annex 3 of the present document lists the Additional Protocols amending the Agreements, according to the modalities laid down in the 1980 Treaty of Montevideo (Regional-Scope Agreements on the Opening of Markets; Agreements on the Re-negotiation of the Historical Heritage of LAFTA; Trade Agreements; Economic Complementarity Agreements and Agreements concluded under Article 25 of the Treaty, respectively).

APPENDIX

RESOLUTION 17 (VIII-E) OF THE EVALUATION
AND CONVERGENCE CONFERENCE

The Evaluation and Convergence Conference,

BEARING IN MIND Resolution 15 (III) of the Council of Ministers in which it is established that the Evaluation and Convergence Conference shall monitor the progress of the negotiations between the member countries concerning the Regional Agreement for the Recovery and Expansion of Trade,

CONSIDERING that the member countries have concluded their examination of the text of the draft Protocol to the Regional Agreement for the Recovery and Expansion of Trade,

HEREBY RESOLVES:

1. To approve the Protocol to the Regional Agreement for the Recovery and Expansion of Trade appended to the present Resolution, to be signed by Plenipotentiaries of the member countries on 15 July 1988;
2. That the countries signatories to the Agreement shall adjust their respective lists to the percentages established in Article V of the Agreement, not later than 31 July 1988. When making such adjustment, the signatory countries shall give special consideration to any products in which they have formally expressed their interest through the General Secretariat;
3. That the member countries shall assume the commitments deriving from the Regional Agreement for the Recovery and Expansion of Trade upon conclusion of the negotiations to establish the lists of products referred to in Articles 5 and 6 of the above Agreement.

REGIONAL AGREEMENT FOR THE RECOVERY AND EXPANSION
OF INTRA-REGIONAL TRADE

The Plenipotentiaries of the Argentine Republic, the Republic of Bolivia, the Federative Republic of Brazil, the Republic of Colombia, the Republic of Chile, the Republic of Ecuador, the United Mexican States, the Republic of Paraguay, the Republic of Peru, the Oriental Republic of Uruguay and the Republic of Venezuela, accredited by their respective Governments in duly authorized credentials deposited at the General Secretariat of the Association, hereby agree to subscribe, in pursuance of the 1980 Treaty of Montevideo, to a Regional Agreement having as its purpose the promotion of intra-regional trade, which shall be governed by the provisions of the above-mentioned Treaty, where applicable, and by the provisions established hereunder:

CHAPTER 1

Object of the Agreement

Article 1 - In order to promote the recovery and expansion of their reciprocal trade, while ensuring adequate reciprocity of results so as to prevent greater imbalances in intra-regional trade, the signatory countries agree to accord a tariff preference to imports of the products covered by the present Agreement, to be applied in conformity with the following provisions.

Article 2 - The tariff preference referred to in the previous Article shall consist of a percentage reduction of the levies in force applied by the signatory countries to imports from third countries.

Levies applied to imports from third countries shall be understood to mean customs duties and any other charges having equivalent effects, whether of a fiscal, monetary, foreign exchange or other nature, which affect imports. This shall not include fees and similar charges commensurate with the approximate cost of services rendered.

Article 3 - The signatory countries shall apply the tariff preference according to the different categories of countries specified in the 1980 Treaty of Montevideo, in accordance with the following percentages:

Granting country \ Receiving country	Argentina, Brazil and Mexico	Intermediate developed countries	Relatively less-developed countries
Argentina, Brazil & Mexico	60	70	80
Intermediate developed countries	50	60	70
Relatively less-developed countries	40	50	60

Article 4 - The Republic of Bolivia and the Republic of Paraguay, as land-locked countries, shall receive from the remaining signatory countries an additional preference of 10 per cent over and above the levels established in the scale set out in the previous Article.

CHAPTER II

Scope

Article 5 - The tariff preferences referred to in Articles 3 and 4 shall apply to imports of the products included or which may be included in future negotiations in the lists contained in Annex 1 of the present Agreement.

The above-mentioned lists shall include products amounting to the following percentages of imports from third countries recorded in any one of the three years 1984/86, to be selected by each of the signatory countries:

Granting country \ Receiving country	Argentina, Brazil and Mexico	Intermediate developed countries	Relatively less-developed countries
Argentina, Brazil & Mexico	10	15	20
Intermediate developed countries	5	10	15
Relatively less-developed countries	2	5	10

When conducting the evaluations provided for in Article 22, the signatory countries shall examine the possibility of increasing the percentages set out in the previous paragraph.

Article 6 - Without prejudice to the provisions of the previous Article, imports of products included in Annex 2 shall benefit from preferences negotiated bilaterally by signatory countries with a view to balancing the anticipated growth in their reciprocal trade.

In respect of intermediate developed signatory countries and relatively less-developed signatory countries, the above-mentioned Annex may also include products supplied domestically.

The rights and obligations deriving from the negotiations referred to in the present Article shall apply exclusively to countries which have participated in such negotiations.

Article 7 - Where the beneficiary of the preferences referred to in the previous Article is a relatively less-developed country, the products to which such preferences apply may, with the consent of the parties, be included in Annex 2 of the present Agreement, or in the relevant Regional Agreements on the opening of markets.

In the latter case, such products shall be governed by the provisions of the above-mentioned Agreements and must be determined as coming under the provisions of Chapter X of the present Agreement.

Article 8 - Signatory countries shall not include in Annexes 1 and 2 of the present Agreement, products negotiated up to 31 December 1988, included in the Lists of the Agreements on the opening of markets, on which preferences are granted in respect of relatively less-developed countries (Regional-Scope Agreements Nos. 1, 2 and 3). Signatory countries may include in the above Annexes, products included in the Lists of the Agreements on the opening of markets after 31 December 1988, except where the relatively less-developed countries expressly agree on the exclusion of such products.

Article 9 - If, as a result of the implementation of the present programme, prejudice is caused to preferences already negotiated in partial-scope agreements with trade flows, bilateral negotiations shall be held between the countries concerned with a view to obtaining corresponding compensation. Such negotiations must be concluded not later than ninety days after the date of notification by the signatory country that considers itself to be affected. If an understanding is not reached, the country affected may temporarily suspend equivalent preferences.

Similarly, if, as a result of the implementation of the programme, prejudice is caused to preferences already negotiated in partial-scope agreements concluded with relatively less-developed countries, which have generated trade flows, or to preferences in respect of products which such countries identify as being of interest to them, they may be included by negotiation in the lists of the Agreements on the opening of markets.

CHAPTER III

Maintenance of the Tariff Preference

Article 10 - Signatory countries undertake to maintain the proportionate relation resulting from the application of the preferences granted under the present Agreement to the levies in force for imports from third countries, whatever the level of such levies.

Article 11 - The tariff preferences do not imply binding of the levies applied by signatory countries to their imports from third countries.

CHAPTER IV

Non-Tariff Restrictions

Article 12 - Signatory countries shall refrain from applying non-tariff restrictions to the import of products included in Annexes 1 and 2 except where it is explicitly stated in the Annexes that they agree to the application of such measures as they consider necessary to deal with special situations in the parties in respect of specific products.

Where a signatory country deems it necessary to maintain them, such measures must not prejudice the trade effects deriving from the application of the present Agreement and shall not discriminate in favour of third countries or between signatory countries.

Article 13 - For the purposes of the previous Article, non-tariff restrictions shall be considered to mean any measure of an administrative, financial, foreign exchange or other nature, whereby a signatory country, by unilateral decision, prevents or hampers import.

Such restrictions shall not include:

- (a) Measures adopted with regard to the situations set out in Article 50 of the 1980 Treaty of Montevideo; and
- (b) Government manufacturing, sales, marketing and import monopolies; domestic practices with regard to Government procurement and State-regulated supplies.

CHAPTER V

Régime of origin

Article 14 - Benefits deriving from the application of preferences granted under the present Agreement shall apply only to products considered to originate in the territory of the signatory countries, in accordance with the General Régime of Origin adopted by the Committee of Representatives, which will be a part of the present Agreement (Annex 3).

CHAPTER VI

Safeguard Clauses

Article 15 - Signatory countries may apply safeguard clauses to the importation of products included in Annexes 1 and 2 of the present Agreement, on the terms and conditions laid down in the Regional Régime of Safeguards adopted by the Committee of Representatives, which shall be part of the present Agreement (Annex 4), and in the Regional Régime to be established to regulate trade in agricultural products and which shall become part of the present Agreement upon its adoption by the above-mentioned body.

CHAPTER VII

Withdrawal of Concessions

Article 16 - Signatory countries may cancel preferences granted for the import of products included in Annexes 1 and 2 and, consequently, withdraw products from the present Agreement, provided that they have previously complied with the requirement of applying safeguard clauses on the terms set forth in Chapter VI.

Article 17 - A country intending to withdraw a concession must initiate negotiations with the affected signatory countries, not later than thirty days after the date on which it notifies the other signatory countries to the Agreement of its decision.

The notification shall be made through the General Secretariat in its capacity as depositary of the Agreement, and shall cause the preference in question to be suspended immediately.

For the purposes of the present Article, affected signatory countries shall be understood to mean countries that have effected exports under the preferences of which the withdrawal is sought during the three-year period preceding the date of application of the safeguard clauses and, in any

event, relatively less-developed countries with production or export capacity or which have initiated investments during the immediately preceding three years.

Article 18 - In the negotiations referred to in the previous Article, the importing signatory country must offer the affected signatory countries compensation equivalent to the average of the trade flows affected by the withdrawal, recorded in the three years immediately preceding the date of its request.

With the agreement of the parties, the withdrawal shall be made on the terms and conditions specified in such agreement. In the absence of such agreement, the importing signatory country which proposes to withdraw a product may still do so, in which case the affected signatory countries may, exclusively in respect of the country concerned, cancel concessions equivalent in value to those withdrawn by the country in question.

Article 19 - Intermediate developed signatory countries and relatively less-developed signatory countries may, exceptionally, withdraw products included in Annex I of the present Agreement without previously applying safeguard clauses to the import of such products, provided that this is necessary for the implementation of specific programmes to start up or expand productive activities in their respective territories.

A country wishing to make such a withdrawal shall transmit and make available to the other signatory countries, the information and draft projects justifying its decision, through the General Secretariat.

The withdrawal shall take effect upon commencement of the implementation of the programme or project concerned.

CHAPTER VIII

Differential Treatments

Article 20 - The present Agreement pursues the principle of differential treatments as laid down in Article 3(d) of the 1980 Treaty of Montevideo, in accordance with the modalities and terms set forth in Articles 3, 4, 5 (second paragraph), 7, 17, 19, 23 (second paragraph) and 26.

CHAPTER IX

Complementarity

Article 21 - Member countries shall do their utmost to engage in joint actions with relatively less-developed countries, with a view to securing the investment and transfer of technology necessary for the production of the goods included in the present Agreement, in accordance with the provisions of Article 7 of Resolution 2 of the LAFTA Council of Ministers.

CHAPTER X

Evaluation and adjustment mechanisms

Article 22 - Every two years, at the Evaluation and Convergence Conference, signatory countries shall evaluate the results obtained in the implementation of the present Agreement.

For that purpose, the Committee of Representatives and the General Secretariat shall take whatever measures may be necessary to facilitate the analysis of the reciprocal import and export trends of signatory countries in respect of the products included in Annexes 1 and 2 of the present Agreement.

Article 23 - If, as a result of the tariff preferences granted under the present Agreement, a marked imbalance arises in trade in the products included in Annexes 1 and 2, between one of the signatory countries and the remaining countries, the imbalance shall be examined by the signatory countries with a view to the adoption of measures to increase the exports of the country showing a deficit.

A marked imbalance in trade between a signatory country and the remaining countries shall be understood to exist when imports covered by the tariff preferences granted by the former country exceed 20 per cent of its exports to the region covered by preferences received. In the case of a relatively less-developed country, the proportion shall be 15 per cent.

When such an imbalance has been found to exist in accordance with the previous paragraph, the deficit country shall immediately initiate negotiations with the country or countries showing a surplus under the programme. Such negotiations shall be concluded within a period not exceeding ninety days.

Article 24 - The measures referred to in the previous Article must not be of a restrictive nature. Signatory countries may agree to apply, inter alia, the following measures in respect of the country or countries showing a deficit:

- (a) The inclusion of new products. Preferences granted may cover products not imported by the signatory countries;
- (b) The deepening of existing tariff preferences, or the granting of further preferences;
- (c) The elimination or reduction of such non-tariff restrictions as may apply exceptionally, in accordance with the provisions of Article 12, to products of interest to the deficit country or countries; and

- (d) The establishment of modalities or instruments to finance the deficits arising from the present Agreement.

Article 25 - The signatory country showing a deficit may partially or totally suspend concessions granted under the present Agreement to the countries showing a surplus if, by the end of the period specified in Article 23 for negotiations to rectify the imbalance, it has not achieved adequate conditions of reciprocity.

The suspension referred to in the previous paragraph may be prolonged until conditions favourable to the attenuation or elimination of the imbalance are established bilaterally with the country or countries showing a surplus.

CHAPTER XI

Effect and Duration

Article 26 - The present Agreement shall enter into force on 1 January 1989 provided that at least four of the signatory countries have given it both legal and administrative effect in their respective territories, and shall be of indefinite duration.

The obligations accepted by Argentina, Brazil and Mexico shall become effective at the above date.

The obligations accepted by the intermediate developed countries shall become effective on 1 January 1990 in respect of such countries and the relatively less-developed countries; and on 1 January 1991 in respect of Argentina, Brazil and Mexico.

The obligations accepted by the relatively less-developed countries shall become effective on 1 January 1990 in respect of such countries; on 1 January 1991 in respect of the intermediate developed countries and on 1 January 1992 in respect of Argentina, Brazil and Mexico.

Article 27: Preferences granted under the present Agreement shall enter into force exclusively for the signatory countries on the date on which they give it legal and administrative effect in their respective territories.

The signatory countries undertake to grant the benefits resulting from the Agreement only to such signatory countries as have brought it into force.

CHAPTER XII

Accession

Article 28: The present Agreement shall be open, to accession, subject to negotiation, by the countries of Latin America and the Caribbean which are not members of the Association.

Member countries shall extend to relatively less-developed countries any preferences, benefits or other additional advantages which they grant as compensation to a Latin American non-member country as a result of accession as referred to in the previous paragraph.

CHAPTER XIII

General Provisions

Article 29: The Committee of Representatives shall ensure that the present Agreement is implemented and shall promote such actions as will secure full compliance with it.

CHAPTER XIV

Temporary Provisions

A. Bolivia shall participate in the Programme for the Recovery and Expansion of Intra-regional Trade once it has established a comprehensive plan for the restructuring of its production sector, and shall present a technical co-operation programme for the implementation of the above plan to the Evaluation and Convergence Conference, requesting support for the development of the agricultural, agro-industrial and manufacturing sectors.

B. Signatory countries shall incorporate into the present Agreement, not later than 1 December 1988, the lists of products referred to in Articles 5 and 6, by means of an official communication to the Committee of Representatives.

The General Secretariat of the Association shall be the depositary of the present Protocol and shall send duly certified copies of the Protocol to the signatory Governments.

IN WITNESS WHEREOF, the respective plenipotentiaries herewith sign the present Protocol at the City of Montevideo on 4 July 1988, in an original in the Spanish and Portuguese languages, both texts being equally valid.

For the Government of the Argentine Republic:

For the Government of the Republic of Bolivia:

For the Government of the Federative Republic of Brazil:

For the Government of the Republic of Colombia:

For the Government of the Republic of Chile:

For the Government of the Republic of Ecuador:

For the Government of the United Mexican States:

For the Government of the Republic of Paraguay:

For the Government of the Republic of Peru:

For the Government of the Oriental Republic of Uruguay:

For the Government of the Republic of Venezuela:

ANNEX 1

AGGREGATE EXTERNAL TRADE
OF MEMBER COUNTRIES

LAIA
AGGREGATE EXTERNAL TRADE OF MEMBER COUNTRIES
ACCORDING TO DESTINATION OR ORIGIN
LAIA - REST OF THE WORLD

1987 - 1988^e

(In millions of dollars)

COUNTRY	EXPORTS			IMPORTS			BALANCE	
	1987	1988(*)	Variation 88/87 as %	1987	1988(*)	Variation 88/87 as %	1987	1988
LAIA								
Argentina	1,314	1,570	+ 19.5	1,725	2,058	+ 19.3	- 411	- 488
Bolivia	328	300	- 8.5	334	361	+ 8.1	- 6	- 61
Brazil	3,027	3,696	+ 2.1	1,896	1,874	- 1.2	+ 1,131	+ 1,822
Colombia	574	480	- 16.4	652	735	+ 12.7	- 78	- 255
Chile	837	878	+ 4.9	950	1,451	+ 52.7	- 113	- 573
Ecuador	174	469	+ 169.5	542	567	+ 4.6	- 368	- 98
Mexico	803	864	+ 7.6	291	462	+ 58.8	+ 512	+ 402
Paraguay	158	204	+ 29.1	265	246	- 7.2	- 107	- 42
Peru	351	371	+ 5.7	726	764	+ 5.2	- 375	- 393
Uruguay	364	336	- 9.3	564	587	+ 4.1	- 200	- 257
Venezuela	617	584	- 5.3	805	935	+ 16.1	- 198	- 351
Total	8,547	9,746	+ 14.0	8,750	10,040	+ 14.7	*	*
Rest of the World								
Argentina	5,046	6,864	+ 36.0	4,033	3,482	- 14.9	+ 953	+ 3,382
Bolivia	242	220	- 9.1	432	421	- 2.5	- 190	- 201
Brazil	23,202	29,704	+ 28.0	14,664	14,126	- 3.8	+ 8,518	+ 15,578
Colombia	4,450	4,870	+ 9.4	3,576	3,435	- 3.9	+ 874	+ 1,435
Chile	4,161	5,594	+ 34.4	2,843	3,156	+ 11.0	+ 1,318	+ 2,438
Ecuador	1,843	1,691	- 8.2	1,506	1,508	+ 0.1	+ 337	+ 183
Mexico	19,729	20,726	+ 5.1	12,470	18,038	+ 44.7	+ 7,259	+ 2,688
Paraguay	195	249	+ 27.7	330	274	- 17.0	- 135	- 25
Peru	1,852	2,405	+ 29.9	2,277	1,925	- 15.5	- 425	+ 480
Uruguay	842	990	+ 17.6	591	493	- 16.6	+ 251	+ 497
Venezuela	9,934	9,146	- 7.9	7,906	8,015	+ 1.4	+ 2,028	+ 1,131
Total	71,496	82,459	+ 15.3	50,708	54,873	+ 8.2	+ 20,788	+ 27,586
Aggregate								
Argentina	6,360	8,434	+ 32.6	5,818	5,540	- 4.8	+ 542	+ 2,894
Bolivia	570	520	- 8.8	766	782	+ 2.1	- 196	- 262
Brazil	26,229	33,400	+ 27.3	16,580	16,000	- 3.5	+ 9,649	+ 17,400
Colombia	5,024	5,350	+ 6.5	4,228	4,170	- 1.4	+ 796	+ 1,180
Chile	4,996	6,472	+ 29.5	3,793	4,607	+ 21.6	+ 1,205	+ 1,865
Ecuador	2,017	2,160	+ 7.1	2,048	2,075	+ 1.3	- 31	+ 85
Mexico	20,532	21,590	+ 5.2	12,761	18,500	+ 45.0	+ 7,771	+ 3,090
Paraguay	353	473	+ 28.3	595	520	- 12.6	- 242	- 67
Peru	2,263	2,776	+ 26.0	3,003	2,689	- 10.5	- 800	+ 87
Uruguay	1,206	1,320	+ 9.5	1,155	1,080	- 6.5	+ 51	+ 240
Venezuela	10,551	9,730	- 7.8	8,711	8,950	+ 2.7	+ 1,840	+ 780
Total	80,043	92,205	+ 15.2	59,458	64,913	+ 9.2	*	*

Source: Data supplied by member countries

Compilation: Information and Studies Unit, LAIA General Secretariat

Notes: The figures for 1988 are estimates based on partial information for that year supplied by the member countries.

The export values are f.o.b. except for Bolivia 1987 where they are expressed as official customs values, compiled on the basis of the corresponding vouchers.

Import values are c.i.f., except for Ecuador 1987.

(e): Estimates

(*): No information available

ANNEX 2

MAIN FEATURES OF NEW AGREEMENTS CONCLUDED UNDER THE
1980 MONTEVIDEO TREATY

- Economic complementarity (Article 11)
- Other modalities (Article 14)
- Concluded with non-LAIA Latin American countries (Article 25)

ECONOMIC COMPLEMENTARITY AGREEMENT
BETWEEN MEXICO AND PERU

In pursuance of Articles 7, 8, 9 and 11 of the 1980 Treaty of Montevideo, and Resolution 2 of the Council of Ministers of the Association, on 25 March 1987, the Governments of the United Mexican States and the Republic of Peru signed an Economic Complementarity Agreement with the aim of:

- Intensifying economic and trade relations between the signatory countries in the context of the integration process initiated by the 1980 Treaty of Montevideo;
- Increasing, to the greatest extent possible, and diversifying trade between the signatory countries on the basis of a reasonable balance in trade, paying regard to both the quantitative and the qualitative aspects;
- Facilitating the preparation of special programmes, such as countertrade programmes and other forms of trade;
- Achieving co-ordination and complementarity in economic activities, particularly industrial activities and related technologies, by improving production systems and scales of operations;
- Stimulating investments aimed at intensive utilization of markets and the competitive capacities of the signatory countries in world trade flows; and
- Facilitating the creation and functioning of regional binational and multinational enterprises.

1. Scope

The Agreement covers:

- (a) An extensive range of products, the importation of which will be regulated in accordance with the preferences and other conditions negotiated selectively between the two Governments; and
- (b) Any products included in the import tariffs of the signatory countries (i.e. the General Customs Tariff of Peru and the General Import Tariff (TIGI) of Mexico), the importation of which will be regulated according to express provisions governing countertrade.

2. Liberalization programme

The liberalization programme of the Agreement will be implemented through the following instruments:

- Operations under the preferences negotiated selectively between the signatory countries.
- Operations carried out under Countertrade Programmes (PIC).

The Agreement specifies that implementation of the liberalization programme will be based on adequate reciprocity of results, taking account of Peru's situation as an intermediate developed country in the region, on the basis of the provisions of Resolution 6 of the LAIA Council of Ministers.

The liberalization programme contains specific provisions regulating the importation of the selectively negotiated products, and the imports involved in countertrade operations between the two countries.

3. Régime of origin

Benefits deriving from the liberalization programme apply exclusively to products certified as originating in the territories of the signatory countries according to the LAIA General Régime of Origin, without prejudice to any specific or sectoral requirements established by the signatory countries.

4. Balanced expansion of trade

The Agreement provides that implementation is to be governed by the principles of balanced trade and equity of benefits deriving from its application.

In assessing such balance and equity, account must be taken of the domestic value added components of the products traded.

The implementation of the Agreement will be evaluated by the signatory countries every two years. Where an imbalance or inequity of benefits is found to exist, one or more of the following corrective measures will be applied:

- Establishment of more favourable conditions for the importation of products included in the liberalization programme;
- Inclusion of new products in the programme;
- Application of financial instruments and payment mechanisms to promote the import of products originating in the affected party;

- Adoption of measures, within the national system of laws and regulation, to stimulate procurement by public bodies of products originating in the affected party; and
- Any other measures agreed upon by the signatory countries.

5. System of consultations

The Agreement provides that if difficulties are ascertained in reciprocal trade, as a result of measures adopted by the signatory countries, consultations will be initiated at the request of the affected country, with a view to remedying the situations thus created. Such consultations must be concluded not later than twenty working days after the request of the affected country.

6. Economic co-operation

The Agreement establishes that the parties will encourage the adoption of measures aimed at the co-ordination and complementarity of the industrial activities of both countries, the promotion of investment and the creation of joint enterprises, in order to satisfy demands in the signatory countries and in third markets.

To that end, they will exert their best efforts to encourage investments, through joint participation, aimed at stimulating economic complementarity in the public sector in order to improve the productive infrastructure, and in the private sector in order to promote operations based on maximum utilization of the factors of production and technological resources of the parties.

The two Governments will promote the strengthening of communications between the signatory countries to the greatest extent possible, particularly in the area of the transportation of goods by air and by sea, in order to facilitate reciprocal trade and consolidate the integration process.

Similarly, they will promote understandings between the authorities of the two countries, in order to co-ordinate actions permitting the most appropriate utilization of the LAIA Agreement on Reciprocal Payments and Credits and the most effective financing of the trade resulting from the Agreement.

7. Other provisions (Accession, convergence, effect and duration)

The Agreement complies strictly with Resolution 2 of the Council of Ministers and incorporates its mandatory general provisions.

The clauses concerning accession and convergence are consistent with the provisions of Article 4(a) and (b), respectively, of Resolution 2 of the Council of Ministers.

With regard to effect and duration, the Agreement establishes 25 May 1987 as the date of its entry into force and, in accordance with Resolution 2 of the Council of Ministers, is to have effect for a minimum period of three years and a maximum period to be established by the signatories (Article 7(d)).

ECONOMIC COMPLEMENTARITY AGREEMENT BETWEEN ARGENTINA AND PERU

In pursuance of Articles 7, 8, 9 and 11 and Resolution 2 of the Council of Ministers of the Association, on 11 March 1988, the Governments of the Argentine Republic and the Republic of Peru signed an Economic Complementarity Agreement with the aim of:

- Intensifying economic and trade relations between the signatory countries of the 1980 Treaty of Montevideo.
- Increasing, to the greatest extent possible, and diversifying reciprocal trade on reasonable bases of dynamic balance, taking into account both qualitative and quantitative aspects.
- Attenuating structural obstacles to the growth and diversification of reasonably balanced bilateral trade.
- Facilitating the preparation of special programmes, such as countertrade and other forms of trade.
- Achieving co-ordination and complementarity in economic activities, especially industrial activities and related technologies by improving production systems and scales of operations.
- Stimulating investments aimed at intensive utilization of the markets and the competitive capacities of the signatory countries in world trade flows.
- Facilitating the creation and functioning of regional multinational enterprises.
- Promoting regional integration and economic complementarity between the signatory countries.

1. Scope

The Agreement covers:

- (a) The products listed in Annexes I and II, the importation of which will be regulated according to the preferences and other conditions specified in the Annexes;
- (b) Any product included in the import tariffs of the signatory countries (the Tariff Nomenclature and Customs Duties (NADI) of Argentina and the General Customs Tariff of Peru), the importation of which will be regulated by the provisions of the Chapter concerning countertrade operations; and
- (c) The products included in industrial complementarity projects, the importation of which will be regulated by the provisions of the Chapter concerning industrial complementarity.

2. Liberalization programme

The liberalization programme will be implemented through the following instruments:

- operations under the percentage preferences negotiated selectively by the signatory countries, included in Annexes I and II;
- countertrade operations;
- operations under industrial complementarity projects.

The signatory countries undertake not to apply non-tariff restrictions to trade in the products included in the liberalization programme, and the agreement provides that where laws or administrative regulations call for licences, import permits or similar instruments, they shall be granted and issued not later than twenty working days after the date on which the import application is made.

The Agreement defines what is meant by the terms "levies" and "restrictions" as they apply under its provisions.

It also stipulates that implementation of the liberalization programme is to be based on adequate reciprocity of results, taking into account the situation of Peru as an intermediate developed country in the region, on the basis of the provisions of Resolution 6 of the Council of Ministers of the Association.

With regard to tariffs, taxes and other internal charges, the products originating in the territory of a signatory country shall be accorded treatment no less favourable in the territory of the other signatory countries than that accorded to like domestic products.

The liberalization programme contains specific provisions regulating imports of the selectively-negotiated products and the imports involved in countertrade operations between the two countries.

3. Industrial complementarity

The signatory countries undertake to encourage reciprocal industrial complementary between public and/or private enterprises, in order to permit more effective utilization of their productive resources, obtain the benefits of greater economies of scale, increase bilateral trade and facilitate the exportation to third markets of goods manufactured with components from the parties.

To that end, they will determine by common consent the sectors where industrial complementarity is most appropriate, giving priority to sectors where the most effective use is likely to be made of the productive and technological resources of the parties.

The Agreement stipulates that industrial complementarity will be pursued mainly through projects arising from agreements between enterprises of the signatory countries and that such projects will be evaluated by their competent technical bodies.

It should be noted that the signatory countries have agreed to grant a 100 per cent preference on import charges in force for third countries in respect of the end products, inputs used in processing and spare parts, traded under approved industrial complementarity projects.

Similarly, for the purposes of the calculation of composition, goods imported from the other signatory country may be considered as domestic.

Benefits granted under industrial complementarity projects apply only to the enterprises participating in such projects and on the terms laid down in each project approved.

4. Régime of origin

The benefits deriving from the Agreement apply exclusively to products considered as originating in the territory of the signatory countries, according to the General Régime of Origin adopted by the Latin American Integration Association.

5. System of consultations

The Agreement stipulates that if difficulties arise in reciprocal trade as a result of measures adopted by the signatory countries, at the request of the affected country, consultations will be initiated with a view to remedying the situations thus created. Such consultations must be concluded not later than twenty working days after the request of the country affected.

6. Economic co-operation

The Agreement provides that the signatory countries shall stimulate economic co-operation activities, taking account of national and sectoral development plans and policies and the objectives and programmes of the regional integration process, as well as existing opportunities for complementarity, with a view to attaining a reasonable balance in bilateral relations that takes account of the different degrees of development of their economies.

It also establishes that the parties shall encourage the adoption of measures aimed at the co-ordination and complementarity of the industrial activities of the signatory countries, stimulating investment and creating joint enterprises, in order to meet demand in the signatory countries and third markets.

For that purpose, to the greatest extent possible and as part of their joint activities, they shall encourage investments aimed at stimulating complementarity in the public sector in order to improve the productive

infrastructure, and in the private sector in order to promote operations based on the most effective use of the factors of production and technological resources of the parties.

The signatory countries also agree to promote the strengthening of communications between them to the greatest extent possible, particularly in the area of the transport of goods, in order to facilitate reciprocal trade and consolidate the process of integration, and to foster understanding between the two Governments with a view to co-ordinating actions permitting the most appropriate utilization of the LAIA Agreement on Reciprocal Payments and Credits, and the most effective financing of trade resulting from the Agreement.

7. Other provisions (accession, convergence, effect and duration)

The Agreement gives full effect to Resolution 2 of the Council of Ministers, and incorporates its mandatory general provisions.

The clauses concerning accession and convergence are aligned with the provisions of Article 4(a) and (b), respectively, of Resolution 2 of the Council of Ministers.

With regard to effect and duration, the Agreement establishes that it will enter into force on 1 April 1988 for a duration of six-years, automatically renewable for an identical period, unless it is denounced by one of the parties in accordance with the procedures established in the Agreement itself.

ECONOMIC COMPLEMENTARITY AGREEMENT BETWEEN
ARGENTINA AND VENEZUELA

The Governments of the Argentine Republic and the Republic of Venezuela have concluded an Economic Complementarity Agreement in pursuance of the provisions of the 1980 Treaty of Montevideo and Resolutions 1, 2 and 6 of the Council of Ministers in order to establish an institutional framework within which to strengthen integration between the two countries, as a means of furthering economic and social development and reaffirming their ongoing commitment to the objectives of Latin American economic integration.

The Agreement, which was signed in April 1986 by the then Ministers of Foreign Affairs, was officially submitted to the Latin American Integration Association as an Economic Complementarity Agreement on 2 May 1988.

1. Liberalization programme

The Agreement provides for the establishment of a liberalization programme to include levies and other restrictions affecting imports of negotiated products originating in and coming from the territories of their respective countries. The programme will be implemented through:

- tariff concessions, on terms to be negotiated for the different products listed in the respective additional protocols;
- limited tariff restrictions (seasonal, temporary, by quota and/or mixed).

The Agreement defines what is to be understood by the terms "levies" and "restrictions" for the purposes of the programme.

The signatory countries undertake not to apply non-tariff restrictions to imports of negotiated products except for such products as may be affected by the application of Article 50 of the 1980 Montevideo Treaty, and except for restrictions explicitly listed and accepted by the parties at the time of negotiation.

The non-tariff restrictions set out in the Agreement will be reviewed from time to time with a view to their elimination by common consent.

2. Economic complementarity programmes

The signatory countries will engage in the following actions to develop an economic complementarity programme:

- stimulate investment in both public and private sectors with a view to encouraging industrial activities to meet demands in their respective markets and in third countries, and raise the level of technology to stimulate exports to international markets;

- pursue the aims of efficiency, productivity and economic profitability in the agro-industrial and manufacturing sectors;
- ensure fair conditions of competition;
- stimulate balanced and harmonious development in their countries;
- harmonize, as far as possible, the treatment applying to the capital and services connected with the products covered by the Agreement;
- harmonize, as far as possible, the treatment applying to the transfer of technology and know-how, licences, royalties, patents, and trade-marks and industrial registers, connected with the products covered by the Agreement;
- conclude complementarity arrangements with regard to technological development and financing;
- gradually harmonize the provisions governing their imports, where necessary;
- conclude bilateral agreements concerning taxation, double taxation, and currency exchange, to facilitate the development of economic complementarity projects between the signatory countries;
- conclude agreements and arrangements concerning sea and air transport of goods, and rates.

The main sectors earmarked for the implementation of the programme are the agro-industrial, automotive, aluminium, chemical and petrochemical, shipbuilding and iron and steel sectors.

3. Régime of origin

The benefits deriving from the preferences agreed upon by the two Governments for imports of negotiated products are to apply exclusively to goods originating in and coming from their respective territories, in accordance with the rules explicitly laid down in the Agreement.

4. Other provisions

(a) Accession

The Agreement will be open to accession, following negotiations, by the remaining member countries of the Association.

Accession becomes formal upon conclusion of the negotiations between the signatory countries and the acceding country to establish the terms of accession, by signature of an additional Protocol to the present Agreement which will come into force thirty days after it has been deposited with the LAIA General Secretariat.

(b) Evaluation and revision

Following the entry into force of the Agreement, the signatory countries will conduct a yearly joint assessment of its functioning, in order to evaluate the results obtained and compare them with the objectives of the Agreement and those of the 1980 Treaty of Montevideo.

Without prejudice to such revision, at the request of a party and at any time, the signatory countries may make such adjustments as they consider appropriate, such as, the exclusion or inclusion of products, the establishment of new margins of preference and, in general, any other adjustment likely to improve its functioning and development.

(c) Convergence

The signatory countries will hold negotiations with the remaining member countries of the Association in order to determine whether the gradual multilateralization of the preferences can be envisaged. Such negotiations will be held during the Evaluation and Convergence Conferences referred to in Article 33 of the 1980 Treaty of Montevideo.

(d) Administration of the Agreement

The administration of the Agreement will be entrusted to a committee made up of officials appointed by the respective Governments. The committee will be constituted within ninety days following the signature of the Agreement, and will establish its own rules. Its decisions will be adopted unanimously. Its powers will include the following:

1. proposing to the signatory countries the inclusion of new products or the granting of increased preferences on negotiated products;
2. proposing to the Governments of the signatory countries such recommendations as it deems appropriate for settling any disputes that arise regarding the interpretation and application of the Agreement;
3. revising the origin requirements laid down in the Agreement;
4. ensuring compliance with the provisions of the Agreement;
5. proposing necessary amendments to the Agreement, to be agreed upon by the parties and effected in accordance with Article 40.

(e) Effect and duration

The Agreement comes into force on the date of its signature, which in the present case means the date of its official submission to the Latin American Integration Association (i.e. 2 May 1988), and will be effective for three years from that date.

Six months before the date of expiry the signatory countries will hold negotiations to decide on its renewal or termination.

Without prejudice to the provisions of this Article, the signatory countries will benefit from agreed preferences only when they have given effect to the Agreement in their respective territories.

ECONOMIC COMPLEMENTARITY AGREEMENT BETWEEN ARGENTINA AND
BRAZIL IN THE INDUSTRIALIZED FOOD PRODUCTS SECTOR

Pursuant to Articles 7, 8, 9 and 11 of the 1980 Treaty of Montevideo and Resolution 2 of the Council of Ministers of the Association, on 9 September 1988 the Governments of the Argentine Republic and the Federative Republic of Brazil signed an Economic Complementarity Agreement in the industrialized food products sector, in view of the strategic and economic importance of production of such goods and the potential for growth, specialization and technological improvement of the sector through integration among food industries of the two countries.

According to its preamble the Agreement has its origins in the "possibility of achieving greater economies of scale and levels of specialization in the food industry to the benefit of consumers in both countries through better prices, quality and supplies", the "need to integrate and strengthen the food industry of the two countries by drawing up joint commercial or industrial strategies and ventures in order to meet local market demand properly and gain access to third markets", and also the need to "develop arrangements for gradually achieving complementarity and integration in investment, technological progress, industrialization and marketing of food products processed in both countries".

The Agreement was the outcome of difficult and lengthy negotiations in the course of which the signatories were able to define a common list of industrialized food products, taken from what is termed the "universe of industrialized food products", which will enjoy the benefits provided by the Agreement in the territory of the two countries.

1. Scope

The Agreement covers what is termed the "universe of industrialized food products" classified in accordance with the LAIA Tariff Nomenclature (NALADI).

The list comprises products of Chapter 2 of the Nomenclature: meat and edible meat offals; Chapter 3: fish, crustaceans and molluscs; Chapter 4: dairy produce; birds' eggs; natural honey; edible products of animal origin not elsewhere specified or included; Chapter 7: edible vegetables and certain roots and tubers; Chapter 8: edible fruit and nuts, melons and peel of citrus fruit; Chapter 9: coffee, tea, maté and spices; Chapter 10: cereals; Chapter 11: products of the milling industry, malt and starches, gluten, inulin; Chapter 13: vegetable saps and extracts; Chapter 15: animal and vegetable fats and oils and their cleavage products, prepared edible fats; Chapter 16: preparations of meat, of fish, of crustaceans or molluscs; Chapter 17: sugars and sugar confectionary; Chapter 18: cocoa and cocoa preparations; Chapter 19: preparations of cereals, flour or starch, pastry-cooks' products; Chapter 20: preparations of vegetables, fruits or other parts of plants; Chapter 21: miscellaneous edible preparations; Chapter 22: beverages, spirits and vinegar; and Chapter 35: casein and gelatin.

2. Trade and industrial integration of the sector

The Agreement provides that the trade and industrial integration of the sector will be achieved through the adoption of the following measures:

- (a) Prohibition of the application to imports of non-tariff restrictions or additional levies equivalent to a customs duty or any other similar charges. The term "restrictions" is understood to mean any administrative, financial, foreign-exchange or other measure by means of which a signatory country unilaterally hinders or prevents its imports;
- (b) Reduction to zero of the tariff applicable to imports of the products included in the "common list of industrialized food products";
- (c) Reduction to zero of the tariff applicable to imports of the above-mentioned products with increasing annual quotas to be established for a period of not less than two years from the signing of the Agreement. These quotas may be enlarged by agreement between the two Governments, on a transitional or permanent basis, before the expiry of the established period; and
- (d) Harmonization of phytosanitary and health controls.

3. Liberalization programme

The signatory countries have drawn up a common list of industrialized food products which will enjoy the benefits stemming from the application of indents (a) and (d) of the previous paragraph as well as indents (b) and (c) at the choice of the signatory countries.

As is clear from the common list of products, a number of goods have been negotiated with a reduction to zero of the tariff applicable to imports, but with an annual quota established in volume or value terms which may be increased by agreement between the signatory countries.

The Governments of Argentina and Brazil have undertaken to expand the common list of industrialized food products every six months, and have set themselves the objective that the list should represent 50 per cent of the selected products in the "universe of food products" by the end of 1993.

The common list includes more than 150 NALADI headings, with products from Chapters 2, 3, 4, 7, 8, 9, 11, 13, 15, 16, 17, 18, 19, 20, 21, 22 and 35 of the Nomenclature used by the Association (NALADI) (see above, "universe of industrialized food products").

The Agreement provides that in order to establish suitable conditions for investment, modernization and trade, the negotiated common list will not be amended to exclude products or establish restrictions on trade in products included therein.

4. Régime of origin

Benefits under the Agreement will automatically be extended to products considered to originate in the territory of the signatory countries, in accordance with the general régime of origin of the Association and the specific provisions of the Agreement in this area.

The Agreement establishes that the percentage of raw materials of agricultural origin imported from non-signatory countries used in the manufacture of products in the common list must not exceed 20 per cent of the price of the product calculated on the basis of the comparison of the f.o.b. price of the imported raw materials with the international reference f.o.b. price for the finished product.

5. Balanced growth of trade

The Agreement complies with Article 7 of Council of Ministers Resolution No. 2 to the effect that Economic Complementarity Agreements should include procedures for evaluating and correcting imbalances.

Thus, Article 21 establishes that "a dynamic equilibrium will be maintained in trade in the products included in the common list, whenever the annual trade surplus for two consecutive years does not exceed the larger of the following two amounts:

- (a) 20 per cent over the average value of surpluses over the last five years in bilateral trade in the products included in the common list; and
- (b) 10 per cent of the average value of total bilateral trade for the last five years in products included in Annex 1 of the Agreement".

6. System of consultations

Under the Agreement, signatory countries will establish, at the request of either party, a body for consultations on the effects that economic policy measures may have on trade in the goods included in the common list (among such economic policy measures the Agreement mentions changes in foreign-exchange policy and export and/or customs policy, but this is not considered an exhaustive enumeration) (Article 12).

7. Other provisions of the Agreement (accession, convergence, effect and duration)

The Agreement complies strictly with Resolution No. 2 of the Council of Ministers and includes the general provisions laid down in that Resolution.

The accession and convergence clauses are in line with Article 4 (a) and (b), respectively, of Council of Ministers Resolution No. 2.

As for effect and duration, the Agreement establishes that it will come into effect on 1 September 1988 and, as provided for in Council of Ministers Resolution No. 2, will have a minimum duration of three years and a maximum duration to be determined by its signatories (Article 7(d)).

PARTIAL-SCOPE AGREEMENT FOR CO-OPERATION AND TRADE IN THE FIELDS OF
CULTURE, EDUCATION AND SCIENCE

Displaying their governments' willingness to promote any activity that could contribute to a better mutual knowledge of their respective cultural values and works and to the development of education and science, for which purpose they consider it important as a first stage to achieve free trade in cultural, educational and scientific works and materials, the plenipotentiaries of Argentina, Brazil, Colombia, Mexico, Peru, Uruguay and Venezuela signed a Partial-Scope Agreement for co-operation and trade in cultural, educational and scientific goods, in order to foster the development of a common market for cultural goods and services and so provide a broad framework for educational, cultural and scientific co-operation among the signatory countries and improve and raise levels of education, training and mutual awareness of the peoples of the region.

1. Scope

The Agreement provides for freedom of movement of cultural, educational and scientific materials and elements, works of art, collectors pieces and antiquities so certified by the competent authorities of the country of origin, as listed in the Annex to the Agreement, originating in their respective territories, under the terms and conditions set out in that Annex.

The concept of freedom of movement is explicitly defined in the Agreement as total exemption from levies and non-tariff restrictions in force in the signatory countries and applied on or in connection with the importation of the goods included in the Annex.

For the purposes of the application of the Agreement, levies applied on or in connection with imports are considered to be customs duties and any other charges having effects equivalent to those of customs duties, whether of a fiscal, monetary, foreign exchange or other nature, which affect such imports. This does not include fees and similar charges commensurate with the approximate cost of services rendered.

The term non-tariff restriction means any administrative, financial, foreign exchange or other measure whereby a signatory country unilaterally prevents or hinders its imports.

2. Régime of origin

The products included in the Agreement are considered to originate in the signatory countries provided they are cultural goods produced by national authors or artists and meet the specific requirements laid down in the Agreement.

3. Action for the dissemination of culture, education and science

The Agreement provides for various actions to facilitate the dissemination of culture, education and science in the territory of the signatories, including:

- (a) Exemption from the payment of customs duties and similar levies as well as consular fees, for imports of books, magazines and printed periodical publications, including illustrated publications, of an educational or cultural nature from any of the signatory countries, intended for libraries, documentation centres and similar institutions of a non-profit-making nature, including book exhibitions and fairs temporarily organized in their territories. This does not include other fees and similar charges commensurate with the approximate cost of services rendered.
- (b) Transit through and temporary entry into their territories for persons engaged in cultural, educational and scientific missions or other activities, certified as such by the competent authorities of the country of origin.
- (c) Temporary admission into their territory and departure therefrom of the objects, instruments, decorative and scenic elements, plastic works and other materials and the necessary equipment imported or sent for the purpose of carrying out cultural, educational or scientific activities.
- (d) Broadcasting of information programmes and productions with a cultural, educational or scientific content or concerning matters of common interest jointly organized or co-produced by State broadcasting media or private media under the auspices of the competent national authorities of the countries of origin.

4. Other provisions of the Agreement (accession, convergence, effect and duration)

The Agreement complies strictly with Resolution 2 of the Council of Ministers and includes in its text the general provisions laid down in that Resolution.

The clauses on accession and convergence are in line with the provisions of Article 4 (a) and (b), respectively, of Council of Ministers Resolution 2.

As for effect and duration, the Agreement provides that it will come into effect on 1 January 1989 for a duration of five years from that date, which may be extended for equal and consecutive periods, unless any of the signatories notifies otherwise ninety days prior to its expiry.

PARTIAL-SCOPE AGREEMENT BETWEEN THE ORIENTAL REPUBLIC
OF URUGUAY AND THE REPUBLIC OF CUBA

With the aim of strengthening and stimulating trade flows between their respective countries, on 6 March 1987 the Governments of the Oriental Republic of Uruguay and the Republic of Cuba signed a Partial-Scope Agreement pursuant to Article 25 of the 1980 Treaty of Montevideo. The main features of the Agreement are the following:

Tariff and trade preferences

The two countries agree to grant each other preferences on imports of products which are listed in the Agreement (Annexes I and II), negotiated selectively, originate in their respective territories and classified according to the Association's Tariff Nomenclature (NALADI).

The Agreement gives a detailed definition of what is meant by tariff preferences: they consist of percentage reductions applicable to levies in force for imports from third countries. It also defines explicitly what is meant by "levies", for the purposes of the Agreement.

The signatory countries undertake to apply only the non-tariff restrictions explicitly listed in the Agreement to imports of negotiated products, and to refrain from applying new restrictions or intensifying restrictions already listed. The Agreement also defines what is meant by "restrictions" for the purposes in question.

Maintenance of tariff preferences

The signatory countries undertake to maintain the preference at the agreed percentage, whatever the level of the levies in force on imports from third countries.

Régime of origin

The Agreement adopts a specific régime for classifying the origin of the negotiated products, and states that the preferences negotiated shall apply exclusively to products originating in the territories of signatory countries in accordance with the above régime.

Safeguard clauses

The Agreement does not provide for the possibility of invoking safeguard clauses for balance-of-payments purposes.

It provides that the Agreement must have been in force for one year before signatory countries may apply restrictions, unilaterally and temporarily, to imports of products benefiting from tariff preferences, if such products are imported in such quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competing products.

Restrictions established under such conditions shall apply for a maximum period of one year, upon expiry of which, if the situation which gave rise to their application persists, the signatory countries shall review the concession in question.

The countries undertake to maintain an adequate value or volume of exports in respect of the product affected by the safeguard, and for this purpose the Agreement provides that they shall hold negotiations to determine the quota which will apply while it is in force.

Withdrawal of preferences

There can be no unilateral withdrawal of agreed preferences for as long as the Agreement is in force. Any exclusion of a concession resulting from negotiations for the revision of the Agreement does not constitute a unilateral withdrawal. Similarly, the elimination of preferences which are not renewed upon expiry of their period of validity shall not constitute a withdrawal of concessions.

Evaluation and revision of the Agreement

Following the entry into force of the Agreement, once a year or at any time at the request of one of the signatory countries, the parties shall carry out jointly an assessment of its operation in order to evaluate the results obtained and to make any adjustments which they may agree to be necessary to improve its functioning.

Extension of preferences

The preferences, treatments and other conditions accorded by the Oriental Republic of Uruguay shall be extended automatically, and without concessions being granted in return, to Bolivia, Ecuador and Paraguay, provided that their products comply with the régime of origin set out in the Agreement.

Convergence

The parties have established that at the meetings of the Conference referred to in Article 33 of the 1980 Treaty of Montevideo, they will attempt to hold negotiations with the other members of the Latin American Integration Association with a view to the gradual multilateralization of the preferences included in the Agreement.

Accession

The Agreement is open to accession by the remaining member countries of the Latin American Integration Association, subject to negotiations.

Once its terms and conditions have been negotiated between the signatory countries and the applicant country, accession becomes formal through the signing of an additional protocol to come into force thirty days after it has been deposited with the General Secretariat of the Latin American Integration Association.

Validity and duration

The Agreement will become effective on the date on which the two parties notify each another that they have completed the necessary formalities for its entry into force and will run for three years from that date, being automatically renewable for a further three years unless one of the signatories expressly notifies otherwise ninety days prior to its expiry.

The Uruguayan delegation to LAIA gave notification in a communication dated 27 October 1987 that on 22 October 1987 its Government had completed the necessary formalities for the entry into force of the Agreement.

PARTIAL-SCOPE AGREEMENT BETWEEN PERU AND CUBA

On 28 April 1987 at Havana, the Governments of the Republic of Peru and the Republic of Cuba signed a Partial-Scope Agreement in pursuance of Article 25 of the 1980 Treaty of Montevideo, with the aim of:

- (a) Strengthening and stimulating trade flows between the two countries;
- (b) Promoting, to the extent possible, the share of commodities and manufactures in such trade;
- (c) Taking account, to the extent possible, of the special situation of certain products of interest to the signatory countries; and
- (d) Adopting measures and developing appropriate actions to stimulate the integration process, by encouraging co-operation and economic complementarity between the two countries.

Liberalization programme

The two countries agreed to grant each other a series of tariff preferences to apply to imports of selectively negotiated products explicitly listed in the Agreement. These consist of percentage reductions of their respective import tariffs applicable to third countries.¹ The Agreement also establishes that the preferences may be permanent, temporary or seasonal, subject to import quotas and apply to products of one or more sections of their respective tariff nomenclatures.

The parties also agree that, after signing the Agreement, they will not introduce new non-tariff restrictions on imports originating in the other party (Article 6).

This provision is exceptional in that no other partial-scope agreements establish a standstill on non-tariff restrictions.

Maintenance of preferences

The signatory countries undertake to maintain tariff preference percentages established in the Agreement, whatever the level of the tariffs they apply to third countries for the negotiated products.

¹The definition in Article 3 of the Agreement of what is to be understood by levies would appear to be superfluous, as Article 2 states that the preferences granted by the two signatories apply to "the levies in force in their National Import Tariffs". Levies other than those included in the Tariff are therefore apparently not affected.

In the event of an adjustment to the tariffs applying to third countries, they must automatically adjust the levy on imports of products included in the Agreement, in order to maintain the preferential percentage granted.

When an adjustment of the tariff applying to third countries detracts from the effectiveness of the concession, at the express request of the affected party, negotiations must be initiated with a view to re-establishing its effectiveness.

Régime of origin

The benefits deriving from the preferences granted under the Agreement apply to products originating in and coming from the territories of the parties. The products must be covered by certificates of origin issued by the competent public bodies designated by the Governments.

The requirement for certificates of origin to be issued only by "public bodies designated by the Governments" is another distinctive feature of this Agreement.

The preferences established in the Agreement apply to products originating in and coming from the territories of the signatory countries, in accordance with the provisions of Annex III.

In addition, the parties may establish specific origin requirements, based on percentages or other criteria.

When either of the parties uses in its production inputs originating in and coming from the other Party, they are to be considered as national inputs.

Re-exportation

Another distinctive feature of the Agreement is the provision in Article 10 that products imported from any country by one of the signatories may not be re-exported to the other signatory country.

This provision was laid down explicitly in the Treaty of Montevideo establishing LAFTA, but was not taken up in the 1980 Treaty of Montevideo.

Other provisions

The Agreement contains explicit provisions concerning safeguard clauses (Articles 11 to 16 inclusive); Evaluation and revision of the Agreement (Articles 17 to 19 inclusive); Withdrawal of concessions (Articles 20 and 21); Extension of the preferences granted by Peru to the relatively less-developed member countries of the Association (Articles 22 and 23); Accession (Articles 24 and 25) and Convergence (Article 26). They do not differ from or add to the provisions of the previous agreement between the Oriental Republic of Uruguay and the Republic of Cuba discussed above.

However, it should be noted that the administration of the Agreement is entrusted to a Trade Committee made up of representatives of the Ministry of Foreign Trade of the Republic of Cuba and the Institute of Foreign Trade of Peru (Articles 29 and 30).

With regard to effect and duration, the Agreement provides that it will come into force for both countries on the date on which the signatories notify each other that they have completed the necessary legal formalities, for a period of six years, and may be extended for further six-year periods at the express request of the signatories.

The Republic of Peru gave effect to this Agreement by Supreme Decree No. 062 of 4 June 1987.

PARTIAL-SCOPE AGREEMENT BETWEEN COLOMBIA AND CUBA

On 12 December 1988, the Governments of the Republic of Colombia and the Republic of Cuba signed a Partial-Scope Agreement under Article 25 of the 1980 Treaty of Montevideo, with a view to strengthening trade by granting each other tariff and non-tariff preferences.

Liberalization programme

The signatory countries agreed to reduce or eliminate the levies and other restrictions applying to imports of the products included in the Agreement and its Annexes, according to the conditions, scope and modalities established therein.

The signatory countries also establish that, for the purposes of the Agreement, "preferences" will be understood to mean the advantages that the signatory countries grant to each other in respect of levies, restrictions and margins of preference the products covered by the Agreement.

"Levies" will be understood to mean customs tariffs and any other charges having an equivalent effect, whether of a fiscal, monetary, foreign-exchange or any other nature, that have an incidence on imports. This does not include fees or similar charges commensurate with the approximate cost of services effectively rendered.

"Restrictions" will be understood to mean any measure of an administrative, financial, foreign-exchange, para-tariff or any other nature, whereby a signatory country prevents or hampers importation, by unilateral decision. This does not include measures relating to:

- (a) Protection of public morality;
- (b) Enforcement of security laws and regulations;
- (c) Regulation of imports and exports of arms, munitions and other war materials and, in exceptional circumstances, all other military equipment;
- (d) Protection of human, animal and plant life and health;
- (e) Imports and exports of gold and silver in bullion form;
- (f) Protection of national treasures of artistic, historical or archeological value; and
- (g) Exportation, use and consumption of nuclear materials, radioactive products or any other material used for the development and exploitation of nuclear energy.

"Margin of preference" will be understood to mean the advantage in the form of a percentage, granted by one signatory country to the other signatory country, in respect of the tariffs applicable to third countries, other than those deriving from participation in integration agreements. In other words, it is the percentage margin of preference in relation to the tariff for third countries, that is to apply to the other signatory country.

As the foregoing paragraphs indicate, the preferences that the signatories grant to each other under this Agreement include not only customs duties but also any other charges having an equivalent effect to that of customs duties.

The Agreement also establishes the obligation not to adjust the preferences specified in Annexes I and II in such a way as to create a situation less favourable than that existing when the Agreement comes into force, and not to apply restrictions to imports of the negotiated products, other than those explicitly listed.

Régime of origin

Benefits deriving from the preferences established in the Agreement, are to apply exclusively to products originating in and coming from the territories of the signatory countries, in accordance with the following provisions:

For the purposes of the Agreement, products originating in the signatory countries are understood to mean:

- (a) Goods that have been produced entirely within their territories using inputs originating therein;
- (b) Animal, vegetable or mineral goods, extracted, harvested or collected, or born or cultivated in the territories of the signatory countries or their territorial waters;
- (c) Goods processed with inputs from third countries, when such goods have been processed substantially in the territories of the signatory countries and provided that the end product is classified under a heading with a difference of four digits in the Brussels Tariff Nomenclature, as modified by the Latin American Free Trade Association.

However, where such processing consists exclusively of assembly, packing, separation, selection, classification, marking or other similar operations, such goods shall not be considered as originating in the territory in question.

- (d) Goods processed in the territory of either of the signatory countries, and meeting the special origin requirements agreed upon by the signatory countries. Special origin requirements prevail over the general principles laid down in this Article.

The preferences established in the initial agreement for the negotiated products become effective only if the corresponding export documents include a declaration to the effect that the products meet the origin requirements.

The above-mentioned declaration is to be issued by the final producer or the exporter of the goods and must be certified by a competent government agency or a producers' trade association legally empowered by the Government of the signatory country to make such certification.

Safeguard clauses

As concerns safeguards, one notable feature of the Agreement is that it provides for special measures concerning the agricultural products covered by the liberalization programme.

It establishes that either of the signatory countries, after notifying the other signatory country, may apply appropriate measures to trade in agricultural products, in order to:

- (a) restrict imports to the minimum needed to offset shortfalls in domestic production; and
- (b) align the prices of imported products with those applying to like domestic products.

Otherwise, the safeguard clauses do not differ from those of the other agreements subscribed to by Cuba.

Other provisions

The Agreement contains explicit provisions concerning the evaluation and revision of the Agreement (Article 17); Withdrawal of concessions (Articles 13 and 14); Extension of the preferences granted by Colombia to relatively less-developed member countries of the Association (Article 7) and Convergence (Article 22), but they make no changes or additions to the provisions of the Agreement between Peru and Cuba referred to above.

It should be noted that the Governments of the signatory countries are to designate an administrative authority to be permanently responsible for advising either of the parties and for the administration of the Agreement.

With regard to effect and duration, the Agreement provides that it is to come into force simultaneously for both parties at the date on which they notify each other that they have completed the necessary legal requirements, for a duration of three years, automatically extendable for further three-year periods in the absence of notification to the contrary by either of the signatories ninety days prior to the date of expiry.

ANNEX 3

LIST OF ADDITIONAL PROTOCOLS AMENDING REGIONAL-SCOPE
AND PARTIAL-SCOPE AGREEMENTS THAT ARE IN FORCE

REGIONAL AGREEMENTS

(MARKET OPENING)

Protocol number	Date of signature	Countries	Summary
AR.AM/1.3	12.3.87	Bolivia Brazil	Lists new products
AR.AM/1.4	25.5.87	Bolivia Argentina	Lists new products
AR.AM/1.5	25.5.87	Bolivia Mexico	Lists new products
AR.AM/1.6	2.7.87	Bolivia Uruguay	Lists new products and expands a quota
AR.AM/1.7	16.12.88	Bolivia Brazil	Expands the list of products; provides for annual automatic increase in quotas; estab- lishes specific origin requirements; provides for exemption from consular duties and other measures

RENEGOTIATION AGREEMENTS

Amending Protocols

Protocol number	Date of signature	Countries	Summary
AAP.R/1.11	29.6.87	Argentina Brazil	Brazil grants temporary preferences until 31.12.87
AAP.R/1.12	5.8.87		Amends the duration of the Agreement
AAP.R/1.13	7.8.87		Amends Annex II containing preferences
AAP.R/1.14	22.9.87		Amends annexes containing preferences
AAP.R/1.15	30.12.87		Extends temporary preferences until 30.6.88 and 31.12.88
AAP.R/1.16	12.2.88		Amends Annexes I and II. Preferences granted until 31.12.90
AAP.R/1.17	3.6.88		Incorporates preferences by Brazil
AAP.R/1.18	27.6.88		Amends and expands the Agreement, provides for deeper preferences and other measures
AAP.R/1.19	30.6.88		Extends to 31.12.88 the régime granted in the Tenth Additional Protocol of the Agreement
AAP.R/1.20	6.9.88		Includes preferences agreed by both countries in the liberalization programme and amends others

Protocol number	Date of signature	Countries	Summary
AAP.R/1.21	29.12.88		Extends the régime agreed in the Tenth Additional Protocol of the Agreement up to 30.6.89
AAP.R/1.22	30.12.88		Deepens preferences; incorporates the Tariff Universe, with exceptions, into the Agreement; cancels some preferences and provides other measures
AAP.R/2.6	5.10.87	Argentina Bolivia	Extends temporary preferences until 5.10.89
AAP.R/3.6	29.6.87	Brazil Chile	Brazil grants temporary preferences until 31.12.87
AAP.R/3.7	19.5.88		Amends annexes containing preferences
AAP.R/3.8	20.9.88		Includes a preference and amends a quota
AAP.R/4.6	28.4.87	Argentina Colombia	Extends the Agreement
AAP.R/4.7	31.7.87		Amends the duration of the Agreement and replaces annexes containing preferences
AAP.R/5.3	28.4.87	Argentina Ecuador	Extends temporary preferences until 30.4.89 and amends transitional article
AAP.R/6.9	25.3.87	Argentina Peru	Extends temporary preferences until 31.3.88
AAP.R/7.2	18.2.87	Argentina Venezuela	Amends Annex II containing preferences

Protocol number	Date of signature	Countries	Summary
AAP.R/8.4	12.3.87	Bolivia Brazil	Amends annexes containing preferences
AAP.R/8.5	16.12.88		Agreement to facilitate import operations, includes preferences by Brazil in the liberalization programme and other measures
AAP.R/9.4	26.8.87	Brazil Mexico	Brazil expands preferences in force until 31.12.87
AAP.R/10.7	30.3.87	Brazil Colombia	Extends the Agreement for three years; includes new products and amends preferences
AAP.R/11.2	7.8.87	Brazil Ecuador	Replaces annexes containing preferences
AAP.R/11.3	22.1.88		Brazil extends temporary preference until 31.12.88
AAP.R/11.4	6.5.88		Amends and expands preferences agreed between both countries and other measures
AAP.R/12.7	21.12.87	Brazil Peru	Brazil extends temporary preference until 30.6.88
AAP.R/12.8	30.6.88		Amends preferences listed in the Annex
AAP.R/13.6	1.2.87	Brazil Venezuela	Extends Agreement until 31.3.87
AAP.R/13.8	13.3.87		Amends duration of the Agreement and replaces Annex containing preferences
AAP.R/13.9	4.7.88		Replaces preferences granted by both countries

Protocol number	Date of signature	Countries	Summary
AAP.R/14.9	4.9.87	Colombia Chile	Amends annexes containing preferences
AAP.R/15.2	10.9.87	Chile Ecuador	Amends annexes containing preferences
AAP.R/15.3	4.11.87		Cancel reference to tariff surcharge in preferences granted by Ecuador
AAP.R/16.3	20.3.87	Chile Venezuela	Amends annexes containing preferences
AAP.R/16.4	5.10.87		Amends annexes containing preferences
AAP.R/18.1	9.6.87	Bolivia Paraguay	Amends duration of Agreement and replaces annexes containing preferences
AAP.R/23.5	20.6.88	Colombia Uruguay	Replaces annexes containing preferences and other measures
AAP.R/25.2	23.11.88	Uruguay Venezuela	Lists new preferences granted by signatories
AAP.R/26.6	10.4.87	Chile Paraguay	Amends preferences granted between Chile and Paraguay
AAP.R/26.7	29.6.87	Chile Paraguay	Amends preferences granted between Chile and Paraguay
AAP.R/26.8	28.12.87	Argentina Chile	Renegotiation of Annex IV between Argentina and Chile
AAP.R/26.9	30.12.87	Chile Paraguay	Renegotiation of Annex IV between Chile and Paraguay
AAP.R/26.10	30.12.87	Chile Uruguay	Renegotiation of Annex IV between Chile and Uruguay

Protocol number	Date of signature	Countries	Summary
AAP.R/26.11	30.12.87	Argentina Paraguay	Renegotiation of Annex IV between Argentina and Paraguay
AAP.R/26.12	30.12.87	Argentina Uruguay	Renegotiation of Annex IV between Argentina and Uruguay
AAP.R/26.13	30.12.87	Paraguay Uruguay	Renegotiation of Annex IV between Paraguay and Uruguay
AAP.R/26.14	22.2.88	Argentina Uruguay	Renegotiation of Annex IV between Argentina and Uruguay
AAP.R/26.15	12.4.88	Argentina Chile	Cancela a preference and includes another product in the liberalization programme of the Agreement (Chile)
AAP.R/26.16	12.4.88	Argentina Paraguay	Extends the period of renegotiation of Annex IV between the two countries
AAP.R/26.17	26.4.88	Argentina Paraguay	Concludes renegotiation of Annex IV
AAP.R/26.18	2.5.88	Paraguay Uruguay	Extends the period of renegotiation of Annex IV
AAP.R/26.19	2.5.88	Argentina Uruguay	Extends the period of renegotiation between the two countries
AAP.R/26.20	14.8.88	Argentina Uruguay	Lists a preference granted by Uruguay to Argentina
AAP.R/26.21	12.8.88	Chile Paraguay	Includes preferences and cancels others in Annex II of the Agreement, concessions granted by Chile to Paraguay

Protocol number	Date of signature	Countries	Summary
AAP.R/26.22	1.9.88	Paraguay Uruguay	Amends observations on some concessions granted by Uruguay to Paraguay
AAP.R/26.23	5.9.88	Argentina Chile	Lists preferences granted mutually by the signatories and limits to Paraguay and Uruguay the benefits stemming from a preference granted by Argentina
AAP.R/26.24	22.9.88	Chile Paraguay	Expands the quota of a concession granted by Chile to Paraguay for two years
AAP.R/26.25	29.12.88	Paraguay Uruguay	Agreement to pursue negotiations pursuant to the 13th Additional Protocol, up to 30 June 1989
AAP.R/28.4	14.8.87	Chile Peru	Amends annexes containing preferences
AAP.R/29.2	14.12.87	Ecuador Mexico	Replaces annexes containing preferences and other measures
AAP.R/33.2	6.4.87	Peru Uruguay	Establishes Countertrade Programme and replaces annexes containing preferences
AAP.R/34.1	3.3.87	Brazil Paraguay	Establishes new rules governing the Agreement and replaces the previous protocol
AAP.R/35.8	10.8.87	Brazil Uruguay	Amends Annex II containing preferences
AAP.R/35.9	5.4.88		Consolidates preferences agreed between the two countries in a single text and other measures

Protocol number	Date of signature	Countries	Summary
AAP.R/35.10	4.7.88		Cancels listed preferences
AAP.R/36.3	12.3.87	Argentina Mexico	Amends annexes containing preferences
AAP.R/37.3	9.10.87	Chile Mexico	Extends duration of the Agreement until 31.12.88 and replaces annexes containing preferences
AAP.R/37.4	15.3.88		Establishes new rules governing the Agreement and replaces earlier protocols
AAP.R/37.5	12.12.88		Expands list of negotiated products and amends preferences
AAP.R/38.3	23.12.88	Mexico Paraguay	Amends preferences granted to some products
AAP.R/40.3	2.1.87	Colombia Mexico	Extends Agreement
AAP.R/40.4	5.6.87		Amends duration of the Agreement and replaces annexes containing preferences
AAP.R/40.5	10.8.88		Expands liberalization programme, eliminates preferences and other measures
AAP.R/40.6	30.11.88		Deepens preferences and expands liberalization programme

TRADE AGREEMENTS

Protocol number	Date of signature	Countries	Summary
AAP.C/5.7	15.12.87	Argentina Brazil Chile Mexico Uruguay Venezuela	Extends and deepens concessions in the various annexes and lists new ones
AAP.C/5.8	12.2.88	Argentina Chile	Clarifies method of application of quotas
AAP.C/5.9	27.6.88	Argentina Brazil	Cancels mutually granted preferences
AAP.C/5.10	4.11.88	Argentina Brazil Chile Mexico Venezuela	Updates Supplementary Notes, extends duration of preferences; amends preferences and includes new bilaterally-negotiated products
AAP.C/7B.2	10.12.87	Argentina Uruguay	Amends description of a product
AAP.C/7B.3	15.6.88	Argentina Uruguay	Expands scope of Agreement, deepens preferences and other measures
AAP.C/9.2	15.12.87	Brazil Mexico	Replaces preferences
AAP.C/10.4	26.5.87	Argentina Brazil Mexico	Replaces preferences
AAP.C/10.5	15.12.87	Brazil Mexico	Extends listed preferences
AAP.C/10.6	4.11.88	Argentina Brazil Mexico	Includes some products in the Agreement and some agreed preferences in the liberalization programme and other measures

Protocol number	Date of signature	Countries	Summary
AAP.C/12.3	15.12.87	Brazil Mexico	Amends description of products
AAP.C/13.1	4.11.88	Argentina Brazil Mexico Uruguay Venezuela	Includes a product in the industrial sector covered by the Agreement, lists preferences and other measures
AAP.C/15.6	15.12.87	Argentina Brazil Mexico	Includes new products in the industrial sector and replaces preferences
AAP.C/15.7	4.11.88	Argentina Brazil Mexico	Includes new products in the industrial sector of the Agreement and replaces preferences
AAP.C/16.14	14.5.87	Brazil Mexico	Amends duration of specific preferences
AAP.C/16.15	2.9.87	Argentina	Includes new preferences
AAP.C/16.16	30.12.87	Argentina Brazil Chile Mexico Uruguay	Replaces agreed preferences
AAP.C/16.17	12.2.88	Argentina Brazil Mexico Venezuela	Replaces agreed preferences
AAP.C/16.18	25.2.88	Brazil Mexico Venezuela	Formalizes Mexico's decision to grant exclusive benefit of listed preferences to Brazil and Venezuela
AAP.C/16.19	4.11.88	Argentina Brazil Chile Mexico Uruguay Venezuela	Includes new products in the industrial sector; replaces preferences and other measures

Protocol number	Date of signature	Countries	Summary
AAP.C/17A.1	30.12.87	Argentina Brazil	Replaces preferences and specifies duration
AAP.C/17A.2	4.11.88	Argentina Brazil	Extends until 31.12.89 the preferences agreed by the two signatories
AAP.C/17B.1	30.12.87	Argentina Brazil	Expands scope of the Agreement, replaces agreed concessions and other measures
AAP.C/17B.2	4.11.88	Argentina Brazil	Amends agreed preferences as listed in the Annex
AAP.C/18.9	15.12.87	Argentina Brazil Mexico Uruguay Venezuela	Includes products in the liberalization programme, amends preferences and other measures
AAP.C/18.10	4.11.88	Argentina Brazil Mexico Uruguay Venezuela	Updates Supplementary Notes, includes new preferences in the liberalization programme of the Agreement and other measures
AAP.C/19.4	4.11.88	Argentina Brazil Mexico Uruguay	Consolidates list of products included in the industrial sector of the Agreement, expands liberalization programme with bilaterally-negotiated preferences and other measures
AAP.C/20.6	15.12.87	Argentina Brazil Mexico	Replaces preferences
AAP.C/20.7	4.11.88	Argentina Brazil Mexico	Replaces preferences and updates list of Supplementary Notes

Protocol number	Date of signature	Countries	Summary
AAP.C/21.8	2.9.87	Argentina Brazil	Amends classification of products, deepens preferences and includes new ones
AAP.C/21.9	30.12.87	Argentina Brazil Chile Mexico Uruguay	Replaces preferences
AAP.C/21.10	15.1.88	Brazil Mexico	Grants a preference of limited duration
AAP.C/21.11	30.12.87	Argentina Brazil Chile Mexico Uruguay	Includes new products in the industrial sector and replaces preferences
AAP.C/21.12	4.11.88	Argentina Brazil Chile Mexico Uruguay	Includes new products in the industrial sector; replaces preferences and other measures
AAP.C/21.13	30.12.88	Brazil Chile	Replaces preferences agreed by the two countries
AAP.C/22.5	15.12.87	Argentina Brazil Mexico	Includes new products in the industrial sector and replaces preferences
AAP.C/22.6	4.11.88	Argentina Brazil Mexico	Includes new products in the industrial sector of the Agreement, replaces preferences and updates Supplementary Notes
AAP.C/25.5	15.12.87	Argentina Mexico	Extends preferences

Protocol number	Date of signature	Countries	Summary
AAP.C/26.3	15.12.87	Argentina Brazil Mexico	Amends an article of the Agreement, includes new products in the industrial sector and replaces preferences
AAP.C/26.4	4.11.88	Argentina Brazil Mexico	Includes some products in the industrial sector of the Agreement, replaces preferences and updates the list of the Supplementary Notes
AAP.C/26.5	28.12.88	Argentina Brazil	Replaces preferences agreed between the two countries

ECONOMIC COMPLEMENTARITY AGREEMENTS

Protocol number	Date of signature	Countries	Summary
ACE/2.7	10.8.87	Brazil Uruguay	Expands list of preferences and establishes relative levels for imports
ACE/2.8	23.11.87	Brazil Uruguay	Lists an omitted preference
ACE/2.9	3.3.88	Brazil Uruguay	Amends description of negotiated products
ACE/2.10	4.7.88	Brazil Uruguay	Expands scope of Agreement by including some products and other measures
ACE/5.1	2.1.87	Mexico Uruguay	Includes preferences and corrects product classification
ACE/5.2	26.10.88	Mexico Uruguay	Includes preferences in liberalization programme, amends negotiating time-limits and other measures
ACE/6.2	28.2.87	Argentina Mexico	Suspends application of Article 34 of Agreement and cancels earlier protocol
ACE/7.2	24.9.87	Argentina Brazil	Temporarily suspends preferences, includes products in "common list" and other measures
ACE/7.3	2.5.88	Argentina Brazil	Expands "common list" of capital goods and "Universe of capital goods" included in Agreement
ACE/7.4	16.12.88	Argentina Brazil	Amends description of products included in "common list" and expands the list, expands "Universe of capital goods" and other measures

OTHER PARTIAL-SCOPE AGREEMENTS
(ARTICLE 25 OF THE 1980 MONTEVIDEO TREATY)

Protocol number	Date of signature	Countries	Summary
AAP/A25TM/1.1	27.2.87	Mexico Costa Rica	
AAP/A25TM/1.2	13.7.88	Mexico Costa Rica	
AAP/A25TM/4.2	4.7.88	Argentina Cuba	Deepens preferences granted by Argentina and expands liberalization programme of the Agreement with preferences granted by Argentina under specified terms and conditions
AAP/A25TM/10.1	25.8.87	Mexico Guatemala	Replaces preferences granted by Mexico and extends duration of Agreement to nine years
AAP/A25TM/10.2	25.3.88	Mexico Guatemala	Replaces preferences granted by Mexico
AAP/A25TM/10.3	15.9.88	Mexico Guatemala	Replaces preferences granted by Mexico
AAP/A25TM/12.1	19.2.87	Mexico Cuba	Replaces Annex I of preferences granted by Mexico
AAP/A25TM/12.2	14.4.88	Mexico Cuba	Replaces Annex I of preferences granted by Mexico