

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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LATIN AMERICAN INTEGRATION ASSOCIATION (LAIA)

Report on Activities in 1989-1990

The delegation of Uruguay, acting also on behalf of the delegations of Argentina, Bolivia, Brazil, Colombia, Chile, Mexico, Peru and Venezuela, member States of LAIA which are contracting parties to the GATT, transmitted on 18 November 1991 the attached Report concerning the implementation of the provisions of the Enabling Clause during the period 1989-1990.

GATT ENABLING CLAUSE

Information on Measures taken by LAIA Member Countries
under the 1980 Treaty of Montevideo
(for the period 1989/1990)

In pursuance of paragraph 4 (a) of the Ministerial Decision of 28 November 1979 regarding "Differential and more Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries", known as the Enabling Clause, the delegations submitting this report inform the other contracting parties to the General Agreement of the measures taken under the 1980 Treaty of Montevideo in 1989/1990 by the countries which are members of LAIA and also GATT contracting parties for the purpose of reducing or eliminating the import tariffs and non-tariff measures applying to products traded among them.

The accession of Venezuela and Bolivia to the General Agreement last year (on 31 August and 8 September 1990, respectively) modifies the content of the previous reports submitted to the Committee on Trade and Development on August 1989, since both countries have concluded partial-scope agreements and participate in regional agreements which in some cases antedate the period under consideration.

Consequently, nine of the eleven countries members of Association are currently contracting parties to the General Agreement on Tariffs and Trade: Argentina, Bolivia, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela.

This fact, together with the changes that have occurred over the last two years in the Agreements concluded, which were reported at the appropriate time, justify a thorough review of the current state of the liberalization mechanisms agreed under the provisions of the 1980 Treaty of Montevideo.

In addition to providing information on the agreements concluded and the changes made during the period under consideration, the countries submitting this report consider it worthwhile to present some observations on intra-regional trade during this period. While this information concerns all eleven member countries of the Association, it indicates the significance and importance for the region of the integration process promoted by the 1980 Treaty of Montevideo.

This report therefore contains two parts, the first dealing with intra-regional trade during 1989/1990, 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 1989/1990

A. 1989

The total value of the aggregate exports of the eleven LAIA countries rose by 11 per cent in 1989 to nearly \$103,000 million, following the sustained increases of 15 and 16 per cent in the previous two years.

This result reflected a contrast with developments in 1988, when world oil prices dropped while the prices of most other primary products increased, in many cases to the levels of the beginning of decade.

In 1989 the prices of oil and refined products recovered from the decline in the previous year, while the prices of the other primary product exported by countries of the region grew more slowly or dropped significantly, as in the case of coffee (-12 per cent), cocoa (-17 per cent), bananas (-20 per cent) and fish meal (-25 per cent). The growth of total exports in 1989, which took place in all the countries of the region, was particularly high in Uruguay (+98 per cent), as a result of a good agricultural year, Bolivia (+38 per cent), owing to the higher volume of exports (+5 per cent) and better prices for tin and other minerals, Peru (+35 per cent), due to increases in exports of fish meal and mineral manufactures and the higher prices for the latter, and Venezuela (+32 per cent), thanks to the rise in the average oil prices (28 per cent) accompanied by an 18 per cent growth in the volume of total exports, after a drop of nearly 9 per cent in the previous year.

Exports increased to a lesser extent in the case of Chile (+18 per cent), primarily as a result of a renewed rise in average copper prices (+12 per cent), Colombia (+14 per cent), despite lower coffee prices, Uruguay (+14 per cent), owing to the growth of livestock product exports, and Mexico (+10 per cent), due to the rise in volume and basically the higher average prices of oil.

The relative increase in total exports of the other countries was less than 10 per cent. Ecuador's exports (+7 per cent) expanded owing to the higher oil price, while in the case of Argentina, after strong growth in the previous year (+44 per cent) the value of exports in 1989 was only 5 per cent above the 1988 level. The value of Brazil's total exports (+2 per cent) remained virtually level, despite increased sales of semi-manufactures and iron ore, offset by the low growth rate of exports of agricultural products and manufactures and lower coffee sales, primarily due to lower average prices.

Aggregate imports totalled over \$72,200 million in 1989, up 6 per cent over the previous year.

In absolute terms, the biggest increases in imports were in Mexico (+\$4,500 million), Brazil (+\$3,800 million) and Chile (+\$1,800 million) and to a lesser extent the other countries with the exception of Venezuela (-\$4,400 million), Argentina (-\$1,100 million) and Peru (-\$600 million).

With an eighth consecutive annual surplus, the region's positive balance with the rest of the world increased once again in 1989 (+23 per cent). Particularly significant were the surpluses of Brazil (+\$14,500 million), Venezuela (+\$5,800 million), Argentina (+\$5,400 million), Peru (1\$1,800 million) and Chile (+\$1,700 million).

Total intra-regional exports reached a value of \$11,200 million, up 12 per cent over the previous year, with a share of 11 per cent in the overall total. This growth of intra-LAIA exports was primarily the result of higher exports by Argentina, Paraguay, Peru, Uruguay and Venezuela, which together increased their sales within the region by over \$1,500 million.

The share of intra-regional imports within total imports amounted to 15 per cent, as in 1988.

B. 1990

The value of aggregate exports of the countries of the region totalled the record figure of \$110,000 million in 1990, an increase of 7 per cent over the previous year, following an incipient contraction prior to the Persian-Gulf crisis. The sharp rise in world oil prices from August onwards as a result of conflict led to an estimated increase of over \$4,000 million in the value of total exports, thus partly offsetting the early decline.

The value of total exports by Venezuela, Mexico, Colombia and Ecuador, in that order the countries that benefitted most from the rise in oil prices, increased by about 20 per cent, while unit values rose by 12 per cent and the volume by 6 per cent. The value of exports of the remaining countries dropped by slightly over \$1,000 million, a decline not reflected in the differing export trends of the various countries.

Whereas in Brazil, Paraguay and Peru there were declines of 10, 5 and 9 per cent respectively, most other countries had significant increases. In Brazil, the decline in the value of exports was the result of a sharp fall in volume only partly offset by a slight increase in unit value (+2 per cent), while in Peru the decline was the result of lower prices and volumes of exports of fish meal, copper and coffee, while oil sales, despite higher prices, did not increase significantly in value because of the decline in volume.

In Argentina, exports reached an all-time record of \$12,249 million, an increase of 28 per cent, attributable to the higher volume of agricultural exports and a slight increase in non-traditional industrial exports. In Bolivia, the limited growth (+3 per cent) resulted from non-traditional exports and higher volumes of mineral exports, as the rise in oil prices had virtually no effect on the price of gas which is sold only to Argentina. Chile's exports, which have been growing steadily for years, increased only slightly (+1 per cent) as a result of the drop in copper prices (-6 per cent). The growth in Uruguay's exports (+6 per cent)

is attributable to the foreign exchange policies adopted by Argentina and Brazil which boosted sales to those countries.

The value of aggregate imports, which had already shown signs of rising prior to the developments that disrupted the oil market, totalled \$83,000 million, 16 per cent higher than the figure for the previous year but lower (10 per cent) than the historic record set nine years earlier (1981, \$92,000 million).

All the member countries contributed to the rise in total imports, with the sole exception of Argentina (-3 per cent). For various reasons, in the oil-exporting countries imports rose by 18 per cent and among non-oil-exporting countries Brazil stands out (+12 per cent), with higher imports primarily as the result of the rise in oil prices, which accounted for approximately two-thirds of the increase in total imports.

A 16 per cent increase in the value of imports from the rest of the world, partly as a result of the above-mentioned developments, led to a drop (-10 per cent) in the surplus in trade with countries outside the region, although that surplus remained large (+\$27,500 million).

Intra-regional exports totalled \$11,900 million, up 6 per cent over 1989, representing 11 per cent of total exports. Major increases were achieved by Argentina (+\$682 million), Venezuela (+\$315 million) and Mexico (+\$134 million).

The share of intra-LAIA imports within the value of total imports remained at the level of the previous year.

LATA

Aggregate External Trade of Member Countries According to Destination or Origin

LATA - Rest of the World

1989 - 1990

(Millions of dollars)

Country	Exports f.o.b.			Imports c.i.f.			Balance	
	1989 ^e	1990 ^e	90/89 (%)	1989 ^e	1990 ^e	90/89 (%)	1989 ^e	1990 ^e
Argentina	2,388	3,070	28.6	1,389	1,396	0.5	999	1,674
Bolivia	394	408	3.6	270	345	27.8	124	63
Brazil	3,476	3,115	-10.4	3,480	3,759	8.0	-4	-644
Colombia	525	585	11.4	1,011	1,090	7.8	-486	-505
Chile	959	928	-3.2	1,754	1,840	4.9	-795	-912
Ecuador	313	262	-16.3	370	459	24.1	-57	-197
Mexico	736	870	18.2	702 ^a	883 ^a	25.8	34	-13
Paraguay	422	426	0.9	300	444	48.0	122	-18
Peru	578 ^e	418	-27.7	497 ^a	764	53.7	81	-346
Uruguay	588	665	13.1	615	687	11.7	-27	-22
Venezuela	826	1,141	38.1	656	726	10.7	170	415
TOTAL	11,205	11,888	6.1	11,044	12,393	12.2	*	*
REST OF THE WORLD								
Argentina	7,179	9,179	27.9	2,812	2,664	-5.3	4,367	6,515
Bolivia	428	442	3.3	345	440	27.5	83	2
Brazil	30,907	27,735	-10.3	16,386	18,532	13.1	14,521	9,203
Colombia	5,214	5,805	11.3	3,999	4,313	7.9	1,215	1,492
Chile	7,234	7,382	2.0	4,742	5,870	23.8	2,492	1,512
Ecuador	2,041	2,398	17.5	1,436	1,378	-4.0	605	1,020
Mexico	22,029	25,030	13.6	22,708 ^a	27,417 ^a	20.7	-679	-2,387
Paraguay	587	533	-9.2	460	906	97.0	127	-373
Peru	3,031 ^e	2,856	-5.8	1,311 ^a	1,785	36.2	1,720	1,071
Uruguay	1,008	1,021	1.3	625	723	15.7	383	298
Venezuela	12,040	16,209	34.6	6,373	7,054	10.7	5,667	9,155
TOTAL	91,698	98,590	7.5	61,197	71,082	16.2	30,501	27,508
TOTAL								
Argentina	9,567	12,249	28.0	4,201	4,060	-3.4	5,366	8,189
Bolivia	822	850	3.4	615	785	27.6	207	65
Brazil	34,383	30,850	-10.3	19,866	22,291	12.2	14,517	8,559
Colombia	5,739	6,390	11.3	5,010	5,403	7.8	729	987
Chile	8,193	8,310	1.4	6,496	7,710	18.7	1,697	600
Ecuador	2,354	2,660	13.0	1,806	1,837	1.7	548	823
Mexico	22,765	25,900	13.8	23,410 ^a	28,300 ^a	20.9	-645	-2,400
Paraguay	1,009	959	-5.0	760	1,350	77.6	249	-391
Peru	3,609	3,274	-9.3	1,808	2,549	41.0	1,801	725
Uruguay	1,596	1,686	5.6	1,240	1,410	13.7	356	276
Venezuela	12,866	17,350	34.9	7,029	7,780	10.7	5,837	9,570
TOTAL	102,903	110,478	7.4	72,241	83,475	15.6	*	*

a = F.o.b. value
e = Estimates

Source: Data supplied by member countries

Preparation: Information and Statistics Department, LATA General Secretariat, Statistical Unit.

Notes: The figures for 1990 are provisional estimates prepared by the Statistical Unit on the basis of partial information for that year, except for the data for trade of Argentina, Paraguay and Uruguay and imports of Brazil, which correspond to actual trade as reported by the member countries.
The data for Bolivian exports are official customs values as set down in the corresponding vouchers.

II. Agreements and modifications during the period 1989/1990

The Annexes to this report list the partial-scope and regional agreements that are in effect as well as any amending protocols agreed by the signatories.

A. Trade Agreements (see Annex 1)

The above-mentioned Annex lists the agreements in the category of trade agreements, indicating the signatories, industrial sector concerned, date of the agreement and additional protocols adopted since implementation.

1. During the period under consideration no further agreements of this kind were concluded among member countries.

On the other hand, various changes were made, basically in the agreements where the agreed preferences were temporary, i.e. for a fixed period. In such cases preferences are negotiated for a period of one or two years according to the production and consumption prospects for the products concerned. The extension of these preferences is usually agreed for equal and successive periods, essentially following the recommendations made by business circles in the industry concerned.

As may be seen from the list in the Annex, the trade agreements cover a wide range of production sectors, some of them grouped in sub-sectors (for example, those concerning the chemical industry) while others concern specific sectors (phonographic industry, photographic industry, household electrical and heating appliances, and so forth).

2. The more important changes made in the period 1989/1990 include the following:

- (a) Argentina denounced Trade Agreement No. 1 covering statistical and related machines on 15 January 1988.

Article 17 of the Agreement, concluded by Protocol of 29 November 1982, establishes that the governments of any signatory country may denounce it after having being a party for one year, calculated from the date of signature of the Protocol, and that upon formal denunciation "the rights and obligations under the Agreement shall automatically cease for the denouncing country, with the exception of the provisions of Chapters II, III and IV, which shall remain in force for a period of not less than one year from the date of formal denunciation". (Chapters II, III and IV refer to the liberalization programme of the Agreement, rules of origin and treatment of imports from non-signatory and third countries, respectively).

Under this provision, therefore, the rights and obligations of Argentina under the liberalization programme of the Agreement and the rules of origin and provisions on treatment of imports from non-signatory and third countries, lapsed on 20 January 1989, one year after the instrument of denunciation was deposited with the LAIA Secretary-General.

- (b) In addition, the Government of Uruguay ceased to be a party to Trade Agreement No. 1 pursuant to the Decision adopted by its signatories in the first additional Protocol to the Agreement signed on 22 December 1989.

The countries signatories to Trade Agreement No.1 agreed to terminate the participation of Uruguay as a party to the Agreement, by a procedure other than as provided for by Article 17. Consequently, the rights and obligations of Uruguay under this Agreement automatically lapsed as from 22 December 1989.

3. Agreements to which Venezuela is a party

As may be seen from the list of trade agreements, Venezuela is a party to the agreements concluded for the chemicals industry (No. 5), phonographic industry (No. 13), petrochemicals industry (No. 16), photographic industry (No. 18) and glass industry (No. 27).

A feature worth mentioning of the Agreement on the petrochemical sector is that it has exclusively temporary preferences, in other words preferences which have a pre-established - usually annual - duration, at the end of which they are automatically withdrawn from the liberalization programme of the Agreement. Under these agreements, usually known as surplus and shortfall agreements, the preferences for imports of the products of the sector may be renewed annually according to consumer supply needs.

4. Participation of Bolivia in Trade Agreements

In accordance with resolution 2, Article 6, of the Council of Ministers, the concessions granted in the trade agreements are automatically extended to the economically less-developed countries without any compensation in return, regardless of whether or not the country concerned has negotiated or acceded to the agreement.

Bolivia is therefore a beneficiary of the preferences granted by member countries under each of the trade agreements concluded between two or more countries that are in force at the date of this report.

B. Economic Complementarity Agreements (Annex 2)

1. The list of current agreements indicates that member countries have made a number of changes in the economic complementarity agreements concluded prior to the period under consideration, most of which have been examined in the reports submitted to the GATT contracting parties.

This is the case of the Economic Complementarity Agreement between Argentina and Uruguay (ACE/1), the Agreement between Brazil and Uruguay (ACE/2), and the Agreements signed by Argentina with Mexico (ACE/6) and Colombia (ACE/11), which were the subject of various modifications, mostly concerning the extension of the range of products covered by their liberalization programmes and the deepening of the agreed preferences for mutual trade in products originating in their respective territories.

2. Concerning agreements of this kind, it should be mentioned that in December 1990 Argentina and Brazil consolidated in a single instrument the partial-scope agreement for the renegotiation of concessions granted in the period 1962/1980 and Economic Complementarity Agreements Nos. 7 and 12, originally concluded for capital goods and food products.

On 20 December 1990, Argentina and Brazil agreed to sign an Economic Complementarity Agreement pursuant to the 1980 Treaty of Montevideo and Council of Ministers Resolution 2. This Agreement covers the entire merchandise Tariff, and commits both parties to eliminating by 31 December 1994 the duties and other restrictions applied in their mutual trade.

To that end, on 1 January 1991 the two countries began a programme of progressive, linear and automatic tariff-cutting which, starting from a minimum preference of 40 per cent applicable to the most favourable duties in force for third countries, will attain a zero rate on 31 December 1994, by means of successive six-monthly reductions.

Without prejudice to this mechanism, the Agreement lays down for each party a wide range of products for which preferences and other conditions of importation have been explicitly set forth in the Agreement.

The signatories agreed to exclude from the above-mentioned liberalization time-table the products included in the lists of exceptions drawn up by both parties; these lists are to be reduced by 20 per cent of the items in them at the end of each calendar year. Products withdrawn from these lists of exceptions will automatically benefit from the preferences resulting from the agreed linear and automatic tariff-cutting programme, with at least the minimum margin of preference provided for at the date when such withdrawal takes place.

With regard to the application of non-tariff restrictions on the import of negotiated products, the signatories agreed to apply exclusively the measures explicitly set out in the additional notes to the Agreement until 31 December 1994.

The Agreement also establishes that until the date mentioned each country may apply safeguard clauses to imports of products covered by the Agreement. The safeguard régime is exceptional and will apply when the importing country considers that there is serious injury or threat of serious injury to its market as a consequence of a significant rise in imports of a specific product over a short period from the other signatory country. In such conditions, the importing country will request consultations with its partner through diplomatic channels in order to put an end to this situation.

The determination of serious injury or threat of serious injury will be analysed by each country in the light of developments, inter alia, in the following aspects relating to the product in question:

- (a) level of production and capacity utilization;
- (b) level of employment;
- (c) market share;
- (d) bilateral trade;
- (e) performance of imports and exports with third countries.

None of the above factors alone constitutes a decisive criterion for the determination of injury.

In the determination of injury or threat of injury, factors such as changes in technology or consumer preferences for similar and/or directly competing products in the same sector will not be taken into account.

In order not to interrupt the trade flows that have been created, the importing country will negotiate an import quota for the product subject to the safeguard, which will be governed by the preferences and other conditions set out in the corresponding annexes.

A quota set unilaterally by an importing country will in no case be less than the average of the physical volume of imports over the last three calendar years.

Safeguard clauses will last for one year and will be extendable for a further consecutive annual period, to be applied under the terms and conditions set out in the Agreement. These measures may be adopted only once for each product.

Application of the safeguard clauses may in no case extend beyond 31 December 1994.

Any disputes arising in the course of the implementation of the Agreement will be the subject of a streamlined consultation and dispute-settlement procedure to be established by the signatories, who undertake to take the necessary steps to ensure that in each country adequate means are deployed to ensure that such issues are resolved as efficiently and rapidly as possible.

The Agreement includes the following annexes:

- (a) Annexes I and II and and appendix on the fisheries sector;
- (b) Annex III: list of exceptions of the Argentine Republic;
- (c) Annex IV: list of exceptions of the Federative Republic of Brazil;
- (d) Annex V: rules of origin;

- (e) Annex VI: régime applicable to imports of capital goods;
- (f) Annex VII: régime applicable to imports of food industry products;
- (g) Annex VIII: régime applicable to imports of the motor-vehicle industry;
- (h) Annex IX: régime applicable to imports of products for the nuclear power stations of Argentina and Brazil.

In accordance with the 1980 Treaty of Montevideo and its regulations, the Complementarity Agreement concluded between Argentina and Brazil is open to the other LAIA countries, by negotiation.

3. Agreements concluded by Venezuela Venezuela signed an Economic Complementarity Agreement with Argentina on 2 May 1988 (AAP.CE/10).

The objectives of this Agreement include those of efficiently promoting the fullest possible use of production factors; stimulating industrial integration and complementarities; promoting the development of links of economic co-operation and solidarity and strengthening, boosting and diversifying flows of trade in goods and services.

The liberalization programme of the Agreement will be carried out by means of the following instruments: tariff concessions as negotiated for the various products included in the programme and tariff concessions of a limited nature: seasonal, temporary, with quotas and/or a combination of these.

In order to develop an economic complementarity programme under the best conditions for both countries, the Agreement provides for a variety of activities, taking into account the following principles and instruments:

- (a) encouragement of investment, by both public and private sectors, in order to develop industrial activities aimed at satisfying demand in the two countries and in third countries, and enhancement of technology so as to boost exports on world markets;
- (b) application of criteria of efficiency, productivity and economic profitability in agroindustrial and manufacturing activities;
- (c) achievement of conditions of fair competition;
- (d) promotion of the balanced and harmonious development of the countries;
- (e) harmonization where possible of the treatment applied to capital and services linked to the products covered by the Agreement;

- (f) harmonization where possible of the treatment applied to the transfer of technology, know-how, licences, royalties, patents, trademarks and industrial registers connected with the products covered by the Agreement;
- (g) adoption of supplementary provisions concerning development of technology and financing;
- (h) gradual harmonization of provisions regulating imports to the extent necessary;
- (i) conclusion of bilateral agreements on taxation, double taxation and exchange regulations to facilitate the development of economic complementarity projects among signatory countries; and
- (j) adoption of provisions and agreements on maritime and air freight transport and freight rates.

The Economic Complementarity Agreement concluded between Argentina and Venezuela revokes the Agreement for the renegotiation of preferences granted in the period 1962/1980.

As stated in the Protocol of 2 May 1988, the two countries had to put it into effect simultaneously in their respective territories, and it would therefore have effect from that date. Argentina put the Agreement into force on 1 July 1988, and it was subsequently ratified by a Joint Resolution of the Ministries of the Economy and Foreign Affairs. Venezuela put it into effect by Decree No. 2,313 of 20 July 1988.

Under its provisions, the Agreement will last for three years from July 1988, thus lapsing in July 1991, and its signatories are to commence, six months prior to that date, the negotiations for its extension or definitive termination.

C. Agricultural Agreements (Annex 3)

The member countries of the Association have not concluded any further agreements of this kind other than those already reported to the GATT contracting parties in September 1984 (Document L/5689 of 1 October 1984).

D. Other types of partial-scope agreement (Annex 4)

1. The reports for the periods 1984/1986 and 1987/1988 (dated 24 March 1987 and 23 June 1989 and published in documents L/6158 and L/6531, respectively,) provide information on the partial-scope agreements concluded in the area of tourism and on "co-operation and trade in the fields of culture, education and science".

The first of these agreements has not been modified in any way.

On the other hand, the partial-scope agreement on co-operation in the fields of culture, education and science has received the accession of various LAIA member countries, so that it has come to resemble a Regional Agreement since only one of the eleven countries of the Association is needed to bring it within the definition of Article 6 of the 1980 Treaty of Montevideo.

Furthermore, this is the first Agreement concluded among member countries which provides for the participation of a Latin American country that is not a member of the Association.

After its signing on 27 October 1988 by Argentina, Brazil, Colombia, Mexico, Peru, Uruguay and Venezuela, three other countries acceded to it: Paraguay, Ecuador and Chile, which officially acceded in the course last year; Paraguay assumed its obligations and rights in full in August, and the other two countries in November 1990.

Also in the course of 1990, Cuba officially became a party, with the signing of the Protocol of Accession on 10 September 1990. That Protocol will come into force at the moment when the Republic of Cuba deposits its Government's instrument of ratification with the Secretary-General of the Association, at which date it will simultaneously enter into force for the other participating countries.

At that moment Cuba will assume all the obligations and commitments provided for under the Agreement while at the same time acquiring all the rights accruing to signatories.

2. In the period under consideration (1989/1990) two other partial-scope Agreements were signed under Article 14 of the 1980 Treaty of Montevideo. They are an agreement between Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay in the area of international land transport, and an agreement among all member countries except Mexico for the promotion of tourism in South America.

Agreement on International Land Transport

The Agreement comprises four chapters, namely:

- Chapter I: General provisions;
- Chapter II: International transport by road;
- Chapter III: International carriage of goods by rail and
- Chapter IV: Final provisions.

It also has five appendices containing the necessary models for the standardization of the documentation required and three Annexes establishing the definitions and rules applicable to land transport among signatories (scope; conditions applicable to transport entities and enterprises; customs premises; declaration of goods and responsibility; guarantees relating to goods and vehicles; formalities to be fulfilled: in customs at the point of departure, in customs at the point of border crossing and in customs at destination; customs infringements, claims and accidents; mutual assistance in administrative matters and miscellaneous provisions).

Under Article 5, every signatory country will accord enterprises authorized by the other signatory countries treatment equivalent to that afforded to its own enterprises, on a basis of reciprocity.

For the purposes of the release for free circulation at point of destination of goods transported in units capable of being sealed, Article 11 provides the possibility for countries to conclude a specific agreement on this point. In this connection paragraph 3 of the Article states that "Once the goods have cleared customs and the duties, fees and other charges relating to importation or exportation have been paid, the vehicle will be permitted to proceed with its load to its destination".

In addition, various articles of the Agreement provide the possibility for signatory countries to conclude bilateral agreements in order to expand various aspects of the Agreement.

For example, the parties may conclude bilateral or multilateral agreements on the various aspects covered by the Agreement, and in particular as regards reciprocity in the areas of permits, tariff régimes and other technical operational matters. Such agreements may in no case conflict with the provisions of the Agreement.

The Agreement does not in any case represent a restriction of the facilities granted between parties with regard to transport and freedom of transit.

In order to establish international road transport services and their modalities, an agreement must first be signed between parties, under which they will grant the necessary permits in order to establish reciprocity, separately for passenger and freight enterprises.

Passenger and freight traffic between parties will be distributed by means of bilateral agreements negotiated directly between the responsible national authorities, on the basis of reciprocity.

In cases of transport in transit through third countries, under Article 19, paragraphs 2 and 3, agreements will again be signed between the countries concerned, ensuring fair compensation for the use of the infrastructure of the country of transit, without prejudice to any bilateral or trilateral agreement under which the country of transit may participate in such traffic.

The Agreement provides for its entry into force on 1 February 1990 for the countries which have put it into effect within their own territories. In countries which have not done so, it will enter into force on the date when they put it into effect.

It will have a duration of five years from date of signature, automatically extendable for equal periods, and will be open to accession by the other LAIA countries through negotiation.

Agreement for the promotion of tourism in South America

In order to carry out jointly whatever activities are deemed necessary to promote South America as a tourist destination, both within and outside the region, the countries signatories to this Agreement undertake to deploy the necessary national measures to facilitate and promote tourism among themselves and from third countries to the region.

The Agreement provides that the official tourism institutions of signatories will meet annually in order to analyse, review and programme joint actions aimed at:

- (a) Promoting tourism to South America;
- (b) Disseminating the cultural attractions of the region;
- (c) Promoting tourism within the region;
- (d) Fostering co-operation among the region's tourism operators with a view to enhancing the regional capacity for absorbing and channelling tourism and;
- (e) organizing seminars and training courses in order to raise the level of specialization of tourism personnel.

They also undertake to promote bilateral co-operation among themselves in the various fields of tourism and to provide mutual technical assistance in carrying out their respective programmes.

The authorities of signatory countries must provide every facility, within their domestic legal arrangements, for the entry and exit of nationals of countries members of the Agreement, and undertake to take the necessary steps to harmonize the existing rules and procedures in this area.

The Agreement was signed on 30 August 1990, and was to enter into force on the following 30 November for countries which had put it into effect administratively prior to that date. For other countries, it is to enter into force from the date when they put it into effect administratively in their territories. It has a duration of four years, automatically extendable for equal periods.

E. Agreements for the "Renegotiation of concessions granted in the period 1962/1980" (Annex 5)

1. As provided for by the Evaluation and Convergence Conference at its Second Special Session in December 1981, the negotiations launched with a view to the incorporation into the integration process of the 1980 Treaty of Montevideo of the concessions granted by contracting parties under the LAFTA liberalization programme closed on 30 December 1983.

Since that date, there have been various modifications to the partial scope agreements for the renegotiation of the "LAFTA heritage", most of which consist in a deepening of the original preferences, the inclusion of new products not negotiated under the LAFTA liberalization mechanisms, the revision of some negotiated conditions, such as the establishment of import quotas agreed in conjunction with tariff preferences granted by member countries, as well as the review and adjustment of the rules governing the implementation and operation of these agreements.

It should be emphasized that some agreements in this category have been terminated by their signatories, who consider that the objectives of Resolution 1 of the Council of Ministers have been achieved in all respects, and have therefore chosen to promote effective economic complementarity through agreements of other kinds, usually economic complementarity agreements.

This is the case of the agreements concluded between Argentina and Brazil (AAP.R/1); Argentina and Colombia (AAP.R/4); Argentina and Peru (AAP.R/6); Argentina and Venezuela (AAP.R/7); Mexico and Peru (AAP.R/32); Argentina and Mexico (AAP.R/36); and Mexico and Uruguay (AAP.R/39). These have all been incorporated, as far as the agreed tariff and non-tariff preferences are concerned, into the economic complementarity agreements signed subsequently (see the list of such agreements in Annex 2).

2. Further to the provisions of Resolution 1 of the Council of Ministers, Bolivia and Venezuela concluded partial-scope agreements for the renegotiation of their LAFTA concessions with the other member countries of the Association.

Agreements signed by Bolivia

Bolivia has signed six partial-scope agreements of this kind, one with each of the non-Andean members of the Association.¹

The Agreement signed with Uruguay lapsed on 30 April 1989, at the end of the period of duration agreed between the two countries. The five remaining agreements, couched in virtually identical language, reproduce the objective of Resolution 1 of the Council of Ministers in so far as it provides for the incorporation into the new integration scheme established

¹Although they are holders of concessions granted under the Treaty of Montevideo which established LAFTA (national lists and lists of non-extensive advantages), the Andean countries did not sign agreements for the renegotiation of the LAFTA heritage among themselves.

by the 1980 Treaty of Montevideo of the products negotiated in the national lists and lists of non-extensive benefits granted by signatories, on the basis of the following criteria:

- strengthening and boosting of the flows of trade channelled by means of the concessions, in a manner compatible with the various economic policies and the strengthening of the regional and sub-regional integration process of signatory countries;
- correction of quantitative imbalances in trade flows of negotiated products and promoting a higher share of manufactured and semi-manufactured products in that trade, preferably through the deepening or widening of concessions. Account must be taken of the use made of the national lists of the relatively less economically developed countries by signatory countries and the use the former have made of the national lists of the other signatory countries;
- consideration of the effects produced by the various economic policies of signatory countries;
- application of differential treatment according to the three categories of countries; and
- consideration, to the extent possible, of the special situation of some products of signatory countries.

The main features of these agreements may be summarized as follows:

- (a) Tariff and non-tariff preferences These are all based on the principle of reciprocity of concessions. Signatories agree to reduce or eliminate duties and other restrictions on imports of the products explicitly mentioned in each Agreement. Each agreement defines the terms "levies" and "restrictions" covered.
- (b) Maintenance of margins of preference Signatory countries undertake to maintain the proportionality of the percentage preferences agreed in the negotiations with respect to obviously more favourable levies applied to imports from third countries.
- (c) Non-tariff restrictions Signatories will apply no non-tariff restrictions other than those declared at the time of signing of the Agreement.
- (d) Rules of origin The advantages accruing from the agreed tariff preferences apply exclusively to products originating in and coming from the territory of signatory countries in accordance with the provisions annexed to each agreement.

The agreements concluded by Bolivia with Argentina, Brazil and Mexico provide that products imported from any country by a signatory country cannot be re-exported to another signatory except where otherwise agreed among the signatory countries concerned.

- (e) Safeguard clauses While the agreements concluded with Argentina and Chile establish that no safeguard clauses will be applied to the negotiated products, the agreements with Brazil and Mexico provide for their unilateral application with immediate effect for a period of one year, extendable for a further year if the causes that gave rise to them persist. The Bolivia-Brazil agreement refers to safeguard clauses applied to agricultural products, which are distinguished from the safeguard clauses applicable to other types of product.
- (f) Withdrawal of concessions While these agreements are in force, signatory countries may not withdraw any of the agreed concessions.

To this end it is established that the elimination of agreed preferences by non-renewal at the end of their period of validity shall not be considered withdrawal. Likewise, the elimination of preferences when the agreements are revised is not considered withdrawal.

- (g) Differential treatment While the agreements do not establish how this principle is to be applied, they declare that it has been considered and will be taken into account in all modifications that take place as a consequence of the revisions provided for in the case of each agreement, usually every three years.

Nevertheless, by the application of this principle the signatory countries have undertaken to adjust the preferences granted to a less-developed country whenever any of them grants a similar or greater tariff preference for the same negotiated product to a non-signatory country that is more developed than its counterpart in the agreement. In this case preferences must be adjusted in such a way as to maintain for the less-developed country a differential margin that preserves the effectiveness of the concession granted. The size of this differential margin is to be negotiated between the parties.

The agreements also establish that differential treatment may in any event be restored through negotiations on any other element of the agreement where the margin of tariff preference has not been agreed.

- (h) Convergence and accession As provided for in Resolution 2 of the Council of Ministers governing the conclusion of partial-scope agreements, the agreements under consideration include explicit provisions for progressive multilateralization of the agreed concessions (convergence) and on accession.

In addition, the partial-scope agreement signed between Bolivia and Brazil included, through an additional protocol signed in December 1988, a number of provisions which render it unique.

Firstly, in order to facilitate the import and export of goods, the two countries undertake to grant priority treatment, in their domestic legislation, to trade in the products covered by the agreement. Priority treatment is understood to mean:

- for Bolivia, the speeding up of customs clearance, provided the appropriate import documents have been correctly issued; and
- on the part of Brazil, that it will refrain from imposing non-tariff restrictions on imports of negotiated products except in the case of those explicitly declared during negotiations, i.e. prior permits from the National Petroleum Company (now the National Fuels Department of the Ministry of Infrastructure) and the Rubber Supervisory Department (now the Brazilian Institute of the Environment and Renewable Resources), as appropriate; the automatic issue of import licences, provided the application has been properly submitted by the Brazilian importer and meets the legal requirements concerning price checking, which may be carried out subsequently; and that the supervision of quotas granted for the import of negotiated products will be carried out by the government of the exporting country.

Secondly, Brazil undertakes to grant Bolivia an automatic annual increase of five per cent in any quotas it has established for imports of products subject to quotas, by physical volume or value, covered by the agreement.

Thirdly, the two countries exempt negotiated products from consular fees on their reciprocal imports.

Fourthly, the signatories undertake to use, for the transport of goods traded bilaterally as well as for insurance and re-insurance operations, Bolivian and Brazilian firms on a preferential basis, provided such use does not involve increased freight rates or delays in shipment.

Finally, they undertake to exempt from foreign-exchange and consular requirements the trade between inhabitants of border areas in the case of products, whether or not negotiated under the agreement, intended for their personal consumption, thus reducing to a minimum the administrative procedures in both countries, to which end the proper services will establish the necessary arrangements.

Agreements concluded by Venezuela

Venezuela has also implemented Resolution 1 of the Council of Ministers, and negotiated with the six non-Andean member countries of the Association renegotiation agreements concerning the concessions granted in the period 1962/1980.¹

¹ Although they hold concessions under the Treaty of Montevideo which established LAFTA (national lists and lists of non-extensive advantages), the Andean countries did not sign agreements for the renegotiation of the LAFTA heritage among themselves.

These are the agreements signed with Argentina (AAP.R/7), Brazil (AAP.R/13), Chile (AAP.R/16), Mexico (AAP.R/30) and Uruguay (AAP.R/29).

The Agreement signed with Argentina lapsed with the explicit consent of the parties when they concluded Economic Complementarity Agreement No. 10, in which they included all the concessions in the original agreement (see list of economic complementarity agreements).

Broadly speaking, the agreements signed by Venezuela are all similar and resemble the other agreements of this category.

Obviously, they all state their objective in the same manner: namely, to incorporate into the new integration arrangements established by the 1980 Treaty of Montevideo the products negotiated under the LAFTA liberalization programme on the basis of the criteria laid down in Resolution 1 of the Council of Ministers.

They then record the preferences agreed by the signatories for the importation of the products covered by each agreement and originating in their own territories, as well as the negotiating conditions and product description when the concession granted does not cover the corresponding classification of the Association's nomenclature at its most disaggregated level.

The liberalization programme of these agreements is based on the product-by-product negotiation of tariff preferences consisting in percentage reductions applied to the tariff rate in force for third countries.

They also establish the rules of origin applicable to negotiated products for the purposes of eligibility for the benefits under the agreed preferences.

They all contain the mandatory general provisions mentioned in Article 9 of the 1980 Treaty of Montevideo (accession, convergence, differential treatment and duration), as well as those considered permissive for their signatories (rules of origin; safeguard clauses; withdrawal of concession; non-tariff restrictions; denunciation; review and administration of the agreement, etc.).

It is precisely some of the latter provisions that differentiate the agreements signed by Venezuela with Brazil, Chile, Mexico, Paraguay and Uruguay.

- (a) For example, as far as safeguards clauses are concerned the agreement between Brazil and Venezuela distinguishes between agricultural and other traded products and regulates the application of safeguards in a different way according to the product: in the case of agricultural products, it provides for unilateral application with immediate effect, provided that this does not lead to a reduction in normal consumption or an increase

in uneconomical output, in the case of measures aimed at limiting imports to the level necessary to cover the shortfall in domestic supply and/or bring the price of the imported products to the level of the domestic product.

On the other hand, in the case of the other products it provides for the unilateral application, with immediate effect, of measures (which it does not explicitly define) where there is material injury to domestic production. ("Material injury" is defined as the import of a negotiated product in a quantity or for a value such as to cause a significant reduction in the production activity of the importing country as measured by the level of occupation of the enterprise or industry or relative loss of domestic-market share compared with the like product imported under the granted preference).

The Brazil/Venezuela Agreement also envisages, as a cause for the application of safeguards, the measures adopted by the signatories to correct balance-of-payments difficulties; such measures may be applied to trade in negotiated products on a transitional and non-discriminatory basis.

Another exclusive feature of this Agreement is the provision prohibiting re-export of products imported by a signatory country to the other country unless otherwise agreed between them. This provision provides that an operation will not be considered re-exportation if the product is subjected in the importing country to processing or manufacturing within the meaning of the rules-of-origin provisions.

- (b) Among the agreements signed by Venezuela in this category, the Agreement with Mexico is also distinctive in that it provides for the possibility of countertrade operations or programmes for products that fall in the category of non-traditional trade or the goods of specific industries.

To this end, under the Agreement the trade authorities of the countries concerned are to negotiate the tariff and non-tariff preferences that will be granted for products involved in countertrade, as well as the operational guidelines for such transactions to take place efficiently.

These are the main features of the agreements concluded by Venezuela under Resolution 1 of the Council of Ministers.

F. Agreements concluded by member countries under Article 25 of the 1980 Treaty of Montevideo (Annex 6).

As it appears from the list of current agreements concluded among member countries of the Association and non-member Latin American countries under Article 25 of the 1980 Treaty of Montevideo, two such agreements were concluded during the period 1989/1990. These are the Agreements between Venezuela and Trinidad and Tobago and the Agreement between Brazil and Cuba, signed in August and October 1989, respectively.

1. Agreement between Venezuela and Trinidad and Tobago The main features of the Agreement are its liberalization programme, the safeguards régime, and the provisions on withdrawal of concessions, trade promotion and accession.

- (a) Liberalization programme In order to boost mutual trade, the signatories agree to grant tariff preferences for the import of the products listed in Annexes I and II of the Agreement. The preferences take the form of percentage reductions applied to the tariffs in force for third countries.

In other words, this is a programme of reciprocal concessions that exclusively concern tariffs. Any levy having an effect equivalent to that of customs tariffs is not included in the liberalization programme of the Agreement.

- (b) Safeguard clauses The signatories may unilaterally and temporarily impose restrictions on imports of negotiated products when they are taking place in a quantity or under conditions such as to cause or threaten serious injury to domestic producers of similar or directly competitive goods.

The Agreement provides that such injury exists whenever imports of negotiated products are taking place in a quantity or for a value such as to cause or threaten a reduction in domestic production activity as measured by the level of occupation of the industry concerned or by the relative decline in its production for the local market compared with the product imported under the preference.

- (c) Withdrawal of concessions The agreed preferences may not be unilaterally withdrawn while the Agreement is in force.

The exclusion of a preference at the time when the Agreement is reviewed, as provided for, does not constitute unilateral withdrawal. Likewise, the elimination of agreed preferences when they duly expire and are not renewed does not constitute withdrawal.

- (d) Trade promotion A chapter of the Agreement is devoted to the trade promotion to be carried out by governments for the purpose of attaining the Agreement's objectives as efficiently as possible.

To that end, the signatory countries agree to grant each other all possible facilities for trade promotion in their territories as well as the exchange of trade missions and delegations, participation in fairs and exhibitions held in their territories and so forth.

Likewise, the two countries will foster meetings of businessmen and support the initiatives of the Venezuela-Trinidad and Tobago Joint Commission aimed at promoting and facilitating trade relations between the two countries.

Through the appropriate official institutions, both countries will ensure the exchange of information on prospects in their markets in order to strengthen trade flows.

- (e) Accession As provided for in the 1980 Treaty of Montevideo and Resolution 2 of the Council of Ministers governing the conclusion of partial-scope agreements, the Agreement is open for accession by the other member countries of the Association and of the Caribbean Community and Common Market (CARICOM), subject to negotiation.

This is the first time such a provision appears in an agreement signed under Article 25 of the 1980 Treaty of Montevideo. (The Agreement concluded with Honduras in 1986 referred to "any Latin American country", and is the only instrument of the kind to refer to other countries not members of the Association).

2. Agreement between Brazil and Cuba

The Agreement signed by Brazil with Cuba is aimed at promoting increased and balanced trade between the signatories and, taking into account their respective degrees of economic development, the granting of concessions to strengthen and boost their trade, achieve greater diversification in their mutual trade, and resolve where possible the specific situation of certain products of common interest to both countries.

Its main features are:

- (a) A liberalization programme drawn up on the basis of mutual concessions whereby each country grants tariff preferences for imports of products originating in the territory of the other as explicitly listed in the Agreement (Annexes 1 and 2).

The tariff preferences consist in a percentage reduction in the current tariffs applied to imports from third countries.

The signatories undertake to apply to the negotiated products covered by the liberalization programme the non-tariff restrictions they have explicitly declared, not to apply less restrictions and refrain from intensifying those declared when the Agreement was signed. The elimination or reduction of the declared restrictions will be the subject of negotiations between the parties.

A striking feature of this Agreement is the commitment of the signatories not to apply to imports of the negotiated products any levies that are legally different from tariffs or the Customs Tariff, with the exception of those explicitly declared when the Agreement was signed.

- (b) The safeguard clauses that may be applied unilaterally to negotiated products may be imposed for the following reasons:

- (i) the existence of imports that cause or threaten serious injury to an industry of significance for the importing country's economy; and
- (ii) the correction of a balance-of-payment deficit in the importing country.

In both cases, the safeguard measures will last for one year, extendable for a further year if the conditions established in the Agreement for the grounds invoked are satisfied.

- (c) Withdrawal of concessions is authorized provided the importing signatory country has previously requested the application of safeguard clauses as provided for by the Agreement.

A country withdrawing a concession must begin negotiations within thirty days from the date on which it communicates its intention of making the withdrawal.

In these negotiations, the importing country must offer compensation to the other country for a value equivalent to that of the trade flows affected by withdrawal. If these negotiations do not produce a satisfactory agreement on the compensation owed by the importing country, the affected country may in turn withdraw concessions equivalent to those withdrawn by the other party.

- (d) The Agreement invoked the application of differential treatment as provided for by Article 3 of the 1980 Treaty of Montevideo.

This is a provision that partial-scope agreements signed among member countries must include, in accordance with Resolution 2 of the Council of Ministers; the principal of differential treatment refers to the three categories of countries specified in the 1980 Treaty of Montevideo and Resolution 6 of the Council of Ministers, classified according to structural economic features. According to Article 3(d) of the 1980 Treaty of Montevideo, such treatment is to be applied to a specified extent to countries of intermediate development and more favourable for economically-less-developed countries.

The reference to this principle, therefore, is a virtually unique feature of an agreement concluded by a member country under Article 25 of the 1980 Treaty of Montevideo, as while the agreement between Venezuela and Honduras in 1986 refers to differential treatment, it does so in different terms from those of the 1980 Treaty of Montevideo ("application of a principal of ~~community~~ solidarity that allows benefits to be enjoyed equitably, taking account of the degree of economic development of countries, particularly those that are economically less developed, to be able to take advantage of the incentives of integration").

- (e) Finally, as established by the 1980 Treaty of Montevideo, the Agreement provides for the accession of the other member countries of the Association, through negotiations.

In this connection it should be recalled that the relatively less-developed countries of the Association (Bolivia, Ecuador and Paraguay) are, under Article 25(a) of the 1980 Treaty of Montevideo, direct beneficiaries of the concessions granted by member countries of the Association to non-member Latin American countries.

G. Regional Agreements (Annex 7)

1. Regional Market-Opening Agreement on behalf of Bolivia

In the report submitted by member countries of the Association which were then also contracting parties to the General Agreement (presented at the fifty-third meeting of the Committee on Trade and Development, COM.TD/W/416/Add.1 of 1 October 1984), reference is made to the programmes and other specific forms of co-operation adopted in relation to the relatively less-developed countries of LAIA.

The first of these references is to the regional market-opening agreements on behalf of the economically less-developed countries, usually known as the "market-opening lists".

It would suffice to mention here the changes that have been made in the regional agreement on behalf of Bolivia, which is the only economically less-developed country currently a member of both organizations.

Nevertheless, it appears desirable to outline the main features of these agreements, which are worded in exactly the same way for the three economically less-developed countries of the Association, Bolivia, Ecuador, and Paraguay. Consequently, in the following comments whenever one country is mentioned the reference should be construed as applying to any of the three.

(a) Object of the agreements

The purpose of the market-opening agreements is to establish favourable conditions for the participation of the economically less-developed countries in the economic integration process of the Association, by giving them preferential treatment for the sale of their products on the markets of member countries.

(b) Treatment of their exports

Member countries have undertaken to eliminate, completely and immediately, the customs levies and other restrictions that affect imports of the products originating in the economically less-developed countries that are explicitly mentioned in the agreement.

Taxes and other internal levies on products included in the list referred to in the previous paragraph will be applied in accordance with Article 46 of the 1980 Treaty of Montevideo.

The products included in the market-opening list and those subsequently incorporated in it may be negotiated with third countries or with countries members of other mechanisms of the 1980 Treaty of Montevideo.

In such cases, member countries will negotiate the maintenance of the preferences granted in the agreement in such a way as to maintain their effectiveness and, if this is not possible, grant adequate compensation. The negotiations must begin within thirty days of being requested by Bolivia and be completed within sixty days from that date.

(c) Safeguard clauses

Any member country may temporarily apply for not more than one year, and provided that such application does not lead to a reduction in their normal consumption, safeguard clauses for specific products originating in Bolivia which are included in the market-opening list when imports from that country are such as to cause serious injury to the domestic industry concerned.

Before applying the safeguard clause, the importing country must agree with the exporting country on the scope and conditions of the application of the clause and the setting of an import quota not affected by the safeguard.

The safeguard clause may not be applied during the first year of validity of a concession; it may be renewed for a further period of one year, provided the import quota free of the safeguard is maintained.

If, when the extension period expires, the conditions which led to the application of the measure persist, the safeguard clause may be renewed for a further additional period of one year, again under the conditions agreed for its application.

Member countries may not apply safeguard clauses for balance-of-payments reasons to the products included in the market-opening list.

(d) Evaluation and broadening

The results of the application of each agreement must be evaluated by the Evaluation and convergence Conference established by the 1980 Treaty of Montevideo, at which the progressive broadening of each country's list and any withdrawal of products accompanied by appropriate compensation are to be negotiated.

With a view to achieving the progressive broadening of the market-opening lists, member countries may hold the necessary negotiations when they see fit.

In the negotiations for the progressive broadening of the market-opening lists, priority attention will be paid to the possibilities of regionalization of preferences for products not granted by all member countries.

The agreements will remain in force as long as the beneficiaries conserve their status as economically less-developed countries.

In addition, the member countries have agreed to settle any disputes that may arise among them in relation to the application of the agreement by means of consultations or negotiations, and inform the Committee of Representatives of the problems that have arisen and the solutions agreed. Differences that cannot be resolved by the above procedure will be referred to the Committee, which will collect whatever information it considers necessary and make the recommendations it considers relevant for a settlement within a maximum period of sixty days from the date at which it takes up the matter that has been referred to it.

Composition of the market-opening list of Bolivia

An analysis of the composition of the market-opening lists by major product categories shows that the Bolivian list includes predominantly manufactures. The lesser importance of manufacture in the case of Paraguay and Ecuador is due to the large number of products granted by Brazil, which include few manufactures.

The market-opening list on behalf of Bolivia consists of 569 NALADI items, of which 34.1 per cent are food, beverages and tobacco, 13.9 per cent raw materials of agricultural origin, 9.2 per cent minerals and metals, 41.7 per cent manufactures, and 1.1 per cent miscellaneous articles.

Of the items mentioned, each of the Andean Group countries has granted Bolivia concessions on 115 items, under the conditions established by the Cartagena Agreement, Argentina on 51 items, Brazil on 517, Chile on 10, Mexico on 39, Paraguay on 36, and Uruguay on 14.

The legal arrangements of the Association include a number of provisions for the strengthening of the market-opening lists for the economically less-developed countries. These refer to the inclusion of new products in the lists, or the enlarging or elimination of quotas where these have been negotiated.

The provisions relating to this subject include the following: Article 18 of the 1980 Treaty of Montevideo; Article 4 of Resolution 3 of the LAFTA Council of Ministers; Resolution 7 (II) of the LAIA Council of Ministers; Resolution 13 (iii) of the LAIA Council of Ministers.

The last of these resolutions establishes a plan of action in favour of the economically less-developed countries under which member countries of the Association undertake to implement shortly a plan for their exportable supply to be included in the mechanisms of the 1980 Treaty of Montevideo, preferably in the market-opening lists; to implement a plan whereby the export potential of the land-locked countries will be included in the mechanisms of the Association, in particular the market-opening list, when the products complement the local industries of the countries granting preferences; and to agree rapidly to the negotiated transfer of products included in partial-scope agreements to the market-opening list when demand conditions so justify.

2. Regional tariff preference

Probably one of the most important developments in the period under review was the Second Amending Protocol in respect of the regional tariff preference, signed in June of last year.

Regional Agreement No.4 which set up and regulates the regional tariff preference established by Article 5 of the 1980 Treaty of Montevideo was brought to the knowledge of the contracting parties in the report prepared in September 1984, together with regional market-opening agreements in favour of relatively less developed countries referred to in the preceding section.

Nevertheless, it seems appropriate to outline the main provisions of the regional tariff preference for a better understanding of the significance of the Second Amending Protocol, with which this report is primarily concerned as regards regional-scope agreements.

(a) Object of the Agreement

The member countries of the Association grant each other a tariff preference on their reciprocal imports, consisting of a percentage reduction of the levies applicable to imports from third countries.

For the purposes of the preceding paragraph "levies" are 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 does not include fees and similar charges commensurate with the approximate cost of services rendered.

(b) Scope

The regional tariff preference applies to the import of all products originating in the territory of member countries.

Products included in the lists of exemptions drawn up in accordance with the Agreement are excluded from the regional tariff preference.

The member countries have undertaken to apply the regional tariff preference to imports of products negotiated by them in each of the mechanisms provided for under the 1980 Treaty of Montevideo, whenever it is greater than that agreed to by them in those mechanisms.

(c) Size of the regional tariff preference

Prior to the signature of the Second Amending Protocol the tariff preference percentages applied to the various country categories were the following:

Granting countries	Receiving country	Relatively less developed countries	Intermediate developed countries	Other member countries
Relatively less developed countries		10	6	4
Intermediate developed countries		15	10	6
Other member countries		22	14	10

The Agreement provided that the following preference percentages were to be applicable to the land-locked relatively less developed countries, in place of those indicated in the preceding paragraph:

From relatively less developed countries	11%
From intermediate developed countries	15%
From other member countries	22%

Furthermore, on the occasion of any subsequent deepening of the agreed basic preference, those countries were to be granted a larger increase.

(d) Non-tariff restrictions

The signatory countries had agreed that non-tariff restrictions declared on the date of the First Amending Protocol might be applied to products benefiting from the regional tariff preference until 1 March 1988, with the exception of the following:

- those allowing discrimination in favour of countries outside the region;

- those allowing discrimination in favour of any member country, except when for the benefit of countries declared to be in a deficit situation in terms of the general régime established; and
- those applicable to products negotiated in counter-trade programmes or similar schemes, that imply a guaranteed balance of reciprocal trade.

In the event that one or more member countries found it absolutely necessary to continue to apply one or more of such non-tariff restrictions beyond 1 March 1988, they could negotiate later deadlines for the application of those non-tariff restrictions; as from the date of the Protocol member countries must not introduce any new measures of this kind in respect of import of products originating in the region.

(e) Lists of exemptions

The following upper limits were set on the number of headings in the Association's tariff nomenclature that might be included in the lists of exemptions:

Relatively less developed countries ...	2.400 NALADI headings
Intermediate developed countries ...	1.200 NALADI headings
Other member countries ...	600 NALADI headings

(f) Maintenance of the preference

The member countries undertook to maintain the proportionate relation resulting from the regional tariff preference applied at the level of existing levies for imports from third countries, whatever the level of such levies.

Accordingly, the regional tariff preference does not imply binding of the levies applied by member countries to their imports from third countries, nor of the levies resulting from its application to imports from the region.

(g) Régime of origin

Benefits deriving from application of the regional tariff preference apply exclusively to products originating in the territory of member countries, in accordance with the General Régime of Origin adopted by the Association.

(h) Safeguard clauses

Member countries may apply safeguard clauses to the import of products benefiting from the regional tariff preference, on the terms and conditions laid down in the regional régime of safeguards adopted by the Association.

(i) Evaluation and deepening of the preference

Under Article 33 (e) of the 1980 Treaty of Montevideo, evaluation and deepening of the regional tariff preference is to be carried out at regular sessions of the Evaluation and Convergence Conference.

For that purpose, the Committee carries out regular evaluations of the functioning of the regional tariff preference, and makes appropriate recommendations to the Conference for better operation of the Agreement.

The General Secretariat prepares whatever studies it deems necessary for that purpose and any requested from it by the Committee of Representatives; in addition, it reports on the results achieved in applying the regional tariff preference.

(j) Differential treatment

The Agreement lays down implementing provisions for the principle of differential treatment as envisaged in Article 3 of the 1980 Treaty of Montevideo, stipulating that this principle is to be reflected in the size of the preference; in the lists of exemptions and in measures expressly provided for in the text in favour of Bolivia and Paraguay, to be adopted on the occasion of any negotiation for further deepening of the regional tariff preference.

(k) Accession

The Agreement is open to accession, subject to negotiation, by the countries of Latin America and the Caribbean which are not members of the Association.

The wording takes full account of the recommendation in the Quito Declaration and Plan of Action adopted at the Latin-American Economic Conference held at Quito (Ecuador) in 1984, providing for the establishment of a regional tariff preference through a Regional Agreement open to accession by the countries of Latin America and the Caribbean which are not members of LAIA (Section II Trade, 2(a)).

The Regional Agreement under reference entered into force as from 1 July 1984 under a Protocol signed by the eleven member countries of the Association on 27 April of that year.

It should be underlined that on that occasion the signatory countries undertook to grant the benefits deriving from the regional tariff preference exclusively to those member countries which had implemented it in full.

At the date of signature of the Second Amending Protocol of the regional tariff preference, only Venezuela had not yet fulfilled the commitment to implement Regional Agreement No. 4 in full.

By agreement of the parties, Bolivia was allowed to begin implementing the regional tariff preference once it had rectified its economic and financial situation, and did so before the Second Amending Protocol was drawn up.

Second Amending Protocol

The Second Amending Protocol for the regional tariff preference was signed in June 1990 and entered into force on 1 August 1990; its benefits are applicable to the signatory countries as from the date on which they give it legal and administrative effect in their respective territories.

At the date of the present report, six of the eleven member countries of the Association had notified the entry into force of the Second Protocol and their respective lists of exemptions in accordance with its provisions. Those countries were Argentina, Brazil, Colombia, Chile, Mexico and Uruguay.

The changes made under the Second Protocol were the following:

- (a) Size of the preference Both the basic preference applied as between countries at the same stage of development and the preference levels resulting from the formula laid down in the Agreement were doubled in relation to those in force under the First Amending Protocol.

Granting country	Receiving country	Relatively less developed countries	Intermediate developed countries	Other member countries
Relatively less-developed countries		20	12	8
Intermediate developed countries		28	20	12
Other member countries		40	28	20

In addition, the preferences granted to landlocked relatively less-developed countries were increased: the preferences of relatively less-developed countries became 24 per cent; those of intermediate developed countries, 34 per cent and those of other member countries, 48 per cent; the provision envisaging an additional increase in favour of these countries in a subsequent deepening was revoked.

(b) Non-tariff restrictions

Under this Second Protocol, the signatory countries undertook not to apply non-tariff restrictions to the import of products covered by the regional tariff preference, except in any of the following circumstances:

- (a) in the situations mentioned in Article 50 of the 1980 Treaty of Montevideo;
- (b) in the case of the adoption of safeguard clauses, applied on the terms and conditions set forth in the Agreement;
- (c) in the case of measures adopted in the framework of Government manufacturing, sales, marketing and import monopolies or of domestic practices with regard to Government procurement and State-regulated supplies.

Measures adopted under sub-paragraph (a) must be consistent with the legal provisions and regulations applied by each of the member countries in respect of the various situations envisaged by Article 50 of the 1980 Treaty of Montevideo.

(c) Lists of exemptions

The number of NALADI headings that may be included in lists of exemptions has been reduced by 20 per cent. The Amending Protocol stipulates that in future those lists may include the following maximum number of NALADI headings (based on the CCCN):

Relatively less developed countries ...	1.920 headings
Intermediate developed countries ...	960 headings
Other countries ...	480 headings

Both the number of headings and the products selected for inclusion in lists of exemptions will remain in force so long as the basic size of the regional tariff preference remains 20 per cent.

The Protocol also establishes that on the occasion of subsequent deepening of the size of the preference, the signatory countries must reduce the number of headings included in the lists, without any change in their content.

In addition, the signatory countries may negotiate criteria for shortening the lists of exemptions in order to prevent any impairment of the trade effects of the regional tariff preference.

Furthermore, the Amending Protocol introduces the concept of significant trade volume used in the Agreement to prevent the application of lists of exemptions to the relatively less developed countries. Under the Regional Agreement, lists of exemptions are not applicable to exports of products originating in those countries "which have been the subject of significant trade" in a specified period.

The text stipulates "that a product has been the subject of "significant trade" when regional exports thereof in any of the years in the three-year period under reference represent not less than 1 per cent of

total exports to the region by the relatively less-developed country concerned, recorded in that year, excluding products falling within headings 27.09 to 27.14 of the nomenclature of the Association, based on the CCCN or equivalent headings within the Harmonized System".

Each year, the General Secretariat must report to the signatory countries the products in the situation referred to in this Article. In determining the products falling within the concept of significant trade of relatively less-developed countries in relation to Uruguay, the percentage referred to in the preceding paragraph is 2 per cent.

(d) Evaluation and deepening

The Amending Protocol entrusts a series of tasks to the Committee of Representatives, to be carried out before any further deepening of the basic preference (20 per cent).

The Amending Protocol introduces a provision that can be considered novel, stipulating that in the event of non-compliance with any of its provisions by any country, the benefits deriving from the Agreement on the part of the signatory countries are to be suspended in respect of that country so long as the situation justifying such suspension persists.

Lastly, it should be noted that the signatory countries have agreed to meet at Montevideo on a date to be determined in order to:

- evaluate the results of application of the regional tariff preference. Every six months, the member countries are to furnish full and detailed information on their imports covered by the regional tariff preference.
- analyse the formula used for determining differential treatments in regard to the size of the regional tariff preference.
- identify the customs duties and other charges having equivalent effects to which the regional tariff preference is applicable in each of the member countries.
- analyse the evaluation and other studies entrusted to the Committee of Representatives and carry out negotiations for substantially increasing the size of the regional tariff preference; significantly to reduce the number of headings included in lists of exemptions, and to establish the trade percentage that may be included in those lists; and to review the parameters of the Agreement.

LIST OF AGREEMENTS CONCLUDED UNDER THE 1980 TREATY OF MONTEVIDEO
IN ACCORDANCE WITH THE VARIOUS MODALITIES SET FORTH IN
THAT TREATY AND ITS ADDITIONAL AMENDING PROTOCOLS

ANNEX 1

Trade Agreements

1980 Treaty of Montevideo, Article 10

"Trade agreements are exclusively aimed towards trade promotion among member countries, and shall be subject to the specific rules to be established for that purpose."

Resolution 2 of the Council of Ministers, Article 6
(Implementing provisions)

"Trade agreements are exclusively aimed towards trade promotion among member countries.

Such agreements shall be subject, inter alia, to the following rules:

- (a) their provisions shall be aimed towards trade objectives and accordingly shall not comprise commitments in regard to production specialization;
- (b) they shall cover those headings of the nomenclature which fall within the sector concerned;
- (c) they shall comprise tariff concessions and commitments for the elimination or reduction of non-tariff restrictions, and may include temporary, per quota or mixed concessions, regarding surpluses and shortfalls, and likewise measures relating to counter-trade;
- (d) they shall take special account of recommendations by the entrepreneurial sector; and
- (e) the concessions set forth therein shall be automatically extended, without the grant of compensation, to the relatively less-developed countries, independently of negotiation and accession to the agreement concerned."

Trade Agreements (Article 10 of the 1980 TM)

Agreement	Participating countries/sector	Protocols and signatory countries of each of them
1	<p>ARGENTINA/BRAZIL/CHILE/MEXICO/ URUGUAY Sector: statistical machines and the like</p> <p>Note: Argentina denounced the Agreement on 15.1.88 Note: Article 8 of the first Additional Protocol formalizes the participation of Uruguay in the Agreement, cancelling the preferences granted and received by Uruguay on 22.12.89</p>	<p>Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (1) 22.12.89 - BR/CH/ME/UR (2) 31.12.90 - BR/CH/ME</p>
2	<p>ARGENTINA/BRAZIL/MEXICO Sector: electronic valves</p>	<p>Original Protocol of 29.11.82 No Additional Protocols since its signature</p>
5	<p>ARGENTINA/BRAZIL/CHILE/ MEXICO/URUGUAY/VENEZUELA Sector: chemical industry</p>	<p>Original Protocol of 20.12.82 Additional Protocols and their dates of signature: (11) 22.12.89 - AR/BR/ME/VE (12) 31.12.90 - AR/BR/ME (13) 5.2.91 - ME/VE</p>
7 A	<p>ARGENTINA/URUGUAY Sector: refrigeration and air-conditioning</p>	<p>Original Protocol of 24.12.82 No Additional Protocols since its signature</p>
7 B	<p>ARGENTINA/URUGUAY Sector: electrical household appliances</p>	<p>Original Protocol of 24.12.82 Additional Protocols and their dates of signature: (4) 29.11.89 - AR/UR (5) 21.12.90 - AR/UR</p>
9	<p>BRAZIL/MEXICO Sector: generation, transmission and distribution of electricity</p>	<p>Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (3) 14.12.89 - BR/ME</p>

Agreement	Participating countries/sector	Protocols and signatory countries of each of them
10	ARGENTINA/BRAZIL/MEXICO Sector: office machines	Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (7) 15.12.89 - AR/BR/ME (8) 31.12.90 - AR/BR/ME
11	BRAZIL/MEXICO Sector: electronics and electrical communications	Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (4) 31.12.90 - BR/ME
12	ARGENTINA/BRAZIL/MEXICO URUGUAY/VENEZUELA Sector: phonography	Original Protocol of 2.12.82 Additional Protocols and their dates of signature: (2) 15.12.89 - AR/BR
13	BRAZIL/MEXICO Sector: household electrical, mechanical and heating appliances	Original Protocol of 29.11.82 No Additional Protocols since its signature
14	ARGENTINA/BRAZIL/MEXICO Sector: chemicals and pharmaceuticals	Original Protocol of 10.12.81 Additional Protocols and their dates of signature: (6) 15.12.89 - AR/BR/ME (9) 31.12.90 - AR/BR/ME (10) 31.12.90 - AR/BR/ME
15	ARGENTINA/BRAZIL/CHILE/ MEXICO/URUGUAY/VENEZUELA Sector: petrochemicals	Original Protocol of 6.12.82 Additional Protocols and their dates of signature: (20) 29.11.89 - AR/BR (21) 22.12.89 - AR/BR/ME/UR (22) 13.2.90 - AR/CH (23) 07.3.90 - ME/CH (24) 9.4.90 - BR/CH (25) 31.12.90 - AR/BR/CH/ME/UR (26) 05.2.91 - ME/VE
16	ARGENTINA/BRAZIL Sector: refrigeration and air-conditioning	Original Protocol of 15.11.82 Additional Protocols and their dates of signature: (3) 29.11.89 - AR/BR (4) 31.12.90 - AR/BR

Agreement	Participating countries/sector	Protocols and signatory countries of each of them
17	ARGENTINA/BRAZIL Sector: household electrical mechanical and heating appliances	Original Protocol of 15.11.82 Additional Protocols and their dates of signature: (3) 30.11.89 - AR/BR (4) 31.12.90 - AR/BR
18	ARGENTINA/BRAZIL/MEXICO/URUGUAY/ VENEZUELA Sector: photography	Original Protocol of 24.12.82 Additional Protocols and their dates of signature: (11) 14.12.89 - AR/BR/ME/UR/VE (12) 31.12.90 - AR/BR/ME/UR
19	ARGENTINA/BRAZIL/MEXICO/URUGUAY Sector: electronics and electrical communications	Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (5) 29.11.89 - AR/BR/ME/UR (6) 31.12.90 - AR/BR/ME/UR
20	ARGENTINA/BRAZIL/CHILE/MEXICO Sector: dyes and pigments	Original Protocol of 10.12.81 Additional Protocols and their dates of signature: (8) 15.12.89 - AR/BR/ME (9) 31.12.90 - BR/ME (10) 31.12.90 - BR/ME
21	ARGENTINA/BRAZIL/CHILE/MEXICO/ URUGUAY Sector: chemicals (surpluses and deficiencies)	Original Protocol of 10.12.81 Additional Protocols and their dates of signature: (14) 22.12.89 - AR/BR/ME/UR (15) 13.2.90 - AR/CH (16) 7.3.90 - ME/CH (17) 9.4.90 - BR/CH (18) 29.8.90 - CH/UR (19) 31.12.90 - AR/BR/CH/ME/UR (20) 31.12.90 - AR/BR/CH/ME/UR
22	ARGENTINA/BRAZIL/MEXICO Sector: essential oils, aromatic chemicals, perfumes and flavourings	Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (7) 15.12.89 - AR/BR/ME (8) 31.12.90 - AR/BR/ME
24	ARGENTINA/MEXICO Sector: electronics and electrical communications	Original Protocol of 29.11.82 Additional Protocols and their dates of signature: (5) 15.12.89 - AR/ME (6) 31.12.90 - AR/ME

Agreement	Participating countries/sector	Protocols and signatory countries of each of them
26	ARGENTINA/BRAZIL/MEXICO Sector: articles and appliances for hospital, dental, veterinary and like uses	Original Protocol of 28.11.84 Additional Protocols and their dates of signature: (6) 15.12.90 - AR/BR/ME (7) 31.12.90 - AR/BR/ME
27	BRAZIL/MEXICO/VENEUELA Sector: glass	Original Protocol of 28.11.84 No Additional Protocols since its signature

ANNEX 2

Economic Complementarity Agreements

1980 Treaty of Montevideo, Article 11

"Economic complementarity agreements are aimed, among other objectives, to promote maximum utilization of 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.

These agreements shall be subject to the specific rules to be established for that purpose."

Resolution 2 of the Council of Ministers, Article 7

"Economic complementarity agreements are aimed, among other objectives, to promote maximum utilization of 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.

These agreements shall be subject to the following rules:

- (a) They may be based on tariff reduction and on industrial programming;
- (b) They may cover one or a number of sectors;
- (c) They shall contain a programme of tariff reduction for the sector or sectors concerned, and may provide for the elimination or reduction of non-tariff restrictions;
- (d) They shall be valid for a minimum period of three years and a maximum period to be determined in each agreement;
- (e) They shall include measures to ensure the balanced and harmonious application of their benefits to participating countries, on the basis of the three country categories, and procedures for the evaluation and adjustment of imbalances; and
- (f) They may include, inter alia, provisions in regard to:
 - (i) Harmonization of treatment applied to imports from third countries in respect of products covered by the agreement, and likewise raw materials and parts used in their manufacture;
 - (ii) Co-ordination of government programmes and incentives designed to facilitate economic complementarity, and harmonization of treatment applied to capital and services of foreign origin linked to the products covered by the agreement;

- (iii) Regulations designed to prevent unfair trade practices;
- (iv) Regulation of counter-trade; and
- (v) Definition of other measures for harmonization of instruments and policies, and likewise the establishment of complementary measures in the areas of technological development, financing, physical infrastructure and any other areas deemed relevant."

Economic Complementarity Agreements (Article 11 of the 1980 TM)

Agreement	Participating countries	Protocols
1	ARGENTINA/URUGUAY (CAUCE)	Original Protocol of 20.12.82 Additional Protocols and their dates of signature: (3) 27.11.89
2	BRAZIL/URUGUAY (FEC)	Original Protocol of 20.12.82 Additional Protocols and their dates of signature: (11) 15.12.89 (12) 10.8.90 (13) 22.8.90 (14) 8.10.90 (15) 30.10.90
4	CHILE/URUGUAY	Original Protocol of 1.2.85 Additional Protocols and their dates of signature: (2) 22.1.91
5	MEXICO/URUGUAY	Original Protocol of 7.5.86 Additional Protocols and their dates of signature: (2) 26.10.88
6	ARGENTINA/MEXICO	Original Protocol of 24.10.86 Additional Protocols and their dates of signature: (3) 17.4.89 (4) 24.7.89
7	ARGENTINA/BRAZIL	The original Protocol of 10.12.86 and its Amending Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 14
8	MEXICO/PERU	Original Protocol of 25.3.87 No Additional Protocols since its signature
9	ARGENTINA/PERU	Original Protocol of 11.3.88 No Additional Protocols since its signature
10	ARGENTINA/VENEZUELA	Original Protocol of 2.5.88 No Additional Protocols since its signature

11	ARGENTINA/COLOMBIA	Original Protocol of 28.4.88 Additional Protocols and their dates of signature: (1) 29.9.90
12	ARGENTINA/BRAZIL	The original Protocol of 9.9.88 and its Amending Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 14
14	ARGENTINA/BRAZIL	Original Protocol of 20.12.90 Additional Protocols and their dates of signature: (1) 13.3.91

ANNEX 3

Agricultural Agreements

1980 Treaty of Montevideo, Article 12

"Agricultural agreements are aimed to promote and regulate intraregional trade of agricultural and livestock products. They shall contemplate flexibility elements bearing in mind the participating countries' socio-economic characteristics of production. These agreements may refer to specific products or groups of products, and may be based on temporary, seasonal, per quota or mixed concessions, or on contracts between State or para-State organizations. They shall be subject to the specific rules to be established for that purpose."

Resolution 2 of the Council of Ministers, Article 8

"Agricultural agreements are aimed to promote and regulate intraregional trade of agricultural and livestock products. They shall contemplate flexibility elements bearing in mind the participating countries' socio-economic characteristics of production. These agreements may refer to specific products or groups of products, and may be based on temporary, seasonal, per quota or mixed concessions, or on contracts between State or para-State organizations.

They may contain, inter alia, provisions in regard to:

- (a) volume and conditions of marketing;
- (b) period of validity of the agreement;
- (c) sanitary and quality requirements;
- (d) price-setting systems;
- (e) financing;
- (f) information mechanisms; and
- (g) commitments on inputs or goods related to the agricultural sector."

Agricultural Agreements (Article 12 of the 1980 TM)

Agreement	Participating countries	Protocols
1	ARGENTINA/URUGUAY	Original Protocol of 14.5.84

ANNEX 4

Other Modalities of Partial-Scope Agreements

1980 Treaty of Montevideo, Article 14

"Member countries may establish, through the corresponding regulations, specific rules to conclude other modalities of partial-scope agreements.

For this purpose, they shall take into consideration, among other matters, scientific and technological co-operation, tourism promotion and preservation of the environment."

Resolution 2 of the Council of Ministers, Article 10

"Member countries may establish, through the corresponding regulations, specific rules to conclude other modalities of partial-scope agreements.

For this purpose, they shall take into consideration, among other matters, scientific and technological co-operation, tourism promotion and preservation of the environment."

Other Modalities of Partial-Scope Agreements (Article 14 of 80 TM)

Number	Participating countries	Protocols
	BOLIVIA/URUGUAY (Area: tourism)	Original Protocol of 29/9/86
	ARGENTINA/BRAZIL/COLOMBIA/ MEXICO/PERU/URUGUAY/VENEZUELA (Area: cultural, educational and scientific)	Original Protocol of 27/10/88 Protocol of Accession of Paraguay, signed on 30/8/90 Protocol of Accession of Ecuador, signed on 5/11/90 Protocol of Accession of Chile, signed on 22/11/90 Protocol of Accession of Cuba, signed on 10/9/90
	ARGENTINA/BOLIVIA/BRAZIL/CHILE/ PARAGUAY/PERU/URUGUAY (Area: international land transport)	Original Protocol of 1/1/90
	ARGENTINA/BOLIVIA/BRAZIL/COLOMBIA/ CHILE/ECUADOR/PARAGUAY/PERU/ URUGUAY/VENEZUELA (Area: tourist promotion in Latin America)	Original Protocol of 30/8/90

ANNEX 5

Agreements on Renegotiation of Concessions Granted
During the Period 1962/1980

Resolution 1 of the Council of Ministers, Article 1

"The contracting parties shall incorporate into the new integration scheme established by the 1980 Treaty of Montevideo, signed on 12 August 1980, the concessions granted in national schedules, lists of non-extensive benefits and complementarity agreements.

To that end, they shall renegotiate those concessions by up-dating, improving or eliminating them, so as to achieve a greater strengthening and balance of trade flows.

The results of the renegotiation shall be consistent with the provisions and mechanisms provided for in the 1980 Treaty of Montevideo."

Resolution 433 of the Standing Executive Committee, Articles 1 and 2
(implementing provisions)

"The partial-scope agreements "on renegotiation of preferences granted during the period 1962/1980" shall aim to incorporate into the new integration scheme established by the 1980 Treaty of Montevideo the results of the renegotiation provided for in Resolution 1 of the Council of Ministers.

The rights and obligations established in those agreements shall be applicable exclusively to the countries which sign or accede to them.

The agreements referred to in the preceding Article shall be based on the grant of preferences in respect of the customs duties and/or other restrictions applied by the countries participating therein to the import of negotiated products originating in their respective territory.

The preferences recorded in those agreements may likewise, on a temporary or seasonal basis, be subject to import quotas, or apply to products of one or more sectors of the tariff nomenclature of the Association."

Agreements on Renegotiation of Concessions Granted during the
Period 1962/1980 (Resolution 1 of the Council of Ministers)

Agreement	Participating countries	Protocols
1	ARGENTINA/BRAZIL	The original Protocol of 10/4/83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 14.
2	ARGENTINA/BOLIVIA	Original Protocol of 30/4/83 Additional Protocols and their dates of signature (7)30/12/89)
3	BRAZIL/CHILE	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (9) 16/8/90 (10)20/3/91
4	ARGENTINA/COLOMBIA	The original Protocol of 30/4/83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 14.
6	ARGENTINA/PERU	The original Protocol of 30/4/83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 9.
7	ARGENTINA/VENEZUELA	The original Protocol of 30/4/83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 10.
8	BOLIVIA/BRAZIL	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (6)18/4/90
9	BRAZIL/MEXICO	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (5) 9/8/89 (6)1/2/90
10	BRAZIL/COLOMBIA	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (8) 22/6/89 (Rev)23/2/90 (1) 3/4/91
12	BRAZIL/PERU	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (9) 17/1/89 (10) 21/4/89 (11)3/11/89 (12) 28/6/90
13	BRAZIL/VENEZUELA	Original Protocol of 31/12/81 Additional Protocols and their dates of signature: (10) 20/11/89 (11) 6/4/90 (12) 30/7/90 (13) 30/9/90 (14) 20/12/90 Not declared in force

Agreement	Participating countries	Protocols
14	COLOMBIA/CHILE	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (10) 12/1/89 (11)20/12/89
16	CHILE/VENEZUELA	Original Protocol of 30/4/83 Additional Protocols and their dates of signature: (5) 20/4/89
23	BOLIVIA/PARAGUAY	Original Protocol of 30.4.83 No Additional Protocols
24	PARAGUAY/VENEZUELA	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (1) 30.6.83 (2) 24.4.91
25	BOLIVIA/URUGUAY	Original Protocol of 30.4.83 EXPIRED ON 30.4.89
26	COLOMBIA/URUGUAY	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (5) 20.6.88
27	URUGUAY/VENEZUELA	Original Protocol of 31.12.81 Additional Protocols and their dates of signature: (2) 23.11.88
28	ARGENTINA/CHILE/PARAGUAY/ URUGUAY	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (26) 19.7.89 (27) 21.2.90
29	BOLIVIA/CHILE	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (1) 26.8.83 (2) 4.8.89
30	CHILE/PERU	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (5) 26.4.89 (6) 11.8.89 (7) 06.12.89 (8) 12.12.90
31	MEXICO/VENEZUELA	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (2) 23.5.86
32	BOLIVIA/MEXICO	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (1) 26.8.83

Agreement	Participating countries	Protocols
33	MEXICO/PERU	The original Protocol of 30.4.83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 8
34	PERU/URUGUAY	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (2) 6.4.67
35	BRAZIL/URUGUAY	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (11) 30.10.90 (12) 16.4.91
36	ARGENTINA/MEXICO	The original Protocol of 30.4.83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 6
37	CHILE/MEXICO	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (5) 12.12.88
38	MEXICO/PARAGUAY	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (3) 23.12.88
39	MEXICO/URUGUAY	The original Protocol of 30.4.83 and its Additional Protocols are now void having been replaced by ECONOMIC COMPLEMENTARITY AGREEMENT No. 5
40	COLOMBIA/MEXICO	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (6) 30.11.88

ANNEX 6

Agreements Concluded with Non-LAIA Latin American Countries

1980 Treaty of Montevideo, Article 25

"Likewise, member countries may draw up partial-scope agreements with other Latin American countries and areas of economic integration, in accordance with the various modalities foreseen in the third section of Chapter II of the present Treaty, and under the terms of the respective regulative provisions.

Notwithstanding the above, these agreements shall be subject to the following rules.

- (a) Concessions granted by participating member countries shall not be extensive to the others, excepting the relatively less developed countries;
- (b) When a member country includes products already negotiated in partial agreements with other member countries, concessions granted may be higher than those agreed with the former; in this case, consultation with the affected member countries shall be carried out in order to find mutually satisfactory solutions, unless the respective partial agreements include clauses concerning automatic extension or waiver of preferences contained in the partial agreements referred to the present Article; and
- (c) They shall be multilaterally assessed by the member countries within the Committee in order to ascertain the scope of the agreements drawn up and facilitate participation of other member countries therein."

Agreements Concluded with Non-LAIA Latin American Countries (Article 25 of 80 TM)

Agreement	Participating countries	Protocols
1	MEXICO/COSTA RICA	Original Protocol of 22.8.82 Additional Protocols and their dates of signature: (1) 27.2.87 (2) 13.7.88
2	ARGENTINA/COSTA RICA	Original Protocol of 31.8.83
3	ARGENTINA/EL SALVADOR	Original Protocol of 27.8.83
4	ARGENTINA/CUBA	Original Protocol of 16.3.84 (1) 23.4.85 (2) 4.7.89
5	COLOMBIA/GUATEMALA	Original Protocol of 1.3.84
6	COLOMBIA/NICARAGUA	Original Protocol of 2.3.84
7	COLOMBIA/COSTA RICA	Original Protocol of 2.3.84
8	COLOMBIA/EL SALVADOR	Original Protocol of 24.5.84
9	COLOMBIA/HONDURAS	Original Protocol of 30.5.84
10	MEXICO/GUATEMALA	Original Protocol of 4.9.84 Additional Protocols and their dates of signature: (4) 2.2.89 (5) 18.8.89 (6) 17.7.90
11	MEXICO/HONDURAS	Original Protocol of 3.12.84
12	MEXICO/CUBA	Original Protocol of 11.3.85 Additional Protocols and their dates of signature: (3) 31.10.89

Agreement	Participating countries	Protocols
13	MEXICO/NICARAGUA	Original Protocol of 8.4.85
14	MEXICO/PANAMA	Original Protocol of 22.5.85 Additional Protocols and their dates of signature: (1) 11.4.89
15	MEXICO/EL SALVADOR	Original Protocol of 6.2.86 Additional Protocols and their dates of signature: (1) 17.5.89 (2) 7.6.90
16	VENEZUELA/HONDURAS	Original Protocol of 20.2.86
17	URUGUAY/CUBA	Original Protocol of 6.3.87
18	PERU/CUBA	Original Protocol of 28.4.87
19	COLOMBIA/CUBA	Original Protocol of 12.12.88
20	VENEZUELA/TRINIDAD AND TOBAGO	Original Protocol of 4.8.89
21	BRAZIL/CUBA	Original Protocol of 16.10.89

ANNEX 7

Regional Agreements

1. Market-opening agreements in favour of relatively less-developed countries

1980 Treaty of Montevideo, Article 18

"Member countries shall approve negotiated lists of preferably industrial products originating from each relatively less developed country, for which total elimination of customs duties and other restrictions shall be accorded, without reciprocity, by all other member countries of the Association.

Member countries shall set up the necessary procedures to achieve progressive extension of the respective liberalization lists. Corresponding negotiations may be carried out when deemed appropriate.

At the same time, member countries shall endeavour to set up effective compensation mechanisms to take care of negative effects which might influence intraregional trade of the relatively less developed land-locked countries."

2. Establishment of regional tariff preference

1980 Treaty of Montevideo, Article 5

"Member countries shall reciprocally grant a regional tariff preference to be applied with reference to the level in force for third countries and be subject to the corresponding regulation."

3. Recovery and expansion of intraregional trade

Resolution 15 of the Council of Ministers, Articles 1 and 2

"The member countries agree to conclude a Regional Agreement for the Recovery and Expansion of Trade, in terms of the present Resolution."

"The objective of the Agreement is to foster a 40 per cent increase in the value of reciprocal trade by the end of the three-year period 1987-1989, and achieve its sustained expansion thereafter, while avoiding any deepening of imbalances in intraregional trade."

Regional Agreements (Article 6 of the 1980 TM)

Agreement	Protocols
1 REGIONAL MARKET-OPENING AGREEMENT (ARTICLE 18 OF 80 TM)	Original Protocol of 30.4.83 Additional Protocols and their dates of signature: (8) 4.8.89 - CH (9) 18.4.90 - ER
4 REGIONAL AGREEMENT ESTABLISHING REGIONAL TARIFF PREFERENCE (ARTICLE 18 OF 80 TM)	Original Protocol of 27.4.84 Additional Protocols and their dates of signature: (2) 20.6.90 (2.Add.1) 20.7.90
5 AGREEMENT FOR THE RECOVERY AND EXPANSION OF INTRAREGIONAL TRADE (PREC)	Original Protocol of 15.7.88 Additional Protocols and their dates of signature: (1) 17.10.89 (2) 5.9.90
