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**Committee on Trade and Development**

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## LATIN AMERICAN INTEGRATION ASSOCIATION

The attached communication was received from the Permanent Delegation of Uruguay on 19 August 1997 with the request that it be circulated to WTO Members.

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The Permanent Delegation of Uruguay to the United Nations Office and Other International Organizations at Geneva presents its compliments to the Secretariat of the World Trade Organization and has the honour to submit, on behalf of the member States of the Latin American Integration Association (LAIA), information on measures taken by LAIA member States under the 1980 Treaty of Montevideo during the period 1995-1996.

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## I. INTRODUCTION

In accordance with paragraph 4(a) of the Ministerial Decision of 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries, the Permanent Representations of the LAIA member States submit for the consideration of the member States of the World Trade Organization this report which summarizes the progress achieved in the framework of the 1980 Treaty of Montevideo during the period 1995-1996.

The previous report, which was submitted in March 1996, covered the measures taken during the period 1993-1994, while the present report updates that information to December 1996.

The flexibility of the 1980 Treaty of Montevideo as regards action by member States has made it possible to conclude numerous agreements, thereby progressively strengthening the regional integration process. In the past few years, agreements have been signed in which the parties undertake to establish free-trade zones which serve as an effective foundation for furthering the regional integration process.

Further agreements were reached during the period 1995-1996, and changes in the treatment previously granted have contributed to extending the preferential basis of regional trade. At the same time, agreements have incorporated rules on various aspects of trade policy which are consistent with the multilateral trade system.

Another important event during the period under consideration was Ecuador's accession, in 1995, to the WTO. All 11 member States of the Association are now Members of the WTO, reflecting the region's interest in aligning its commitments with the WTO's multilateral rules and disciplines.

Thus, in addition to describing the progress of negotiations by member States during the period 1995-1996, this report also identifies the partial-scope and regional agreements to which Ecuador is a party, including those which came into effect prior to the period under consideration.

Section II briefly describes the agreements signed during the period under consideration and highlights their main features. These agreements include those concluded between LAIA member States and those concluded with other Latin American and Caribbean countries.

Reference is also made to the changes that have been introduced in the existing trade agreements and economic complementarity agreements, through the additional protocols indicated.

Section III describes the progress made with regard to nomenclature, customs valuation and the LAIA's reciprocal payments and credits system.

Section IV provides a summary of the evolution of trade in LAIA member States, both overall trade and intraregional. It shows that the overall imports and exports of these countries continued to grow steadily. The total trade figures reveal an 11 per cent growth in intraregional trade, measured on the basis of imports. As regards trade with the rest of the world, exports rose by 12.4 per cent, and imports by 11.1 per cent during the period 1995-1996.

These trade developments in the LAIA member States have occurred in the context of increasing openness in trade reflecting the national policies introduced individually by each of the member States, and the integration agreements concluded by them. Moreover, these policies are increasingly consistent with the WTO multilateral trade system.

## II. AGREEMENTS CONCLUDED AND AMENDMENTS INTRODUCED IN 1995-1996

In annex hereto is a list of the partial-scope and regional Agreements concluded and in effect, together with any amending protocols agreed by the signatories.

It should be noted that during the period under examination, Argentina, Brazil, Paraguay and Uruguay, as States Parties to the Southern Common Market (MERCOSUR), pursued the process of negotiating bilateral agreements with the other LAIA member States.

Negotiations were completed during this period between MERCOSUR and Chile and Bolivia, with the signature of the respective economic complementarity agreements. And while MERCOSUR is still engaged in negotiations with the remaining countries, in order to protect and extend existing trade flows additional protocols were signed which successively extended the tariff preferences agreed upon in the respective bilateral agreements.

### A. Trade agreements (Annex 1)

Annex 1 lists the agreements which qualify as trade agreements, indicating the signatories, the industrial sector concerned, the date on which they were signed and the additional protocols adopted in 1995-1996.

#### 1. Extension

The Annex shows that all the tariff preferences negotiated under the trade agreements which expired on 31 December 1994 were successively extended by the signatory governments to 30 September 1997 through additional protocols.

#### 2. Lapsed agreements

With the signature of Economic Complementarity Agreement No. 35, whose liberalization programme includes tariffs, the preferences granted under the Trade Agreement No. 5 by Chile to Brazil and Uruguay lapsed on 1 October 1996, as did those granted by Brazil to Uruguay and Chile.

#### 3. Participation of Ecuador in trade agreements

Under Article 6 of Resolution 2 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 countries concerned have negotiated or acceded to the agreement.

Ecuador is therefore a beneficiary of the preferences granted by member States 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. Additional protocols

Member States introduced several amendments to the economic complementarity agreements concluded prior to the period under review, most of which were discussed in reports submitted at the appropriate time to the contracting parties of the General Agreement.

This is the case of the agreements concluded between Brazil and Uruguay (No. 2); Chile and Uruguay (No. 4); Mexico and Uruguay (No. 5); Argentina and Mexico (No. 6); Mexico and Peru (No. 8); Argentina and Peru (No. 9); Argentina and Colombia (No. 11); Argentina and Chile (No. 16); Argentina, Brazil, Paraguay and Uruguay (No. 18); Argentina and Venezuela (No. 20); Argentina and Ecuador (No. 21); Bolivia and Chile (No. 22); Chile and Venezuela (No. 23); Colombia and Chile (No. 24); Brazil and Peru (No. 25); Brazil and Venezuela (No. 27); Ecuador and Uruguay (No. 28); Ecuador and Paraguay (No. 30) and Chile and Ecuador (No. 32), with the bulk of the amendments serving to extend the validity of the preferences negotiated, to broaden the respective Liberalization Programmes by granting new preferences or deepening existing preferences for trade in products originating in their respective territories.

However, there are other amendments worth mentioning, for example:

ACE/2 (Brazil-Uruguay)

The signatories set the motor vehicle quotas covered in 1995 and 1996 by the automotive regime of the Agreement which governs reciprocal trade in the sector (Twentieth Additional Protocol of 1 September 1995 and Twenty-First Additional Protocol of 4 March 1996).

ACE/5 (Mexico-Uruguay)

The General Regime of Origin enshrined in Resolution 78 of the LAIA Committee of Representatives was adopted to replace the previous arrangements specified in the Agreement for identifying the origin of the goods negotiated (Sixth Additional Protocol of 30 March 1995).

ACE/8 (Mexico-Peru)

The preferences granted in the Agreement were brought into line with the LAIA Nomenclature based on the Harmonized Commodity Description and Coding System (NALADISA), (Transposition Protocol of 29 January 1995).

ACE/16 (Argentina-Chile)

Protocol No. 2 of the Agreement on rules governing the interconnection of gas networks and the supply of natural gas between member States was replaced (Fifteenth Additional Protocol of 7 July 1995).

ACE/18 (Argentina-Brazil-Paraguay-Uruguay)

A new certification of origin form was drawn up (Fourteenth Additional Protocol of 7 November 1995).

It was further agreed that imports of products negotiated by Brazil would not be subject to the Freight Surcharge for the Renovation of the Merchant Marine Fleet (Sixteenth Additional Protocol of 2 August 1996).

ACE/22 (Bolivia-Chile)

A framework was created for jointly drawing up and implementing programmes and technical and scientific cooperation projects, and for concluding additional agreements (Sixth Additional Protocol of 11 November 1995).

ACE/23 (Chile-Venezuela)

Includes new products in the regime laid down in the Agreement for the Automotive Sector (Second Additional Protocol of 11 October 1995).

ACE/24 (Colombia-Chile)

The tariff classification for a number of negotiated products and the correlation between national and NALADISA tariffs were adjusted, and the certification of origin form for negotiated goods was replaced (Fourth Additional Protocol of 9 January 1996).

ACE/25 (Brazil-Peru)

It was agreed that imports of the products negotiated by Brazil would not be subject to the Freight Surcharge for the Renovation of the Merchant Marine Fleet (Fourth Additional Protocol of 20 December 1995).

ACE/27 (Brazil-Venezuela)

Lays down the objectives for the development of trade and integration of the populations living in the border regions, and provides for the creation of border coordination committees to implement those objectives. The committees are responsible, respectively, for streamlining customs procedures, border cooperation in trade matters and improvement of border transportation networks.

ACE/30 (Ecuador-Paraguay)

In accordance with Article 22 of this Agreement, the signatory countries drew up their respective lists of products that are excluded from the Agreement's Liberalization Programme (Second Additional Protocol of 25 April 1997).

2. Conclusion of new agreements

During the two-year period 1995-1996, the member States of MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) concluded Economic Complementarity Agreements with Bolivia and Chile.

In the case of Bolivia, an Economic Complementarity Agreement was concluded on 7 December 1995 (registered with the Association as No. 34) which focused on giving multilateral scope to the tariff preferences granted in the various bilateral agreements which until then had regulated reciprocal trade between the signatory countries with their respective trade rules.

Similarly, the Agreement contained the commitment to negotiate during 1996 an agreement on the establishment of a free-trade area. This was achieved on 17 December 1996 with the signature of an Economic Complementarity Agreement (registered with the Association as No. 36) which superseded Economic Complementarity Agreement No. 34.

MERCOSUR also signed an Economic Complementarity Agreement with Chile on 25 June 1996, registered with the Association on 30 September 1996 as No. 35.

The main features of Agreements No. 35 and 36 are described below.

## Economic Complementarity Agreement No. 35 between MERCOSUR and Chile

The Economic Complementarity Agreement concluded between the States Parties to MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) and the Republic of Chile was signed on 25 June 1996 in Potrero de los Funes, Province of San Luis, Argentina and registered with the LAIA on 30 September 1996. It entered into effect on 1 October 1996.

### Objectives

The objectives of the Agreement are to establish the legal and institutional framework for cooperation and physical integration designed to contribute to the creation of an enlarged economic space with a view to facilitating the free movement of goods and services and the full utilization of the factors of production; to establish a free-trade area between the signatory countries within a maximum period of ten years, through the expansion and diversification of trade and the dismantling of tariff and non-tariff restrictions affecting reciprocal trade; to promote the development and use of physical infrastructure, with special emphasis on establishing links between the two coasts; to promote and boost reciprocal investments between economic operators of the signatory countries; and to promote complementarity and cooperation in the economic, energy, scientific and technological fields.

### Trade Liberalization Programme

The Agreement essentially provides for the establishment of a free-trade area within a period of ten years, on the basis of a trade liberalization programme applicable to products from the territories of the parties. The Programme provides for progressive and automatic reductions in tariffs applicable to third countries upon customs clearance.

Some 80 per cent of the tariff universe began with a preference of 40 per cent from 1 October 1996, rising to 48 per cent on 1 January 1997, and should be fully liberalized within a period of eight years, i.e. by 1 January 2004.

The remainder of the tariff universe is covered in 12 Annexes listing groups of products which, owing to specific circumstances in each case, are eligible for tariff cuts under regimes with differing time-frames.

Thus, the various categories of products will reach the "zero" tariff by stages on the basis of individual regimes which will come into effect at different points in time, in some cases, and involve the phasing out of tariffs at different rates, achieving total liberalization in 2004 (Annex 1); 2006 (Annexes 2, 3 and 5); 2011 (Annexes 6 and 7); 2012 (Annex 8) and 2014 (Annex 9) respectively. By the year 2011, 99.9 per cent of all NALADISA items will be levy-free.

The remaining Annexes detail the treatment agreed between Chile and Paraguay for products of the automotive industry (Annex 4); the preferences to be applied by the signatory countries to various products until they are superseded by other tariff-cutting arrangements provided for in the Agreement (Annex 10); the maximum levies that Argentina may apply to Chile for products in the textile sector (Annex 11), and the treatment to be given to products included in MERCOSUR's Regime for Final Adaptation to the Customs Union (Annex 12).

### Non-tariff restrictions

The parties undertake to refrain from imposing non-tariff restrictions on imports or exports of products, be it in the form of quotas, licensing or other measures, without prejudice to the provisions of the WTO Agreements. While existing measures declared in the Additional Notes to the Agreement



may be maintained, the Administrative Commission must ensure that they are removed within the shortest possible time.

#### Specific duties

The parties undertake to refrain, in their reciprocal trade, from applying specific duties over and above those already in effect, increasing their scope, applying them to new products or changing the manner in which they are calculated in such a way as to detract from the conditions of access to the market of the other party.

#### Tariffs

At the time of signature of the Agreement, the parties exchanged details of the tariffs in force, and agreed to keep each other informed of subsequent changes.

#### Free-trade areas

It was agreed that the tariff in force for third countries would be applied to all goods manufactured or originating in free-trade areas of any kind located in the territories of the parties, in accordance with their respective national legislations. Such goods must be duly identified.

#### Rules of origin

The Agreement lays down the rules of origin that are applicable to trade in goods between the parties for describing and identifying originating goods and issuing certificates of origin, and with respect to verification, monitoring and penalties.

Under the general eligibility criteria, goods are considered to be "originating" if they are wholly manufactured in the territory of one or more of the parties, or if they are of animal, plant or mineral origin, including game and fish, and have been mined, harvested or gathered, bred or reared in the territory of the parties, including their territorial waters and exclusive economic zones.

Goods that are manufactured with non-originating materials are also considered to be originating if they have undergone processing in the territories of the parties which gives them a new individuality, and places them under a new tariff heading different from that of the said materials. Where the processing does not occasion a change of classification, the goods are nevertheless considered to be originating if the c.i.f. port of destination or the c.i.f. maritime port value of the non-originating materials does not exceed 40 per cent of the f.o.b. export value of the end product.

Goods that are the product of mounting or assembly operations carried out within the territory of one of the parties using non-originating materials, even if they meet the change of tariff classification criteria, must also comply with the regional value content requirements indicated in the preceding paragraph.

The Agreement also establishes a special transitional regime of origin under which Chile grants preferences (50 per cent regional content) exclusively to Paraguay for a list of products. By 1 January 2004, these products will be brought into line with the regime of origin laid down in the Agreement.

The signatory countries agreed on specific requirements of origin in cases where the general rules are not sufficient to identify the origin of a good or group of goods, which take precedence over the general requirements.

Similarly, the Agreement embodies the principle of "accumulation" whereby, for the purposes of requirements of origin, materials originating in one of the signatory countries that are incorporated in a given good in the territory of another of the signatories will be considered to have originated in the territory of the latter.

#### Unfair trade practices

With respect to the application of anti-dumping and countervailing measures, the parties must bring their laws and regulations into conformity with the WTO Agreements. When a party applies anti-dumping or countervailing measures in respect of imports from third countries, it must so inform the other party through the Administrative Commission, so that the other party can evaluate the imports into its market of the products targeted by the measure and act accordingly.

If one party considers that the other party is receiving dumped or subsidized imports from third markets, it may request consultations with a view to ascertaining the real conditions of entry of the products in question; the consulted party must give the request due consideration and must reply within 15 days.

#### Safeguard clauses

The parties agreed to implement a safeguard regime from 1 January 1997. However, as the parties have not concluded their negotiations, the regime has not yet been incorporated into the Agreement.

#### Technical regulations and standards, sanitary and phytosanitary measures, and other measures

The parties will comply with their obligations under the WTO Agreements on Technical Barriers to Trade and on the Application of Sanitary and Phytosanitary Measures.

Within six months from the date on which the Agreement comes into effect, information on the regulatory measures applicable in each country will be exchanged for review by the Administrative Commission, in order to ensure that they do not create an obstacle to reciprocal trade.

The Agreement also calls for notification of new technical standards and regulations, and sanitary and phytosanitary measures, with a view to their harmonization and reconciliation.

#### Implementation and use of export incentives

The parties will respect their WTO commitments in this regard.

Within 12 months of the entry into force of the Agreement, the Administrative Commission will draw up a list of the export incentives in force in each of the countries and examine them.

Products whose manufacture involves inputs imported temporarily or under the drawback system will benefit from the Agreement's Liberalization Programme only until the fifth year of its validity.

#### Treatment on internal taxation

With respect to internal taxes, fees and other internal charges, the parties will adhere to the provisions of Article III of the GATT 1994.

### Services

The signatories agreed to promote the liberalization, expansion and progressive diversification of trade in services in their territories within a period to be established and in accordance with their commitments under the General Agreement on Trade in Services (GATS).

### Intellectual property

The parties will comply with the WTO Agreement on the Trade-Related Aspects of Intellectual Property Rights.

### General provisions

The Agreement provides that any party which grants advantages, franchises, privileges or immunities in respect of products originating from or destined for any country, whether or not a member of the LAIA, under decisions or agreements that are not covered by the 1980 Treaty of Montevideo, must so inform the other party within a period of 15 days following the signature of the Agreement, supply the text of the Agreement and its additional instruments, and declare its readiness to negotiate, within a period of 90 days, concessions equivalent to the overall concessions granted and received.

If the negotiations do not result in an agreement, the party affected may have recourse to the dispute settlement procedure provided for in the Agreement.

It should also be noted that, by express decision of the parties, the preferences and related rules deriving from bilateral agreements signed between each member of MERCOSUR and Chile lapse.

Thus, the preferences and rules agreed in the following partial-scope agreements lapsed with the entry into force of ACE/35:

- Economic Complementarity Agreement No. 4 between Chile and Uruguay;
- Economic Complementarity Agreement No. 16 between Chile and Argentina;
- Renegotiation Agreement No. 3 between Chile and Brazil;
- Renegotiation Agreement No. 26 between Chile and Paraguay; and
- Trade Agreement No. 5 - Chemical Industry: the preferences negotiated between Chile and Brazil and between Chile and Uruguay lapsed.

However, ACE/35 stipulates that the provisions of these bilateral agreements that are not inconsistent with the new Agreement or that refer to matters not included in the new agreement will remain in effect.

### Dispute settlement

Disputes arising in connection with the interpretation, application or non-application of the Agreement and the Additional Protocols will be settled through mutual consultations and direct negotiations. If the dispute is not resolved, the parties may request the intervention of the Administrative Commission after which, if no solution is found, the Commission will set up an ad hoc group of experts.

The conclusions of the group of experts will be submitted for consideration by the Commission, which will draw up recommendations for the disputing parties.

This dispute settlement system will remain in force for a maximum of three years, during which period a new system is to be established which will include an arbitration procedure. The new system is to come into effect no later than the fourth year of the Agreement's validity.

#### Customs valuation

Article 23 of ACE/35 stipulates that the customs valuation regime for trade between the parties will be governed by the WTO Customs Valuation Code.

As regards the use of the system of price bands, Chile undertakes not to include new products, to change its mechanisms, or to apply them in such a way as to detract from the MERCOSUR's conditions of access.

#### Investment

Article 41 stipulates that the bilateral agreements on the reciprocal promotion and protection of investments, concluded between Chile and the MERCOSUR partners, will remain in full effect.

#### Anti-trust measures and consumer protection

The parties agree to promote a system of rules for regulating anti-competitive practices. The system will be based on internationally accepted practices and provisions.

Regarding consumer protection, the parties undertake to act jointly in drawing up a set of rules to ensure that reciprocally-traded products enjoy no less favourable treatment than that granted to like domestic products.

#### Physical integration

In conjunction with the signature of ACE/35, the parties signed a Physical Integration Protocol which embodies the commitment to implement a coordinated programme of investment in physical infrastructure.

The parties further undertake to improve their national infrastructure with a view to developing coast-to-coast transport links.

#### Other provisions

The Agreement also contains provisions regarding double taxation and scientific and technological cooperation.

#### Economic Complementarity Agreement No. 36 between MERCOSUR and Bolivia

On 17 December 1996, in Fortaleza, Brazil, the Foreign Ministers of the States Parties of MERCOSUR and of the Republic of Bolivia signed an Economic Complementarity Agreement.

The signatory parties are the Governments of Argentina, Brazil, Paraguay, Uruguay and Bolivia; the contracting parties are MERCOSUR and Bolivia.

The Agreement came into effect on 28 February 1997, and replaces Economic Complementarity Agreement No. 34 between these countries, which lapsed on that date.

### Objectives

The objectives of the Agreement are to establish the legal and institutional framework for cooperation and for economic and physical integration designed to contribute to the creation of an enlarged economic space with a view to facilitating free movement of goods and services and the full utilization of the factors of production; to establish a free-trade area between the contracting parties within a maximum period of ten years; to promote the development and utilization of physical infrastructure; to establish a regulatory framework for the promotion and protection of investments; to promote complementarity and cooperation in the economic, energy, scientific and technological fields; and, where appropriate, to promote consultation in trade negotiations conducted with third countries and blocks of countries outside the region.

### Liberalization programme

As stated in the objectives, the Agreement provides for the creation of a free-trade area within a maximum period of ten years, on the basis of a trade liberalization programme applicable to imports of products from the territories of the parties. The programme provides for progressive and automatic reductions in tariffs applicable to third countries upon customs clearance.

The bulk of the customs universe is subject to a regime of general tariff cuts beginning with a preference of 30 per cent in 1997, which will increase annually until complete liberalization is achieved on 1 January 2006.

The products that are not covered by the general tariff cuts are listed in eight Annexes which cover specific circumstances pertaining to given groups of products eligible for tariff cutting regimes with differing rates and time-frames.

A first category of products was liberalized when the Agreement came into force (Annex 7), while the remaining categories will reach zero tariff by stages: in 2006 for products listed in Annexes 1, 2, 3 and 4; in 2011 for products in Annex 5; and in 2014 for products in Annex 6. Table 2 and Chart 9 in Annex 2 show that by 2011, the entire MERCOSUR universe will have achieved zero tariff, leaving only 28 items of the Bolivian universe to be fully liberalized, according to plan, by 2014.

Finally, Annex 8 details the tariff treatment to be given to products included in MERCOSUR's Regime for Final Adaptation to the Customs Union, establishing the levies that will effectively be applied by Argentina, Brazil, Paraguay and Uruguay in cases where the cuts under the various arrangements of the liberalization programme result in a tariff that is lower than the tariff indicated in the corresponding lists in Annex 8.

### Non-tariff barriers

Article 7 of the Agreements lays down the commitment to refrain from imposing or maintaining non-tariff restrictions on imports or exports of products between the parties, be it in the form of quotas, licensing or other measures, except as provided in the WTO Agreements.

While the existing measures that are included in the Additional Notes to the Agreement may be maintained, the Administrative Commission will take steps towards their removal.

### Levies

With the exception of those appearing in the Additional Notes to the Agreement, the parties may not impose levies or charges with equivalent effect other than customs duties.

### Tariffs

On the date on which this Agreement came into force, the parties agreed to exchange details of their tariff levels and keep each other informed of subsequent changes through the appropriate national channels.

### Regime of origin

Annex 9 of the Agreement lays down the rules applicable to trade between the parties for describing and identifying originating goods and issuing certificates of origin, and with respect to verification, monitoring and penalties.

Under general eligibility criteria, goods are considered to be "originating" if they are wholly manufactured in the territory of one or more of the parties, or if they are of animal, plant or mineral origin, including game and fish, and have been mined, harvested or gathered, bred or reared in the territory of the parties, including their territorial waters and exclusive economic zones; and, in certain circumstances, products of the sea obtained outside them, as well as goods processed on factory vessels and those obtained from the seabed or from outer space.

Goods that are manufactured with non-originating materials are also considered to be originating if they have undergone processing in the territories of the parties which gives them a new individuality, and places them under a new tariff heading different from that of the said materials. Where the processing does not occasion a change of classification, the goods are nevertheless considered to be originating if the c.i.f. port of destination or c.i.f. maritime port value of the non-originating materials does not exceed 40 per cent of the f.o.b. export value of the end product.

Goods that are the product of mounting or assembly operations carried out within the territory of one of the parties using non-originating materials, even if they meet the change of tariff classification criteria, must also comply with the regional value content requirements indicated in the preceding paragraph.

In respect of a special list of products, the contracting parties agreed to establish specific requirements for the products to be considered as "originating", which take precedence over the general criteria outlined previously.

The transitional provisions in Annex 9 of the Agreement also allow for exceptional treatment for the lists of products originating in Bolivia which have respectively until 1 January 2000 and 1 January 2002 to establish their origin, under the conditions laid down in Article 25, and in Appendix 2 of this Annex.

Finally, it should be noted that the Agreement embodies the principle of "accumulation" whereby, for the purposes of requirements of origin, materials originating in one of the signatory countries that are incorporated in a given product in the territory of another of the signatories will be considered to have originated in the territory of the latter.

### Treatment on internal taxation

With respect to internal taxes, fees and other internal charges, products originating in the territory of one party will be accorded treatment in the territory of the other party no less favourable than that accorded to domestic products in similar circumstances.

### Unfair international trade practices (dumping and subsidies) and anti-competitive practices

In applying measures to counter distortions of competition caused by dumping and subsidies, the contracting parties will be guided by the relevant WTO Agreements.

### Export subsidies

The contracting parties will be guided by the WTO Agreement.

Products whose manufacture involves inputs imported temporarily or under the drawback system will cease to benefit from the Agreement's liberalization programme after 1 January 2002.

### Safeguard clauses

The parties may, exceptionally and subject to the conditions laid down in Annex 10 of the Agreement, apply safeguard measures against imports of products under the liberalization programme in the form of total or partial suspension of tariff preference obligations incurred under the Agreement. Unless otherwise agreed by the parties, it will not be possible to apply safeguards once the free-trade area has been fully established, i.e. once all products in the tariff universe have reached 100 per cent preference.

Similarly, the provisions of Annex 10 will not prevent countries from applying the measures set forth in Article XIX of the GATT 1994 (Emergency Action on Imports of Particular Products) in accordance with the interpretation made in the WTO Agreement on Safeguards.

When MERCOSUR applies a safeguard measure, it may do so as a single entity or on behalf of one of its States Parties, under the conditions laid down in this regard (Annex 10 of ACE/36, Article 4).

### Dispute settlement

Disputes arising between the parties in connection with the interpretation, application or non-application of the provisions of the Agreement will be submitted to the procedure set forth in Annex 11, which will be applicable for a maximum period of three years, during which time the countries must establish a new system which will include an arbitration procedure. The new system is to come into effect no later than the fourth year of the Agreement's validity.

As a general principle, the parties will seek to resolve such disputes through mutual consultations and direct negotiations aimed at reaching a mutually acceptable solution.

If a solution is not reached within the period specified or if the dispute has been only partially settled, the matter will be examined by the Administrative Commission of the Agreement which, with the advice of a group of experts, will draw up such recommendations as it deems appropriate and ensure that they are fulfilled.

### Customs valuation

The signatory countries agreed to comply in this respect with the Agreement on Implementation of Article VII of the WTO General Agreement on Tariffs and Trade 1994.

### Technical regulations and standards, sanitary and phytosanitary measures, and other measures

The contracting parties undertake to refrain from adopting, maintaining or applying standardization or conformity assessment measures, metrological provisions, sanitary, phytosanitary or environmental standards or measures and technical regulations which would in effect create unnecessary trade barriers.

They will comply in this respect with the WTO Agreements on Technical Barriers to Trade and on the Application of Sanitary and Phytosanitary Measures.

### Complementarity and trade by production sector

With a view to making the best use of available resources, boosting reciprocal trade and facilitating the export to third markets of goods produced in their territories, the contracting parties will promote complementarity, and industrial, commercial and technological integration.

Similarly, they will stimulate joint investment aimed at contributing to the production of goods and services through the creation of multinational enterprises, joint ventures or other arrangements.

Measures to promote progressive economic complementarity between the parties will take the form of business agreements between public and private manufacturing and service enterprises which will focus both on developing specific new activities in their territories and on fostering complementarity, integration and/or rationalization of existing activities, and will concern trade in goods, services, technology and capital association.

### Services

The Agreement encourages the adoption of measures to facilitate the provision of services. The parties may commission studies in this respect, taking due account of the relevant WTO provisions.

### Physical integration

Recognizing the importance of the physical integration process as a prerequisite to creating an enlarged economic space, the parties undertake to promote and facilitate the movement of persons and of goods, as well as trade between the parties and with third markets, through the establishment and full operation of land, river, sea and air links.

### Scientific and technological cooperation

The parties will endeavour to facilitate and support different forms of cooperation and joint initiatives in the area of science and technology, and joint research projects. To this end they may agree on mutual technical assistance programmes designed to raise the levels of productivity of the sectors in question, to derive maximum benefit from available resources, and to further enhance their competitive ability on both regional and international markets.



### General provisions

The Agreement provides that a contracting party which concludes an agreement that is not covered by the 1980 Treaty of Montevideo must so inform the other party within a period of 15 days following the signature of the Agreement, and at the same time, declare its readiness to negotiate, within a period of 90 days, concessions equivalent to the overall concessions granted and received.

With the entry into force of this Agreement, the preferences and related rules deriving from bilateral agreements concluded between each of the MERCOSUR countries and Bolivia lapse. Thus, the preferences and rules negotiated in the following Partial-Scope Agreements have lapsed:

- Economic Complementarity Agreement No. 15 between Bolivia and Uruguay;
- Economic Complementarity Agreement No. 19 between Bolivia and Argentina;
- Economic Complementarity Agreement No. 26 between Bolivia and Brazil;
- Economic Complementarity Agreement No. 29 between Bolivia and Paraguay; and
- Economic Complementarity Agreement No. 6 between Bolivia and Argentina.

However, the Agreement expressly provides that any provisions of the above Agreements that are not inconsistent with the new Agreement or that refer to matters not included in the new Agreement will remain in effect.

### 3. Agreements concluded by Ecuador

Ecuador signed Economic Complementarity Agreements with:

- Argentina, on 13 May 1993 (Agreement No. 21);
- Chile, on 20 December 1994 (Agreement No. 32);
- Paraguay, on 15 September 1994 (Agreement No. 30);
- Uruguay, on 1 May 1994 (Agreement No. 28).

Information on these Agreements appears in the report that was submitted to the GATT for the period 1993-1994.

### 4. Lapsed Economic Complementarity Agreements

With the signature of the new economic complementarity agreements between the States Parties of MERCOSUR and Chile on 25 June 1996 (see Agreement No. 35, paragraph 2), the tariff preferences and associated effects set forth in Partial-Scope Economic Complementarity Agreement No. 4 between Chile and Uruguay; No. 16 between Argentina and Chile; No. 15 between Bolivia and Uruguay; No. 19 between Bolivia and Argentina; No. 26 between Bolivia and Brazil and No. 29 between Bolivia and Paraguay were rendered void.

C. Agricultural agreements (Annex 3)

Partial-Scope Agreement for the Liberalization and Expansion of Intraregional Trade in Seeds concluded between Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay, Venezuela and Cuba

In conformity with Articles 4 and 6 of the Agreement, the joint list of seeds eligible for the Liberalization Programme was approved (First Additional Protocol of 29 August 1995).

The signatories incorporated into the Agreement the Internal Regulations for the Operation of the Seed Committee, which is the entity responsible for its administration. The Regulations define the legal status of the Committee, its composition, its responsibilities and its authority, the powers of the Chairman, of the Secretariat and the Technical and Operational Secretariat, and rules of procedure for its meetings (Second Additional Protocol of 30 August 1995).

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

1. Agreements concluded under Article 13 of the 1980 Treaty of Montevideo

Partial-Scope Trade Promotion Agreement (AAP.PC/9) regarding Energy Cooperation concluded between Paraguay and Uruguay on 12 April 1996

Within the framework of the Agreement on Trade, Industrial Complementarity and Investments concluded between Paraguay and Uruguay on 25 March 1976, the parties signed a Partial-Scope Trade Promotion Agreement which deals with:

- Mutual assistance between the electricity sectors of the two countries in the event of an emergency;
- absorption by the Uruguayan network of energy surpluses from Paraguay;
- unloading, storage, pumping and transportation of Paraguayan oil using Uruguayan installations;
- reciprocal supply between the two countries of hydrocarbons of all types.

These measures will be carried out on the basis of implementation agreements between the two countries.

2. Agreements concluded under Article 14 of the 1980 Treaty of Montevideo

Agreement on the allocation and use of television transmission and relay stations concluded between Argentina, Brazil, Paraguay and Uruguay on 22 May 1995

The purpose of the Agreement is the coordination and use by television transmission and relay stations of the channels allocated to the broadcasting service of the coordination zones set down in this Agreement.

The Agreement provides definitions, defines the coordination zones and protection criteria, contains the classification of stations and list of television channels allocated to each country, sets out notification and consultation procedures, provides for cooperation and exchange of information, regular meetings and dispute settlement.

The Agreement entered into force on the date of signature and is open for accession by the remaining countries of the Association, subject to negotiation.

Agreement on the Transportation Contract and Civil Liability of the Carrier in the International Carriage of Goods by Road (AAP.A14TM/10), concluded on 16 August 1995 between Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay

The Agreement covers all contracts for the international carriage of goods by road between natural and legal persons in the signatory countries, in keeping with the regulations regarding documentation, formalization, fulfilment of contract and liability of the carrier.

It also contains provisions regarding validity, accession, assessment, review and denunciation.

The Agreement will enter into force 30 days from the date on which the Secretary General of the LAIA informs the signatories of the reception of at least three notifications of completion of domestic arrangements for its entry into effect. It is valid for five years, automatically extendable for equal periods, unless a signatory notifies otherwise.

E. Agreements on the renegotiation of concessions granted during the period 1962-1980 (Annex 5)

1. Extension

During the period covered by this report, the majority of the additional protocols signed in this category of agreements relate to the extension of short-term preferences with a view to maintaining trade flows while the signatory countries continue to negotiate agreements of broader scope, generally economic complementarity agreements.

The Annex lists the additional protocols of extension for each agreement. However a number of other modifications are worth mentioning:

- Transposition of the preferences to the Nomenclature of the Latin American Integration Association based on the Harmonize Commodity Description and Coding System (NALADISA) in the Agreements between Colombia and Paraguay (No. 15), Paraguay and Peru (No. 20), Paraguay and Venezuela (No. 21) and Peru and Uruguay (No. 33);
- Suspension of the Freight Surcharge for the Renovation of the Merchant Marine Fleet on imports of products negotiated by Brazil in the Agreement concluded with Colombia (No. 10) and in the Agreement concluded with Ecuador (No. 11), (Fifth Additional Protocol of 8 March 1995 and Tenth Additional Protocol of 28 March 1996, respectively);
- In the Agreement concluded between Brazil and Colombia (No. 10), agreement by the parties to grant reciprocal exemption from the requirement that goods imported under the Agreement be transported in vessels flying the national flag (Sixth Additional Protocol of 25 September 1996).

2. Lapsed agreements

With the completion of the negotiation process referred to above, the Agreements between Brazil and Chile (No. 3) and between Paraguay and Chile (No. 26) joined the series of renegotiation agreements that had lapsed in previous years.

3. Participation of Ecuador in the renegotiation agreements

In compliance with the provisions of Resolution 1 of the Council of Ministers, on 30 April 1983 Ecuador concluded partial-scope agreements for the renegotiation of concessions granted during the LAFTA period with the other member States of the Association.

These Agreements were listed in the report submitted to the GATT covering that year. It should be noted, however, that four of them (AAP.R/5 with Argentina, AAP.R/15 with Chile, AAP.R/19 with Paraguay and AAP.R/24 with Uruguay) have been superseded by Economic Complementarity Agreements Nos. 21, 32, 28 and 30 respectively, signed during the course 1993 and 1994.

F. Regional agreements (Annex 6)

Regional Agreement to Open Markets to Bolivia (Agreement No. 1)

Regional Agreement to Open Markets to Ecuador (Agreement No. 2)

Regional Agreement to Open Markets to Paraguay (Agreement No. 3)

Additional Protocols were concluded for the transposition of the concessions granted by Peru to Bolivia, Peru to Ecuador and Colombia to Paraguay to the LAIA Nomenclature (NALADISA) based on the Harmonized Commodity Description and Coding System.

Regional Scientific and Technological Cooperation Agreement (Framework Agreement) between the member States of LAIA concluded on 19 October 1993

The signatory countries formalized Cuba's accession to this Agreement through an Accession Protocol signed on 10 February 1995.

G. Agreements concluded by member countries with non-LAIA Latin American countries (Article 25 of the 1980 Treaty of Montevideo) (Annex 7)

1. Additional protocols

The annexed list shows that the bulk of the amendments to the Agreements concluded under Article 25 extend the validity of the temporary concessions, deepen the concessions originally agreed, incorporate new products and revise certain negotiating conditions.

Changes were also made to the rules governing the implementation and operation of the Agreements, for example, those connected with the regime of origin applicable for the qualification of goods.

2. Conclusion of new agreements

During the period 1995-1996, Bolivia and Venezuela concluded the following Agreements with Cuba under Article 25 of the 1980 Treaty of Montevideo:

- (a) Partial-Scope Agreement No. 34 between Bolivia and Cuba, on 6 May 1995 (AAP/A25TM/34)

Objectives

The objectives of the Agreement are, *inter alia*, to stimulate the generation and growth of reciprocal trade and to introduce measures to achieve a higher level of integration between the two countries.

### Liberalization programme and non-tariff measures

The two countries agreed to grant each other tariff preferences for the import of products covered by the Agreement (Annexes I and II). These preferences take the form of percentage reductions in the domestic import levies applied by the signatory countries to imports from third countries under the most-favoured-nation regime.

Once the Agreement comes into effect, the products listed in these Annexes will be totally exempt from non-tariff restrictions, with the exception of those laid down in Article 50 of the 1980 Treaty of Montevideo.

The parties may, by mutual agreement and at any time, modify the lists of products and the preferences granted.

### Regime of origin

The signatories will apply the provisions of Resolution 78 of the LAIA Committee of Representatives in determining the origin of the negotiated products.

### Safeguard clauses

The parties may apply safeguards when they consider that imports are being introduced under such conditions or in such quantities as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products. Tariff safeguard measures may only be applied on a non-discriminatory and temporary basis, for a period of one year, extendable for a further one-year period if the causes which gave rise to their introduction persist. The measure will consist in the re-establishment of the tariff applied to third countries.

The parties retain their rights and obligations under Article XIX of the GATT in respect of any emergency action taken by one of the parties.

A definition is given, for the purpose of the Agreement, of "serious injury", "threat of serious injury", "domestic industry", "like product" and "identical product".

### Unfair trade practices

The signatories reject all unfair trade practices and undertake to withdraw any measures that might distort international trade.

If cases of dumping or other unfair trade practices should arise, or in the event of distortions caused by export subsidies or domestic subsidies, the affected party may act in accordance with its domestic legislation, taking the GATT 1994 as a reference.

### Services

The signatories will take measures to facilitate trade in services in keeping with the relevant provisions of the GATT 1994.

### Transport

The signatories will take steps to facilitate transport between their respective territories by drawing up proposals and conducting negotiations.

#### Technical standardization

The administrative authorities of the Agreement will examine national provisions in this regard and recommend measures to forestall the drafting, adoption or implementation of measures intended to create unnecessary barriers to trade.

#### Investment

The signatories will foster reciprocal investment through the signature of a bilateral treaty for the promotion and protection of investments.

#### Trade cooperation

The signatories will encourage trade cooperation in order to take full advantage of the preferences and trade opportunities available to them, *inter alia*, by introducing trade information and promotion programmes, facilitating the work of official and private missions, and organizing trade fairs and exhibitions.

#### Intellectual or industrial property

The signatory countries undertake to grant adequate protection under their respective domestic laws. At the same time, they will work towards the conclusion of agreements to facilitate access to the protection of industrial property, the use or exchange of information, the training of specialists, and cooperation in general.

#### Dispute settlement

Such disputes as may arise in connection with the implementation of the Agreement will be resolved through direct consultations between the administrative authorities of the signatories.

If an agreement is not reached within a period of six months, the dispute will be referred, at the request of either of the signatories, to an arbitration tribunal composed of three members, which will make such recommendations as it considers appropriate.

#### Administration of the Agreement

The Agreement will be administered, developed and coordinated by a binational administrative commission composed of representatives of the Ministry of Foreign Affairs and Worship, for Bolivia, and of the Ministry of Foreign Trade, for Cuba.

#### Compatibility with regional agreements

The Agreement will be implemented in a manner consistent with the commitments assumed by Bolivia under the Cartagena Agreement and by Cuba under the preferential trade treaties to which it is a party.

#### Validity

The Agreement will come into force on the date on which the signatories notify that they have fulfilled the domestic legal requirements, and will be valid for an indefinite period of time.

### Accession

The Agreement is open for accession, subject to prior negotiations, to the remaining LAIA member States.

### Denunciation

A signatory may denounce the Agreement with effect 180 days following written notification of the other signatory, without prejudice to such alternative time-period as the signatories may agree upon.

- (b) Partial-Scope Agreement No. 35 between Venezuela and Cuba, signed on 14 November 1995 (AAP/A25TM/35)

### Objectives

The objectives of the Agreement are, *inter alia*, to facilitate, extend, diversify, promote and strengthen trade between the parties and stimulate the integration process by developing cooperation, investment and economic complementarity activities.

### Tariff preferences

The parties agree to grant each other tariff preferences on the basis of a selective list of products which appear in Annexes I and II of the Agreement.

These tariff preferences consist of a percentage reduction in the import levies applied by the parties to imports from third countries under the most-favoured-nation regime, and may be modified by mutual agreement subject to prior negotiation.

### Non-tariff restrictions

The parties agree that once the Agreement has come into force, they may no longer adopt or maintain import restrictions on negotiated products, with the exception of measures intended to protect public morality, security, the life and health of persons, animals and plants, etc.

### Treatment on internal taxation

With respect to internal taxes, fees and other internal charges, products originating in the territory of one party will be accorded treatment in the territory of the other party no less favourable than that accorded to domestic products in similar circumstances.

### Rules of origin

For imports carried out under the Agreement, the parties will apply the rules governing the determination of the origin of goods and the certification and verification procedures outlined in Annex III of the Agreement.

### Safeguard clauses

The parties may apply temporary corrective measures when imports of one of the products included in the Agreement are being introduced under such conditions or in such quantities as to

cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.

The safeguard may be applied for a period of up to one year, extendable for a further one-year period if the causes which gave rise to its introduction persist, and will consist in an increased tariff which may not exceed the tariff applied to third countries for the product in question at the time of its adoption.

The parties retain their rights and obligations under the WTO Agreement on Safeguards in respect of any emergency action taken by one of the parties to this Agreement.

#### Withdrawal of preferences

While the Agreement is in force, the agreed preferences may not be unilaterally withdrawn, it being understood that the exclusion of a preference as a result of negotiations to review the Agreement or the expiry of a temporary preference are not considered to constitute withdrawal.

#### Unfair international trade practices (dumping and subsidies)

In the event of dumping or subsidies, the parties may enact and apply anti-dumping and countervailing duties in accordance with their respective national legislations and in conformity with the relevant provisions of the WTO Agreement on Subsidies and Countervailing Measures.

#### Trade in services

In order to facilitate the provision of services by one party to another, it is recommended that the Administrative Commission of the Agreement should draw up an Agreement on Trade in Services, taking due account the WTO General Agreement on Trade in Services and the different regional agreements currently under negotiation.

#### Transport

In order to facilitate transport between their respective territories, the parties will draw up proposals and pursue bilateral negotiations, concluding additional protocols to the Agreement for that purpose.

#### Technical standardization

The parties may conclude additional protocols to the Agreement for the purpose of establishing disciplines and procedures to contribute to the growth of bilateral trade while ensuring that the formulation, adoption and implementation of technical and industrial standards, public health requirements and phytosanitary and zoosanitary standards do not result in trade barriers.

#### Investments

The parties agree to foster reciprocal investment by concluding a bilateral agreement on the promotion and protection of investments and trade.

#### Double taxation

The parties agree to conduct negotiations aimed at concluding an agreement to avoid double taxation in order to promote investment and encourage the creation of enterprises.



### Trade cooperation

The parties will encourage trade cooperation in order to take full advantage of the preferences and trade opportunities available to them. This cooperation will involve such activities as trade information and promotion programmes, facilitating the work of official and private missions, and the organization of trade fairs, exhibitions, information seminars and market surveys.

The training of qualified specialists in the areas of interest will also be encouraged.

### Intellectual property

Each party will grant protection, and adequate and effective defence to nationals of the other party under the same conditions applied to its own nationals.

Moreover, it is agreed that any advantage, favour, privilege or immunity accorded by one party to its own nationals will be granted immediately and unconditionally to the holders of intellectual property rights of the other party.

### Dispute settlement

Any disputes that may arise in connection with the interpretation, implementation, application or non-application of the provisions of the Agreement will be settled through direct consultations, or through conciliation or arbitration.

### Administration and evaluation of the Agreement

The parties will regularly evaluate the provisions and preferences granted under the Agreement for the purpose of achieving harmonious and balanced progress towards integration and generating equitable benefits for both countries.

The Agreement will be administered by the Administrative Commission, chaired by the Foreign Trade Institute for Venezuela and by the Ministry of Foreign Trade for Cuba.

### Validity

The Agreement will come into force on the date on which both governments have incorporated it into their domestic legislation.

The Agreement will have a duration of three years, automatically extendable for further three-year periods unless one of the parties notifies, at least 90 days prior to the expiry of the period in question, its intention not to extend it.

The Agreement cancels and replaces the Partial-Scope Agreement concluded between the Governments of Venezuela and Cuba on 12 January 1989 (AAP/A25TM/28) as from the date of its entry into force.

### Denunciation

Either party may denounce the Agreement by so notifying the other party 180 days before depositing the corresponding instrument of denunciation with the LAIA General Secretariat.

The rights and the obligations under the Agreement will automatically cease for the denouncing party at the time of formal denunciation.

#### Accession

The Agreement is open for accession, subject to acceptance and negotiation, by the remaining LAIA countries as well as the other Latin American and Caribbean countries.

#### Harmonization with regional agreements - convergence

The parties affirm that the Agreement will be implemented in a manner consistent with the obligations previously assumed by them under other preferential trade agreements.

They will also work towards the convergence of this Agreement with other Latin American and Caribbean integration agreements in conformity with the mechanisms set forth in Chapter IV of the 1980 Treaty of Montevideo.

### III. FURTHER INTEGRATION MEASURES IMPLEMENTED IN THE CONTEXT OF THE LAIA DURING THE PERIOD 1995-1996

#### Updating of the Association's nomenclature

Through Resolution 214, the LAIA Committee of Representatives approved amendments to the LAIA Nomenclature (NALADISA). Under that Resolution, which came into effect on 1 January 1996, Amendment II to the Harmonized System and the Recommendation of the Customs Cooperation Council on Substances Controlled by Virtue of the Montreal Protocol on Substances that deplete the Ozone Layer were incorporated into the NALADISA.

#### Customs valuation

Through Resolution 226, the Committee of Representatives adopted a uniform text containing common rules on customs valuation. This Resolution provides that the customs value of goods imported by member States will be determined in accordance with the standards of the GATT 1994 Agreement on Customs Valuation. It also identifies items whose incorporation into domestic legislation or into the community rules of integration schemes is left to the discretion of individual countries.

#### Amendments to the LAIA Agreement on Reciprocal Payments and Credit

The Agreement concluded on 25 August 1982 by the Central Banks of the 11 member States and by the Dominican Republic in the framework of the LAIA Council for Financial and Monetary Affairs has been regularly refined and updated to keep pace with the circumstances in which it operates.

In 1996, under Council Resolution 82 of 26 September 1996, a computerized system for validating operations was adopted (system of records of commitments) which provides central banks with information on transactions.

1996 also saw the adoption of specific standards to ensure that discount and trade triangulation operations are appropriate.

#### IV. EVOLUTION OF TRADE IN THE LAIA COUNTRIES DURING THE PERIOD 1995-1996

##### 1995

Total aggregate exports of the LAIA member States in 1995 rose by 22 per cent over the previous year to reach a record level of \$206,125,000,000.

This growth was due to the increase in the unit values of the principal export products, for example, copper (+27 per cent), wool (+24 per cent), fish meal and cotton (+23 per cent), raw sugar (+14 per cent), tin (+13 per cent), wheat (+13 per cent), maize (+12 per cent), lead (+11 per cent) and by the more limited but no less significant rise in the price of bananas, cocoa, coffee, iron, zinc and crude oil, which offset the fall in the price of bovine meat (-18 per cent). Argentina and Mexico were obliged to make special efforts to promote sales abroad, the latter owing to the impact of the December 1994 crisis, and the former owing to the effects of the Mexican crisis on its economy.

This marked expansion is attributable to the general increase in the region's market share. While the rise was most marked in the total sales of Mexico (+\$18,962,000,000), Argentina (+\$5,124,000,000), Chile (+\$4,532,000,000), Brazil (+\$2,948,000,000), Venezuela (+\$1,963,000,000), Colombia (+\$1,400,000,000) and Peru (+\$1,051,000,000), it concerned the remaining countries, to a lesser extent, as well.

The growth in the region's overall imports slowed in 1995 to 12 per cent, totalling \$205,076,000,000, reversing the tendency that had emerged during the previous years for imports to grow more rapidly than exports.

This slow-down in growth may be attributed to the fact that although global imports increased in nine LAIA countries, Argentina's and Mexico's imports fell by 6.8 per cent and 8.7 per cent respectively, or in absolute terms, by \$1,468,000,000 and \$6,902,000,000. This was offset by an increase in imports by the remaining countries, particularly Brazil (+\$18,227,000,000), Chile (+\$3,754,000,000), Venezuela (+\$2,514,000,000), Peru (+\$1,958,000,000) and Colombia (+\$1,920,000,000).

It should be pointed out that the negative figures for Argentina and Mexico were the result of adjustments that had to be made to their economies in response to a reduction in capital inflows, which they countered by curtailing spending and increasing sales abroad. In contrast, Brazil's demand for imports increased substantially in response to the consolidation of the stabilization plan.

The balance of trade between the LAIA countries and the rest of the world, which had been negative since 1992, returned to the black in 1995 with a surplus over \$519,000,000.

On the intraregional trade front, after ten consecutive years of growth, the value of exports continued to grow at the same rate as in 1995, registering an increase of 24 per cent to reach a record figure of \$35,506,000,000. Over the past three years, the average annual rate of growth has stood at 24 per cent, as against 18 per cent, for the three-year period 1990-1992.

Although the share of intraregional exports in overall exports remained at its 1994 level of 17 per cent, as during the previous year the share of individual countries varied considerably. While Mexico's intraregional exports represented only 4 per cent of global sales, Brazil, Colombia, Chile, Ecuador, Peru and Venezuela accounted for between 16 and 24 per cent of the total value. Moreover, exports to the region by Argentina, Bolivia, Paraguay and Uruguay accounted for between 36 and 65 per cent of the value of the respective total exports.

In 1995, intra-subregional exports by the countries of the Cartagena Agreement reached an unprecedented \$4,848,000,000. This figure represents a 39 per cent increase over the previous year, and accounted for 57 per cent of the total intraregional exports of the GRAN (Andean Group) countries which totalled \$8,468,000,000. Exports to MERCOSUR totalled \$2,513,000,000, to Chile, \$676,000,000 and to Mexico, \$431,000,000.

The value of intra-MERCOSUR exports rose for the eighth consecutive year to reach \$14,403,000,000, representing an increase of 20 per cent over 1994. With a growth rate similar to that of the previous year, this was the highest level of reciprocal trade ever achieved in the subregion. Intra-subregional exports accounted for 35 per cent of intraregional exports.

MERCOSUR member States exported \$3,446,000,000 worth of products to the Andean Group, \$2,746,000,000 to Chile and \$656,000 to Mexico.

The volume of reciprocal exports between Chile and Mexico grew by 30 per cent over the previous year to reach \$602,000,000. Within this total, Chile's exports declined 37 per cent over 1994 to \$128,000,000, while Mexico's exports increased by 81 per cent, to \$474,000,000. Chile exported a total \$1,077,000,000 worth of products to the Andean Group and \$1,780,000,000 worth to MERCOSUR, while Mexican exports to these subregions totalled \$1,130,000,000 and \$1,198,000,000 respectively.

## 1996

The value of aggregate exports for the countries of the region increased by 12 per cent in 1996 to reach a record value of \$231,624,000,000. However, there was a decline in the growth rate of the region's exports, which in 1994 had increased by 17 per cent and in 1995 by 22 per cent, on account of the slow-down in consumption in the Western industrialized countries and the fall or general stagnation of export prices, which spared only the oil-exporting countries and Argentina.

The behaviour of the prices of some of the main export products varied widely: while in some cases they increased, e.g. maize (+35 per cent), lead (+26 per cent), wheat (+26 per cent), soya (+20 per cent), crude oil (+19 per cent), fish meal (+18 per cent) and bananas (+16 per cent), in other cases they dropped, e.g. copper (-20 per cent), coffee (-19 per cent), cotton (-13 per cent) raw sugar (-8 per cent) and bovine meat (-7 per cent).

The increase in aggregate exports of the LAIA member States can be attributed to increased exports by Mexico (+\$16,484,000,000), Venezuela (+\$3,953,000,000), Argentina (+\$2,739,000,000) and Brazil (+\$1,241,000,000) and, to a lesser extent, to the more moderate increase in the remaining countries, with the exception of Bolivia and Chile, whose exports shrunk by \$95,000,000 and \$494,000,000 respectively.

Aggregate imports by the LAIA member States in 1996 rose by 11 per cent over the previous year, a lower growth rate than in 1994, but similar to the 1995 rate, to reach \$227,859,000,000. Indeed, following the contraction resulting from the adjustments made in 1995, Argentina and Mexico recovered their growth rate of imports, while the growth rate in Brazil, following an exceptional surge in recent years, fell considerably, reverting to earlier levels.

This result for growth in the value of aggregate imports is principally due to the figures recorded for Mexico (+\$17,025,000,000), Argentina (+\$3,591,000,000), Brazil (+\$2,997,000,000) and Chile (+\$1,907,000,000), partially offset by Ecuador (-\$3,462,000,000), Venezuela (-\$2,051,000,000), Paraguay (-\$902,000,000) and Colombia (-\$187,000,000).

The balance of trade with the rest of the world, which had been negative during the three years from 1992 to 1994, returned to the black in 1995, and remained positive in 1996, with a surplus of \$2,723,000,000. The largest surpluses were those of Venezuela (+\$11,416,000,000), Mexico (\$5,037,000,000) and Ecuador (+\$1,466,000,000), while the largest deficits were recorded by Brazil (-\$7,645,000,000), Argentina (-\$3,732,000,000) and Colombia (-\$2,186,000,000).

The value of intraregional exports in 1996 marked a ninth consecutive year of growth, albeit at a more moderate rate, achieving a record level of \$39,872,000,000, an increase of 12 per cent over 1995. This figure represents a marked slow-down in growth rate in comparison to the previous years.

Intraregional exports as a share of overall exports remained stable in 1996 at 17 per cent, with individual performances closely reproducing those of the previous year. While exports to the region accounted for between 63 per cent and 46 per cent of the total value of exports for Argentina, Bolivia, Paraguay and Uruguay, these figures stood at between 23 per cent and 16 per cent for Brazil, Colombia, Chile, Ecuador, Peru and Venezuela. At 4 per cent, Mexico's share of exports to the region was the lowest recorded by any LAIA member State.

The expansion in reciprocal exports involved nine countries: the largest increases in sales were achieved by Argentina (+\$1,409,000,000), Brazil (+\$953,000,000), Venezuela (+\$876,000,000) and Mexico (+\$655,000,000), while a slight decrease in regional exports was recorded in Colombia (-\$164,000,000) and Chile (-\$57,000,000). As in 1995, the main destinations of these exports were Brazil (\$12,298,000,000) and Argentina (\$7,118,000,000), followed by Chile (\$4,389,000,000), Colombia (\$3,533,000,000), Venezuela (\$2,369,000,000), Peru (\$2,230,000,000), Paraguay (\$2,064,000,000), Uruguay (\$1,790,000,000), Mexico (\$1,589,000,000), Ecuador (\$1,281,000,000) and Bolivia (\$1,211,000,000).

MERCOSUR's intra-subregional exports (\$17,042,000,000) represented 43 per cent of total exports between the LAIA countries; Andean Group-MERCOSUR reciprocal exports (\$6,045,000,000) represented 15 per cent; intra-subregional exports of the Andean Group (\$5,256,000,000) represented 13 per cent; reciprocal trade between MERCOSUR and Chile (\$4,729,000,000) represented 12 per cent; trade between MERCOSUR and Mexico (\$2,515,000,000), between the Andean Group and Chile (\$1,754,000,000) and between the Andean Group and Mexico (\$1,697,000,000) represented 6, 5 and 4 per cent respectively; and reciprocal exports between Chile and Mexico (\$834,000,000) represented 2 per cent.

In 1996, as in previous years, intra-subregional exports between the Andean countries achieved a record level of \$5,256,000,000. This figure represents 8 per cent increase over the previous year, and accounts for 56 per cent of the total \$9,384,000,000 worth of intraregional exports of the member countries of the Cartagena Agreement.

Exports by the Andean Group countries to the remaining LAIA countries increased by 14 per cent, totalling \$4,128,000,000, which outstripped the increase in subregional exports. Of this total, \$2,913,000,000 corresponded to exports to MERCOSUR, \$742,000,000 to exports to Chile and \$473,000,000 to exports to Mexico.

Intra-MERCOSUR exports grew in 1996 for the ninth consecutive year, at a rate of 18 per cent. Although the total value represents a record for the subregion, the rate of growth has displayed a downward trend since 1993. In the year under consideration, intra-MERCOSUR exports represented 71 per cent of the subregion's exports to the rest of the countries of the Association, approximating the 1994 level of 68 per cent.

In 1996, the MERCOSUR countries exported products for a total value of \$3,132,000,000 to the Andean Group, \$2,959,000,000 to Chile and \$970,000,000 to Mexico.

The value of exports between Chile and Mexico totalled \$834,000,000 with a strong growth in 1995 of 39 per cent over the previous year, similar to the 43 per cent achieved in 1994. This result can be attributed to the increase achieved by Chile (14 per cent), whose exports totalled \$146,000,000, and the substantial increase (45 per cent) by Mexico, which attained a value of \$688,000,000.

Chile's exports to the Andean Group and MERCOSUR totalled \$915,000,000 and \$2,814,000,000 respectively, while exports from Mexico to the Andean Group and the member countries of the Asunción Treaty totalled \$1,224,000,000 and \$1,545,000,000 respectively.

LAIA

Foreign Trade of Member Countries According to Destination or Origin  
LAIA - Rest of the World  
1995-1996

(Millions of dollars)

Country	Exports f.o.b.			Exports c.i.f.			Balance	
	1995	1996	1996/1995 %	1995	1996	1996/1995 %	1995	1996
<u>LAIA</u>								
Argentina	9,625	11,034 (a)	14.6	5,860	7,313 (a)	24.8	3,765	3,721
Bolivia	422	501 (e)	18.7	551	588	6.7	-129	-87
Brazil	9,975	10,928	9.6	10,606	12,270 (a)	15.7	-631	-1,342
Colombia	2,455	2,291 (a)	-6.7	3,275	3,207 (a)	-2.1	-820	-916
Chile	2,985	2,928	-1.9	4,036	4,656	15.4	-1,051	-1,728
Ecuador	761	855	12.4	1,248	1,164	-6.7	-487	-309
Mexico	2,802	3,457 (a)	23.4	1,757	1,963 (a)	11.7	1,045	1,494
Paraguay	596	705 (e)	18.3	1,353	1,204 (e)	-11.0	-757	-499
Peru	889	920	3.5	2,530	2,694	6.5	-1,641	-1,774
Uruguay	1,055	1,436	36.1	1,469	1,665	13.3	-414	-229
Venezuela	3,941	4,817 (e)	22.2	2,291	2,106 (e)	-8.1	1,650	2,711
TOTAL	35,506	39,872	12.3	34,976	38,830	11.0	*	*
<u>REST OF WORLD</u>								
Argentina	11,338	12,668 (a)	11.7	14,262	16,400 (a)	15.0	-2,924	-3,732
Bolivia	759	585 (e)	-22.9	883	893	1.1	-124	-308
Brazil	36,531	36,819	0.8	43,131	44,464 (a)	3.1	-6,600	-7,645
Colombia	7,862	8,283 (a)	5.4	10,588	10,469 (a)	-1.1	-2,726	-2,186
Chile	12,916	12,479	-3.4	10,867	12,154	11.8	2,049	325
Ecuador	3,601	4,035	12.1	2,947	2,569	-12.8	654	1,466
Mexico	76,714	92,543 (a)	20.6	70,687	87,506 (a)	23.8	6,027	5,037
Paraguay	323	414 (e)	28.2	1,783	1,030 (e)	-42.2	-1,460	-616
Peru	4,551	4,915	8.0	5,054	5,253	3.9	-503	-338
Uruguay	1,051	961	-8.6	1,398	1,657	18.5	-347	-696
Venezuela	14,973	18,050 (e)	20.6	8,500	6,634 (e)	-22.0	6,473	11,416
TOTAL	170,619	191,752	12.4	170,100	189,029	11.1	519	2,723
<u>TOTAL</u>								
Argentina	20,963	23,702 (a)	13.1	20,122	23,713 (a)	17.8	841	-11
Bolivia	1,181	1,086 (e)	-8.0	1,434	1,481	3.3	-253	-395
Brazil	46,506	47,747	2.7	53,737	56,734 (a)	5.6	-7,231	-8,987
Colombia	10,317	10,574 (a)	2.5	13,863	13,676 (a)	-1.3	-3,546	-3,102
Chile	15,901	15,407	-3.1	14,903	16,810	12.8	998	-1,403
Ecuador	4,362	4,890	12.1	4,195	3,733	-11.0	167	1,157
Mexico	79,516	96,000 (a)	20.7	72,444	89,469 (a)	23.5	7,072	6,531
Paraguay	919	1,119 (e)	21.8	3,136	2,234 (e)	-28.8	-2,217	-1,115
Peru	5,440	5,835	7.3	7,584	7,947	4.8	-2,144	-2,112
Uruguay	2,106	2,397	13.8	2,867	3,322	15.9	-761	-925
Venezuela	18,914	22,867 (e)	20.9	10,791	8,740 (e)	-19.0	8,123	14,127
TOTAL	206,125	231,624	12.4	205,076	227,859	11.1	*	*

(a)Provisional data.

(e)Estimate.

\*No data.

Notes: Export data for Bolivia corresponds to official customs values.  
Import data for Mexico and Venezuela are expressed f.o.b.  
Data for Mexico includes trade generated by assembly plants (*maquiladoras*).

Source: Data provided by the member countries.

Compiled by: Department of Studies and Statistics, LAIA General Secretariat.

ANNEXES

LIST OF PROTOCOLS ADOPTED DURING THE PERIOD 1995-1996

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)

"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."
-



Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
5	Chemical industry  Argentina Brazil Chile Mexico Uruguay Venezuela	20.12.82	23/Add.1	30.3.95	Brazil - Mexico
			24/Add.1	30.3.95	Mexico - Uruguay
			S/N	27.6.95	AR-BR-CH-ME-UR-VE
			Add.1	20.12.95	Brazil - Mexico
			Add.2	22.12.95	AR-BR-CH-ME-UR-VE
			Add.3	23.12.96	Mexico - Uruguay
			25	30.12.96	AR-BR-CH-UR-VE
7 A	Refrigeration and air- conditioning industry  Argentina Uruguay	24.12.82	S/N	27.6.95	AR-UR
			Add.2	22.12.95	AR-UR
			Add.4	23.12.96	AR-UR
7 B	Electrical household appliances  Argentina Uruguay	24.12.82	S/N	27.6.95	AR-UR
			Add.2	22.12.95	AR-UR
			Add.4	23.12.96	AR-UR
9	Electricity generation, transmission and distribution  Brazil Mexico	29.11.82	6/Add.1	30.3.95	BR-ME
			S/N	27.6.95	BR-ME
			Add.1	20.12.95	BR-ME
10	Office machines  Argentina Brazil Mexico	29.11.82	14/Add.1	30.3.95	BR-ME
			S/N	27.6.95	AR-BR-ME
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR
			Add.4	23.12.96	AR-BR
12	Electronics and electrical communications  Brazil Mexico	29.11.82	7/Add.1	30.3.95	BR-ME
			S/N	27.6.95	BR-ME
			Add.1	20.12.95	BR-ME

Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
13	Phonography  Argentina Brazil Mexico Uruguay Venezuela	2.12.82	10/Add.1	30.3.95	BR-ME
			11/Add.1	30.3.95	ME-UR
			S/N	27.6.95	AR-BR-ME-UR-VE
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR-ME-UR-VE
			Add.3	23.12.96	ME-UR
			12	23.12.96	AR-BR-UR-VE
15	Chemicals and pharmaceuticals  Argentina Brazil Mexico	10.12.81	16/Add.1	30.3.95	BR-ME
			S/N	27.6.95	AR-BR-ME
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR
			Add.4	23.12.96	AR-BR
16	Petrochemicals  Argentina Brazil Chile Mexico Uruguay Venezuela	6.12.82	35/Add.1	30.3.95	BR-ME
			S/N	27.6.95	AR-BR-ME
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR
			Add.4	23.12.96	AR-BR
17 A	Refrigeration and air- conditioning  Argentina Brazil	15.11.82	S/N	27.6.95	AR-BR
			Add.2	22.12.95	AR-BR
17 B	Household electrical, mechanical and heating appliances  Argentina Brazil	15.11.82	S/N	27.6.95	AR-BR
			Add.2	22.12.95	AR-BR
18	Photography  Argentina Brazil Mexico Uruguay Venezuela	24.12.82	22/Add.1	30.3.95	BR-ME
			23/Add.1	30.3.95	ME-UR
			S/N	27.6.95	AR-BR-ME-UR-VE
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR-ME-UR-VE
			Add.3	23.12.96	ME-UR
			24	23.12.96	AR-BR-UR-VE

Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
19	Electronics and electrical communications  Argentina Brazil Mexico Uruguay	29.11.82	12/Add.1	30.3.95	BR-ME
			13/Add.1	30.3.95	ME-UR
			S/N	27.6.95	AR-BR-ME-UR
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR-ME-UR
			Add.3	23.12.96	ME-UR
20	Dyes and pigments  Argentina Brazil Chile Mexico	10.12.81	14/Add.1	30.3.95	BR-ME
			S/N	27.6.95	BR-ME
			Add.1	20.12.95	BR-ME
21	Chemicals (surpluses and deficits)  Argentina Brazil Chile Mexico Uruguay	10.12.81	26/Add.1	30.3.95	BR-ME
			S/N	27.6.95	AR-BR-ME-UR
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR-UR
22	Essential oils, aromatic chemicals, perfumes and flavourings  Argentina Brazil Mexico	29.11.82	15/Add.1	30.3.95	BR-ME
			S/N	27.6.95	AR-BR-ME
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR
26	Articles and appliances for hospital, dental, veterinary and like uses  Argentina Brazil Mexico	28.11.84	13/Add.1	30.3.95	BR-ME
			S/N	27.6.95	AR-BR-ME
			Add.1	20.12.95	BR-ME
			Add.2	22.12.95	AR-BR

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Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
27	Glass  Brazil Mexico Venezuela	28.11.84	4/Add.1	30.3.95	BR-ME
			S/N	27.6.95	BR-ME
			Add.1	20.12.95	BR-ME

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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) coordination 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."

Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
2	Brazil Uruguay (TEP)	20.12.82	20	1.9.95	Trade Expansion Protocol (TEP)
			21	4.3.96	
4	Chile Uruguay	1.2.85	5	8.6.95	
			6	7.12.95	
			7	29.3.96	
			8	28.6.96	
5	Mexico Uruguay	7.5.86	6	30.3.95	
			7	31.3.95	
			8	22.6.95	
			9	20.11.95	
			10	23.12.96	
			11	31.12.96	
6	Argentina Mexico	24.10.86	3	27.3.95	
			4	30.3.95	
			5	31.3.95	
			6	22.6.95	
			7	20.11.95	
			8	20.12.96	
8	Mexico Peru	25.3.87	Adjustment Protocol	29.1.95	
			1	20.12.95	
			2	18.12.96	
9	Argentina Peru	11.3.88	4	27.6.95	
			6	20.12.95	
			7	20.12.95	
			8	18.12.96	
11	Argentina Colombia	28.4.88	3	30.5.95	
			4	27.6.95	
			5	23.11.95	
			6	10.12.96	
16	Argentina Chile	2.8.91	14	8.6.95	
			15	7.7.95	
			16	7.12.95	
			17	29.3.96	
			18	27.6.96	
18	Argentina Brazil Paraguay Uruguay	29.11.91	14	7.11.95	
			16	2.8.96	
			17	9.12.96	

Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
20	Argentina Venezuela	6.10.92	2	27.6.95	
			3	12.12.95	
			4	10.12.96	
21	Argentina Ecuador	15.3.93	3	23.6.95	
			4	1.12.95	
			5	11.12.96	
22	Bolivia Chile	6.4.93	6	11.11.95	
23	Chile Venezuela	2.4.93	2	11.10.95	
24	Colombia Chile	6.12.93	3	20.5.95	
			4	9.1.96	
			5	31.5.96	
25	Brazil Peru	31.12.93	3	27.6.95	
			4	22.12.95	
			5	20.12.95	
			6	10.12.96	
			7	26.12.96	
27	Brazil Venezuela	15.7.94	3	27.6.95	
			4	4.7.95	
			5	12.12.95	
			6	10.12.96	
28	Ecuador Uruguay	1.5.94	2	23.6.95	
			3	1.12.95	
			4	11.12.96	
30	Ecuador Paraguay	15.9.94	2	25.4.95	
			3	23.6.95	
			4	1.12.95	
			5	19.12.96	
32	Chile Ecuador	20.12.94	1	21.3.95	
34	Argentina Bolivia Brazil Paraguay Uruguay	7.12.95	1	26.12.95	
			2	31.12.96	
35	Argentina Brazil Chile Paraguay Uruguay	30.9.96	1	18.11.96	
36	Argentina Bolivia Brazil Paraguay Uruguay	17.12.96	-	-	

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."
-



Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols	
			No.	Date
2	Liberalization and expansion of intraregional trade in seeds	22.11.91	01	29.8.95
	Argentina Bolivia Brazil Chile Colombia Cuba Ecuador Paraguay Peru Uruguay Venezuela		02	30.8.95

ANNEX 4

OTHER TYPES OF PARTIAL-SCOPE AGREEMENT

1. 1980 Treaty of Montevideo, Article 13

"Trade promotion agreements shall refer to non-tariff matters and tend to promote intraregional trade flows. They shall be subject to the specific rules to be established for that purpose."

Resolution 2 of the Council of Ministers, Article 9

"Trade promotion agreements shall refer to non-tariff matters and tend to promote intraregional trade flows.

To this end, they may take into consideration, among other matters, the following aspects:

(a) Trade rules:

- Subsidies and countervailing measures;
- unfair business practices;
- import licensing and formalities;
- other technical matters relating to regional trade.

(b) Other rules relating to non-tariff matters:

- Payments;
- financial cooperation;
- animal and plant health cooperation;
- customs cooperation;
- facilitation of transport;
- government procurement."

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Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols	
			No.	Date
9	Energy Cooperation  Paraguay Uruguay	12.4.96	-	-

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2. 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 cooperation, 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 cooperation, tourism promotion and preservation of the environment."

Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols	
			No.	Date
9	Allocation and use of television transmission and relay stations  Argentina Brazil Paraguay Uruguay	22.5.95	-	-
10	Transportation contract and civil liability of the carrier in the international carriage of goods by road  Bolivia Brazil Chile Paraguay Peru Uruguay	16.8.95	-	-

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."

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Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols	
			No.	Date
3	Brazil Chile	30.4.83	16	7.12.95
			17	29.3.95
			18	28.6.96
9	Brazil Mexico	30.4.83	02	30.3.95
			03	22.6.95
			04	20.11.95
10	Brazil Colombia	30.4.83	03	22.6.95
			04	23.11.95
			05	8.3.96
			06	25.9.96
11	Brazil Ecuador	30.4.83	08	23.6.95
			09	1.12.95
			10	28.3.96
			11	11.12.96
18	Colombia Paraguay	30.4.83	Adjustment Protocol	10.2.95
			01	23.6.95
			02	27.12.95
			03	19.12.96 6.3.95
20	Paraguay Peru	30.4.83	Adjustment Protocol	6.3.95
			01	23.6.95
			02	27.12.95
			03	19.12.96
21	Paraguay Venezuela	30.4.83	Adjustment Protocol	8.6.95
			01	23.6.95
			02	27.12.95
			03	19.12.96
23	Colombia Uruguay	30.4.83	02	23.6.95
			03	23.11.95
			04	10.12.96
25	Uruguay Venezuela	31.12.81	05	23.6.95
			06	12.12.95
			07	10.12.96
26	Argentina Chile Paraguay Uruguay	30.4.83	32	22.6.95 (CH-PA)
			33	27.6.95
			34	(AR-PA-UR) 7.12.95
			36	(CH-PA) 9.4.96
			37	(CH-PA) 28.6.96
				(CH-PA)
28	Chile Peru	30.4.83	02	3.4.95
			03	22.11.95
			04	10.12.96
33	Peru Uruguay	30.4.83	Adjustment Protocol	22.6.95
			01	23.6.95
			02	12.12.95
38	Mexico Paraguay	30.4.83	03	18.12.96
			01	22.6.95
			02	27.12.95
			03	30.12.96

ANNEX 6

REGIONAL AGREEMENTS

1980 Treaty of Montevideo, Article 6

"Regional-scope agreements are those in which all member countries participate.

They shall be drawn up within the framework of the objectives and provisions of the present Treaty, and may refer to the same matters and include those instruments foreseen for the partial-scope agreements provided for in the third section of the present Chapter."

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Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols	
			No.	Date
AM/01	Argentina Bolivia Brazil Chile Colombia Ecuador Mexico Paraguay Peru Uruguay Venezuela	30.4.83	ADEC 9	23.6.95 (BO-PE)
AM/02	Argentina Bolivia Brazil Chile Colombia Ecuador Mexico Paraguay Peru Uruguay Venezuela	30.4.83	02/ ADEC 9	30.1.95 (EC-PE)
AM/03	Argentina Bolivia Brazil Chile Colombia Ecuador Mexico Paraguay Peru Uruguay Venezuela	30.4.83	03/ ADEC 9	10.2.95 (CO-PA)
CYT/06	Argentina Bolivia Brazil Chile Colombia Cuba Ecuador Mexico Paraguay Peru Uruguay Venezuela	19.10.93	AD/01  (Formalizes accession)	10.2.95

ANNEX 7

AGREEMENTS CONCLUDED BY MEMBER COUNTRIES 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 in 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."
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Agreement No.	Sector/ signatory countries	Original Protocol	Additional Protocols	
			No.	Date
4	Argentina Cuba	16.3.84	4	27.6.95
			5	20.12.95
			6	31.12.96
10	Mexico Guatemala	4.9.84	9	5.6.95
			10	24.5.96
11	Honduras Mexico	3.12.84	3	21.9.95
			4	4.10.96
13	Mexico Nicaragua	8.4.85	2	2.5.95
			3	14.3.96
15	Mexico El Salvador	6.2.86	4	18.6.96
17	Uruguay Cuba	6.3.87	2	27.6.95
			3	20.12.95
			4	31.12.96
21	Brazil Cuba	16.10.89	3	27.6.95
			4	20.12.95
			5	31.12.96
33	Colombia Cuba	8.7.94	1	17.5.95
34	Bolivia Cuba	6.5.95	1	11.6.96
35	Venezuela Cuba	14.11.95	1	17.6.96