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Committee on Trade and Development

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## LATIN AMERICAN INTEGRATION ASSOCIATION (LAIA)

### GATT ENABLING CLAUSE

#### Information on Measures Taken by LAIA Member Countries under the 1980 Treaty of Montevideo During 1992

The following communication and the attached report were received from the delegation of Uruguay on 4 October 2012 for circulation to the WTO Members.

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The LAIA member countries which are also GATT contracting parties hereby inform the World Trade Organization's Committee on Trade and Development of the measures taken under the 1980 Treaty of Montevideo bilaterally or among groups of countries in 1992, thus supplementing the information relating to 1991, duly submitted by the LAIA General Secretariat and reproduced in GATT documents L/6985 of 5 March 1992 and L/6985/Add.1 of 9 April 1992.

This Report contains two parts, the first dealing with trade during 1992, and the second covering regional and partial-scope agreements concluded by LAIA member countries that are party to the General Agreement, and changes in treatment granted during the period in question.

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LAIA

## **I. REGIONAL TRADE DURING 1991-1992**

### **A. 1991**

After reaching an all-time record level in 1990, the value of aggregate exports of the countries of the region dropped slightly to \$110,873 million in 1991. This decrease, which was partly due to a fall in world oil prices after the resolution of the Persian Gulf crisis, halted the upward trend since 1987 in which trade increased at an average annual rate of 13%.

In contrast with the developments of the previous year, when nine countries in the region increased their aggregate exports, the performance varied widely in 1991. While Colombia (8%), Chile (6%) and Ecuador (5%) moderately increased their external sales, exports increased rather modestly in Brazil (1%), declined significantly in Paraguay (-23%), Venezuela (-14%), and Uruguay (-8%), and contracted to a lesser extent in Argentina (-3%), Bolivia (-3%), Peru (-3%) and Mexico (-2%).

In Colombia growth was due to an increase in non-traditional exports (30%), since oil sales fell sharply (26%) because of a drop in prices and problems created by repeated attacks on pipelines. Coffee exports declined as a result of a further fall in world prices. In spite of the reduction in the value of copper sales, due to the fall (-12%) in its price on the world market, exports from Chile grew because of increased sales of products other than copper, reinforcing a trend which had emerged in previous years. In spite of the significant drop in oil prices, the value of Ecuador's aggregate exports increased as a result of a further expansion in the export of primary products such as shrimps and bananas. Shrimp exports accounted for one sixth of total exports and the liberalization of the Eastern European market, increased demand in the Republic of Korea, reduced competition from the countries of Asia and improved world prices led to remarkable growth in banana exports over recent years. The modest rise in Brazilian exports was based on increased exports of basic products and semi-manufactures, as sales of manufactures reached a new low.

In Paraguay exports fell for the second consecutive year, following the sharp increase recorded in 1989, because of low soya prices (-3%) and the shrinkage of the physical volumes exported, only partially offset by the increase in cotton exports. The reduction of exports by Venezuela was due to the fall in oil prices compared to the prices recorded in the months during the Persian Gulf conflict, coupled with the equally unfavourable trend for non-petroleum exports. The value of aggregate exports of Uruguay fell as a consequence of lower traditional exports: wool, due to the fall (-21%) of its world price, and meat products, which were exported in smaller quantities, in spite of a 5% increase in their average price.

In the case of Argentina, exports were not as dynamic as in previous periods, which were characterized by internal recession and a high real rate of exchange. The exchange rate fell by 30% in 1991, a fall which was offset in part by the reduction of export taxes. This reduction did not succeed in preventing the reduced levels of total exports, caused by the fall in average prices and a major reduction of volumes exported. In Bolivia the value of exports decreased, primarily because of a fall in unit value and, to a lesser extent, in volume. The unit value was particularly affected by the fall in tin prices for the second consecutive year. Although exports of fish meal and cotton by Peru rose and exports of non-traditional products increased slightly, the value of exports of metals fell sharply because of plunging world prices. Stagnation of exports by Mexico could be traced to a weakening of petroleum prices, as other exports, mainly agricultural products and manufactures, continued to expand significantly.

The value of aggregate imports, confirming the trend observed the previous year, grew by 21% in 1991 to a total of \$100,995 million. This increase applied, in varying proportions, to ten countries in the region and only Colombia suffered a reduction in its total export sales. The major factors contributing to growth were higher imports by Mexico (+\$8,544 million), Argentina (+\$4,198 million) and Venezuela (+\$3,434 million), which together accounted for over 90% of the increase in the regional aggregate (+\$17,740 million).

Improvements in production and investment were the principal reasons for strong growth in the value of imports by Mexico. Importation of inputs and capital goods expanded the most, while the growth rate of importation of consumer items fell to 15%, following an annual average rate close to 90% during the previous three-year period. In Argentina, due to the increase in domestic demand, the fall in the real rate of exchange and liberalization mechanisms, the value of imports more than doubled. With the exception of some products receiving special treatment, the maximum tariff was reduced to 22% and specific duties and quantitative restrictions on the importation of certain products were lifted. In Venezuela, thanks to the considerable expansion in domestic demand and the decline in the real rate of exchange, imports rose sharply, to more than 50%.

In Brazil aggregate imports rose by 2%, with a drop in oil imports, due to the contraction of its price on the world market and an increase in imports of other products, especially agricultural products, in this case to offset the decline in domestic production, and other goods as a result of the liberalization policy adopted in 1990. Chile had a 6% increase notwithstanding stagnation in the importation of capital goods and the effect of the adjustment policy initiated some time earlier. The 11% contraction in the value of aggregate imports by Colombia resulted from the fall in investment and the slackening of the country's economic growth rate. Despite the severe recession, trade liberalization and a low level in the real rate of exchange, the value of aggregate imports went up by 7% in Peru.

Trade liberalization, which mainly stimulated imports of capital and consumer goods, led to an approximately 30% increase in imports by Ecuador. Duties were fixed at levels ranging between 5 and 35%, and measures designed to eliminate quantitative restrictions were adopted. Uruguay and Paraguay increased the values of their imports by 10 and 8% respectively, due primarily to the erosion of their real rates of exchange. In Bolivia the sharp expansion of imports from the rest of the world, coupled with moderate growth in imports from LAIA countries, accounted for the 40% rise in the value of their aggregate imports.

As a consequence of a drop of over 4% in the value of exports to the rest of the world and vigorous growth, of over 20%, in total imports for the region from other countries, the surplus in this trade fell significantly, to a level of \$10,413 million, almost one third of that in the previous year.

The value of intraregional exports grew in 1991 (24%) for the sixth consecutive year, reaching a new historic record of \$15,085 million, an amount which more than doubles the total recorded in 1985. This significant increase was due, in the main, to the sharp expansion of trade in manufactures (34%), which amounted to \$7,638 million, over half the total amount of reciprocal exports. Likewise, a corresponding increase in this category of products (+\$1,932 million) covered 66% of the increase in the intraregional aggregate.

The significant rise in reciprocal trade produced differing results in the various countries. Brazil had the highest increase (+\$1,744 million) and, to a lesser extent, Colombia (+\$457 million), Peru (+\$250 million), Argentina (+\$241 million), Venezuela (+\$78 million), Ecuador (+\$56 million) and Bolivia (+\$22 million). However Paraguay (-\$99 million) and Uruguay (-\$36 million) had falling exports in this category of trade.

The major exporters in the year under consideration, in decreasing order of values, were Brazil, with a figure covering 33% of total intraregional exports, and Argentina (22%), followed by Chile (9%), Venezuela (8%), Colombia (7%), Mexico (6%), Uruguay (4%), Peru (4%), Bolivia (3%), Ecuador (2%) and Paraguay (2%).

Brazil (\$3,285 million) was the main destination of exports in the region, followed by Argentina (\$2,525 million), Chile (\$1,895 million), Mexico (\$1,350 million), Venezuela (\$1,346 million), Peru (\$1,185 million), Colombia (\$925 million), Paraguay (\$755 million), Uruguay (\$750 million), Ecuador (\$533 million) and Bolivia (\$536 million).

The structure of reciprocal exports by subregions and according to exports between the regions in 1991 was as follows: intra-subregional exports of MERCOSUR (\$5,103 million) accounted for 34% of the LAIA total, GRAN (Andean Group) - MERCOSUR reciprocal exports (\$2,908 million), 19%, MERCOSUR-Chile (\$2,030 million), 13%, GRAN intra-subregional exports (\$1,769 million), 12%, MERCOSUR-Mexico reciprocal exports (\$1,439 million), 10%, GRAN-Chile (\$967 million), 6%, GRAN-Mexico (\$702 million), 5% and Chile-Mexico (\$167 million), 1%.

The value of intra-MERCOSUR exports grew by 24% to \$5,103 million in 1991. Exports by Brazil (\$2,308 million) expanded by nearly 75% and Argentina's exports (\$1,978 million) by 8%, while reciprocal trade between both countries (Argentina: \$1,489 million; Brazil: \$1,475 million) accounted for 58% of the intra-subregional total. In contrast, exports by Paraguay (\$259 million) and Uruguay (\$558 million) declined by 32 and 6% respectively.

Brazilian exports to Argentina grew considerably (129%) with a value equal to 64% of the sum of exports to the subregion. Brazilian exports to Paraguay also increased (30%), at \$496 million, and to Uruguay (15%) with a total of \$337 million.

The moderate increase in exports by Argentina was due to an increase in exports to Brazil (5%), Paraguay (21%), with a total of \$178 million, and Uruguay (18%), with a total of \$311 million.

The fall in exports by Paraguay was attributable primarily to decreased sales to Brazil (-35%) which fell to \$203 million, and a contraction in the value of exports to Argentina (-20%), which dropped to \$45 million.

After a period of growth in 1989 and 1990, when the total exceeded \$500 million, exports by Uruguay to Brazil fell (-24%) to \$384 million in 1991, while sales to Argentina doubled to \$163 million, an increase which was not sufficient to offset the above-mentioned contraction.

The total value of intra-subregional exports of the Andean Group (GRAN) countries in 1991 stood at \$1,769 million, 40% higher than in previous years. This increase can basically be explained by the sharp rise in exports by Colombia (109%), which totalled \$779 million, Bolivia (50%), with \$90 million and Peru (18%), with a total of \$252 million, and a smaller rise in exports by Ecuador (8%) and Venezuela (3%), amounting to \$204 and \$252 million respectively.

Exports by Colombia to Venezuela and Peru more than doubled, totalling \$430 and \$213 million respectively, while exports in Ecuador grew by almost 70%, at \$127 million.

The rise in exports by Bolivia to the subregion was entirely due to higher exports to Colombia amounting to \$31 million in 1991, while exports to Peru, the main market for Bolivian exports to the GRAN countries, remained in the region of \$54 million.

In the case of Ecuador, the increase was attributable to the expansion of exports to Peru (\$164 million), partly offset by the fall in sales to Venezuela which, after rising to \$18 million in 1990, dropped to a mere \$7 million in 1991.

Peru increased its exports to Ecuador (61%), Venezuela (44%) and Colombia (11%), totalling \$45, \$82 and \$104 million respectively, but exports to Bolivia (-38%) fell to \$21 million.

The slight increase in the value of exports by Venezuela to the subregion was caused by increased sales to Peru (150%) and Ecuador (55%) and reduced exports to Colombia (-15%), which remained the principal destination of exports in the subregion, at \$308 million.

#### B. 1992

The value of aggregate exports for the region as a whole increased by 4% in 1992, to \$115,717 million, the highest trading level ever attained, in spite of the moderate expansion previously mentioned. Regional export markets were particularly influenced by reduced economic growth in the industrialized countries accompanied by lower demand for basic products, whose prices were further cut, and manufactures. In this context, the growth of exports in the region was rather varied. While in Brazil (14%) and Chile (10%) exports outside the region expanded considerably, they grew to a lesser extent in Ecuador (7%), Peru (5%), Uruguay (3%), Argentina (2%) and Mexico (1%), whereas the value of exports from Bolivia (-15%), Paraguay (-11%), Venezuela (-5%) and Colombia (-5%) fell.

The rise in Brazilian exports, which reached an unprecedented record level was chiefly the result of a sharp increase in sales to the region (54%), especially to Argentina (106%), a situation created simultaneously by Argentina's liberalization policy and preferences granted under MERCOSUR, and the advantageous exchange rate relationship with the Argentinean peso.

Aggregate exports by Chile were more dynamic than during the previous year due to an 11% increase in copper exports and a 16% increase in exports to countries outside the region. Copper exports were again affected by the fall in world prices, amply offset by the increase in export volumes.

In Ecuador growth resulted from the sharp expansion of petroleum exports, in spite of a reduction of more than 2% in unit value, accompanied by a significant rise in processed seafood, partly offset by lower shrimp exports, following an active period for shrimp exports in previous years. In addition, exports of banana, cocoa and coffee fell. In spite of the low real exchange rate and weather conditions that affected exports of agricultural products and fish, Peru had a 5% growth, directly attributable to rising exports of metallic minerals. In Uruguay growth was created by an upturn in traditional exports but the pace of expansion of non-traditional exports slowed, in spite of the favourable exchange rate relationship with Argentina that led to a significant increase in exports to Argentina (53%). The sharp increase in exports of wheat and corn notwithstanding, Argentina's aggregate exports grew only modestly because of a decline in sales of oilseeds and other agricultural products with a slight increase in the sales of industrial goods. The similarly modest increase in exports by Mexico was due to limited growth in sales to the United States, the overvalued national currency and flat petroleum sales, to which could be added, various problems impinging on exports of other primary products. Nevertheless exports of manufactures rose (6%), albeit less sharply than in the previous year (11%).

The abrupt drop in exports by Bolivia was due, in the main, to the reduction of exports of natural gas to Argentina (-47%), wolfram and non-monetary gold, along with reduced sales of non-traditional products such as soya, sugar and coffee. However, exports of tin and zinc increased and partly offset the shortfall. The 11% drop in Paraguay's exports, despite a considerable increase in

soya seed exports and increased exports of soya meal and oil, was chiefly due to a significant reduction in cotton sales, down almost 60%. The contraction of exports by Venezuela resulted from reduced sales of oil, due to a drop in both unit value and volume, and also of non-petroleum products. In Colombia coffee exports declined (4%) despite a sharp increase in the volume exported as a result of a further reduction in its world price. Petroleum exports fell slightly for the same reason and the situation was compounded by the effect of several attacks on pipelines. Exports of coal, ferronickel compounds and non-monetary gold also fell.

The value of total aggregate imports grew by 23% in 1991 to \$124,666 million, so that the growth rate of imports was higher than in the previous year. Although this increase applied, in varying proportions, to nine countries in the region, it was particularly marked in the case of Argentina (80%), which accounted for 28% of the regional total. It was also significant in Colombia (35%), Uruguay (30%), Chile (27%), Venezuela (26%), Mexico (26%), Peru (24%) and Bolivia (14%) and more moderate in Ecuador (7%), whereas Brazil and Paraguay both had reductions of 3%.

The significant rise in imports by Argentina resulted from a considerable expansion of domestic demand, liberalization and a drop in the real rate of exchange, factors which led to a widespread increase in imports of all categories of products.

In Colombia, increased imports stemmed from the liberalization policy which led to a 30% rise in the purchase of capital goods, 20% in the case of consumer goods, and 26% for intermediate goods. Increased domestic demand in Uruguay, mainly for consumer durables, together with lower cost due to the appreciation of the currency and tariff cuts, led to higher import activity in Uruguay. In the case of Chile, expansion was due to sharp economic growth, a reduction in the real rate of exchange and a significant inflow of capital leading to higher imports of capital and consumer goods. In Venezuela the rise in imports followed from the sharp increase in economic activity, tariff reductions and the low real rate of exchange. In Mexico imports of capital and consumer goods in particular continued to increase, with the result that the value of imports rose for the sixth consecutive year, to well over four times the level in 1986. In spite of the economic recession, trade liberalization and a lower real rate of exchange contributed to an increase in imports, primarily of consumer goods, even though there were significant rises in imports of other categories of goods. Bolivia's import expansion, which responded mainly to the demand for intermediate goods by industry and construction, reached 14%, despite a devaluation that was designed to limit imports. The more moderate increase recorded in Ecuador, due to higher imports of consumer durables, capital goods and transport equipment, was curbed in the final months of 1992 when the country began to implement a new economic programme.

Economic recession, particularly in industrial activity, and the rise in the real rate of exchange led to a slight decline in the value of Brazil's aggregate imports. The deepening of the country's liberalization programme was not enough to avoid a contraction of imports in Paraguay, as a consequence of a higher real rate of exchange and the reduction in capital flows from abroad.

Stagnation in the value of exports to the rest of the world and the sharp increase in imports from those countries meant that the region's trade balance in such trade went from a surplus of \$10,413 million in 1991 to a deficit of \$8,346 million in 1992.

In 1992 the value of total intraregional exports again reached a historic peak of \$19,412 million, up 29% on the previous year. Yet again, the major factor contributing to the increase was the significant expansion of reciprocal exports of manufactures (42%), whose increase (+\$3,226 million) was responsible for 75% of the regional aggregate (+\$4,327 million). The share of total trade in this category of products (\$10,864 million) in the intraregional total went from a little more than 50% in 1991 to almost 56% in 1992.

Although the most significant increase contributing to the rise was higher exports by Brazil (+\$2,655 million), there were also substantial increases in exports by Argentina (+\$549 million), Mexico (+\$410 million), Chile (+\$350 million), Colombia (+\$206 million) and Venezuela (+\$131 million).

The breakdown of reciprocal exports by subregion in 1992 was as follows: MERCOSUR intra-subregional exports (\$7,215 million), 37% of the LAIA total, GRAN-MERCOSUR reciprocal exports (\$3,153 million), 16%, MERCOSUR-Chile (\$2,589 million), 13%, GRAN intra-subregional exports (\$2,210 million), 12%, MERCOSUR-Mexico (\$2,065 million), 11%, GRAN-Chile (\$1,004 million) and GRAN-Mexico (\$935 million), both 5%, and Chile-Mexico (\$241 million), 1%.

The value of intra-MERCOSUR exports increased sharply (41%) in 1992, largely due to the spectacular growth in Brazilian exports (78%), which rose to \$4,098 million, of which \$3,041 million consisted of exports to Argentina, which more than doubled, \$543 million of exports to Paraguay, up 9%, and \$514 million of exports to Uruguay, 53% more than in 1991.

Exports by Argentina to the subregion rose 18%, to a total of \$2,327 million. Sales to Brazil totalled \$1,671 million, Uruguay, \$384 million, and Paraguay, \$272 million, representing increases of 12, 23 and 53% respectively. Reciprocal exports between Brazil and Argentina (\$4,712 million) accounted for 65% of the subregional total and 24% of overall intraregional exports for 1992.

Subregional exports by Uruguay (\$544 million) and Paraguay (\$246 million) fell by 3 and 5%. In the case of Uruguay, this was due to a 53% increase in total exports to Argentina (\$250 million) and a 26% reduction of exports to Brazil (\$284 million), whereas Paraguay's low figures were attributable to a 16% drop in its exports to Brazil (\$171 million), which was only partly offset by increased exports (42%) to Argentina (\$64 million).

Intra-subregional exports by the Andean Group climbed to \$2,210 million in 1992, up 25% on the previous year. This growth was primarily due to significant increases in sales by Venezuela (50%) and Colombia (28%), with totals of \$666 and \$995 million respectively. The total exports of these two countries represented 75% of intra-subregional trade and reciprocal exports between them (Venezuela, \$498 million; Colombia, \$580 million), representing 49% of the total.



LAIA  
FOREIGN TRADE OF MEMBER COUNTRIES  
ACCORDING TO DESTINATION OR ORIGIN  
LAIA – REST OF THE WORLD  
1991-1992

(Millions of dollars)

Country	Exports f.o.b.			Imports c.i.f.			Balance	
	1991	1992	92/91%	1991	1992	92/91%	1991	1992
LAIA								
Argentina	3,369	3,918	16.3	2,748	4,981	81.3	621	-1,030
Bolivia	435	296	-32.0	367	402	9.5	68	-106
Brazil	4,938	7,593	53.8	3,947	3,870	-2.0	991	3,723
Colombia	1,109	1,315	18.6	986	1,432	45.2	123	-117
Chile	1,269	1,619	27.6	2,032	2,392	17.7	-763	773
Ecuador	350	405	15.7	462	489	5.8	112	-84
Mexico	958	1,365	42.8	1,524	2,019	32.5	-566	-651
Paraguay	327	312	-4.6	495	598	20.8	-168	-286
Peru	543	630	16.0	1,035	1,232	19.0	-492	-602
Uruguay	634	672	6.0	751	933	24.2	-117	-261
Venezuela	1,153	1,284	11.4	1,273	1,667	31.0	-120	-383
TOTAL	15,085	19,412	28.7	15,620	20,015	28.1	*	*
REST OF THE WORLD								
Argentina	8,609	8,317	-3.4	5,527	9,890	78.9	3,082	-1,573
Bolivia	465	469	0.9	625	728	16.5	-160	-259
Brazil	26,684	28,383	6.4	19,030	18,476	-2.9	7,654	9,907
Colombia	6,160	5,594	-9.2	3,981	5,252	31.9	2,179	342
Chile	7,720	8,302	7.5	5,421	7,064	30.3	2,299	1,238
Ecuador	2,501	2,637	5.4	1,886	2,012	7.8	635	625
Mexico	26,000	25,840	-0.6	36,612	46,064	25.8	-106,121	-20,224
Paraguay	410	345	-15.9	965	824	-14.6	-555	-479
Peru	2,675	2,747	2.7	1,778	2,259	27.1	897	488
Uruguay	940	948	0.9	801	1,077	34.5	139	-129
Venezuela	13,624	12,723	-6.6	8,769	11,005	-25.5	4,855	1,718
TOTAL	95,788	96,305	0.5	85,375	104,651	22.6	10,413	-8,346
TOTAL								
Argentina	11,978	12,235	2.1	8,275	14,871	79.7	3,703	-2,636
Bolivia	900	765	-15.0	992	1,130	13.4	-92	-365
Brazil	31,622	35,976	13.8	22,977	22,346	-2.7	8,645	13,630
Colombia	7,269	6,909	-5.0	4,967	6,684	34.6	2,302	225
Chile	8,989	9,921	10.4	7,453	9,456	26.9	1,536	465
Ecuador	2,851	3,042	6.7	2,328	2,501	7.4	523	541
Mexico	26,958	27,208	0.9	38,136	48,083	26.1	-11,178	-20,875
Paraguay	737	657	-10.9	1,460	1,422	-2.6	-723	-765
Peru	3,218	3,377	4.9	2,813	3,491	24.1	405	-114
Uruguay	1,574	1,620	2.9	1,552	2,010	29.5	22	-390
Venezuela	14,777	14,007	-5.2	10,042	12,672	26.2	4,735	1,335
TOTAL	110,873	115,717	4.4	100,995	124,666	23.4	*	*

Source: Data submitted by member countries.

Processing: General Secretariat of LAIA, Statistics Sector

Note: The data for exports by Bolivia correspond to official customs values and data for imports of Mexico and Venezuela are expressed f.o.b. Data from Mexico includes trade generated by assembly plants.

## II. AGREEMENTS AND MODIFICATIONS IN 1992

The Annexes to this Report list the partial-scope and regional agreements concluded and in effect, as well as any Amending Protocols agreed by the signatories.

### A. TRADE AGREEMENTS (ANNEX 1)

The above-mentioned Annex lists the Trade Agreements, indicating the signatories, industrial sector concerned, the date of the agreement and additional protocols adopted in 1992.

No new trade agreements were concluded among LAIA member countries during the year under consideration.

On the other hand, various changes were made, basically in the agreements where the agreed preferences were temporary, i.e. for a fixed period. In such cases preferences are negotiated for a period of one or two years according to the production and consumption prospects for the products negotiated.

The extension of these preferences is usually agreed for equal and successive periods, essentially following the recommendations made by business circles in the industry concerned.

It is to be noted that by the express decision of the signatories, Trade Agreement No. 1 relating to statistical machines, to which Brazil, Chile and Mexico were signatories, lapsed on 29 October 1992.

### B. ECONOMIC COMPLEMENTARITY AGREEMENTS (ANNEX 2)

#### Economic Complementarity Agreement No. 2 between the Governments of the Federative Republic of Brazil and the Eastern Republic of Uruguay

The sixteenth additional protocol, signed on 26 May 1992, establishes the inclusion of new products (Annex 1), the modification of negotiating conditions for products covered by the Agreement (Annex 2), the lifting of quotas by Brazil for the importation of various products (Annex 3) and the updating of Additional Notes (Annex 4).

#### Economic Complementarity Agreement No. 11 between the Republic of Argentina and the Republic of Colombia

#### Economic Complementarity Agreement No. 13 between the Republic of Argentina and the Republic of Paraguay

On 30 December 1992 and 8 November 1992, respectively, the Parties signed protocols for the transposition of preferences granted under these agreements to the Nomenclature of the Latin American Integration Association based on the Harmonized Commodity Description and Coding System (NALADISA).

Economic Complementarity Agreement No. 14 between the Argentine Republic and the Federative Republic of Brazil

Five Additional Protocols were signed in 1992. Three of these referred to the Motor-Vehicle Regime in effect between the two countries, as follows:

Ninth Additional Protocol (5 March 1992)

This protocol widens the scope of application of the Motor-Vehicle Regime in effect between Argentina and Brazil, including "commercial or ordinary tractors, and adapted or reinforced models".

Twelfth Additional Protocol (28 December 1992)

The twelfth Additional Protocol includes several products on the "Common List of Parts and Components"; modifies Article 14 of the Motor-Vehicle Industry Regime relating to the description of the origin of products included in that list.

Thirteenth Additional Protocol (29 December 1992)

The quota granted to Argentina for the export of "passenger vehicles of any weight and engine capacity, and multi-purpose vehicles weighing up to 1,500 kg of live weight, buses and trucks" has been increased, with effect from the date of signature.

Complementarity Agreement on the Iron and Steel Sector

Eleventh Additional Protocol (21 October 1992)

Under this Protocol, the Governments of Argentina and Brazil agreed to enter into a Complementarity Agreement on the Iron and Steel Sector with certain main objectives. These include the issuing of guidelines for the methodical integration of the iron and steel industry, the development and diversification in the supply of iron and steel products on the markets of the signatory countries, the promotion of a harmonized framework of clear and predictable rules to increase investment and trade, the encouragement of industrial complementarity among iron and steel enterprises in both countries and the enhancement of the performance of sectoral enterprises together with their respective governments.

The scope of application of the Sectoral Agreement on the Iron and Steel Industry includes the products in Chapters 72 and 73 (Annex 1 of the Agreement) in the NALADISA entries.

Liberalization programme

The operative instruments formalized cover the following:

- Products, originating in the signatory countries, which are not considered regularly produced (Category I), listed in Annex 3 of the Agreement: 100% percentage preference;
- iron and steel products for which the capacity for regular production exists, but which, for various reasons, have been imported from any origin during the years 1988, 1989 and 1990 (Category II): 100% percentage preference, applicable to the products listed in Annex 4 of the Agreement originating in the signatory countries, with the quotas set by the Agreement;

- Products for which installed productive capacity and regular production exists (Category III), not included in Categories I and II. A list is to be made of products, originating in each signatory country for whose importation a liberalization programme will be established. The necessary harmonization of factors related to competitiveness of enterprises, including ongoing privatization and restructuring plans, will be taken into account;
- subsectoral Agreements. During the transition period leading up to the establishment of the Common Market, as mentioned in AAP.CE 14, Article 1, subparagraph (a), various specific conditions for the integration of subsectors may be negotiated.

The Iron and Steel Sector Agreement may conclude industrial complementarity agreements among iron and steel industries in the signatory countries in order for them to derive economies of scale, to promote specialization and to generate new investments, while taking into consideration the natural and dynamic comparative advantages of each country, with the ultimate goal of achieving increased complementarity and efficiency among the above-mentioned industries. Harmonization of these Industrial Complementarity Agreements lies within the competence of the Common Market Group, where appropriate.

In an effort to facilitate the effectiveness of the above-mentioned instruments, the signatories must undertake, at the very least:

- To refrain from making or resuming the payment of subsidies for investment in plants;
- for the production and trade in iron and steel, except in a consensual and harmonized fashion, for the benefit of the signatory countries, and in accordance with international obligations and ongoing privatization programmes and/or restructuring;
- not to impose price controls or influence free trade in iron and steel products;
- to ensure free access and equal conditions for signatories to the imports and raw materials for the production of iron and steel in the signatory countries;
- to promote international competitiveness in the Sector, without exceeding international values in inputs and costs of high incidence in the productive structure of the Sector;
- to act in unity to neutralize the effects of unfair trading by non-signatory countries;
- to hasten the reduction in the number of iron and steel items on the list of exemptions in AAP.CE No. 14;
- to inform the other signatory country of progress made in ongoing privatization and/or restructuring programmes, and not to allow unfair trading practices among signatory countries;
- to coordinate positions in regional and international economic and trade forums; and
- to support and harmonize all aspects linked to the improvement of technology in the enterprises of the signatory countries, such as technical standardization, research and technological innovation, policies on industrial competitiveness, environmental policy, among others.

### Rules of origin

Without prejudice to the rules of origin established under ACE/14, the specific clause on origin in the Iron and Steel Sector Agreement provides that "should be produced from products under NALADI (CCCN) heading 7306 smelted or processed into ingots in the signatory countries". It is worth mentioning that NALADI heading 7306 corresponds in the Association's current Nomenclature based on the Harmonized System (NALADISA) to headings 7204.50.00, 7206.10.00, 7206.90.00, 7207.11.00, 7207.12.00, 7207.19.00, 7207.20.00, 7218.10.00, 7218.90.00, 7224.10.00 and 7224.90.00.

### Administration of the agreement

Responsibility for the administration of the Agreement shall lie with the Common Market Group, with the collaboration of a Permanent Working Group for the iron and steel industry (GTPS), who shall have the duty to recommend guidelines in the operative instruments for integration described earlier; to advise on the evaluation and implementation of policies insofar as they affect the iron and steel industry. They will also recommend a timetable for harmonization to facilitate the establishment of the Common Market; recommend measures for the coordination of the interests of the sector, for the orchestration of the Agreement and its improvement in order to achieve greater harmony during the transitional period leading up to the establishment of the Common Market.

### Period of validity

The Sectoral Agreement on the Iron and Steel Industry shall have effect from the date of signature until 31 December 1994.

### Seventh Additional Protocol (10 February 1992)

As of 1 January 1992, this Additional Protocol deepens preferences resulting from the Agreement's automatic tariff-cutting timetable, and applies to a wide range of products.

Similarly, preferences granted for the importation of tyres were modified, and several concessions for the importation of products covered by the following sectors were incorporated into the Agreement's liberalization programmes:

- petrochemicals sector;
- chemicals sector;
- dyes and pigments sector;
- pharmaceutical and chemicals sector.

Under the regime established for economic complementarity in the "Food processing sector", the quota for "Malted barley kernels" was increased by 100,000 tonnes.

The regime established under the Agreement for economic complementarity in the Capital Goods sector has expanded the "common list" of products treated as "national product", that is, zero-rated imports, and the removal of all non-tariff restrictions.

### Tenth Additional Protocol to ACE/14 (3 June 1992)

This Protocol deepens a preference granted by Argentina for "methyl alcohol" and incorporates a preference granted by Brazil for this product.

Economic Complementarity Agreement No. 16 between the Governments of Argentina and Chile

The following three additional Protocols were signed in 1992:

Second Additional Protocol (17 June 1992)

This Protocol incorporates the Dispute Settlement Regime into Economic Complementarity Agreement No. 16 and supersedes the provisional version of this Protocol that had been adopted.

The scope of application shall be determined by the disputes arising in the interpretation, implementation or non-application of the provisions of Economic Complementarity Agreement No. 16 and agreements, protocols and other additional decisions or resolutions signed within the framework of the Agreement.

Any disputes are to be resolved through direct negotiations between the signatory countries (Chapter II), which may not exceed 30 days from the date of the submission of a complaint by any one of the parties.

If a solution has not been reached through direct negotiations, one of the parties may submit the case for consideration by the Council (Chapter III).

If the dispute cannot be resolved through the procedures indicated in Chapters II and III, the parties may resort to an arbitration procedure (Chapter IV).

In compliance with the arbitration procedure, signatory countries must fulfil various obligations, the most important of which are given below:

- The signatory country that decides to resort to arbitration must notify its intention in writing to the other signatory through its national coordinating body;
- the signatory countries shall state that they recognize as binding, *ipso facto* and without the need for a special agreement, the jurisdiction of the arbitration tribunal established in each case to study and resolve disputes arising in relation to Agreement No. 16, and undertake to comply with its decisions;
- the arbitration proceedings will take place before an ad hoc tribunal comprised of three arbitrators selected from a roster of five members for each signatory country. The procedure will establish rules for the appointment and selection of the arbitration tribunal, as well as the obligation of member countries to inform the tribunal of requests previously submitted to arbitration, with a brief statement on the factual and legal grounds for their respective positions.

Article 19 provides that the arbitration tribunal shall hand down decisions on disputes in accordance with the provisions of the Economic Complementarity Agreement signed between Argentina and Chile, agreements, protocols and other supplementary provisions or resolutions signed, or which may be signed, within the framework of the Agreement, and also in keeping with the principles and provisions of the applicable international law.

Chapter V is one of the most important provisions and it anticipates a procedure for claims by individuals, which may be brought before the national coordinating body if the complaining party is considered to be affected by the application of measures having a restrictive or discriminatory effect, in violation of the Economic Complementarity Agreement and other provisions signed within the context of the Agreement.

The Council will oversee the proper application of the Dispute Settlement Regime and, in accordance with the development of the Economic Complementarity Agreement and the needs which may arise in the course of its application, will review it after a period of two years from this Resolution, unless it is deemed necessary to revise it earlier.

The second Article establishes that the Protocol will have effect from the date of signature.

Third Additional Protocol (8 December 1992)

The Governments of Argentina and Chile signed the Chile-Argentina Agreement regulating the Traffic in Animals, Birds and Livestock, concluded between the National Service of Animal Health (SENASA) of Argentina and the Agriculture and Livestock Service (SAG) of Chile, in their capacity as technical bodies responsible for the protection and improvement of animal health in their respective countries.

Fourth Additional Protocol (29 December 1992)

This Protocol modifies Article 4 of Economic Complementarity Agreement No. 16 relating to the operation of preferences included in Annexes I and II of the Agreement and updates the Additional Notes regulating the importation of products negotiated in the Agreement.

Economic Complementarity Agreement No. 17 between the Governments of Chile and Mexico

First Additional Protocol (23 July 1992)

In accordance with the Transitional Provisions of Economic Complementarity Agreement No. 17, this Protocol repeals the Partial-Scope Agreement for the "Renegotiation of concessions granted during the period 1962/1980" No. 37 and the reciprocal treatment agreed in Trade Agreements Nos. 5, 16 and 21 under the 1980 Treaty of Montevideo.

The second article provides that the General Secretariat should incorporate the most favourable preferences granted by signatory countries for the importation of the negotiated products in the Agreements in question into Annex 2 of Agreement No. 17, under the provisions of Article 5.

Economic Complementarity Agreement No. 18 between Argentina, Brazil, Paraguay and Uruguay (MERCOSUR)

First Additional Protocol (28 February 1992)

The first article stipulates that the products under the NALADI (CCCN) items registered by Argentina, Brazil, Paraguay and Uruguay should be removed from the lists of products excluded from the tariff-cutting timetable referred to in Articles 4 and 5 of Economic Complementarity Agreement No. 18.

Article 2 establishes that, as of 1 January 1992, products removed from the list of exemptions should be incorporated into the tariff-cutting timetable with a 54-per-cent percentage preference.

Second Additional Protocol (17 June 1992)

The Governments of Argentina, Brazil, Paraguay and Uruguay, in compliance with the Rules of Origin of Economic Complementarity Agreement No. 18, Chapter II, (Declaration, certification

and verification, Article 12), signed an Additional Protocol on the establishment of a harmonized regime of procedures and administrative sanctions for cases of falsification of certificates of origin.

#### Economic Complementarity Agreement No. 19 between Argentina and Bolivia

On 28 April 1992, the Governments of Argentina and Bolivia signed a Protocol to Complementarity Agreement No. 19 concluded on 13 December 1989.

#### Objectives of the Agreement

Pursuant to Article 1, the Agreement seeks to:

- (a) strengthen economic and trade relations between the signatory countries;
- (b) stimulate integration, economic cooperation and, in particular, industrial complementarity;
- (c) encourage, energize and diversify trading trends, particularly of industrial goods, and the development of services;
- (d) promote investment in the industrial sectors, for the benefit of the respective markets and third countries;
- (e) facilitate the creation and operation of binational enterprises;
- (f) create the appropriate conditions for the achievement of dynamic equilibrium, in both quantitative and qualitative terms, in international trade between the two signatories.

#### Liberalization programme

The liberalization programme will be implemented through the following instruments:

- Transactions carried out under percentage preferences negotiated between the signatory countries (Annexes I and II of the Agreement);
- transactions carried out through industrial complementarity projects.

In the case of taxes, fees and other internal charges, products originating in the territory of a signatory country shall receive no less favourable treatment in the territory of the other signatory countries than the treatment those countries apply to similar national products.

In Annexes I and II, the Agreement lists percentage preferences and other agreed conditions for the importation of negotiated products, originating in and coming from the territories of signatories classified according to the Nomenclature of the Association.

#### Trade restrictions

The signatory countries undertake not to apply non-tariff restrictions to trade in goods covered by the agreed liberalization programme, and they stipulate that in the case of legal or administrative rules requiring licences, import permits or the like, these shall be granted and issued within a maximum period of twenty (20) working days, running from the date the application for an import licence is submitted.



### Industrial complementarity

The signatory countries agreed to stimulate mutual industrial complementarity between public and/or private enterprises with a view to achieving the fullest use of productive resources, to derive the benefits of improved economies of scale, increase bilateral trade and to facilitate the export of goods produced with components from the member countries to third markets.

To this end, the sectors most disposed to industrial complementarity will be determined by common agreement, and priority will be given to sectors implying optimal use of the productive and technological resources of the parties.

Under the agreement, industrial complementarity will be carried out mainly through the implementation of projects arising out of agreements between enterprises in the signatory countries which will be evaluated by the competent technical bodies in those countries.

A Special Commission will be established to study industrial complementarity projects. Among the main powers of this Commission will be that of taking the necessary steps with the enterprises participating in the projects with a view to reconciling the public and private interests of the signatory countries, as well as supervising the implementation of the projects approved.

It is worth mentioning that the signatory countries will grant percentage preference of up to one hundred % (100%) on import duties, to third countries for end products, intermediate inputs and parts traded in the implementation of approved industrial complementarity projects.

For the purpose of calculating the local content of products, goods imported from other signatory countries will be considered national.

Benefits granted through industrial complementarity projects shall also be extended only to those enterprises participating in the projects, and shall be applied under the conditions established in each agreed project.

### Rules of origin

The benefits derived from the Agreement are applied exclusively to products considered as originating in the territory of the member countries, in accordance with the provisions of the LAIA General Regime of Origin established in Committee of Representatives Resolution 78.

### Safeguard clauses

Safeguard clauses may be applied, in accordance with Committee of Representatives Resolution 70 on the General Regime of Safeguards.

### Consultation regime

In Article 7, the Agreement states that if problems emerge in reciprocal trade, as a consequence of measures adopted by the signatory countries, consultations may be initiated at the request of the complaining country, with a view to resolving the situation. These consultations must be concluded within a maximum period of twenty (20) working days, running from the submission of the request by the country affected.

### Economic cooperation

Article 18 provides that economic cooperation activities between the signatory countries shall be promoted, taking into account the respective plans and policies of national and sectoral development and objectives and programmes for the process of regional integration, as well as the possibilities for existing complementarity, bearing in mind the differing levels of economic development.

Article 20 establishes that the signatory countries shall foster the adoption of measures favouring coordination and complementarity in their industrial activities, and stimulate investments and the creation of joint enterprises in order to satisfy domestic and external demand.

To this end, to the extent possible and within the framework of joint participation, the parties will encourage investments aimed at stimulating complementarity in the public sector, with a view to improving the productive infrastructure, as well as in the private sector, in order to encourage operations based on the fullest possible use of productive factors and technological resources in signatory countries.

The signatory countries agreed to promote the strengthening of mutual communications as far as possible, especially in the transport of goods, in an effort to facilitate trade and to consolidate the process of integration among the parties.

### Period of validity, duration and denunciation

Economic Complementarity Agreement No. 19 will enter into force on the date of its signature and have an indefinite duration. Likewise, a signatory country may withdraw from it by communicating its decision to the other party 90 days before depositing the corresponding instrument of denunciation with the LAIA General Secretariat. All rights and obligations under the Agreement shall cease for the denouncing country, but treatment granted to agreed products will remain in force for a period of one year, unless, otherwise agreed by the signatories.

### Protocol of Adjustment of Economic Complementarity Agreement No. 19 signed on 14 December 1992

This Protocol records the transposition of the preferences granted in this Agreement to the LAIA Nomenclature based on the Harmonized Commodity Description and Coding System (NALADISA).

### Economic Complementarity Agreement No. 20 between the Argentine Republic and the Republic of Venezuela

The Governments of the Argentine Republic and the Republic of Venezuela, recalling their decision to develop and fulfil international obligations entered into by the signatory countries under the General Agreement on Tariffs and Trade (GATT), the Latin American Integration Association (LAIA); and the Treaty of Integration, Cooperation and Development with Brazil and the Treaty of Asunción establishing the Southern Common Market (MERCOSUR), on the part of Argentina, and the Cartagena Agreement establishing the Andean Group, on the part of Venezuela, agreed to sign Economic Complementarity Agreement No. 20 on 6 October 1992. Its main objectives are to:

- (a) facilitate, expand, diversify and liberalize trade between the signatory countries;
- (b) promote reciprocal investment and encourage entrepreneurial initiative;

- (c) facilitate all transactions related to trade and reciprocal investment or joint transactions which may be devised to operate in third markets, by the elimination of obstacles to transport, financial flows and other services linked to such activities;
- (d) facilitate the development of projects of common interest in the field of economic complementarity in all its aspects, such as those related to industry, mining and infrastructure;
- (e) aim to ensure that bilateral trade flows are established on a balanced and harmonious foundation, while attempting to eliminate irregularities through activities that promote expansion and dynamic adjustment of trade;
- (f) contribute, within the framework of their respective subregional structures of integration, to strengthening convergence activities which may be agreed on in the processes mentioned.

#### Liberalization programme

As of 1 October 1992, the Agreement will incorporate products negotiated by the signatory countries into the LAIA framework, which are included in Economic Complementarity Agreement No. 10 and Trading Agreements Nos. 5, 13 and 18.

The incorporation of these products shall take place with due consideration for existing preferences and treatments in the agreements mentioned.

Annexes I and II of the Agreement list the concessions granted by signatory countries for the importation of agreed products.

The tariff preferences remain in effect until 31 December 1994.

#### Trade restrictions

The signatory countries have agreed to the gradual and balanced dismantling of existing restrictions on foreign trade and the adoption of regimes aimed at eliminating all legal or administrative rules preventing or impairing access to markets through prohibitions, licences, import permits and any other obstacles to free trade incompatible with the rules of the General Agreement on Tariff and Trade (GATT).

Annexes I and II contain Additional Notes identifying existing restrictions. The Council for Economic Complementarity provided for in Article 18 of the Agreement shall recommend the measures necessary to enable the gradual dismantling of these measures. Similarly, the signatory countries undertake not to introduce new restrictions on reciprocal trade.

#### Rules of origin

The benefits of the agreed preferences between the parties for the importation of agreed products shall be regulated by the General Rules of Origin adopted in LAIA Committee of Representatives Resolution 78. This regime may be supplemented by the adoption of specific rules of origin which will prevail over the rules of general scope.

### Safeguard clauses

The signatory countries have approved the Original Regime on Safeguards adopted in Resolution 70 of the LAIA Committee of Representatives.

### Dispute settlement

Disputes arising in the implementation of this Agreement are to be resolved through direct negotiations between the signatory countries.

If a solution is not reached within a period of 30 days from the notification of the dispute, this term may be extended, by mutual agreement, and the signatory countries will submit the dispute for consideration by the Council, as provided in Article 18, which, after assessing the situation, will formulate relevant recommendations for the resolution of the dispute within a period of 60 days. To this end, the Council may establish or convene panels of experts or groups of experienced persons to act as technical advisors.

The Council will also approve a definitive regime for dispute settlements within six months of its establishment.

### Unfair trading practices

If, during the course of reciprocal trade, situations of dumping or unfair practices derived from the payment of export subsidies arise, the country affected may apply measures determined by its domestic legislation.

To this end, countries may impose countervailing and anti-dumping duties, as provided in their respective domestic legislation, upon proof of injury to the domestic industry or threat thereof or material retardation of such industry.

In no instance shall the above-mentioned duties exceed the margin of dumping or the amount of the corresponding subsidy; it shall be limited as far as possible to the amount necessary to avoid the injury, threat of injury or retardation.

The signatory countries will adopt their decisions taking into account their status as contracting parties to the General Agreement on Tariffs and Trade (GATT), and adopt, as a reference, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade (GATT), (Anti-Dumping Code) and the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (GATT).

### Trade cooperation

The signatory countries will set up trade promotion and information programmes, facilitating official and private trade missions, organization of trade fairs and exhibitions, arrangement of seminars, market research and other activities aimed at improved utilization of preferences within the liberalization programme and the opportunities presented by the agreed trade procedures.

In carrying out the above-mentioned tasks, the parties will plan activities to facilitate reciprocal promotion by public and private entities in the respective countries of products contained in the Agreement's trade programme.

### Technology

The two countries undertake to assist and sponsor joint initiatives aimed at strengthening the technological capacity of their productive sectors with a view to increasing their competitiveness and export potential.

Private sector participation in innovative processes favouring links between research and industry will be particularly encouraged.

Likewise, both parties will exchange information on their experience in the development of new technologies applied to production.

### Transport

The signatory countries will, within the framework of existing bilateral agreements on air transport, encourage further cooperation so as to ensure efficient service between their territories. Similarly, the parties agree to establish mechanisms to facilitate and develop the operation of regular and non-regular services for passengers and cargo, with a view to strengthening tourism and trade between the two countries.

The signatories also undertake to establish mechanisms to facilitate and develop the bilateral maritime transport services required to increase trade between the countries.

Similarly, in accordance with existing legislation, free access will be accorded to cargo originating in, and intended for transport by sea between the countries.

Agreements between shipping companies in both countries will be encouraged in order to increase bilateral maritime transport.

### Technical standardization

The signatories will sign specific Agreements and Protocols for the technical and administrative facilitation of reciprocal trade to ensure that the application of requirements relating to quality, food safety, plant and animal health does not create obstacles to trade.

### Government procurement

The signatories will negotiate a programme aimed at developing a methodology for gradual harmonization of government procurement policies, under conditions of reciprocity and non-discrimination between suppliers in both countries.

### Administration of the Agreement

The signatories have agreed to create a Council for Economic Complementarity (the Council) comprised of government representatives from both countries.

This Council will set up the Working Groups it deems necessary for the discharge of its duties.

### Harmonization with subregional agreements

According to Article 24, the signatory countries agree that the implementation of the Agreement shall be compatible with the obligations undertaken by Venezuela under the

Cartagena Agreement, and by Argentina, within the framework of the Treaty of Integration, Cooperation and Development with Brazil and the Treaty of Asunción establishing the Southern Common Market (MERCOSUR).

#### Evaluation of the agreement

At the request of either party, the Council will periodically evaluate the provisions and preferences granted in the Agreement for the purpose of achieving harmonious and balanced progress towards integration and generating equitable benefits for both the countries.

#### Period of validity and duration

The Agreement will have an indefinite duration and will enter into force for the signatories simultaneously. It will therefore have effect only from the date on which both Governments have incorporated it into their domestic law, in accordance with their respective national legislation.

#### Denunciation

A country may denounce the Agreement by communicating its decision to the other parties 180 days before it deposits the instrument of denunciation with the LAIA General Secretariat.

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

#### Lapsed agreements

The signature of this new Agreement revokes the Partial-Scope Agreement of Economic Complementarity No. 10 signed by Argentina and Venezuela on 2 May 1988, as well as preferences granted reciprocally in Trade Agreements Nos. 5, 13 and 18 for the Chemicals, Phonographic and Photographic Sectors, respectively.

### C. OTHER TYPES OF AGREEMENTS (ANNEX 3)

#### **1. Agreements signed under Article 13 of the 1980 Treaty of Montevideo (Trade Promotion Agreements)**

##### Trade Promotion Agreement between Argentina and Paraguay for the supply of gas, signed 31 January 1992 (LAIA/AAP.PC/1)

On 31 January 1992, the Governments of the Argentine Republic and the Eastern Republic of Uruguay, in accordance with the 1980 Treaty of Montevideo, signed a partial-scope agreement for the supply of Argentinean natural gas to Uruguay through one or more gas pipelines. This Agreement will be implemented with risk capital without expenditures or backing from the States Parties.

The Government of Argentina has guaranteed that there will be no form of restrictions on the export of natural gas to Uruguay.

The countries have also agreed to respect gas procurement and transport contracts signed between enterprises in both countries, as well as to grant, in their respective jurisdictions, concessions or authorizations for the construction of one or more gas pipelines according to the legislative framework in force in each country.

The Agreement entered into force on the date of its signature, 31 January 1992, and will have an indefinite duration. It can be denounced only after 30 years from the date of its entry into force, through written communication to the other party.

Trade Promotion Agreement between Bolivia and Brazil for the supply of natural gas, signed on 17 August 1992 (LAIA/AAP.PC/2)

On 31 August 1992 the Governments of the Republic of Bolivia and the Federative Republic of Brazil, under the 1980 Treaty of Montevideo, signed a partial-scope agreement to establish the terms for the export, trade and transport of natural gas produced in Bolivia to Brazil.

The Government of Bolivia undertakes not to apply export restrictions, and similarly, Brazil undertakes not to apply import restrictions, up to the agreed maximum volumes.

It has also been established that natural gas sales shall be exempt from import duties and export taxes or any other form of non-tariff restriction.

The countries have also agreed to respect gas procurement and transport contracts signed between operators in both countries, and to grant, in their respective jurisdictions, concessions or authorizations for the construction or operation of gas pipelines and for the transport of gas.

The agreement entered into force on the date of its signature, 17 August 1992, and will have an indefinite duration. It can be denounced only after 35 years running from the date of its entry into force, by means of a written communication to the LAIA General Secretariat.

Trade Promotion Agreement between Argentina and Bolivia for the supply of natural gas, signed 29 September 1992 (LAIA/AAP.PC/3)

On 29 September 1992 the Governments of the Argentine Republic and the Republic of Bolivia, under the 1980 Treaty of Montevideo, signed a partial-scope agreement for the establishment of terms for the supply of natural gas from Bolivia to Argentina, adapting them, in the short term, to the process of deregulation in Argentina's energy market. From the signing of the Agreement, transactions relating to gas supply were to be adjusted according to market conditions.

Acting through Gas del Estado or any other relevant body, Argentina will buy Bolivian natural gas from 1 May 1992 to the 31 December 1993, in similar volumes and quality as that which is stated in the existing contract, at the price of US\$1 per million BTU, plus a special payment.

Argentina will make the special payment of US\$110 million, in monthly instalments, which will be remitted to Bolivia for the construction of binational integration works on Bolivian territory.

During this same period, Bolivia will allow access to its domestic market for petroleum and petroleum-based products of Argentinean origin under specific conditions as established in Article 5 of the Agreement.

From 1 January 1994 to 30 April 2002, Argentina grants free and unrestricted access of Bolivian natural gas to the domestic Argentinean market, guaranteeing that Bolivian gas will receive similar treatment to gas produced in Argentina.

Bolivia will grant Argentina free and unrestricted access of petroleum and petroleum-based products of Argentinean origin to the Bolivian domestic market.

The Agreement will run from 1 May 1992 and will be of indefinite duration.

## **2. Agreements signed under Article 14 of the 1980 Treaty of Montevideo**

River Transport Agreement for the Paraguay-Paraná Waterway, between Argentina, Bolivia, Brazil, Paraguay and Uruguay, signed on 26 June 1992 (LAIA/AAP/A 14TM/5)

On 26 June 1992, the Ministers of Foreign Affairs of Argentina, Bolivia, Brazil, Paraguay and Uruguay, under the 1980 Treaty of Montevideo, signed the River Transport Agreement on the Paraguay Paraná Waterway (Puerto de Cáceres-Puerto de Nueva Palmira), at Valle de Las Leñas, Mendoza Province, Argentina.

The Agreement is aimed at establishing a harmonized system of river transport which is considered fundamental for the development and expansion of production and trade in the five signatory countries. In this context, the Paraguay-Paraná Waterway, in addition to representing one of the most important physical integration projects of the region, provides broad prospects for economic and social development to a vast zone of influence in the riparian countries.

### Object and scope of the Agreement

The Agreement seeks to facilitate navigation, trade and goods transport along the Paraguay-Paraná Waterway (Puerto de Cáceres-Puerto de Nueva Palmira), through the establishment of a common framework of rules for the development, modernization and upgrading of such operations, so as to permit access to foreign markets under competitive conditions.

The Waterway comprises the Paraguay and Paraná rivers, including the various branches of the Paraná, from Cáceres in Brazil to Nueva Palmira in Uruguay, and the Tamengo Canal, tributary of the Río Paraguay, shared by Bolivia and Brazil.

The provisions of the Agreement apply to navigation, trade and transport of goods and persons using the Waterway, except for the passage of warships and other vessels involved in activities unrelated to trade.

### Freedom of navigation, equal treatment and freedom of transit

The signatory countries reciprocally recognize freedom of navigation of vessels under their respective flags, as well as the passage of vessels flying the flags of third countries, throughout the Waterway.

The Agreement guarantees freedom of transit along the Waterway of the vessels, goods and persons, coming from any of the countries or travelling to any of them, including third countries. Likewise, it ensures equality of treatment with regard to levies, tariffs, fees, charges, duties and others, without any discrimination whatsoever against vessels flying foreign flags.

### Reservation of regional and national cargo

The transport of goods and persons between the signatory countries originating and ending in local ports along the Waterway, as well as the duties, treatments and conditions established under the Agreement is reserved for shipowners of the signatory countries.

The exercise of the right to the reservation of national cargo will be carried out multilaterally and its introduction will be based on the principle of reciprocity.



When the Agreement enters into force, existing restrictions on the transport of specified goods or persons reserved entirely or partially for vessels sailing under the national flag of the country of destination or of origin, shall be eliminated in favour of vessels flying the flag of member countries of the Waterway.

National cabotage transport is reserved for vessels of the respective countries and will not fall within the scope of the Agreement and its Protocol.

#### Waterway shipowner

For the purpose of the Agreement, "Waterway shipowner" refers to shipowners of the signatory countries recognized as such by their respective laws.

#### Bodies of the Agreement

The bodies of the Agreement are:

- (a) the Intergovernmental Waterway Committee (CIH), a body under the Treaty of the River Plate Basin, which is the political organ;
- (b) the Commission of the Agreement, which is the technical body.

#### Entry into force and duration

The Agreement and its additional protocols shall enter into force 30 days after the date on which the LAIA General Secretariat notifies the signatory countries of the receipt of the final notification on the fulfilment of the internal legal provisions for the entry into force and will have a duration of ten years.

#### Accession

The Agreement will remain open for accession, upon negotiation, by LAIA Member countries wishing to participate in all aspects of the Paraguay-Paraná Waterway Programme.

#### Denunciation

Any signatory to the Agreement may denounce it as from four years after its entry into force. To this end, it shall notify its decision 60 days in advance, and deposit the instrument in question with the LAIA General Secretariat, which shall inform the other signatories of the denunciation.

#### Supplementary protocols

In addition to the principles and provisions listed above, the signatories to the Agreement have signed specific additional protocols on: customs matters; navigation and safety; insurance; equality of opportunity for greater competitiveness; dispute settlement and provisional suspension of flags. All these protocols establish common rules to govern transport and trade on the waterway.

#### Partial-Scope Agreement for Cooperation and Trade in Goods Used for Environmental Conservation and Protection, between Argentina and Brazil, signed on 27 June 1992 (ALADI/AAP/A14TM/6)

In the firm belief that the solution of many environmental problems depends on the integration process and that the objectives of that process cannot be fulfilled without tackling environmental issues, and taking into account that in this field the 1980 Treaty of Montevideo

provides for the possibility of concluding agreements between countries of the region, the Governments of the Argentine Republic and the Federative Republic of Brazil on 27 June 1992 signed a Partial-Scope Agreement for cooperation and trade in goods used for environmental conservation and protection.

#### Object of the Agreement

The object of the Agreement is to encourage the signatories to take specific steps for environmental conservation and protection, promote intraregional trade in goods used for this purpose, and facilitate the temporary admission of goods and persons in emergency situations.

#### Trade in goods

The Agreement provides for total exemption from duties and non-tariff restrictions applied by the signatories to imports of equipment, materials and products, including parts and components, used to measure, detect and combat environmental pollution, whether in the air, rivers, lakes, seas or elsewhere; protection of the existing wildlife flora and fauna and their environments in their respective countries; as well as for reforestation, irrigation, alternative energy sources and other exclusively environmental purposes covered by the Agreement.

#### Rules of origin

The benefits stemming from the application of the Agreement will exclusively concern products considered as originating in the territory of its signatories in accordance with the general regime of origin adopted by the Association and its regulations.

#### Temporary admission of persons and goods

The signatories undertake to facilitate, in emergencies:

- (a) the movement and temporary stay of persons entering their respective territories in order to participate in joint activities undertaken to defend and safeguard the environmental assets covered by this Agreement; and
- (b) the temporary admission into their respective territories, as well as the departure therefrom, of aircraft, ships and other vehicles and their operators and equipment and objects, instruments, machinery and any other elements entering or departing in order to fulfil joint activities undertaken to protect and safeguard environmental assets.

#### Administration of the Agreement

The Agreement will be administered by a Commission comprising the permanent representatives of the signatories to LAIA, which will be responsible *inter alia* for determining the nature, use or destination of the product or products falling within the scope of this Agreement.

#### Other provisions (accession, withdrawal, entry into effect and duration)

The Agreement will be open for accession, through negotiation, to the other member countries of the Association.

A signatory country wishing to denounce the Agreement shall so inform the other signatory countries 90 days in advance of depositing the corresponding instrument of withdrawal with the General Secretariat.

The Agreement provides for entry into force on 27 June 1992, with a duration of five years from that date, extendable for similar consecutive periods, provided none of the signatories opposes doing so with advance notice of 90 days from any expiry date.

Partial-Scope Agreement for the Formation of the Latin American Common Market for Books, between Brazil and Uruguay, signed on 30 December 1992 (ALADI/AAP/A14TM/7)

In the context of the 1980 Treaty of Montevideo, on 30 December 1992 the Governments of the Federative Republic of Brazil and the Eastern Republic of Uruguay signed a Partial-Scope Agreement for the Formation of the Latin American Common Market for Books.

As stated in its preamble, the premise for the Agreement is that the integration process includes various spheres - economic, social, cultural and scientific - which must evolve in a joint and interlined manner. The cultural dimension of integration is essential, as a better reciprocal understanding of the values, customs, skills and cultures of the peoples of the region is fundamental if the process is to be fully successful.

Object of the Agreement

The object of the Agreement is to create the Latin American Common Market for Books, in order to enhance levels of education, training, information and reciprocal understanding concerning the different cultures of the peoples of the region.

Free movement of books

The Agreement provides for full exemption from duties and non-tariff restrictions on imports of books, booklets and magazines of a literary, scientific, artistic, technical or educational nature published or printed in Brazil or Uruguay, and also covers albums, books of prints, drawing books, manuscript or printed music and cartographical works.

Such products originating in a signatory country shall enjoy in the territory of the other signatories treatment no less favourable, in terms of internal taxes and other charges, than that accorded to like domestic products.

Books, booklets and magazines by national authors of a signatory country that are covered by this Agreement will enjoy in the other signatory countries the same copyright protection as they grant to books, booklets and magazines by national authors in their own territories.

Rules of origin

The goods covered by the Agreement will be considered as originating in the signatory countries in the case of books, booklets and magazines written by national authors of the signatory countries or by foreign authors provided the work is in the public domain, is printed and published in the territory of any of the signatory countries, and fulfils the specified requirements.

Other provisions (accession, administration of the Agreement, entry into force and duration)

The Agreement is open to accession, through negotiation, by the other member countries of the Latin American Integration Association and Latin American countries that are not members of the LAIA.

The Agreement will be administered by the Permanent Representatives of the signatories to the Association and the representatives designated by the Governments of non-LAIA member signatories, who will ensure that its provisions are properly implemented and recommend to their Governments whatever measures they consider necessary to improve and expand the Latin American Common Market for Books.

The Agreement will enter into force on 30 December 1992 and be of indefinite duration.

Agreement on Unified Basic Regulations Governing Road Traffic between Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay, signed on 20 September 1992

The Governments of Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay, conscious of the need to encourage the integration and safety of international road traffic and considering that uniform rules in their respective countries will contribute to this end, agreed to sign, in the framework of the 1980 Treaty of Montevideo, an Agreement on Unified Basic Regulations Governing Road Traffic, which was signed on 29 September 1992.

The rules established by the Agreement constitute a minimum uniform regulatory framework for international vehicle traffic in the territory of the signatory countries. The provisions cover *inter alia* definitions, general rules of the road, conditions of vehicles, driving licences, road signs, accidents and compulsory insurance.

The Agreement will come into force 30 days following the date on which the LAIA General Secretariat informs the signatories that it has received at least four notifications from signatory countries relating to the fulfilment in each country of the internal legal formalities required for the Agreement to enter into force, including administrative arrangements.

The Agreement will have a duration of five years, automatically extendable for similar periods, unless a signatory country decides otherwise, in which case the Agreement will have to be renegotiated.

The Agreement is open for accession, through negotiation, by the other LAIA member countries.

D. PARTIAL-SCOPE AGREEMENTS ON "RENEGOTIATION OF CONCESSIONS GRANTED DURING THE PERIOD 1962/1980" (ANNEX 4)

By means of various additional protocols to the Partial-Scope Agreements on "Renegotiation", in 1992 the countries introduced various modifications, primarily concerning the extension of their preferences.

Thus, modifications were made to the following Agreements:

Agreement No. 10 - Brazil/Colombia

The Eighth Protocol/Revision 3, signed on 14 February 1992, suspends for one year as from the date of signing of the Second Additional Protocol (14 October 1991) the specific requirement of origin for the importation of the product "malted grain barley, including brewer's barley".

Revision 4, signed on 29 September 1992, extends for one year the suspension of the requirement of origin for the above-mentioned product.

Agreement No. 11 - Brazil/Ecuador

The Protocol recording the adjustment of the preferences granted under this Agreement to the LAIA Nomenclature based on the Harmonized Commodity Description and Coding System (NALADISA) was signed on 13 October 1992.

Agreement No. 28 - Chile/Peru

The Ninth Additional Protocol, signed on 29 December 1992, extends the validity of the preferences included in the Seventh Additional Protocol until 31 December 1994.

Agreement No. 29 - Ecuador/Mexico

The Seventh Additional Protocol signed on 2 December 1992 extends the Agreement until 31 December 1994.

Agreement No. 35 - Brazil/Uruguay

The Third Additional Protocol, signed in 1992, establishes that the preferences negotiated without a period of validity will remain in force for one year as from 5 April 1992 and unless expressly otherwise decided by the signatory governments by mutual agreement will lapse on 5 April 1993.

E. REGIONAL AGREEMENTS (ANNEX 5)

Regional Agreement on Cultural, Educational and Scientific Cooperation and Exchange (ALADI/AR7)

With the accession of Bolivia to the Agreement on Cultural, Educational and Scientific Cooperation and Exchange, carried out by Additional Protocol of 27 April 1992, all the member countries of the Association had become participants in the Agreement, which thus became a Regional Agreement.

F. AGREEMENTS CONCLUDED WITH NON-LAIA LATIN AMERICAN COUNTRIES (ARTICLE 25 OF THE 1980 TREATY OF MONTEVIDEO) (ANNEX 6)

1. In 1992 only one new agreement was concluded under Article 25 of the 1980 Treaty of Montevideo. The agreement in question, between Venezuela and the member States of the Caribbean Community (CARICOM), was signed on 13 October 1992.

Trade and Investment Agreement between the Government of Venezuela and the Caribbean Community (CARICOM) (ALADI/AAP/A25TM/24)

Objectives

The fundamental objective of this Agreement is to establish closer economic and trade relations between the parties through:

- (a) the promotion and expansion of sales of goods originating in the Caribbean community (CARICOM), through, *inter alia*, unilateral duty-free access to the Venezuelan market;

- (b) the promotion of investments aimed at taking advantage of the parties' markets and strengthening their competitiveness in international trade;
- (c) the creation and operation of joint regional enterprises; and
- (d) the encouragement of mechanisms for the promotion and protection of investments made by nationals of the parties.

#### Administration of the Agreement

The Venezuela/CARICOM Joint Trade and Investment Council established under the "Principles for a Multilateral Agreement between Venezuela and the Caribbean Community" will be responsible for administering the Agreement.

#### Liberalization programme

Venezuela grants to products originating in CARICOM member States free access to its market through the elimination of non-tariff barriers and the implementation of a tariff-cutting programme as follows:

A list of products recorded in Annex I of the Agreement receive immediate duty-free market access; a phased reduction in tariffs by four equal annual steps begins on 1 January 1993 so that by 1 January 1996 duty-free treatment will be applied to the goods identified in Annex II of the Agreement; and products listed in Annex III will receive most-favoured-nation treatment.

Under its customs tariff CARICOM will grant most-favoured-nation treatment to all imports from Venezuela and also undertakes to refrain from applying non-tariff barriers, without prior consultation between the parties, other than those in force or authorized by the Treaty Establishing the Caribbean Community.

#### Rules of origin

The rules of origin to be applied are established in Annex IV of the Agreement.

#### Safeguard clauses

Venezuela will apply transitional safeguards when products originating in any of the CARICOM member States are being imported in such increased quantities as to cause serious injury to the domestic industry that produces like or directly competitive goods, or where necessary to redress imbalances in the balance of payments or to safeguard its external financial position.

The Agreement establishes the types of measure Venezuela may adopt in each of these cases, subject to prior notification of the Joint Council and parties having a substantial exporting interest in the product concerned.

The safeguard measures will be applied only for as long as is necessary to repair the serious injury. They may be in force for up to one year.

#### Dispute settlement

The Joint Council is the body responsible for settling any disputes that may arise, for which purpose it will lay down the guidelines and mechanisms within six months of the entry into force of

the Agreement. These mechanisms may include negotiation, investigation, mediation, conciliation and arbitration.

#### Denunciation

Signatory countries may denounce the Agreement by communicating their decision in writing to the other party. The denunciation will take effect after a period of six months from the date of receipt of the communication in question.

#### Trade in services

In order to develop cooperation in this sector the parties will take as their basis the outcome of the GATT Uruguay Round, by making amendments or additions to the Agreement.

#### Unfair business practices

In the event of dumping or distortions deriving from the application of export subsidies or internal subsidies of an equivalent nature, the affected party may apply the appropriate measures under its domestic legislation, which must in any case be in conformity with the GATT stipulations.

#### Investments

The parties undertake to encourage the promotion and protection of investments by their nationals through the conclusion of bilateral agreements between Venezuela and the CARICOM member States on an individual basis in accordance with their domestic laws and legislation.

#### Entry into force

The Agreement will enter into force when both parties have notified through diplomatic channels that all the internal legal formalities have been fulfilled. In any case, these legal procedures must be fulfilled by 1 January 1993.

#### Accession

The Agreement is open to accession by the other LAIA member countries, subject to negotiation between the parties and the countries wishing to accede to the Agreement, pursuant to Article 9(a) of the 1980 Treaty of Montevideo.

2. During the period in question the following Agreements signed under Article 25 of the 1980 Treaty of Montevideo were modified as follows:

- (a) Agreement between Venezuela and Honduras (ALADI/AAP/A25TM/16)  
Agreement between Venezuela and Guatemala (ALADI/AAP/A25TM/23)  
Agreement between Venezuela and Nicaragua (ALADI/AAP/A25TM/25)  
Agreement between Venezuela and Costa Rica (ALADI/AAP/A25TM/26)  
Agreement between Venezuela and El Salvador (ALADI/AAP/A25TM/27)

By Additional Protocols to the respective Agreements, signed on 29 September 1992, the signatory countries incorporate the consolidated schedule of Central American exportable products that will enter the Venezuelan market with a zero tariff, while maintaining the other benefits granted by Venezuela under each Agreement.

(b) Agreement between Venezuela and Trinidad and Tobago (ALADI/AAP/A25TM/2)

The First Additional Protocol signed on 14 October 1992 expands the liberalization programme under the Agreement by incorporating tariff preferences granted by the two countries for new products.

(c) Agreement between Brazil and Cuba (ALADI/AAP/A25TM/3)

Under the First Additional Protocol, signed on 22 July 1992, the scope of the Agreement is expanded by incorporating preferences granted by the two countries for imports of new products originating in their respective territories.



## ANNEX 1

### TRADE AGREEMENTS

#### 1980 Treaty of Montevideo, Article 10

"Trade agreements are exclusively aimed at 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."
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Agreement No.	Signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
5	Chemical industry Argentina Brazil Chile Mexico Uruguay Venezuela	20.12.82	16	30.11.92	AR-BR-CH-ME-UR-VE
7A	Refrigeration and air-conditioning Argentina Uruguay	24.12.82	1	30.11.92	AR-UR
7B	Electrical household appliances Argentina Uruguay	24.12.82	6	30.11.92	AR-UR
9	Electricity generation, transmission and distribution Brazil Mexico	29.11.82	Naladisa Adjustment Protocol	30.11.92	BR-ME
10	Office machines Argentina Brazil Mexico	29.11.82	10	30.11.92	AR-BR-ME
12	Electronics and electrical communications Brazil Mexico	29.11.82	Naladisa Adjustment Protocol	30.11.92	BR-ME
13	Phonography Argentina Brazil Mexico Uruguay Venezuela	2.12.82	4	30.11.92	AR-BR-ME-UR-VE
15	Chemicals and pharmaceuticals Argentina Brazil Mexico	10.12.81	16	30.11.92	AR-BR-ME
16	Petrochemicals Argentina Brazil Chile Mexico Uruguay Venezuela	28.11.82	29 30	30.11.92 30.11.92	AR-BR-ME-VE-ME-VE
17A	Refrigeration and air-conditioning Argentina Brazil	15.11.82	6	30.11.92	AR-BR

Agreement No.	Signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
17B	Household electrical mechanical and heating appliances Argentina Brazil	15.11.82	6	30.11.92	AR-BR
18	Photography Argentina Brazil Mexico Uruguay Venezuela	24.12.82	15	30.11.92	AR-BR-ME-UR-VE
19	Electronics and electrical communications Argentina Brazil Mexico Uruguay	29.11.82	8	30.11.92	AR-BR-ME-UR
20	Dyes and pigments Argentina Brazil Chile Mexico	10.12.81	12	30.11.92	AR-BR-ME
21	Chemicals (surpluses and deficits) Argentina Brazil Chile Mexico Uruguay	10.12.81	22	30.11.92	AR-BR-CH-ME-UR
22	Essential oils, aromatic chemicals, perfumes and flavourings Argentina Brazil Mexico	29.11.82	11	30.11.92	AR-BR-ME
26	Articles and appliances for hospital, dental, veterinary and like uses Argentina Brazil Mexico	28.11.84	9	30.11.92	AR-BR-ME
27	Glass Brazil Mexico Venezuela	28.11.84	1	30.11.92	BR-ME-VE

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## ANNEX 2

### ECONOMIC COMPLEMENTARITY AGREEMENTS

#### 1980 Treaty of Montevideo, Article 11

"Economic complementarity agreements are aimed, among other objectives, at promoting maximum utilization of production factors, stimulating economic complementarity, ensuring equitable conditions for competition, facilitating entry of products into the international market, and encouraging 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, at promoting maximum utilization of production factors, stimulating economic complementarity, ensuring equitable conditions for competition, facilitating entry of products into the international market, and encouraging 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."

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Agreement No.	Signatory countries	Original Protocol	Additional Protocols		Observations
			No.	Date	
2	Brazil, Uruguay (TEP)	20.12.82	16	26.5.92	Trade Expansion Protocol (TEP)
11	Argentina, Colombia	28.4.88	Naladisa Adjustment Protocol	30.12.92	
13	Argentina, Paraguay	28.11.89	Naladisa Adjustment Protocol	8.11.92	
14	Argentina, Brazil	20.12.90	7, 9, 10, 11, 12, 13	20.2.92 5.3.92	
16	Argentina, Chile	2.8.91	2, 3, 4	3.6.92	
17	Chile, Mexico	22.9.91	1	21.10.92 28.10.92 29.12.92 17.6.92 8.12.92 29.12.92 23.7.92	
18	Argentina, Brazil, Paraguay, Uruguay	29.11.91	1	28.2.92	Southern Common Market (MERCOSUR)
19	Argentina, Bolivia	28.4.92	-	-	Original Agreement
			Naladisa Adjustment Protocol	14.12.92	
20	Argentina, Venezuela	6.10.92	-	-	Original Agreement

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### ANNEX 3

#### OTHER TYPES OF PARTIAL-SCOPE AGREEMENT

##### 1. Partial-Scope Agreements under Article 13 of the 1980 Treaty of Montevideo (Trade Promotion Agreements)

###### (a) 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;
- facilitation of transport;
- government procurement."

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Agreement No.	Sector/signatory countries	Original Protocol	Additional Protocols	
			No.	Date
1	Agreement on the supply of natural gas Argentina Uruguay	31.1.92	No additional protocols	
2	Agreement on the supply of natural gas Bolivia Brazil	17.8.92	No additional protocols	
3	Agreement on the supply of natural gas Argentina Bolivia	29.9.92	No additional protocols	

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## 2. Partial-Scope Agreements under Article 14 of the 1980 Treaty of Montevideo

### (b) 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."

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Agreement No.	Sector/signatory countries	Original Protocol	Additional Protocols	
			No.	Date
5	Paraguay-Parana river transport Argentina Bolivia Brazil Paraguay Uruguay	29.6.92	1	26.6.92
			2	26.6.92
			3	26.6.92
			4	26.6.92
			5	26.6.92
			6	26.6.92
6	Cooperation and exchange of goods used for environmental conservation Argentina Brazil	27.6.92	-	-
7	Latin American Common Market for Books Brazil Uruguay	30.12.92	No additional protocols	
8	Uniform basic rules of transit Argentina Bolivia Brazil Chile Paraguay Peru Uruguay	29.9.92	No additional protocols	

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#### ANNEX 4

### AGREEMENTS ON RENEGOTIATION OF CONCESSIONS GRANTED DURING THE PERIOD 1962/1980 (1992)

#### 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.	Signatory countries	Original Protocol	Additional Protocols	
			No.	Date
10	Brazil, Colombia	30.4.83	8/Rev.3 8/Rev.4	14.2.92 29.9.92
11	Brazil, Ecuador	30.4.83	Naladisa Adjustment	13.10.92
28	Chile, Peru	30.4.83	9	29.12.92
29	Ecuador, Mexico	30.4.83	7	30.12.92
35	Brazil, Uruguay	30.4.83	13	20.4.92

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**ANNEX 5**  
**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."

Agreement No.	Original Protocol	Additional Protocols		Countries	Area
		No.	Date		
7	27.10.88 Accession of Bolivia	-	27.4.92	All	Cooperation and Exchange in the Cultural, Educational and Scientific Areas

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## ANNEX 6

### AGREEMENTS CONCLUDED WITH NON-LAIA LATIN AMERICAN COUNTRIES (1992)

#### 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.	Signatory countries	Original Protocol	Additional Protocols	
			No.	Date
16	Venezuela, Honduras	20.2.86	1	29.9.92
20	Venezuela, Trinidad and Tobago	4.8.89	1	14.10.92
21	Brazil, Cuba	16.10.89	1	22.7.92
23	Venezuela, Guatemala	30.10.85	1	29.9.92
24	Venezuela, CARICOM	13.10.92	No Additional Protocols	
25	Venezuela, Nicaragua	15.8.86 <sup>1</sup>	1	29.9.92
26	Venezuela, Costa Rica	<sup>1</sup>	1	29.9.92
27	Venezuela, El Salvador	10.3.86	2	29.9.92

<sup>1</sup> Protocol not yet deposited with the General Secretariat.

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