

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COMMUNICATION FROM URUGUAY

The following communication, dated 7 December 1984, has been received from the Permanent Delegation of Uruguay on behalf of contracting parties members of ALADI with the request that it be circulated to contracting parties. The information contained in this communication concerns provisions for differential treatment among signatories of the Treaty of Montevideo, and has been provided in response to enquiries made in the course of Part IV consultations held with contracting parties members of ALADI in the Committee on Trade and Development in October 1984.

¹The English and French translation of ALADI legal texts contained in this document are unofficial translations undertaken in the Secretariat.

1980 MONTEVIDEO TREATY

Montevideo, August 1980

CHAPTER I

Objectives, duties and principles

Article 3

In the implementation of the present Treaty and the evolution towards its final objective, member countries shall bear in mind the following principles:

(d) Differential treatments, as determined in each case, both in regional and partial scope mechanisms, on the basis of three categories of countries, which will be set up taking into account their economic-structural characteristics. Such treatments shall be applied in a determined scale to intermediate developed countries, and in a more favourable manner to countries at a relatively less advanced stage of economic development.

CM/RESOLUTION 6

Country Categories

The Council of Ministers for Foreign Affairs of the Contracting Parties,

HAVING REGARD to the 1980 Montevideo Treaty, signed on 12 August 1980,

WHEREAS that Treaty establishes differential treatments, in both regional scope mechanisms and partial scope mechanisms, on the basis of three country categories,

HEREBY RESOLVES

1. That criteria shall be established for the classification of member countries of the Latin American Integration Association in the various development categories provided in the new legal instrument. In determining those criteria account shall be taken of the economic-structural characteristics of the member countries.

The criteria shall be drawn up within a period to be determined by the Committee of Representatives.

The situation of the countries included in each of the categories shall be reviewed periodically.

2. For the purposes of application of the differential treatments provided in the 1980 Montevideo Treaty, signed on 12 August 1980, shall be deemed:

- (a) Countries at a relatively less advanced stage of economic development: Bolivia, Ecuador and Paraguay;
- (b) Countries at an intermediate stage of development: Colombia, Chile, Peru, Uruguay and Venezuela;
- (c) Other member countries: Argentina, Brazil and Mexico.

3. Uruguay shall be granted special treatment more favourable than that applicable to the other countries at an intermediate stage of development but not all the benefits granted to a relatively less-developed country. This special treatment for Uruguay shall be provided in all the mechanisms of the 1980 Montevideo Treaty, and in particular in partial actions negotiated, with relative reciprocity, with the other contracting parties for the establishment of lists of products on which tariffs and other restrictions shall be substantially reduced or entirely eliminated in their favour.

4. This resolution shall form part of the legal system of the 1980 Montevideo Treaty, signed on 12 August 1980, once that instrument has entered into force.

12 August 1980

REGIONAL AGREEMENT REGARDING THE REGIONAL TARIFF PREFERENCE

The Ministers for Foreign Affairs of the Republic of Bolivia, the Federative Republic of Brazil, the Republic of Chile, the Republic of Ecuador, the Republic of Paraguay, the Eastern Republic of Uruguay and the Republic of Venezuela and the Plenipotentiaries of the Argentine Republic, the Republic of Colombia, the United Mexican States and the Republic of Peru accredited by their respective Governments according to credentials duly presented, deposited with the Secretariat of the Association, have agreed to sign the present regional scope agreement in order to establish the regional tariff preference in pursuance of the 1980 Montevideo Treaty and Resolution 5 of the Council of Ministers of LAFTA, which shall be governed by the provisions set forth below:

CHAPTER I

Objective of the Agreement

Article 1. The member countries of the Association shall grant each other on their reciprocal imports a tariff preference consisting of a percentage reduction of the tariffs applicable to imports from third countries.

Article 2. For the purposes of the preceding article, "tariffs" shall be deemed to be customs duties and any other charges having equivalent effects, whether of a fiscal, monetary, exchange character or any other nature, applicable to imports. Fees and similar charges commensurate with the approximate cost of services rendered shall not be included under this heading.

CHAPTER II

Field of application

Article 3. The regional tariff preference shall apply to the import of products of any kind originating in the territory of member countries.

The preference referred to in Article 1 shall not cover products included in the exceptions lists established in pursuance of Chapter VI of this Agreement.

Article 4. Member countries shall likewise apply the regional tariff preference to the import of products negotiated by them under any of the mechanisms provided by the 1980 Montevideo Treaty where such preference is greater than that granted by those countries under the mechanisms referred to.

CHAPTER III

Level of the regional tariff preference

Article 5. The regional tariff preference shall be at initial rates to be applied in relation with the various country categories established by the Montevideo Treaty, as follows:

Granting country \ Recipient country	Relatively less-developed countries	Intermediately developed countries	Other countries
Relatively less-developed countries	5	3	2
Intermediately developed countries	7	5	3
Other countries	10	7	5

CHAPTER IV

Preservation of the regional tariff preference

Article 6. The member countries undertake to maintain the proportionality resulting from the regional tariff preference applied at the level of tariffs in force for imports from third countries, whatever the level of those tariffs.

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

CHAPTER V

Non-tariff restrictions

Article 7. With respect to non-tariff restrictions the provisions of Resolution 5(II) of the Council of Ministers shall be applicable.

CHAPTER VI

Exceptions lists

Each of the member countries may present a list of products to be exempted from application of the regional tariff preference, within a period of sixty days following the signature of this Agreement. The lists shall be incorporated in the Agreement by formal communication to the Committee Representatives.

On the occasion of negotiations to deepen the regional tariff preference, differential treatments shall be applicable in the exceptions lists according to the three country categories referred to in Resolution 6 of the Council of Ministers of LAFTA.

The exceptions lists shall not affect exports of products originating in the relatively less-developed countries which have been traded in meaningful quantities in the past three years.

The exceptions lists may be revised to delete certain products from them, through multilateral negotiations held on the occasion of negotiations to deepen the regional tariff preferences.

CHAPTER VII

System of origin

Article 9. The benefits deriving from application of the regional tariff preference shall cover, exclusively, products originating in the territory of member countries.

Pending the establishment of the regional system of origin, the qualification, declaration, verification and certification of origin of goods imported under the regional tariff preference shall be regulated as relevant by the provisions of Resolutions 49(II), 82(III), 83(III) and 84(III) of the Conference of the Contracting Parties to the Montevideo Treaty, Agreement 25 of the Committee of Representatives and the Decisions on origin of the Standing Executive Committee of LAFTA in force on 31 December 1980.

CHAPTER VIII

Evaluation and deepening

Article 10. Pursuant to Article 33(e) of the 1980 Montevideo Treaty, the regional tariff preference shall be evaluated and deepened during regular sessions of the Evaluation and Convergence Conference.

To this end, the Committee shall evaluate the functioning of the regional tariff preference periodically and shall make such recommendations as it deems appropriate to the Conference for better operation of this Agreement.

The Secretariat shall prepare such studies as it deems necessary for that purpose and any entrusted to it by the Committee of Representatives, and shall likewise present a report on results achieved under the regional tariff preference.

CHAPTER IX

Differential treatments

Article 11. The present Agreement covers differential treatments provided for in the 1980 Montevideo Treaty and in Article 1(g) of Resolution 5 of the Council of Ministers of LAFTA in accordance with Articles 5, 8, 12 and 13 of this Agreement.

Article 12. On the occasion of deepening of the regional tariff preference, Bolivia and Paraguay shall grant the preference to the other member countries, at appropriate rates, in accordance with the criterion of progressive timing.

Article 13. On the occasion of negotiations to deepen the regional tariff preference, an additional margin of the rate shall be granted through negotiations in favour of Bolivia and Paraguay.

Likewise if, on that occasion, a progressive timing criterion is adopted, the provisions of Article 22, second paragraph, of the 1980 Montevideo Treaty shall be applicable.

CHAPTER X

Accession

Article 14. This Agreement shall be open to accession by Latin American and Caribbean countries not members of the Association, subject to negotiation with the member countries of the Association.

CHAPTER XI

Entry into force

Article 15. This Agreement shall enter into force on 1 July 1984.

CHAPTER XII

Transitional provisions

Article A. Within the first six months of 1986 at the latest, the member countries shall initiate negotiations to deepen the regional tariff preference established by this Agreement and shall conclude them simultaneously with completion of the negotiations to eliminate non-tariff restrictions as referred to in Article 2 of Resolution 5(II) of the Council of Ministers.

Article B. In those negotiations a review shall be made of the provisions adopted on non-tariff restrictions, application of differential treatments and exceptions lists, and conditions and procedures shall be established for the application of safeguard clauses; likewise, rules or mechanisms may be established in respect of differences in the tariff levels applied by member countries, possibilities may be examined for applying different rates according to product sectors, measures may be adopted for the treatment of sensitive sectors, and the procedures for the operation, evaluation and deepening of the regional tariff preference may be adjusted.

To this end, Secretariat shall furnish background information to the member countries through the Committee of Representatives.

The General Secretariat of the Latin American Integration Association shall be the depositary of this Agreement, and shall send duly authenticated copies of it to the signatory governments.

DONE in the city of Montevideo on 27 April 1984 in an original in the Spanish and Portuguese languages, both texts being equally valid.