

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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PART IV CONSULTATIONS: BACKGROUND INFORMATION

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Addendum

Programmes and other specific modalities for co-operation adopted in respect of the relatively less-developed member countries of LAIA.

PROGRAMMES AND OTHER SPECIFIC MODALITIES FOR CO-OPERATION
ADOPTED IN RESPECT OF THE RELATIVELY LESS-DEVELOPED
MEMBER COUNTRIES OF THE ASSOCIATION

As provided in the 1980 Treaty of Montevideo, over these first years of its implementation the member countries of the Association have engaged in various activities designed to establish conditions favouring participation of the relatively less-developed countries in the economic integration process, based on the principles of non-reciprocity and community co-operation specifically mentioned in the Treaty.

Activities carried out under the various mechanisms established in the 1980 Treaty of Montevideo include the opening of markets of member countries to imports of products originating in less-developed countries; establishment of differential and more favourable treatment and of a regional tariff preference comprising the economic preference area of LAIA; automatic extension to those countries of concessions granted under certain modalities of partial-scope agreements and the establishment of specific programmes for co-operation with less-developed countries.

1. Liberalization Lists

In pursuance of Article 18 of the 1980 Treaty of Montevideo, on 30 April 1983 the member countries of the Association signed three regional-scope agreements¹ stipulating the products, preferably industrial, originating in each of the relatively less-developed countries - Bolivia, Ecuador and Paraguay - on which customs duties and other restrictions have been entirely eliminated, without reciprocity, by the other member countries of the Association.

One year later, the Council of Ministers of Foreign Affairs of the Association - the supreme body of LAIA - decided to enlarge the lists of products in the above-mentioned regional liberalization agreements by including products already in the respective lists of other member countries, or by adding new products.

This enlargement is to be negotiated and formalized during the Seventh Special Session of the Conference, to be held at the Association's headquarters between 5 and 14 September next: to that end, the Council has established as a minimum target for the member countries an enlargement by 20 per cent of the number of products liberalized by each of them in respect of the relatively less-developed countries (Resolution 7 (II) of the Council of Ministers, Article 1).

¹Regional-scope agreements are those in which all member countries of the Association participate (Article 6 of the 1980 Treaty of Montevideo).

2. Differential and more favourable treatment under the regional tariff preference

The regional agreement establishing what is termed the "regional tariff preference" was signed on the occasion of the second meeting of the Council of Ministers of the Association, held at Montevideo, Eastern Republic of Uruguay, in April 1984.

In accordance with the 1980 Treaty of Montevideo and the provisions of the regional agreement, member countries of the Association grant each other a tariff preference on their reciprocal imports, in the form of a percentage reduction of the duties applied on imports from third countries (Article 1 of the regional agreement).

This tariff preference - which covers all products traded between the member countries except those included in the "exceptions lists" - varies in scale according to the country categories envisaged in the 1980 Treaty of Montevideo and in Resolution 6 (I) of the Council of Ministers consistently with the principle of differential treatment established by that Treaty (treatment applied on a certain scale to countries at an intermediate stage of development and in a more favourable manner to countries at a relatively less-advanced stage of economic development: Treaty of Montevideo, Article 3 (d), (Article 5 of the regional agreement).

The regional agreement likewise recognizes application of the principle of differential treatment in exceptions lists in respect of the tariff preference (Article 8); in application of the preference by Bolivia and Paraguay under the criterion of phasing in time (Article 12) and in the granting of an additional margin in favour of those countries because of their land-locked situation (Article 13).

3. Automatic extension of concessions granted under partial-scope agreements

The relatively less-developed countries benefit automatically from concessions granted by other member countries of the Association under partial-scope agreements concluded in pursuance of Articles 10 and 25 of the 1980 Treaty of Montevideo.

(a) Trade agreements (1980 Treaty of Montevideo, Article 10)

As envisaged by Resolution 2 of the Council of Ministers regarding the conclusion of partial-scope agreements, concessions granted by member countries of the Association under trade agreements - i.e. agreements exclusively aimed at promoting trade between member countries - are automatically extended to the relatively less-developed countries without any requirement of compensation, negotiation and/or accession on their part (Resolution 2 (I) of the Council of Ministers, Article 6 (e)).

Under that provision, relatively less-developed countries enjoy the concessions granted by member countries under trade agreements signed in pursuance of the provisions in force in the Association.

To date, twenty-three partial-scope trade agreements have been concluded in the Association and the relevant liberalization programmes are extended automatically and with reciprocity to the relatively less-developed countries. These trade agreements are listed below:

- Agreement No. 1 - statistical machines sector
- Agreement No. 2 - electronic valves sector
- Agreement No. 5 - chemical industry sector
- Agreement No. 7A - refrigeration and air-conditioning sector
- Agreement No. 7B - household goods sector
- Agreement No. 8 - glass industry sector
- Agreement No. 9 - electrical generating, transmission and distribution sector
- Agreement No. 10 - office machines sector
- Agreement No. 12 - electronics and electrical communications industry sector
- Agreement No. 13 - phonographic industry sector
- Agreement No. 14 - electrical household equipment sector
- Agreement No. 15 - chemical and pharmaceutical industry sector
- Agreement No. 16 - petrochemical industry sector
- Agreement No. 17A - refrigeration and air-conditioning industry sector
- Agreement No. 17B - electrical household equipment sector
- Agreement No. 18 - photographic industry sector
- Agreement No. 19 - electronics and electric communications industry sector
- Agreement No. 20 - dyes and pigments industry sector
- Agreement No. 21 - chemical industry sector (surpluses and deficiencies)
- Agreement No. 22 - essential oils, chemical-aromatical, perfumery and flavouring sector
- Agreement No. 23 - electrical generating, transmission and distribution sector

Agreement No. 24 - electronics and electrical communications industry sector

Agreement No. 25 - Lamps and lighting units sector

(b) Agreements concluded with non-member Latin American countries (1980 Treaty of Montevideo, Article 25)

Under the 1980 Treaty of Montevideo, member countries of the Association can conclude partial-scope agreements with other Latin American countries and economic integration areas in accordance with the various modalities foreseen in the third section of Chapter II of the Treaty and with the relevant implementing provisions. Concessions granted by member countries participating in such agreements are not extended to the other member countries of the Association, with the exception of the relatively less-developed countries.

Accordingly, whatever the modalities of partial-scope agreements signed by member countries with other Latin American countries or economic integration areas, the concessions granted by LAIA member countries are extended automatically and without reciprocity to Bolivia, Ecuador and Paraguay, because they are countries at a relatively less-advanced stage of development.

To date, these countries have benefited from concessions granted under the following partial-scope agreements:

Argentina - Costa Rica	Colombia - Costa Rica
Argentina - El Salvador	Colombia - Nicaragua
Argentina - Cuba	Colombia - Guatemala
Mexico - Costa Rica	Colombia - El Salvador
	Colombia - Honduras

4. Other co-operation activities

(a) Partial-scope agreements signed under Resolution 24 of the Committee of Representatives

With a view to contributing, to some extent, to alleviating the serious economic and financial situation of the Republic of Bolivia, in February 1983 the Committee of Representatives adopted a Resolution which recommends:

1. That the creditor countries of Bolivia should make every effort to reach agreement with the Government of the country on:
 - (i) The refinancing as soon as possible of debts already due, with payment deadlines adjusted to that country's current financial situation and preferably in excess of one year; and
 - (ii) Total or partial deferment of payment dates for Bolivia's external indebtedness due in the short term.

2. That, likewise, they grant bilateral credit lines to that country for the import of basic industrial inputs and essential consumer goods, or relax restrictions on the use of existing credit lines; and
3. Contribute to the development of Bolivia's trade flows in products immediately available for export, by negotiating partial-scope agreements under Article 14 of the 1980 Treaty of Montevideo.

In accordance with the principles of non-reciprocity and community co-operation recognized in Article 15 of the Treaty of Montevideo and following this last recommendation by the Committee of Representatives in the above-mentioned resolution, the Argentine Republic and the Federative Republic of Brazil have liberalized imports of various products originating in Bolivia for a period of one year that can be extended for one further year, under partial-scope agreements concluded with that country in 1983.

(b) Special co-operation programmes

In a resolution adopted recently by the Council of Ministers, member countries have undertaken to negotiate special co-operation programmes with each of the relatively less-developed countries on the basis of any proposals made and in terms of Article 20 of the 1980 Treaty of Montevideo and Resolution 4 of the Council, with a view to improving conditions for implementation of concessions granted in the liberalization lists included in regional agreements Nos. 1, 2 and 3, in favour of Bolivia, Ecuador and Paraguay, respectively, (Resolution 8 (II) of the Council of Ministers, Article 1).

Similarly, under Articles 20, 21, 22 and 23 of the 1980 Treaty of Montevideo, member countries are ready to negotiate with Bolivia and Paraguay special co-operation programmes designed to offset the economic effects that the fact of being land-locked has on their foreign trade. These programmes mainly concern technical assistance in regard to transport facilities, improved facilities for frontier-crossing and transit through the territory of member countries, and the establishment and operation of free zones, warehouses or ports in the territories of member countries (Resolution 8 (II) of the Council of Ministers, Article 2).

Lastly, it should be noted that the Council of Ministers has decided to set up a special fund in support of economic development projects of particular interest to the relatively less-developed countries, to be funded by financial or other contributions from member countries, third countries, international organizations, or any other sources (Resolution 8 (II) of the Council of Ministers, Article 4).

(c) Funds to finance specific activities

Among special co-operation activities carried out by countries of the region in favour of the relatively less-developed countries, one may mention that under annual budget appropriations mainly financed by those countries, annual appropriations were made available to the relatively less-developed countries in the period 1981/1984 for the financing of activities designed to solve specific foreign trade problems encountered by them in regard to their exportable output.

These activities are listed in the annex hereto.

ANNEX

PROGRAMMES CARRIED OUT BY THE GENERAL SECRETARIAT

(UPE)

PROGRAMME IN FAVOUR OF BOLIVIA

<u>1981</u>	<u>Project</u>	<u>Product(s)</u>
B0/81/01	- Preparation of a preliminary project for Andean Foundry Institute	
B0/81/02	- Preparation of market profiles for a series of products originating in Bolivia.	Relevant list attached
<u>1982</u>		
B0/82/02	- Preparation of bases for a Bolivian - Brazilian agreement on nitrogenated fertilizers	
B0/82/03	- Preparation of bases for a Bolivian - Argentine agreement on metal-engineering products.	
B0/82/04	- Preparation of bases for a Bolivian - Argentine agreement on automotive parts	
B0/82/05	- Assistance to foreign marketing of agricultural products not traditionally exported by Bolivia.	
<u>1983</u>		
B0/83/01	- Preparation of market profiles for products originating in Bolivia.	Relevant list attached
B0/83/02	- Preparation of bases for a partial-scope agreement between Bolivia and Argentina in the aluminium sector.	

- B0/83/03 - Preparation of bases for a partial-scope agreement in the textile and clothing sector between Bolivia and Uruguay.
- B0/83/04 - Preparation of bases for a partial-scope economic complementarity agreement between Bolivia and Uruguay on agricultural trade and technology.
- B0/83/05 - Preliminary studies for possible complementarity between neighbouring areas of Bolivia and Argentina in the fruit and vegetables sector.
- B0/83/06 - Assistance to foreign marketing of agricultural products not traditionally exported. Chestnuts
- B0/83/08 - Co-operation of General Secretariat in regard to organization of customs matters in Bolivia.
- B0/83/09 - Preparation of activities in regard to mining and metallurgical products in Bolivia.
- B0/83/10 - Preparation of activities regarding projects for conversion from liquid fuel to gas.
- B0/83/11 - Studies and proposal for complementarity between neighbouring zones of Bolivia and Argentina in the fruit and vegetables sector.

PROGRAMME IN FAVOUR OF ECUADOR

1981

- EC/81/01 - Preparation of market profiles for a series of products originating in Ecuador. Relevant list attached

1982

- EC/82/02 - Study on marketing of Ecuadorian products in Argentina and Mexico. Relevant list attached

1983

- EC/83/01 - Preparation of market profiles for products originating in Ecuador. Relevant list attached
- EC/83/02 - Preparation of bases for a partial-scope agreement between Ecuador and Argentina on the metal-engineering and automotive parts industries.

- EC/83/03 - Study on marketing of Ecuadorian products in Brazil. Relevant list attached.
- EC/83/04 - Advisory assistance on the harvesting, processing and marketing of apples in Ecuador.

PROGRAMME IN FAVOUR OF PARAGUAY

1981

- PA/81/01 - Ethanol plant project in Paraguay.
- PA/81/02 - Study of supply and marketing in outlying markets of Paraguay. Made-up articles of cotton

1982

- PA/82/01 - Study of overall supply of manioc.
- PA/82/02 - Preliminary evaluation of feasibility of an industrial zone near Asunción.
- PA/82/03 - Diagnosis of metal-engineering industry.

1983

- PA/83/01 - Metal-engineering industry in Paraguay: planning, assistance, evaluation and follow-up.
- PA/83/02 - Promotion activities for export consortia. First part: seminar.
- PA/83/03 - Promotion activities for export consortia. Second part: Organization of a consortium.
- PA/83/04 - Prefeasibility study of an integrated industrial complex for export trade in the Alto Paraná region. Wood pulp, paper and board.
- PA/83/05 - Study for establishment of a plant to produce manioc-based starch.

PROJECTS CARRIED OUT BY UPE

1982

- UPE/82/01 - Two tasks were carried out:
- Outline for a model partial-scope complementarity agreement.

- Analysis of principal agreements concluded between Argentina and Bolivia in the past twenty years.
- UPE/82/02 - Supplementary work to define an export promotion system in Paraguay. (Export promotion system project for Republic of Paraguay.)
- UPE/82/03 - Establishment and introduction of a general system to promote agreements.
- UPE/82/04 - Preliminary activities to reationalize the textile industry.
- UPE/82/05 - Identification of areas and activities in favour of land-locked countries.
- UPE/82/06 - Verification of implementation of project PA/82/01 on integral utilization of manioc.

1983

- UPE/83/01 - Liberalization lists for relatively less-developed countries.
- UPE/83/02 - Participation of relatively less-developed countries in intra-regional trade.
- UPE/83/03 - Potential market for products on liberalization list.
- UPE/83/04 - Implementation of concessions under the support system in favour of relatively less-developed countries:
 - (a) methodological guide for discussion;
 - (b) implementation of proposals made in UPE studies.
- UPE/83/05 - Comparison of preferences granted to relatively less-developed countries and to other members of the Association under partial-scope agreements.
- UPE/83/06 - Potential market for products in lists approved under the regional liberalization agreement.
- UPE/83/07 - Comparison of tariff preferences offered by Argentina to Costa Rica and those granted to relatively less-developed countries.
- UPE/83/08 - Publication of Liberalization Lists for Bolivia, Ecuador and Paraguay.
- UPE/83/09 - Preliminary study of Argentine market for solvay soda and metallic sulphur.

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1984 PROGRAMME

IN FAVOUR OF BOLIVIA

- B0/84/01 - Study on refrigerated transport from Santa Cruz (Bolivia) to neighbouring countries.
- B0/84/02 - Prefeasibility study of storage system for agricultural products.
- B0/84/03 - Studies and proposal for complementarity between neighbouring zones of Bolivia and Argentina in the cocoa and cocoa products sector.
- B0/84/04 - Technical assistance to development planning for Santa Cruz in regard to marketing of agricultural and agro-industrial products.
- B0/84/05 - Rationalization of maize cultivation for CODETAR.
- B0/84/06 - Assistance to foreign marketing of agricultural products not traditionally exported. Cocoa.
- B0/84/07 - Seminar on chestnuts
- B0/84/08 - Assistance for the preparation and organization of a marketing centre for products of small and medium-sized industries.
- B0/84/09 - Day sessions of entrepreneurs to promote trade flows between LAIA countries.
- B0/84/10 - Analysis of the raw materials supply situation for the Villa Montes plant, first stage.
- B0/84/11 - Assistance to specific trade activities of entrepreneurs in relatively less-developed countries.
- B0/84/12 - Organization of a Bolivian handicrafts fair in the municipal underground premises.

IN FAVOUR OF ECUADOR

- EC/84/01 - Preparation of market profiles for products originating in Ecuador.
- EC/84/02 - Preliminary market study for chocolate in Argentina.
- EC/84/03 - Advisory assistance for formulation of legal framework and incentives required for the operation of free zones.

- EC/84/04 - Advisory assistance on harvesting, processing and marketing of asparagus.
- EC/84/05 - Technical assistance to exports: quality, packaging and design.
- EC/84/06 - Assistance for establishment of joint marketing undertakings (FENAPI).
- EC/84/07 - Training days for entrepreneurs from small and medium-size industries: export techniques and procedures (FENAPI).
- EC/84/08 - Workshop-seminar on specific matters concerning export projects (FOPEX).
- EC/84/09 - Assistance to specific trade activities of entrepreneurs in relatively less-developed countries.
- EC/84/10 - Day sessions of entrepreneurs to promote trade flows towards LAIA countries.
- EC/84/11 - Outline study on data-processing equipment for the Integration Department of Ecuador.

IN FAVOUR OF PARAGUAY

- PA/84/01 - Prefeasibility study for production of crystallized mint (first and second part).
- PA/84/02 - Prefeasibility study for production of ka'a je'e (yerba dulce).
- PA/84/03 - Prefeasibility study for installation of a refrigerated plant for exports of meat products.
- PA/84/04 - Prefeasibility study for a plant producing of milk powder for export.
- PA/84/05 - Market profiles for products originating in Paraguay.
- PA/84/06 - Assistance to specific trade activities of entrepreneurs in relatively less-developed countries.
- PA/84/07 - Technical assistance to exports: preparation and packaging.
- PA/84/08 - Consolidation of export consortia.
- PA/84/09 - Assistance to the metal-engineering industry.
- PA/84/10 - Preparation of bases for a partial-scope agreement in the textile and clothing sector between Paraguay and Brazil.

- PA/84/11 - Preparation of bases for a partial-scope agreement in the fruit and vegetables sector with Argentina.
- PA/84/12 - Day sessions for entrepreneurs to promote trade flows toward LAIA countries.
- PA/84/13 - Modernization assistance to the Paraguayan customs administration.
- PA/84/14 - Project for a multinational producing undertaking for capital goods in Paraguay.

PROJECTS TO BE CARRIED OUT BY UPE

- UPE/84/01 - Preliminary provisions for enlargement of liberalization lists.
- UPE/84/02 - Follow-up of co-operation and technical assistance programmes.
- UPE/84/03 - Economic evaluation of land-locked situation of Bolivia and Paraguay.
- UPE/84/04 - Preparation of a reference document for meeting of integration officials from relatively less-developed countries.
- UPE/84/05 - Comparisons of preferences granted to relatively less-developed countries and other members of the Association under partial-scope agreements.

JOINT PROJECTS

- UPE/UIE/84/01 - Establishment of a computerized system in the Integration Department of Ecuador (MICEI).
- UPE/UPCC/84/01 - Study on capital goods sector: boiler-making, construction equipment, road building, mining, etc.