

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
L/7540
26 October 1994
Limited Distribution

(94-2171)

WORKING PARTY ON THE SOUTHERN COMMON
MARKET (MERCOSUR) AGREEMENT

Questions and Replies

Contracting parties were invited (GATT/AIR/3545) to communicate to the Secretariat any questions they might wish to put concerning the Southern Common Market Agreement (MERCOSUR). In response to this request, a number of questions were received and were transmitted to the Parties to the Agreement. The questions and replies which have been received are set out below.

TABLE OF CONTENTS

	<u>Page</u>
1. Elimination of Duties, Charges and Other Restrictions applied in the States Parties' Reciprocal Trade	2
2. The Coordination of Macroeconomic Policies	5
3. The Establishment of a Common External Tariff and the Adoption of a Common Trade Policy in Relation to Third States or Groups of States	6
4. Rules of Origin	10
5. Measures Affecting Imports from Third Countries	11
6. National Treatment	12
7. Commitments under LAIA	12
8. Accession	14
9. Dispute Settlement	15
10. Trade Data	15
11. Trade Creation/Trade Diversion	16
12. MERCOSUR and Integration Efforts in the Western Hemisphere	16
13. Services	17
14. Other Areas	18
15. Transparency in Implementing the Agreement	18
ANNEX I Reply to question 1.8	19
ANNEX II Reply to question 2.2	26
ANNEX III Appendix I: Reply to question 10.1	54
Appendix II: Reply to question 10.2	56
Appendix III: Reply to question 10.3	58
ANNEX IV Reply to question 14.1	59

1. ELIMINATION OF DUTIES, CHARGES AND OTHER RESTRICTIONS APPLIED IN THE STATES PARTIES' RECIPROCAL TRADE

- 1.1 We understand that the elimination of duties, charges and other restrictions applied in the States Parties' reciprocal trade is proceeding as scheduled in Annex I on the trade liberalization programme of the MERCOSUR Agreement. We would like Parties to confirm whether there is any plan to change the schedule and, if any, we would like to know about the proposed change.**

The States Parties to MERCOSUR confirm to the GATT contracting parties that there is no plan to amend the trade liberalization programme in Annex I to the Treaty of Asunción nor the timetable for tariff reduction.

- 1.2 Have the decisions on tariff reductions and the elimination of non-tariff restrictions as described in Annex I been accomplished as planned? What kind of structural changes are envisaged for each country in connection with these eliminations?**

The planned tariff reductions in the trade liberalization programme in Annex I have been implemented according to the timetable fixed therein, with effect every six months on 1 January and 1 July of each year until the total elimination of tariff barriers on 31 December 1994.

With regard to non-tariff barriers or restrictions, Article 10 of Annex I, the restrictions mentioned in the Complementary Notes to Complementarity Agreement No. 18 approved within the framework of LAIA, which reflects the relevant part of the Treaty of Asunción (November 1991), continue to be maintained.

The Treaty of Asunción does not set a programme for the elimination of non-tariff restrictions affecting trade among States Parties to MERCOSUR. Nevertheless, since 1991, work has been going on for this purpose and several restrictions concerning technical standards, as well as animal and plant health standards, have already been eliminated or harmonized. The remainder will be eliminated or harmonized by 31 December 1994.

The structural modifications resulting from implementation of the programme on gradual reduction of customs tariffs applicable in trade among States Parties to MERCOSUR have been taken into account in the Treaty, which provides for the possibility of using a safeguard clause once only during the transitional period up to 31 December 1994 with effect for one year, which may be extended by a further year in each case.

The procedure laid down in Annex IV to the Treaty of Asunción for applying safeguard clauses follows the guidelines laid down in Article XIX of the General Agreement on Tariffs and Trade, adapting them to the institutional functioning of MERCOSUR and the need to protect the situation of certain sectors of domestic industry in some of the States Parties to MERCOSUR.

The safeguard clause provides that in cases of emergency the country concerned may adopt measures to limit imports from one or more of the other States Parties provided that it immediately notifies and consults the executive body of MERCOSUR, the Common Market Group.

The safeguard clause specifies that the State Party concerned shall inform the Common Market Group of increases in imports of certain products and the damage or threat of damage which it considers such an increase might cause for domestic production of similar or directly competitive products. The Common Market Group has to take a decision within a period not exceeding 20 days from the start

of consultations among the countries involved, after the country which considers that it has suffered prejudice has presented its case.

Annex IV states that in no event may the quantitative restrictions decided upon be less than the level of the average quantities imported in the preceding three calendar years.

1.3 Article 5 of the Agreement specifies the main economic and trade policy instruments to be used in establishing MERCOSUR. In relation to the trade liberalization programme, could the Parties please advise:

- (a) whether there have been exceptions to the automatic and linear tariff cuts being implemented according to the timetable in Annex I to the Agreement?**
- (b) what stage the removal of non-tariff barriers is at? and**
- (c) whether the annual 20 per cent reduction in the exemptions list for tariff reductions as submitted by each Party is occurring at the rate specified in the Agreement?**

In connection with the trade liberalization programme mentioned in Article 5 of the Treaty of Asunción and in Annex I, the following should be noted:

- (a) No exceptions have been noted to the automatic and linear tariff reductions foreseen in the timetable for tariff reduction; it should be noted that these reductions do not apply to products included in the schedules of exceptions;**
- (b) non-tariff restrictions included in the Complementary Notes to Economic Complementarity Agreement No. 18, (ratified within the LAIA framework in November 1991 on the basis of the Treaty of Asunción), as well as those identified by the relevant subgroups, will be subject to a timetable for elimination or harmonization, whichever is appropriate, by 31 December 1994;**
- (c) the annual 20 per cent reduction in items included in the schedules of exceptions to tariff reduction has in fact occurred exactly on 31 December in each of the last three years.**

1.4 Has the tariff reduction timetable in Annex I, Article 3, been respected so far by all the States Parties to MERCOSUR?

The tariff reduction timetable has been respected by all the States Parties to MERCOSUR.

1.5 On 31 December 1994, will all customs duties between MERCOSUR countries be eliminated for all reciprocal trade?

As from 1 January 1995, customs duties for trade in goods among MERCOSUR countries will have been eliminated as the trade liberalization programme in Annex I will have been completed. The only exceptions will be 198 tariff headings for Uruguay and 87 for Paraguay, which these States Parties will retain in their relevant schedules of exceptions until 31 December 1995, in accordance with the Treaty of Asunción.

- 1.6 **Has the timetable for the reduction of schedules of exceptions described in Annex I, Articles 6 and 7, been respected so far by all States Parties to MERCOSUR?**

The timetable for the reduction of schedules of exceptions described in Articles 6 and 7 of Annex I to the Treaty of Asunción has been respected by all States Parties to MERCOSUR.

- 1.7 **Article 10 of Annex I provides that all non-tariff restrictions shall be eliminated from the common market area as of 31 December 1994. Is there an agreed plan and schedule for the abolition of such non-tariff restrictions? If so, could a summary be provided?**

See the replies to Questions 1.2 and 1.3(b).

- 1.8 **Could the States Parties to MERCOSUR indicate what are the measures taken in the situations envisaged in Article 50 of the 1980 Treaty of Montevideo? (Annex I, Article 2(b)).**

Some of the measures adopted in accordance with Article 50 of the 1980 Treaty of Montevideo and enforced in each country, as well as Articles XX and XXI of the General Agreement, are mentioned in the Complementary Notes to Economic Complementarity Agreement No. 18, which are attached to this document as Annex I. For further clarification, Article 50 of the Treaty of Montevideo reads as follows:

"No provision under the present Treaty shall be interpreted as precluding the adoption and observance of measures regarding:

- (a) Protection of public morality;
- (b) implementation of security laws and regulations;
- (c) regulation of imports and exports of arms, munitions, and other war materials and, under exceptional circumstances, all other military equipments;
- (d) protection of human, animal and plant life and health;
- (e) imports and exports of gold and silver in bullion form;
- (f) protection of national treasures of artistic, historical or archaeological value; and
- (g) exportation, use and consumption of nuclear materials, radioactive products or any other material used for the development and exploitation of nuclear energy."

- 1.9 **Does Argentina currently apply a statistical tax on imports? If so, what is the level of the tax?**

Argentina applies a statistical tax on imports bound in its national list at GATT at 3 per cent.

- 1.10 **Will trade between the Parties be exempt from any fees connected with importation and exportation which are covered by Article VIII of the GATT? If so, how will the cost burden be assessed for third country trading partners?**

Trade among States Parties will be exempt from duties connected with importation and exportation covered by Article VIII of the General Agreement. The amount of duties covered by Article VIII of the General Agreement for other contracting parties will be fixed as a whole in accordance

with the provisions of this Article and the obligations undertaken by MERCOSUR countries in the Uruguay Round.

2. THE COORDINATION OF MACROECONOMIC POLICIES

2.1 Have the Parties come to any agreement on coordination of macroeconomic and sectoral policies as decided in the Treaty?

The States Parties are negotiating on the coordination and harmonization of their macroeconomic and sectoral policies.

The coordination of macroeconomic policies within MERCOSUR is seen as a process to be carried out gradually and not as an objective to be reached by a particular date. Until now, the process has not taken the form of specific agreements, although frequent contacts at different levels among the economic authorities of the States Parties have allowed the initial outline of macroeconomic coordination to be defined. The underlying idea is to give priority in coordination efforts to those macroeconomic policy mechanisms most directly related to trade.

The coordination of sectoral policies has also been the subject of intensive efforts at the technical level and covers several areas: industry, agriculture, energy, transport and labour. The results of these activities are being incorporated in Decisions or Resolutions adopted by the high-level bodies of MERCOSUR, leading to greater harmonization of domestic sectoral policies as part of the momentum of the integration process.

2.2 What is the progress in relation to the coordination and harmonization of macroeconomic policies being implemented? Can MERCOSUR members provide a brief outline of economic integration achievements to date, together with an outline of what plans have been made for further progress? Can a timetable for future integration plans be provided?

Improved coordination and harmonization of macroeconomic policies is reflected in the progress made in implementing the timetable of measures for the coordination of macroeconomic, sectoral and institutional policies, approved in January 1994 (this is attached to this document as Annex II).

In addition to the information provided in reply to question 2.1 above, it should be noted that careful consideration of the revision by the Common Market Group at its meeting held in Buenos Aires on 5 and 6 May 1994 shows the progress that has been made in this area. Among the plans elaborated in order to achieve greater progress are those referring to the implementation of the common external tariff (CET) from 1 January 1995 and the entry into force of the "minimum requirements" to bring into effect the customs union from 1 January 1995.

The plans for continuing this process are described in Decisions No. 9/93 and No. 13/93 of the Council of the Common Market, and are complemented by a timetable set out in Resolution No. 5/94 of the Common Market Group, concerning the CET and the "minimum requirements" for the functioning of the customs union.

2.3 Could differences in macroeconomic policies lead to delays in the liberalization programme or the introduction of a customs union?

Any differences in the macroeconomic policies of the States Parties to MERCOSUR have not led to delays in the trade liberalization programme. It should be borne in mind that on 1 January 1995, tariff reduction will reach 100 per cent and the CET will be established for the four States Parties.

In order to develop the customs union further, work is taking place on the convergence of the economic policies of the States Parties as well as on macroeconomic and regulatory harmonization and coordination.

3. THE ESTABLISHMENT OF A COMMON EXTERNAL TARIFF AND THE ADOPTION OF A COMMON TRADE POLICY IN RELATION TO THIRD STATES OR GROUPS OF STATES

3.1 Could the Parties advise of the progress that has been made on the tariff levels to be applied under the common external tariff (CET) in accordance with Article 5? What is the likelihood that the CET will be in place as scheduled at the end of the transition period in December 1994?

In accordance with the decisions adopted by the member States of MERCOSUR (Montevideo, December 1992, and Colonia, January 1994), it is envisaged that the CET will enter into force on 1 January 1995 together with the trade policy measures deemed necessary for its effective implementation, which constitute the "minimum requirements" for the customs union.

The common external tariff is at a very advanced stage of definition. At the technical level, the CET project should be completed during the next few weeks and will then be submitted as soon as possible to the policy-making bodies for final discussion of any issues which remain pending and to the Council of the Common Market for approval.

3.2 Paragraph 2 of Article 1 and Article 5(c) relate to the establishment of a common external tariff. We would like to know in detail the coverage of items, the items excluded, the schedule for establishing a common external tariff, the common external tariff rate of each item, and finally, the comparison of the overall level of tariff rates between the common external tariff rates and each States Party's applied tariff rates (on the basis of the trade-weighted average or the applied rates).

The information available on the tariff items covered by the CET, the items which will be exempt for a transitory period of six years and the levels of the common tariff for each item will be submitted in due course on a diskette and made available to contracting parties for consultation as soon as they have been approved.

The timetable for the establishment of the CET is 1 January 1995 and the convergence of exceptions is expected to be concluded on 1 January 2001, except for a few cases in which it is envisaged that the period for convergence will be extended to 2006.

3.3 How far has work progressed on a common external tariff and on a coordinated foreign trade policy towards third countries? Do there exist any further agreements on these issues?

See the replies to questions 3.1 and 3.2.

The adoption of a common trade policy complements the implementation of the CET. The minimum requirements laid down in Decision CMC No.13/93 and Resolution GMC No. 5/94 will enter into force together with the CET.

Regarding the coordinated trade policy towards third countries, a common regulation on safeguards in relation to third countries has been approved. Work is also going on to harmonize export incentive policies and special customs regimes.

3.4 **The States Parties to the "Southern Common Market" have set themselves the goal of establishing a common external tariff and adopting a common trade policy in relation to third States or groups of States. However, document L/7370/Add.1 gives no information about this common external tariff nor a schedule for establishing it. In this case:**

- **Will the Southern Common Market be a customs union or a free trade agreement between the States concerned?**
- **In the first case, could the States Parties to MERCOSUR provide information about the establishment of a common external tariff (level of customs duties, programme for establishing the tariff, etc.) and the adoption of a common trade policy?**

The Treaty of Asunción envisages the establishment of a common market.

With regard to the specific question, the Southern Common Market, MERCOSUR, will be a customs union when the CET fixed by common agreement among the States Parties enters into force. This CET has to be approved by the decision-making bodies of the integration process, namely, the Common Market Group and the Council of Ministers and Presidents.

With reference to the second part of the question, see the answers to questions 3.2 and 3.3.

3.5 **Recent reporting has suggested that the MERCOSUR countries are having some trouble agreeing a common external tariff. Is customs union (as opposed to a free trade area) a realistic prospect?**

The States Parties to MERCOSUR are completing the elaboration of a draft common external tariff at the technical level. The more complex items are the subject of intensive discussions both at the technical level and in the high-level bodies with a view to reaching final agreement.

The progress already made in defining the CET and in discussions on other trade policy mechanisms deemed to be priorities ("minimum requirements") make it possible to envisage that the customs union is an objective that can be fully achieved within the time-limits laid down.

3.6 **How is it envisaged that the CET be implemented? Although this does not seem to be covered in any detail (Article 5(c) only), our understanding is that the intention is to apply a maximum external tariff of 20 per cent, with 11 applicable tariff points between 0 and 20 per cent. Presumably the MERCOSUR countries will seek to harmonize on the lowest existing tariff of the MERCOSUR members with the minimum of rounding up and will be alert to the dangers of anti-competitive trade diversion if the external tariff is concentrated at the high end of the 0-20 per cent range?**

The common external tariff is seen as a tariff which meets the objective of opening up the economies of MERCOSUR. It will be a weighted average whose level will be lower than the tariffs applied by the States Parties prior to signature of the Treaty of Asunción. In the negotiations taking place it is not envisaged that import duties will be concentrated at the high end of the tariff range envisaged.

- 3.7 It had been reported that one of the Parties wishes to pursue a common tariff in certain sectors which may result in an increase in the average incidence of tariffs on third parties. Would the Parties provide an undertaking that implementation of the CET will not adversely affect the trade of third parties by ensuring that the CET is established according to the provisions of Article XXIV:5(a)?**

The MERCOSUR common external tariff will be fixed in total conformity with the provisions of Article XXIV, paragraph 5, of the General Agreement. As mentioned in response to the previous question, the weighted average will not exceed that applied individually by Member States prior to the signature of the Treaty of Asunción. It should also be noted that MERCOSUR countries will strictly observe their obligations undertaken in the Uruguay Round tariff negotiations, as shown on their respective schedules of concessions.

- 3.8 Will there be any exceptions to the CET? If yes, would a list be provided indicating the duty that would be charged by each Party? What timetable will be employed in integrating any exceptions into the CET?**

The States Parties to MERCOSUR have agreed that the CET could exclude a limited number of tariff headings which will have to be defined by each country. The current national tariffs for these items will be maintained and a timetable will be fixed, together with a methodology for convergence to be completed in the year 2001 or possibly on 1 January 2006 in a very few cases.

- 3.9 If there are exceptions, will the CET cover substantially all the trade between the Parties?**

The exceptions to the CET will be restricted to a small number of tariff headings and the CET put into effect will cover more than 80 per cent of trade among MERCOSUR States Parties.

- 3.10 Exactly which are the products for which no timetable has been established for the adoption of common external customs tariffs? (Provide more detail on data processing, telecommunications and others).**

None, the tariff items subject to convergence have not yet been defined. They will be communicated as indicated in the reply to question 3.2.

- 3.11 In the trade liberalization programme outlined in Annex I, there is reference to a different time-frame for products in schedules of exceptions. What are these products? Are these exceptions part of the reason that a common tariff across the board cannot be implemented by 1 January 1995? We understand that an agreement on 85 per cent of the products to be included in a common tariff from this date should be ready by June 1994, while a dead-line of the year 2006 has been set for the rest.**

This question confuses the schedules of exceptions to the trade liberalization programme in Annex I to the Treaty of Asunción with the convergence schedules for the CET.

The exceptions to the trade liberalization programme are not the reason for the decision that some items of the CET would be subject to convergence. The exceptions to the trade liberalization programme will be eliminated on 31 December 1994 for Argentina and Brazil and 31 December 1995 for Paraguay and Uruguay.

The CET convergence schedules are currently being defined and will be restricted to a limited number of cases (see the answers to questions 3.8 to 3.10).

3.12 When will the CET be available for examination by the contracting parties?

The CET has to be approved by the decision-making bodies of MERCOSUR before being disseminated. As soon it has been formally approved, the States Parties will inform the contracting parties of its features and content.

3.13 According to Article XXIV:5(c) of the GATT, any interim agreement leading to the formation of a customs union shall include a plan and schedule for the formation of such a customs union within a reasonable length of time. The schedules mentioned in 3.2 and 3.3 above should be included in the MERCOSUR Agreement since we understand that this Agreement is a customs union, in accordance with Article XXIV:8(a)(ii) and with paragraph 2 of Article 1 of the MERCOSUR Agreement. However, the said Agreement has only provided the schedule for eliminating duties, charges and other restrictions applied in the States Parties' reciprocal trade, and set no schedule for the introduction of a common external tariff and a common trade policy. We would like to have more information about the consistency of the MERCOSUR Agreement with GATT Article XXIV:5(c).

The Treaty of Asunción fixes a timetable for the elimination of intra-zone tariffs and the establishment of the CET, namely, 1 January 1995. To date, progress has conformed to the timetable set, including the negotiation of the aspects necessary for coordinating the trade policies of the States Parties.

MERCOSUR will be able to provide further details on the application of the CET and the coordination of trade policies during the second half of this year.

Regarding the consistency of the MERCOSUR Agreement with Article XXIV:5(c) of the General Agreement, it should be noted that MERCOSUR is not a provisional agreement but a Treaty with obligations and programmes which member countries are implementing.

3.14 Can Parties confirm that the requirements of Article XXIV:6 of the General Agreement will be met?

As stated at the Council and the Committee on Trade and Development, the States Parties confirm that they will respect all obligations under the General Agreement, naturally including those of Article XXIV:6.

3.15 Could the Parties to the Agreement explain the manner in which they intend to determine principal supplier rights under Article XXVIII of the GATT?

Depending on implementation of the customs union, the States Parties will determine principal supplier rights when it becomes necessary to renegotiate the concessions under Article XXVIII of the General Agreement.

3.16 In October 1991, Argentina raised its general tariff on alumina from zero to 5 per cent. Have tariffs on other items been increased by Argentina or any other Party to the Agreement and, if so, do the Parties consider that such increases conform with the requirements of Article XXIV:5(a) of the General Agreement?

Argentina has made minor modifications to import duties in recent years, in full conformity with its obligations under the General Agreement. As indicated in the reply to question 3.7 above, the States Parties to MERCOSUR will fulfil their obligations in conformity with the provisions of Article XXIV:5.

- 3.17 **In the MERCOSUR Agreement, there is no specific confirmation that a common trade policy shall be adopted. Is a common trade policy still planned to be introduced? If that is the case, what is the schedule for the introduction of a common trade policy and what is the detail of this common trade policy?**

An external trade policy is provided for in Article 1 of the Treaty of Asunción.

The common trade policy is a series of measures and regulations which are being defined by MERCOSUR. A timetable of work has been adopted and it is hoped to conclude the preparation of these trade policy measures and instruments by 1 January 1995.

4. RULES OF ORIGIN

- 4.1 **Rules of origin are included in the International Convention on the Simplification and Harmonization of Customs Procedures as well as in the Final Act of the Uruguay Round. To what extent have these rules served as guidance when the present General Rules for Classification of Origin were established and are there any divergences?**

The definition of all trade policy instruments in MERCOSUR, including rules of origin, is based on the relevant provisions of GATT and the Customs Cooperation Council, which are applied by LAIA.

- 4.2 **What treatment will be given to goods manufactured or processed in the free zones and what percentage of value added will give them MERCOSUR origin?**

It has not yet been definitely decided what treatment will be given to goods from free zones, whether or not they can enter into MERCOSUR's territory as a whole and, if they may do so, under what conditions.

During the transitional period, the Treaty of Asunción states that, in order to be considered as originating in MERCOSUR, industrialized products in free zones must fulfil one of the following requirements:

- (a) for products whose processing utilizes materials which do not originate in the States Parties, the processing in the free zone must be reflected in a change of position in the LAIA tariff nomenclature;
- (b) in cases where the foregoing requirement cannot be fulfilled because the processing does not imply a change of position in the nomenclature, the c.i.f. value port of destination or the c.i.f. maritime port value of materials from third countries must not exceed 50 per cent of the f.o.b. export value of the goods in question.

5. MEASURES AFFECTING IMPORTS FROM THIRD COUNTRIES

- 5.1 According to Article 4 of the MERCOSUR Agreement, the States Parties shall apply their domestic legislation to restrict imports whose prices are influenced by subsidies, dumping or any other unfair practice. In this respect, what kind of measures are intended to be taken as such import restrictions?**

Once the GATT Uruguay Round Agreements have been ratified, the States Parties to MERCOSUR will incorporate them in their domestic legislation so that they can be applied when the World Trade Organization (WTO) enters into force.

Measures to prevent unfair practices will be in conformity with the provisions of the WTO Agreements.

- 5.2 How do the States Parties to MERCOSUR intend to restrict imports whose prices are influenced by subsidies, dumping or any other unfair practice? How is the term "unfair practice" to be defined?**

MERCOSUR countries will only apply domestic legislation to restrict imports resulting from unfair practices within the framework of the provisions of the WTO.

Unfair practices will be defined as those identified as such in these provisions.

- 5.3 Could the Parties advise whether there has been any progress in the drafting of the common rules of trade competition referred to in Article 4 of the Agreement?**

In this connection, MERCOSUR has approved three documents:

- (a) Regulations on preventing imports which are the subject of dumping or subsidies by countries not members of MERCOSUR;
- (b) Procedure for complaints and consultation on unfair trade practices;
- (c) Procedure for the exchange of information in connection with investigations on dumping caused by imports from one of the MERCOSUR countries.

The procedures mentioned in subparagraphs (b) and (c) apply during the transitional period, while the regulations mentioned in subparagraph (a) will apply when the customs union enters into force.

The latter regulations are aligned on GATT regulations and are currently being revised to adapt them to the relevant Uruguay Round Agreements.

6. NATIONAL TREATMENT

- 6.1 According to Article 7 of the MERCOSUR Agreement, in the area of taxes, charges and other internal duties, products originating in the territory of one State Party shall enjoy, in the other States Parties, the same treatment as domestically produced products. What is the exact definition of the said taxes, charges and other internal duties? We would also like to confirm whether imported products from a non-State Party are given the same treatment as products originating in the territory of any State Party.

The distinction between taxes and charges is made because one of them concerns imposition of an exclusively fiscal nature (taxes), while charges represent reimbursement of the approximate cost of a service effectively rendered. Duties include customs duties and other similar costs whether they are fiscal, monetary, exchange costs or costs of any other type which affect foreign trade.

Guidelines and criteria for taxation principles are being developed with the aim of facilitating harmonization in this area within MERCOSUR.

The basis of taxation policy is to ensure that there is no discriminatory treatment against imports not only from States Parties but also from third countries so as not to modify the protection given by the common external tariff.

7. COMMITMENTS UNDER LAIA

- 7.1 Could the linkages between MERCOSUR and LAIA be explained?

MERCOSUR is a subregional integration agreement established by the Treaty of Asunción. This Treaty was incorporated in the Latin American Integration Association through ratification of Economic Complementarity Partial Scope Agreement No. 18 (ECA 18), within the framework of the Third Section of Chapter II - Partial Scope Agreements, Articles 7 to 14 of the 1980 Treaty of Montevideo (establishing LAIA) and Resolution 2 of the LAIA Council of Ministers.

The States Parties to MERCOSUR are member countries of LAIA. The Treaty of Montevideo which created the Association allows the conclusion of agreements between two or more countries so as to accelerate the regional integration process without providing that the preferences granted are to be extended to the remaining members which are not parties to such agreements. Article 7 provides that "rights and obligations to be established in partial scope agreements shall exclusively bind the signatory member countries or those adhered thereto".

Within this legal framework, the MERCOSUR countries concluded Economic Complementarity Agreement No. 18 within the framework of LAIA under the terms agreed in Annex I to the Treaty of Asunción.

Economic Complementarity Agreement No. 18 meets the requirements of the Third Section of the Treaty of Montevideo and Resolution 2 of the LAIA Council of Ministers, as set out in the preamble to this partial scope agreement. These encompass the following:

- The principles of Article 3 of the Treaty of Montevideo;
- the objective of the Treaty, in accordance with Article 8;

- the general provisions of Article 9, incorporated in Article 14 of Economic Complementarity Agreement No. 18 on convergence and in Article 15 which lays down the terms for ratifying the "adhesion".

MERCOSUR therefore complies strictly with the terms of agreements provided for in the 1980 Treaty of Montevideo for countries members of LAIA and is fully consistent with its principles, objectives and instruments.

7.2 What are the differences from the standpoint of trade arrangements between the Latin American Integration Association (LAIA) and the Treaty of Asunción?

In this connection, the following aspects should be taken into account, bearing in mind that the objective of both Treaties is to establish a common market:

- (1) LAIA (the 1980 Treaty of Montevideo) is a system for regional integration composed of 11 Latin American countries. The Treaty of Asunción is covered by its Articles and is composed of four LAIA member countries.
- (2) The Treaty of Montevideo establishes the mechanisms for convergence among subregional agreements. The Treaty of Asunción constitutes one of these subregional agreements and is within the framework of LAIA so as to move towards convergence.
- (3) LAIA gives its members the possibility of concluding different types of instruments: partial scope agreements, whether bilateral or multilateral, and regional scope agreements. These may take the form of trade agreements, economic complementarity agreements, trade promotion agreements and other forms which the member countries wish to adopt. The instrument concluded by the States Parties to MERCOSUR is an economic complementarity agreement of partial scope and is multilateral because it involves four countries.
- (4) The common market envisaged in the LAIA does not have any time-limit for its establishment, unlike MERCOSUR, which sets 31 December 1994 as the time-limit. In this connection, MERCOSUR constitutes an integration plan aimed at revitalizing and developing the system of preferences among States Parties in accordance with the provisions and mechanisms provided in the Treaty of Montevideo.

7.3 Reference is made to the 1980 Treaty of Montevideo and partial scope agreements and economic complementarity agreements under its auspices. Could you please explain the legal implications of the Treaty of Montevideo on the MERCOSUR Agreement? More specifically we would appreciate a clarification on Annex I, Articles 2(b) and 12, and Annex II, Articles 1(b) and 1(c), as well as Article 19 (identical to Article 12, Annex I) of the Treaty of Asunción.

The Treaty of Montevideo lays down the overall legal framework and the general guidelines to which MERCOSUR conforms.

Articles 2(b) and 12 of Annex I to the Treaty of Asunción refer to the special regulations (exceptions) of the Treaty of Montevideo or resulting from commitments undertaken within its framework.

Articles 1(b), (c) and 19 of Annex II to the Treaty of Asunción adopt the same criterion for rules of origin, i.e., to link this Treaty with the Treaty of Montevideo.

- 7.4 **In COM/TD/W/497 (pp. 1-2) it is stated that additional protocols and decisions approved under MERCOSUR are also registered in LAIA, taking direct legal effect in constituent countries. How do the decisions taken in MERCOSUR affect LAIA member countries which are not Parties in MERCOSUR? Which agreement sets the overall framework/guidelines?**

Some of the decisions adopted within the framework of MERCOSUR have been formalized in LAIA in the legal form of Additional Protocols to Economic Complementarity Agreement No. 18. These concern the integration process and are of a substantive nature rather than of form. Decisions concerning the negotiating process as such, however, have not been formalized, for example, the holding of special meetings, changes to the timetables of the technical subgroups, etc.

Decisions in the form of Additional Protocols to Economic Complementarity Agreement No. 18 form part of the Agreement. In principle, they only have effect in countries which are parties to the Agreement. Examples are the System of Sanctions for Falsification of Certificates of Origin and the System for the Settlement of Disputes related to application, interpretation or non-fulfilment of the Agreement.

If a country which is not a member of MERCOSUR wishes to accede to an Additional Protocol, it must do so by acceding to Economic Complementarity Agreement No. 18, following the procedure for all Additional Protocols to partial scope agreements in LAIA.

Decisions can also be formalized in the form of partial scope agreements. These would automatically be open to accession by the other LAIA countries.

When decisions are incorporated in LAIA, they are subject to its rules.

8. ACCESSION

- 8.1 **Bolivia is an observer in MERCOSUR. What are the perspectives for a Bolivian accession to the Agreement? Do you foresee an extension of this Treaty to additional new members?**

Bolivia is a member of the Andean Pact and is not an observer in MERCOSUR, at least according to the meaning given to observer in GATT, because there is no provision for observer status in the Treaty of Asunción.

It should be emphasized that Bolivia has received invitations to participate in some of MERCOSUR's technical meetings.

Although Bolivia's incorporation in MERCOSUR is not envisaged, in the short term there might be some broader form of quadripartite relationship through the further development of the partial scope agreements between Bolivia and MERCOSUR countries.

Finally, it should be pointed out that Article 20 of the Treaty of Asunción allows for the accession of other countries members of LAIA following negotiations. This possibility is subject to time limitations (five years after the Treaty of Asunción has entered into force), except for countries which do not belong to subregional integration schemes or an extra-regional association, which are allowed to request accession before this date. This possibility of accession by LAIA member countries fulfils the requirement in the Treaty of Montevideo concerning the general rules of application for partial scope agreements, which may be extended to other LAIA members that so request.

It should also be noted that Chile has recently submitted to MERCOSUR a proposal for a closer relationship with this integration process and it will shortly be considered by MERCOSUR.

8.2 Will third countries other than those belonging to the Latin American Integration Association (LAIA) be able to become parties to the Treaty of Asunción?

The Treaty of Asunción does not provide for accession by countries which do not belong to LAIA.

9. DISPUTE SETTLEMENT

9.1 How will the dispute settlement provisions (Annex III) of the Agreement operate? Will these be GATT consistent?

The dispute settlement procedure adopted within the framework of MERCOSUR is fully compatible with GATT and its purpose is to resolve disputes among States Parties relating to the Treaty of Asunción.

By incorporating direct negotiations and a reconciliation role for the four countries acting jointly, the general principles prevailing in GATT in this area are respected.

Likewise, the possibility of recourse to arbitration for questions related to the application, interpretation or non-fulfilment of the Agreement is customary practice at the international level and is consistent with the relevant GATT provisions.

9.2 We have understood that there exists a "Brasilia Protocol" on dispute settlement. Does this differ from Annex III?

The Brasilia Protocol for Settlement of Disputes was approved by the Parties in December 1991 in accordance with paragraph 2 of Annex III to the Treaty of Asunción in which the States Parties undertook to adopt a system for the settlement of disputes during the transitional period. In other words, Annex III to the Treaty of Asunción establishes the general principles and timetable for the elaboration of a system for the settlement of disputes both for the transitional period and permanently, whereas the "Protocolo de Brasilia" lays down the various stages and procedures for the settlement of disputes in MERCOSUR.

10. TRADE DATA

10.1 Could the Parties provide an update to Appendices I and II to document L/7044, which show each Party's total exports and imports by destination?

These figures have been updated in Annex III, Appendix I to this document.

10.2 Could some information be provided concerning MERCOSUR trade?

For the last three years:

- Total trade between MERCOSUR countries and the rest of the world;
- Trade with the LAIA countries;

- **Trade among MERCOSUR countries.**

See Annex III, Appendix II to this document.

10.3 **How much preferential trade is there between the MERCOSUR countries and the LAIA countries?**

See Annex III, Appendix III to this document.

11. TRADE CREATION/TRADE DIVERSION

11.1 **Have the Parties to the Agreement undertaken any studies on the trade creating and trade diverting effects of the Agreement? To what extent do the Parties expect trade diversion to occur?**

There have been no joint studies on the effects of trade creation and any trade diversion as a result of the implementation of the Treaty of Asunción. Taking into account the objective of maintaining open economies and that tariff levels as a whole do not exceed those in fact applied by the States Parties prior to signing the Treaty, it is obvious that MERCOSUR will lead to net trade creation.

12. MERCOSUR AND INTEGRATION EFFORTS IN THE WESTERN HEMISPHERE

12.1 **What is the view of the States Parties to the MERCOSUR of this Agreement in relation to other regional integration efforts? The Treaty forms part of the geographically more comprehensive LAIA. MERCOSUR also has an agreement with the United States concerning a Council on Trade and Investment under the auspices of President Bush's "Enterprise for the Americas Initiative". What is the attitude towards NAFTA? Should MERCOSUR be understood as a move towards even wider Latin American integration?**

From the outset, the primary objective of the States Parties to the Treaty of Asunción has been to incorporate MERCOSUR in global trade patterns. MERCOSUR is a flexible and open process, integrally consistent with the domestic policies of the States Parties, aimed at trade liberalization and enhanced external competitiveness. MERCOSUR was conceived as a project to complement the momentum of the international economy.

In this connection, in the preamble to the Treaty of Asunción, the States Parties declare that they are "aware that this Treaty must be viewed as a further step in efforts gradually to bring about Latin American integration, in keeping with the objectives of the Montevideo Treaty in 1980".

As far as the American hemisphere is concerned, MERCOSUR would like to develop further its links with various initiatives which already exist.

Bearing this in mind, the rules and criteria which will allow MERCOSUR to draw closer to markets in the northern part of the hemisphere have still to be defined. One important step forward in defining these rules and criteria is that MERCOSUR has already agreed upon a mechanism for the exchange of ideas and consultation with the United States, known as "4+1" or "the Rose Garden Agreement".

- 12.2 **Can other customs unions or free-trade areas grant reciprocal preferential treatment? (NAFTA, which was recently set up, has offered membership to Argentina, which is a member of MERCOSUR).**

There are no legal obstacles preventing MERCOSUR from negotiating reciprocal preferential treaties with other countries or integration areas.

- 12.3 **How does MERCOSUR fit into the wider Latin American regional integration process - to what extent is this a stepping stone towards a Latin American/Caribbean free-trade area or an Americas free-trade area?**

Through the formalization of Economic Complementarity Agreement No. 18 within LAIA, MERCOSUR fulfils the principles and objectives of the Treaty of Montevideo, in particular, Article 1, which states that "the long-term objective of the [integration] process shall be the gradual and progressive establishment of a Latin American common market". MERCOSUR promotes and improves preferences among the States Parties within the provisions and mechanisms envisaged in the Treaty of Montevideo with a view to achieving the objective of a Latin American common market.

In addition, MERCOSUR is currently drawing up criteria to define its relationship with the other members of LAIA and countries referred to in Article 25 of the Treaty of Montevideo.

13. SERVICES

- 13.1 **Although the Working Party's terms of reference are only related to the GATT, and especially Article XXIV and the Enabling Clause, it is difficult not to go into other areas as MERCOSUR is styled to become an agreement on economic integration, also covering services. During the last months of the Uruguay Round negotiations, a provision in Article V of the GATS was added, directly connected with the efforts of establishing the MERCOSUR, namely paragraph 3(b) which allows for "more favourable treatment to juridical persons owned or controlled by natural persons of the parties to such an agreement". It would be interesting to hear the views of the countries concerned as to what kind of more favourable treatment they have been thinking of, and what economic reasoning lies behind the wish to discriminate third-country-controlled companies that engage in substantive business operations in the MERCOSUR area. Can such discrimination be beneficial to a country's economy, and can it not become a disincentive for profitable investments?**

MERCOSUR countries will strictly observe the provisions of the General Agreement on Trade in Services (GATS).

Regional initiatives aimed at liberalizing trade in services are consistent with Article 5 of the aforementioned Agreement. MERCOSUR, in accordance with the provisions of the domestic policies of the States Parties, does not allow for the adoption of any measure as a disincentive for investment from third countries. Its policy is to promote external investment.

14. OTHER AREAS

- 14.1 What time horizon is there for the other areas of the Agreement? Could the Working Party be given an exposé of the issues the 11 working groups are working on? We would, for example, want to be assured that the Subgroup on Maritime Transport is not planning to impose new restrictions, e.g. new cargo preference schemes between the "States Parties".**

The working groups deal with the following matters:

- Subgroup 1: Trade issues
- Subgroup 2: Customs issues
- Subgroup 3: Technical standards
- Subgroup 4: Fiscal and monetary policies relating to trade
- Subgroup 5: Inland transport
- Subgroup 6: Maritime transport
- Subgroup 7: Industrial and technological policy
- Subgroup 8: Agricultural policy
- Subgroup 9: Energy
- Subgroup 10: Coordination of macroeconomic policies
- Subgroup 11: Labour policy

Subgroup 6 is not planning to impose new restrictions in the area of maritime transport.

The timetable for dealing with these issues is set out in Decisions No. 9/93 and 13/93 of the Council of the Common Market and in Resolution 5/94 of the Common Market Group. This timetable will govern the work of the subgroups until 31 December 1994. Thereafter, new programmes of work may be established.

The organizational structure of MERCOSUR is shown in Annex IV to this document.

15. TRANSPARENCY IN IMPLEMENTING THE AGREEMENT

- 15.1 Do the States Parties to MERCOSUR undertake to notify the GATT of any changes in the Treaty of Asunción?**

Any amendment of the Treaty of Asunción will be notified to GATT by the States Parties to MERCOSUR.

- 15.2 Do they undertake regularly to submit reports that will enable the impact and functioning of the Treaty of Asunción to be examined?**

Yes.

ANNEX I

Reply to question 1.8

ARGENTINA

Complementary notes

1. Decree No. 2.226/90 and its complementary provisions repeal Decree No. 4.070/84 and replace the Sworn Declaration of the Need to Import by the Statistical Register of Imports (REDI), which involves automatic bank processing.
2. Law 23.664 of 1 June 1989 provides for the payment of a statistical charge amounting to 3 per cent of c.i.f. value; this is payable when settling the corresponding import duties.
3. Payment for imports of goods from signatory countries may be made within the time-limits and according to the criteria freely agreed among the parties (Communication A-1589 of 10 December 1989).
4. Law 21.932, Decree No. 2.226/90, amendments thereto or replacement texts govern the regime in the automobile sector.¹
5. The agreement of the Commander in Chief of the Air Force is required for products in Chapter 88, corresponding to air navigation (Resolution 3.359/83, National Customs Administration (ANA)). In addition, imports of flight equipment must receive prior endorsement by the headquarters of the General Staff of the Air Force.
6. Endorsement by the General Department of Military Production (DGFM) in accordance with Decree No. 302/83, Resolution No. 4.628/80 and Resolution No. 3.383/83 ANA with the following restrictions: 29.03.00.02.99, dinitrotoluene, when used as an explosive; 29.22.00.01.01, monomethylamine nitrate when used as an explosive; 31.02.02.00.00, ammonium nitrate, when used as an explosive; 39.03.02.00.00, nitrocellulose when used as an explosive.
7. National Animal Health Service (SENASA) Provision 56/87 prohibits the import, manufacture, marketing etc. of diethylstilbestrol (DES) as from 1 April 1987.
8. SENASA Provisions 655/88 and 663/88 prohibit the import, use, possession, marketing and manufacture of products whose composition includes chloramphenicol when used for veterinary purposes on animals for human consumption.
9. The import of seeds of *querqus*, *nigra*, *pnellos*, *laurifolias* and *ma landica* is prohibited (Resolution 121/81, Department of Agriculture (SAG)).
10. It is prohibited to import plants with earth clinging to their roots, as well as plants in pots or in blocks of earth, bulbs and tubercles with earth on them, from whatever origin, as well as earth on its own or combined with other elements (Resolution 403/83 SAG). ANA Resolution

¹In this connection, the new Decree covering the regime for the automobile sector is at present awaiting signature by the President of the Republic and does not yet have a number. This is why mention is made of amendments or replacement texts in the above paragraph.

1.339/85 stipulates that approval and authorization by the National Plant Health Service is required before domestic customs clearance of any final or temporary import of such plants.

11. Approval by the Ministry of Public Health in accordance with Law 16.463 and Decree No. 9.793/64 is required for any product to be used or applied in human medicine.

BRAZIL

Complementary notes

Without prejudice to the conditions specified in each case, the import of products negotiated by the Federative Republic of Brazil is subject to the following provisions:

General provisions

1. In conformity with Resolution CONCEX 125 of 5 August 1980 and Order No. 56 of 15 March 1990 of the Ministry of Economy, Finance and Planning, as soon as import documents have been correctly issued, import licences are automatically issued for products that are the subject of concessions in this Agreement.

Special provisions

1. Prior approval for data processing goods, Law No. 99.541 of 21 September 1990 and Resolution No. 20 of 26 October 1990 of the Ministry of Science and Technology.
2. Decree No. 55.649 of 28 November 1965: prior authorization from the Ministry of the Armed Forces (machinery for the manufacture of arms, ammunition and gunpowder, explosives, their elements and parts, and dangerous chemical products).
3. Federal Constitution, Article 177, Decree No. 4.071 of 12 May 1939; Decree No. 28.670-50; Decree No 36.383/54; Decree No. 67.812/70: authorization from the National Fuel Department of the Ministry of the Infrastructure for the import of crude oil and its derivatives, natural gas, rare gases, fluid hydrocarbons and fossil coal and their primary products.
4. Decree No. 64.910 of 29 July 1969 and Decree No. 74.219/74: prior authorization from the Ministry of Aviation, through COTAC (Coordination Commission for Civil Air Transport), for the import of civil aircraft and their parts.
5. Order No. 437 of 25 November 1985 of the Ministry of Agriculture: prior authorization by the Ministry for the import of seeds and plants.
6. Law 4.701 of 28 June 1965: prior authorization by the Ministry of Health for the import of psychotropic substances and products, human blood, human or animal serum or other components of blood.
7. Resolution No. 165 of 23 November 1988 of CONCEX: prior authorization by the Department of Animal Health of the Ministry of Agriculture for the import of live animals for whatever purpose, materials for animal breeding and biological products for use in veterinary medicine.
8. Decree No. 2.464 of 31 August 1988: prior authorization by the National Nuclear Energy Commission for the import of minerals, mineral compounds and nuclear energy materials.

9. Order No. 3.368/FA-61 of 1 November 1988: prior authorization by the General Staff of the Armed Forces for the import of machinery, equipment, instruments and technical material for aerial surveying (Order No. 1.917-FA-61 of 29 June 1989).
10. Law No. 7.678 of 8 November 1988, Decree No. 73.267 of 6 February 1970 prohibits the processing of imported grape must for the production of wine and grape and wine products, and the import of grape and wine products in containers exceeding one litre.
11. Order IBAMA No. 293/P of 22 May 1989: natural or synthetic leather or latex may only be imported by enterprises granted a quota by the Brazilian Environmental and Renewable Resources Institute (IBAMA).
12. Regulatory Order No. 1.197 of 16 July 1990, IBAMA: prior authorization for the import of non-ferrous metal powder, scrap, waste and recast non-ferrous metal.
13. The issue of export or import licences for honey-rich or honey-residual alcohol is subject to a declaration of excess availability for export or a domestic production deficit issued by the Secretariat for Regional Development of the Office of the President of the Republic, Decree No. 99.685 of 9 November 1990.
14. Prior approval by the Ministry of Agriculture and Agrarian Reform for the import of orange agent, Order No. 326 of 16 August 1974.
15. It is prohibited to import non-biodegradable detergent, Law No. 7.365 of 13 September 1985.
16. Prior authorization by IBAMA for the import of species of wild flora and fauna in danger of extinction, nets of synthetic or artificial textile material for the capture of birds and skins and parts of the aforementioned fauna, Law No. 5.197 of 3 January 1967.
17. Prior approval by the Brazilian Post and Telegraph Enterprise for the import of postal franking machines, Law No. 6.538/78 and Decree No. 83.858 of 1979.
18. It is prohibited to import leisure embarkations whose original market price exceeds US\$3,500 calculated on the basis of the cost of the relevant equipment, Law No. 2.410 of 29 January 1955.
19. Prior approval by the Department of Supply and Prices of the Ministry of Economy, Finance and Planning for the import of wheat flour.
20. Law No. 6.360 of 23 September 1976: prior authorization by the Ministry of Health for the import of medicines, drugs, pharmaceutical inputs, sanitary products, cosmetics, perfume and products for household hygiene.
21. Order No. 51 of 24 May 1991 of the Ministry of Agriculture and Agrarian Reform prohibits the import of natural or artificial substances with anabolic properties.
22. Decree No. 97.634 of 10 April 1989: prior authorization by IBAMA for the import of metallic mercury.
23. Order No. 05 of 15 April 1991 of the National Secretariat of the Economy (SNE) defines the basic conditions for the import of wheat in grains.

Paratariff duties

1. Law No. 7.690 of 15 December 1988: tax for omission of an import licence (1.8 per cent of the constant value in the document concerned).
2. Law No. 7.700 of 21 December 1988: port fee (ATP), 50 per cent of transactions involving imported goods in ocean trade.

PARAGUAY

Complementary notes

Without prejudice to the conditions laid down in each case, the import of products negotiated by the Republic of Paraguay is subject to the following provisions:

1. Import of goods which require prior authorization, Decree No. 1.663 of 28 December 1988, Article 11: for health reasons, the import of certain plants has to be authorized by the Ministry of Finance following a report by the Customs Council.

Decree No. 1.663 of 28 December 1988, Import Prohibitions (Article 9):

- (a) For reasons of animal health and life;
 - (b) for reasons of human health and life;
 - (c) for plant health reasons;
 - (d) for economic reasons.
2. Decree No. 7.127 of 24 September 1990, Article 1, establishes a temporary prohibition on the import of garlic of foreign origin.
3. Law No. 295/71 and its Implementing Decree 27.371/81 on cargo preferences specifies preferences for the transport of imports and exports by ships flying the national flag. In LAIA, the restriction is 50 per cent of the total cargo.
4. Decree No. 10.189 of 22 December 1941 (Articles 40 and 41): authorization by the Ministry of Agriculture and Livestock for the import of insecticides and fungicides.
5. Law No. 1.227 of 21 June 1967 (Article 13) obliges dealers, importers, distributors, manufacturers and processors of products of natural, chemical or synthetic origin to register these products in the relevant Registers of the Ministry of Agriculture and Livestock.
6. Law No. 836 of 15 December 1980, Health Code (Article 197) contains provisions on the marking and labelling of containers for pesticides and fertilizers.
7. Law No. 1.340 of 22 November 1988: authorization from the Ministry of Public Health and Social Welfare and the Department of Drug Enforcement (DINAR) for the import of dangerous narcotics or drugs whose packaging must bear the same distinguishing marks.
8. Law No. 42 of 18 September 1990 prohibits the import of dangerous industrial or toxic waste.

9. Decree No. 10.189 of 22 December 1941, Article 30, prohibits the import and sale in Paraguay of insecticides or fungicides for protecting plant health without permission from the Department of Agriculture.
10. Resolution No. 175 of 21 June 1978, Ministry of Agriculture and Livestock (Articles 1 and 2) prohibits the import into Paraguay of swine, semen, products, subproducts and derivatives of domestic or wild pig origin from areas where there is African swine fever and vesicular swine disease.
11. Law 1.095 of 14 December 1984 (Article 6) prohibits the import of articles which might affect national security, public order, public health, animal and plant health, and public morals.
12. Decree No. 25.045 of 19 October 1989: authorization by the Ministry of Agriculture and Livestock for the import into Paraguay of queen bees, swarms or any other living material (Article 21) and prohibition on the import of African bees (Article 23).
13. Resolution No. 306 of 30 October 1987: authorization by the Ministry of Agriculture and Livestock for the import of bovines and sheep from the Argentine Republic, the Eastern Republic of Uruguay and the Federative Republic of Brazil.
14. Law No. 581 of 6 December 1923, Article 1, empowers the Executive to decide upon the categories of cotton seeds which may be imported for cultivation in Paraguay.
15. Decree No. 10.748 of 28 January 1942, Article 1 (paragraph 9), on the import of cotton seeds, specifies that an authorization from the Department of Agriculture is required because of the risk of importing serious diseases which do not exist in Paraguay.
16. Law No. 672 of 7 October 1924, Article 6: the import and export of plants and plant substances must be authorized by the Department of Agriculture.
17. Decree Law No. 8.051 of 31 July 1941: the import and export of plants, parts of plants and agricultural products must be authorized by the Department of Agriculture.
18. Decree No. 23.459/76: the import of arms, ammunition and explosives must be authorized by the Military Industries Department.
19. Decree No. 2.001/36: an authorization by the Ministry of Public Health and Social Welfare is required for the import of medicines, beauty and sanitary products, medical and orthodontological instruments.
20. Decree No. 4.522/90 lays down a timetable for the import of potatoes, fresh or refrigerated tomatoes, onions, garlic, oranges, mandarins, melons and water melons.
21. Law No. 1.356 requires the submission of a plant health certificate issued by the Ministry of Agriculture and Livestock for the import of seeds, plants, live animals, fruit, etc.
22. Decree No. 3.265 of 1 October 1989 prohibits the production, import, marketing, and utilization of hormonal substances for the fattening of animals for human consumption.
23. Resolution No. 400 of 23 August 1989, in which the Ministry of Agriculture and Livestock lays down health and hygiene standards for the import of beef for domestic consumption.

24. Law No. 494 of 10 May 1921 on animal health regulations specifies health criteria for the import of animals and products of animal origin.
25. Decree No. 7.816 of 25 September 1969 prohibits the import of slaughtered poultry.
26. Decision by the Ministry of Agriculture and Livestock prohibiting the import and commercial use of chloramphenicol.
27. Law No. 881/81 requires the submission of a certificate of analysis from the Municipal Chemicals Office for the import of products for consumption.

Remarks

The following are charges or duties with effects equivalent to tariffs but which are not tariff restrictions:

- Law 69/68 establishes a tax on the sale of imported goods;
- Law 489/74 establishes a charge of 0.50 per cent of the import value;
- Law No. 1.663/88 (Article 4) establishes a charge of 0.25 per cent of the amount for handling imports;
- Law No. 48/89 provides for domestic taxes on imports.

The charges or duties with effects equivalent to tariffs but which are not tariff restrictions have been eliminated by the tax reform law recently adopted by Parliament as Law 90/91. They will be replaced by VAT, which will enter into force in June 1992.

URUGUAY

Complementary notes

Without prejudice to existing regulations concerning packaging and labelling, marks of origin, technical and quality standards and the measures set out in Article 50 of the Treaty of Montevideo, the import of products included in the trade liberalization programme is governed by the following special conditions:

1. Law No. 8.764 of 15 October 1931 gives the State, through the National Administration for Fuel, Alcohol and Cement (ANCAP), the exclusive right to:
 - (a) Import, export, manufacture, modify, denature and sell alcohol, as well as national fuel in the whole of Uruguay. This provision covers all or some distilled alcoholic drinks when ANCAP deems it necessary;
 - (b) The import and refining of crude oil and its products in the whole of Uruguay;
 - (c) The import and export of liquid, semi-liquid and gaseous fuel, in any state and composition, when the State's refineries produce at least 50 per cent of the gasoline consumed in Uruguay.

2. The import of armed vehicles is subject to prior authorization and compensatory exports (Decrees Nos. 232/980 of 24 April 1980, 152/985 of 18 April 1985 and amendments thereto).
3. The import of kits for the assembly of vehicles is subject to the compensatory export and national integration regimes - which are mutually replaceable - in conformity with the provisions in Decrees Nos. 128/70 of 13 January 1970, 152/985 of 18 April 1985 and amendments thereto.
4. The import of chassis and bodies for automobiles, except for cabins, is restricted to automobile assembly industries (Decrees Nos. 128/970 of 13 March 1970, 494/990 of 20 October 1990, enacted by decree on 12 November 1991).
5. The import of used motorcycles, motorized bicycles, their parts, spare parts and accessories is prohibited. (Decree No. 583/990, enacted by decree on 12 November 1991).
6. The Decree of 4 July 1991 only liberalizes the marketing of imported wines in their original containers not exceeding one litre capacity, without any alteration of the trade mark or category.
7. Decrees 171/991 of 20 March 1991: the import of wheat is subject to prior issue of the relevant licences by the Ministry of Livestock, Agriculture and Fisheries.
8. The Executive is empowered to establish minimum export prices or reference prices for imports when these are not consistent with what are considered normal international prices or when this is due to or might cause serious prejudice to a production activity in Uruguay (Decrees Nos. 787/979 of 31 December 1979, 523/990 of 14 November 1990, 465/91 of 30 August 1991, and like provisions).

ANNEX II

Reply to Question 2.2

MERCOSUR, Decision No. 9/93 of the Council of the Common Market.

Taking into account Article 10 of the Treaty of Asunción, Decisions Nos. 1/92 and 1/93 of the Council of the Common Market, and Resolution No. 77/93 of the Common Market Group,

Considering that it is necessary to make adjustments to the Las Leñas timetable of measures in the light of the activities being undertaken.

Article 1 The timetable of measures (Coordination of Macroeconomic, Sectoral and Institutional Policies) to be adopted before 31 December 1994 should be modified so as to ensure total fulfilment of the objectives laid down in the Treaty of Asunción for the transitional period, in accordance with the Annex to this Decision;

Article 2 The dates fixed in this timetable may only be amended by a decision of the Common Market Group. Under no circumstances may they be extended for more than three months nor exceed the date of 31 December 1994;

Article 3 In cases where the timetable refers to the implementation of measures, it means the taking of a decision through the relevant legal act in each of the States Parties or by the Council of the Common Market or by the Common Market Group, whichever is appropriate.

SUBGROUP 1: TRADE ISSUES

	<u>Date</u>
1. <u>Regulations on protection against imports which are the subject of "dumping" or subsidies by countries not members of MERCOSUR</u>	
1.1 Review of the draft regulations by each country	July 1992
1.2 Discussion of the draft regulations	August 1992
1.3 Preparation of the final text of the regulations	September 1992
1.4 Submission to the Common Market Group (CMG) for consideration and implementation	October 1992
2. <u>Joint safeguards policy</u>	
2.1 Submission of national proposals	December 1992
2.2 Discussion and harmonization of the proposals	March 1993
2.3 Appraisal and consideration of the draft in each country	June 1993
2.4 Discussion of the draft	September 1993
2.5 Preparation of the final draft of the regulations	December 1993
2.6 Internal appraisal of the final draft	February 1994
2.7 Discussion of the final draft	March 1994
2.8 Submission to the CMG for consideration and implementation	June 1994
3. <u>Special customs regimes¹</u>	
3.1 Comparison of the existing legislation in the draw-back/temporary admission and other regimes	December 1992
3.2 Identification of inconsistencies in the legislation	June 1993
3.3 Preparation of a proposal on basic criteria and parameters to guide the policy on special customs regimes	March 1994
3.4 Appraisal of the proposal in each country	June 1994
3.5 Preparation of the final document	August 1994
3.6 Submission to the CMG for consideration and implementation	September 1994
4. <u>System and instruments for the promotion and encouragement of exports</u>	
4.1 Identification of the various instruments, particularly those of a fiscal and financial nature, including aspects related to export credit insurance	December 1992
4.2 Comparison of national legislation and identification of inconsistencies	December 1992
4.3 Preparation of basic criteria to guide the export incentive policy	September 1993
4.4 Discussion of the criteria submitted	December 1993
4.5 Preparation of the final document	March 1994
4.6 Submission to the CMG for consideration and implementation	April 1994

¹The time-limits have to be harmonized with Subgroup 2. At the same time, notifications should be submitted twice a year in advance.

5. Common nomenclature
 - 5.1 Definition for the fractionation of tariffs taking the harmonized system in the LAIA nomenclature as a basis July 1992
 - 5.2 Appraisal of criteria by each country September 1992
 - 5.3 Preparation and discussion of a joint proposal August 1993
 - 5.4 Submission to the CMG for consideration and implementation December 1993
 - 5.5 Submission to the Subgroup 10 in order to determine the external tariff December 1993
 - 5.6 Follow-up, adaptation and revision of the draft common nomenclature December 1994
6. Administrative regulations for imports and exports
 - 6.1 Exchange of existing regulations June 1993
 - 6.2 Comparison of the various regulations September 1993
 - 6.3 Identification of inconsistencies December 1993
 - 6.4 Preparation of joint administrative regulations June 1994
 - 6.5 Submission to the CMG for consideration and implementation July 1994
7. Impact of non-tariff restrictions (NTRs) on regional trade with a view to their elimination
 - 7.1 Inventory of existing NTRs in each country August 1992
 - 7.2 Classification of NTRs according to type October 1992
 - 7.3 Timetable for the gradual elimination of NTRs November 1992
 - 7.4 Submission of the agreed timetable to the CMG for consideration and implementation December 1992
8. Free zones and export processing zones, special customs areas
 - 8.1 Exchange of legislation October 1992
 - 8.2 Review of inconsistencies March 1993
 - 8.3 Review of the treatment to be granted to products originating in these areas June 1993
 - 8.4 Preparation of a common procedure March 1994
 - 8.5 Submission to the CMG for consideration and implementation June 1994
9. Agreements on the exchange of statistical information on foreign trade
 - 9.1 Identification of the competent bodies for supplying data in each country July 1992
 - 9.2 Definition of the formats and timetable for presentation September 1992
 - 9.3 Schedule for the exchange of information September 1992
 - 9.4 Submission of the agreed schedule to the CMG for consideration and implementation October 1992
 - 9.5 Methodological revision and harmonization of concepts used in the preparation of foreign trade statistics December 1993
 - 9.6 Review of the possibility of linking up databases June 1994

- | | | |
|------|--|----------------|
| 10. | <u>Appraisal of bilateral agreements signed with third countries</u> | |
| 10.1 | Identification of agreements | September 1992 |
| 10.2 | Study of the impact of these agreements on the integration process | March 1993 |
| 10.3 | Submission of the results to the CMG for consideration and implementation | April 1993 |
| 11. | <u>Rules of origin</u> | |
| 11.1 | Identification of criteria in economic integration processes and in the context of GATT negotiations | December 1993 |
| 11.2 | Preparation of basic criteria | March 1994 |
| 11.3 | Submission of recommendations and proposals to the CMG | April 1994 |

SUBGROUP 2: CUSTOMS ISSUES

- | | | |
|-----|---|---------------|
| | | <u>Date</u> |
| 1. | <u>Preparation of a MERCOSUR glossary</u> | |
| 1.1 | Exchange of information on terms and concepts | July 1992 |
| 1.2 | Comparison of customs terms and identification of inconsistencies | October 1992 |
| 1.3 | Preparation of a MERCOSUR glossary | November 1992 |
| 1.4 | Submission to the CMG for consideration and implementation | December 1992 |
| 2. | <u>Harmonization of legislation</u> | |
| 2.1 | Exchange of customs legislation | |
| | 2.1.1 Comparison of legislation and identification of inconsistencies | June 1994 |
| | 2.1.2 Drafting of basic transitional legislation on internal relations and relations with other countries | December 1994 |
| | 2.1.3 Drafting of MERCOSUR basic customs legislation | March 1994 |
| | 2.1.4 Submission to the CMG for consideration and implementation | June 1994 |
| 2.2 | Exchange of customs legislation on frontier treatment related to tourism | |
| | 2.2.1 Comparison of legislation and identification of inconsistencies | June 1994 |
| | 2.2.2 Drafting of basic transitional legislation on internal relations in member countries and relations with third parties | March 1994 |
| | 2.2.3 Submission to the CMG for consideration and implementation | June 1994 |
| 3. | <u>Computerized control</u> | |
| 3.1 | Definition of a codification structure for the unified customs nomenclature for goods | December 1992 |
| 3.2 | Definition of customs units with the relevant priorities for integration | December 1992 |
| 3.3 | Definition of information on customs transit, import and export to be exchanged and the time when it should be received | August 1993 |
| 3.4 | Definition of tables (unified or harmonization of codes) | August 1993 |
| 3.5 | Implementation of code tables (unified or harmonized) | November 1993 |

3.6	Establishment of exchange registers	November 1993
3.7	Implementation of exchange of information on customs transit, import and export in the form of files	September 1994
3.8	Standardization of cargo manifests and bills of lading	March 1994
3.9	Adoption and implementation in member countries of the standardized cargo manifests and bills of lading	December 1994
3.10	Definition of protocols of communication	December 1994
3.11	Implementation of the pilot project	December 1994
3.12	Implementation of protocols of communication	December 1994
3.13	Adaptation of the infrastructure necessary for the integration of each of the customs units	December 1994
3.14	Final implementation of the project	December 1994
4.	<u>Coordination of the classification of goods</u>	
4.1	Exchange and comparison of regulations on classification and identification of inconsistencies	August 1993
4.2	Drafting of a harmonized transitional regulation for the classification of goods	August 1993
4.3	Submission to the CMG for consideration and implementation	September 1993
4.4	Drafting of a MERCOSUR classification standard	November 1993
4.5	Submission to the CMG for consideration and implementation	December 1993
4.6	Harmonization of classification criteria	December 1994
5.	<u>Simplification at the frontier</u>	
5.1	Establishment of the international cargo manifest/customs transit declaration (MIC/DTA)	
5.1.1	Negotiation and establishment of the MIC/DTA for other forms of transport	June 1994
5.1.2	Preparation of regulations for the establishment of the MIC/DTA for other types of transport	June 1994
5.1.3	Submission to the CMG for consideration and implementation	September 1994
5.1.4	Establishment of the MIC/DTA for other forms of transport	December 1994
5.2	Implementation of the universal system for sealing	
5.2.1	Exchange of information on sealing systems	September 1992
5.2.2	Implementation of the system of mutual recognition of seals by member States	December 1992
5.3	Implementation of integrated frontier control	
5.3.1	Meeting of customs administrators	September 1992
5.3.2	Definition by member countries of the aspects to be integrated	September 1992
5.3.3	Bilateral negotiations, item by item, to define criteria for customs integration	June 1994
5.3.4	Regulations on exercising tax activities in the territory of other countries	June 1994
5.3.5	Submission to the CMG for consideration and implementation	October 1994

- | | | |
|-------|--|----------------|
| 5.4 | Implementation of 24-hour opening of customs posts | |
| 5.4.1 | Meeting of customs administrators | December 1992 |
| 5.4.2 | Definition with member countries of the customs posts that will be open continuously | June 1993 |
| 5.4.3 | Bilateral negotiations, item by item, defining the conditions for their operation | June 1994 |
| 5.4.4 | Submission of proposals on the adaptation of physical installations with a view to their operation | March 1994 |
| 5.4.5 | Submission to the CMG for consideration and implementation | December 1994 |
| 6. | <u>Customs valuation</u> | |
| | Implementation of a common customs valuation system for imports | |
| 6.1 | Review and appraisal of the current situation | September 1992 |
| 6.2 | Definition of a common system | December 1993 |
| 6.3 | Preparation of relevant legislation | June 1994 |
| 6.4 | Creation of the necessary support measures for the application of the common system | June 1994 |
| 6.5 | Submission to the CMG for consideration and implementation | September 1994 |
| 7. | <u>Customs training</u> | |
| 7.1 | Holding of a MERCOSUR information seminar | December 1992 |
| 7.2 | Preparation of a MERCOSUR training programme | June 1994 |
| 8. | <u>Migration control</u> | |
| 8.1 | Exchange of migration legislation related to border controls | November 1992 |
| 8.2 | Implementation of integrated border posts | June 1994 |
| 8.3 | Harmonization of migration legislation related to border controls | June 1994 |
| 8.4 | Border code of procedure | June 1994 |
| 8.5 | Computerized monitoring system | June 1994 |
| 8.6 | Creation of a single travel document | June 1994 |
| 9. | <u>Plant and animal health control</u> | |
| 9.1 | Implementation of a pilot project for a unified plant health inspection service | June 1994 |
| 9.2 | Assessment of the controls established | September 1994 |
| 10. | <u>Agencies working at border crossings</u> | |
| 10.1 | Coordination of working hours at border crossings | June 1994 |

SUBGROUP 3: TECHNICAL STANDARDS

	<u>Date</u>
1. <u>Information procedures among countries regarding technical standards and regulations</u>	
<u>Updating</u>	November 1994
2. <u>Technical standards, voluntary framework (MERCOSUR)</u> <u>Standardization Committee: Argentine Institute of Standards (IRAM),</u> <u>Brazilian Technical Standards Association (ABNT), National</u> <u>Technology and Standardization Institute (INTN), and Uruguayan</u> <u>Technical Standards Institute (UNIT)</u>	
2.1 Harmonization of 90 standards	December 1992
2.2 Harmonization of 62 standards	April 1994
2.3 Harmonization of 60 standards	August 1994
2.4 Harmonization of 84 standards	November 1994
3. <u>Acceptance of values and limits for the contents of pre-packaged</u> <u>industrialized products, in accordance with their marketing in the four</u> <u>countries, except for those which are being harmonized up until</u> <u>December 1994, time-limit envisaged for total harmonization</u>	June 1992
4. <u>Net contents of packaged products and limits</u>	
4.1 Systems for limits and sampling of packaged products	September 1992
4.1.1 Definition of a working procedure for the implementation of limits and sampling	March 1994
4.1.2 Preparation of tables defining sampling and limits	June 1994
4.1.3 Preparation of a draft recommendation	September 1994
4.1.4 Submission of the draft to the CMG	November 1994
4.2 Standardization of the contents of packaged products	November 1992
4.3 Submission of the final proposal to the CMG for consideration and approval	June 1993
4.4 Harmonization of the net contents of food products	
4.4.1 Net contents	September 1993
4.4.2 Discussion	December 1993
4.4.3 Harmonization and submission to the CMG	March 1994
4.5 Harmonization of the net contents of cleaning products	
4.5.1 Proposal on net contents	June 1993
4.5.2 Discussion	June 1993
4.5.3 Methodology	September 1994
4.5.4 Harmonization and submission to the CMG	November 1994
4.6 Harmonization of the net contents of sanitary and toilet products	
4.6.1 Proposal on net contents and containers	September 1993

4.6.2	Discussion	December 1993
4.6.3	Harmonization and submission to the CMG	June 1994
4.7	Harmonization of the net contents of other products	
4.7.1	Proposal	March 1994
4.7.2	Discussion	June 1994
4.7.3	Harmonization and submission to the CMG	September 1994
5.	<u>Ingredients and food additives</u>	
5.1	Review by member countries of the proposals submitted	September 1992
5.2	Discussion of the proposals	September 1992
5.3	Classification of foodstuffs by subcategory	March 1994
5.4	Positive list of food additives	December 1993
5.5	Preparation of the final proposal	June 1994
5.6	Submission of the final proposal to the CMG for consideration and implementation	September 1994
5.7	Final preparation of the positive list of food additives	November 1994
6.	<u>Food register</u>	
6.1	Review by member countries of the proposals submitted	September 1992
6.2	Discussion of the proposals	September 1992
6.3	Harmonization of authorization procedures	September 1993
6.4	Discussion of inspection control and certification methods	March 1994
6.5	Preparation of the final proposal	September 1994
6.6	Submission of the proposed recommendation to the CMG	November 1994
7.	<u>Sales description, identity and quality standards</u>	
7.1	Submission of methodologies for setting identity and quality standards for processed food products	August 1992
7.2	Discussion of the proposals submitted and preparation of the common methodology	September 1992
7.3	Identification of priority products and proposal on setting identity and quality standards	September 1992
7.4	Identification of priorities earmarked by Subgroups 7 and 8	November 1993
7.5	Discussion of proposals submitted for other products indicated by Subgroup 8	June 1994
7.6	Preparation of proposals	September 1994
7.7	Submission of the proposed recommendation to the CMG	November 1994
8.	<u>Contaminants</u>	
8.1	Review by member countries of the proposals made	October 1992
8.2	Discussion of the proposals	November 1992
8.3	Pesticide residues:	
	- Presentation of the situation in each member State and comparative study	April 1993
	- Preparation of a harmonized proposal	March 1994

	- Submission of the final proposal to the CMG for consideration and implementation	June 1994
8.4	Residues of products for veterinary use:	
	- Elaboration of a glossary of terms	September 1993
	- Endorsement of analytical methods	March 1994
	- Harmonized regulations	March 1994
	- Submission of the final proposal to the CMG for consideration and implementation	June 1994
8.5	Mycotoxins	
	- Harmonization proposals	March 1994
	- Preparation of harmonized proposal	June 1994
	- Submission of the final proposal to the CMG for consideration and implementation	September 1994
8.6	Inorganic contaminants:	
	- Discussion of proposal for the harmonization of horizontal standards	March 1994
	- Preparation of a harmonized proposal	September 1994
	- Submission of final proposal to the CMG for consideration and implementation	November 1994
9.	<u>Beverages</u>	
9.1	Comparative analysis and continued preparation of proposals	November 1993
9.2	Continued of elaboration of proposals	March 1994
9.3	Preparation of final document	June 1994
9.4	Submission to the CMG for consideration	September 1994
10.	<u>Labelling of enriched or dietetic foodstuffs for special diets or medicinal use</u>	
10.1	Review by member countries of the proposals submitted	March 1994
10.2	Discussion of the proposals	June 1994
10.3	Preparation of the final proposal	November 1994
10.4	Submission of the final proposal to the CMG for consideration and implementation	November 1994
11.	<u>Microbiological and microscopic standards</u>	
11.1	Review by member countries of the proposals submitted	October 1992
11.2	Discussion of the proposals	November 1992
11.3	Preparation of the final proposal	June 1993
11.4	Submission of the final proposal to the CMG for consideration and implementation	September 1993
11.5	Discussion of horizontal standardization proposals	November 1993
11.6	Preparation of the final proposal	June 1994
11.7	Submission of the final proposal to the CMG for consideration and implementation	November 1994
12.	<u>Containers and material in contact with foodstuffs</u>	
	Harmonization of regulations on:	
12.1	General provisions	September 1992

12.2	Classification of foodstuffs and choice of equivalent	June 1992
12.3	Test of total migration and limits	September 1992
12.4	Positive list with restrictions on use and limits:	
	- Resins and polymers	November 1993
	- Additives	November 1994
12.5	Tests of specific migration	November 1994
12.6	Pigments	November 1992
12.7	Determination of heavy metals and arsenic in global migration residues	June 1993
12.8	Tests of total migration, olive oil method	June 1994
12.9	Returnable containers	June 1993
12.10	Complementary tests for containers for mineral and table waters	November 1994
12.11	Polymer coatings	March 1993
12.12	Compounds which form film	November 1994
12.13	Glass and ceramics:	
	- Scope and regulations	September 1992
	- Type of material	September 1992
	- Tests of total migration	November 1992
12.14	Elastomers and rubber:	
	- General provisions	September 1994
	- Positive list with restrictions on use and limits	November 1994
	- Migration tests	November 1994
12.15	Paper and cardboard:	
	Review of general conditions*	December 1993
	- Submission of the technical regulations of the general provisions to the CMG	March 1994
	- Discussion of migration tests and positive lists with restrictions on use and the limits	June 1994
	- Preparation of final proposal	September 1994
	- Submission of proposed recommendation to the CMG	November 1994
12.16	Regenerated cellulose:	
	- General provisions	March 1994
	- Positive list with restrictions on use and limits	September 1994
	- Migration tests	November 1994
12.17	Other materials	November 1994
13.	<u>Health products</u>	
	Harmonization of regulations on:	
13.1	Large volume parenteral solutions	March 1994
13.2	Protocol of inspection for establishments in the pharmaceutical industry	November 1992
13.3	Register of pharmaceutical products	June 1994
13.4	Submission of the final proposal to the CMG for consideration and implementation	June 1994
13.5	Joint training activities for inspectors	November 1994
13.6	Pharmaceuticals:	

*Completed

	- Good manufacturing practice	November 1993
	- Inspection guide	November 1993
	- Authorization for the functioning of pharmaceutical plants	November 1993
13.7	Harmonization of non-tariff restrictions related to health products:	
	- Identification of priorities	March 1994
	- Discussion of proposals	September 1994
	- Submission of the final proposal to the CMG for consideration and implementation	November 1994
14.	<u>Automobile industry</u>	
14.1	Harmonization of technical regulations	November 1994
14.2	Accreditation of test laboratories	November 1994
14.3	Procedures for the certification of vehicles	March 1994
	Harmonization of regulations on:	
14.4	Braking systems	November 1994
14.5	Safety glass	November 1992
14.6	Stamp of approval for glass	November 1994
14.7	Tyres, wheels and rims	November 1992
14.8	Stamps of approval for tyres, wheels and rims	November 1994
14.9	Diesel vehicle emission	November 1993
14.10	Reference fuels	March 1994
14.11	Lubricants	November 1992
14.12	Noise	November 1993
14.13	Translation of harmonized technical regulations	July 1994
14.14	Technical standards for urban, medium- and long- distance buses	September 1994
14.15	Safety-related devices for certification	November 1994
15.	<u>Legal metrology: Instruments</u>	
	Harmonization of regulations on:	
15.1	Material measures for longitude	November 1992
15.2	Approval of model instruments for metering and for material measures	June 1994
	Harmonization of regulations on:	
15.3	Weighing machines:	
	- Presentation of proposal and discussion	March 1994
	- Harmonization	June 1994
15.4	Quantities:	
	- Presentation of proposal and discussion	March 1994
	- Harmonization	June 1994
15.5	Taximeters:	
	- Presentation of proposal and discussion	June 1993
	- Harmonization	September 1993
15.6	Clinical thermometers:	
	- Presentation of proposal and discussion	June 1993
	- Harmonization	December 1993

- | | | |
|------|---|-----------------------------|
| 15.7 | Capacity measures:
- Presentation of proposal and discussion
- Harmonization | March 1994
June 1994 |
| 15.8 | Water meters:
- Presentation of proposal and discussion
- Harmonization | April 1994
November 1994 |
| 15.9 | Fuel pumps (pumps for measuring fuel):
- Submission of proposal and discussion
- Harmonization | March 1994
June 1994 |
| 16. | <u>Telecommunications</u> | |
| 16.1 | Interconnecting systems in neighbouring zones

Harmonization of regulations on: | September 1993 |
| 16.2 | Public telecommunications networks | November 1994 |
| | 16.2.1 Interconnection of networks in MERCOSUR countries
- Technical regulations on systems for: | |
| 16.3 | Radiocommunications | June 1994 |
| | 16.3.1 Frequency planning
16.3.2 Management of the radioelectric spectrum | |
| 16.4 | Sound and television broadcasting | June 1994 |
| | 16.4.1 General procedures for coordination in the broadcasting sector | |
| 16.5 | Regulation of new technologies | November 1993 |
| 16.6 | Broadcasting of sound and related pictures | June 1994 |
| 17. | <u>Industrial quality</u> | |
| 17.1 | Agreement on harmonization and recognition of certification and testing structures | November 1994 |
| 17.2 | Activities for the implementation of mutual recognition | 1992/1994 |
| 17.3 | On-going technical assistance in the area of certification to MERCOSUR subgroups and committees | 1992/1994 |
| 17.4 | Agreement on the system for certifying quality inspectors | November 1994 |
| 17.5 | Agreement on the conditions for mutual recognition of structures for certification, accreditation of laboratories and inspection bodies | November 1994 |
| 17.6 | Bases for the preparation of a single list of enterprises certified by the certification structures of the MERCOSUR countries | November 1994 |
| 18. | <u>Scientific and industrial metrology</u> | |
| 18.1 | Comparison of standards for units of measurement in the international system | 1992/1994 |

18.2	Broadening of the technical capacity of MERCOSUR countries by complementing the present systems	1992/1994
18.3	Mutual recognition of calibration services	November 1994
18.4	Calibration services provided by MERCOSUR countries eligible for recognition by the European Community	November 1994
19.	<u>Toys</u>	
19.1	Review and recommendation of the proposal on safety for toys and games	September 1992
20.	<u>Veterinary products</u>	
20.1	Analytical reference centres	March 1994
20.2	Catalogue of quality levels for veterinary products	September 1994
20.3	Complementary regulations for the control of activity	September 1994

SUBGROUP 4: FISCAL AND MONETARY POLICIES RELATING TO TRADE

		<u>Date</u>
1.	<u>Foreign exchange regime</u>	
1.1	Reciprocal payment and credit agreement (CPCR): Option on the utilization of national currency or the US\$ as the currency of repayment	
1.1.1	Preparation of proposal	September 1992
1.1.2	Submission to the CMG for consideration and implementation	December 1992
1.2	CPCR: Discount of futures documents among member countries of LAIA	
1.2.1	Preparation of proposal on unification of criteria	September 1992
1.2.2	Submission to the CMG for consideration and implementation	December 1992
1.3	CPCR: Mandatory payments	
1.3.1	Preparation of proposal on the elimination of the mandatory nature	September 1992
1.3.2	Submission to the CMG for consideration and implementation	December 1992
1.4	Foreign currency operations:	
	- Regime for foreign currency deposits by residents and non-residents	
	- Swap operations in foreign currency	
1.4.1	Preparation of documents	March 1993
1.4.2	Review of proposals	June 1993
1.4.3	Preparation of final proposal	March 1994
1.4.4	Submission to the CMG for consideration and implementation	March 1994

- | | | |
|--------|---|----------------|
| 1.5 | Import financing registration | |
| 1.5.1 | Preparation of documents on making registration more flexible and eliminating it | December 1993 |
| 1.5.2 | Review of proposals | March 1994 |
| 1.5.3 | Preparation of final proposal | June 1994 |
| 1.5.4 | Submission to the CMG for consideration and implementation | June 1994 |
| 1.6 | Movement of notes and travellers' cheques | |
| 1.6.1 | Preparation of proposals on liberalization of the limits on their use | December 1992 |
| 1.6.2 | Review of proposals | March 1993 |
| 1.6.3 | Submission to the CMG for consideration and implementation | June 1993 |
| 1.7 | Capital/investment movement | |
| 1.7.1 | Preparation of proposals on making the restrictions more flexible and eliminating them | March 1993 |
| 1.7.2 | Review of proposals | June 1993 |
| 1.7.3 | Preparation of final proposal | December 1993 |
| 1.7.4 | Submission to the CMG for consideration and implementation | March 1994 |
| 1.8 | Entry and negotiation of foreign currency | |
| 1.8.1 | Preparation of proposals on making the restrictions more flexible and to eliminate them | March 1994 |
| 1.8.2 | Review of proposals | June 1994 |
| 1.8.3 | Preparation of final proposal | September 1994 |
| 1.8.4 | Submission to the CMG for consideration and implementation | September 1994 |
| 1.9 | Liberalization of the exchange market | |
| 1.9.1 | Preparation of proposals on unification of criteria | March 1994 |
| 1.9.2 | Review of proposals | June 1994 |
| 1.9.3 | Preparation of final proposal | September 1994 |
| 1.9.4 | Submission to the CMG for consideration and implementation | September 1994 |
| 1.10 | Follow-up of trends in exchange systems: | |
| | - Terms of reference for the study of operations in regional currencies | |
| | - Terms of reference for carrying out studies on the methodology of coordination of exchange parities | |
| 1.10.1 | Identification and preparation of documents | December 1992 |
| 1.10.2 | Review of proposals | March 1993 |
| 1.10.3 | Preparation of final proposal | June 1993 |
| 1.10.4 | Submission to the CMG for consideration and implementation | June 1993 |

1.11 Follow-up of trends in exchange systems:

- System for the exchange of information on exchange rates
- Alternative methodologies for the coordination of exchange parities

1.11.1 Identification and preparation of documents	December 1993
1.11.2 Review of the alternatives	March 1994
1.11.3 Submission to Subgroup 10 for consideration	April 1994

2. Capital markets

2.1 Investment regime on stock markets:

- Fiscal regime
- Brokers and broking firms
- Requirements for offering shares to the public
- Brokerage commission
- Operations
- Inflow and outflow of capital
- Characteristics of shares
- Currency of issue and quotation
- Regulations on market control and transparency

2.1.1 Identification of inconsistencies	December 1992
2.1.2 Preparation of documents on the unification of criteria, making more flexible and/or eliminating restrictions	March 1993
2.1.3 Review of proposals	June 1993
2.1.4 Preparation of final document	December 1993
2.1.5 Submission to the CMG for consideration and implementation	March 1994

2.2 Standardization of information for the stock market:

- Submission of accounts
- Common investment funds
- Classification of risk for publicly available bonds

2.2.1 Identification of inconsistencies	March 1994
2.2.2 Preparation of documents for the unification of criteria, making more flexible and/or eliminating restrictions	June 1994
2.2.3 Review of proposals	September 1994
2.2.4 Preparation of final document and submission to the CMG for appraisal and implementation	December 1994

3. Financial system

3.1 Identification of inconsistencies	September 1992
3.2 Preparation of proposals	June 1993
3.3 Review of proposals	March 1994
3.4 Preparation of final document	June 1994
3.5 Submission to the CMG for appraisal and implementation	June 1994

SUBGROUP 5: INLAND TRANSPORT

	<u>Date</u>
1. <u>Inland freight transport by road</u>	
1.1 Finalization of pending bilateral negotiations on the total elimination of standing and flexible quotas among members of MERCOSUR	March 1994
1.2 Harmonization of regulations on the transport of dangerous goods	
1.2.1 Technical meeting to define differences in the common bases	July 1992
1.2.2 Preparation of draft common multilateral regulations in the field	December 1993
1.2.3 Submission to the CMG for consideration and implementation	March 1994
2. <u>Inland passenger transport by road</u>	
2.1 Review of existing regulations in States Parties	1992/1994
2.2 Proposals on measures for integration of this sector	December 1993
2.3 Submission to the CMG for consideration and implementation	March 1994
3. <u>Rail transport</u>	
3.1 Identification of the advantages of direct transport between freight terminals	December 1992
3.2 Proposals on incentives for direct transport between freight terminals	September 1993
3.3 Harmonization of regulations on the transport of dangerous goods by rail	December 1993
3.4 Facilitation and simplification of customs documents for freight transport by rail	December 1992
3.5 Establishment of limits for weights and measures for bulk rail freight	March 1993
4. <u>Labour regime for motor transport and requirements for driving vehicles</u> (derived from the conclusions of the work of Subgroup 11)*	
5. <u>Multimodal transport</u> (in conjunction with Subgroup 6)	
5.1 Submission of proposals	July 1992
5.2 Internal appraisal	October 1992
5.3 Discussion and preparation of a joint proposal	September 1993
5.4 Submission to the CMG for consideration and implementation	March 1994

*To be completed within three months following submission by Subgroup 11 of the conclusions corresponding to item 7 of its timetable.

SUBGROUP 6: MARITIME TRANSPORT

	<u>Date</u>
1. <u>Multilateral agreement on transport by water</u>	
1.1 Review of existing bilateral agreements	July 1992
1.2 Preparation and discussion of a multilateral proposal	
1.2.1 Review and proposals on dealing with national coastal traffic	April 1994
1.2.2 Review and proposals on dealing with traffic among member States	April 1994
1.2.3 Review and proposals on dealing with traffic to and from third countries	April 1994
1.3 Study of the proposal at the country level	June 1994
1.4 Standardization of statistics on regional maritime traffic	June 1994
1.5 Preparation of the final text of the agreement	September 1994
1.6 Submission to the CMG for consideration and implementation	October 1994
2. <u>Joint register of ships</u>	
2.1 Appraisal of national drafts	July 1992
2.2 Comparison of existing domestic legislation. Updating	November 1993
2.3 Internal appraisal. Updating	March 1994
2.4 Preparation of the final document	September 1994
2.5 Submission to the CMG	October 1994
3. <u>Multimodal transport</u>	
3.1 Presentation of proposals	July 1992
3.2 Internal appraisal	October 1992
3.3 Discussion and preparation of a joint proposal	July 1993
3.4 Submission to the CMG for consideration and implementation	March 1994
4. <u>Labour regime for maritime and river transport</u> (on the basis of work in Subgroup 11)*	
5. <u>Ports and inland waterways</u>	
5.1 Comparison of legislation of the States Parties. Comparison	March 1994
5.2 Identification and evaluation of inconsistencies	June 1994
5.3 Submission to the CMG	September 1994

*To be completed within three months following submission by Subgroup 11 of the conclusions corresponding to item 7 of its timetable.

SUBGROUP 7: INDUSTRIAL AND TECHNOLOGICAL POLICY

	<u>Date</u>
1. <u>Harmonization of regional or sectoral promotion and industrial redevelopment policies</u>	
1.1 Industrial promotion	
1.1.1 Survey of national and/or provincial legislation of the four countries at the national and provincial levels and access to MERCOSUR assets for government procurement and international tenders	September 1992
1.1.2 Review of inconsistencies	March 1993
1.1.3 Preparation of a proposal on dealing with this issue	June 1993
1.1.4 Discussion of proposals on the review of inconsistencies	July 1993
1.1.5 Assessment of the methodology for comparing the results of the pilot project	September 1993
1.1.6 Submission to the CMG of the conclusions on harmonization of promotional regulations for discussion in Subgroups 1 and 10	March 1994
1.1.7 Discussion of the final document taking into account the work of Subgroups 1 and 10 on taxes which affect foreign trade and mechanisms for the repayment of indirect taxes	June 1994
1.1.8 Submission of the final document to the CMG	September 1994
1.2 Industrial redevelopment	
1.2.1 Preparation of an initial proposal on dealing with this issue	November 1993
1.2.2 Discussion of the guidelines for action resulting from the proposal	March 1994
1.2.3 Preparation of the final document	June 1994
1.2.4 Submission to the CMG for appraisal	September 1994
2. <u>Technological policy</u>	
2.1 Consideration of the following information:	
2.1.1 Industrial property laws, laws on the transfer of technology	December 1992
2.1.2 Conditions for the interrelationship between the technological and production systems	June 1993
2.1.3 Technological information systems. Identification of existing systems. Definition of methodology and sectoral definition for the pilot project	September 1993
2.2 Identification of inconsistencies in the regulations which could hinder the process of integration and cooperation	November 1993
2.3 Definition of a methodology for overcoming the obstacles identified in item 2.2 and any future obstacles. Evaluation of the pilot project in item 2.1.3, preparation of a programme to extend it to chosen sectors and interrelationship with the results of the special meeting on science and technology	March 1994
2.4 Review of the inconsistencies in the regulations which might constitute obstacles to the integration and cooperation process, on the	

	basis of the methodology defined in item 2.3. Definition of a model for a MERCOSUR technological information system	June 1994
2.5	Preparation of a proposal to overcome the obstacles based on the conclusions under item 2.4 and submission to the CMG. Study of a project for the installation, regular, updating and follow-up of the MERCOSUR technological information system	September 1994
2.6	Final preparation of the project mentioned in item 2.5 and submission to the CMG	November 1994
3.	<u>Harmonization of environmental legislation</u>	
3.1	Survey of federal, state, provincial and departmental legislation in the four countries and the degree of effective implementation	September 1993
3.2	Review of inconsistencies	March 1994
3.3	Preparation of proposals for dealing with this issue	March 1994
3.4	Discussion of the proposal	June 1994
3.5	Preparation of the final document	September 1994
3.6	Submission to the CMG for consideration and implementation	November 1994
4.	<u>Cooperation on quality and productivity</u>	
4.1	Identification of programmes and activities related to quality and productivity	December 1992
4.2	Review of inconsistencies and adaptation to international parameters	March 1993
4.3	Preparation of a proposal and preliminary functioning of a MERCOSUR cooperation programme on quality and productivity	September 1993
4.4	Submission of the programme to the CMG for consideration and implementation	December 1993
5.	<u>Policy for microenterprises and small-scale and medium-scale enterprises</u>	
5.1	Definition of microenterprises, small-scale and medium-scale enterprises within the framework of MERCOSUR	December 1992
5.2	Preparation of policy proposals	July 1993
5.3	Discussion of proposals	October 1993
5.4	Preparation of the final document	December 1993
5.5	Submission to the CMG for consideration and implementation	December 1993
5.6	Survey and harmonization of policies and instruments in the sector	September 1993
5.7	Review and submission of proposals for the harmonization of policies and instruments	March 1994
5.8	Preparation of a final document	June 1994
5.9	Submission of the final document to the CMG	September 1994
6.	<u>Assessment of sectoral competitiveness at the level of MERCOSUR</u>	
6.1	Definition of sectors	December 1992
6.2	Presentation of the studies of national competitiveness already undertaken by consultants	August 1993
6.3	Consolidation of competitiveness indicators to be fixed for countries on the basis of available information	September 1993

6.4	Harmonization of the approved methodology with the proposal by the IDB-MERCOSUR Consultancy	December 1993
6.5	Exchange of information on the basis of the indicators	March 1993
6.6	Reception and appraisal of the work undertaken by the IDB-MERCOSUR Consultancy Project and harmonization with the studies undertaken for each country	June 1994
6.7	Preparation of a final report and submission to the CMG	September 1994
7.	<u>Intellectual property</u>	
7.1	Survey of intellectual property laws	December 1992
7.2	Survey of international or regional industrial property agreements and treaties	June 1993
7.3	Review of the possibilities for international cooperation	June 1993
7.4	Review of the possibilities for cooperation among industrial property offices in MERCOSUR member countries	June 1993
7.5	Review of similarities and inconsistencies	December 1993
7.6	Submission of proposals for dealing with intellectual property at the regional level*	March 1994
7.7	Discussion of the proposal for dealing with intellectual property at the regional level*	May 1994
7.8	Preparation of the final document*	June 1994
7.9	Submission of the final document to the CMG for consideration and implementation**	July 1994

SUBGROUP 8: AGRICULTURAL POLICY

		<u>Date</u>
1.	<u>Policy on the conversion of agriculture and agroindustrial activities</u>	
1.1	Survey of information and elaboration of methodology	December 1992
1.2	Review of inconsistencies	March 1993
1.3	Preparation of a proposal on dealing with this issue	June 1993
1.4	Discussion of the proposal	March 1994
1.5	Preparation of the final document	June 1994
1.6	Submission to the CMG for consideration and implementation	September 1994
2.	<u>Technological policy for agricultural activities and agroindustry</u>	
2.1	Survey of information	May 1993
2.2	Review of inconsistencies	July 1993
2.3	Discussion of the issue	September 1993
2.4	Appraisal of proposals in each country	October 1993
2.5	Discussion of the issue	November 1993
2.6	Preparation of the final document	February 1994
2.7	Submission to the CMG	March 1994

*These subjects will be discussed by States Parties at the next meeting of the CMG

3. Harmonization of agricultural policy
 - 3.1 Identification of inconsistencies December 1992
 - 3.2 Definition of priority policies for harmonization:
 - Agricultural insurance
 - Irrigation
 - Agricultural inputs and equipment
 - Rural credit
 - Payment of compensation
 - Storage
 - Government stocks
 - Social programmes
 - Professional training and rural education
 - Minimum or guaranteed prices for agricultural activities
 - Rural electrification
 - Credits for buying land
 - Cooperative credit
 - Productivity and quality
 - Marketing systems for agricultural productsDecember 1992
 - 3.3 Proposed document:
 - Horizontal policies
 - Policies by sector
 - Agricultural umbrellas
 - Global support measureDecember 1993
 - 3.4 Preparation of final document March 1994
 - 3.5 Submission to the CMG for consideration and implementation June 1994
4. Assessment of sectoral competitiveness at the MERCOSUR level
 - 4.1 Identification of sectors December 1992
 - 4.2 Discussion of proposal March 1994
 - 4.3 Final document June 1994
 - 4.4 Submission to the CMG for consideration and implementation September 1994
5. Obstacles to the free movement of agricultural products
 - 5.1 Identification of obstacles September 1992
 - 5.2 Consolidation and appraisal December 1992
 - 5.3 Preparation of proposal to eliminate health barriers March 1993
 - 5.4 Submission to the CMG for consideration and implementation April 1993
 - 5.5 Programme on harmonization and removal of non-health barriers:
 - Submission to the CMGDecember 1993
6. Relationship of small-scale producers to the integration process
 - 6.1 Identification December 1992
 - 6.2 Discussion of the proposal March 1994
 - 6.3 Preparation of the final document June 1994
 - 6.4 Submission to the CMG for consideration and implementation September 1994

- | | | |
|-----|--|----------------|
| 7. | <u>Sustainability of natural resources and environmental protection in the agricultural sector</u> | |
| 7.1 | Survey of legislation and policies | May 1993 |
| 7.2 | Preparation of proposal | March 1994 |
| 7.3 | Preparation of the final document | June 1994 |
| 7.4 | Submission to the CMG for consideration and implementation | September 1994 |
| 8. | <u>Registration of agrochemicals</u> (agricultural pesticides) | |
| 8.1 | Elaboration of a positive list of products | September 1992 |
| 8.2 | Proposal for a definitive system of registration of agrochemicals | March 1994 |
| 9. | <u>Harmonization of legislation on plant and animal health</u> | |
| | - Commencement of submission of proposals to the CMG | July 1993 |
| | - End of submission of proposals to the CMG | September 1994 |
| 10. | <u>Harmonization of legislation on seeds</u> | |
| | - Commencement of submission of proposals to the CMG | September 1993 |
| | - End of submission of proposals to the CMG | September 1994 |

SUBGROUP 9: ENERGY POLICY

- | | | |
|-------|---|----------------|
| | | <u>Date</u> |
| 1. | <u>Energy laws and institutional and organizational aspects of energy markets</u> | |
| 1.1 | Comparison of energy systems | |
| 1.1.1 | Analysis of energy systems in States Parties | December 1993 |
| 1.1.2 | Comparative analysis of energy plans in the States Parties | March 1994 |
| 1.1.3 | Review of the possibilities for integration in this sector | June 1994 |
| 1.2 | Institutional, legal and juridical aspects | |
| 1.2.1 | Study of the institutional, legal and juridical framework in this sector | June 1993 |
| 1.2.2 | Identification of inconsistencies | June 1993 |
| 1.2.3 | Review of proposals for harmonization measures | March 1994 |
| 1.2.4 | Submission to the CMG for consideration and implementation | March 1994 |
| 2. | <u>Technological development</u> | |
| 2.1 | Survey of information | September 1993 |
| 2.2 | Comparative analysis of handling of this issue in the States Parties | March 1994 |
| 2.3 | Elaboration of proposals on technological development | June 1994 |

3.	<u>Fuel prices and tax treatment</u>	
3.1	Identification of inconsistencies	June 1993
3.2	Review of proposals on measures for the harmonization of criteria	September 1993
3.3	Submission to the CMG for consideration and implementation	December 1993
4.	<u>Electricity prices and tax treatment</u>	
4.1	Survey of differences	June 1993
4.2	Joint methodological formulation of costs	June 1994
4.3	Identification of inconsistencies	September 1994
4.4	Review of proposals on measures for the harmonization of criteria	December 1994
4.5	Submission to the CMG for consideration and implementation	December 1994
5.	<u>Impact of energy in selected production sectors</u>	
5.1	Comparative analysis of the effect of energy in selected sectors	March 1994
5.2	Guidelines for the efficient utilization of energy in industrial sectors	June 1994
6.	<u>Rationalization, quality, productivity and technical standards</u>	
6.1	Identification of inconsistencies (in technical standards)	September 1993
6.2	Review of proposals on measures for harmonization (technical standards)	September 1993
6.3	Submission to the CMG for consideration and implementation (technical measures)	December 1993
6.4	Establishment of the bases for a joint rationalization, quality and productivity programme	December 1993
6.5	Joint programme for rationalization, quality and productivity in the energy sector	June 1994
7.	<u>Legislation and environmental framework of the energy sector</u>	
7.1	Identification of inconsistencies	September 1993
7.2	Review of proposals on measures for harmonization	March 1994
7.3	Submission to the CMG for consideration and implementation	June 1994
8.	<u>Guidelines for energy policies in MERCOSUR</u>	
8.1	Definition of basic elements	September 1993
8.2	Elaboration of guidelines	December 1993
8.3	Proposals on the coordination of energy policies	June 1994

SUBGROUP 10: COORDINATION OF MACROECONOMIC POLICIES

		<u>Date</u>
1.	<u>Common external tariff</u>	
1.1	Comparison of national tariff structures	July 1992

1.2	Discussion of general criteria for the elaboration of the common external tariff	March 1993
1.3	Harmonization exercise I: classification of the chapters of the nomenclature (harmonized system), according to the degree of convergence and the difficulty of harmonization	June 1993
1.4	Identification of aspects which require guidance at a higher level	June 1993
1.5	Transfer of national tariffs to the draft common nomenclature	August 1993
1.6	Harmonization exercise II: classification of items in the draft common nomenclature at the eight-digit level in accordance with the methodology utilized in item 1.3	September 1993
1.7	Elaboration of the draft common external tariff and submission to the CMG	November 1993
2.	<u>Committee on tax aspects</u>	
2.1	Domestic taxes: Identification of inconsistencies	October 1992
2.2	Provincial, state and municipal taxes: Identification of inconsistencies	November 1992
2.3	Contributions related to estimates	November 1992
2.4	Identification of inconsistencies related to the taxing of transfer of profits, interest, royalties and payment for various services	December 1992
2.5	Identification of inconsistencies in any tax reform proposals	December 1992
2.6	Documents summarizing the inconsistencies under items 2.1, 2.2, 2.4 and 2.5	June 1993
2.7	General consumption tax	November 1993
2.8	Selective and special consumption taxes	April 1994
2.9	Other taxes which affect external trade and result in discrimination	May 1994
2.10	Mechanisms for the repayment of indirect taxes (adjustments at the frontier)	May 1994
2.11	Final document on the conclusions regarding consumption taxes	June 1994
3.	<u>Follow-up and harmonization of macroeconomic policy</u>	
3.1	Follow-up	
3.1.1	Identification of a series of macroeconomic variables, in particular fiscal, monetary and balance-of-payments variables and their follow-up	September 1992
3.1.2	Publication of a quadripartite statistical bulletin	September 1993
3.1.3	Preparation of a joint economic report	September 1993
3.1.4	Discussion of the document and submission to the CMG	September 1993
3.2	Harmonization	
3.2.1	Review of economic policy instruments	December 1993
3.2.2	Review of the monetary effects of fiscal and exchange policies	December 1993
3.2.3	Studies and proposals to avoid instability in trade flows due to variability of reciprocal exchange parities	April 1994
3.2.4	Studies on alternative methods for harmonization of macroeconomic policies and selection of convergence variables	July 1994

4. Competitiveness in MERCOSUR, including treatment of State monopolies
 - 4.1 Comparison of national and provincial legislation in the four countries March 1993
 - 4.2 Review of inconsistencies June 1993
 - 4.3 Preparation of harmonization proposals November 1993
 - 4.4 Submission to the CMG or to the CMC, whichever is appropriate, for consideration and implementation May 1994
 - 4.5 Regulations on the Common Statute for Competitiveness November 1994
5. Consumer protection in MERCOSUR
 - 5.1 Comparison of legislation in the four countries December 1992
 - 5.2 Review of inconsistencies July 1993
 - 5.3 Preparation of harmonization proposals March 1994
 - 5.4 Submission to the CMG for consideration and implementation July 1994
6. Treatment of services in MERCOSUR²
 - 6.1 Survey of national and/or provincial legislation, mainly in sectors in which commitments have been undertaken (Argentina, Brazil and Uruguay) or are to be undertaken (Paraguay) in the GATT Uruguay Round October 1992
 - 6.2 Comparative review of legislation September 1993
 - 6.3 Preliminary proposal for a framework agreement on the treatment of services in MERCOSUR October 1993
 - 6.4 Proposal for a framework agreement on the treatment of services in MERCOSUR March 1994
 - 6.5 Submission to the CMG for consideration and implementation July 1994
7. Statistical Commission
 - 7.1 Preparation and annual publication of "MERCOSUR: Synopsis and Statistics".
 - Volume 1 June 1993
 - Volume 2 December 1994
 - 7.2 Preparation and publication of an inventory of official statistics in States Parties November 1993
 - 7.3 Review of mechanisms for the modernization of dissemination of statistics December 1993
 - 7.4 Review of mechanisms for the coordination and modernization of the compilation of statistics April 1994
 - 7.5 Preparation of proposals on harmonization of priority economic, social and demographic statistics July 1994
 - 7.6 Proposal on the coordination and modernization of systems for the compilation and dissemination of statistics September 1994

²Services will be dealt with in an ad hoc committee.

SUBGROUP 11: LABOUR RELATIONS, EMPLOYMENT AND SOCIAL SECURITY

	<u>Date</u>
<u>Committee 1: Individual labour relations</u>	
<u>Comparative analysis of individual labour relations in MERCOSUR countries</u>	
1.1 Description of Labour Law Institutes	October 1993
1.2 Identification of the most important inconsistencies	December 1993
1.3 Submission to the CMG for consideration	March 1994
<u>Labour costs</u>	
1.4 Methodology of labour costs	
1.4.1 Quantification of the regulatory framework at the global level	March 1994
1.4.2 Criteria for assessment at the branch and/or sector levels	June 1994
1.5 Submission of proposal on harmonization and results to the CMG for consideration	November 1994
<u>Committee 2: Collective labour relations</u>	
2.1 Definition of methodologies	September 1994
2.2 Submission of proposals and results to the CMG for approval	November 1994
<u>Committee 3: Employment and labour migration</u>	
3.1 Conceptual harmonization: conclusions	October 1993
3.2 Migration. Statistical framework and current legislation	December 1993
3.3 Free movement of workers	
3.3.1 Review of measures necessary to allow free movement	July 1994
3.3.2 Presentation of proposals and submission to the CMG for consideration	November 1994
3.4 Employment	
3.4.1 National analysis of the study of sectors relevant to MERCOSUR	March 1994
3.4.2 Implications of the integration process for the labour market	July 1994
3.4.3 Proposal and submission to the CMG for consideration	November 1994
3.5 Informal sector	
3.5.1 Study	June 1994
3.5.2 Submission of conclusions to the CMG	November 1994
<u>Committee 4: Professional training</u>	
4.1 Professional training	
4.1.1 Regional system of information on professional training	March 1994

- | | | |
|-------|--|---------------|
| 4.1.2 | Regional system of horizontal technical cooperation | June 1994 |
| 4.2 | Recognition and equivalence of professional skills in MERCOSUR | |
| 4.2.1 | Outline of a plan of action | |
| 4.2.2 | Methodological criteria and technical instruments | June 1994 |
| 4.2.3 | Proposal and submission to the CMG for the creation of a regional system for the recognition and equivalence of qualifications | November 1994 |

Committee 5: Safety and hygiene at work

- | | | |
|-----|---|----------------|
| 5.1 | Comparative analysis of legislation | June 1994 |
| 5.2 | Identification of inconsistencies | September 1994 |
| 5.3 | Presentation of proposals and submission to the CMG | November 1994 |

Committee 6: Social security

- | | | |
|-------|---|----------------|
| 6.1 | Comparative analysis of legislation | June 1994 |
| 6.2 | Identification of inconsistencies | September 1994 |
| 6.3 | Presentation of proposals and submission to the CMG | November 1994 |
| 6.4 | Bilateral and multilateral social security agreements | |
| 6.4.1 | Study of agreements | March 1994 |
| 6.4.2 | Presentation of proposals and submission to the CMG | November 1994 |

Committee on special sectors

Land transport

- | | | |
|-----|--|------------|
| 7.1 | Review of labour costs and submission of conclusions to Subgroup 5 | March 1994 |
|-----|--|------------|

Committee 8: International principles and agreements

- | | | |
|-----|--|---------------|
| 8.1 | Review of international agreements ratified by each of the States Parties | June 1994 |
| 8.2 | Work of the subcommittee on the charter of fundamental rights | August 1994 |
| 8.3 | Updating and follow-up of international conventions it is proposed to ratify | November 1994 |
| 8.4 | Proposal on the charter of fundamental rights | November 1994 |

INSTITUTIONAL ASPECTS

Date

- | | | |
|-----|--|----------------|
| 1. | <u>Final institutional structure of MERCOSUR bodies</u> | |
| 1.1 | Finalization of arrangements for participation by the private sector in meetings of the Subgroups of the CMG | September 1992 |
| 1.2 | Establishment of a MERCOSUR private sector forum (entrepreneurs, workers and consumers) | December 1992 |
| 1.3 | Review of MERCOSUR's institutional framework after the transitional period | June 1993 |

- | | | |
|-----|--|---------------|
| 1.4 | Progress in the analysis of MERCOSUR's institutional framework in the legislative, executive and judicial fields after the transitional period | December 1993 |
| 1.5 | Definition of MERCOSUR institutions after the transitional period | March 1994 |
| 1.6 | Submission to the CMG for appraisal and implementation | May 1994 |
| 2. | <u>Special attributions of MERCOSUR bodies</u> | |
| 2.1 | Review of the special attributions of MERCOSUR bodies | December 1993 |
| 2.2 | Definition of the special attributions of MERCOSUR bodies | March 1994 |
| 2.3 | Submission to the CMG for appraisal and implementation | May 1994 |
| 3. | <u>Decision-making mechanism</u> | |
| 3.1 | Review of the decision-making mechanism after the transitional period | December 1993 |
| 3.2 | Definition of the decision-making mechanism after the transitional period | March 1994 |
| 3.3 | Submission to the CMG for appraisal and implementation | May 1994 |
| 4. | <u>Special meeting on the final institutional structure of MERCOSUR after the transitional period</u> | |
| 4.1 | Commencement of preparations for the Special Meeting and holding of the Special Meeting December 1993 to June 1994 | |

ANNEX III

Appendix I: Reply to question 10.1

Global Exports of Member Countries According to Destination, 1990-1993
(f.o.b. value, in millions of dollars)

Exporting country and year	MERCOSUR	Other LAIA	LAIA	Rest of the world	TOTAL
Argentina					
1990	1,833	1,295	3,128	9,225	12,353
1991	1,978	1,391	3,369	8,609	11,978
1992	2,327	1,591	3,918	8,317	12,235
1993	3,662	1,600	5,262	7,828	13,090
Brazil					
1990	1,320	1,874	3,194	28,219	31,413
1991	2,308	2,630	4,938	26,684	31,622
1992	4,098	3,495	7,593	28,383	35,976
1993	5,395	3,750	9,145	29,556	38,701
Paraguay					
1990	380	46	426	533	959
1991	259	68	327	410	737
1992	246	66	312	345	657
1993 ¹	223	45	268	318	586
Uruguay					
1990	594	76	670	1,038	1,708
1991	558	76	634	940	1,574
1992	544	128	672	948	1,620
1993	693	152	850	795	1,645
MERCOSUR					
1990	4,127	3,291	7,418	39,015	46,433
1991	5,103	4,165	9,268	36,643	45,911
1992	7,215	5,280	12,495	37,993	50,488
1993	9,978	5,547	15,525	38,497	54,022

¹Nine months

Source: Latin American Integration Association.

ANNEX III

Appendix I: Reply to question 10.1

Global Imports of Member Countries According to Origin, 1990-1993 (c.i.f. value, in millions of dollars)

Importing country and year	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina					
1990	833	513	1,346	2,731	4,077
1991	1,804	944	2,748	5,527	8,275
1992	3,755	1,226	4,981	9,890	14,871
1993	4,214	1,220	5,434	11,352	16,786
Brazil					
1990	2,444	1,342	3,786	18,674	22,460
1991	2,417	1,530	3,947	19,030	22,977
1992	2,374	1,496	3,870	18,476	22,346
1993	3,477	1,425	4,902	22,553	27,455
Paraguay					
1990	404	40	444	906	1,350
1991	437	58	495	965	1,460
1992	526	72	598	824	1,422
1993 ¹	462	55	517	701	1,218
Uruguay					
1990	560	129	689	726	1,415
1991	655	96	751	801	1,552
1992	832	101	933	1,077	2,010
1993	1,126	99	1,225	1,099	2,324
MERCOSUR					
1990	4,241	2,024	6,265	23,037	29,302
1991	5,313	2,628	7,941	26,323	34,264
1992	7,487	2,895	10,382	30,267	40,649
1993	9,279	2,799	12,078	35,705	47,783

¹Nine months

Source: Latin American Integration Association.

ANNEX III

Appendix II: Reply to question 10.2

MERCOSUR Trade

(f.o.b. value of exports, in millions of dollars)

of 1991 to	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina	1,475	1,489	178	311	1,978	1,391	3,369	8,609	11,978
Brazil	45	203	496	337	2,308	2,630	4,938	26,684	31,622
Paraguay	163	384	11	11	259	68	327	410	737
Uruguay	1,683	2,076	685	659	558	76	634	940	1,574
MERCOSUR					5,103	4,165	9,268	36,643	45,911
of 1992 to	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina	3,041	1,671	272	384	2,327	1,591	3,918	8,317	12,235
Brazil	64	171	543	514	4,098	3,495	7,593	28,383	35,976
Paraguay	250	284	10	11	246	66	312	345	657
Uruguay	3,355	2,126	825	909	544	128	672	948	1,620
MERCOSUR					7,215	5,280	12,495	37,993	50,488
of 1993 to	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina	3,659	2,791	358	513	3,662	1,600	5,262	7,828	13,090
Brazil	50	168	961	775	5,395	3,750	9,145	29,556	38,701
Paraguay ¹	316	366	16	5	223	45	268	318	586
Uruguay	4,025	3,375	1,335	1,293	698	152	850	795	1,645
MERCOSUR					9,978	5,547	15,525	38,497	54,022

¹Nine months

Source: Latin American Integration Association.

ANNEX IIIAppendix II: Reply to question 10.2

MERCOSUR Trade
(c.i.f. value of imports, in millions of dollars)

of 1991 to	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina									
Brazil	1,747	1,526	43	235	1,804	944	2,748	5,527	8,275
Paraguay	175	251	224	446	2,417	1,530	3,947	19,030	22,977
Uruguay	271	373	11	11	437	58	495	965	1,460
MERCOSUR	2,193	2,150	278	692	5,313	2,628	7,941	801	1,552
								26,323	34,264
of 1992 to	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina									
Brazil	1,833	3,339	65	351	3,755	1,226	4,981	9,890	14,871
Paraguay	231	283	191	350	2,374	1,496	3,870	18,476	22,346
Uruguay	346	475	11	12	526	72	598	824	1,422
MERCOSUR	2,410	4,097	267	713	832	101	933	1,077	2,010
					7,487	2,895	10,382	30,267	40,649
of 1993 to	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Rest of LAIA	LAIA	Rest of the world	TOTAL
Argentina									
Brazil	2,765	3,570	73	571	4,214	1,220	5,434	11,352	16,786
Paraguay ¹	179	270	275	437	3,477	1,425	4,902	22,553	27,455
Uruguay	483	636	7	13	462	55	517	701	1,218
MERCOSUR	3,427	4,476	355	1,021	9,279	2,799	12,078	1,099	2,324
								35,705	47,783

¹Nine months

Source: Latin American Integration Association.

ANNEX III

Appendix III: Reply to question 10.3

MERCOSUR - Rest of LAIA: Total Trade and Negotiated Trade
(c.i.f. value of imports, in millions of dollars)

Importing country and year	Total	Negotiated	Share of negotiated trade in total
Argentina			
1991	944	306	32.4
1992	1,226	559	45.6
1993	1,220	712	58.4
Brazil			
1991	1,530	560	36.6
1992	1,496	565	37.8
1993	1,425	s/d	s/d
Paraguay			
1991	58	s/d	s/d
1992	72	s/d	s/d
1993 ¹	55	s/d	s/d
Uruguay			
1991	96	31	32.3
1992	101	35	34.7
1993	99	28	28.3
MERCOSUR			
1991	2,628	897	34.1
1992	2,895	1,159	40.0
1993	2,799	740	26.4

¹Nine months

Source: Latin American Integration Association.

ANNEX IV

Reply to question 14.1

COMMON MARKET COUNCIL

Art. 9, Treaty of Asunción

COMMON MARKET GROUP

Art. 9, Treaty of Asunción

ADMINISTRATIVE SECRETARIAT

Art. 15, Treaty of Asunción

MERCOSUR Joint Parliamentary Commission

Art. 24, Treaty of Asunción

MEETING OF MINISTERS Dec. 5/91
Ministers for the Economy and Presidents of Central Banks Dec. 6/91

Deputy Ministers for the Economy

Ministers for Education Dec. 7/91

Ministers for Justice Dec. 9/91

Ministers for Labour Dec. 16/91

Ministers for Agriculture Dec. 11/92

Art. 13, Treaty of Asunción

SG 1: TRADE ISSUES COMMITTEES

in Act 3 CMG/91

- Common Nomenclature
- Unfair trade practices
- Drawback systems, and
- Temporary admission

in Act 5 CMG/92

- Free zones

Art. 13, Treaty of Asunción

SG 3: TECHNICAL STANDARDS COMMITTEES

in Res. 51/92

- Automobile industry
- Health products
- Scientific/industrial metrology
- Legal metrology instruments
- Legal metrology premeasurement
- Standardization
- Production quality
- Telecommunications
- Toys
- Veterinary products Res. CMG 29/92

Art. 13, Treaty of Asunción

SG 4: FISCAL AND MONETARY POLICIES RELATING TO TRADE COMMITTEES

in Res. 8/91

- Shares

in Res. 7/91

- Insurance

in Res. 20/91

- Investment

Art. 13, Treaty of Asunción

SG9: ENERGY POLICY

Dec. 9/91, CMG

- Tourism, Res. 12/91

- Environment, Res. 22/92

- Science and Technology, Res. 24/92

- Culture, Res. 34/92

Art. 13, Treaty of Asunción

SG 10: COORDINATION OF MACROECONOMIC POLICIES COMMITTEES

in Res. 5/93

- Services in MERCOSUR

- Tax aspects

- Consumer protection

- Defence of competitiveness and

- handling of State monopolies in

- MERCOSUR

in Res. 59/92

- Statistics

TECHNICAL COOPERATION COMMITTEE

Res. 26/92, CMG

Art. 13, Treaty of Asunción

SG 2: CUSTOMS ISSUES COMMITTEES

in Res. 51/92, Act VIII CMG

- Facilitation of border

- formalities

- Customs legislation

- Customs valuation

- Plant and animal health

- inspection

- Customs issues related to

- tourism

- Customs data processing

- Classification of goods

in Res. 5/93

- Migration control

Art. 13, Treaty of Asunción

SG 5: INLAND TRANSPORT COMMITTEES

in Res. 24/93

- Food Committee

- Food Processing Sub-Committee

- Natural Foodstuffs Sub-Committee

- Beverages Sub-Committee

- Sub-Committee on Containers and

- Equipment in Contact with Food

in Res. 5/93

- Analysis of sectoral competitiveness

- Technology

- Intellectual property

- Quality and productivity

- Environment

- P and EM

in Res. 59/92

- Statistics

AD HOC GROUP

INSTITUTIONAL ASPECTS

Res. 9/93, CMG

Art. 13, Treaty of Asunción

SG 6: MARITIME TRANSPORT COMMITTEES

in Res. 51/92

- Multilateral maritime transport

- agreement

- Common register of ships

- Multimodal transport

Art. 13, Treaty of Asunción

SG 11: LABOUR RELATIONS, EMPLOYMENT AND SOCIAL SECURITY COMMITTEES

in Act 6, CMG/92

- Individual labour relations

- Collective labour relations

- Employment

- Professional training

- Safety and security at work

- Social security

- Special sectors

- Principles

AD HOC GROUP

NEW INSTRUMENTS FOR CUSTOMS UNION

Res. 5/94, CMG

Art. 13, Treaty of Asunción

SG 8: AGRICULTURAL POLICY COMMITTEES

in Res. 21/92

- Sugar and alcohol

in Res. 28/92

- Conversion

in Res. 78/93

- Animal health

- Plant health

- Seeds

AD HOC GROUP ON RENEGOTIATION OF
AGREEMENTS WITH OTHER MEMBERS OF
LAIA

Res. 22/93, Act XIII CMG