

GENERAL AGREEMENT ON TARIFFS AND TRADE

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LATIN AMERICAN FREE TRADE AREA REPLIES FROM THE PARTICIPATING GOVERNMENTS TO THE QUESTIONS SUBMITTED BY THE CONTRACTING PARTIES

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On 1 and 3 June 1960 there was a meeting of the Working Party appointed by the CONTRACTING PARTIES at the meeting of 27 May 1960 comprising representatives from the Federal Republic of Germany, Australia, Austria, Belgium, Brazil, Canada, Chile, Cuba, the United States, France, India, Israel, Italy, Japan, Peru, the United Kingdom, Sweden, Switzerland, Czechoslovakia and Uruguay, with the task of examining the Montevideo Treaty in the light of the provisions of the General Agreement on Tariffs and Trade and subsequently reporting to the CONTRACTING PARTIES at their seventeenth session.

The Working Party, having begun its discussions on 1 June 1960, the spokesman of the members of the Latin-American Free Trade Association (LAFTA) gave a preliminary and general explanation of the Treaty which was appreciated by the representatives of the contracting parties present.

Being requested to give information of a legal and technical nature as to whether the Treaty was a provisional or a constituent agreement for the area, the Executive Secretary of GATT stated:

"One of the advantages of Article XXIV lies in the fact that it allows the contracting parties a waiver in respect of the most-favoured-nation clause and other provisions of the General Agreement in connexion with not only the formation of a customs union or of a free-trade area, but also the interim arrangements intended to lead to such formation. In order, however, to comply with the requirements of Article XXIV the 'interim' agreement must provide a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.

"Failing such provision, the waiver would not be authorized until the customs union or the free-trade area was an accomplished fact. In other words, as the Montevideo Treaty does not provide for the immediate elimination of restrictions on trade between signatories, it would not, in the absence of the facilities allowed in the case of an 'interim' agreement, meet the necessary requirements for consideration under.

Article XXIV. From the point of view of GATT, the Treaty of Rome and the Treaty of Stockholm constitute 'interim' agreements within the meaning of Article XXIV; it therefore seems to me essential that the parties to the Montevideo Treaty should obtain the same approval for their own arrangements pending the full achievement of the free-trade area at the end of the transitional period."

Subsequently members of the Working Party requested information about various Protocols and Articles of the Montevideo Treaty.

The questions asked and the replies given which have already been circulated, together with the three GATT questionnaires to which replies were given by countries members of LATA, are considered to form part of the present document.

Finally it was agreed that the Working Party would resume its meetings on 17 October, after consulting the countries concerned, and that on this occasion it would not only study the replies to the second and third questionnaires but that it could revert to the points dealt with at the previous meetings.