GENERAL TREATY ON CENTRAL AMERICAN ECONOMIC INTEGRATION BETWEEN GUATEMALA, EL SALVADOR, HONDURAS AND NICARAGUA

SIGNED AT MANAGUA, ON 1 3 DECEMBER 1960

The Governments of the Republics of Guatemala, El Salvador, Honduras and Nicaragua,

For the purpose of reaffirming their intention to unify the economies of the four countries and jointly to promote the development of Central America in order to improve the living conditions of their peoples.

Mindful of the need to expedite the integration of their economies consolidate the results so far achieved and lay down the principles on which it should be based in the future.

Having regard to the commitments entered into in the following instruments of economic integration:

Multilateral Treaty on Free Trade and Central American Economic Integration;

Central American Agreement on the Equalization of Import Duties and Charges and its Protocol on the Central American Preferential Tariff;

Have agreed to conclude the present Treaty and for that purpose have appointed as their respective plenipotentiaries:

H. E. The President of the Republic of Guatemala: Mr. Julio Prado Garcia Salas, Minister for Co-ordinating Central American Integration and Mr. Alberto Fuentes Mohr, Head of the Economic Integration Bureau

The H. Junta de Gobierno of the Republic of El Salvador: Mr. Gabriel Pilofla Araujo, Minister for Economic Affairs, and Mr. Abelardo Torres, Under-Secretary for Economic Affairs

H. E. The President of the Republic of Honduras: Mr. Jorge Bucso Arias, Minister for Economic and Financial Affairs

H. E. The President of the Republic of Nicaragua: Mr. Juan Jose Lugo Marenco, Minister for Economic Affairs

Who, having exchanged their respective full powers, found to be in good and due form, have agreed as follows:

Chapter I. Central American Common Market

Article I.

The Contracting States agree to establish among themselves a common market which shall be brought into full operation within a period of not more than five years from the date on which the present Treaty enters into force. They further agree to create a customs union in respect of their territories.

Article II.

For the purposes of the previous article the Contracting Parties undertake to bring a Central American free-trade area into full operation within a period of five years and to adopt a standard Central American tariff as provided for in the Central American Agreement on the Equalization of Import Duties and Charges.

Chapter II. Trade Regime

Article III.

The Signatory States shall grant each other free-trade treatment in respect of all products originating in their respective

territories, save only for the limitations contained in the special regimes referred to in Annex A of the present Treaty.

Consequently, the natural products of the Contracting States and the products manufactured therein shall be exempt from import and export duties, including consular fees, and all other taxes, dues and charges levied on imports and exports or charged in respect thereof, whether they be of a national, municipal or any other nature.

The exemptions provided for in this article shall not include charges or fees for lighterage, wharfage, warehousing or handling of goods, or any other charges which may legally be incurred for port, storage or transport services; nor shall they include exchange differentials resulting from the existence of two or more rates of exchange or from other exchange arrangements in any of the Contracting States.

Goods originating in the territory of any of the Signatory States shall be accorded national treatment in all of them and shall be exempt from all quantitative or other restrictions or measures, except for such measures as may be legally applicable in the territories of the Contracting States for reasons of health, security or police control.

Article IV.

The Contracting Parties establish special interim regimes in respect of specific products exempting them from the immediate free-trade treatment referred to in article III hereof. These products shall be automatically incorporated into the free-trade regime not later than the end of the fifth year in which the present Treaty is in force, except as specifically provided in Annex A.

The products to which special regimes apply are listed in Annex A and trade in them shall be carried on in conformity with the measures and conditions therein specified. These measures and conditions shall not be amended except by multilateral negotiation in the Executive Council. Annex A is an integral part of this Treaty.

The Signatory States agree that the Protocol on the Central American Preferential Tariff, appended to the Central American Agreement on the Equalization of Import Duties and Charges, shall not apply to trade in the products referred to in the present article for which special regimes are provided.

Article V.

Goods enjoying the advantages stipulated in this Treaty shall be designated as such on a customs form, signed by the exporter and containing a declaration of origin. This form shall be produced for checking by the customs officers of the countries of origin and destination, in conformity with Annex B of this Treaty.

If there is doubt as to the origin of all article and the matter has not been settled by bilateral negotiation, any of the Parties affected may request the intervention of the Executive Council to verify the origin of the article concerned. The Council shall not

Consider goods as originating one of the Contracting States if they originate or are manufactured in a third country and are only simply assembled, wrapped, packed, cut or dilute in the exporting country.

In the cases mentioned in the previous paragraph, importation of the goods concerned shall not be prohibited provided that a guaranty is given to the importing country in respect of payment of the import duties and other charges to which the goods may be liable. The guaranty shall be either forfeited or refunded, as the case may be, when the matter is finally settled.

The Executive Council shall be lay down regulations governing the procedure to be followed in determining the origin of goods.

Article VI.

If the goods traded are liable to internal taxes, charges or duties of any kind levied on production, sale, distribution or consumption in any of the signatory countries, the country concerned may levy an equivalent amount on similar goods imported from the other Contracting State, in which case it must also levy at least an equivalent amount for the same respective purposes on similar imports from third countries.

The Contracting Parties agree that the following conditions shall apply to the establishment of internal taxes on consumption:

a. Such taxes may be established in the amount deemed necessary when there is domestic production of the article in

question, or when the article is not produced in any of the Signatory States;

b. When the article is not produced in one Signatory State but is produced in any of the others, the former State may not establish taxes on consumption of the article concerned unless the Executive Council so authorizes;

c. If a Contracting Party has established a domestic tax on consumption, and production of the article so taxed is subsequently begun in any of the other Signatory States, but the article is not produced in the State that established the tax, the Executive Council shall, if the State concerned so requests, deal with the case and decide wheather the tax is compatible with free trade. The States undertake to abolish these taxes on consumption, in accordance with their legal procedures, on receipt of notification to this effect from the Executive Council.

Article VII.

No Signatory State shall establish or maintain regulations on the distribution or retailing of goods originating in another Signatory State when such regulations place, or tend to place the said goods in an unfavourable position in relation to similar goods of domestic origin or imported from any other country.

Article VIII.

Items which, by virtue of the domestic legislation of the Contracting Parties, constitute State monopolies on the date of entry into force of the present Treaty, shall remain subject to the relevant legislation of each country and, if applicable, to the provisions of Annex A of the present Treaty.

Should new monopolies be created or the regime of existing monopolies be changed, the Parties shall enter into consultations for the purpose of placing Central American trade in the items concerned under a special regime.

Chapter III. Export Subsidies and Unfair Trade Practices

Article IX.

The Governments of the Signatory States shall not grant customs exemptions or reductions in respect of imports from outside Central America of articles adequately produced in the Contracting States.

If a Signatory State deems itself to be affected by the granting of customs import franchises or by government imports not intended for the use of the Government itself or of its agencies, it may submit the matter to the Executive Council for its consideration and ruling.

Article X.

The Central Banks of the Signatory States shall co-operate closely in order to prevent any currency speculation that might affect the rates of exchange and to maintain the convertibility of the currencies of the respective countries on a basis which, in normal conditions, shall guarantee the freedom, uniformity and stability of exchange.

Any Signatory State which establishes quantitative restrictions on international monetary transfers shall adopt whatever measures are necessary to ensure that such restrictions do not discriminate against the other States.

Should serious balance-or-payments difficulties arise which affect, or are apt to affect, monetary relations in respect of payments between the Signatory States, the Executive Council, acting of its own accord or at the request of one of the Parties, shall immediately study the problem in co-operation with the Central Banks for the purpose of recommending to the Signatory States a satisfactory solution compatible with the maintenance of the multilateral free-trade regime.

Article XI.

No Signatory State shall grant any direct or indirect subsidy favouring the export of goods intended for the territory of the other States, or establish or maintain any system resulting in the sale of such goods for export to any other Contracting State at a price lower than that established for the sale of similar goods on the domestic market, due allowance being made for differences in the conditions and terms of sale and taxation and for any other factors affecting price comparability.

Any measure involving the fixing of, or discrimination in, prices in a signatory State which is reflected in the establishment of sales prices for specific goods in the other Contracting States at levels lower than those that would result from the normal operation of the market in the exporting country shall be deemed to constitute an indirect export subsidy.

If the importation of goods processed in a Contracting State with raw materials purchased under conditions of monopoly at artificially low prices should threaten existing production in another Signatory State, the Party which considers itself affected shall submit the matter to the consideration of the Executive Council for a ruling as to whether unfair business practice is in fact involved. The Executive Council shall, within five days of the receipt of the request, either give its ruling or authorize a temporary suspension of free trade, while permitting trade to be carried on subject to the award of a guaranty in the amount of the customs duties. This suspension shall be effective for thirty days, within which period the Executive Council shall announce its final decision. If no ruling is forthcoming within the five days stipulated, the Party concerned may demand a guaranty pending the Executive Council's final decision.

However, tax exemptions of a general nature granted by a Signatory State with a view to encouraging production shall not to be deemed to constitute export subsidies.

Similarly, any exemption from internal taxes levied in the exporting State on the production, sale or consumption of goods exported to the territory of another State shall not be deemed to constitute an export subsidy. The differentials resulting from the sale of foreign currency on the free market at a rate of exchange higher than the official rate shall not normally be deemed to be an export subsidy; if one of the Contracting States is in doubt, however, the matter shall be submitted to the Executive Council for its consideration and opinion.

Article XII.

As a means of precluding a practice which would be inconsistent with the purposes of this Treaty, each Signatory State shall employ all the legal means at its disposal to prevent the export of goods from its territory to the territories of the other States at a price lower than their normal value, if such export would prejudice or be liable to prejudice the production of the other States or retard the establishment of a national or Central American industry.

Goods shall be deemed to be exported at a price lower than their normal value if their export price is less than:

a. the comparable price in normal trade conditions, of similar goods destined for domestic consumption in the exporting country; or

b. the highest comparable price of similar goods for export to a third country in normal trade conditions; or

c. the cost of production of the goods in the country of origin, plus a reasonable amount for sales expenses and profit.

Due allowance shall be made in every case for existing differences in conditions and terms of sale and taxation and for any other factors affecting price comparability.

Article XIII.

If a Contracting Party deems that unfair trade practices not covered in article XI exist, it cannot impede trade by a unilateral decision but must bring the matter before the Executive Council so that the latter can decide whether in fact such practices are being resorted to. The Council shall announce its decision within not more than 60 days from the date on which it received the relevant communication.

If any Party deems that there is evidence of unfair trade, it shall request the Executive Council to authorize it to demand a guaranty in the amount of the import duties.

Should the Executive Council fail to give a ruling within eight days, the Party concerned may demand such guaranty pending the Executive Council's final decision.

Article XIV.

Once the Executive Council has given its ruling on unfair trade practices, it shall inform the Contracting Parties whether, in conformity with this Treaty, protective measures against such practices should be taken.

Chapter IV. Transit and Transport

Article XV.

Each of the Contracting States shall ensure full freedom of transit through its territory for goods proceeding to or from the other Signatory States as well as for the vehicles transporting these goods.

Such transit shall not be subject to any deduction, discrimination or quantitative restriction. In the event of traffic congestion or other instances of Force majeure, each Signatory State shall treat the mobilization of consignments intended for its own population and those in transit to the other States on an equitable basis.

Transit operations shall be carried out by the routes prescribed by law for that purpose and shall be subject to the customs and transit laws and regulations applicable in the territory of transit.

Goods in transit shall be exempt from all duties, taxes and other charges of a fiscal, municipal or ally other character levied on transit, irrespective of their destination, but may be liable to the charges usually applied for services rendered which shall in no case exceed the cost thereof and thus constitute de facto import duties or taxes.

Chapter V. Construction Enterprises

Article XVI.

The Contracting States shall grant national treatment to enterprises of other Signatory States engaged in the construction of roads, bridges, dams, irrigation systems, electrification, of the Central American economic infrastructure. housing and other works intended to further the development of the Central American economic infrastructure.

Chapter VI. Industrial Integration

Article XVII.

The Contracting Parties hereby endorse all the provisions of the Agreement on the Regime for Central American Integration Industries, and, in order to ensure implementation; among themselves as soon as possible, undertake to sign, within a period of not more than six months from the date of entry into force of the present Treaty, additional protocols specifying the industrial plants initially to be covered by the Agreement, the free-trade regime applicable to their products and the other conditions provided for in article III of the Agreement.

Chapter VII. Central American Bank for Economic Integration

Article XVIII.

The Signatory States agree to establish the Central American Bank for Economic Integration which shall be a juridical person. The Bank shall act as an instrument for the financing and promotion of a regionally balanced, integrated economic growth. To that end they shall sign the agreement constituting the Bank, which shall remain open for the signature or accession of any other Central American State which may wish to become a member of the Bank.

It is, however, established that members of the Bank may not obtain guaranties or loans form the Bank unless they have previously deposited their instruments of ratification of the following international agreements:

The present Treaty;

Multilateral Treaty on Free Trade and Central American Economic Integration, signed on 10 June 1958;

Agreement on the Regimen for Central American Integration Industries, signed on 1 0 July 1958; and

Central American Agreement on the Equalization of Import Duties and Charges, Signed on 1 September 1959, and its Protocol signed on the same day as the present Treaty.

Chapter VIII. Tax Incentives to Industrial Development

Article XIX.

The Contracting States, with a view to establishing uniform tax incentives to industrial development, agree to ensure as soon as possible a reasonable equalization of the relevant laws and regulations in force. To that end they shall, within a period of six months from the date of entry into force of the present Treaty, sign a special protocol specifying the amount and type of exceptions, the time limits thereof, the conditions under which they shall be granted, the systems of industrial classification and the principles and procedures governing their application. The Executive council shall be responsible for co-ordinating the application of the tax incentives of Industrial development.

Chapter IX. Organs

Article XX.

The Central American Economic Council, composed of the Ministers of Economic Affairs of the several Contracting Parties, is hereby established for the purpose of integrating the Central American economies and Co-ordinating the economic policy of the Contracting States.

The Central American Economic Council shall meet as often as required or at the request of any of the Contracting Parties. It shall examine the work of the Executive Council and adopt such resolutions as it may deem appropriate. The Central American Economic Council shall be the organ responsible for facilitating implementation of the resolutions on economic integration adopted by the Central American Economic Co-operation Committee. It may seek the advice of Central American and international technical organs.

Article XXI.

For the purpose of applying and administering the present Treaty and of undertaking all the negotiations and work designed to give practical effect to the Central American Economic union, an Executive Council, consisting of one titular official and one alternate appointed by each Contracting Party, is hereby established.

The Executive Council shall meet as often as required, at the request of one of the Contracting Parties or when convened by the Permanent Secretariat, and its resolutions shall be adopted by majority vote. In the event of disagreement, recourse will be had to the Central American Economic Council in order that the latter may give a final ruling.

Before ruling on a matter, the Executive Council shall determine unanimously whether the matter is to be decided by a concurrent vote of all its members or by a simple majority.

Article XXII.

The Executive Council shall take such measures as it may deem necessary to ensure fulfillment of the commitments entered into under this Treaty and to settle problems arising from the implementation of its provisions. It may likewise propose to the Governments the signing of such additional multilateral agreements as may be required in order to achieve the purpose of Central American economic integration, including a customs union in respect of their territories.

The Executive Council shall assume, on behalf of the Contracting Parties, the functions assigned to the Central American Trade Commission in the Multilateral Treaty on Free Trade and Central American Economic Integration and the Central American Agreement on the Equalization of Import Duties and Charges, as well as those assigned to the Central American Industrial Integration Commission in the Agreement on the Regime for Central American Integration Industries, as well as the powers and duties of the joint commissions set up under bilateral treaties in force between the Contracting Parties.

Article XXIII.

A Permanent Secretariat is hereby instituted, as a juridical person, and shall act as such both for the Central American Economic Council and the Executive Council established under this Treaty.

The Secretariat shall have its seat and headquarters in Guatemala City, capital of the Republic of Guatemala, and shall be headed by a Secretary-General appointed for a period of three years by the Central American Economic Council. The Secretariat shall establish such departments and section as may be necessary for the performance of its functions. Its expenses shall be governed by a general budget adopted annually by the Central American Economic Council and each Contracting Party shall contribute annually to its support an amount equivalent to not less than fifty thousand United States dollars (US$50,000), payable in the respective currencies of the Signatory States.

Members of the Secretariat shall enjoy diplomatic immunity. Other diplomatic privileges shall be granted only to the Secretariat and to the Secretary-General.

Article XXIV.

The Secretariat Shall Ensure That this Treaty, the Multilateral Treaty on Free Trade and Central American Economic Integration, the Agreement on the Regime for Central American IntegrationIndustries, the Central American Agreement on the Equalization of Import Duties and Charges, bilateral or multilateral treaties on free trade and economic integration in

force between any of the Contracting Parties, and all other agreements relating to Central American economic integration already signed or that may be signed hereafter, the interpretation of which has not been specifically entrusted to another organ, are properly executed among the Contracting parties.

The Secretariat shall ensure implementation of the resolutions adopted by the Central American Economic Council and the Executive Council established under this Treaty and shall also perform such functions as are assigned to it by the Executive Council. Its regulations shall be approved by the Economic Councils.

The Secretariat shall also undertake such work and studies as may be assigned so it by the Executive Council and the Central American Economic Council. In performing these duties, it shall avail itself of the studies and work carried out by other Central American and international organs and shall, where appropriate, enlist their co-operation.

Chapter X. General Provisions

Article XXV.

The Signatory States agree not to sign unilaterally with non-Central American countries any new treaties that may affect the principles of Central American economic integration. They further agree to maintain the "Central American exception clause" in any trade agreements they may conclude on the basis of most-favoured-nation treatment with any countries other than the Contracting States.

Article XXVI.

The Signatory States agree to settle amicably, in the spirit of this Treaty, and through the Executive Council or the Central American Economic Council, as the case may be, any differences which may arise regarding the interpretation or application of any of its provisions. If agreement cannot be reached, they shall submit the matter to arbitration. For the purpose of constituting the arbitration tribunal, each Contracting Party shall propose to the General Secretariat of the Organization of Central American States the names of three magistrates from its Surpreme Court of Justice. From the complete list of candidates, the Secretary-General of the Organization of Central American States and the Government representatives in the Organization shall select, by drawing lots, one arbitrator for each Contracting party, no two of them may be nationals of the same State. the award of the arbitration tribunal shall require the concurring votes of not less than three members, and shall have the affect of re judicata for all the Contracting Parties so far as it contains any ruling concerning the interpretation or application of the provisions of this Treaty).

Article XXVII.

The present Treaty shall, with respect to the Contracting Parties, take precedence over the Multilateral Treaty on Free Trade and Central American Economic Integration and any other bilateral or multilateral free-trade instruments signed between the Contracting Parties; it shall not, however, affect the validity of those agreements.

The provisions of the trade and economic integration agreements referred to in the previous paragraph shall be applied between the respective Contracting Parties in so far as they are not covered in the present Treaty.

Pending ratification of the present Treaty by any of the Contracting Parties, or in the event of its denunciation by any of them, the trade relations of the Party concerned with the other Signatory States shall be governed by the commitments entered into previously under the existing instruments referred to in the preamble of the present Treaty.

Article XXVIII.

The Contracting Parties agree to hold consultations in the Executive Council prior to signing any new treaties among themselves which may affect free trade.

The Executive Council shall examine each case and determine the effects that the conclusion of such agreements might produce on the free-trade regime established in the present treaty. On the basis of the Executive Council's examination, the Party which considers itself affected by the conclusion of these new treaties may adopt whatever measures the Council may recommend in order to protect its interests.

Article XXIX.

For the purposes of customs regulations relating to free trade, the transit of goods and the application of the Central

American Standard Import Tariff, the Contracting Parties shall, within a period of one year from the date of entry into force of the present Treaty, sign special protocols providing for the adoption of a Central American Standard Customs Code and the necessary transport regulations.

Chapter XI. Final Provisions

Article XXX.

This Treaty shall be submitted for ratification in each State in conformity with its respective constitutional or legislative procedures.

The instruments of ratification shall be deposited with the General Secretariat of the Organization of Central American States.

The Treaty shall enter into force, in the case of the first three States to ratify it eight days following the date of deposit of the third instrument of ratification and, in the case

Of the States which ratify it subsequently, on the date of deposit of the relevant instrument.

Article XXXI.

This Treaty shall remain effective for a period of twenty years from the date of its entry into force and shall be indefinitely.

Upon expiry of the twenty-year period mentioned in the previous paragraph, the Treaty may be denounced by any of the Contracting Parties. Denunciation shall take effect, for the denouncing State, five years after notification, and the Treaty shall remain in force among the other Contracting States so long as at least two of them remain parties thereto.

Article XXXII.

The General Secretariat of the Organization of Central American States shall act as depository of this Treaty and shall send a certified copy thereof to the Ministry of Foreign Affairs of each of the Contracting States and shall also notify them immediately of the deposit of each instrument ofratification as well as of any denunciation which may be made. When the Treaty enters into force, it shall also transmit a certified copy thereof to the Secretary-General of the United Nations for the purposes of registration as set forth in Article 102 of the United Nations Charter.

Article XXXIII.

The present Treaty shall remain open for the accession of any Central American State not originally a party thereto.

Article Provisional Article .

As soon as the Government of the Republic of Costa Rica formally accedes to the provisions of this Treaty, the organs hereby established shall form part of the Organization of Central American States (OCAS) by an incorporation agreement and the OCAS shall be reorganized in such a way that the organs established by this Treaty retain all their structural and functional attributes.

IN WITNESS WHEREOF the respective plenipotentiaries have signed the present Treaty in the City of Managua, capital of the Republic of Nicaragua, this thirteenth day of the month of December nineteen hundred and sixty.

For the Government of Guatemala:

Julio Prado Garcia Salas

Minister for Co-ordinating Central

American Integration Alberto Fuentes Mohr

Head of the Economic

Integration Bureau

For the Government of El Salvador:

Gabriel Pilona Araujo Minister for Economic Affairs Albelardo Torres

Under-Secretary for Economic Affairs For the Government of Honduras:

Jorge Bueso Arias

Minister for Economic and Financial Affairs For the Government of Nicaragua:

Juan Jose Lugo Marenco Minister of Economic Affairs

Annex A Schedule of Goods Subject to Special Regimes in Conformity with Article IV of the Present Treaty

1. In so far as the description of a heading or commodity coincides with the description in the Standard Central American Tariff Nomenclature (NAUCA) of the group (three digits), items (five digits) or sub-items (seven digits) which appear in the left-hand column, the heading or commodity shall be understood to embrace everything included in the group, item or sub-item of the NAUCA and its Coding Manual. Whenever the description of the heading or commodity is more restricted that the title of the group, item or sub-item indicated in the left-hand column, the description shall be understood to include only that heading or commodity or the articles specifically mentioned in the schedule.

2. In the case of the goods in the present Annex subject to a preferential tariff, it shall be understood that:

a. The tariffs indicated represent the total amount of taxes applicable to trade between the contracting parties, including custom duties, consular fees and other import duties, charges and surcharges in force in the Signatory States:

b. The specific customs duties are applied on the basis of a standard unit of one gross kilogramme (G.K.) and are expressed in a monetary unit equivalent to the United States dollar;

c. The ad valorem customs duties are charged on the C.I.F. value of the goods, calculated up to the place of entry in the territory of the importing country.

3. In the case of the goods in the present Annex subject to preferential tariffs expressed in percentages of the import duties and charges, it shall be understood that:

a. The preferential percentages shall be calculated on the basis of payment of customs duties, consular fees and other import duties, charges and surcharges in force in the Signatory States on the date with the present Treaty is signed;

b. In cases where the equalization of tariffs on goods subject to progressive reductions takes place after the present Treaty enters into force, and the agreed standard tariff level is at any time lower than the preferential tariff established in this treaty, the Contracting States shall apply the preferential percentage on the lowest tariff. The Executive Council shall examine each case and shall recommend to the Parties concerned, in explanatory forms, whatever adjustments they should make in applying the previous provisions.

4. Goods subject to quotas shall enjoy free-trade treatment in the amount of the quotas, which shall be reciprocal. Such amounts in excess of the basic quotas as may be authorized by Governments shall also enjoy free-trade treatment. Any unauthorized surplus shall remain subject to the import duties and charges in force in the Contracting States on the date of signature of the present Treaty or as specifically indicated in the schedule forming part of this Annex.

5. Application of the export and import controls established in this Annex shall be optional for each of the Governments of the Signatory States.

When the import control is applied, the goods shall enjoy free-trade treatment only if the relevant licence has been issued. If the licence has not been issued, the goods shall remain subject to payment of duties, charges, quantitative restrictions in force and to the general provisions governing imports.

Goods to which export controls are applied can be exported only if the relevant licence has been issued.

6. The goods subject to monoploy mentioned in article VIII of the present Treaty shall be given reciprocal treatment.

If one of the Parties restricts trade in one or more monoplozed goods, the Contracting Party affected may establish similar

limitations on trade in the same goods.

7. If free trade in an item included in the schedule forming part of this Annex is subject to previous tariff equalization in respect of import duties and charges, equalization shall be deemed to be achieved when the same tariff is in force between the two Contracting Parties.

The Executive Council shall inform the Parties of the date on which equalization is achieved in conformity with the previous paragraph.

Tables for Annex A are not reproduced in this version.

Annex B Customs Procedures

I.

The goods, in which free trade is authorized under the General Treaty on Central American Economic Integration shall be forwarded by the customs offices of exit and of entry in the Contracting States, subject to compliance with the customs regulations and formalities applicable in the States concerned and upon production of the customs for mentioned in article V of the Treaty.

The said form shall serve both as an application for forwarding and as a certificate of origin.

II.

The declaration contained in the aforesaid customs form shall be marked as inspected by the central customs office or by the customs office of exit in the importing country.

If the customs officer responsible for inspecting or checking the declaration has doubts as to its accuracy, he shall refer the matter for decision to the central customs office wit which he is responsible.

III.

The necessary customs form shall be made out in five copies according to the Customs Form.

Tables for Annex B are not reproduced in this version