

# **Economic Complementation Agreement signed between the Governments of the Argentine Republic, of the Federative Republic of Brazil, of the Republic of Paraguay and the Eastern Republic of Uruguay, the member States of MERCOSUR and the Government of the Republic of Peru**

The Governments of the Argentine Republic, of the Federative Republic of Brazil, of the Republic of Paraguay and the Eastern Republic of Uruguay, the member States of MERCOSUR and the Government of the Republic of Peru, hereinafter referred to as "Parties". for the purpose of this agreement the "Contracting Parties" are MERCOSUR and the Republic of Peru.

Whereas it is necessary to strengthen the integration process in Latin America, in order to achieve the objectives set out in the Montevideo Treaty 1980, through the conclusion of agreements open to the other member countries of ALADI, for the establishment of an enlarged economic area;

This agreement is a vital step towards the integration process and the establishment of a free trade area between MERCOSUR and the Andean Community;

Whereas giving operators clear and predictable rules for the development of trade and investment, and to encourage the active participation in economic and trade relations between the States parties of MERCOSUR and the Republic of Peru;

The establishment of free trade areas in Latin America is an important tool for closer integration schemes, besides being a critical stage for the integration process;

Regional economic integration as one of the essential tools for the countries of Latin America progress in their economic and social development, ensuring a better quality of life for their peoples;

The validity of democratic institutions constitutes an essential element for the development of regional integration process;

The Marrakesh Agreement Establishing the World Trade Organization, constitutes the framework of rights and obligations which shall be adjusted trade policies and the obligations of this Agreement;

The Parties shall promote competition and reject the exercise of restrictive practices; and

The integration process must include aspects relating to the development and full use of physical infrastructure;

Agree:

In the present economic complementarity agreement under the Montevideo Treaty 1980 and resolution 2 of the Council of Ministers of the Latin American Free Trade Association (LAFTA).

## **Title I. Objectives and Scope**

### **Article 1.**

This agreement aims at:

- Establishing the legal and institutional framework for economic cooperation and integration and physical that contributes to the creation of an enlarged economic area that is likely to facilitate the free movement of goods and services and the full use of production factors, in conditions of competition between the parties;
- The formation of a free trade area between the contracting parties through the expansion and diversification of trade and

the elimination of non-tariff restrictions and no-arancelarias affecting the reciprocal trade;

- To achieve the harmonious development of the region, taking into consideration the asymmetries resulting from the different levels of economic development of the Parties;
- To promote the development and use of physical infrastructure, with special emphasis on the development of brokers integration, allowing the lower costs and the generation of competitive advantages in regional and reciprocal trade with third countries outside the region;
- Promote and encourage investments between economic operators of the Parties;
- Promoting complementarity and cooperation in economic, energy, science and technology;
- Promote consultations, where appropriate, in trade negotiations with third countries or groups of countries and extra-regional blocks.

## **Title II. TRADE LIBERALIZATION PROGRAM**

### **Article 3.**

The Parties shall form a Free Trade Area through a Programme of Trade Liberalization, which is applied to products originating from the territories of the Parties. The Programme shall consist of concessions and progressive automatic applicable on import duties applicable to third countries in each party signed at the time of the application of preferences in accordance with its laws.

Notwithstanding the preceding paragraph, for the products listed in Annex I shall only apply preferences on tariffs set out in that annex.

In the trade in goods between the parties, the classification of goods shall be governed by the nomenclature of the Harmonized Commodity Description and Coding System of goods, in the regional nomenclature 1996 version.

For the purpose of providing transparency in the application and scope of preferences, the Contracting Parties shall notify each compulsorily from the entry into force of this Agreement, the resolutions issued or rendered by their respective competent bodies based on the Harmonised System explanatory notes. before any divergence of interpretation, the parties may have recourse to the World Customs Organization.

### **Article 4.**

For the purpose of implementing the programme of trade liberalization the signatory parties

Hereby agree among themselves and their schedules of specific rules and disciplines, contained in annex II.

### **Article 5.**

The Signatory Parties may not adopt levies and charges having equivalent effect other than customs duties, affecting bilateral trade under this Agreement. With respect to those existing at the date of signature of the Agreement, only the charges and levies set forth in the Complementary Notes to this Agreement may be maintained, but without increasing the incidence of such charges and levies. The said Notes are contained in Annex III.

The term "charges" shall be understood to mean customs duties and any other taxes or surcharges of equivalent effect, whether of a fiscal, monetary, exchange or any other nature, affecting imports originating in the Signatory Parties. This concept does not include similar fees and surcharges when they are equivalent to the cost of the services rendered, nor antidumping or countervailing duties.

### **Article 6.**

Imports by the Federative Republic of Brazil of the products covered by this Agreement shall not be subject to the application of the Additional Freight Charge for the Renewal of the Merchant Marine, established by Decree-Law No. 2,404 of December 23, 1987, pursuant to the provisions of Decree No. 97,945 of July 11, 1989, as amended and supplemented by Decree No. 97,945 of July 11, 1989, as amended and supplemented. Importation into the Argentine Republic will not be subject to the application of the Statistical Tax, reintroduced by Decree No. 389 of March 23, 1995, as amended and supplemented by Decree No. 97,945 of July 11, 1989, as amended and supplemented by Decree No. 97,945 of July 11, 1989,

as amended and supplemented.

## **Article 7.**

Without prejudice to the provisions of the Agreements of the World Trade Organization, the Signatory Parties shall not apply new export taxes to reciprocal trade, nor shall they increase the incidence of existing taxes in a discriminatory manner among themselves after the entry into force of this Agreement. The charges in force are set forth in the Complementary Notes contained in Annex IV. in Annex IV.

## **Article 8.**

"Restrictions" shall mean any measure that prevents or hinders imports or exports from a Signatory Party, whether by means of quotas, licenses or other mechanisms,

## **Article 9.**

The Signatory Parties shall keep each other informed through the competent national agencies of any changes in customs duties and shall send a copy thereof to the General Secretariat of ALADI for its information.

## **Article 10.**

Nothing in this Agreement shall be construed to prevent a Signatory Party from adopting or applying measures in accordance with Article 50 of the Treaty of Montevideo 1980 or Articles XX and XXI of the GATT 1994.

## **Article 11.**

The Release Program will not apply to used products.

## **Title III. SYSTEM OF ORIGIN**

### **Article 12.**

The Signatory Parties shall apply to imports made under the Trade Liberalization Program, the Regime of Origin contained in Annex V of this Agreement.

## **Title IV. NATIONAL TREATMENT**

### **Article 13.**

In matters of national treatment, the Signatory Parties shall be governed by the provisions of Article III of GATT 1994 and Article 46 of the Treaty of Montevideo 1980.

## **Title V. ANTIDUMPING AND COUNTERVAILING MEASURES**

### **Article 14.**

In the application of antidumping duties or countervailing measures, the Signatory Parties shall be governed by their respective legislation, which shall be consistent with the Agreement on Implementation of Article VI of GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures. Likewise, the Signatory Parties shall comply with the commitments undertaken with respect to the subsidies in the WTO.

### **Article 15.**

In the event that a Signatory Party applies antidumping duties or countervailing measures on imports from third countries, it shall inform the other Signatory Party, for the evaluation and monitoring of imports into its market of the products subject to the measure, through the competent national agencies.

### **Article 16.**

The Contracting or Signatory Parties shall inform of any amendment or repeal of their laws, regulations or provisions on antidumping duties or countervailing measures, within fifteen (15) days after the publication of such amendments or repeals. countervailing measures, within fifteen (15) days after the publication of the respective regulations in the official publication of the respective regulations in the official organ of diffusion. Such communication shall be made through the mechanism foreseen in the Title referred to the Administration of the Agreement.

## **Title VI. PRACTICES RESTRICTING FREE COMPETITION**

### **Article 17.**

The Signatory Parties shall promote such actions as may be necessary to provide an adequate framework to identify and sanction possible restrictive practices of free competition. competition.

## **Title VII. IMPLEMENTATION AND USE OF EXPORT INCENTIVES**

### **Article 18.**

The Signatory Parties condemn all unfair trade practices and undertake to eliminate measures that may cause distortions to bilateral trade. The Signatory Parties agree not to apply to reciprocal agricultural trade, export subsidies and other measures and practices of equivalent effect that distort agricultural trade and production.

Likewise, the Signatory Parties agree not to apply export subsidies to reciprocal industrial trade, in accordance with the provisions of the WTO as of the date of signature of this Agreement. Products that do not comply with the provisions of the preceding paragraph shall not benefit from the Liberalization Program.

The Signatory Party that considers itself affected by the measure may request from the other Signatory Party detailed information on the subsidy allegedly applied. The Signatory Party consulted shall submit detailed information within 15 (fifteen) days. Within 30 (thirty) days following the receipt of the information, a consultation meeting shall be held between the Signatory Party and the other Signatory Party.

## **Title VIII. SAFEGUARDS**

### **Article 19.**

The Signatory Parties adopt the Safeguards Regime contained in Annex VI.

## **Title IX. SETTLEMENT OF DISPUTES**

### **Article 20.**

The Signatory Parties adopt the Dispute Settlement Regime contained in the Additional Protocol to this Agreement.

Until it has obtained the ratification shall be applied for the settlement of disputes contained in annex VII.

## **Title X. CUSTOMS VALUATION**

### **Article 21.**

In their reciprocal trade, the Signatory Parties shall be governed by the provisions of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 and by Resolution 226 of the ALADI Committee of Representatives.

## **Title XI. TECHNICAL STANDARDS AND REGULATIONS**

### **Article 22.**

The Signatory Parties shall be governed by the provisions of the Standards Regime, Regulations and Conformity Assessment Regime, contained in Annex VIII.

## **Title XII. SANITARY AND PHYTOSANITARY MEASURES**

## **Article 23.**

The Signatory Parties undertake to prevent sanitary and phytosanitary measures from becoming unjustified barriers to trade. The Signatory Parties shall be governed by the provisions of the Sanitary and Phytosanitary Measures Regime contained in Annex IX.

## **Title XIII. SPECIAL MEASURES**

### **Article 24.**

The Argentine Republic, the Federative Republic of Brazil and the Republic of Peru adopt the Special Measures Regime contained in Annex X for the products listed in the Appendix to that Annex. listed in the Appendix to the said Annex.

## **Title XIV. PROMOTION AND EXCHANGE OF COMMERCIAL INFORMATION**

### **Article 25.**

The Signatory Parties shall support each other in the programs and tasks of trade dissemination and promotion, facilitating the activity of official and private missions, the organization of fairs and exhibitions, the holding of informative seminars, market studies and other actions aimed at making the best use of the Trade Liberalization Program and of the opportunities offered by the procedures agreed upon in trade matters.

### **Article 26.**

For the purposes set forth in the preceding Article, the Signatory Parties shall program activities to facilitate reciprocal promotion by public and private entities in both Signatory Parties, for the products of their interest, included in the Trade Liberalization Program of this Agreement.

### **Article 27.**

The Signatory Parties will exchange information on regional and world supply and demand for their export products.

## **Title XV. SERVICES**

### **Article 28.**

The Signatory Parties shall promote the adoption of measures to facilitate the provision of services. Likewise, and within a term to be defined by the Administrative Commission, the Signatory Parties will establish the appropriate mechanisms for the liberalization, expansion and progressive diversification of trade in services in their territories, in accordance with the rights, obligations and commitments derived from the respective participation in the WTO / GATS, as well as in other regional fora.

## **Title XVI. INVESTMENTS AND DOUBLE TAXATION**

### **Article 29.**

The Signatory Parties shall encourage the realization of reciprocal investments, with the objective of intensifying bilateral trade and technology flows, according to their respective

### **Article 30.**

The Parties shall examine the possibility of concluding agreements on reciprocal promotion and protection of investments. The bilateral agreements to this between the parties retain their full validity.

### **Article 31.**

The Parties shall examine the possibility of concluding agreements for the avoidance of double taxation. The bilateral agreements to this, shall retain their full validity.

## **Title XVII. INTELLECTUAL PROPERTY**

### **Article 32.**

The Parties shall be governed by the agreement on trade-related aspects of intellectual property rights related to trade , contained In Annex 1 (C) of the Marrakesh Agreement , as well as the rights and obligations contained in the Convention on Biological Diversity. They shall endeavour to develop rules and disciplines for the protection of traditional knowledge.

## **Title XVIII. TRANSPORT**

### **Article 33.**

The Signatory Parties shall promote the facilitation of land, river, lake, maritime and air transportation services, in order to provide adequate conditions for the better circulation of goods and persons, in response to the increased demand that will result from the expanded economic space. expanded economic space

### **Article 34.**

The Administrative Commission shall identify those Agreements concluded within the framework of MERCOSUR or its Member States and the Andean Community or its Member Countries whose application by both Signatory Parties is of common interest. application by both Signatory Parties is of common interest.

### **Article 35.**

The Signatory Parties may establish specific rules and commitments aimed at facilitating land, river, lake, maritime and air transport services that fall within the framework indicated in the rules of this Title and set the deadlines for their implementation.

## **Title XIX. SCIENTIFIC AND TECHNOLOGICAL COMPLEMENTATION**

### **Article 36.**

The Parties shall endeavour to facilitate and support partnerships and joint initiatives in the field of science and technology as well as joint research projects.

For this purpose, may agree on mutual technical assistance programmes designed to raise productivity levels of the abovementioned sectors, maximize the use of available resources and encourage the improvement of competitiveness, both at the regional and international markets.

Such technical assistance shall be conducted among competent national institutions through programmes of the same.

The Parties shall promote the exchange of technology in farming, industrial and technical standards in the field of animal and plant and other, considered to be of mutual interest.

For this purpose they shall take into account conventions signed in science and technology in force between the parties to this Agreement.

## **Title XX. ADMINISTRATION AND EVALUATION OF THE AGREEMENT**

### **Article 37.**

The Administration and Evaluation of this Agreement Shall Be Responsible for Administering a Committee Composed of the Common Market Group of Mercosur and by the Vice-ministry of Foreign Trade of the Ministry of Foreign Trade and Tourism of the Republic of Peru.

The Management Committee shall be established within sixty (60) calendar days from the date of entry into force of this agreement and at its first meeting shall establish its rules of procedure.

1. Delegations of both Contracting Parties shall be chaired by the representative that each designate.
2. The Management Committee shall convene in regular session at least once a year in place and date as may be

determined by mutual agreement and in special session, when the signatory parties, prior consultations, so agree.

The Management Committee shall adopt its decisions by agreement of the Parties. For the purposes of this article, the Commission manager has taken a decision by consensus on a matter submitted for its consideration if none of the parties formally objected to the adoption of the decision, without prejudice to the settlement of disputes.

### **Article 38.**

Administering the Committee shall have the following functions:

- a) To ensure compliance with the provisions of this Agreement and its Additional Protocols and Annexes;
- b) In each case to determine the modalities and timeframe within which it shall carry out negotiations aimed at the realization of the objectives of this Agreement, it may establish working groups to this end;
- c) Periodically evaluate the progress of the programme of trade liberalization and the general functioning of this Agreement;
- d) Further agreement, including accelerating the trade liberalization agenda for any product or group of products, by mutual agreement, the parties agree;
- e) Contribute to the settlement of disputes and conduct negotiations envisaged in accordance with Title IX;
- f) To monitor the implementation of trade disciplines agreed between the parties, such as rules of origin, safeguard clauses, competition and unfair trade practices;
- g) Modify the rules of origin and establish or amend specific requirements;
- h) Where appropriate, establish procedures for the implementation of the trade disciplines under this Agreement and recommend to the parties any amendments to such disciplines;
- i) Establish appropriate mechanisms for the exchange of information on national legislation in accordance with article 16 of this Agreement;
- j) To convene the parties to comply with the objectives and provisions set out in annex VIII to this agreement on technical regulations and standards and set out in annex IX on sanitary and phytosanitary measures;
- k) Exchange information on the negotiations that the parties undertake to conclude agreements with third countries not provided for in the Montevideo Treaty 1980;
- l) Comply with the other tasks entrusted to the Commission by the administering under the provisions of this agreement, their Additional Protocols and other instruments signed in its area, or by the signatory parties;
- m) In its rules of procedure the establishment of bilateral consultations between the parties on matters covered by this Agreement;
- n) To determine the terms of reference for the fees of arbitrators referred to the settlement of disputes.

### **Article 39.**

As from the date of entry into force of this Agreement, the Signatory Parties hereby terminate the negotiated tariff preferences and the regulatory aspects related thereto, contained in the Partial Scope Economic Complementation Agreements N° 39 and N° 48 and the Partial Scope Renegotiation Agreements N° 20 and N° 33 and their respective Protocols subscribed within the framework of the 1980 Treaty of Montevideo. However, the provisions of such Agreements and their Protocols that are not incompatible with this Agreement shall remain in force, when they refer to matters not included in this Agreement.

### **Article 40.**

The Party that enters into an Agreement not provided for in the Treaty of Montevideo 1980, shall:

- a) Inform the other parties, within fifteen (15) days of the signed agreement, accompanying the text of the Agreement and its supplementary instruments;
- b) Announce, at the same time, the provision to negotiate, within a period of ninety (90) days, equivalent to those granted

concessions and received in a comprehensive manner;

c) In the event of failure to reach a mutually satisfactory solution in the negotiations provided for in subparagraph (b), the parties shall negotiate equivalent compensation within a period of ninety (90) days;

d) If no agreement is reached in the negotiations referred to in subparagraph (c), the Contracting Party concerned may resort to the procedure established in the settlement of disputes that form part of this Agreement.

## **Title XXII. CONVERGENCE**

### **Article 41.**

On the occasion of the Evaluation and Convergence Conference referred to in Article 33 of the Treaty of Montevideo 1980, the Signatory Parties shall examine the possibility of proceeding to the progressive convergence of the treatments provided for in this Agreement.

## **Title XXIII. ACCESSION**

### **Article 42.**

In compliance with the provisions of the Treaty of Montevideo 1980, this Agreement is open to the accession, through prior negotiation, of the other member countries of ALADI. The accession shall be formalized, once its terms have been negotiated between the Signatory Parties and the acceding country, through the execution of an Additional Protocol to this Agreement, which shall enter into force 30 (thirty) days after being deposited with the General Secretariat of ALADI.

## **Title XXIV. Entry Into Force**

### **Article 43.**

This Agreement shall enter into force as of its protocolization at the General Secretariat of ALADI and shall be of indefinite duration.

General Secretariat of ALADI and shall be of indefinite duration. This Agreement shall be incorporated by each of the Signatory Parties, in accordance with their national legislation. As from its protocolization and until the procedure mentioned in the preceding paragraph is completed, the Signatory Parties of MERCOSUR and Peru may apply the Agreement bilaterally, to the extent authorized in their respective domestic legislations.

The Signatory Parties shall communicate to the General Secretariat of LAIA, which shall notify the Signatory Parties, the date of compliance with the requirement mentioned in the second paragraph of this Article, as well as, if applicable, the decision to apply this Agreement according to the provisions of the previous paragraph.

## **Title XXV. DENUNCIATION**

### **Article 44.**

The Signatory Party wishing to denounce this Agreement shall communicate its decision to the Administrative Commission 60 (sixty) days prior to the deposit of the respective instrument of denunciation at the General Secretariat of ALADI. The denunciation shall take effect for the Signatory Parties, once one year has elapsed counted from the deposit of the instrument and from that moment on, the rights acquired and the obligations contracted by virtue of this Agreement shall cease for the denouncing Signatory Party. Notwithstanding the foregoing and before the expiration of 6 (six) months after the formalization of the denunciation, the Signatory Parties may agree on the rights and obligations that shall continue in force for the term to be agreed upon. in force for the term to be agreed upon.

## **Title XXVI. EVOLUTION**

### **Article 45.**

The Signatory Parties may agree on modifications to the Trade Liberalization Program, as well as adopt other specific rules and disciplines. Trade Release Program, as well as adopt other specific rules and disciplines.

## **Title XXVII. AMENDMENTS AND ADDITIONS**



## **Article 46.**

Amendments or additions to this Agreement may only be made by consensus of the Signatory Parties. They shall be submitted for approval by decision of the Administrative Commission and formalized by means of a Protocol. Other amendments or additions to the present Agreement may be adopted by consensus among the Signatory Parties involved, shall be valid exclusively among them, shall be communicated to the Administrative Commission and shall be formalized by means of a Protocol

## **Title XXVIII. EVALUATION CLAUSE**

### **Article 47.**

The Signatory Parties shall convene a Conference to evaluate the results and refine all mechanisms and disciplines of this Agreement in August 2018, in order to ensure the dynamic balance of the results for all Parties and the deepening of the integration process between MERCOSUR and the Republic of Peru.

## **Title XXIX. FREE ZONES**

### **Article 48.**

The signatory Parties agree to continue to address the issue of free trade zones and special customs areas.

## **Title XXX. FINAL PROVISIONS**

### **Article 49.**

The General Secretariat of ALADI shall be the depository of this Agreement, of which it shall send duly authenticated copies to the Signatory Parties.

In WITNESS WHEREOF the respective Plenipotentiaries have signed the present Agreement in the city of Montevideo on the 30th day of November, two thousand five in the Spanish and Portuguese languages, both texts being equally valid. FDO (.):  
by the Government of the Argentine Republic: Juan Carlos Olima; by the Government of the Federative Republic of Brazil: Bernardo pericás net; by the Government of the Republic of Paraguay: Juan Carlos Ramírez montalbetti; by the Government of the Eastern Republic of Uruguay: Gonzalo Rodríguez gigena; by the Government of the Republic of Peru: William BELEVAN Mc Bride.