

# **Economic Complementation Agreement concluded between the Governments of the States parties of MERCOSUR and the Government of the Republic of Bolivia**

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 Bolivia will be referred to as "the Contracting Parties" of this Agreement are MERCOSUR and the Republic of Bolivia.

Whereas:

The need 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;

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 and the establishment of a Free Trade Area of the Americas;

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 desirability of 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 Bolivia;

The States parties of MERCOSUR, through the conclusion of the 1991 Treaty of Asunción, have taken a significant step towards the achievement of the objectives of the Latin American integration;

The Andean countries that have shaped the Andean Community as a body responsible for the achievement of the objectives of regional integration;

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

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

Agree:

To celebrate this Economic Complementation Agreement, under the 1980 Montevideo Treaty, of Resolution No. 2 of the ALADI Council of Ministers and of the norms established below.

## **Title I. Objectives**

### **Article 1.**

This agreement aims are:

- 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;
- The formation of a free trade area between the Contracting Parties within a maximum of 10 years, through the expansion and diversification of trade and the elimination of tariff and non-tariff barriers affecting the reciprocal trade;
- To promote the development and use of physical infrastructure with special emphasis on the progressive release of

communications and transport and terrestrial River and in facilitating the Paraná-Paraguay waterway, Puerto Caceres- Puerto Nueva Palmira.

- Establishing a framework for the promotion and protection of investments.
- Promoting complementarity and economic cooperation, energy, scientific and technological.
- Promote consultations, where appropriate, in trade negotiations with third countries or groups of countries outside the region.

## Title II. Trade Liberalization Programme

### Article 2.

The Contracting Parties shall form a free trade area over a period of 10 years through a programme of trade liberalization, which is applied to products originating from the territories of the Contracting Parties. The Programme shall consist of concessions and progressive automatic applicable on the duties applicable to third countries at the time of release of the goods.

This agreement incorporates the tariff preferences previously negotiated between the parties in the partial or regional agreements within the framework of ALADI, as reflected in the manner in the programme of trade liberalization.

From the entry into Force of this Agreement shall be without effect preferences negotiated in partial or regional agreements.

To this effect, have agreed as follows:

a) In applying the reciprocal trade, from 28 February 1997, following the margin of preference to all products not listed in annexes 1 to 7.

28-2-97%	1-1-98%	1-1-99%	1-1-00%	1-1-01%	1-1-02%	1-1-03%	1-1-04%	1-1-05%	1-1-06%
30	35	40	45	50	60	70	80	90	100

b) The products listed in Annex 1 shall have the following schedule of relief:

28-2-97%	1-1-98%	1-1-99%	1-1-00%	1-1-01%	1-1-02%	1-1-03%	1-1-04%	1-1-05%	1-1-06%
50	50	50	50	50	60	70	80	90	100

c) The products listed in annex 2 (ACE) 34 shall enjoy the margin of preference in each case shows, which shall evolve in accordance with the following schedule:

28-2-97%	1-1-98%	1-1-99%	1-1-00%	1-1-01%	1-1-02%	1-1-03%	1-1-04%	1-1-05%	1-1-06%
30	35	40	45	50	60	70	80	90	100
50	55	60	65	70	75	80	85	90	100
60	64	68	72	76	80	84	88	92	100
70	73	76	79	82	85	88	91	94	100
80	82	84	86	88	90	92	94	96	100

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Furthermore, this annex includes products that have a particular relief timetable contained in each item.

d) The products listed in Annex 3 \_ shall be subject to a special tax rate according to the following schedule concluded within a period of 10 years, and shall have an initial margin of preference of 15%.

28-2-97%	1-1-98%	1-1-99%	1-1-00%	1-1-01%	1-1-02%	1-1-03%	1-1-04%	1-1-05%	1-1-06%
15	15	15	20	25	30	40	60	80	100

e) The products listed in annex 7. shall be subject to the following pace of relief, and shall have an initial margin of preference of 10%, concluding the relief to the tenth year.

28-2-97%	1-1-98%	1-1-99%	1-1-00%	1-1-01%	1-1-02%	1-1-03%	1-1-04%	1-1-05%	1-1-06%
10	10	10	10	10	20	40	60	80	100

f) The tariffs of the products listed in annex 5 will be reduced starting in year ninth progressively and automatic preference so as to achieve a 100% within 15 years from the start of the programme of trade liberalization year starting in 1997.

1-1-2005%	1-1-200620	1-1-2007%	1-1-2008%	1-1-2009%	1-1-2010%	1-1-2011%
10	20	30	40	60	80	100

g) The products listed in Annex 6 will be deducted starting in year ninth progressively and automatic preference so as to achieve a 100% within 18 years counted from the start of the programme of trade liberalization year starting in 1997.

1-1-05%	1-1-06%	1-1-07%	1-1-08%	1-1-09%	1-1-10%	1-1-11%	1-1-12%	1-1-13%	1-1-14%
10	10	10	10	20	30	40	60	80	100

h) The products listed in annex 7 shall have a margin of preference initial 100% from the start of the operation of the Agreement.

### Article 3.

The Commission may accelerate the programme manager of trade liberalization envisaged in this title , for any product or group of products that , by common agreement the contracting parties agree

### Article 4.

Article products exported by the Republic of Bolivia, whose relief from trade liberalization Program includes a tariff rate lower than indicated in the relevant list of Annex 8), (adapted for access to the market concerned, shall apply.

MERCOSUR consider for certain special cases, maintain in favour of Bolivia preference of historical heritage products included in the arrangements for adequacy.

### Article 5.

Charges means customs duties and other charges of equivalent effect are fiscal , monetary , exchange-rate or of any nature that focus on imports not included in this concept when similar fees and charges commensurate with the cost of services

rendered. The Parties may establish other duties and charges having equivalent effect to customs duties, other than those in force on the date of signing of this Agreement and in additional notes to this.

## **Article 6.**

Without prejudice to the World Trade Organization agreements , the Parties shall not apply to the reciprocal trade new duties on exports , or increase the incidence of existing discriminatory among themselves , from the entry into force of this Agreement . Additional taxes in force in notes to this Agreement.

## **Article 7.**

Neither Contracting Party shall impose or maintain non-tariff restrictions on the importation or exportation of goods from its territory to the territory of the other Contracting Party , be implemented through licences , or through other measures , except as provided in the World Trade Organization agreements. Notwithstanding the preceding paragraph, it may maintain existing measures that are reflected in the Notes further to this Agreement.

## **Article 8.**

The Management Committee shall take the necessary measures to ensure the elimination of the additional notes to this Agreement.

## **Article 9.**

The Contracting Parties shall , at the time of entry into force of this Agreement , the tariff in effect and shall be kept informed , through the competent national authorities , on any subsequent amendments and shall transmit copies thereof to the Secretary General of ALADI for information

## **Article 10.**

Nothing in this Agreement shall be construed to prevent a Contracting Party may adopt or enforce a measure in accordance with Article 50 of the Montevideo Treaty 1980 and / or with Articles XX and XXI of the General Agreement on Tariffs and Trade ( GATT )

## **Article 11.**

The Contracting Parties shall apply the tariff applicable to third countries to all the goods produced or a zone free from special areas or customs of any kind , located in the territory of the other Contracting Party such goods shall be duly identified. Without prejudice to the foregoing, shall apply the legal provisions in force in each of the parties for entry into the market of the States parties of MERCOSUR and Bolivia, of goods from a free zone or special customs areas located in its own territory.

## **Title III. Rules of Origin**

### **Article 12.**

The Contracting Parties shall apply to imports under the programme of trade liberalization, the rules of origin contained in Annex 9 of this Agreement and Appendix 3 of Annex 9

## **Title IV. Treatment of Internal Taxation**

### **Article 13.**

In respect of taxes , fees or other internal charges , the products originating in the territory of a signatory Party shall grant, in the territory of the other Contracting Party, a treatment no less favourable than that applied to domestic products in similar circumstances

## **Title V. Unfair Practices of International Trade - Dumping and Subsidies and Anti-competitive Practices**

## **Article 14.**

In the application of measures to counter the distortion of competition caused by dumping and subsidies , the Contracting Parties shall be based on the World Trade Organization agreements in these fields

## **Article 15.**

In the event that one of the signatory parties of a contracting party apply anti-dumping or countervailing measures on imports from third countries , shall notify them to the other contracting party , for the evaluation and monitoring of imports into the market of products subject to the measure , through the competent national authorities

## **Article 16.**

If a Contracting Party considers that the other Contracting Party is being imported from third markets in terms of dumping or subsidization, it may request consultations with the aim of ascertaining the actual conditions of accession of these products. The Contracting Party or consulted the Contracting Party shall give appropriate consideration and response within 15 working days. Consultations shall take place in the place agreed by both contracting parties and their development and conclusions shall be made known to the Commission by the administering the agreement.

## **Article 17.**

The Contracting Parties shall promote the action as may be necessary to establish as soon as possible a regulatory scheme based on internationally accepted standards and practices that constitutes an appropriate framework for discipline any practices that restrict competition

## **Title VI. Exports Incentives**

### **Article 18.**

In connection with incentives to exports, the Contracting Parties shall be based on the World Trade Organization agreements

### **Article 19.**

The products incorporating in its production inputs imported temporarily or under draw-back regime shall not benefit from trade liberalization Program established in this Agreement from 1 January 2002. The Commission shall analyse administering the products which may, exceptionally, benefit from this scheme for a further period of two years.

## **Title VII. Safeguards**

### **Article 20.**

The Contracting Parties shall take the safeguards regime contained in Annex 10

## **Title VIII. Settlement of Disputes**

### **Article 21.**

Disputes that may arise from the application of this Agreement shall be settled in accordance with the provisions on dispute settlement contained in Annex 11

## **Title IX. Customs Valuation**

### **Article 22.**

The agreement on the implementation of article VII of the General Agreement on Tariffs and Trade 1994 , of the World Trade Organization , shall govern the customs valuation rules applied by the Contracting Parties in their reciprocal trade the contracting parties agree not to use, for the reciprocal trade, the extension of the period referred to in paragraph 1 and

stipulated in paragraph 2 of annex III of the General Agreement on Tariffs and Trade 1994 in the World Trade Organization, on the implementation of article VII of the General Agreement on Tariffs and Trade 1994.

## **Title X. Standards and Technical Regulations and Sanitary and Phytosanitary Measures and Related Measures**

### **Article 23.**

The Contracting Parties shall not adopt or maintain measures for Standardisation and standards , metrology , conformity assessment provisions sanitary or phytosanitary or environmental measures and technical regulations , involving create unnecessary obstacles to trade.

### **Article 24.**

To this end , the Contracting Parties shall be governed by the WTO Agreement on Technical Barriers to Trade and the Agreement on the Application of Sanitary and Phytosanitary Measures of the World Trade Organization.

### **Article 25.**

The Contracting Parties shall , if deemed necessary , coordinated guidelines and criteria for the harmonization of standards and technical regulations and sanitary and phytosanitary measures and related measures agree also make efforts to identify productive areas where possible the compatibility of inspection procedures, control and conformity assessment, for the mutual recognition of the results of these procedures.

## **Title XI. Complementarity and Exchange of Productive Sectors**

### **Article 26.**

The Contracting Parties shall promote complementarity and integration , trade and industrial technology , with the aim of maximizing the use of available resources , increase trade between the contracting parties and to permit the exportation to third markets of goods produced in their territories

### **Article 27.**

The Contracting Parties shall encourage joint investments to develop productive activities of goods and services , either through the constitution of multinational enterprises , contracts of joint ventures or other modalities

### **Article 28.**

Actions to promote a progressive economic complementarity between the Contracting Parties shall be carried out through business agreements between public and private undertakings , production of goods and services business agreements shall be directed to the development of new specific activities

The territories of the Contracting Parties, as well as the complementarity, integration and / or rationalisation of existing activities and shall cover the exchange of goods, services, technology and the Association of capital.

Preferably business agreements must be related to those activities of production of goods and services that meet some or all of the following characteristics:

- a) Activities associated with foreign trade of Contracting Parties requiring specific modalities of cooperation between economic operators to ensure its viability;
- b) Activities which by their nature or characteristic of development, require a more targeted approach or ad hoc; and
- c) Activities relating to the protection and preservation of the environment.

### **Article 29.**

Complementation projects, after being negotiated and agreed upon in the Advisory Committee referred to in Title XVIII of this Agreement, will be submitted to the consideration of the Administrative Commission referred to in Article 39.

## **Title XII. Promotion and Exchange of Information**

### **Article 30.**

The contracting parties will support and promote trade and dissemination programmes facilitating the activity of private and official missions organizing fairs and exhibitions , seminars , market studies and other activities aimed at better use of trade liberalization and opportunities to provide procedures to agree in trade matters

### **Article 31.**

For the purposes of this article , the Contracting Parties shall facilitate the reciprocal promotion activities by public and private entities in both contracting parties for products of interest, covered by the programme of trade liberalization of this Agreement

### **Article 32.**

The Parties shall exchange information on vacancies and regional and global applications of their export products

## **Title XIII. Services**

### **Article 33.**

The Contracting Parties shall promote the adoption of measures to facilitate the provision of services to this end, the contracting parties may entrust studies, taking into consideration the rules in force in the World Trade Organization.

## **Title XIV. Physical Integration**

### **Article 34.**

The Contracting Parties, recognizing the importance of physical integration process as an essential tool for the creation of an enlarged economic area, undertake to facilitate the movement of persons and the flow of goods, promote trade between the contracting parties and to third markets through the establishment and the full functioning of linkages, inland waterways, sea and air. To this end, the parties shall negotiate a protocol of physical integration, which will be the subject of interconnections road, in the broader context of the establishment, with third parties, bi-oceanic corridors.

## **Title XV. Investments and Double Taxation**

### **Article 35.**

The Parties shall endeavour to encourage mutual investment, with the aim of strengthening bilateral trade flows and technology, in accordance with their respective national legislations.

### **Article 36.**

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 37.**

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 XVI. Science and Technology Cooperation**

### **Article 38.**

The Contracting Parties shall seek 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 Contracting 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.

## **Title XVII. Administration and Assessment of the Agreement**

### **Article 39.**

The administration and evaluation of the present Agreement shall be responsible for administering a committee composed of the Common Market Group of MERCOSUR, by a Contracting Party and a national commission chaired by the Ministry of Foreign Affairs and Worship of Bolivia, through the National Secretariat of international economic relations, by the other contracting party

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 once a year, in place and date as may be determined by mutual agreement and in special session, when the contracting parties prior consultations, so agree.

The Management Committee shall adopt its decisions by agreement of the Contracting Parties.

### **Article 40.**

The Administering 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, and shall report annually to the Parties a report thereon, as well as on the implementation of the overall objectives set out in article 1 of this Agreement.
- d. The intergovernmental negotiating and agreeing understandings that are required for implementing business arrangements referred to in Title XVIII.
- e. Promote and organize, in coordination with the support of regional and international bodies, business meetings, conferences and other similar activities aimed at facilitating the identification of sectors that may be the subject of agreements.
- f. Evaluate the development of business agreements.
- g. Contribute to the settlement of disputes in accordance with annex 11.
- h. To monitor the implementation of trade disciplines agreed between the contracting parties, such as rules of origin, safeguard clauses, competition and unfair trade practices.
- i. Where appropriate, establish procedures for the implementation of the trade disciplines under this Agreement and recommend to the parties any amendments to such disciplines.
- j. Noting the consultations provided for in article 16 of this Agreement relating to unfair trade practices.
- k. To convene the contracting parties to comply with the objectives laid down in Title X of this agreement on technical regulations and standards, sanitary and phytosanitary measures and related measures.
- l. Establish modalities of coordination and participation of the Business Advisory Committee in article 41.
- m. Revision of the agenda of trade liberalization in cases in which one of the Contracting Parties to amend substantially, selectively and / or widespread, its general tariffs significantly affecting the other contracting party.

n. Exchange information on the negotiations that the Contracting Parties undertake to conclude agreements with third countries not provided for in the Montevideo Treaty 1980.

o. 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 contracting parties.

p. Modify the rules of origin and establish or amend specific requirements.

q. Establish procedures to be followed by the re-export of goods originating in the Contracting Parties.

## **Title XVIII. The Business Advisory Committee**

### **Article 41.**

In order to promote and encourage the active participation of the business sectors in the tasks relating to the implementation of this Agreement establishes the business advisory committee comprising representatives of business organizations of Dome of the signatory parties this committee is a consultative body of the Commission.

## **Title XIX. General Provisions**

### **Article 42.**

It shall remain in force , because of its strictly bilateral nature , the provisions of the agreement of partial scope of trade promotion No 6 and partial scope agreements economic complementarity US 15, 19, 26 and 29 signed in the field of ALADI, not relating to trade liberalization program that have not been addressed in this Agreement.

### **Article 43.**

The Contracting Party, which holds an agreement not foreseen in the Montevideo Treaty 1980, shall:

a) Inform the other contracting party, within a period of 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 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 Contracting 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 have recourse to the dispute settlement procedure in force in this Agreement.

### **Article 44.**

In the event that Bolivia considers Implement fully or partially the price band system established in the Andean legislation relating to the importation of goods shall previously, this situation in the area of the Commission.

## **Title XX. Convergence**

### **Article 45.**

In the Conference of assessment and convergence, referred to in article 33 of the Montevideo Treaty 1980, the Contracting Parties shall examine the possibility of progressive multilateralization of the treatment provided for in this Agreement.

## **Title XXI. Accession**

### **Article 46.**

Pursuant to the Montevideo Treaty 1980 , this Agreement shall be open for accession by negotiation prior to the other member countries of ALADI. Accession shall be formalized once negotiated terms between the contracting parties and the acceding country, through the conclusion of an additional protocol to this Agreement, which shall enter into force 30 days

after being deposited with the General Secretariat of ALADI.

## **Title XXII. Duration**

### **Article 47.**

This Agreement shall enter into force as of 28 February 1997 and shall have an indefinite duration.

## **Title XXIII. Denunciation**

### **Article 48.**

The Contracting Party which wishes to denounce this Agreement shall communicate its decision to the other contracting parties within 60 days prior to the deposit of the instrument of the complaint by the Secretariat-General of ALADI . After the conclusion of the complaint shall cease to contracting the complaining party, the acquired rights and the obligations assumed under this Agreement with respect to the programme of trade liberalization, the non-application of non-tariff measures and other aspects that contracting parties, together with the complaining party may agree within 60 days of the submission of the complaint. These rights and obligations shall remain in force for a period of two years after the date of deposit of the instrument of denunciation, unless the contracting parties agree on a different period.

The suspension of obligations regarding commitments on investment, infrastructure, energy integration and other agreed, shall be governed by the provisions of agreed protocols in these fields.

## **Title XXIV. Amendments and Additions**

### **Article 49.**

The amendments or additions to this Agreement may only be effected by agreement of all Contracting Parties. They shall be subject to the approval of the Commission and administering formalised through protocol.

## **Title XXV. Final Provisions**

### **Article 50.**

The General Secretariat of ALADI shall be the depositary of this Agreement, which shall transmit certified true copies due to the signatory parties.

Done at Fortaleza, on the seventeenth day of December 1996.

For the Argentine Republic: Guido Di Tella

For the Federative Republic of Brazil: Luiz Felipe Palmeira Lampreia

For the Republic of Paraguay: Ruben Melgarejo Lanzoni

For the Eastern Republic of Uruguay: Carlos Perez Castillo

For the Republic of Bolivia: Antonio Aranibar Quiroga.