ANDEAN SUBREGIONAL INTEGRATION AGREEMENT (CARTAGENA AGREEMENT)

The Governments of Bolivia, Colombia, Ecuador, Peru, and Venezuela,

INSPIRED by the Declaration of Bogota and by the Declaration of the Presidents of America;

RESOLVED to strengthen the union of their peoples and to lay the foundations for advancing toward the formation of an Andean subregional community;

AWARE that integration constitutes a historical, political, economic, social, and cultural mandate for their countries, in order to preserve their sovereignty and independence;

BASED on the principles of equality, justice, peace, solidarity, and democracy;

DETERMINED to attain such goals by creating an integration and cooperation system that will lead to the balanced, harmonious, and shared economic development of their countries;

AGREE, through their duly authorized plenipotentiary representatives, to enter into the following SUBREGIONAL INTEGRATION AGREEMENT:

Chapter I. Objectives and Mechanisms

Article 1.

The objectives of this Agreement are to promote the balanced and harmonious development of the Member Countries under equitable conditions, through integration and economic and social cooperation; to accelerate their growth and the rate of creation of employment; and to facilitate their participation in the regional integration process, looking ahead toward the gradual formation of a Latin American Common Market.

This Agreement also seeks to reduce external vulnerability and to improve the positioning of the Member Countries within the international economic context; to strengthen subregional solidarity, and to reduce existing differences in levels of development among the Member Countries.

These objectives are aimed at bringing about an enduring improvement in the standard of living of the subregion's population.

Article 2.

Balanced and harmonious development shall lead to a fair distribution among the member countries of the benefits deriving from integration, so that the existing differences among them are reduced.
The results of that process shall be evaluated periodically, bearing in mind, among other elements, its effects on the growth of each countrys total exports, the performance of its balance of trade with the subregion, the evolution of its gross domestic product, the creation of new jobs, and capital formation.

Article 3.

The following mechanisms and measures shall be used, among others, to fulfill the objectives of this Agreement:

a) The integration with other economic blocs in the region will be intensified and political, social and economic-trade relations will be established with extra-regional systems.

b) Economic and social policies will be gradually harmonized and national laws with regard to pertinent matters will be

aligned;

c) Joint programming will be instituted, subregional industrialization will be intensified, industrial programs will be implemented, and other means of industrial integration will be applied;

d) A more advanced schedule of trade liberalization than the commitments derived from the 1980 Treaty of Montevideo will be instituted;

e) A Common External Tariff will be adopted;

f) Programs will be carried out to accelerate the development of the agricultural and agroindustrial sectors;

g) Resources will be channeled from in and outside the Subregion to finance the investments needed by the integration process;

h) Programs will be conducted in the areas of services and the liberalization of intra-subregional trade in services;

i) Physical integration will be pursued; and

j) Bolivia and Ecuador will receive preferential treatment.

In addition to the mechanisms set out above, the following economic and social cooperation programs and aims shall be carried out in a concerted effort:

a) Programs to promote scientific and technological development;

b) Border integration measures;

c) Programs in the area of tourism;

d) Activities for the use and preservation of natural resources and the environment;

e) Social development programs: and

f) Efforts in the field of social communications.

Article 4.

To carry out this Agreement in the best way possible, Member Countries shall make the necessary efforts to seek adequate solutions to the problems stemming from Bolivias landlocked condition.

Chapter II. On the Andean Community and the Andean Integration System

Article 5.

The "Andean Community" is hereby created, composed of the sovereign States of Bolivia, Colombia, Ecuador, Peru, and Venezuela, and of the bodies and institutions of the Andean Integration System, and is established by this Agreement.

Article 6.

The Andean Integration System is made up of the following bodies and institutions:

- The Andean Presidential Council;

- The Andean Council of Foreign Ministers;

- The Andean Community Commission;

- The Andean Community General Secretariat;

- The Andean Community Court of Justice;

- The Andean Parliament;

- The Business Advisory Council;

- The Labor Advisory Council;

- The Andean Development Corporation;

- The Latin American Reserve Fund;

- The Simon Rodriguez Convention, the Social Conventions that join the Andean Integration System, and those that are created within its framework;

- The Simon Bolivar Andean University;

- The Advisory Councils established by the Commission; and,

- All other bodies and institutions that are created within the framework of Andean subregional integration.

Article 7.

The purpose of the system is to allow for effective coordination among its component bodies and institutions, in order to deepen Andean subregional integration, promote its external influence and consolidate and strengthen actions related to the integration process.

Article 8.

The bodies and institutions of the Andean Integration System are governed by this Agreement and by their respective establishing treaties and amending protocols.

Article 9.

In order to achieve the best possible coordination within the Andean Integration System, the Chairman of the Andean Council of Foreign Ministers will call and chair the Meetings of Representatives of the institutions that comprise the System.

The main tasks of the Meeting shall be:

a) To exchange information about the actions taken by the respective institutions to carry out the Guidelines issued by the Andean Presidential Council;

b) To study the possibility and desirability of arranging, among all or some of the institutions, to carry out coordinated actions that will contribute to the achievement of the objectives of the Andean Integration System; and,

c) To present to the Andean Council of Foreign Ministers meeting in enlarged session, reports about the actions carried out in fulfillment of the Guidelines that have been received.

Article 10.

The Representatives of the institutions comprising the Andean Integration System shall meet in regular session at least once a year and in special session whenever requested to do so by any of the member institutions, at the site agreed upon before the meeting is called. The Andean Community General Secretariat shall act as the Secretariat for the Meeting.

Section A. On the Andean Presidential Council

Article 11.

The Andean Presidential Council is the highest-level body of the Andean Integration System and is made up of the Heads of State of the Member Countries of the Cartagena Agreement. It issues Guidelines on the different spheres of Andean subregional integration, which are carried out by the System bodies and institutions determined by the Council, in keeping with the responsibilities and mechanisms established in their respective Treaties or establishing Agreements.

The bodies and institutions of the System shall guide their policies in the way directed by the Guidelines issued by the Andean Presidential Council.

Article 12.

It is the Andean Presidential Councils responsibility:

a) To define Andean subregional integration policy;

b) To guide and promote action on matters of interest to the Subregion as a whole, as well as on those related to the coordination among the bodies and institutions of the Andean Integration System;

c) To evaluate the development and results of the Andean subregional integration process;

d) To consider and issue opinions about reports, initiatives, and recommendations that are submitted by the bodies and institutions of the Andean Integration System; and

e) To study all issues and matters concerning the course of Andean subregional integration and its external projection.

Article 13.

The Andean Presidential Council shall meet regularly once a year, preferably in the country that chairs it. In this meeting, it shall review the actions taken by the bodies and institutions of the Andean Integration System, as well as their projects, programs, and suggestions.

The members of the Andean Council of Foreign Ministers and of the Commission, and representatives of the System bodies and institutions, may attend the meetings of the Andean Presidential Council as observers.

The Andean Presidential Council may meet in special session whenever it considers this advisable, at the place agreed upon before the meeting is called.

Article 14.

The Andean Presidential Council shall have a Chairman who shall be the Andean Communitys top political representative, and who shall hold office for a period of one calendar year. That position shall be filled, successively and in alphabetical order, by each of the Member Countries

The responsibilities of the Chairman of the Andean Presidential Council shall be:

a) To convene and chair the regular and special meetings of the Council;

b) To represent the Council and the Andean Community;

c) To ensure that the Guidelines issued by the Council are carried out by the other bodies and institutions of the Andean Integration System; and,

d) To carry out all tasks requested by the Council.

Section B. On the Andean Council of Foreign Ministers

Article 15.

The Andean Council of Foreign Ministers is comprised of the Ministers of Foreign Affairs of the Member Countries of the Cartagena Agreement.

Article 16.

The responsibilities of the Andean Council of Foreign Ministers are:

a) To formulate the Member Countries' foreign policy on matters of subregional interest, as well as to orient and coordinate the external efforts of the different bodies and institutions of the Andean Integration System;

b) To formulate, carry out, and evaluate general Andean subregional integration policy, in coordination with the Commission;

c) To carry out the Guidelines given to it by the Andean Presidential Council and to ensure the execution of those that are

intended for the other bodies and institutions of the Andean Integration System;

d) To sign Conventions and Agreements with third countries or groups of countries or with international organizations in regard to global foreign policy and cooperation issues;

e) To coordinate, within its sphere of responsibility, the joint position of the Member Countries in international forums and negotiations;

f) To represent the Andean Community, within the sphere of its competence, in matters and acts of common interest, according to the rules and objectives of the Agreement;

g) To recommend or adopt measures within its area of responsibility that will ensure the accomplishment of the purposes and objectives of the Cartagena Agreement;

h) To ensure harmonious compliance with the obligations set out in this Agreement and in the 1980Treaty of Montevideo;

i) To approve and modify its own regulations;

j) To approve the General Secretariats Regulations and all amendments thereto at the proposal of the Commission;

k) To hear and resolve, within its area of responsibility, all other matters of common interest.

Article 17.

The Andean Council of Foreign Ministers shall express itself through declarations and decisions adopted by consensus. The latter shall be a part of Andean Community Law.

Article 18.

The Andean Council of Foreign Ministers shall meet in regular session twice a year, preferably in the country that chairs the Council.

It may also meet in special session, when deemed advisable, at the request of any of its members, in the place agreed upon before the meeting is convened.

Article 19.

The Andean Council of Foreign Ministers shall be headed by the Foreign Minister of the country that chairs the Andean Presidential Council, who shall hold office for a period of one calendar year.

The coordination work corresponding to the Chairman of this Council shall be performed by the Foreign Ministry of the country whose Head of State chairs the Andean Presidential Council, acting as the Pro Tempore Secretariat of both bodies and with the technical support of the Andean Community General Secretariat.

Article 20.

The Andean Council of Foreign Ministers shall meet in enlarged session with the delegation representatives to the Commission at least once a year and, at the level of alternative representatives, whenever it considers it necessary, in order to discuss matters related to the Cartagena Agreement that are of interest to both bodies, such as:

a) To prepare the meetings of the Andean Presidential Council;

b) To choose and, when suitable, remove the General Secretary of the Andean Community;

c) To propose to the Andean Presidential Council any amendments to this Agreement;

d) To evaluate the performance of the General Secretariat;

e) To consider the initiatives and proposals submitted for its consideration by the Member Countries or the General Secretariat; and,

f) Any other issues that both bodies decide to address jointly by common agreement.

Section C. The Commission of the Andean Community

Article 21.

The Andean Community Commission shall be comprised of a plenipotentiary representative from each Member Country's government, which shall accredit a representative and an alternate representative.

The Commission shall express its will through Decisions.

Article 22.

It is the responsibility of the Andean Community Commission:

a) To formulate, carry out, and evaluate Andean subregional integration policy in the area of trade and investment and, when in order, in coordination with the Andean Council of Foreign Ministers;

b) To take the necessary measures to accomplish the objectives of the Cartagena Agreement and to implement the Guidelines laid down by the Andean Presidential Council;

c) To coordinate, within its sphere of responsibility, the joint position of the Member Countries in international forums and negotiations;

d) To ensure harmonious compliance with the obligations set out in this Agreement and in the 1980 Treaty of Montevideo;

e) To approve and amend its own regulations;

f) To approve, reject or amend the proposals submitted to it by the Member Countries, individually or collectively, or by the General Secretariat;

g) To maintain ongoing relations with the bodies and institutions comprising the Andean Integration System, in order to boost the coordination of programs and measures aimed at accomplishing its common objectives;

h) To represent the Andean Community, within the sphere of its responsibilities, in matters and acts of common interest, in keeping with the rules and objectives of this Agreement;

i) To approve the annual budgets and evaluate the budgetary performance of the General Secretariat and the Andean Community Court of Justice, and to set the contributions to be paid by each of the Member Countries; and,

j) To submit the proposed Regulations of the General Secretariat for consideration by the Andean Council of Foreign Ministers.

In fulfilling its responsibilities, the Commission shall give special consideration to Bolivia and Ecuadors situation in terms of the objectives of this Agreement, the preferential treatment provided in their favor, and Bolivias landlocked status.

Article 23.

The Commission shall have a chairman, who shall hold office for one calendar year. That office shall be filled by the representative of the country that is currently chairing the Andean Presidential Council.

Article 24.

The Commission shall meet on a regular basis three times a year and in special session whenever such a meeting Is called by its chairman at the request of any of the Member Countries or the General Secretariat. Its sessions shall be held at the headquarters of the General Secretariat, but they may also take place elsewhere. The Commission shall meet with the presence of an absolute majority of the Member Countries.

Attendance at Commission meetings is obligatory and failure to attend shall be considered an abstention.

Article 25.

At the Request of one or more of the Member Countries or of the General Secretariat, the Commissions Chairman shall summon the Commission to meet as an enlarged Commission, in order to address sector issues, consider regulations for coordinating the development plans and harmonizing the economic policies of the Member Countries, and hear and resolve all other matters of common interest. The meetings shall be presided over by the Commission Chairman and shall be jointly

comprised of the representatives to the Commission and the Ministers or Secretaries of State of the respective area. Each country is entitled to cast one vote in order to approve decisions that will become a part of Andean Community Law.

Article 26.

The Commission Shall Adopt Its Decisions by Affirmative Vote of the Absolute Majority of the Member Countries. The exceptions to this general rule are:

a) The matters included in Annex 1 to this Agreement, in which case the Commission shall adopt its Decisions by the affirmative vote of the Member Countries with no negative votes being cast.

The Commission may add new matters to that Annex through the affirmative vote of the absolute majority of the Member Countries;

b) For the cases listed in Annex II, General Secretariat proposals shall be approved with the affirmative vote of the absolute majority of the Member Countries, provided that no negative vote is cast. Any proposal that receives the affirmative votes of the absolute majority of the Member Countries, but also a negative vote, shall be returned to the General Secretariat for consideration of the grounds for that negative vote.

Within a period of no less than two months or more than six, the General Secretariat shall present the proposal once again for consideration by the Commission, including any modifications it deems appropriate. The amended proposal shall be considered approved if it receives the affirmative vote of the absolute majority of the Member Countries, with no negative vote. In this case, the vote of the country that had dissented previously shall not be counted as a negative vote; and

c) Industrial Development Programs and Projects shall be approved with the affirmative vote of the absolute majority of the Member Countries, provided that no negative vote is cast.

Article 27-.

The general secretariat or the member countries shall present their proposals at least fifteen days prior to the corresponding meeting of the andean council of foreign ministers or of the commission.

Only in duly justified exceptional cases and in accordance with Andean Community Law may the required deadlines be waived, provided that both the proponent and the other Member Countries agree to this.

Proposals that receive the affirmative vote of the absolute majority of the Member Countries, but also a negative vote, shall be returned to the proponent for consideration of the grounds that gave rise to that negative vote.

Within a period of no less than one month or more than three, the proponent shall once again present the proposal for consideration by the corresponding body, incorporating any modifications it considers appropriate. In that case, the amended proposal shall be considered approved if receives the affirmative vote of the absolute majority of the Member Countries.

Article 28-.

Any member country that falls behind more than four quarters in the payment of its contributions to the general secretariat or to the andean community court of justice may not exercise its right to vote in the commission until it resolves that situation.

In such cases, the quorum for attendance and voting shall be computed according to the number of contributing countries.

Section D. The Andean Community General Secretariat

Section 29-.

The General Secretariat is the executive body of the Andean Community and, as such, acts solely in accordance with the interests of the Subregion. The General Secretariat shall give technical support, when appropriate, to the other bodies and institutions of the Andean Integration System.

The General Secretariat shall be headed by the General Secretary. In performing his duties, the General Secretary shall rely on the Directors General, in accordance with the respective regulations. The General Secretary shall also enjoy the services

of any technical and administrative staff needed to accomplish his duties. The General Secretariat shall express itself through Resolutions.

Article 30-.

The Andean Community General Secretariats responsibilities are:

a) To ensure the application of this Agreement and compliance with the provisions that comprise Andean Community Law;

b) To carry out the tasks assigned to it by the Andean Council of Foreign Ministers and the Commission;

c) To formulate and put forward draft Decisions to the Andean Council of Foreign Ministers and the Commission, in accordance with their respective spheres of responsibility, and initiatives and suggestions to the enlarged meeting of the Andean Council of Foreign Ministers, aimed at facilitating or hastening the fulfillment of this Agreement, so that its objectives may be achieved within the shortest possible time frame;

d) To conduct studies and propose the necessary measures for applying the special treatments in benefit of Bolivia and Ecuador and, in general, those regarding the participation of the two countries in this Agreement;

e) To study and report annually to the Andean Council of Foreign Ministers and the Commission, on the results of the application of this Agreement and the achievement of its objectives, paying special attention to the fulfillment of the principle of fair distribution of the benefits of integration, and to propose pertinent corrective measures;

f) To perform the technical studies and coordination entrusted to it by other bodies of the Andean Integration System, together with any others it considers necessary;

g) To maintain permanent working relations with the Member Countries, in coordination with the national integration body appointed by each country for that purpose;

h) To draw up its annual working program, in which it shall give preference to the tasks assigned to it by other System bodies;

i) To promote periodic meetings of the national organizations responsible for economic policy formulation or execution and, particularly, those charged with economic planning;

j) To maintain working relations with the executive bodies of other regional integration and cooperation organizations, in order to strengthen their relationship and reciprocal cooperation;

k) To keep the records of the enlarged meetings of the Andean Council of Foreign Ministers and of the Commission, and to draw up a tentative agenda of their meetings, in coordination with the chairmen of those bodies;

l) To be the depository for the records of the meetings and other documents of Andean Integration System bodies and to certify their authenticity;

m) To publish the Official Gazette of the Cartagena Agreement;

n) To act as Secretariat for the Meeting of Representatives of the institutions that comprise the Andean Integration System; and,

To carry out all other responsibilities expressly assigned to it by Andean Community Law.

Article 31-.

The General Secretariat shall operate on a permanent basis and its headquarters shall be in the city of Lima, Peru.

Article 32-.

The General Secretariat shall be headed by a Secretary General who shall be chosen by consensus of the Andean Council of Foreign Ministers for a five-year term of office and may be reelected a single time. The Secretary General shall be a person with broad representation and acknowledged prestige, and must be a national of one of the Member Countries. He shall act only in the interests of the subregion as a whole.

The Secretary General may not carry out any other activity during his term of office; nor shall he seek or accept instructions from any government, national institution or international organization.

If the office falls vacant, the Andean Council of Foreign Ministers, meeting in enlarged session, shall immediately proceed to appoint a new Secretary General by consensus. Until that time, the Director-General with the most seniority shall temporarily head the General Secretariat.

Article 33-.

The General Secretary can be removed, by consensus, at the request of a Member Country, only after committing a serious fault foreseen in the General Secretariat's Regulations, while exercising his duties.

Article 34-.

The responsibilities of the Andean Community Secretary General are:

a) To act as the General Secretariats legal representative;

b) To propose initiatives in regard to the General Secretariat Regulations to the Commission or to the Andean Council of Foreign Ministers;

c) To hire and dismiss technical and administrative staff, in accordance with the General Secretariat Regulations;

d) To participate with the right to be heard in the sessions of the Andean Council of Foreign Ministers and the Commission and in their respective enlarged meetings, and, when invited to do so, in the meetings of other System bodies;

e) To present the draft annual budget to the Commission for its approval; and,

f) To present an annual report of the General Secretariats activities to the Andean Council of Foreign Ministers meeting in enlarged session.

Article 35-.

The Secretary General, in consultation with the Member Countries and in keeping with the General Secretariats Functional and Organic Structure, shall appoint the directors-general. These persons shall be top-level professionals, appointed strictly in accordance with their academic background, suitability, reputation, and experience, and they shall each be responsible for a specific technical area.

The Directors-General shall be nationals of Member Countries and the Secretary General shall seek to ensure balanced subregional geographic distribution in their appointment. The appointment and dismissal of the Directors-General shall be governed by the Secretary General Regulations.

Article 36-.

In carrying out proceedings involving the interests of two or more Member Countries, the General Secretary shall have technical support from special experts, whose appointment and method of participation shall be determined according to the Secretary General's Regulations.

Article 37-.

The General Secretary, when hiring technical and administrative staff, who may be of any nationality, shall strictly bear in mind the ability, competence, and reputation of the candidates and shall ensure that, provided that it is compatible with the prior criteria, there should be a balanced subregional geographic distribution. The appointment and removal of the staff shall take place according to the criteria and grounds established in the Regulations of the General Secretariat, without prejudice for what is provided for such purpose by the Charter of the Court of Justice and its modifying protocols.

Article 38-.

The staff of the General Secretariat, shall refrain from any action which may be incompatible with the nature of its duties, and shall neither seek nor accept any instructions from a Government, national entity or international body.

Article 39-.

In the case of proceedings that should conclude with the adoption of a resolution or opinion, public or private individuals or legal entities from the Member Countries shall cooperate in such investigations as the General Secretariat may make in carrying out its duties and, in this Sense, shall supply any information they are requested for this Purpose. The General Secretariat shall keep any documents and information furnished strictly confidential, in accordance with the rules governing those matters.

Section E. On the Andean Community Court of Justice

Article 40-.

The Court of Justice is the judicial authority of the Andean Community.

Article 41-.

The Andean Community Court of Justice is governed by its Charter, its modifying protocols and this Agreement.
The Court has its headquarters in the city of Quito, Ecuador.

Section F. On the Andean Parliament

Article 42-.

The Andean Parliament is the systems deliberating body. It has a community nature, represents the peoples of the Andean Community and shall be made up of representatives chosen by universal and direct suffrage, according to the procedure that is adopted through an Additional Protocol that shall include adequate criteria for national representation.

Until the Additional Protocol establishing direct elections is in force, the Andean Parliament shall be comprised of representatives of the National Congresses, in accordance with their internal regulations and the General Regulations of the Andean Parliament.
The headquarters of the Andean Parliament shall be in the city of Bogota, Colombia.

Article 43-.

The Andean Parliaments Responsibilities Are:

a) To participate in the promotion and guidance of the Andean Subregional integration process, with a view to consolidating Latin American integration;

b) To examine the progress of the Andean subregional integration process and the fulfillment of its objectives, requesting periodic information from the System bodies and institutions for that purpose;

c) To formulate recommendations regarding the annual draft budgets of the System bodies and institutions that are financed through the direct contributions of the Member Countries;

d) To suggest to the System bodies and institutions actions or decisions, whose goal or effect is the adoption of modifications, adjustments, or new general guidelines in relation to the programmed objectives and institutional structure of the System;

e) To participate in the law-making process by suggesting to the System bodies draft provisions on subjects of common interest, for incorporation in Andean Community Law;

f) To promote the harmonization of Member Country legislation; and,

g) To promote cooperative and coordinated relations with Member Country Parliaments, System bodies and institutions, and third country parliamentary integration or cooperation bodies.

Section G. On the Advisory Institutions

Article 44-.

The Business Advisory Council and the Labor Advisory Council are the consultative institutions of the Andean Integration System. They are comprised of high-level delegates, who shall be directly elected by the representative organizations in the

business and labor sectors of each of the Member Countries, according to their respective regulations, and officially accredited by them.

The responsibilities of the Advisory Councils shall be to express their opinions to the Andean Council of Foreign Ministers, the Commission or the General Secretariat, at the request of these bodies or on their own initiative, with regard to programs or activities of the Andean subregional integration process that are of interest to their respective sectors. They can also be summoned to meetings of working groups and of government experts involved in preparing draft decisions, and may participate in meetings of the Commission with the right to take part in the discussions.

Section H. On the Financial Institutions

Article 45-.

The Andean Development Corporation and the Latin American Reserve Fund are the financial institutions of the System whose purpose is to promote the process of Andean subregional integration.

Article 46-.

The General Secretariat and the Executive Bodies of the Andean Development Corporation and the Latin American Reserve Fund Shall Maintain Working Relations for the Purpose of Coordinating Activities Adequately and, Thereby, Facilitating the Achievement of the Objectives of this Agreement.

Section I. On Dispute Resolution

Article 47-.

The Settlement of any disputes that may arise as a result of the application of Andean Community law shall abide by the Provisions of the Treaty Establishing the Court of Justice.

Section J. On the International Legal Capacity and the Privileges and Immunities

Article 48.

The Andean Community is a subregional organization with an international legal capacity or status.

Article 49-.

The Secretary General, the Court of Justice, the Andean Parliament, the Andean Development Corporation, the Latin American Reserve Fund, and the Social Agreements which are part of the System, shall enjoy, within the territory of each one of the Member Countries, the privileges and immunities required for the fulfillment of their objectives. Their representatives and international staff shall have, likewise, the privileges and immunities required to carry out their duties, in relation to this agreement, with independence. Their premises are inviolable and their goods and property are immune to all judicial proceedings, unless expressly waived. Nevertheless, such a waiver shall not apply to any judicial executory measure.

Chapter III. Harmonization of Economic Policies and Coordination of Development Plans

Article 50-.

Member Countries shall progressively adopt a strategy for the achievement of the subregional development objectives foreseen in this Agreement.

Article 51-.

Member Countries shall coordinate their development plans in specific sectors and will gradually harmonize their economic

and social policies, with the objective of achieving an integrated development of the area, through planned actions. This process shall be carried out in parallel to and in coordination with the creation of the subregional market, by means of the following mechanisms, among others:
a. Industrial Development Programs;
b. Agricultural and Agro-industrial Development Programs;
c. Physical Infrastructure Development Programs;
d. The harmonization of foreign exchange, monetary, financial, and fiscal policies, including the treatment of subregional or foreign capital;
e. A common trade policy in relation to third countries; and
f. The harmonization of planning methods and techniques.

Article 52-.

Before December 31, 1970, the Commission, shall at the General Secretariat's proposal, approve and submit to the Member Countries for their consideration a common regime on the treatment of foreign capital and, among others, about trademarks, patents, licenses, and royalties. The Member Countries shall take the necessary measures to put this regime into effect within six months following its approval by the Commission.

Article 53-.

Before December 31, 1971, the Commission shall, at the General Secretariat's proposal, approve and propose to the Member Countries a uniform regime that Andean multinational corporations must abide by.

Article 54-.

The Commission shall, at the General Secretariat's proposal, establish permanent procedures and mechanisms deemed necessary to achieve the coordination and harmonization referred to in Article 51.

Article 55-.

The Commission shall, at the General Secretariat's proposal and taking into account the progress and needs of the subregional integration process, as well as the balanced compliance with the mechanisms of the Agreement, approve rules, and determine dates for the gradual harmonization of the economic legislations and the instruments and mechanisms for the regulation and promotion of Member Countries´ foreign trade that affect the mechanisms foreseen in this Agreement for the creation of the subregional market.

Article 56-.

The Member Countries shall include in their national development plans and in the formulation of their economic policies, the necessary measures to ensure compliance with the preceding Articles.

Chapter IV. Industrial Development Programs

Article 57-.

The Member Countries pledge themselves to promote a common process of industrial development to attain, among others, the following objectives:
a. The expansion, specialization, diversification, and promotion of industrial activity;
b. The development of economies of scale;
c. An optimum utilization of resources available in the area, specially through the industrialization of natural resources;
d. The improvement in productivity;
e. A greater degree of relationship, linkage, and complementarity among the industrial enterprises of the Subregion;
f. An equitable distribution of benefits; and
g. An improved degree of participation of subregional industry in the international context.

Article 58-.

With respect to the previous Article, the following shall constitute modes of industrial integration:

a. Industrial Integration Programs;
b. Industrial Complementarity Agreements ; and
c. Industrial Integration Projects.

Section A. On Industrial Integration Programs

Article 59-.

The Commission shall, at the General Secretariat's proposal, adopt Industrial Integration Programs, preferably to promote new industrial production that is sectorial or intersectorial in scope, and that shall have the participation of at least four Member Countries. The programs shall include clauses about:
a. Specific goals;
b. The determination of the products that are the subject matter of the Program;
c. Location of production facilities in the countries of the Subregion whenever required by the characteristics of the sector or sectors subject to the program, in which case, they must include rules regarding the commitment not to encourage production in countries which are not favored by the assignment;
d. A Tariff Reduction Program which may provide different rates of implementation by country and product; e. A Common External Tariff;
f. Coordination of new investment on a subregional scale and measures to ensure its financing; g. Harmonization of policies on aspects directly affecting the Program;
h. Complementary measures that may create greater industrial linkages and facilitate the fulfillment of the goals of the Program; and i. The periods of time during which the rights and obligations arising from the Program shall be maintained, in case the Agreement is denounced.

Article 60-.

In the Industrial Integration Programs, the nonparticipant country shall be subject to the following conditions: a. When the products that are the subject matter of these programs belong to the list of reserved products, it may keep them as in a reserved position, with the commitment of improving the Tariff Reduction Program or the Common Minimum External Tariff, as the case may be, within a period which does not exceed that established in the Programs for these purposes; and b. For the other products, by the general rules of this Agreement.

Article 61-.

A country not participating in a Program of Industrial Integration may request its incorporation at any time in which case the Commission shall approve the conditions for said incorporation, through the voting system provided in paragraph b) of Article 26. In the respective proposals, the Commission shall take into account the negotiations carried out between participating and the non-participating countries.

Section B. On the Agreements of Industrial Complementarity

Article 62-.

The Agreements of Industrial Complementarity shall promote industrial specialization among the Member Countries and may be entered into and carried out by two or more of them. Such Agreements must be notified to the Commission. With respect to the preceding paragraph, the Agreements may include measures such as distribution of production, joint production, subcontracting of productive capacity, market agreements, and joint foreign trade operations, as well as others which may facilitate a greater articulation of the productive processes and entrepreneurial activity.

The Agreements of Industrial Complementarity shall be transitory in nature, and in addition to the determination of products that are their subject matter and of the expiration date of the rights and obligations of the participant Member Countries, may include special measures regarding tariff treatment, trade regulations, and the establishment of preferential margins, that are not applicable to nonparticipant countries, provided that such measures represent an equal or better level of conditions than those existing for reciprocal exchange. In this case, the duties applicable to third countries shall be determined.

Article 63-.

In the case of Agreements of Industrial Complementarity, the following rules shall apply to the products subject to them:

a. Whenever they belong to the list of reserved products, the participant and nonparticipant countries may maintain them in it; and
b. Regarding the other products, the nonparticipant countries shall apply the general rules of this Agreement.

Article 64-.

Countries not participating in the Agreements of Complementarity may request their incorporation at any time, in which case the conditions for said incorporation shall be approved by the participant countries. These conditions shall be notified to the Commission.

Section C. On Industrial Integration Projects

Article 65-.

The Commission shall, at the General Secretariat's proposal, approve Industrial Integration Projects, which shall be carried out with regard to specified products or product families, preferably new ones, through collective cooperation policies and with the participation of all of the Member Countries In carrying out these Projects, the following tasks, among others, shall be performed:
a. Feasibility and design studies;
b. Supplying equipment, technical assistance, technology, and other goods and services, preferably of subregional origin;
c. Support by the Andean Development Corporation through financing or through equity; and d. Joint negotiations with international entrepreneurs and government agencies to obtain foreign funds or the transfer of technology.
Industrial Integration Projects shall include clauses regarding the location of production facilities in the Member Countries whenever the characteristics of the corresponding sector or sectors so require and may include clauses that facilitate product access to the subregional market. In the case of specific projects located in Bolivia or Ecuador, the Commission shall establish temporary and exclusive tariff treatment that improves the conditions of access of such products to the subregional market. Regarding products that are not produced in the Subregion, if these were to be included in this category, they shall include exceptions to the principle of irrevocability provided in the first paragraph of Article 75.

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Article 66-.

In the application of the modes of industrial integration, the Commission and General Secretariat shall consider the situation and requirements of small and medium-sized industry, particularly those referred to the following aspects:
a. The installed capacity of the existing companies;
b. The financial and technical needs for the installation, expansion, modernization, or conversion of production facilities;
c. The perspectives for establishing joint marketing, technological and research systems, and other forms of cooperation among similar companies; and d. Employee training requirements.

Article 67-.

The modes of industrial integration may foresee industrial rationalization actions with the intention of achieving an optimum utilization of the factors of production and to reach higher levels of productivity and efficiency.

Article 68-.

The General Secretariat may carry out or promote cooperation actions, including those for industrial rationalization and modernization, in favor of any activity of the sector and, particularly, of Subregional small and medium-sized industry, with the purpose of contributing to the industrial development of the Member Countries. These actions shall be carried out with priority in Bolivia and Ecuador.

Article 69-.

When the General Secretariat deems it advisable and, in any case, in its periodic evaluations, it shall propose to the Commission the measures it considers essential for ensuring the equitable participation of the Member Countries in the modes of industrial integration that are covered under the present Chapter, in their execution, and in the attainment of their objectives.

Article 70-.

It shall be the Commission and the General Secretariat's responsibility to maintain an adequate coordination with the Andean Development Corporation, and to arrange for the assistance of any other national or international institutions whose technical and financial contribution it considers desirable for: a. Facilitating the coordination of policies and the joint programming of investments; b. Channeling an increasing volume of funds to the solution of problems created for Member Countries by the process of industrial integration; c. Promoting the financing of the investment projects that arise from the execution of the different modes of industrial integration, d. Expanding, modernizing, or converting industrial plants that may be adversely affected by trade liberalization.

Chapter V. Tariff Reduction Program

Article 71-.

The objective of the Tariff Reduction Program is to eliminate the levies and restrictions of all kinds that affect the importation of products originating in the territory of any Member Country.

Article 72-.

"Levies" are understood to mean the customs duties and any other charge with equivalent effect, whether fiscal or monetary in nature or related to foreign exchange, that may affect imports. Not included in this concept are analogous assessments and surcharges that correspond to the approximate cost of the services rendered.
"Restrictions of all kinds" are understood to mean any administrative, financial, or foreign exchange measure, whereby a Member Country through an unilateral decision, obstructs or hinders imports. Not included in this concept are the adoption and enforcement of measures for:
a. The protection of public morality;
b. The application of laws and regulations related to security;
c. The regulation of arms, ammunition, and other implements of war, and under exceptional circumstances, of all other military articles, as long as it does not interfere with what is provided in treaties in force between Member Countries relating to the freedom of transit;
d. The protection of human, animal, or plant life and health;
e. Import and export of metallic gold and silver;
f. The protection of national treasures of artistic, historic, or archaeological value; and
g. The exportation, use, or consumption of nuclear materials, radioactive products, or any other material that may be used in the development and use of nuclear energy.

Chapter VI. Liberalization Program

Article 73-.

For the purpose of the previous articles, the General Secretariat, on its own initiative or at the request of a party, shall

determine, when necessary, if a measure adopted unilaterally by a Member Country constitutes a "levy" or "restriction."

Article 74-.

As regards taxes, assessments, and other internal charges, products originating in a Member Country shall enjoy in the territory of the other Member Country treatment that is no less favorable than that accorded to similar domestic products.

Article 75-.

The Tariff Reduction Program shall be automatic and irrevocable and it shall cover the entire product universe, except for the provisions regarding exceptions that are established in this Agreement, so that a total reduction is achieved by the dates and in the modes referred to in this Agreement. This Program shall apply, in its various forms to:
a. Products that are the subject matter of Industrial Integration Programs;
b. Products included in the Common List referred to in Article 4 of the Treaty of Montevideo of 1960;
c. Products that are not produced in any of the Subregional countries, included in the corresponding list; and d. Products not included in the above sections.

Article 76-.

Every kind of restriction shall be eliminated by December 31, 1970, at the latest. Excepted from the previous rule are restrictions applied to products reserved for Sectorial Programs and modes of industrial integration, which shall be eliminated when the reduction in their tariffs is initiated according to their respective program or mode or as provided in Article 83. Bolivia and Ecuador shall eliminate every kind of restriction at the moment in which they initiate the Tariff Reduction Program for each product, according to the procedures provided in Articles 130 and 138, but may replace them with levies that do not exceed the lowest level indicated in subsection a) of Article 82, in which case this shall apply to imports from the Subregion as well as from outside of it.

Article 77-.

The Commission shall, within the time period provided in the preceding Article and at the General Secretariat's proposal, determine which products are to be reserved for Sectorial Programs of Industrial Development. Before October 31, 1978, the Commission, at the General Secretariat's proposal, shall approve a list of products to be excluded from the list of those reserved for programming and shall reserve from among those not produced two lists of goods to be produced in Bolivia and Ecuador, indicating the conditions and time periods. On December 31, 1978, Colombia, Peru, and Venezuela, shall adopt for the products on this list the starting point provided in subsection a) of Article 82, and shall eliminate all of their restrictions applicable to the importation of said goods. The remaining levies shall be removed in five annual and successive reductions of ten, fifteen, twenty, twenty-five, and thirty percent, the first of which shall take place on December 31, 1979. On December 31, 1978, Colombia, Peru, and Venezuela shall eliminate the levies applicable to imports originating in Bolivia and Ecuador. Bolivia and Ecuador shall eliminate duties on the importation of these products as foreseen in section b) of Article 130 of this Agreement. Before December 31, 1995, the Commission shall approve Industrial Integration Programs and Projects with respect to products that had been reserved for that purpose.

Article 78-.

The Commission and the Member Countries shall, whenever appropriate and at any time, adopt the modes of industrial integration referred to in Article 58 and shall determine the pertinent rules, taking into account that which is provided in Chapter IV and considering the importance of industrial programming as a fundamental mechanism of the Agreement.

Article 79-.

The products included in the first section of the Common List referred to in Article 4 of the Treaty of Montevideo of 1960, shall be totally freed from all restrictions and levies on April 14, 1970.

Article 80-.

Before December 31, 1970 the Commission, at the proposal of the General Secretariat, shall draw up a list of the goods not produced in any of the countries of the Subregion and which have not been reserved for Sectorial Programs of Industrial Development. It shall select those that should be reserved for production in Bolivia and Ecuador, establishing, for the latter ,

the terms and reserve periods.
Products appearing on that list shall be totally freed of levies on February 28, 1971. The elimination of duties on the goods reserved for production in Bolivia and Ecuador, shall benefit those countries exclusively. Notwithstanding the foregoing, and within the period stipulated in the first paragraph of this Article, the General Secretariat may propose to the Commission that some of the products on that list be allocated to Colombia, Peru, and Venezuela. The country benefiting from the allocation shall remove the duties on the respective goods as provided for in Article 82. If the General Secretariat is able to confirm that, four years after the date of the allocation, the favored country has not initiated the corresponding production or that the project is not underway, then as of that moment the effects of that allocation shall cease and the country benefited shall immediately proceed to eliminate the tariff on the product in question.

Article 81-.

At any time after the expiration of the period indicated in the second paragraph of the foregoing Article the Commission, at the General Secretariat's proposal, may add new products to the list referred to in the first paragraph of that same Article. Those goods shall be free from all levies sixty days after the date of approval of their inclusion on the list in question. Whenever the General Secretariat considers it to be technically and economically feasible, it shall propose to the Commission that some of the new products be reserved for production in Bolivia and Ecuador; in that case it shall stipulate the period and term of the reservation.

Article 82-.

Products not covered by Articles 77, 79, and 80 shall be freed of levies in the following manner:
a. The lowest levy for each product in any of the national schedules of customs duties of Colombia and Peru or in their respective National Lists on the date the Agreement is signed, shall be used as the starting point. Said starting point may not be higher than one hundred percent ad valorem of the CIF price of the merchandise;
b. On December 31, 1970, all of the duties above the level cited in the preceding subsection shall be reduced to that level; and
c. The remaining levies shall be eliminated in five annual and successive reductions of ten percent each, the first of which shall be made on December 31, 1971; seven annual and successive reductions of six percent each, the first of which shall be made on December 31, 1976, and a final reduction of eight percent, to be made on December 31, 1983.

Article 83-.

With respect to the products which, having been selected for Sectorial Programs and modes of Industrial Integration and which are maintained in reserve until the expiration of the period specified in the final subsection of Article 77, the Member Countries shall carry out the Tariff Reduction Program in the following way:
a. The Commission, at the General Secretariat's proposal, shall choose two lists of not produced goods, to be produced in Bolivia and Ecuador, and shall set the periods and terms of the reservation; and
b. Before December 31, 1995, the Commission, at the General Secretariat's proposal shall adopt a gradual tariff reduction program for the remaining products, which shall be completed by December 31, 1997. Colombia, Peru, and Venezuela shall eliminate the levies applicable to imports from Bolivia and Ecuador at the time said tariff reduction program is initiated.

Article 84-.

The Member Countries shall refrain from changing the levels of the levies and from introducing any new restrictions on the importation of products which originate in the Subregion, in any way that would create a less favorable situation than that in existence at the time the Agreement comes into effect. Excluded from the above are the changes which Bolivia and Ecuador must make in their schedules of customs duties to obtain optimum use from their trade policy instruments in order to ensure that certain production activities are initiated or expanded within their territories. These exceptions are to be reviewed by the General Secretariat and authorized by the Commission. Also excepted from this rule are changes in levies resulting from the replacement of restrictions by levies referred to in Article 46.

Article 85-.

Up until December 31, 1970, each of the Member Countries may submit to the General Secretariat a list of products currently being produced in the Subregion, in order to exempt them from the Tariff Reduction Program and from the establishment of the External Tariff. Colombia and Peru's lists of exceptions cannot contain products that are included in more than two hundred and fifty items of the NABALALC. Within one hundred and twenty days after its Instrument of

Accession to the Agreement, Venezuela will present to the General Secretariat a list of exceptions which may not cover products that are already included in more than two hundred and fifty items of the NABALALC. The products included in the lists of exceptions shall be completely free of levies and other restrictions and covered under the Minimum Common External Tariff or the Common External Tariff, whichever is appropriate, through a process that shall include three stages of 44, 44 and 87 items, the first of which shall be liberalized on December 31, 1993; the second on December 31, 1994, and the final one on December 31, 1995. Colombia, Peru, and Venezuela may maintain, after December 31, 1995, a set of residual exceptions that shall contain products that are included in no more than 75 items of the NABALALC.

Article 86-.

A Member Country's incorporation of a product in its list of exceptions shall prevent it from enjoying the benefits deriving from the Agreement for that product. A Member Country may withdraw products from its list of exceptions at any time. In that case, the products shall comply with the Tariff Reduction Program and the External Tariff in effect for such products, in the ways and levels that are appropriate, and they shall simultaneously begin to enjoy the respective benefits. In duly qualified cases, the General Secretariat may authorize a Member Country to incorporate in its list of exceptions products that, having been reserved for Industrial Integration Programs and Projects, were not programmed. In no case shall the incorporation involve an increase in the number of corresponding items.

Article 87-.

The General Secretariat shall consider the possibility of incorporating the products Member Countries included in their lists of exceptions and in their lists of administered trade, to the Industrial Integration modes. For purposes of the previous section, interested countries shall inform the General Secretariat of their intention to participate and once the respective mode of industrial integration is agreed upon, shall withdraw the product from its list of exceptions or from its list of administered trade. Member Countries shall enter into negotiations in order to seek formulas that may allow for the liberalization of the products included in the lists of exceptions or the elimination of quotas on the products incorporated in the lists of administered trade, prior to the expiration of the corresponding deadlines.

Article 88-.

The inclusion of products in the lists of exceptions shall not affect the exportation of goods originating in Bolivia or Ecuador which have been the subject of significant trade between the respective country and Bolivia or Ecuador over the last three years or which show a strong likelihood of significant trade in the immediate future. The same shall be the case in the future for those products from Bolivia or Ecuador which appear in the lists of exceptions of any of the Member Countries and which show clear and immediate prospects of being exported from Bolivia or Ecuador to the country which has exempted them from the reduction of trade restrictions. It shall be the responsibility of the General Secretariat to determine when significant trade exists or when there is a clear likelihood that it will exist.

Article 89-.

The Member Countries shall seek to jointly reach partial-scope trade agreements, agreements of economic complementation, agricultural agreements, and trade promotion agreements, with the other Latin American countries in those sectors where it is feasible, according to the provisions of Article 98 of this Agreement and of the Montevideo Treaty of 1980.

Chapter VI. Common External Tariff

Article 90-.

Member Countries commit themselves to implementing a Common External Tariff within the time limits and in the manner established by the Commission.

Article 91-.

The Commission, at the General Secretariat's proposal, shall approve a Common External Tariff that must provide adequate levels of protection in favor of subregional production, taking into account the Agreement's objective of gradually harmonizing the different economic policies of the Member Countries. On the date indicated by the Commission, Colombia, Peru, and Venezuela will begin the process of approximating their levies, that apply under their national tariff schedules to

the importation of products not originating within the Subregion, to the Common External Tariff, in an annual, automatic, and linear manner.

Article 92-.

Before December 31, 1970, the Commission, at the proposal of the General Secretariat, shall approve a Minimum Common External Tariff, whose objectives shall be primarily the following:
a. To establish adequate protection for subregional production;
b. To progressively create a subregional margin of preference;
c. To facilitate the adoption of the Common External Tariff; and
d. To further the efficiency of subregional production.

Article 93-.

On December 31, 1971, the Member Countries shall begin approximating their levies, that apply to imports from outside the Subregion, to the Minimum Common External Tariff, in those cases in which the former are lower than the latter, and they shall carry out this process in an annual, linear, and automatic manner, so that it is fully implemented by December 31, 1975.

Article 94-.

Notwithstanding the provisions of Articles 91 and 93 the following rules shall be applied:
a. With respect to products that are subject matter of the Industrial Integration Programs, the rules established by said Programs regarding the Common External Tariff shall govern; and with respect to products that are the subject-matter of Industrial Integration Projects, the Commission, whenever appropriate, may determine, when approving the respective Decision, the levels of levies that apply to third countries and the corresponding conditions; and
b. At any time, in fulfilling the Tariff Reduction Program, a product is freed of levies and other restrictions, it shall be subject to the full and simultaneous application of the levies established in the Minimum Common External Tariff or in the Common External Tariff, as the case may be. For goods not produced in the Subregion, each country may defer the application of the common levies until the General Secretariat verifies that its production has begun in the Subregion. Nevertheless, if in the General Secretariat's judgment the new production is insufficient to normally meet the needs of the Subregion, it shall propose to the Commission the necessary measures to reconcile the need to protect subregional production with that of ensuring a normal supply.

Article 95-.

The Commission, at the General Secretariat's proposal, shall be able to approve subregional margins of preference with respect to the products that are still not required to comply with the Tariff Reduction Program and the Minimum Common External Tariff, providing in the corresponding Decision the conditions and terms for its application, until they are surpassed by the rules of the Tariff Reduction Program and the Minimum Common External Tariff or the Common External Tariff.

Article 96-.

The Commission, at the General Secretariat's proposal, may modify the common tariff levels to the extent and at the time it deems advisable in order to:
a. Adjust them to the Subregion´s needs; and
b. Provide for the special situation of Bolivia and Ecuador.

Article 97-.

The General Secretariat may propose to the Commission the measures which it considers essential to ensure normal conditions of supply in the Subregion. Any Member Country undergoing temporary supply shortages may present the problem to the General Secretariat, which shall verify the situation within a period commensurate with the urgency of the case. Once the General Secretariat verifies the existence of the problem in question and so informs the country adversely affected, the latter may take steps, such as to reduce or temporarily suspend the External Tariff duties, within the necessary limits for correcting the disturbance. In the cases referred to in the previous section, the General Secretariat shall call a special meeting of the Commission, if such is in order, or shall inform it of the action taken at its following regular meeting.

Article 98-.

The Member Countries commit themselves not to alter unilaterally the levies set in the various stages of the External Tariff. They also commit to hold the necessary consultations in the Commission before taking on obligations of a tariff nature with countries outside the Subregion. The Commission, at the General Secretariat's proposal and through a Decision, shall state its opinion regarding said consultations, and shall set the terms with which commitments of a tariff nature must comply.

Chapter VII. Agricultural Development Programs

Article 99-.

With the purpose of promoting common agricultural and agroindustrial development and attaining greater subregional food security, the Member Countries shall carry out an Agricultural and Agroindustrial Development Program, harmonize their policies, and coordinate their national plans in the sector, bearing in mind, among others, the following objectives:
a. An improvement in the living standards of the rural population;
b. Taking care of the food and nutritional requirements of the population on satisfactory terms, to achieve the lowest possible dependence on supplies coming from outside the Subregion;
c. The appropriate and adequate supply of the subregional market and the protection against food shortage risks;
d. An increase in the production of staple foods and in productivity levels;
e. Subregional complementation and specialization of production with a view to improving the use of its inputs and to increase trade of agricultural and agroindustrial products; and
f. Subregional substitution of imports and the diversification and growth of exports.

Article 100-.

To fulfill the objectives stated in the previous article, the Commission, at the proposal of the General Secretariat, shall take the following steps, among others:
a. To create an Andean System and National Systems of Food Security;
b. Joint policies for agricultural and agroindustrial development by products or groups of products;
c. Joint programs for agricultural and agroindustrial technological development, including policies for research, training, and the transfer of technology;
d. Promotion of intra-subregional agricultural and agroindustrial trade and entering into agreements for supplying agricultural products;
e. Joint programs and policies regarding agricultural and agroindustrial trade with third countries;
f. Common rules and programs about vegetable and animal health;
g. Creation of subregional funding mechanisms for the agricultural and agroindustrial sector;
h. Joint policies for the use and preservation of the natural resources of the sector; and
i. Joint cooperative policies in the fields of research and transfer of technology in areas of common interest for the Member Countries, such as genetics, floriculture, fishing, forestry, and those that the Commission determines in the future.

Article 101-.

The Commission and the General Secretariat shall adopt the necessary steps to hasten the agricultural and agroindustrial development of Bolivia and Ecuador as well as their participation in the enlarged market.

Article 102-.

Any Member Country may apply, in a non-discriminatory, manner, to the trade of products incorporated in the list referred to Article 104, the following measures destined to: a. Restrict imports to what is necessary in order to cover internal production deficits; and b. To level the prices of the imported product with those of the national product. For the application of such measures, when appropriate, the Member Countries shall carry out actions through the existing national agencies, destined to the supply of agricultural and agroindustrial food products.

Article 103-.

The country imposing the measures referred to in the previous article shall immediately notify the General Secretariat, enclosing a report on the underlying reasons for its action. These measures shall be applied to Bolivia and Ecuador only in duly qualified cases and after the General Secretariat has confirmed that the damage arises essentially from their imports.

The General Secretariat is required to express its views within fifteen days after receiving the report, and it may authorize application of the measures. Any Member Country that considers itself affected by said measures may present its comments to the General Secretariat. The General Secretariat shall study the case and propose to the Commission the positive measures that it deems advisable in the light of the objectives provided in Article 99. The Commission shall decide with respect to the restrictions that were applied and the measures proposed by the General Secretariat.

Article 104-.

Before December 31, 1970, the Commission, at the proposal of the General Secretariat, shall determine the list of agricultural products for purposes of applying Articles 102 and 103. Such list may be modified by the Commission, at the proposal of the General Secretariat.

Chapter VIII. Competition

Article 105-.

Before December 31, 1971, the Commission, shall adopt, at the General Secretariat's proposal, the rules which are needed to guard against or correct practices which may distort competition within the Subregion, such as dumping, improper price manipulations, maneuvers made to upset the normal supply of raw materials and others with a like effect. In this respect, the Commission shall consider the problems that could derive from the imposition of levies and other restrictions on exports. It shall be the General Secretariat's responsibility to ensure the application of those rules in the particular cases that are reported.

Article 106-.

The Member Countries may not adopt corrective measures without the General Secretariat's prior authorization. The Commission shall regulate the procedures for implementing the rules of this Chapter.

Chapter XI. Safeguard Clauses

Article 107-.

A Member Country, that has adopted measures to correct a disequilibrium in its overall balance of payments, may extend such measures, when previously authorized by the General Secretariat in a transitory and nondiscriminatory manner, to intrasubregional trade of products incorporated to the Tariff Reduction Program. The Member Countries shall seek to ensure that the application of restrictions due to a balance of payments situation does not affect, within the Subregion, trade in products incorporated to the Tariff Reduction Program. When the situation provided for in this Article requires an immediate response, the interested Member Country may apply, on an emergency basis, the foreseen measures, having in that regard to immediately notify them to the General Secretariat, which shall express its views within the following thirty days, either authorizing, modifying, or suspending them. If the application of the measures provided for in this Article lasts more than one year, the General Secretariat, on its own initiative or upon the request of any of the Member Countries, shall propose to the Commission that negotiations be immediately initiated in order to seek the elimination of the adopted restrictions.

Article 108-.

If the execution of the Tariff Reduction Program of the Agreement causes or threatens to cause serious damage to the economy of a Member Country or to one of its significant economic sectors, that country may, with the prior permission of the General Secretariat, apply temporary corrective steps in a nondiscriminatory manner. When necessary, the General Secretariat may propose to the Commission collective cooperation measures for the purpose of surmounting the problems that arise. The General Secretariat shall periodically study the evolution of the situation to keep the restrictive measures from lasting any longer than is strictly necessary or to consider new formulas for cooperation, if appropriate. When the injuries dealt with in this Article are so serious that they require immediate steps, the Member Country adversely affected may apply corrective measures temporarily, on an emergency basis, subject to the subsequent pronouncement of the General Secretariat. Those measures shall do the least damage possible to the Tariff Reduction Program, and so long as they are implemented unilaterally, they may not involve a decrease in the importation of the product or products in question in terms of the average for the twelve preceding months. The Member Country which adopts those measures shall immediately inform the General Secretariat thereof and the latter shall issue its views on them within the thirty following

days, either to authorize, modify, or suspend them.

Article 109-.

When a product originating in the Subregion is being imported in such quantities or conditions as to cause a disturbance in the domestic production of specific products of a Member Country, it may apply corrective measures, that are nondiscriminatory and of a temporary nature, subject to the subsequent pronouncement of the General Secretariat. The Member Country that applies the corrective measures, within no more than sixty days, must notify the General Secretariat and present a report regarding the underlying grounds for their application. The General Secretariat, within sixty days after receiving the aforementioned report, shall verify the disturbance and the origin of the imports causing it, and shall issue its pronouncement, either to suspend, modify, or authorize said measures, which may only be applied to the products of the Member Country where the disturbance originated. The corrective measures that are applied shall guarantee access for a volume of trade not inferior to the average for the last three years.

Article 110-.

If a currency devaluation made by one of the Member Countries alters the normal conditions of competition, the country which considers itself to be adversely affected may bring the case before the General Secretariat, which should hand down its opinion briefly and summarily. Once the General Secretariat has verified, the existence of the disturbance, the adversely affected country may take temporary corrective measures so long as the condition exists, while abiding by the General Secretariat's recommendations. In any case, those measures may not involve a reduction in the levels of imports existing prior to the devaluation. Without prejudice for the application of the temporary measures referred to, any of the Member Countries may request that the Commission give a final decision on the matter. The Member Country which devalued its currency may request at any time that the General Secretariat review the situation, in order to ease or eliminate the cited corrective measures. The General Secretariat's opinion may be amended by the Commission. In the situation referred to in this Article, the country which considers itself to be adversely affected may, in presenting the case to the General Secretariat, propose protective measures that are commensurate with the magnitude of the alleged disturbance, accompanied by the technical grounds for its proposal. The General Secretariat may request any supplementary information it considers advisable. The brief and summary pronouncement of the General Secretariat shall be given within a period of one month after the request is received. If the General Secretariat does not hand down its opinion within that period and the requesting country feels that said delay may be harmful to its interests, it may adopt the initial measures which it proposed; it shall immediately inform the General Secretariat thereof and the latter, in its subsequent opinion, shall decide whether the measures taken should be maintained, modified, or eliminated. In its pronouncement, the General Secretariat shall bear in mind, among other criteria, the economic indicators on the conditions of competition in the Subregion which the Commission may have adopted generally, at the General Secretariat's proposal, the individual characteristics of the foreign exchange systems of the Member Countries and any studies which the Monetary and Foreign Exchange Council carries out on the matter. Until the system of economic indicators has been adopted by the Commission, the General Secretariat shall proceed according to its own criteria. Notwithstanding the foregoing, if, during the period between the presentation in question and the General Secretariat's pronouncement, in the opinion of the applicant Member Country, there are background factors which give reasonable grounds to fear that, as a result of the devaluation, there shall be immediate harmful effects which may have serious implications for its economy and thus call for the adoption of protective measures on an emergency basis, it may bring the situation before the General Secretariat; the latter, if it finds the request to be well grounded may authorize the implementation of suitable measures, for which purpose it shall be given a period of seven continuous days. The General Secretariat's final pronouncement on the alteration of the normal conditions of competition shall, in any case, determine whether the authorized emergency measures shall be maintained, modified, or suspended. The measures that are adopted in keeping with this Article may not involve a decrease in the levels of trade which existed prior to the devaluation. The second and third subsections of this Article shall be fully applicable to these measures.

Article 111-.

No safeguard clauses of any kind shall be applied to the importation of products originating in the Subregion and included in the Programs and Projects of Industrial Integration.

Chapter X. Origin

Article 112-.

The Commission shall, at the General Secretariat's proposal, adopt any special rules necessary for determining the origin of goods. Such rules shall constitute a dynamic instrument for the development of the Subregion and shall appropriately

contribute to the attainment the Agreement's objectives.

Article 113-.

It shall be the General Secretariat's responsibility to establish the specific requirements of origin for the products requiring so. When an Industrial Integration Program calls for setting specific requirements, the General Secretariat shall decide on them as the corresponding program is being approved. Within the year following the establishment of a specific requirement, the Member Countries may request its review by the General Secretariat, which must give its opinion summarily If a Member Country so requests it, the Commission shall examine those requirements and make a final decision within six to twelve months after having been set by the General Secretariat. The General Secretariat may, at any time, either on its own initiative or at the request of a party, set or modify said requirements in order to adjust them to the economic and technological progress of the Subregion.

Article 114-.

In adopting and deciding on the special rules or specific requirements of origin, as the case may be, the Commission and the General Secretariat shall seek to ensure that they do not hinder Bolivia and Ecuador from taking advantage of the benefits of implementing the Agreement.

Article 115-.

The General Secretariat shall ensure compliance with the rules and requirements of origin in subregional trade. It shall, moreover, propose any measures necessary for resolving problems of origin that hinder the attainment of the Agreement's objectives.

Chapter XI. Physical Integration

Article 116-.

The Member Countries shall develop joint actions in order to improve the use of physical spaces, to strengthen the infrastructure and services that are necessary to promote the process of economic integration of the Subregion. This action shall be taken primarily in the fields of energy, transportation, and communications and shall cover the necessary measures for facilitating border traffic among the Member Countries. To this end, the Member Countries shall seek to establish multinational entities or businesses when possible and desirable for assisting in the execution and administration of those projects.

Article 117-.

The Commission shall, at the General Secretariat's proposal, adopt programs in the fields referred to in the preceding Article in order to promote a continuous process aimed at expanding and modernizing the physical infrastructure and the transportation and communications services of the Subregion. These programs shall include insofar as possible, the following:
a. The identification of specific projects for incorporation in the national development plans and an indication of the order of priority for their execution:
b. The essential steps for financing the necessary preinvestment studies;
c. The technical and financial assistance needs to ensure the execution of the projects; and
d. The methods of joint action before the Andean Development Corporation and the international lending institutions to ensure that the required financial resources shall be provided.

Article 118-.

The Programs referred to in the foregoing Article, as well as the Programs and Projects of Industrial Integration, shall include measures of collective cooperation to adequately cover the essential infrastructure required for their execution and shall give special consideration to the situation of Ecuador and the landlocked situation of Bolivia.

Chapter XII. Financial Matters

Article 119-.

The Member Countries shall carry out actions and coordinate their policies regarding financial and payments matters, to the extent necessary to facilitate the attainment of the Agreement's objectives. For that purpose, the Commission, at the General Secretariat's proposal, shall adopt the following actions:
a. Recommendations to channel the financial resources through the appropriate bodies, to meet the development requirements for the Subregion;
b. Promotion of investments for the Andean integration programs;
c. Financing of trade between the Member Countries and with countries outside the Subregion;
d. Measures that facilitate the movement of capital within the Subregion and particularly the promotion of Andean multinational companies;
e. Coordination of positions to strengthen the reciprocal payments and lending mechanisms within the framework of the ALADI;
f. Establishment of an Andean lending and payments system that includes the Andean Reserve Fund, a common unit of accounting, lines of credit for trade, a subregional clearinghouse, and a system of reciprocal credits;
g. Cooperation and coordination of positions with respect to external funding problems of the Member Countries; and
h. Coordination with the Andean Development Corporation and the Andean Reserve Fund for the purposes described in the preceding subsections.

Article 120-.

If, as a result of the fulfillment of the Tariff Reduction Program of the Agreement, a Member Country experiences problems with its fiscal revenues, the General Secretariat may propose to the Commission, at the request of the country affected, measures for resolving those difficulties. In its proposals, the General Secretariat shall take into account the degrees of relative economic development of Member Countries.

Chapter XIII. Special Regime for Bolivia and Ecuador

Article 121-.

In order to gradually lessen the differences in development currently existing in the Subregion, Bolivia and Ecuador shall enjoy a special regime; this shall enable them to attain more rapid economic growth through effective and immediate participation in the benefits of the industrialization of the area and of the liberalization of trade. To fulfill the aim of this Article, the bodies of the Agreement shall propose and take necessary measures, in accordance with its rules.

Section A. On the Harmonization of Economic Policies and the Coordination of Development Plans

Article 122-.

In harmonizing economic and social policies and coordinating the plans referred to in Chapter III, differential treatments and sufficient incentives shall be established to compensate for the structural weaknesses of Bolivia and Ecuador and to ensure that the essential resources for attaining the objectives envisaged for their benefit by the Agreement are mobilized and allocated.

Section B. On Industrial Policy

Article 123-.

When carrying out the Industrial Development Programs, Bolivia and Ecuador's situation shall be given special consideration in assigning, on a priority basis, the productions in their favor and the corresponding locations of the production facilities in their territories, specially through participation in the modes of industrial integration provided in Article 58. It shall also consider the development of a program for the integral industrialization of the natural resources of Bolivia and Ecuador.

Article 124-.

The Programs and Projects of Industrial Integration shall provide for exclusive benefits and effective preferential treatments for Bolivia and Ecuador to help them effectively take advantage of the subregional market.

Article 125-.

The General Secretariat, in proposing to the Commission the complementary measures envisaged in Article 69, shall provide for exclusive advantages and preferential treatment for Bolivia and Ecuador, when necessary. The Commission, at the General Secretariat's proposal, shall adopt the measures that are necessary to ensure that the allocations granted to Bolivia and Ecuador, are effective and fully utilized, specially those aimed at strengthening commitments to respect the allocations made to those countries, to extend the time periods for the maintenance of the allocations, and to carry out the projects assigned in the Industrial Development Programs.

Section C. On Trade Policy

Article 126-.

To Enable Bolivia and Ecuador to Participate Immediately In the Benefits of the Enlarged Market, the Member Countries Shall, In an Irrevocable and Exclusive Manner, Eliminate for Them All Levies and Restrictions of All Kinds on the Importation of Products Originating In the Territories of the Two Countries, In the Terms Provided In Articles 127 and 128.

Article 127-.

For the Purposes Indicated In the Previous Article, Products Originating In Bolivia and Ecuador Shall Be Governed by the Following Rules:
a. by December 31, 1973 at the Latest, the Products Included In Subsection D) of Article 75 Shall Have Free and Definitive Access to the Subregional Market. Accordingly, the Levies Shall Be Eliminated Automatically In Three Annual and Successive Reductions of Forty, Thirty, and Thirty Percent, Respectively, the First of Which Shall Be Made on December 31, 1971, Using as a Starting Point the Levels Indicated In Paragraph a) of Article 82;
b. the Commission, at the General Secretariat's Proposal and Prior to December 31, 1970, Shall Approve Lists of Products Whose Tariffs Shall Be Eliminated for the Benefit of Bolivia and Ecuador on January 1, 1971;
c. the Products on the List Referred to In the Third Subsection of Article 77 Shall Be Totally Freed from Levies for Bolivia and Ecuador on December 31, 1978 and the Products Referred to In Article 83, Shall Be Freed at the Time the Corresponding Tariff Reduction Program Is Begun.
d. Before March 31, 1971, the Commission, at the General Secretariat's Proposal, Shall Establish Margins of Preference In Favor of the Two Lists of Products of Special Interest to Bolivia and Ecuador and Shall Decide on the Length of Time That such Margins, Which Are to Enter Into Force on April 1, 1971, Shall Be In Effect. the List Referred to In this Paragraph Is Comprised of Products from Subsection D) of Article 75; and
e. the Same Procedure as That Indicated In Subsection D) Shall Be Observed In Connection with a List of Products from Those Referred to In Article 83.

Article 128-.

The Elimination of Levies on the Products of the Common List for Which the Member Countries Have Granted Exclusive Advantages to Bolivia and Ecuador, Shall Apply Only for Their Benefit. Said Exclusiveness Is Restricted to the Country Which Granted That Benefit.

Article 129-.

The Corrective Measures Referred to In Articles 102 and 108 Shall Be Extended to Imports from Bolivia and Ecuador Only In Duly Qualified Cases and When the General Secretariat Has Been Able to Ascertain That the Serious Adverse Effects Substantially Derive from Those Imports. In this Case, the General Secretariat Shall Observe the Procedures of Articles 103 and 108 and the Rules Adopted by the Commission at the General Secretariat's Proposal with Respect to the Corresponding Safeguard Regulations.

Article 130-.

Bolivia and Ecuador shall carry out the tariff reduction programs in the following way:
a. They shall liberalize the products incorporated in the industrial integration programs in the manner provided for in each;
b. They shall liberalize the Products Referred to In Article 83 in the matter and within the time period determined by the Commission, at the General Secretariat's Proposal. In making that decision, the Commission and the General Secretariat shall mainly take into account the benefits derived from the Programming and Site location referred to In Article 123. This time period may not dxceed from December 31, 1999;
c. They shall liberalize the products that are not yet produced in the subregion and that are not part of the reserve provided

in their favor in Article 80, sixty days after the Commission approves said reserve.
Nevertheless, those products that the General Secretariat, on its own Initiative or upon Bolivia or Ecuador's request, determines to be luxuries or dispensable, may be excepted from this Treatment. The subsequent tariff reduction for these products shall be subject to the procedure provided In Paragraph D) of this Article; and
d. They shall commence on November 21, 1988, the implementation of the tariff reduction program for products not covered by the preceding paragraphs by the elimination of all restrictions. This shall be followed by three successive annual reductions of five percent each, beginning on December 31, 1988. Once these reductions have been made, the program shall be discontinued until such time as the Commission, within ninety days, upon a proposal from the General Secretariat and after an evaluation of the compliance of all Member States with the tariff reduction program, decides upon the appropriate adjustments and establishes the periods and methods for its continuation. With respect to the tariff reductions previously provided for, on August 23, 1988, the Commission shall establish the starting point for the tariff reduction on the basis of the respective national tariffs of Bolivia and Ecuador, which shall be bound and in force on that date.

Article 131-.

The General Secretariat shall periodically evaluate the results achieved by Bolivia and Ecuador in their trade with the other Member States and the extent to which they are actually taking advantage of the expanded market. On the basis of these evaluations, the Commission may review the deadlines indicated in paragraphs B) and D) of the preceding Article.

Article 132-.

The exemption lists of Bolivia and Ecuador may include products included in not more than six hundred headings of the NABALALC. The products included by Bolivia and Ecuador in their exception lists shall be exempted from duties and other restrictions by a procedure comprising three sections of 105, 105, and 210 headings, the first of which shall be released on December 31, 1997, the second on December 31, 1998, and the last on December 31, 1999. These deadlines may be extended by the General Secretariat in duly justified cases. After December 31, 1999, or after the expiration of the extension, Bolivia and Ecuador shall maintain a balance of derogations which shall not include products included in more than 180 positions of the NABALALC.

Article 133-.

Within the framework of the cooperation policy referred to in Article 68, the General Secretariat shall give special and priority attention to the industries of Bolivia and Ecuador, whose products are excluded from the tariff reduction programs of these countries, in order to contribute to their participation in the subregional market as soon as possible.

Section D. Common External Tariff

Article 134-.

Bolivia and Ecuador shall begin the process of adoption of the Common External Tariff on an annual, automatic, and linear basis on the date established by the Commission. Bolivia and Ecuador shall be required to adopt the Minimum Common External Tariff with regard to products which are not produced in the Subregion, as referred to in Article 80. In relation to such products they shall adopt the minimum tariff levels through a linear and automatic process which shall be concluded three years after the date in which they are first produced in the Subregion. Without prejudice to the stipulations of the first subsection of this Article, the Commission, at the proposal of the General Secretariat, may determine that Bolivia and Ecuador should adopt the minimum tariff levels with regard to products of interest to the other Member Countries provided that the application of such levels does not cause disturbances to Bolivia or Ecuador. The Commission, based on the evaluations referred to in Article 131, shall determine the procedure and time limit for the adoption of the Common Minimum Common External Tariff on the part of Bolivia and Ecuador. In any case, the Commission shall bear in mind the problems derived from the landlocked situation of Bolivia referred to in Article 4 of this Agreement. At the General Secretariat's proposal, the Commission may also determine the adoption of the minimum tariff levels on the part of Bolivia and Ecuador regarding products whose importation from outside of the Subregion may cause serious disturbances to the Subregion. In drafting its proposals about the Common External Tariff, the General Secretariat shall bear in mind the provisions of Article 4 in favor of Bolivia.

Article 135-.

Bolivia and Ecuador may establish the exceptions authorized by the Commission, at the General Secretariat's proposal, to

the process of approximation of their national tariff schedules to the Common External Tariff so as to enable them to apply their existing industrial development laws, mainly with respect to the importation of capital goods, intermediate goods, and raw materials necessary for their development. Such exceptions shall not be applied in any case more than two years before the Common External Tariff is fully implemented.

Section E. On Financial Cooperation and Technical Assistance

Article 136-.

The Member Countries commit themselves to act jointly before the Andean Development Corporation and any other subregional, national, or international organizations to secure technical assistance and financing for Bolivia and Ecuador's development needs and specially for projects related to the process of integration. The allocation of the resources for those projects should be made in accordance with the basic objective of reducing the existing differences in development among the countries while making an attempt to favor Bolivia and Ecuador markedly. The Member Countries, moreover, shall act jointly before the Andean Development Corporation so that it allocates its regular and special resources in such a way that Bolivia and Ecuador receive a substantially larger share than would result if the distribution were to be made proportional to the countries´ contribution to the Corporation's capital.

Section F. General Provisions

Article 137-.

In its periodic evaluations and annual reports, the General Secretariat shall give separate and special consideration to Bolivia and Ecuador's situation in the subregional integration effort and shall propose to the Commission the measures which it deems appropriate to substantially improve their possibilities for development and increasingly expedite their participation in the area's industrialization.

Article 138-.

The Commission may establish in favor of any of the least developed countries more favorable condition´s and procedures than those considered in this Chapter, bearing in mind the degree of development achieved and the conditions for taking advantage of the benefits of integration.

Chapter XIV. Economic and Social Cooperation

Article 139-.

Member Countries may begin programs and policies in the area of economic and social cooperation, which must be agreed upon within the Commission and shall be limited to the responsibilities established by this Agreement.

Article 140-.

Member Countries shall begin policies with an external scope, in matters of common interest, with the purpose of improving their participation in the international economy.

Article 141-.

With respect to the provisions of the previous Article, the Commission shall adopt programs to direct the joint external actions of the Member Countries, particularly as regards to the negotiations with third countries and group of countries, as well as for the participation in fora and organizations specialized in matters related to the international economy.

Article 142-.

Member Countries shall promote a joint scientific and technological development process to attain the following objectives:
a. The creation of the ability to respond subregionally to the challenges of the scientific-technological revolution in course;
b. The contribution of science and technology to the conception and execution of Andean development strategies and programs; and
c. Taking advantage of the mechanisms of economic integration in order to induce technological innovation and productive

modernization.

Article 143-.

With respect to the previous Article, the Member Countries shall adopt in the fields where there is a common interest: a. Programs of cooperation and joint efforts in science and technology in which the subregional level is more effective to train human resources and to obtain the results of the investigation;
b. Technological development programs that contribute to the attainment of solutions to the common problems of the productive sectors; and
c. Programs for taking advantage of the enlarged market and of joint physical, human, and financial abilities, in order to induce technological development in sectors of common interest.

Article 144-.

Member Countries shall undertake policies that promote the integral development of border regions and their effective incorporation to the domestic and Andean subregional economies.

Article 145-.

In the area of tourism, the Member Countries shall develop joint programs seeking a better understanding of the Subregion and to stimulate economic activities related to this sector.

Article 146-.

Member Countries shall undertake joint policies that enable a better use of their renewable and nonrenewable natural resources and the preservation and improvement of the environment.

Article 147-.

Member countries shall undertake cooperation actions in the services sector. For that purpose the Commission shall adopt programs and projects in selected areas of the services sector, defining for each case the mechanisms and instruments to be applied.

Article 148-.

Member Countries shall undertake joint cooperation actions destined to contribute to the attainment of the following objectives of social development of the Andean population:
a. The elimination of poverty among the excluded classes, in order to achieve social justice;
b. To strengthen the cultural identity of the Andean area;
c. Full participation of the inhabitants of the Subregion in the integration process; and
d. To meet the needs of the depressed areas, that are predominantly rural. For the attainment of such objectives, programs and projects shall be developed in the areas of health, social security, social interest housing, education, and culture. The fulfillment of the actions to be developed within the framework of this Article shall be coordinated with the different organizations of the Andean system.

Article 149-.

Member Countries shall undertake policies in the area of social communication and policies oriented to promote a better understanding of the cultural, historical, and geographic heritage of the Subregion, its economic and social reality, and that of the Andean integration process.

Article 150-.

The projects, policies, and programs to which this Chapter refers to shall be developed, in parallel and in coordination, with the improvement of the other mechanisms of the subregional integration process.

Chapter XV. Accession, Effective Date and Denouncement

Article 151-.

This Agreement may not be signed with reservations and shall remain open to the accession of the rest of the Latin American countries. Least developed countries which accede to the Agreement shall be entitled to a treatment similar to that agreed upon in Chapter XIII for Bolivia and Ecuador. The terms of the accession shall be defined by the Commission, which shall bear in mind that the incorporation of new members shall comply with the objectives of the Agreement.

Article 152-.

This Agreement shall be submitted to the Permanent Executive Committee of the LAFTA for its considerations and once the Committee has declared its compatibility with the principals and objectives of the Treaty of Montevideo and with Resolution 203 (CM-II/VI-E), each of the Member Countries shall approve it in keeping with its respective national legal procedures and shall inform the Executive Secretariat of LAFTA of the corresponding act of approval. The Agreement shall become effective when three countries have communicated their approval to the Executive Secretariat of LAFTA. For the rest of the countries the date of the Agreement's entry into force shall be that in which they communicate the respective instrument of approval in accordance with the procedure set forth in the first subsection of this Article. This Agreement shall remain in effect indefinitely.

Article 153-.

Any Member Country wishing to denounce this Treaty shall so inform the Commission. From that moment on it shall cease to enjoy the rights and have the obligations deriving from its status as Member, with the exception of the benefits received and granted in accordance with the Subregional Tariff Reduction Program, which will remain effective for a period of five years after the date of the denouncement. The time period stipulated in the paragraph above may be shortened in duly grounded cases by decision of the Commission and at the request of the interested Member Country. As regards the Programs of Industrial Integration, the stipulation of paragraph i) of Article 59 shall be applied.

Chapter XVI. Final Dispositions

Article 154-.

The Commission, at the proposal of the General Secretariat, and based upon the latter´s periodic reports and evaluations, shall adopt the necessary mechanisms to ensure the attainment of the objectives of the Agreement once the process of liberalization of trade and the establishment of the Common External Tariff have concluded. Such mechanisms must include special treatment in favor of Bolivia and Ecuador so long as existing differences in the degree of development continue to exist.

Article 155-.

Any advantage, favor, exemption, immunity, or privilege applied by a Member Country regarding a product originating in or destined for any other country, shall be immediately and unconditionally extended to the similar product originating in or destined for the territory of the other Member Countries. Advantages, favors, exemptions, immunities, and privileges already granted or to be granted by virtue of agreements among Member Countries or between Member Countries and third countries, with the purpose of facilitating border traffic shall be excepted from the treatment referred to in the previous subsection. Likewise, the advantages, favors, exemptions, immunities, and privileges granted by Bolivia or Ecuador to third countries are excepted from the referred treatment until the Commission adopts the corresponding Decision based on the evaluation of the Tariff Reduction Program foreseen in paragraph d) of Article 130.

Chapter XVII. Transitory Provisions

The Commission, at the proposal of the General Secretariat, shall review the Sectorial Programs of Industrial Development that are approved and related to the products of the metallurgical, petrochemicals, and iron and steel industries, the products included in the lists of Decision 28 and the others related to it and those included in Annexes III and IV of Decision 137, in light of the provisions of Articles 59 and 60, and may redefine sectorial or inter-sectorially the Tariff Reduction Program and the Common External Tariff originally agreed for the products which are the subject of said Programs, bearing in mind the need to preserve the investments and trade flows that have been generated.
The General Secretariat, in its Proposal, shall bear in mind the particular situation of Bolivia and Ecuador with the purpose of ensuring for them an equitable participation in the benefits derived from the Program or Programs that may be adopted by

the Commission based on this Provision.
The Commission, at the proposal of the General Secretariat, shall approve the creation of a new list of reserve to apply the modes of industrial integration referred to in Article 77, beginning with the products that having been reserved for the Sectorial Programs of Industrial Development, were not programmed; the products which are not produced in any country of the Subregion, and those produced only in one of them. For such purpose it shall determine a redefinition of the Tariff Reduction Program and of the Minimum Common External Tariff or the Common External Tariff, as the case may be, corresponding to the products that shall make up the above mentioned list of reserve.
With the purpose of regulating the conditions of access to the subregional market of specific products comprised in paragraph d) of Article 75 of this Agreement, affected by special situations, a transitory trade administration regime shall be established through the application of import quotas. For these purposes, the Member Countries may present the General Secretariat with a list of products which are the subject of administered trade.

2. Such lists of administered trade shall be subject to the following common rules:
a. Colombia, Peru, and Venezuela may present their respective lists on June 24, 1988 at the latest, and Bolivia and Ecuador on July 9, 1988 at the latest. If after such time a country does not present its list, it will be understood that it gives up the right foreseen in this Provision. Once the lists are presented, they may not be increased, nor may their products be substituted by others;
b. The lists of administered trade shall be in force until December 31, 1997. Products included in such lists shall be totally freed from the quotas through a gradual process of enlargement of the same or by the withdrawal of items in the list. Global and individual product quotas shall be increased in three opportunities at least, the first and second of 30 percent each, and the third one of 40 percent of the average value of the imports of the 1980-1985 period, that shall take place in order, on December 31, 1992, 1995, and 1997, date in which they shall be eliminated; and
c. The Member Countries shall hold periodic negotiations with the purpose of establishing the import quotas, for which they may use as a basis the most appropriate reference period of their reciprocal trade, the enlargement of quotas, and the withdrawal of products from the lists.

3.The lists of administered trade of Colombia, Peru, and Venezuela shall be subject to the following special rules:
a. They may comprise products included in no more than fifty items of the NABANDINA;
b. The annual, global, and specific product quotas, applied by each country may not be lower than thirty percent of the annual average value of the corresponding imports originating in the Member Countries and recorded in the 1980-1985 period;
c. The quantities of imports below the quotas referred to in the previous paragraph, shall be totally free of levies and no restriction different to that required to administer the quota may be applied to them.
d. After negotiation, the annual quotas of each one of the products may be applied by a Member Country in a directed way at the imports of another Member Country; and
e. As long as a product is included in an administered trade list, it may not enjoy the advantages derived for it from the Tariff Reduction Program. At any time, a Member Country may remove products from its list and immediately enjoy the respective advantages.

4. The administered trade lists of Bolivia and Ecuador, directed at Colombia, Peru, and Venezuela, shall be subject to the following special rules:
a. Bolivia and Ecuador shall determine the annual quotas applicable to each one of the products of their respective lists, which must be balanced in relation to those established for their products of export; and
b. Imports carried out within the quotas referred to in the previous paragraph, shall be subject to the corresponding levies depending on their Tariff Reduction Program and no restriction different to that required to administer the quota may be applied to them. The changes in levels that result from the conversion that Ecuador carries out in its National Custom Tariff as a consequence of the adoption of the Brussels Tariff Nomenclature, shall be excepted from what has been foreseen in Article 84. The Commission may place the products of Decision 120, once it is derogated, in any of the categories of the Tariff Reduction Program; likewise, it may include them in the new list of reserve which the Second Transitory Provision refers to.
The changes in levels that result from the conversion that Ecuador carries out in its National Custom Tariff as a consequence of the adoption of the Brussels Tariff Nomenclature, shall be excepted from what has been foreseen in Article 84. The Commission may place the products of Decision 120, once it is derogated, in any of the categories of the Tariff Reduction Program; likewise, it may include them in the new list of reserve which the Second Transitory Provision refers to.

Annex I.

To delegate in the General Secretariat the attributions which it deems advisable.
To approve proposals that modify this Agreement.
To amend the proposals of the General Secretariat.
To approve the rules needed to make the coordination of the development plans and the harmonization of economic policies of the Member Countries possible.
To approve the rules and define the time limits for the gradual harmonization of the Member Countries´ instruments of foreign trade regulation.
To approve the programs of physical integration.
To accelerate the Tariff Reduction Program, by products or group of products.
To approve the joint agricultural and agroindustrial development programs by products or group of products.
To approve and modify the list of agricultural products which Article 104 refers to. To approve the measures of joint cooperation established in Article 108.
To approve, not to approve, or amend the proposals of the Member Countries.
To reduce the number of matters included in this Annex.
To establish the condition for accession to this Agreement.
To approve the extension of the time limits referred to paragraph 1) of Article 7 of this Agreement.
To approve the Common External Tariff according to the categories foreseen in Chapter VI, to establish the conditions of its application and to modify the common tariff levels.
To approve the measures referred to in the last subsection of Article 103.
To approve the margins of preference referred to in Article 95.

Annex II.

To approve the conditions of incorporation for a nonparticipant Member Country in the Industrial Integration Programs.
To approve the list of products reserved for industrial integration modes.
To approve the Minimum Common External Tariff.
To approve the list of products which are not produced in any of the countries of the Subregion.
To approve the special rules of origin.

Annex III.

To approve the list of products for immediate liberalization according to Article 127, paragraph b).
To fix margins of preference and to indicate the effective period for the lists of products of special interest to Bolivia and Ecuador (Article 127, paragraphs d) and e)).
To determine the way and time limits in which Bolivia and Ecuador shall liberalize the products referred to in Article 83 (Article 130, paragraph b).
To review the time limits for the liberalization of the products referred to in paragraphs b) and d) of Article 130.
To determine the minimum tariff levels adopted by Bolivia and Ecuador for products of interest to the other Member Countries (Article 134).
To approve the list of products which are not produced, reserved for production in Bolivia and Ecuador, and to fix the conditions and time limit of the reserve (Article 80).
Done at the city of Trujillo, on the tenth day of the month of March of the year nineteen ninety-six, in five originals, all of them equally valid. Matching table between the Official Codified Text of the Cartagena Agreement after the Protocol of Quito (Decision 236) and that resulting from the Protocol of Trujillo (Decision 406).