

# Economic Complementation Agreement Chile - MERCOSUR - ACE N° 35 (1996)

The Governments of the Argentine Republic, of the Federative Republic of Brazil, of the Republic of Paraguay and the Eastern Republic of Uruguay, the member States of MERCOSUR and the Government of the Republic of Chile shall be referred to as the contracting parties. the Contracting Parties of this Agreement are MERCOSUR and the Republic of Chile.

Whereas:

The need to strengthen the integration process in Latin America, in order to achieve the objectives set out in the Montevideo Treaty 1980, through the conclusion of agreements open to the other member countries of the Latin American Integration Association (ALADI), for the establishment of an enlarged economic area;

The establishment of free trade areas in Latin America constitutes an important element for closer integration schemes, besides being a critical stage for the integration process and the establishment of a Free Trade Area of the Americas;

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

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

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

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

The process of integration between MERCOSUR and Chile has as its objective the free movement of goods and services, facilitate full use of production factors in the enlarged economic area, boost mutual investment and promote the development and use of physical infrastructure;

The contracting parties shared interest in the development of trade and economic cooperation with the countries of the Pacific and the pooling of efforts and actions in the existing cooperation forums in those areas;

The establishment of clear rules, is essential for sustained and predictable economic operators to make full use of the mechanisms of regional integration;

This agreement is an important factor for the expansion of trade between MERCOSUR and Chile, and provides the basis for a comprehensive complementarity and mutual economic integration;

Agree:

In the present economic complementation agreement under the Montevideo Treaty of 1980, resolution No 2 of the Council of Ministers of ALADI and standards set out below.

## Title I. OBJECTIVES

### Article 1.

The objectives of this Agreement are as follows.

- To establish the legal and institutional framework for economic and physical co-operation and integration contributing to the creation of an enlarged economic area aimed at facilitating the free movement of goods and services and the full utilisation of productive factors;
- To form a free trade area between the Contracting Parties within a maximum period of 10 years, through the expansion and diversification of trade and the elimination of tariff and non-tariff restrictions affecting reciprocal trade;
- Promote the development and use of physical infrastructure, with special emphasis on the establishment of bi-oceanic interconnections;
- Promote and encourage reciprocal investments between economic agents of the Signatory Parties;
- Promote economic, energy, scientific and technological complementation and cooperation.

## Title II. TRADE LIBERALISATION PROGRAMME

### Article 2.

The Contracting Parties shall establish a Free Trade Zone within a period of 10 years through a Trade Liberalization Program to be applied to products originating in the territories of the Signatory Parties. Such program shall consist of progressive and automatic relief applicable to the duties in force for third countries at the time of release of the goods.

To this end, they agree:

a) To apply in reciprocal trade, as from October 1, 1996, the following margins of preferences to all products not included in the lists contained in Annexes 1 to 12.

Initial pref. margin %	1.1.97(year 1)%	1.1.98(year 2) %	1.1.99(year 3)%	1.1.00(year 4)%	1.1.01(year 5)%	1.1.02(year 6)%	1.1.03(year 7)%	1.1.04(year 8)%
40	48	55	63	70	78	85	93	100

\* The initial margin of preference will be effective from 1.10.96 to 31.12.96.

b) The products included in Annex 1 shall enjoy the margins of preference indicated in each case, which shall evolve according to the following schedule:

Initial pref. margin %	1.1.97(year 1)%	1.1.98(year 2) %	1.1.99(year 3)%	1.1.00(year 4)%	1.1.01(year 5)%	1.1.02(year 6)%	1.1.03(year 7)%	1.1.04(year 8)%
40	48	55	63	70	78	85	93	100
50	56	63	69	75	81	88	94	100
60	65	70	75	80	85	90	95	100
70	74	78	81	85	89	93	96	100
80	83	85	88	90	93	95	98	100
90	91	93	94	95	96	98	99	100
90	91	93	94	95	96	98	99	100
100	100	100	100	100	100	100	100	100

\* The initial margin of preference will be effective from 1.10.96 to 31.12.96.

c) The products included in Annex 2 shall be subject to a special rate of relief according to the following schedule that concludes within 10 years.

Initial pref. margin%	1.1.97(year 1)%	1.1.98(year 2)%	1.1.99(year 3)%	1.1.00(year 4)%	1.1.01(year 5)%	1.1.02(year 6)%	1.1.03(year 7)%	1.1.04(year 8)%	1.1.05(year 9)%	1.1.06(year 10)%
30	30	30	30	40	50	60	70	80	90	100

\* The initial margin of preference will be effective from 1.10.96 to 31.12.96.

d) The products included in Annex 3 shall be subject to a special rate of relief according to the following schedule that concludes within 10 years.

Initial pref. margin%	1.1.97(year 1)%	1.1.98(year 2)%	1.1.99(year 3)%	1.1.00(year 4)%	1.1.01(year 5)%	1.1.02(year 6)%	1.1.03 (year 7)%	1.1.04(year 8)%	1.1.05(year 9)%	1.1.06(year 10)%
0	0	0	0	14	28	43	57	72	86	100

\* The initial margin of preference will be effective from 1.10.96 to 31.12.96.

Before 12.31.99, the Administrative Commission established in Article 46 shall agree on the tariff treatment to be granted to the products included in Annex 4, for reciprocal trade between the Republic of Chile and the Republic of Paraguay. Until then, such products shall be treated identically to the treatment established in this subsection.

e) The products of Annex 5 will receive the special treatment and will be subject to the rate of relief indicated in the same one, which concludes in a term of 10 years.

f) The products included in Annex 6 will be deducted from the tenth year in a linear and automatic way, so as to reach a 100% preference within 15 years, from the beginning of the Trade Liberalization Program.

Initial pref. margin%	(year 10)%	(year 11)%	(year 12)%	(year 13)%	(year 14)%	(year 15)%
0	17	33	50	67	83	100

g) The products included in Annex 7 will receive the special treatment and will be subject to the rate of relief indicated therein, which concludes in a period of fifteen years.

h) The products included in Annex 8 will be deducted from the eleventh year in a linear and automatic way, so as to reach a 100% preference within 16 years from the beginning of the Trade Liberalization Program:

Initial pref.margin%	1.1.07(year 11)%	1.1.08(year 12)%	1.1.09(year 13)%	1.1.10(year 14)%	1.1.11(year 15)%	1.1.12(year 16)%
0	17	33	50	67	83	100

i) The Administrative Commission will define, before December 31, 2003, the incorporation to the Trade Liberalization Program of the products included in Annex 9, which as from January 1, 2014 will enjoy 100% preference margin.

j) The products included in Annex 10 will have the initial preference margins expressly indicated therein.

k) For products originating in the Republic of Chile exported to the Argentine Republic and included in Annex 11 whose resulting tariff, after applying the corresponding margin of preference, is higher than that established in said Annex, the latter shall be applicable.

l) Used goods shall not benefit from the Trade Liberalization Program of this Agreement.

### Article 3.

At any time, the Administrative Commission may accelerate the tariff reduction program provided for in this Title, or improve the conditions of access for any product or group of products. any product or group of products.

#### **Article 4.**

For products exported by the Republic of Chile, whose tariff reduction as a result of the Trade Liberalization Program implies the application of a tariff lower than that indicated in the corresponding list of Annex 12 for access to the market in question, the latter shall apply.

Without prejudice to the provisions of the previous paragraph, to those products exported by the Republic of Chile included in the lists of Annexes 5 and 7, and included in the lists of Annex 12 by the corresponding MERCOSUR State Party, the tariff resulting from the preference agreed in the above mentioned Annexes 5 and 7 shall be applied, with the scope and under the conditions established therein.

The Administrative Commission may update Annex 12 for the sole purpose of recording reductions in the residual tariffs applicable to Chile as a result of the application of this Article.

#### **Article 5.**

The term "levies" shall be understood to mean customs duties and any other taxes of equivalent effect, whether fiscal, monetary, exchange or of any other nature, affecting imports. This concept does not include fees and similar surcharges when they are equivalent to similar surcharges when they are equivalent to the cost of services rendered.

The Signatory Parties may not establish other taxes and charges of equivalent effect other than customs duties in force at the date of the conclusion of the Agreement, nor increase the incidence of such levies and charges of equivalent effects. equivalent. These are contained in the Complementary Notes to this Agreement.

The levies and charges of equivalent effects identified in the Complementary Notes of this Agreement shall not be subject to the Trade Liberalization Program.

#### **Article 6.**

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

#### **Article 7.**

Neither Party shall maintain or apply new non-tariff restrictions on the importation or exportation of products from its territory to the territory of the other Party, whether through quotas, licenses or other measures, without prejudice to the provisions of the WTO Agreements.

Notwithstanding the provisions of the preceding paragraph, existing measures contained in the Supplementary Notes to this Agreement may be maintained and the Administrative Commission shall ensure that such measures are eliminated as soon as possible.

#### **Article 8.**

Within the scope of this Agreement, the Contracting Parties undertake not to apply in reciprocal trade specific duties other than those existing, to increase their incidence, to apply them to new products or to modify their calculation mechanisms in such a way as to deteriorate the conditions of access to the market of the other Party.

#### **Article 9.**

Whenever the Administrative Commission deems it justified or necessary, the Supplementary Notes to this Agreement may be revised, corrected or modified for the liberalization of trade.

#### **Article 10.**

The Contracting Parties shall exchange, at the time of signing this Agreement, the tariffs in force and shall keep each other informed, through the competent bodies, of subsequent modifications and shall send a copy thereof to the General Secretariat of ALADI for its information.

#### **Article 11.**

The Contracting Parties agree that, upon entry into force of this Agreement, the products covered by the Trade Liberalization Program shall be subject to compliance with the trade disciplines set forth in this Agreement.

#### **Article 12.**

The Contracting Parties shall apply the tariff in force for third countries, as appropriate, to all goods processed or coming from free zones of any nature located in the territories of the Contracting Parties, in accordance with their respective national legislation. These goods shall be duly identified.

The legal dispositions in force are safeguarded, for the entrance, in the market of the Contracting Parties, of the merchandise coming from free zones located in their own territories.

### **Title III. REGIME OF ORIGIN**

#### **Article 13.**

The Parties shall apply to imports under the Trade Liberalization Program, the origin regime contained in Annex 13 of this Agreement. The Administrative Commission of the Agreement established in Article 46 may:

- (a) Modify the rules contained in the said Annex;
- (b) Modify the elements or criteria established in said Annex, with the purpose of qualifying goods as originating
- (b) Modify the elements or criteria established in said Annex, with the purpose of qualifying goods as originating
- c) Establish, modify, suspend or eliminate specific requirements.

### **Title IV. INTERNAL TAX TREATMENT**

## **Article 14.**

In the matter of internal taxes, duties or other internal charges, the Contracting Parties refer to the provisions of Article III of the General Agreement on Tariffs and Trade (GATT 94).

## **Title V. UNFAIR TRADE PRACTICES**

### **Article 15.**

In the application of countervailing or antidumping measures aimed at counteracting the harmful effects of unfair competition, the Contracting Parties shall conform in their legislation and regulations to the commitments of the WTO Agreements.

### **Article 16.**

In the event that one of the a Contracting Party applies antidumping or countervailing measures on imports from third countries, it shall inform the other Contracting Party for the evaluation and follow-up of imports into its market of the products subject to the measure, through the competent bodies referred to in Article 46.

### **Article 17.**

If one of the Signatory Parties of a Contracting Party considers that the other Contracting Party is importing from third markets under conditions of dumping and/or subsidies, it may request consultations with a view to determining the actual conditions of entry of such products. The Contracting Party consulted shall give due consideration and respond within a period not exceeding 15 working days.

## **Title VI. COMPETITION AND CONSUMER PROTECTION**

### **Article 18.**

The Contracting Parties shall promote actions to agree, as soon as possible, on a regulatory scheme based on internationally accepted provisions and practices, which will constitute the adequate framework to discipline eventual anti-competitive practices.

### **Article 19.**

The Contracting Parties shall develop joint actions aimed at establishing standards and specific commitments, so that products originating from them enjoy treatment no less favorable than that accorded to similar domestic products, in aspects related to consumer protection.

### **Article 20.**

The competent bodies in these matters of the Contracting Parties shall implement a cooperation scheme that will make it possible to reach in the short term a first level of understanding on these issues and a methodological scheme for the consideration of the specific situations that may arise.

### **Article 21.**

The Contracting Parties undertake to bring into force a Regime of Safeguard Measures as from January 1, 1997.

Pending the entry into force of the said Regime, the concessions negotiated in this Agreement shall not be subject to safeguard measures.

## **Title VIII. DISPUTE SETTLEMENT**

### **Article 22.**

Disputes arising out of the interpretation, application or non-application of this Agreement and the Protocols to this Agreement and of the Protocols concluded within the framework of this Agreement shall be settled in accordance with the Dispute Settlement Regime set forth in Annex 14.

The Administrative Commission shall, as from the date of its constitution, commence the negotiations necessary to define and agree upon an arbitration procedure, which shall enter into force at the beginning of the fourth year of the Agreement.

If upon expiration of the time limit set forth in the preceding paragraph the relevant negotiations have not been concluded or if no agreement has been reached on the negotiations or there is no agreement on such procedure, the Parties shall adopt the arbitration procedure provided for in Chapter IV of the Brasilia Protocol.

## **Title IX. CUSTOMS VALUATION**

### **Article 23.**

The WTO Customs Valuation Code shall regulate the customs valuation regime applied by the Contracting Parties in their reciprocal trade.

The Contracting Parties agree not to make use, for reciprocal trade, of the options and reservations provided for in Article 20 and paragraphs 1 and 2 of Annex III of the Agreement on Implementation of Article VII of GATT 94. This commitment shall be effective as of January 1, 1997.

### **Article 24.**

In the use of the Price Band system provided for in its national legislation relating to the importation of goods, the Republic of Chile undertakes, within the scope of this Agreement, not to include new products or to modify the mechanisms or apply them in such a way as to deteriorate the conditions of access for MERCOSUR.

## **Title X. TECHNICAL STANDARDS AND REGULATIONS, SANITARY AND PHYTOSANITARY MEASURES, AND OTHER MEASURES**

### **Article 25.**

The Contracting Parties shall abide by their obligations under the Agreement on Technical Barriers to Trade (TBT) and the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).

### **Article 26.**

The regulatory measures that the Contracting Parties have in force at the time of signing this Agreement shall be exchanged within a maximum period of six months from the date of its entry into force.

These measures shall be reviewed by the Administrative Commission in order to verify that they do not constitute an obstacle to reciprocal trade. Should the latter situation arise, the negotiation procedures shall be initiated immediately for the purpose of their compatibility, within a term to be defined by the Administrative Commission. Once this term has expired and no agreement has been reached, the measure shall be included in the Complementary Notes established in Article 7 of this Agreement. Within the scope of the Administrative Commission, provisions shall be developed for the notification of new standards and technical regulations and sanitary and phytosanitary measures and for their harmonization and compatibilization.

#### **Article 27.**

The Contracting Parties agree on the importance of establishing coordinated guidelines and criteria for the compatibility of standards and technical regulations. They also agree to make efforts to identify the productive areas in which the compatibility of inspection, control and conformity assessment procedures is possible, allowing the mutual recognition of the results of these procedures. To this end, the progress made in this area within MERCOSUR will be taken into account.

#### **Article 28.**

The Contracting Parties express their interest in preventing sanitary and phytosanitary measures from becoming unjustified barriers to trade. To this end, they undertake to harmonize or make them compatible within the framework of the WTO Sanitary and Phytosanitary Agreement.

#### **Article 29.**

The Signatory Parties undertake to define in short periods of time the regulations for transit to and from third countries or between the Contracting Parties, through one or more of the Signatory Parties, of agricultural and agro-industrial products originating or coming from their respective territories, at the request of any of them. For this purpose, the criterion of minimum risk and scientific basis of the regulation shall be applied, in accordance with WTO rules.

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

#### **Article 30.**

The Contracting Parties shall abide, in the application and use of the incentives to exports, by the commitments assumed in the scope of the WTO. The Administrative Commission will carry out, after no more than 12 months of validity of the Agreement, a survey and examination of the incentives to exports in force in each one of the Contracting Parties.

#### **Article 31.**

Products that incorporate in their manufacture inputs imported temporarily, or under draw-back temporarily or under draw-back regime, shall not benefit from the Release Program established in this Agreement, once the fifth year of its entry into force has elapsed.

### **Title XII. PHYSICAL INTEGRATION**

#### **Article 32.**

The Contracting Parties, recognizing the importance of the physical integration process as an essential instrument for the creation of an expanded economic space, undertake to facilitate the transit of persons and the circulation of goods, as well as to promote trade between the Parties and towards third markets, through the establishment and full operation of land, river, maritime and air links. To this end, the Contracting Parties subscribe a Protocol of Physical Integration, together with this Agreement, which enshrines their commitment to implement a coordinated program of investments in physical infrastructure works.

#### **Article 33.**

The States Parties of MERCOSUR, where applicable, and the Republic of Chile, assume the commitment to improve their national infrastructure, in order to develop interconnections of bioceanic transits. In this sense, they commit themselves to improve and diversify the land communication routes, and to stimulate the works that are oriented to the increase of port capacities, guaranteeing their free use. For such effects, the States Parties of MERCOSUR, when appropriate, and the Republic of Chile will promote investments, both of public and private character, and commit themselves to allocate the budgetary resources approved to contribute to these objectives.

### **Title XIII. SERVICIOS**

#### **Article 34.**

The Contracting Parties shall promote the liberalization, expansion and progressive diversification of trade in services in their territories, within a period to be defined, and in accordance with the commitments undertaken in the General Agreement on Trade in Services (GATS).

#### **Article 35.**

For the purposes of this title, trade in services is defined as the supply of a service:

- a) In the territory of one of the Contracting Parties to the territory of the other party;
- b) In the territory of a Party as a party to the service consumer of the other contracting party;
- c) By a service supplier of a Party through commercial presence in the territory of the other contracting party;
- d) By a service supplier of one Contracting Party through presence of natural persons of one Contracting Party in the territory of the other contracting party.

#### **Article 36.**

In order to achieve the objectives set forth in Article 34 above, the Contracting Parties agree to initiate the work to advance in the definition of the the aspects of the Liberalization Program for the services sectors subject to trade.

#### **Article 37.**

The Contracting Parties shall promote the facilitation of transportation services and shall encourage their efficient operation in the land, river, lake, maritime and air areas,

in order to provide adequate conditions for the better circulation of goods and persons, in response to the increased demand that will result from the expanded economic space.

## **Title XIV. TRANSPORT**

### **Article 38.**

The Contracting Parties agree to be governed by the provisions of the International Land Transport Convention of the Southern Cone and its subsequent amendments.

The Agreements concluded by MERCOSUR up to the date of subscription of this Agreement are listed in Annex 15.

The Administrative Commission shall identify those Agreements concluded within the framework of MERCOSUR whose application by both Contracting Parties is of common interest.

### **Article 39.**

To the goods manufactured in the territory of MERCOSUR or Chile that transit through the territory of the other Party, with destination to third markets, no restrictions may be applied to transit or free circulation in the respective territories, without prejudice to the provisions set forth in Title X of this Agreement.

### **Article 40.**

The Contracting Parties may establish, by means of Additional Protocols to this Agreement, specific rules and commitments in land, river, maritime and air transportation that fall within the framework indicated in the rules of this Title and establish the deadlines for their implementation.

## **XV. INVESTMENTS**

### **Article 41.**

Bilateral agreements on reciprocal promotion and protection of investments, subscribed between Chile and the States Parties of MERCOSUR, shall remain in full force and effect. in full force and effect.

## **XVI. DOUBLE TAXATION**

### **Article 42.**

In order to encourage reciprocal investments, the Contracting Parties shall endeavor to enter into agreements to avoid double taxation. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax treaty entered into or to be entered into in the future.

## **Title XVII. INTELLECTUAL PROPERTY**

### **Article 43.**

The Contracting Parties shall be governed by the Agreement on Trade-Related Aspects of Intellectual Property Rights, included in Annex 1(C) of the Agreement establishing the WTO. of the Agreement Establishing the WTO.

## **Title XVIII. SCIENTIFIC AND TECHNOLOGICAL COOPERATION**

### **Article 44.**

The Contracting Parties shall encourage the development of joint actions aimed at the execution of cooperation projects for scientific and technological research. They will also try to carry out programs for the dissemination of the progress achieved in this field. For these purposes, the Agreements on Sectorial, Scientific and Technological Cooperation in force between the Signatory Parties to this Agreement shall be taken into account.

### **Article 45.**

The cooperation may provide for different forms of execution and shall include the following modalities:

- (a) Exchange of knowledge and of research results and experiences;
- b) Exchange of information on technology, patents and licenses; c) Exchange of goods, materials, equipment and services necessary to carry out projects;
- c) Exchange of goods, materials, equipment and services necessary for the execution of specific projects;
- d) Joint research in the scientific and technological area with a view to the practical use of the results obtained;
- e) Organization of seminars, symposiums and conferences;
- f) Joint research for the development of new products and manufacturing techniques, production administration and technological management;
- g) Other forms of scientific and technical cooperation aimed at favoring the development of the Signatory Parties.

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

### **Article 46.**

The administration and evaluation of this Agreement will be in charge of an Administrative Commission integrated by the MERCOSUR Common Market Group and the Ministry of Foreign Affairs of Chile, through the General Directorate of International Economic Relations. The Administrative Commission shall be constituted within sixty (60) calendar days from the date of the subscription of this Agreement and at its first meeting it shall establish its internal rules of procedure. The Administrative Commission shall adopt its decisions by consensus of the Parties.

### **Article 47.**

The Administrative Commission shall have the following attributions:

- (a) To ensure compliance with the provisions of this Agreement and its Additional Protocols and Annexes;

- b) To determine in each case the modalities and terms in which the negotiations aimed at the achievement of the objectives of the present Agreement shall be carried out, being able to constitute working groups for such purpose;
- c) To periodically evaluate the progress of the release program and the general operation of this Agreement, submitting annually to the Contracting Parties a report thereon, as well as on the fulfillment of the general objectives set forth in Article 1 of this Agreement;
- d) To contribute to the settlement of disputes in accordance with the provisions of Annex 14, and to carry out the negotiations provided for in Article 22 of this Agreement;
- e) To develop and approve a Safeguards Regime within the time period set forth in Article 21 of this Agreement, and to follow up on the same;
- f) To follow up on the application of the trade disciplines agreed upon between the Contracting Parties, such as rules of origin, safeguard clauses, defense of competition and unfair trade practices;
- g) To establish, when appropriate, procedures for the application of the trade disciplines contemplated in this Agreement and to propose to the Contracting Parties possible modifications to such disciplines if necessary;
- h) To convene the Signatory Parties to comply with the objectives set forth in Title X of this Agreement relating to the Harmonization of Standards and Technical Regulations, Sanitary and Phytosanitary Measures, and other measures;
- i) To establish mechanisms to ensure the active participation of the representatives of the productive sectors;
- j) To review the Trade Liberalization Program in cases where one of the Contracting Parties substantially modifies
- j) Review the Trade Liberalization Program in cases where one of the Contracting Parties substantially modifies, in a selective and/or generalized manner, its general tariffs;
- k) Evaluate and propose a treatment for the automotive sector (finished vehicles) -before the fourth year of effectiveness of this Agreement- in order to improve the conditions of access to their respective markets;
- l) To carry out the other tasks entrusted to the Administrative Commission by virtue of the provisions of this Agreement, its the provisions of the present Agreement, its Additional Protocols and other Instruments signed within its scope, or signed within its scope, or by the Parties;

## **Title XX. GENERAL PROVISIONS**

### **Article 48.**

As from the date of entry into force of this Agreement, the Contracting Parties decide to terminate the negotiated tariff preferences and the regulatory aspects related to them, contained in the Partial Scope Agreements of Economic Complementation N° 16 and 4, Renegotiation Agreements N° 3 and 26 and the Trade Agreements subscribed within the framework of the Treaty of Montevideo 1980. However, the provisions of such Agreements that are not incompatible with this Agreement or when they refer to matters not included in this Agreement shall remain in force.

### **Article 49.**

Nothing in this Agreement shall be construed to prevent a Contracting Party from adopting or applying measures pursuant to Article 50 of the Treaty of Montevideo 1980 or Articles XX or XXI of the General Agreement on Tariffs and Trade 1994, without prejudice to the provisions of Title X of this Agreement.

### **Article 50.**

This Agreement replaces, for all purposes, the tariff treatments, origin regime and safeguard clauses in force between the Contracting Parties. The exception is the Market Opening List granted by the Republic of Chile in favor of the Republic of Paraguay.

### **Article 51.**

The Contracting Party that "grants advantages, favour, exemptions and immunities and privileges to products originating in or destined for any other member State or non-member of ALADI, by decisions or agreements that are not covered by the Montevideo Treaty 1980 shall:

- a) Inform the other party within fifteen (15) days of the signed agreement, accompanying the text of the Agreement and its supplementary instruments.
- b) At the same time announce the provision to negotiate within ninety (90) days, equivalent to those granted concessions and received in a comprehensive manner.
- c) In the event of failure to reach a mutually satisfactory solution in the negotiations provided for in subparagraph (b), the parties shall negotiate equivalent compensation within ninety (90) days.
- d) If no agreement is reached in the negotiations referred to in paragraph (c), the Party concerned may have recourse to the dispute settlement procedure in force in this Agreement.

## **Title XXI. CONVERGENCE**

### **Article 52.**

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

## **Title XXII. ADHESION**

### **Article 53.**

In compliance with the provisions of the Treaty of Montevideo 1980, this Agreement is open to the accession, through prior negotiation, of the other ALADI member countries. member countries of ALADI.

The accession shall be formalized once its terms have been negotiated between the Contracting Parties and the acceding country, through the execution of an Additional Protocol to this Agreement, which shall enter into force 30 days after being deposited with the General Secretariat of ALADI.

## **Title XXIII. CURRENT**

#### **Article 54.**

This Agreement shall enter into force on October 1, 1996 and shall be of indefinite duration.

#### **Title XXIV. REPORT**

#### **Article 55.**

The Contracting Party wishing to withdraw from this Agreement shall communicate its decision to the other signatory countries 60 days prior to the deposit of the respective instrument of denunciation with the General Secretariat of ALADI. As of the formalization of the denunciation, the rights acquired and obligations assumed under this Agreement shall cease for the denouncing Contracting Party, maintaining those related to the Trade Liberalization Program, the non-application of non-tariff measures and other aspects that the Contracting Parties, together with the denouncing Party, may agree within 60 days after the formalization of the denunciation. These rights and obligations shall continue in force for a period of one (1) year from the date of deposit of the respective instrument of denunciation, unless the Contracting Parties agree on a different term. The cessation of obligations with respect to the commitments adopted in matters of investments, infrastructure works, energy integration and others that may be agreed upon, shall be governed by the provisions of the Protocols agreed upon in these matters.

#### **Title XXV. AMENDMENTS AND ADDITIONS**

#### **Article 56.**

The amendments or additions to this Agreement may only be made by agreement of the Parties. They shall be submitted to the Administrative Commission for approval and formalized by means of a Protocol.

#### **Title XXVI. DEPOSITORY**

#### **Article 57.**

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

Done at Potrero de los Funes, province of San Luis, Argentina, 25 days of the month of June 1996, in seven copies in Spanish and Portuguese, all being equally valid.