



Codification of the Andean Subregional Integration Agreement (Cartagena Agreement)

(continuation)

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

- I. 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.

- II. 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.

III.

1. 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.

- IV. 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.
- V. 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

- 1. To delegate in the General Secretariat the attributions which it deems advisable.
- 2. To approve proposals that modify this Agreement.
- 3. To amend the proposals of the General Secretariat.
- 4. To approve the rules needed to make the coordination of the development plans and the harmonization of economic policies of the Member Countries possible.
- 5. To approve the rules and define the time limits for the gradual harmonization of the Member Countries instruments of foreign trade regulation.
- 6. To approve the programs of physical integration.
- 7. To accelerate the Tariff Reduction Program, by products or group of products.
- 8. To approve the joint agricultural and agroindustrial development programs by products or group of products.
- 9. To approve and modify the list of agricultural products which Article 104 refers to.
- 10. To approve the measures of joint cooperation established in Article 108.
- 11. To approve, not to approve, or amend the proposals of the Member Countries.
- 12. To reduce the number of matters included in this Annex.
- 13. To establish the condition for accession to this Agreement.
- 14. To approve the extension of the time limits referred to paragraph 1) of Article 7 of this Agreement.
- 15. 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.
- 16. To approve the measures referred to in the last subsection of Article 103.
- 17. To approve the margins of preference referred to in Article 95.

Annex II

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