

CM/Resolution 1: Revision of commitments arising from the Montevideo Treaty's liberalization program  
12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF Articles 2 and 61 of the Montevideo Treaty and 1 of the Caracas Protocol, RESOLVES:

FIRST. The Contracting Parties shall incorporate into the new integration scheme established by the 1980 Montevideo Treaty signed on 12 August 1980 the concessions granted in national lists, non-extensive lists and complementation agreements. To these effects, they shall renegotiate those concessions by updating, expanding or eliminating them, in order to attain greater strength and balance in trade flows. The result of such renegotiation shall conform with the provisions and mechanisms set forth in the 1980 Montevideo Treaty.

SECOND. Renegotiation of national lists shall be based on the following criteria:

- a. To strengthen and activate the Contracting Parties' trade flows channelled through concessions, in a form consistent with the various economic policies and the consolidation of the regional and sub-regional integration process;
- b. To correct the quantitative unbalances of trade flows of negotiated products and promote larger participation of manufactured and semi-manufactured products in such trade, preferably through the deepening or expansion of concessions. Consideration shall be given to the utilization made of national lists of countries at relatively less advanced stage of economic development by the other Contracting Parties and to the utilization which the former have made of the other Contracting Parties' national lists;
- c. To consider the effects brought about by the various economic policies of the Contracting Parties;
- d. To apply differential treatments according to the three categories of countries; and
- e. To consider, as far as possible, the special situation of some products of the Contracting Parties.

THIRD. Renegotiation shall be carried out bilaterally or plurilaterally. Upon its conclusion, the Contracting Parties shall multilaterally assess the agreements reached in order to, among other aspects, preserve their interests and endeavour to negotiate the extension of their concessions.

FOURTH. The results of such renegotiation shall be executed in the partial scope agreements foreseen under article 10 of Council Resolution 2, wherein two or several participating Contracting Parties shall be the only ones benefiting from their contents. They may also be executed in regional scope agreements wherein all Contracting Parties participate.

The Committee is hereby empowered to regulate this kind of agreements, prior to the close of the renegotiation referred to in the present Resolution.

FIFTH. When renegotiation results in concessions for products not included in national lists, these may be registered in partial scope agreements other than those originating from renegotiation of products included in national lists. At the Conference referred to in article 6, the Contracting Parties may multilateralize concessions granted on such products.

Likewise, at the triennial meetings on evaluation and convergence provided for in article 33 of the 1980 Montevideo Treaty, concessions contained in partial scope agreements resulting from renegotiation of national lists which up to that date have not been multilateralized may be extended through negotiation to all Contracting Parties.

SIXTH. Renegotiation shall start as from the date of enforcement of the present Resolution, and close in the first fortnight of December 1980.

An extraordinary Conference shall be held during the second fortnight of December 1980 in order to:

- a. Analyze and assess multilaterally the result of negotiations and negotiate, as far as possible, the extension of draft partial scope agreements to the other Contracting Parties;
  - b. Proceed to execute, at the latest by 31 December 1980, partial scope agreements resulting from renegotiation. Such agreements shall enter into force as from 1 January 1981; and
  - c. Decide upon the treatment to be given to such special situations as might arise.
- By common consent, the Contracting Parties which have not concluded such renegotiation by 31 December 1980 may sign a partial scope agreement, in order to proceed with the respective negotiation for the term they deem convenient.

SEVENTH. Renegotiation of national lists shall preferably be carried out at the Association headquarters. However, negotiations may be carried out elsewhere, according to the convenience of the respective Contracting Parties.

EIGHTH. Complementation agreements in force shall be made to conform with the new modality of trade agreements foreseen in article 6 of Council Resolution 2. Concessions contained therein may be renegotiated in accordance with the specific rules established for such agreements. Eventual modifications shall be introduced in each complementation agreement by the participating Contracting Parties. In such negotiations, consideration shall be given to the interests of the relatively less developed countries beneficiaries of the respective agreement, as well as to the accession negotiated by any other Contracting Party.

NINTH. Non-extensive lists shall be taken as a basis to conclude partial scope agreements between the grantor and beneficiary Contracting Parties.

Concessions recorded in such lists shall be maintained in a manner concurrent with the agreements reached regarding concessions included in national lists, following the terms of article 2 of the present Resolution.

TENTH. Bilateral agreements authorized as per Resolution 354 (XV) shall be adapted to the modality of partial scope agreements.

ELEVENTH. Liberalization list referred to in article 4 of Council Resolution 3 shall enter into force simultaneously to the enforcement of the instruments containing the results of the renegotiation of national list with the relatively less developed countries.

TWELFTH. Concessions presently benefiting Uruguay, granted as an exception within the non-extensive system, shall continue to be in effect up to the date of enforcement of the legal instruments containing the results of the respective renegotiations carried out by said country with the other Contracting Parties, except as agreed upon between the Parties.

THIRTEENTH. Uruguay's special situation shall be taken into consideration while renegotiating national lists, wherein differential treatments shall be applied according to the three categories of countries. An exceptional treatment more favourable than that corresponding to the other intermediate developed countries shall be assigned to it.

FOURTEENTH. Prior to the opening of the renegotiation referred to in the present Resolution, the Permanent Executive Committee shall determine rules on safeguard clauses, withdrawal of concessions, non-tariff restrictions, origin requirements, and preservation of preferential margins applicable to concessions resulting from such renegotiation. Notwithstanding the above, the Contracting Parties may establish rules on these matters in the partial agreements they conclude. The latter shall prevail over those of a general nature.

FIFTEENTH. The present Resolution and those resulting from the application of article 14 shall likewise be incorporated to the legal framework of the 1980 Montevideo Treaty signed on 12 August 1980 upon its entry into force.

CM/Resolution 2: Partial scope agreements  
12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980 and articles 34, caption a) and 61 of the Montevideo Treaty.

WHEREAS It is necessary to establish basic and procedural rules to regulate the conclusion of partial scope agreements,

RESOLVES:

FIRST. The Contracting Parties may conclude partial scope agreements wherein all member countries do not participate, under the terms of the present Resolution. These agreements shall tend to create conditions necessary to deepen the regional integration process by means of their progressive multilateralization.

SECOND. The rights and obligations to be established in partial scope agreements shall exclusively bind the signatory or adherent Contracting Parties.

THIRD. Partial scope agreements may refer to trade, economic complementation, agriculture, trade promotion, or adopt other modalities concurring with article 10 of the present Resolution.

FOURTH. Partial scope agreements shall be governed by the following general rules:

- a. They shall be open for accession to the other member countries prior negotiation;
- b. They shall contain clauses promoting convergence in order that their benefits reach all member countries;
- c. They may contain clauses promoting convergence with other Latin American countries, in concurrence with the mechanisms established in the 1980 Montevideo Treaty;
- d. They shall include differential treatments depending on the three categories of countries recognized by the 1980 Montevideo Treaty. The implementation of such

treatments, as well as negotiation procedures for their periodical revision at the request of any member country which may consider itself at a disadvantage, shall be determined in each agreement;

e. Tariff reductions may be applied to the same products or tariff sub-items and on the basis of a percentage rebate regarding the tariffs applied to imports originating from non-participating countries;

f. They shall be in force for a minimum term of one year;

g. They may include, among others, specific rules regarding origin, safeguard clauses, non-tariff restrictions, withdrawal of concessions, renegotiation of concessions, denouncement, coordination and harmonization of policies. Should these specific rules not have been adopted, the general provisions to be established by member countries on the respective matters shall be taken into account; and

h. Agreements calling for commitments on utilization of inputs of the signatory members themselves shall include procedures to guarantee that their application be subject to the existence of adequate conditions of supply, quality and price.

FIFTH. The following procedural rules shall apply to the conclusion of partial scope agreements:

a. Negotiation may start, be concluded and executed at any time of the year;

b. Member countries wishing to start negotiation of a partial scope agreement shall notify the Committee, in order that other member countries may have the possibility to participate in it;

c. Negotiations may start thirty days after the date of notification to the Permanent Executive Committee;

d. In order to facilitate negotiations, member countries concerned may request the technical support of the Secretariat;

e. Once negotiations are completed, signatory member countries of the agreement shall forward an authenticated copy to the Committee, together with a detailed report regarding compliance of the general rules established in the preceding article, which shall be immediately distributed to the other member countries;

f. If any member country considers that the signed agreement does not comply with the general and procedural rules, it may lay claim before the Committee, which shall give a ruling within a maximum term of 60 days;

g. Negotiations of partial scope agreements shall be preferably carried out at the Association headquarters; and

h. Member countries participating in a partial scope agreement shall report to the Committee, at least once a year, on the progress attained pursuant to the undersigned commitments, and on any modification which may substantially change its text.

SIXTH. Trade agreements are exclusively aimed towards trade promotion among member countries.

These agreements shall be subject, among others, to the following rules:

a. Their provisions shall seek trade objectives and therefore not contain commitments regarding production specialization;

b. They shall comprise the nomenclature items delimiting the sector;

c. They shall contain tariff concessions and commitments for the elimination or reduction of non-tariff restrictions, and may include temporary, per quota and mixed concessions, as well as concessions on surpluses and shortfalls, and measures regarding balanced exchanges;

d. They shall specially take into consideration the recommendations of the industrial sector; and

e. The concessions they include shall be automatically extensive, without compensation, to the countries at a relatively less advanced stage of economic development, regardless of negotiation or accession to the respective agreement.

SEVENTH. Economic complementation agreements are aimed, among other objectives, to promote maximum utilization of production factors, stimulate economic complementation, ensure equitable conditions for competition, facilitate entry of products into the international market, and encourage the balanced and harmonious development of member countries.

These agreements shall be subject to the following rules:

- a. They may be based both on tariff cuts and industrial programming;
- b. They may be sectoral or multisectoral;
- c. They shall contain a tariff-cutting program for the sector or sectors involved, and may consider elimination or reduction of non-tariff restrictions;
- d. They shall remain in force for a minimum of three years and a maximum to be decided upon in each agreement;
- e. They shall include measures aimed at a balanced and harmonious utilization of their benefits to the participating countries, based on the three categories of countries, and on procedures to evaluate and correct unbalances; and
- f. They may include, among others, provisions regarding:
  - i. Harmonization of treatments applied to imports from third countries regarding products contained in the agreement, as well as to raw materials and parts used in their manufacture;
  - ii. Coordination of programs and governmental incentives to facilitate economic complementation and harmonization of treatments applied to foreign capitals and services concerning the products contained in the agreement;
  - iii. Rules aimed to avoid unfair trade practices;
  - iv. Regulation of balanced exchanges; and
  - v. Definition of other measures of harmonization of instruments and policies, as well as adoption of complementary actions in the fields of technological development, financing, physical infrastructure, and others deemed convenient.

EIGHTH. Agricultural agreements are aimed to promote and regulate intraregional trade of agricultural and livestock products. They shall contemplate flexibility elements bearing in mind the participating countries' socio-economic characteristics of production. These agreements may refer to specific products or groups of products, and may be based on temporary, seasonal, per quota or mixed concessions, or on contracts between State or para-State organizations.

They may contain, among others, provisions concerning:

- a. Volume and marketing conditions;
- b. Duration of the agreement;
- c. Sanitary and quality requirements;
- d. Price determination systems;
- e. Financing;
- f. Information mechanism; and
- g. Commitments on inputs or goods related to the agricultural and livestock sector.

NINTH. Trade promotion agreements shall refer to non-tariff matters, and tend to promote intraregional trade flows.

To this effect, they may consider, among others, the following aspects:

- a. Rules on trade conduct:

- \* Subsidies and countervailing duties.
  - \* Unfair trade practices.
  - \* Licenses and import procedures.
  - \* Other technical aspects involved in regional trade.
- b. Other rules on non-tariff matters:
- \* Payments.
  - \* Financial cooperation.
  - \* Tax cooperation.
  - \* Animal and plant sanitary cooperation.
  - \* Customs cooperation.
  - \* Transport facilitation.
  - \* State procurement.

TENTH. Member countries may establish, through the corresponding regulations, specific rules to conclude other modalities of partial scope agreements, other than those foreseen in article 3.

For this purpose, they shall take into consideration, among other matters, scientific and technological cooperation, tourism promotion and preservation of the environment.

ELEVENTH. The present Resolution shall likewise be incorporated to the legal framework of the 1980 Montevideo Treaty signed on 12 August 1980 upon its entry into force.

CM/Resolution 3: Market opening in favour of countries at a relatively less advanced stage of economic development

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF Articles 34, caption c) and 61 of the Montevideo Treaty and chapter III of the 1980 Montevideo Treaty Signed on 12 August 1980,

RESOLVES:

FIRST. Member countries shall establish conditions favouring participation of countries at a relatively less advanced stage of economic development in the economic integration process, based on the principles of non-reciprocity and community cooperation.

SECOND. For the purpose of ensuring them an effective preferential treatment, member countries shall establish market opening as well as set up programs and other specific forms of cooperation.

THIRD. Actions favouring relatively less developed countries shall be concluded through regional scope and partial scope agreements.

In order to ensure the effectiveness of such agreements, member countries shall execute negotiated rules concerning preservation of preferences, elimination of nontariff restrictions and applications of safeguard clauses in justified cases.

FOURTH. For each relatively less developed country, member countries shall approve negotiated lists of preferably industrial products, originating from each relatively less developed country, for which total elimination of customs duties and other restrictions shall be accorded, without reciprocity, by all other member countries of the Association.

Member countries shall set up the necessary procedures to achieve progressive extension of the respective liberalization lists. Corresponding negotiations may be carried out when deemed convenient.

At the same time, member countries shall endeavour to set up effective compensation mechanisms to take care of negative effects which might influence intraregional trade of the relatively less developed land-locked countries.

FIFTH. Partial scope agreements negotiated by the relatively less developed countries with other Contracting Parties shall conform, wherever pertinent, with the provisions contained in Council Resolution 2.

In order to ensure the effective participation of relatively less developed countries, taking as a basis non-extensive lists, the Contracting Parties shall incorporate into their partial scope agreements, through negotiation, the concessions recorded in such lists.

SIXTH. The present Resolution shall likewise be incorporated to the legal framework of the 1980 Montevideo Treaty signed on 12 August 1980 upon its entry into force.

-----

CM/Resolution 4: Special Cooperation Programs in favour of countries at a relatively less advanced stage of economic development and Economic Promotion Unit

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF Articles 34, caption c) and 61 of the Montevideo Treaty and chapter III of the 1980 Montevideo Treaty signed on 12 August 1980.

RESOLVES:

FIRST. In order to encourage effective and collective cooperation in favour of countries at a relatively less advanced stage of economic development, the Contracting Parties shall negotiate Special Cooperation Programs with each one of them.

Such programs may cover, among others, the following activities:

- a. Market studies, detailed profiles, project pre-feasibility and feasibility implying the possible constitution of new enterprises or the reorganization of existing ones;
- b. Promotion of multinational Latin American enterprises for the production and marketing of products which may be included in liberalization list favouring the respective relatively less developed country;
- c. Technological and management cooperation, as well as training of technical and managerial staff; and
- d. Joint actions concerning projects of common interest in order to obtain financing for their execution, technical assistance and purchase of machinery and equipments, so as to carry out negotiations to gain access to certain third-country markets.

SECOND. In order to facilitate utilization of tariff cuts, the Contracting Parties may set up cooperation programs and actions in the fields of pre-investment, financing and technology, mainly directed towards supporting of relatively less developed countries with special regard, among them, to land-locked countries.

THIRD. In order to create better conditions to fulfill the specific objectives mentioned in article 15 of the 1980 Montevideo Treaty signed on 12 August 1980 and to efficiently

promote joint action, an Economic Promotion Unit for relatively less developed countries shall be established within the Secretariat to provide them the support required for their full participation in the integration process.

Such Unit shall have an effective system to follow up recommendations and commitments adopted as a result of its proposals. It shall annually report to member countries on the progress and outcome of its tasks.

FOURTH. A specific item, which may be increased with funds from international organization, shall be included in the Association budget for the operation of the Economic Promotion Unit.

On the other hand, the pertinent body shall attempt to expedite obtention of additional sources of funds to carry out specific studies resorting to allocations of the international organizations specially concerned with the support of integration processes.

The Unit may likewise resort to the permanent technical collaboration of other international organizations.

FIFTH. The present Resolution shall be applicable as from the enforcement of the 1980 Montevideo Treaty signed on 12 August 1980, and shall be likewise incorporated to its legal framework.

CM/Resolution 5: Basic rules on the regional tariff preference

12 August 1980

The COUNCIL of MINISTER of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980 and articles 34, caption a) and 61 of the Montevideo Treaty.

WHEREAS It is necessary to establish basic rules to govern the regional tariff preference,

RESOLVES:

FIRST. Member countries shall reciprocally grant a regional tariff preference to be applied with reference to the level in force for third countries, and be subject to the following bases:

- a. It shall comprise, wherever possible, all the tariff items;
- b. It shall not imply the consolidation of tariffs;
- c. For its determination, formulae shall be established enabling to consider, in an equitable way, the situation brought about by differences in the member countries' tariff levels;
- d. It shall initially be minimal and its intensity may be deepened through multilateral negotiations;
- e. It may differ according to the economic sector involved;
- f. Upon determining its magnitude, consideration shall be given to the situation of sensitive sectors of the economy of member countries. Special particulars and conditions may be foreseen for those sectors in the application of the regional tariff preference;
- g. Differential treatments shall be applied in the magnitude of the regional tariff preference according to the three categories of countries. Additionally, the criterion of gradual timing may be selectively applied, in accordance with the forementioned categories;
- h. Exception lists may be drawn up, which extension shall be larger for the relatively

less developed countries, not so large for the intermediate developed countries, and more reduced for the other countries; and

i. Non-tariff restrictions of any nature shall be eliminated by means of a program in order to make the regional tariff preference effective.

SECOND. The present Resolution shall be applicable as from the moment the 1980 Montevideo Treaty signed on 12 August 1980 enter into force, and shall be likewise incorporated to its legal framework.

CM/Resolution 6: Categories of countries

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980.

WHEREAS The mentioned Treaty establishes differential treatments, both in the regional and partial scope mechanisms, on the basis of three categories of countries,

RESOLVES:

FIRST. Criteria shall be established to classify member countries of the Latin American Integration Association within the different development categories foreseen in the new legal instrument. When drawing up such criteria, economic-structural characteristics of member countries shall be taken into consideration.

Such criteria shall be drawn up within a term to be determined by the Committee of Representatives.

The situation of the countries included in each one of these categories shall be periodically reviewed.

SECOND. For the purpose of applying the differential treatments foreseen in the 1980 Montevideo Treaty signed on 12 August 1980, members shall be considered as follows:

- a. Countries at a relatively less advanced stage of economic development: Bolivia, Ecuador and Paraguay;
- b. Intermediate developed countries: Chile, Colombia, Peru, Uruguay and Venezuela; and
- c. Other member countries: Argentina, Brazil and Mexico.

THIRD. Uruguay shall be granted an exceptional treatment more favourable than that accorded to the other intermediate developed countries, which shall not simply the full benefits corresponding to the relatively less developed countries. This special treatment for Uruguay shall be implemented in all the 1980 Montevideo Treaty mechanisms, and mainly in the partial actions it may negotiate with relative reciprocity with the other Contracting Parties, to agree on lists of products for which substantial reduction or total elimination of tariffs and other restrictions shall be accorded in its favour.

FOURTH. The present Resolution shall be incorporated to the legal framework of the 1980 Montevideo Treaty signed on 12 August 1980 upon its entry into force.

CM/Resolution 7: Legal-institutional situation arising from the entry into force of the new Treaty

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES, IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980 and articles 34, captions a) and b), and 61 of the Montevideo Treaty.

WHEREAS It is legally advisable to adopt rules ensuring the institutional transition of the Montevideo Treaty towards the new integration scheme established by the 1980 Montevideo Treaty signed on 12 August 1980; and  
It is likewise convenient to foresee legal regulations for the reciprocal relations of the signatory countries of said Treaty and of these and the ratifying signatory countries until all signatory countries have ratified it,

RESOLVES:

FIRST. Pending ratification of the 1980 Montevideo Treaty signed on 12 August 1980 by all signatory countries, as from the date of its enforcement by ratification of the first three countries, signatory countries which have not yet ratified shall be subject, both as regards their reciprocal relations and their relations with ratifying signatory countries, to the provisions of the legal structure of the Montevideo Treaty dated 12 February 1960, where appropriate, and specially to the resolutions adopted at the Meeting of LAFTA Council of Ministers held on 12 August 1980.  
These provisions shall no longer be applied to relations between signatory countries which have ratified the new Treaty and those which have not done so, as from one year following its enforcement.

SECOND. The bodies of the Latin American Free Trade Association established by the Montevideo Treaty dated 12 February 1960 shall cease to exist as from the date of enforcement of the 1980 Montevideo Treaty.

THIRD. Non-ratifying signatory countries may participate in the Latin American Integration Association bodies with the right to speak and vote, whenever possible or of interest to them, as long as ratification is pending, or until expiry of the term established in the second paragraph of article 1 of the present Resolution.

FOURTH. Signatory countries ratifying the 1980 Montevideo treaty after its enforcement shall be subject to all provisions adopted prior to that moment by the bodies of the Latin American Integration Association.

FIFTH. The present Resolution shall likewise be incorporated to the legal framework of the 1980 Montevideo Treaty signed on 12 August 1980 upon its entry into force.