

No. 10996

MULTILATERAL

Agreement on the régime for Central American integration industries. Signed at Tegucigalpa on 10 June 1958

Protocol to the above-mentioned Agreement Signed at San Salvador on 29 January 1963

Authentic texts: Spanish.

Registered by the Organization of Central American States, acting on behalf of the Contracting Parties in accordance with article XIII of the Agreement and article 40 of the Protocol, on 5 March 1971.

MULTILATÉRAL

Convention relative au régime des industries centraméricaines d'intégration économique. Signée à Tegucigalpa le 10 juin 1958

Protocole à la Convention susmentionnée. Signé à San Salvador le 29 janvier 1963

Textes authentiques: espagnol.

Enregistrés par l'Organisation des États d'Amérique centrale, agissant au nom des Parties contractantes conformément à l'article XIII de la Convention et l'article 40 du Protocole, le 5 mars 1971.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ ON THE RÉGIME FOR CENTRAL AMERICAN INTEGRATION INDUSTRIES

The Governments of the Republic of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica,

Having regard to the objectives of the Central American Economic Integration Programme which was undertaken through the Central American Economic Co-operation Committee and, in particular, to article XXI of the Multilateral Treaty on Free Trade and Central American Economic Integration,²

Desirous of strengthening the natural and traditional bonds of brotherhood which unite their countries, and of co-operating towards the solution of their common economic problems,

Having as their basic aim the improvement of the living standards of the Central American peoples and the rational use, for that purpose, of their natural resources, and being convinced that, within the economic development programmes of the Central American Isthmus, the integration of their economies offers favourable prospects for the expansion of trade between their countries and for a more rapid industrialization process on the basis of mutual interest,

Have decided to conclude the present Agreement, which prescribes a Régime for Central American Integration Industries, and for that purpose have appointed as their respective plenipotentiaries:

H. E. the President of the Republic of Guatemala: José Guirola Leal, Minister of Economic Affairs;

H. E. the President of the Republic of El Salvador: Alfonso Rochac, Minister of Economic affairs;

¹ Came into force on 23 September 1963, the date on which the last of the instruments of ratification of the five Member States of the Organization of Central American States had been deposited with the General Secretariat of that Organization, in accordance with article XII. The instruments were deposited as follows:

<i>State</i>	<i>Date of deposit</i>	<i>State</i>	<i>Date of deposit</i>
Guatemala	2 June 1959	Nicaragua	17 February 1959
El Salvador	29 April 1959	Costa Rica	23 September 1963
Honduras	5 April 1961		

² United Nations, *Treaty Series*, vol. 454, p. 47.

H. E. the President of the Council of Ministers exercising the powers of the Executive of the Republic of Honduras: Fernando Villar, Minister of Economic Affairs and Finance;

H. E. The President of the Republic of Nicaragua: Enrique Delgado, Minister of Economic Affairs; and

H. E. the President of the Republic of Costa Rica: Wilburg Jiménez Castro, Vice-Minister of Economic Affairs and Finance

who, having exchanged their full powers, found in good and due form, have agreed as follows:

Article I

The Contracting States undertake to encourage and promote the establishment of new industries and the specialization and expansion of existing industries within the framework of Central American economic integration, and agree that the development of the various activities which are or may be included in such a programme shall be effected on a reciprocal and equitable basis in order that each and every Central American State may progressively derive economic advantages.

Article II

The Contracting States declare their interest in the development of industries with access to a common Central American market. These shall be designated Central American integration industries and shall be so declared jointly by the Contracting States, through the agency of the Central American Industrial Integration Commission established in conformity with article VIII of this Agreement.

The Contracting States shall regard as Central American integration industries those industries which, in the judgement of the Central American Industrial Integration Commission, comprise one or more plants which require access to the Central American market in order to operate under reasonably economic and competitive conditions even at minimum capacity.

Article III

The application of the present Régime to the Central American integration industries is subject to signature by the Contracting States, in respect of each of the said industries, of an additional protocol stipulating:

- (a) The country or countries in which the industrial plants covered by this Régime are to be initially situated, the minimum capacity of the said plants and the conditions under which additional plants are to be subsequently admitted into the same or other countries;

- (b) The quality standards for the products of the said industries and any other requirements that may be deemed convenient for the protection of the consumer;
- (c) The regulations that may be advisable as regards the participation of Central American capital in the enterprises owning the plants ;
- (d) The common Central American tariffs which shall be applied to the products of Central American integration industries; and
- (e) Any other provisions designed to ensure the attainment of the objectives of this Agreement.

Article IV

The products of plants which form part of a Central American integration industry and which are covered by the present Régime, shall enjoy the benefits of free trade between the territories of the Contracting States.

The products of plants which form part of the same industry but which are not covered by the Régime, shall enjoy in the Contracting States successive annual reductions of ten per cent in the applicable uniform Central American tariff, from the date specified in the relevant additional protocol. As from the tenth year, such products shall enjoy the full benefits of free trade.

Except as provided in the preceding paragraph and in any other provisions of this Agreement or of the additional protocols, all trade in commodities produced by the Central American integration industries shall be governed by the provisions of the Multilateral Treaty on Free Trade and Central American Economic Integration Treaty.

Article V

In conformity with the provisions of article IV of the Multilateral Treaty on Free Trade and Central American Economic Integration, the Central American Trade Commission shall give priority consideration to the equalization of the customs duties and other charges levied upon imports of commodities that are similar to or substitutes for the commodities produced by the Central American integration industries covered by the additional protocols to this Agreement, as well as upon imports of raw materials and of the containers necessary for their production and distribution.

Article VI

Since the Contracting States intend to grant to the Central American integration industries ample fiscal incentives, the enterprises owning industrial plants covered by the present Régime shall enjoy, in the territory of the coun-

tries where such plants are or may be established, the benefits and exemptions prescribed by the national legislation of the country concerned.

Article VII

Except in cases of emergency, the Governments of the Contracting States shall not grant customs duty exemptions or reductions below the Central American common tariff on any imports from countries outside Central America of goods which are equal or similar to or substitutes for goods manufactured in any of the Central American countries by plants of industrial integration industries, nor shall they apply to such imports preferential exchange rates equivalent to such exemptions or reductions.

The Governments and other State bodies shall also give preference in their official imports to the products of the Central American integration industries.

Article VIII

In order to ensure due application of this Agreement and of the additional protocols, the Contracting States agree to establish a Central American Industrial Integration Commission, to which each of the Contracting States shall appoint a special representative; the Commission shall meet as frequently as its work may require or at the request of any of the Contracting States.

The Commission or any of its members may travel freely in the Contracting States in order to study matters within the Commission's competence in the field, and the authorities of the Contracting States shall provide them with whatever information and facilities may be necessary for the proper discharge of their functions.

The Commission shall have a permanent secretariat which shall be under the responsibility of the General Secretariat of the Organization of Central American States.

The Commission shall adopt its rules of procedure unanimously and shall prescribe the regulations relating to the conduct of matters within its competence, in particular the regulations relating to the conditions and form in which, in each specific case, the views of private enterprise shall be heard.

Article IX

Individuals or bodies corporate desiring the incorporation of a given plant into the present Régime shall present an application to that effect to the Secretariat of the Central American Industrial Integration Commission and accompany it with the required information.

When the Secretariat has sufficient information available, it shall advise the Commission of the application. If the Commission finds that the project meets the aims of this Agreement, the application shall be referred to for an opinion to the Central American Research Institute for Industry or to any other person or body that the Commission considers competent. Such opinion shall take into account the technological and economic aspects of the project and, in particular, the market prospects, and the costs incurred shall be borne by the interested parties.

The Commission shall decide on the project on the basis of the said opinion, and if it finds the project capable of being realized, shall make whatever recommendations it considers pertinent to the Governments of the Contracting States on the conclusion of the protocol covering the industry concerned and on the conditions to be stipulated.

When the project refers to a plant which forms part of an industry already covered by a protocol, the Commission may, in conformity with the terms of the relevant protocol and of this article, declare that the plant shall be admitted to the benefits of the present Régime and advise to that effect the Governments of the Contracting States.

Article X

The Central American Industrial Integration Commission shall submit an annual report on its activities to the Contracting States.

The Commission shall periodically carry out studies with a view to enabling the Governments to evaluate the results of the application of the present Régime.

The Commission may propose to the Contracting States measures favourable to the development of the Central American integration industries and to the efficient functioning of their plants. The Commission may also propose to the Governments any measures necessary to resolve any problems arising from the application of this Agreement.

Article XI

The Contracting States agree to settle amicably, in the spirit of this Agreement, any differences which may arise in the interpretation or application of any of its provisions or of the additional protocols. If agreement cannot be reached, they shall submit the matter to arbitration. For the purpose of constituting the arbitral tribunal, each Contracting State shall propose to the General Secretariat of the Organization of Central American States the names of three judges from its Supreme Court of Justice. From the complete list of candidates, the Secretary-General of the Organization of Central American

States and the Government representatives in the Organization shall select, by drawing lots, a tribunal composed of five arbitrators, no two of whom may be nationals of the same State. The award of the arbitral tribunal shall require the concurring votes of not less than three members and shall be binding on all the Contracting States so far as it contains any ruling concerning the interpretation or application of the provisions of this Agreement and of the additional protocols.

Article XII

This Agreement shall be submitted for ratification in each Contracting State in conformity with its respective constitutional or legislative procedures.

This Agreement shall come into force on the date of deposit of the last instrument of ratification. It shall remain in force for twenty years and shall be tacitly renewable for successive periods of ten years.

Any Contracting State may withdraw from this Agreement provided that notice of withdrawal is given not later than two years before the date on which the initial or any other subsequent period of validity expires.

If a Contracting State gives notice of withdrawal after the prescribed time limit but before a new period of validity has commenced, such notification shall be valid, but the Agreement shall remain in force for two further years after the beginning of the new period.

In the event of denunciation of this Agreement, the same shall remain in force as regards its additional protocols until the expiry of the latter.

Should a Contracting State denounce this Agreement, the other Contracting States shall determine whether the Agreement shall cease to have effect between all the Contracting States or whether it shall be maintained between such Contracting States as have not denounced it.

The additional protocols to this Agreement shall be approved in conformity with the constitutional or legislative procedures of each country.

Article XIII

The General Secretariat of the Organization of Central American States shall act as depository of this Agreement and shall send a certified copy thereof to the Ministry of Foreign Affairs of each of the Contracting States. It shall also notify the Contracting States of the deposit of the relevant instruments of ratification as well as of any denunciation which may occur within the prescribed time-limit. When the Agreement comes into force, it shall also transmit a certified copy thereof to the Secretary-General of the United Nations, for registration in conformity with Article 102 of the United Nations Charter.

Transitional article

In order to promote an equitable distribution of the Central American industrial integration plants, the Contracting States shall not award a second plant to any one country until all of the five Central American countries have each been assigned a plant in conformity with the protocols specified in article III.

IN WITNESS WHEREOF the respective plenipotentiaries have signed this Agreement.

DONE in the city of Tegucigalpa, D. C., capital of the Republic of Honduras, on 10 June 1958.

For the Government of Guatemala:

With a reservation regarding article XI of this Treaty, in accordance with the provisions of paragraph 3, subparagraph (b) of article 149 of the Constitution of the Republic.

JOSÉ GUIROLA LEAL
Minister of Economic Affairs

For the Government of El Salvador:

ALFONSO ROCHAC
Minister of Economic Affairs

For the Government of Honduras:

FERNANDO VILLAR
Minister of Economic Affairs and Finance

For the Government of Nicaragua:

ENRIQUE DELGADO
Minister of Economic Affairs

For the Government of Costa Rica:

WILBURG JIMÉNEZ CASTRO
Vice-Minister of Economic Affairs and Finance

PROTOCOL ¹ TO THE AGREEMENT ON THE RÉGIME
FOR CENTRAL AMERICAN INTEGRATION INDUS-
TRIES ²

The Governments of the Republics of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica,

Having as their main objective an improvement in the levels and conditions of living of the Central American peoples through the integration of their respective national economies,

Convinced that the establishment of Central American integration industries in their territories is important for the promotion of economic development, the rational use of resources and balanced growth among countries,

Recognizing the need to apply the Agreement on the régime for Central American integration industries ² and to give effect to the provisions of article XVII of the General Treaty on Central American Economic Integration, ³

Considering that the granting of the benefits provided for in this and other additional protocols to the Agreement on the régime should neither restrict nor limit the trade carried on under the free-trade arrangements in force previous to the signing of the said protocols, and that in so far as the plants referred to in this instrument are concerned, the granting of free-trade treatment to their products under the terms of article IV of the Agreement on the régime does not restrict any trade carried on previously,

Considering the desirability of creating complementary systems to promote the establishment of industrial activities of particular interest for the economic development of the region,

¹ Came into force on 25 February 1965, i.e. eight days after the deposit of the third instrument of ratification with the General Secretariat of the Organization of Central American States, in accordance with article 38. The instruments were deposited as follows:

<i>State</i>	<i>Date of deposit</i>
Guatemala	7 October 1963
El Salvador	22 December 1964
Costa Rica	17 February 1965

Subsequently, the Protocol came into force for Nicaragua on 31 August 1965, the date of the deposit of its instrument of ratification with the General Secretariat of the Organization of Central American States, in accordance with article 38.

² See p. 174 of this volume.

³ United Nations, *Treaty Series*, vol. 455, p. 3.

Have decided to draw up the present Protocol, and for that purpose have appointed as their respective plenipotentiaries:

His Excellency the President of the Republic of Guatemala: Mr. Julio Prado García Salas, Minister for Central American Integration;

His Excellency the President of the Republic of El Salvador: Mr. Salvador Jáuregui, Minister for Economic Affairs;

His Excellency the President of the Republic of Honduras: Mr. Jorge Bueso Arias, Minister for Economic and Financial Affairs;

His Excellency the President of the Republic of Nicaragua: Mr. Gustavo A. Guerrero, Minister for Economic Affairs;

His Excellency the President of the Republic of Costa Rica: Mr. Rodolfo Trejos Donaldson, Director of Economic Affairs;

who, having exchanged their full powers, found in good and due form, have agreed as follows:

Chapter I

GENERAL PROVISIONS

Article 1

The benefits of the Agreement on the régime for Central American integration industries shall neither restrict nor limit the trade carried on under the General Treaty on Central American Economic Integration.

Article 2

The signatory States declare to be integration industries those industries coming under the provisions of this Protocol, and they admit to the benefits of the Agreement on the régime for Central American integration industries the plants corresponding to the said industries which are specified in this Protocol.

Article 3

The products of the integration plants shall enjoy free trade as between the territories of the Contracting Parties from the date on which this Protocol enters into force.

The products of the plants which are set up within the same branch of industry subsequent to the date on which this Protocol is signed, but which are not admitted to the benefits of the Agreement on the régime for Central

American integration industries, shall enjoy successive tariff reductions amounting to an annual rate of ten per cent of the uniform Central American tariffs established in this Protocol. These reductions shall come into force as from the date on which the relevant instrument is signed in the case of plants that are declared to be intergration plants and were already established, and from the date on which production is to begin in the case of plants which are projected or under construction.

Article 4

The products of the integration plants shall meet the standards of quality laid down by the Central American Research Institute for Industry (ICAITI) and adopted by the Executive Council.

The Institute shall periodically investigate whether these standards are being complied with and shall communicate the results of such investigation to the Permanent Secretariat. The Executive Council shall, by majority vote, determine the action to be taken in case of non-compliance, including authorization to effect imports subject to payment of the tariffs indicated in articles 15 and 23.

Article 5

The tariff régime provided for in this Protocol shall enter into force 30 days from the date on which the Permanent Secretariat notifies the member States in writing that the initial capacity of the integration plants is that indicated in the corresponding protocol and that their products meet the standards of quality referred to in the previous article.

Article 6

The integration plants shall be granted a 10-year exemption from duties and charges on imports of raw materials or intermediate products used by them; they shall also be exempted from taxes on the production or consumption of such materials or products, or, if necessary, the corresponding amount shall be refunded to them. Other tax benefits shall be governed by the Central American Agreement on fiscal incentives to industrial development.

Article 7

Enterprises owning integration plants shall not set themselves up as distributors of the products specifically covered by the Régime nor shall

they sell through exclusive distributors; they shall not, without valid reason, fail to fill orders submitted to them by distributors.

Article 8

Where, at the request of any Contracting Party, the Executive Council finds that imports are effected at a price below the normal value or below the regular quotations on the international market, or by means of unfair trade practices which have or may have an adverse effect on integration plants, the Governments shall order the suspension of imports from exporters who have engaged in such practices, without prejudice to such other measures as may be agreed upon by the Executive Council in accordance with the provisions of chapter 3 of the San José Protocol on the equalization of import duties and charges of 31 July 1962.¹ Such suspension shall remain in effect for as long as is considered necessary.

Article 9

Foreign goods shall be considered to have been imported at a price below their normal value if the ex-factory price charged in the exporting country is less than:

- (a) The comparable price, under normal trade conditions, of similar goods intended for consumption in the domestic market of the exporting country;
- (b) The highest comparable price, under normal trade conditions, of similar goods intended for export to a third country; or
- (c) The cost of production of such goods in the country of origin, plus a reasonable sum for sales expenses and profit.

Article 10

The Executive Council, acting through the Permanent Secretariat, shall ensure compliance with the provisions of this Protocol in so far as they relate to the rights and obligations of the integration plants, which shall, for this purpose, submit to the Permanent Secretariat a monthly report on the production and stocks of their products as well as such other supplementary data as may be requested.

¹ United Nations, *Treaty Series*, vol. 773, No. A-6542.

Chapter II

CAUSTIC SODA AND CHLORINATED INSECTICIDES INDUSTRY

I. APPLICATION

Article 11

The Contracting States declare that the caustic soda and chlorinated insecticides industry is an integration industry, and they admit to the benefits of the Agreement on the régime for Central American integration industries the plants producing caustic soda and chlorinated camphene insecticide to be established in the Republic of Nicaragua. The enterprises owning the integration plants shall be set up within 12 months from the date on which this Protocol enters into force. Construction of the plants shall begin not later than 18 months and production not later than three and a half years, from the same date.

Article 12

The rights and obligations specified in this Protocol shall apply to the plants included in resolution 7 of the Executive Council in so far as caustic soda and chlorinated camphene insecticide are concerned.

II. INVESTMENT AND COMPOSITION OF CAPITAL

Article 13

The company or companies owning the integration plants shall invest the equivalent of approximately \$US 4.5 million. Of the registered capital, at least 40 per cent shall be offered for sale to capital of Central American origin during a period of not less than 180 days before the date on which the said company or companies are set up.

III. CAPACITY

Article 14

The integration plants shall have a minimum annual production capacity of 4,700 metric tons of caustic soda and 2,700 metric tons of chlorinated

camphene insecticide to meet the requirements of the signatory countries as provided for in this Protocol.

The establishment of additional plants needed to meet the demand of the Central American market shall be effected by decision of the Executive Council, taken by majority vote and in accordance with the procedure laid down in article XI of the Agreement on the régime for Central American integration industries, the said plants to be subject to the same obligations as those imposed under this Protocol on the original plants with respect to the offer of capital, prices, quality and supply guarantees, and to enjoy the same general rights.

IV. MARKET SUPPLY GUARANTEE

Article 15

The enterprise or enterprises owning the plants shall be required to guarantee an adequate and steady supply of chlorinated camphene insecticide.

The Permanent Secretariat, at the request of any of the Contracting Parties, shall determine the cases in which this guarantee is not being complied with. It shall for this purpose take into account the registered inventory and such other factors as it considers relevant. In such cases, the Governments may authorize the import of the shortages determined by the Permanent Secretariat, subject to an import duty equivalent to \$US 0.05 per gross kilogramme of chlorinated camphene insecticide.

Article 16

If the production or supply of chlorinated camphene insecticide is interrupted, the enterprise or enterprises shall forthwith inform the Permanent Secretariat of the Executive Council. In the event of such interruption, the Council shall take whatever measures it considers necessary to ensure the markets of the member countries are adequately supplied. On the basis of a resolution adopted by the Council, the Governments may grant licences for the import of the aforementioned product from third countries, subject to payment of the import duty specified in the final paragraph of article 15. Such resolutions shall be adopted by majority vote.

V. PRICE GUARANTEE

Article 17

It shall be incumbent upon the enterprise or enterprises to supply the markets of the signatory countries at reasonable and competitive prices, which

shall not exceed \$120 per metric ton of caustic soda or \$615 per metric ton of 100 per cent technical chlorinated camphene.

It shall also be incumbent upon the enterprise or enterprises to sell the caustic soda at the same price ex-factory and the chlorinated insecticide at the same price at the various distribution points in each of the signatory countries.

The Executive Council, shall through its secretariat, ensure that the foregoing provisions are properly applied and shall authorize such price changes as appear necessary and advisable in the light of changes in production costs.

VI. TARIFF RÉGIME

Article 18

The Contracting States shall adopt the following classification and uniform import duties:

NAUCA item or sub-item and uniform tariff sub-sub-items	Description	Unit	Uniform import duty	
			Specific (dollars per unit)	Ad valorem (percentage c.i.f.)
511-03-00	Sodium hydroxide	G.K.	0.04	10
512-09-01	Camphor (natural or synthetic) and its derivatives, n.e.s.			
512-09-01-01	Chlorinated camphene for the manu- facture of insecticides	G.K.	0.10	14
512-09-01-09	Others	G.K.	0.15	15
512-09-03	Halogenated derivatives of hydrocar- bons, n.e.s.			
512-09-03-01	Chloroform	G.K.	0.05	10
512-09-03-02	Gases, refrigerant, liquid or not (freon gas, etc.)	G.K.	Free	10
512-09-03-03	Dichloro-diphenyl-trichloroethane (DDT) and other chlorinated chem- ical products for the manufacture of insecticides	G.K.	Free	10
512-09-03-04	Non-chlorinated chemical products for the manufacture of insecticides	G.K.	Free	5
512-09-03-09	Others	G.K.	0.05	15
512-09-12	Amino-phenols, n.e. s.			
512-09-12-01	For the manufacture of insecticides	G.K.	Free	6
512-09-12-09	Others	G.K.	0.05	15
599-02-00	Insecticides, fungicides and disinfectants, (including animal dressings) and similar products other than medicaments, fumigants, disinfectant soaps and deodorizers			

NAUCA item or sub-item and uniform tariff sub-sub-items	Description	Unit	Uniform import duty	
			Specific (dollars per unit)	Ad valorem (percentage c.i.f.)
599-02-00-01	Chlorinated camphene derivatives of turpentine, prepared as insecticides	G.K.	0.10	10
599-02-00-02	Chlorinated insecticides prepared for immediate consumption; mixtures and solutions, concentrated or not, containing some of the products mentioned in sub-sub-items 512-09-01-01, 512-09-03-03 and 599-02-00-01	G.K.	Free	15
599-02-00-03	Other insecticides, n.e.s.	G.K.	Free	10
599-02-00-09*	Others			
	<i>Note in the Uniform Central American Import Tariff to item 599-02-00</i> Any preparation not ready for immediate use as an insecticide is considered to be of technical grade.			

* Included for the sole purpose of ensuring uniform application of the Uniform Central American Tariff Nomenclature (NAUCA).

Chapter III

RUBBER TYRE AND TUBE INDUSTRY

I. APPLICATION

Article 19

The Contracting States declare that the rubber tyre and tube industry is an integration industry, and they admit to the benefits of the Agreement on the régime for Central American integration industries the plant producing these items, established on the date of this Protocol in the Republic of Guatemala.

Article 20

The rights and obligations specified in this Protocol shall apply to the said plant with respect to the rubber tyres and tubes for motor-cars and lorries manufactured by the plant.

The Executive Council shall draw up a list of types and sizes of rubber tyres and tubes which are to come under the provisions of this Protocol on the date of its entry into force. The said list may be supplemented by the Executive

Council subject to verification of the additional types of rubber tyres and tubes manufactured by the plant under conditions adequate for supplying the Central American market. Additions to the list may be made every six months and shall be published by the Executive Council for the purpose of the relevant customs classification. The initial list of rubber tyres and tubes for motor-cars and lorries, which is referred to in this article, shall be published for the same purpose.

II. INVESTMENT AND COMPOSITION OF CAPITAL

Article 21

The enterprise owning the integration plant has invested in it the equivalent of approximately \$US 5 million. The registered capital of the enterprise, equivalent to \$US 2.5 million, consists in its majority of capital of Central American origin. A similar proportion of any future increase in capital shall, by public announcement, be offered for sale, to capital of Central American origin during a period of not less than 180 days.

III. CAPACITY

Article 22

The integration plant shall maintain an initial capacity of 145,000 rubber tyres and 116,000 tubes, which shall be increased to 225,000 rubber tyres and 180,000 tubes annually within a period of not more than one year from the date on which this Protocol enters into force.

IV. MARKET SUPPLY GUARANTEE

Article 23

The plant shall be required to guarantee an adequate and steady supply of the types of rubber tyres and tubes specified in the list referred to in article 20 and shall maintain on the markets of the 5 member countries stocks equivalent to the average monthly consumption of these items during the previous year.

The Executive Council, at the request of any of the Contracting Parties, shall designate, by majority vote, the cases in which this guarantee is not being complied with. It shall for this purpose take into account the registered inventory and such other factors as it considers relevant. In case of non-compliance, the Governments, acting on the basis of resolutions of the Executive Council, also adopted by majority vote, may authorize import licences

for the articles coming under this Protocol, which upon import shall be subject to payment of the uniform import duty agreed upon for the rubber tyres and tubes included in tariff sub-sub-item 629-01-02-01. Such authorization shall be granted to the extent required to ensure an adequate supply for the market.

Article 24

If the production or supply of rubber tyres and tubes is interrupted, the enterprise shall forthwith inform the Permanent Secretariat of the Executive Council. The Council shall take whatever measures it considers necessary to ensure that the markets of the member countries are adequately supplied. On the basis of a resolution adopted by the Council, the Governments may grant licences for the import of rubber tyres and tubes from third countries, subject to payment of the uniform import duty agreed upon for tariff sub-sub-item 629-01-02-01. The resolutions to which this article refers shall be adopted by majority vote.

V. PRICE GUARANTEE

Article 25

The enterprise undertakes to sell the articles coming under this Protocol at the same price, other conditions being equal, to all the distributors of the region; it also undertakes to ensure that the sales price to the final consumer shall in no case exceed the lowest list price in effect on 1 December 1962 in any of the contracting countries for articles comparable in quality to those manufactured by the plant.

The Executive Council shall in due course establish the sales price for the rubber tyres and tubes manufactured by the plant, taking as the basis for its decision a report prepared by the Permanent Secretariat on the real prices in effect in the Central American countries for similar articles on the aforementioned date.

The Executive Council, through its secretariat, shall ensure that the foregoing provisions are properly applied and shall authorize such price changes as appear necessary and advisable in the light of changes in production costs.

VI. TARIFF RÉGIME

Article 26

The Contracting States shall adopt the following classification and uniform import duties on rubber tyres and tubes:

NAUCA item or sub-item and uniform tariff sub-sub-items	Description	Unit	Uniform import duty	
			Specific (dollars per unit)	Ad valorem (percentage c.i.f.)
629-01-02	Rubber tyres, n.e.s., and tubes, for vehicles of all kinds			
629-01-02-01	Rubber tyres and tubes, n.e.s., of types and sizes not manufactured by the integration industry	G.K.	0.10	10
629-01-02-02	Rubber tyres, n.e.s., for any use, weighing not more than 20 kg each, in the sizes manufactured by the integration industry and included in the list referred to in article 20 of the Protocol to the Agreement on the régime for Central American integration industries, and tubes for same	G.K.	0.90	10
629-01-02-09	Rubber tyres, n.e.s., for any use, weighing more than 20 kg each, in the sizes manufactured by the integration industry and included in the list referred to in article 20 of the Protocol to the Agreement on the régime for Central American integration industries, and tubes for same	G.K.	0.75	10

Article 27

The establishment of additional plants shall be effected by decision of the Executive Council, taken by majority vote and in accordance with the procedure laid down in article XI of the Agreement on the régime for Central American integration industries; the said plants shall be subject to the same obligations as those imposed under this Protocol on the original plant with respect to prices, quality and supply guarantee, and shall enjoy the same general rights. At least 60 per cent of the capital of the new plants shall be offered, by public tender, to capital of Central American origin, and at least 30 percent must be subscribed by Central American capital.

Chapter IV

SPECIAL PROVISIONS

Article 28

The Contracting States agree to set up a special system for the promotion of productive activities in order in this way to encourage the establishment

in Central America of new industries having particular significance for the economic development of the region.

Article 29

Trade in the items coming under article 31 of this Protocol shall be subject to the provisions of the General Treaty on Central American Economic Integration.

Article 30

Without prejudice to the uniform levels which have been or may be agreed upon in accordance with the Central American Agreement on the Equalization of Import Duties and Charges and its protocols,¹ a tariff system shall be established and shall be applied with full regard for the conditions laid down in this chapter.

Article 31

For the purposes of the system referred to in the previous article, the following uniform tariffs are agreed upon:

NAUCA item or sub-item and uniform tariff sub-sub-items	Description	Unit	Uniform import duty	
			Specific (dollars per unit)	Ad valorem (percentage c.i.f.)
664-03-00	Sheet (window) glass, unworked, whether coloured or not	G.K.	0.10	10
665-01-00	Glass containers (with or without covers of any material), except fancy (carboys, bottles, flacons, jars, pots, tubular containers and similar containers of glass) including covers and stoppers of common glass, and glass inners for vacuum flasks and other vacuum vessels			
665-01-00-02	Containers of any capacity, for beer, aerated water, wine and other alcoholic and non-alcoholic beverages	G.K.	0.06	10
699-12-01	Hand tools, for artisans			
699-12-01-01	Machetes	G.K.	Free	20
721-03-01	Incandescent electric lighting bulbs and tubes, of all kinds and voltages, including sealed beam bulbs for vehicles			

¹ United Nations, *Treaty Series*, vol. 454, p. 289, and annex A in volumes 547, 773, and 790.

NAUCA Item or sub-Item and uniform tariff sub-sub-Items	Description	Unit	Uniform import duty	
			Specific (dollars per unit)	Ad valorem (percentage c.i.f.)
721-03-01-01	Electric lighting bulbs, of all kinds and voltages (except filament tubes and sealed beam bulbs for vehicles)	G.K.	1.00	10
*721-03-01-09	Others			

* Included for the sole purpose of ensuring uniform application of the Uniform Central American Tariff Nomenclature (NAUCA).

Article 32

The tariffs provided for in the previous article shall become applicable from the time when production of the corresponding items in Central America begins, on condition that the actual installed capacity meets at least 50 per cent of the regional demand.

Article 33

The Permanent Secretariat, at the request of the country or countries concerned and with the co-operation of the Central American Research Institute for Industry (ICAITI), shall ascertain whether the conditions set out in the preceding article are met and shall give notice of its findings to the member Governments. The tariffs shall be applied 30 days after the date on which written notice as aforesaid has been given.

Article 34

Whenever the system established by virtue of the foregoing provisions is apt to give rise to speculative imports of foreign goods, the Executive Council, at the request of any of the Contracting Parties, may decide whether the countries should impose restrictions or quotas on the import of such goods at any time before the production thereof is to begin in Central America.

The Governments shall act in conformity with resolutions adopted by the Council.

Article 35

The addition of new items to the schedule of goods in article 31 shall be subject to the signing of additional protocols to be negotiated in the Executive Council.

Article 36

Industrial activities benefiting from the special system set up by virtue of this chapter for the promotion of productive activities may not be admitted to the benefits of the Agreement on the régime for Central American integration industries, nor may the industrial activities admitted to the benefits of the said Agreement be allowed to benefit from the said special system.

Article 37

The Executive Council shall keep a close check on the prices of the goods coming under the special system. If it finds that these prices are excessively high in relation to the normal market prices of similar goods, it may, on the basis of a study to be carried out for this purpose by the Permanent Secretariat in co-operation with the Central American Research Institute for Industry (ICAITI), grant authorization for imports to be subject to the payment of the uniform tariffs agreed upon in the Central American Agreement on the Equalization of Import Duties and Charges and its protocols or, in the absence thereof, of the national tariffs in effect on the date on which the present Protocol is signed.

The Council may authorize imports in the amounts required to meet such shortage as, on the basis of a study carried out for this purpose by the Permanent Secretariat, the Council shall itself have determined, such imports to be subject to payment of the tariffs referred to in the preceding paragraph.

Chapter V

FINAL PROVISIONS

Article 38

This Protocol shall be submitted for ratification in each State in conformity with its respective constitutional or legislative procedures.

The instruments of ratification shall be deposited with the General Secretariat of the Organization of Central American States. The Protocol shall enter into force, in the case of the first three States to ratify it, eight days after the date of deposit of the third instrument of ratification, and, in the case of the States which ratify it subsequently, on the date of deposit of the relevant instrument.

Article 39

The duration of the present Protocol shall be contingent upon that of the General Treaty on Central American Economic Integration.

Article 40

The Organization of Central American States shall act as depository of this Protocol and shall send a certified copy thereof to the Ministry of Foreign Affairs of each of the Contracting States and to the Permanent Secretariat of the General Treaty on Central American Economic Integration; it shall also notify them forthwith of the deposit of each instrument of ratification. Upon the entry into force of the Protocol, it shall also transmit a certified copy thereof to the Secretariat of the United Nations for registration in conformity with Article 102 of the United Nations Charter.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed the present Protocol in the city of San Salvador, Republic of El Salvador on 29 January 1963.

For the Government of Guatemala:

JULIO PRADO GARCÍA SALAS
Minister for Central American Integration

For the Government of El Salvador:

SALVADOR JÁUREGUI
Minister for Economic Affairs

For the Government of Honduras:

JORGE BUESO ARIAS
Minister for Economic and Financial Affairs

For the Government of Nicaragua:

GUSTAVO A. GUERRERO
Minister for Economic Affairs

For the Government of Costa Rica:

RODOLFO TREJOS DONALDSON
Director of Economic Affairs
