

No. 22325

BRAZIL
and
URUGUAY

Protocol on the expansion of trade, additional to the Treaty of friendship, co-operation and trade of 12 June 1975 (with annexes). Signed at Rivera, Uruguay, on 12 June 1975

*Authentic texts: Portuguese and Spanish.
Registered by Brazil on 30 August 1983.*

BRÉSIL
et
URUGUAY

Protocole d'expansion commerciale, additionnel au Traité d'amitié, de coopération et de commerce du 12 juin 1975 (avec annexes). Signé à Rivera (Uruguay) le 12 juin 1975

*Textes authentiques : portugais et espagnol.
Enregistré par le Brésil le 30 août 1983.*

[TRANSLATION — TRADUCTION]

PROTOCOL¹ BETWEEN BRAZIL AND URUGUAY ON THE EXPANSION OF TRADE

Article 1. Products referred to in article 2 which originate in the territory of one Contracting Party and enter the territory of the other Party shall be subject to the conditions set forth in this Protocol and in any instruments deriving therefrom with effect from 30 days after the exchange of the instruments of ratification of the Treaty of friendship, co-operation and trade.²

Article 2. The liberalization programme under this Protocol shall extend to:

- (i) Agro-industrial products listed in the Customs Nomenclature of the Latin American Free-Trade Association (LAFTA) which are indicated for each Party in annex I;³
- (ii) The goods listed in chapters 25 to 98 of the LAFTA Customs Nomenclature, other than those indicated by each Party in annex II. The fact that Uruguay is at a relatively less advanced stage of economic development shall be taken into account in the preparation of the list of exceptions.

Article 3. The products included within the scope of the liberalization programme and in the duty-free régime established in this article, when they originate in the territory of one Party, shall enter the territory of the other Party free of duties, charges and restrictions, with the exception of those provided for in this Protocol or agreed upon through negotiation, without prejudice to the provisions of article 53 of the Montevideo Treaty.

3.1 For the purposes of this Protocol, “duties and charges” means customs duties and any other charges of equivalent effect whether fiscal, monetary or exchange, that are levied on imports.

3.2 The General Co-ordinating Commission, referred to in article 9, shall indicate those duties, charges and restrictions which are to be removed for the purposes of the régime described in this article.

3.3 The Parties, through negotiation, may maintain residual duties and charges which do not interfere with the objectives of the duty-free régime and which may not exceed 5 per cent of the c.i.f. value, or the specific equivalent thereof.

3.4 The Parties shall establish, through negotiation, the respective schedules of the products included in the duty-free régime described in this article. These schedules shall comprise annexes III and IV.

3.5 The products included in the duty-free régime shall be those itemized in the LAFTA Customs Nomenclature, and remarks limiting the contents of any given entry shall be permitted only in exceptional cases.

¹ Came into force on 8 August 1976, i.e., 30 days after the date of the exchange at Brasilia on 9 July 1976 of the instruments of ratification of the Treaty of friendship, co-operation and trade of 12 June 1975, in accordance with article 1.

² See p. 247 of this volume.

³ Annexes I to IV which contain lists of products to be accorded special preferences are not published herein in accordance with article 12 (2) of the General Assembly regulations to give effect to Article 102 of the Charter of the United Nations as amended in the last instance by General Assembly resolution 33/141 A of 19 December 1978.

3.6 From time to time, the Parties shall conduct negotiations for the inclusion of items in or, if need be, the withdrawal of items from the duty-free régime, or for the amendment of the régime, in accordance with the norms and procedures for negotiations.

Article 4. One Party may, at any time and by giving advance notification to the other Party, limit the import of any product accorded the treatment described in article 3 to a minimum quota equal to 5 per cent, in quantity and/or value, of the production of the similar national product in the previous year.

4.1 The quota referred to may be fixed in advance, at the time when the product is included in the régime described in article 3.

4.2 The provisions of this article shall not affect the concessions granted in the national schedule in the schedule of concessions not extended to other parties or in complementarity agreements negotiated in LAFTA, which shall remain in force for the import of the product, without prejudice to the provisions of chapters VI and VII of the Montevideo Treaty.

Article 5. The products included in the duty-free régime shall not be subject to the duties and charges levied in respect of third countries, and any elimination, whether complete or partial, of the margin of preference motivated by the economic interest of one Party shall not obligate the Party granting the concession to offer direct or immediate compensation, without prejudice to the balance of trade referred to in article 8 of this Protocol.

Article 6. The products included in the duty-free régime described in article 3 shall be accorded the general treatment prescribed by LAFTA for classification of the origin or goods, without prejudice to the establishment by the Contracting Parties of specific origin requirements, such that:

- (i) They may be brought into compliance with the conditions of production in both Parties, with a view to making the fullest possible use of raw materials, under normal market conditions, and other factors of production existing in the two countries, taking into account the degree of import substitution attained by the respective producers and the technological characteristics of the industries established in each country;
- (ii) Any departure from the objectives of this Protocol may be avoided.

6.1 Specific requirements may be established at the time when the product is included in the duty-free régime, or by the Commission referred to in article 9.

6.2 The specific requirements described in this article shall apply exclusively to the enjoyment of the advantages provided for in this Protocol.

Article 7. A Party may, in the light of a situation in which there has been serious prejudice or undue enjoyment of the concession, suspend the duty-free status of a product or may demand, as a condition for the enjoyment, in respect of the product to be imported, of the advantages set forth in article 3, that specific requirements be fulfilled to deal with the situation created.

7.1 The safeguard described in this article shall enter into force one month after it has been communicated to the other Party and until such time as a final decision is announced by the Commission referred to in article 9, to which it shall be referred. The said decision must be made before the period mentioned above is over.

Article 8. The Contracting Parties shall maintain a balance in the trade in products covered by the duty-free régime, in accordance with the following rules:

- (i) Their trade shall be deemed to be in balance when the exports of one Party do not exceed in value the exports of the other by more than 10 per cent in a given year;
- (ii) Where the difference is greater, the Party with a favourable balance shall include in the duty-free régime products whose trade prospects might help to restore the balance of trade;
- (iii) If there is still an imbalance in favour of that Party one year after the compensation provided for in the preceding subparagraph, the Party with an unfavourable balance may suspend the treatment described in article 3 for a number of products whose average import value, over the preceding three years, adds up to the difference assessed;
- (iv) When the balance of trade has been restored, treatment suspended in accordance with subparagraph (iii) shall again be put into effect;
- (v) In applying the rule set forth in subparagraph (iii), the Parties shall make every effort not to affect traditional channels of trade.

Article 9. Supplementary norms and procedures for specific negotiations under this Protocol shall be drawn up within the framework of the General Co-ordinating Commission, established by the Treaty of friendship, co-operation and trade, which shall also have the task of recommending other bilateral actions necessary for the implementation of this Protocol.

9.1 The General Co-ordinating Commission may delegate to a Sub-Commission on the Expansion of Trade the powers to resolve questions related to the implementation of the provisions of this Protocol.

Article 10. The Protocol on the expansion of trade shall be open to participation by the other member countries of LAFTA.

10.1 The conditions for accession shall be established by the Commission referred to in article 9, which shall take into account whether accession would be compatible with the objectives of this Protocol.

Article 11. This Protocol shall be valid for three years and shall be automatically renewable for identical periods until the end of the transition period provided for in the Montevideo Treaty and the Protocols amending it.

11.1 After the first three years have elapsed, the Parties may denounce it at any time by giving formal notification through the diplomatic channel.

11.2 Once the Protocol has been formally denounced, the concessions granted shall remain in force for a period of two years from the date of the notification referred to in the preceding paragraph.

Transitional clause. The Parties agree to initiate the negotiations mentioned in article 3 within 90 days after the signature of this Protocol.

DONE in the city of Rivera, on 12 June 1975, in duplicate in Portuguese and Spanish, both texts being equally authentic.

For the Government
of the Federative Republic of Brazil:

ANTONIO F. AZEREDO DA SILVEIRA

For the Government
of the Eastern Republic of Uruguay:

JUAN CARLOS BLANCO
