No. 25240

MEXICO and EL SALVADOR

Limited Scope Agreement (with annexes). Signed at Mexico City on 6 February 1986

Authentic text: Spanish.

Registered by Mexico on 27 August 1987.

MEXIQUE et EL SALVADOR

Accord à portée limitée (avec annexes). Signé à Mexico le 6 février 1986

Texte authentique : espagnol.

Enregistré par le Mexique le 27 août 1987.

[Translation — Traduction]

LIMITED SCOPE AGREEMENT' BETWEEN THE UNITED MEXICAN STATES AND THE REPUBLIC OF EL SALVADOR

The Plenipotentiaries of the United Mexican States and of the Republic of El Salvador, duly authorized by their respective Governments as attested to by credentials presented in good and due form, agree to enter into this Limited Scope Agreement.

Considering

That the United Mexican States is a signatory to the Montevideo Treaty of 1980²; that reference is made in articles 7, 8 and 9 of the third section thereof to the various modalities of limited scope agreements; and that article 25 thereof provides that the countries of the Latin American Integration Association may conclude limited scope agreements with other countries and economic integration areas of Latin America, bearing in mind the provisions in resolution 2 of the Council of Ministers of the Association establishing the guidelines for such agreements;

That El Salvador is a party to the General Treaty on Central American Economic Integration³ and that the conclusion of this Limited Scope Agreement does not violate the provisions of the General Treaty or the commitments entered into under existing regional agreements;

That the conclusions of the second meeting of the Council of Ministers of the Latin American Integration Association take into account the recommendations of the Quito Plan of Action, adopted at the Latin American Economic Conference (these recommendations deal with co-operation, the expansion and diversification of trade, the elimination of non-tariff restrictions, special co-operation programmes and other measures in favour of less developed countries);

Approve the granting of preferences in accordance with the spirit of Latin American economic integration, which shall be governed by the following provisions:

CHAPTER I. PURPOSE OF THE AGREEMENT

Article 1. The purpose of this Agreement shall be to promote the Latin American integration process through the granting between the Parties of preferences which take into account their countries' degree of economic development and make it possible to:

- (a) Strengthen and vitalize trade flows between the two countries;
- (b) Increase the proportion of trade in basic commodities and manufactured goods:
- (c) Take into account the special situation of certain goods of interest to the signatory countries; and

¹ Came into force on 11 June 1987 by the exchange of the instruments of ratification, which took place at San Salvador, in accordance with article 23.

² United Nations, Treaty Series, vol. 1329, p. 225.

³ *Ibid.*, vol. 455, p. 3.

(d) Adopt any measures and take any action needed to promote co-operation and economic complementarity between the two countries.

CHAPTER II. TARIFF AND NON-TARIFF PREFERENCES

- Article 2. The underlying principle of this Agreement shall be to grant preferences in respect of the levies and other restrictions imposed by the Parties on imports of goods negotiated under the Agreement, when these goods originate in and come from their respective territories.
- Article 3. The term "levies" shall mean customs duties and any other equivalent charges imposed on imports. This definition shall not include duties and similar charges representing the approximate cost of services rendered.
- Article 4. The term "restrictions" shall mean any non-tariff measure of any kind whereby a signatory country unilaterally impedes or hampers its imports from the other signatory country.

The foregoing definition shall not apply to measures taken by virtue of the situations referred to in article 50 of the Montevideo Treaty of 1980 or to measures of a general, non-discriminatory nature.

- Article 5. The tariff preferences granted under this Agreement shall consist of percentage reductions, which shall be applied to the import tariffs applicable to third countries.
- Article 6. The agreed tariff preferences, their period of validity where applicable, the agreed quotas, the legal régime and other negotiated terms in respect of goods originating in and coming from the territory of the Parties are given in annex 1 to this Agreement.

CHAPTER III. MAINTENANCE OF AGREED PREFERENCES

Article 7. The signatory countries undertake to maintain the agreed percentage preferences, irrespective of their tariff levels for the goods concerned $vis-\dot{a}-vis$ third countries. They also agree not to adopt any measures that would render the concessions inoperative.

Likewise, they shall refrain from imposing restrictions on imports of the goods covered by this Agreement, except as provided for in annex 1 or in article 4 (2) of this Agreement.

Article 8. Should a change in the tariff for third countries reduce the effectiveness of the preferences, negotiations on the adoption of measures to restore their effectiveness shall be initiated at the express request of the affected country.

CHAPTER IV. RULES CONCERNING ORIGIN

Article 9. The benefits deriving from the preferences granted under this Agreement shall apply to goods originating in and coming from the territory of the Parties, in accordance with the provisions of annex 2.

Such goods must be covered by certificates of origin issued by public agencies designated for that purpose by the Governments of the signatory countries.

Article 10. The Parties may establish specific requirements in respect of origin, based on percentages or other criteria.

Article 11. If either Party uses inputs originating in and coming from the other Party, or from member countries of the Central American Common Market or the Latin American Integration Association to produce goods, such inputs shall be considered domestic inputs.

CHAPTER V. SAFEGUARD CLAUSES

Article 12. After the preferences granted have been in effect for one year, the signatory countries may apply, unilaterally and on a temporary basis, safeguard measures in respect of imports of goods covered by this Agreement, where such imports cause, or threaten to cause, serious harm to certain production activities. Implementation of such measures shall not entail the payment of any compensation to the affected country by the country applying the measures.

Within 30 days following the application of safeguards, the Parties shall initiate consultations with a view to ensuring that the measures adopted have the least possible effect on trade flows.

The above restrictions may be applied for a period of one year, during which the signatory countries shall hold consultations with a view to finding permanent solutions.

Article 13. The signatory countries may, on a temporary and non-discriminatory basis, extend to imports of negotiated goods any general measures they may have taken to correct disequilibria in their overall balance of payments.

The importing country shall advise its counterpart of measures taken by virtue of this provision, informing it of the situation and the reasons which gave rise to their application.

CHAPTER VI. EVALUATION AND REVISION

- Article 14. With effect from the entry into force of this Agreement, the Parties shall conduct a yearly joint evaluation of its progress to assess the results achieved and make any adjustments which they agree are advisable for enhancing its implementation.
- Article 15. Without prejudice to the provisions of the foregoing article, the Parties may, at the request of either Party and at any time, jointly review this Agreement and make any adjustments they deem necessary for enhancing implementation.
- Article 16. Commitments deriving from the evaluation, revision and adjustments referred to in the preceding articles shall be formalized through the signing of additional protocols.

CHAPTER VII. WITHDRAWAL OF PREFERENCES

Article 17. As long as this Agreement remains in effect, the agreed preferences may not be withdrawn.

Discontinuance of preferences as a consequence of the evaluation and revision referred to in chapter VI of this Agreement shall not constitute withdrawal, for the purposes of this Agreement.

Similarly, elimination of agreed fixed-term or quota preferences shall not constitute withdrawal, if no steps have been taken to renew them by the time their period of validity expires.

CHAPTER VIII. EXTENSION OF AGREED PREFERENCES

- Article 18. In accordance with article 25 of the Montevideo Treaty of 1980, the preferences granted by Mexico under this Agreement shall automatically extend to Bolivia, Ecuador and Paraguay, without payment of compensation and regardless of whether those counties have negotiated or acceded to the Agreement.
- Article. 19. The less developed countries of the Latin American Integration Association must comply with the provisions of chapter IV of this Agreement.

CHAPTER IX. ACCESSION

- Article 20. This Agreement shall be open to accession by the other member countries of LAIA, through negotiation.
- Article 21. Once the signatory countries and the acceding country have negotiated the terms and conditions of the latter's accession, such accession shall be formalized by the signing of an additional protocol; this protocol shall enter into force 30 days after its deposit with the General Secretariat of LAIA.

CHAPTER X. CONVERGENCE

Article 22. On the occasion of the sessions of the Conference referred to in article 33 of the Montevideo Treaty of 1980, Mexico shall endeavour to conduct negotiations with the other member countries of the Association with a view to achieving the gradual multilateralization of the preferences covered by this Agreement.

CHAPTER XI. PERIOD OF VALIDITY

Article 23. This Agreement shall enter into force on the date of the exchange of the instruments of ratification. It shall remain in force for three years and shall be renewable for subsequent three-year periods unless one of the Parties informs the other Party in writing that it does not intend to renew the Agreement. The exchange of the instruments of ratification shall take place once the Contracting Parties have met their respective legal requirements.

CHAPTER XII. DENUNCIATION

Article 24. Once the initial three-year period of validity has expired, either Party may denounce this Agreement by giving the other Party 90 days' advance notice in writing.

Once such denunciation is finalized, the rights acquired and the obligations assumed under this Agreement shall automatically cease to apply for the denouncing Government.

CHAPTER XIII. ADMINISTRATION OF THE AGREEMENT

Article 25. Under the terms of article V (f) of the Agreement on Economic Co-operation concluded between the Government of the United Mexican States and the Government of El Salvador on 19 January 1979, the Parties agree to establish, within the framework of the Joint High-Level Mexican-Salvadorian Commission on Economic Co-operation, an ad hoc Sub-commission on trade to administer this Agreement. This Sub-commission shall be chaired by representatives of the Secretariat of Commerce and Industrial Development of Mexico and representatives of the Ministry of Foreign Trade of El Salvador.

The Sub-commission shall have, *inter alia*, the following duties:

- (a) Oversee the implementation of the provisions of this Agreement;
- (b) Recommend amendments to this Agreement to the Governments of the Parties;
- (c) Recommend broadening the scope of the Agreement by adding new goods or replacing existing ones;
- (d) Recommend the granting of new or more generous tariff or trade preferences for imports of goods covered by this Agreement;
- (e) Propose to the Governments of the signatory countries any measures it deems advisable for settling disputes which may arise from the interpretation and application of this Agreement;
- (f) Revise the requirements in respect of origin established under this Agreement and propose their amendment, and set specific requirements in respect of origin;
- (g) Recommend quotas whenever necessary.

The Sub-commission shall be established within 90 days following signature of the Agreement and shall draw up its own rules of procedure.

CHAPTER XIV. TRADE PROMOTION

Article 26. In order to achieve the objectives of this Agreement as fully as possible, the Parties agree to grant one another, and each other's trade promotion agencies all possible facilities for promoting trade in their respective territories, such as exchanges of public, private or mixed sector trade missions and delegations, and participation in fairs and exhibitions held in the territories of the Contracting Parties.

CHAPTER XV. FINAL PROVISIONS

Article 27. Mexico shall report annually to the Committee of Representatives of the countries of LAIA on the implementation and functioning of this Agreement, as well as on any amendment constituting a substantial change in its wording.

¹ United Nations, Treaty Series, vol. 1253, p. 135.

IN WITNESS WHEREOF, the respective Plenipotentiaries do sign this Agreement at Mexico City on 6 February 1986, in duplicate in the Spanish language, both texts being equally authentic.

For the Government of the United Mexican States:

[Signed]

Luis Bravo Aguilera Under-Secretary for Foreign Trade For the Government of the Republic of El Salvador:

[Signed]

Julio Rivas Gallont Minister for Foreign Trade

ANNEX 1

Preferences Granted by Mexico for Imports of Goods Originating in and Coming from El Salvador

Mexican Tariff Subheading (1)	Product (2)		l Régime National Tariff (3)	Percentage Preference for El Salvador (4)	Comments (5)
03.02.A.999	Shark fins	L.P. N.A.	50%	75%	
03.03.A.999	Frozen white shrimp Frozen shrimp	L.P. N.A.	50%	75%	Annual quota of 50 tons
03.03.A.999	Frozen crayfish	L.P. N.A.	50%	75%	Annual quota of 25 tons
04.04.A.999	All others: soft cheeses; medium-hard cheeses and hard cheeses	L.P. N.A.	25%	75%	Annual quota of 15 tons
04.06.A.001	Honey	L.I.	. 50%	75%	Annual quota of 200 tons
06.02.A.999	Izote reed	L.I.	5%	75%	
09.08.A.001	Nutmeg, mace, amomum and cardamom	L.I.	50%	75%	Cardamom only
10.05.A.002	Certified maize seed, white only	L.P.	Exempt	Ex.(1)	
13.02.A.010	Peruvian balsam	L.I.	10%	75%	
20.01.A.001	Ears of tender corn, canned	L.P.	50%	75%	
21.07.A.999	Snacks with bits of pork crackling, maize, cassava, plantain, rice and peanuts, in cellophane bags	L.I.	50%	75%	
22.08.A.001	Denatured ethyl alcohol	L.P.	25%	75%	Annual quota of \$50,000, imported through Azúcar, S.A.
28.54.A.001	Hydrogen peroxide	L.I.	40%	75%	
32.09.A.004	Paints or varnishes, in aerosol containers	L.I.	50%	75%	
34.01.A.001	Soaps; organic surfaces, active products and preparations for use as soap, in the form of bars, cakes or moulded pieces, or shapes (whether or not combined with soap)	L.I.	50%	60%	
36.05.A.001	Pyrotechnic articles (fireworks, firecrackers, paraffin-coated primers, rockets and similar)	L.I.	100%	75%	
39.07.A.999	Flexible packaging, plastic labels for jars and containers	L.P.	10%	65%	

Mexican Tariff Subheading (1)	Product (2)		l Régime National Tariff (3)	Percentage Preference for El Salvador (4)	Comments (3)
40.07.A.001	Vulcanised rubber thread and cord, whether or not textile covered, and textile thread covered or impregnated with vulcanised rubber	L.I.	40%	75%	
40.14.A.001	Cylindrical erasers, having a diameter of 1 cm or less	L.I.	40%	75%	Annual quota of \$10,000
41.08.A.001	Varnished or metallised hides and skins	L.I.	20%	75%	Annual quota of \$50,000
42.02.A.002	Leather handbags, pocketbooks or coin purses	L.P. N.A.	100%	7 5%	Annual quota of \$5,000
42.03.A.001	Leather articles of apparel and clothing accessories	L.P. N.A.	100%	75%	Annual quota of \$50,000
42.03.A.001	Leather work gloves	L.P. N.A.	100%	7 5%	Annual quota of \$5,000
48.16.A.001	Corrugated paperboard boxes	L.I.	50%	74%	
49.01.A.003	Yearbooks, directories and catalogues	L.I.	10%	75%	Overall annual quota of \$50,000 for subheadings 49.01.A.003 and 49.11.A.009
49.11.A.009	Catalogues, except catalogues in a language other than Spanish	L.I.	50%	75%	
51.01.A.003	Fibres, 65% polyester, 35% cotton	L.I.	40%	75%	Annual quota of 20 tons
51.04.A.003	Woven fabrics of synthetic fibres, jacquard or having undergone sup- plementary dyeing operations, including double or layered fabrics	L.I.	50%	60%	
58.10.A.999	All others. Embroidered dacron fabrics only	L.I.	50%	75%	Overall annual quota of \$100,000 for subheadings 51.04.A.003 and 58.10.A.999
60.02.A.001	Gloves, mittens and mitts, not elastic knit or rubberized	L.I.	100%	75%	Overall annual quota of \$200,000 for the following subheadings: 60.02.A.001, 60.03.A.001, 60.04.A.001, 61.02.A.003, 61.03.A.099, 61.04.A.001, 61.05.A.001, 61.09.A.999, 61.10.A.001

Mexican Tariff Subheading (1)	Product (2)		l Régime National Tariff (3)	Percentage Preference for El Salvador (4)	Comments (5)	
62.04.A.001	Tarpaulins of cotton canvas and synthetic fibres	L.I.	50%	75%		
73.31.A.003	Staples of cast iron or steel	L.I.	40%	75%	Annual quota of \$10,000	
76.16.A.999	All others, flatbottomed bags, rolls and sheets	L.I.	40%	75%		
82.01.A.001	Shovels	L.I.	50%	75%	Overall annual quota of \$80,000 for the following subheadings: 82.01.A.001, 82.01.A.002, 82.01.A.003, 82.01.A.005, 82.01.A.006, 82.01.A.999, 82.02.A.001, 82.09.A.001 and 82.09.A.002	
82.01.A.002	Rakes, forks or pitch-forks	L.I.	50%	75%		
82.01.A.003	Sickles	L.I.	50%	75%		
82.01.A.005	Scythes	L.I.	10%	75%		
82.01.A.006	Pitch-forks of more than five teeth	L.I.	25%	75%		
82.01.A.999	All others. Machetes only.	L.I.	50%	75%		
82.02.A.001	Steel bandsaw blades, 6 mm to 31 mm wide, 0.6 mm to 2.5 mm thick	L.I.	40%	75%		
82.09.A.001	Non-folding hunting knives with stainless steel blades	L.I.	50%	75%		
82.09.A.002	Non-folding table knives, except with stainless steel blades, and knife sharpeners	L.I.	50%	75%		
83.02.A.001	Metal fittings for venetian blinds	L.I.	50%	75%		
83.02.A.002	Curtain rods	L.P. N.A.	50%	75%		
83.02.A.003	Latches or similar mechanisms	L.I.	50%	75%		
83.02.A.999	Runners for wardrobes	L.I.	50%	75%		
83.07.A.003	Decorative interior lamps	L.P. N.A.	50%	75%		
83.13.A.002	Stoppers or lids, except aluminum screw lids, for pharmaceutical containers	L.I.	40%	70%		
87.14.A.009	Wheelbarrows, for use in construction	L.I.	50%	75%	•	

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94.01.A.999	Aluminum and plastic beach furniture	L.I.	50%	75%	Annual quota of \$25,000
94.03.A.999	·	L.P.			• ,
		N.A.			
97.02.A.001	Rubber or celluloid dolls, even when totally or partially dressed	L.P:	50%	75%	Annual quota of \$20,000
97.04.A.999	Parlour games: dominoes, draughts, three-in-line	L.P.	50%	75%	Annual quota of \$10,000
		N.A.			-
99.02.A.001	Original engravings, prints and lithographs, colour separations	L.I.	50%	75%	•
(1)					

⁽¹⁾ If Mexico establishes a tariff for this product, a preference will be negotiated with El Salvador.

ANNEX 2

CHAPTER I. DETERMINATION OF ORIGIN

First. The following shall be deemed to originate in the signatory countries:

- (a) Goods wholly manufactured or processed in the territory of any of the signatory countries, provided that only materials originating in those countries are used in such manufacture or processing;
- (b) Goods included under headings or sub-headings of the Tariff Nomenclature of the Association indicated in appendix 1 of this annex, solely by virtue of being produced in the territory of one of the signatory countries.

The following are deemed to be produced in the territory of a signatory country:

- (i) Products of the mineral, plant and animal kingdoms, including hunting and fishing products, extracted, harvested or gathered, or born and raised, in its territory or in its territorial waters;
- (ii) Products of the sea extracted outside its territorial waters by vessels flying its flag or chartered by businesses established in its territory; and
- (iii) Goods which have acquired the final form in which they will be marketed as a result of operations or processes carried out in its territory, except where the aforesaid processes or operations involve only assembly, packing, separation into lots or volumes, selection, classification, marking, assembly of assortments of goods, or other equivalent operations or processes;
- (c) Goods manufactured or processed using materials not originating in the countries signatories to this Agreement, provided that they undergo processing in the territory of one of the countries and thereby acquire a new identity, as indicated by their classification in the Tariff Nomenclature of the Association under a heading different from that of the aforesaid materials.

However, products resulting from operations or processes carried out in the territory of a signatory country whereby they acquire the final form in which they will be marketed shall not be deemed to originate in that country when the aforesaid operations or processes use only materials or inputs not originating in the signatory countries and involve only assembly, packing, separation into lots or volumes, selection, classification, marking, assembly of assortments of goods, or other equivalent operations or processes;

- (d) Goods assembled in the territory of a signatory country using materials originating in the signatory countries and in third countries, when the value CIF port of destination or the value CIF scaport of the materials originating in third countries does not exceed 50 (fifty) per cent of the FOB value of the goods; and
- (e) Goods which, in addition to being produced in its territory, meet the specific requirements set forth in appendix 2 of this annex.

Second. The signatory countries may establish, by mutual consent, specific requirements in respect of origin for the classification of negotiated goods.

Specific requirements in respect of origin shall take precedence over the general criteria for determination of origin established in article 1 of this annex.

Third. In determining the requirements in respect of origin referred to in article 2 of this annex, and in revising such requirements as have been established, the signatory countries shall base their decisions on, *inter alia*, one or more of the following elements:

- I. Materials and other inputs used in production:
 - (a) Raw materials:
 - (i) Predominant raw material or raw material which determines the essential nature of the product; and
 - (ii) Principal raw materials.
 - (b) Parts or pieces:
 - (i) Part or piece which determines the essential nature of the product;
 - (ii) Principal parts or pieces; and
 - (iii) Percentage of parts or pieces in relation to total weight.
 - (c) Other inputs.
- II. Processing or manufacturing process used.
- III. Maximum ratio of the value of materials imported from non-signatory countries to the total value of the product, calculated according to a procedure agreed upon in each case.
- Fourth. Any signatory country may request the revision of requirements in respect of origin established in accordance with article 1 of this annex. In its request, it shall propose, with supporting data, the requirements to be applied to the product or products in question.
- Fifth. For the purposes of compliance with the requirements in respect of origin established under this Agreement, materials and other inputs originating in the territory of one of the signatory countries and used by another signatory country to manufacture a specific product shall be deemed to have originated in the territory of the latter country.
- Sixth. The criterion of maximum use of materials or other inputs originating in the signatory countries shall not be used to determine requirements involving the imposition of materials or other inputs from those countries when, in their opinion, such materials are not acceptable in terms of supply, quality and price.
- Seventh. The term "materials" shall mean the raw materials, intermediate products and parts or pieces used in product manufacture.

CHAPTER II. DECLARATION, CERTIFICATION AND VERIFICATION

- *Eighth*. For imports of goods covered by this Agreement to benefit from the tax reductions and easing of restrictions granted each other by the signatory countries, the documentation accompanying exports of those goods must include a declaration that they meet the requirements in respect of origin established in accordance with the preceding chapter.
- *Ninth*. The declaration referred to in the preceding article shall be issued by the final producer or the exporter of the goods and certified by an official department or legally competent trade association, authorized by the exporting signatory country.
- *Tenth*. The standard form contained in appendix 3 shall be used in all cases, unless and until it is officially replaced by another form approved by the Association.
- *Eleventh*. Each signatory country shall transmit to the other signatory countries, through the General Secretariat of the Association, a list of the official departments and trade associations authorized to issue the certification referred to in article 9, together with the corresponding authorized signatures.

When authorizing trade associations, signatory countries shall ensure that they existed prior to the entry into force of this Agreement, that they operate under national jurisdiction and that they are entitled to delegate powers to other regional or local entities, while remaining responsible for the veracity of the certifications issued.

Twelfth. Any change that a signatory country may wish to make in the list of official departments or trade associations authorized to issue certificates of origin, and in the corresponding authorized signatures, shall be communicated to the other signatory countries through the General Secretariat of the Association. Such changes shall take effect 30 days after their communication.

Thirteenth. If a signatory country believes that the certificates issued by an official department or trade association authorized by the exporting country are not in keeping with the provisions of this Agreement, it shall inform the exporting country accordingly and the latter shall take whatever action it deems necessary to solve the problems that have arisen.

CERTIFICATE OF ORIGIN LATIN AMERICAN INTEGRATION ASSOCIATION

EXPORTING COUNTRY: United Mexican States IMPORTING COUNTRY:

SEQUENCE NO.(1)	NABALALC	DESCRIPTION OF MERCHANDISE			
	İ				
	1	•			

DECLARATION OF ORIGIN

SEQUENCE NO.	REQUIREMENTS ⁽³⁾
Date	
	seal and signature of exporter or producer
Comments	
	CERTIFICATION OF ORIGIN
I certify the	e truth of this declaration, which I seal and sign in the city of on
	Name, seal and signature of certifying entity
Norre (1)	This column shows the order in which the goods covered by this cortificate are listed. If you need more

- Notes. (1) This column shows the order in which the goods covered by this certificate are listed. If you need more space, continue the list on additional copies of this form, numbered correspondingly.
- (2) Indicate whether the Agreement is a regional or limited scope agreement. Insert the registration number in parentheses.
- (3) Indicate in this column the requirement in respect of origin met by each piece of merchandise identified by its sequence number.

NO ERASURES, DELETIONS OR CORRECTIONS ARE PERMITTED ON THIS FORM.