No. 26150

MEXICO
and
ARGENTINA

Agreement on economic complementarity (with annexes). Signed at Buenos Aires on 24 October 1986

Authentic text: Spanish.

Registered by Mexico on 12 September 1988.

MEXIQUE
et
ARGENTINE

Accord relatif à la complémentarité économique (avec annexes). Signé à Buenos Aires le 24 octobre 1986

Texte authentique : espagnol.

Enregistré par le Mexique le 12 septembre 1988.

[TRANSLATION — TRADUCTION]

AGREEMENT[1] ON ECONOMIC COMPLEMENTARITY BETWEEN MEXICO AND ARGENTINA

The Plenipotentiaries of the United Mexican States and of the Argentine Republic, accredited by their respective Governments, with credentials presented in good and due form, deposited with the General Secretariat of the Association,

Whereas the goal is to improve the framework of actions aimed at strengthening regional integration as a means of stimulating the individual and collective growth of both countries,

Considering the desire to consolidate and broaden actions designed to strengthen trade and economic complementarity among the Latin American countries;

The common interest in adopting measures of permanent stimulation to channel trade and investment flows so as to strengthen regional development;

The desire and the need to provide stable bases for Countertrade Programmes;

The wish of both Governments to offer incentives so that trade may effectively serve to promote cooperation and complementary actions and technological advancement;

Agree to sign an Agreement on Economic Complementarity, in accordance with the Montevideo Treaty of 1980[2] and Resolution 2 of the Council of Ministers of the Association, which shall be governed by the aforementioned provisions and by the following provisions.

CHAPTER I. PURPOSE OF AGREEMENT

Article 1. The purpose of this Agreement is to:

(*a*) Intensify and diversify, to the greatest extent possible, reciprocal trade between the signatory countries;

(*b*) Promote the increase of trade through the consolidation, on stable bases, of previous agreements adopted by both countries to encourage Countertrade Programmes;

(*c*) Coordinate and complement economic activities, especially industry and related technologies by effectively improving production systems and scales of operation;

(*d*) Stimulate investment aimed at making the most of the signatory countries' markets and their capacity to compete in international trade; and

(*e*) Facilitate the establishment and operation of binational and multinational regional enterprises.

CHAPTER II. SCOPE OF APPLICATION

Article 2. This Agreement covers:

(*a*) Products included in annexes I and II, whose import shall be governed by the preferences and other conditions recorded in the aforesaid annexes; and

[1] Came into force on 1 January 1987 in accordance with article 31.

[2] United Nations, *Treaty Series*, vol. 1329, No. I-22309.

(*b*) Any other product subject to the import tariffs of the signatory countries, namely the Tariff Nomenclature and Customs Duties of the Argentine Republic and the General Import Tax Schedule of the United Mexican States; imports of such products shall be governed by the provisions of the chapter on countertrade transactions.

CHAPTER III. LIBERALIZATION PROGRAMME

Article 3. The liberalization programme contained in this Agreement shall be achieved by the following means:

(*a*) Transactions covered by selective preferences negotiated between the signatory countries;

(*b*) Transactions included in Countertrade Programmes; and

(*c*) Bilateral trade agreements of a sectoral nature within the framework of the Latin American Integration Association, which shall be included as annexes to this Agreement and shall maintain in force their current preferences or those resulting from the periodic negotiation of said agreements.

Article 4. With effect from 1 January 1988, levies on the import of the products included in this Agreement shall be imposed on the CIF, C and F or FOB value of the goods being traded, in accordance with the legislation in force in each of the signatory countries.

Article 5. For the purposes of this Agreement, the term "levies" shall mean customs duties and any other equivalent charges of a fiscal, monetary, foreign-exchange or other nature which are imposed on imports. This definition does not include duties and charges relating to costs for services rendered.

The term "restrictions" shall mean any administrative, financial, foreign exchange or other measure whereby a signatory country unilaterally impedes or hampers its imports. The foregoing does not apply to measures adopted regarding the situations referred to in article 50 of the Montevideo Treaty of 1980.

Article 6. As from the signing of this Agreement, the signatory countries shall eliminate any non-tariff restriction or restriction having equivalent effects which may affect their overall reciprocal trade, save in respect of a list of products for which application of such restrictions may be negotiated. The imports included in this list shall account for the same percentage of overall imports in both signatory countries.

Article 7. If measures adopted by the signatory countries are found to burden reciprocal trade, consultations shall be initiated at the request of the affected country for the purpose of resolving these problems. Such consultations shall be concluded within a period of no more than 15 days counting from the date of the request by the affected country.

Article 8. So far as taxes, charges and other internal levies are concerned, products originating in the territory of a signatory country shall be entitled, within the territory of the other signatory countries, to treatment no less favourable than that applied to similar national products.

The signatory countries shall take the necessary steps, in accordance with their respective legislations, to implement the provisions set forth in the preceding paragraph.

Article 9. The signatory countries condemn dumping and other unfair trade practices and agree that, should such practices be found to exist in the trade of negotiated products, and should it be proved, in accordance with their national laws and regulations, that such practices are or could be harmful to domestic industry, they may adopt such corrective measures as they may deem necessary for their elimination.

The signatory countries shall be informed immediately thereof.

First Section. CONCERNING TRANSACTIONS INVOLVING AGREED TARIFF PREFERENCES

Article 10. The tariff and other preferences granted by the signatory countries for the import of negotiated products originating in their respective territories are recorded in annexes I and II to this Agreement and are classified in accordance with the Tariff Nomenclature of the Association.

The preferences referred to in the preceding paragraph consist of percentage reductions *vis-à-vis* the levies in effect for third countries in their respective import tariffs, determined in accordance with the following schedule:

Ad valorem *levies for third countries*	*Percentage preference*
Up to 10%	100%
11 to 20%	50%
21 to 30%	40%
31 to 40%	30%
41% and up	50%

The signatory countries may selectively grant preferences that differ from those stipulated in the preceding paragraph, also taking into account those which were negotiated on a case-by-case basis in Limited Scope Agreement No. 36 of LAIA, which are also subject to future revision. In all cases, the most favourable preference in effect shall be applied.

Second Section. CONCERNING TRANSACTIONS INVOLVING COUNTERTRADE

Article 11. The signatory countries shall grant preferential treatment for all commercial transactions conducted under Countertrade Programmes, in accordance with the following terms:

(*a*) The products included in annexes I and II to this Agreement shall be entitled to the following preferences:

Ad valorem *levies for third countries*	*Percentage preferences for Countertrade Programmes*
Up to 10%	100%
11 to 20%	65%
21 to 30%	55%
31 to 40%	45%
41% and up	65%

(*b*) Products which currently are not given any preference and which are incorporated into Countertrade Programmes shall be entitled to the following percentage preferences:

Ad valorem *levies for third countries*	*Percentage preferences for Countertrade Programmes*
Up to 10%	15%
11 to 20%	20%
21 to 30%	20%
31 to 40%	25%
41% and up	30%

Article 12. The preferences referred to in part (*b*) of the preceding article shall apply to the products included in the lists contained in annex III to this Agreement, on the basis of case-by-case negotiations to be held in every four-month period under Countertrade Programmes.

Such lists shall be periodically evaluated and updated, with products added or excluded by joint agreement between the signatory countries.

Article 13. The signatory countries shall approve transactions conducted under Countertrade Programmes covered by this Agreement within a period of 20 working days counting from the date on which they are submitted.

The signatory countries shall also provide the custom-houses of their respective territories with a list of approved transactions, levies and preferences to be applied on imports of products included in such transactions in accordance with the corresponding liberalization mechanism.

Third Section

CHAPTER IV. MAINTENANCE OF AGREED PREFERENCES

Article 14. Where the tariff levels in their respective tariffs differ, thereby placing the affected product or products in different percentage preference brackets as set forth in articles 10 and 11 of this Agreement, and where such products have not been selectively negotiated in the framework of LAIA, the signatory countries shall apply the corresponding level of percentage preferences.

Without prejudice to the provisions of the preceding paragraph, the signatory countries undertake to maintain the percentage preferences selectively granted for imports of negotiated products listed in annexes I and II, irrespective of their tariff levels for the imports of such products from third countries.

Article 15. If a signatory country changes the tariff level for imports from third countries of any negotiated product listed in annexes I and II, thereby altering the effectiveness of the agreed concession, it shall consult, when so requested, with the signatory countries that consider themselves to be affected, for the purpose of restoring the negotiated terms.

Article 16. When, owing to circumstantial supply problems, a signatory country is obliged to import any of the negotiated products included in annexes I and II and, in consequence, to temporarily alter the agreed preference in order to import said products from third countries, it shall initiate prior consultations with the other

signatory countries for the purpose of totally or partially satisfying its demand. Where agricultural products are concerned, the consultations shall be carried out within 48 hours of receipt. In the case of other products, the consultations may be extended up to 30 days.

Article 17. With regard to negotiated products covered by this Agreement, the signatory countries shall take the necessary steps to give each other suitable advance notice of offers, competitive bids or direct purchases from public or quasi-public organizations, giving specifications and other details of the goods they wish to acquire.

For purposes of determining which offer or competitive bid to accept and coming to a decision on direct purchases in which they take part, the signatory countries, when calculating the value of the goods in such cases, undertake to include the levies applicable to each country, even when said levies are not ultimately collected.

CHAPTER V. RULES CONCERNING ORIGIN

Article 18. Until such time as the new LAIA rules concerning origin are approved, this Agreement on Economic Complementarity shall be governed by the existing LAIA rules, in accordance with annex IV. Once they have been approved, the new rules shall automatically be considered a part of this Agreement. However, the foregoing shall not prevent the countries from agreeing on specific or sectoral requirements in addition to those established in the general rules.

CHAPTER VI. SAFEGUARD CLAUSES

Article 19. The signatory countries may apply, unilaterally and on a provisional basis, safeguard clauses in respect of imports covered by this Agreement, where such imports cause or threaten to cause serious damage to a productive activity of considerable importance to their economies.

Article 20. The safeguard clauses mentioned in the preceding article may be applied for up to one year and may be extended for a further consecutive one-year period, on the terms and conditions stipulated in the following articles.

Article 21. The importing country shall inform the other signatories to the Agreement, within 72 hours of their adoption, of the measures applied to the import of the negotiated products, explaining the situation and why such measures were necessary.

In order not to interrupt any trade flows which may have been generated, the importing country shall establish a quota for the import of the products concerned, which shall be governed by the preferences and other conditions stipulated in the corresponding annexes.

Said quota shall be reviewed in negotiations with the other signatory countries which consider themselves to be affected, within 60 days of receipt of the communication referred to in the first paragraph of this article. Once this period has elapsed in the absence of an agreement to extend it, the quota established by the importing country shall be maintained for the duration of the period established for the application of the safeguard clauses.

Article 22. If the importing country considers it necessary to maintain the application of safeguard clauses for a further period, it must initiate negotiations

with all the other signatory countries for the purpose of agreeing on the terms and conditions on which such clauses shall continue to be applied.

Said negotiations shall be initiated 60 days before the expiration of the first year in which the aforementioned safeguard clauses are applied, and shall be concluded before the expiration of said year.

By agreement among the parties to the negotiations referred to in the preceding paragraph, the safeguard clauses shall continue to be applied on the terms and conditions resulting from said agreement.

If no agreement is reached between the parties, the importing country may continue to apply safeguard clauses for the duration of the extension, maintaining the quota established under the provisions of article 21, or initiate proceedings for the withdrawal of the products covered by the said clauses in accordance with the provisions of chapter VII of this Agreement.

Article 23. Application of the safeguard clauses provided for in this chapter shall not affect goods shipped prior to the date of the adoption of said clauses.

CHAPTER VII. WITHDRAWAL OF CONCESSIONS

Article 24. The signatory countries may withdraw any preferences they may have granted for the import of negotiated products provided that, prior to so doing, they have applied safeguard clauses to the import of such products on the conditions stipulated in the preceding chapter, where applicable.

Article 25. Where a signatory country resorts to the withdrawal of concessions, it shall initiate negotiations with the signatory countries affected within 30 days counting from the date on which it informs the signatories to the Agreement of its decision.

Article 26. Where a signatory country resorts to the withdrawal of a preference, it shall, by means of negotiations, grant compensation ensuring the maintenance of a value equivalent to that of the trade flows affected by the withdrawal.

Article 27. The exclusion of a concession as a consequence of negotiations for the revision of this Agreement does not constitute unilateral withdrawal. Nor shall elimination of preferences which were established for a limited period be considered a withdrawal of concessions if their renewal has not been negotiated by the end of the respective periods of validity.

CHAPTER VIII. DIFFERENTIAL TREATMENT

Article 28. This Agreement recognizes the principle of differential treatment established in the Montevideo Treaty of 1980 and reiterated in Resolutions 1 and 2 of the Council of Ministers.

Should any of the signatory countries negotiate with another country at an equivalent level of economic development, more favourable preferences for any of the products negotiated in this Agreement, it shall extend said treatment, by means of negotiations, to the other parties to the Agreement.

CHAPTER IX. REVISION OF THE AGREEMENT

Article 29. With effect from the entry into force of this Agreement, the signatory countries shall revise its provisions and preferences every three years, or at any time at the request of any of the parties, for the primary purpose of adopting measures designed to increase and diversify reciprocal trade flows in a balanced fashion.

The signatories to this Agreement may also agree upon any adjustments they may deem necessary to improve its operation and development.

Any amendments or adjustments made to this Agreement by virtue of this article shall be recorded in additional or revised protocols signed by duly accredited plenipotentiaries of the Governments of the signatory countries.

CHAPTER X. ACCESSION

Article 30. This Agreement shall be open to accession by all the other member countries of the Association following negotiation.

Once the terms of accession have been negotiated between the signatory countries and the acceding country, accession shall be formalized by the signing of an Additional Protocol to this Agreement; this Protocol shall enter into force 30 days following its deposit with the Secretariat of the Association.

CHAPTER XI. PERIOD OF VALIDITY

Article 31. This Agreement shall enter into force on 1 January 1987 and shall be of indefinite duration.

During the period of validity, the preferences granted shall be applied to imports of products arriving in the importing signatory country in accordance with the internal legislation of each country.

CHAPTER XII. DENUNCIATION

Article 32. Any signatory country wishing to release itself from this Agreement must inform all the other signatory countries of its decision 90 days prior to depositing the respective denunciation instrument with the General Secretariat.

Once such denunciation is finalized, the rights acquired and obligations assumed under this Agreement shall automatically cease to apply for the denouncing country, except in respect of the tariff treatments established for the import of the negotiated goods, which shall remain in force for a period of two years, counting from the date of the deposit of the respective denunciation instrument unless, at the time of the denunciation, the signatory countries agree upon a different time period.

CHAPTER XIII. CONVERGENCE

Article 33. On the occasion of the sessions of the Evaluation and Convergence Conference referred to in article 33 of the Montevideo Treaty of 1980, the signatory countries shall study the possibility of gradual multilateralization of the treatments included in this Agreement.

CHAPTER XIV. TRANSITIONAL PROVISIONS

Article 34. With effect from the signature of this Agreement on Economic Complementarity, the provisions, methodology, rights and obligations contained in Limited Scope Agreement No. 36 shall be incorporated into this Agreement as set forth in articles 2, 3, 6, 10 and 11 and in the corresponding annexes thereto. In consequence, the signatory countries declare that, as from 1 January 1987, Limited Scope Agreement No. 36 shall cease to be in effect.

CHAPTER XV. FINAL PROVISIONS

Article 35. The signatory countries shall report annually to the Committee of Representatives on the advances realized in accordance with the obligations assumed under this Agreement, as well as on any amendment constituting a substantial change in its wording.

Any additions and amendments made to this Agreement shall conform to the norms provided for in Resolution 2 of the Council of Ministers, where applicable.

To facilitate the development and operations of this Agreement, both parties agree to establish a high-level follow-up Commission consisting of officials from the Secretariat of Trade and Industrial Development of Mexico and the Secretariat of Industry and Foreign Trade of Argentina, who shall meet at least twice a year and shall make such recommendations as they may deem appropriate for the achievement of the aforementioned purposes.

DONE at Buenos Aires on 24 October 1986.

For the Argentine Republic:

[*Signed*]

DANTE MARIO CAPUTO
Minister
for Foreign Affairs and Worship

For the United Mexican States:

[*Signed*]

BERNARDO SEPULVEDA AMOR
Secretary
for Foreign Affairs

ANNEX I[1]

PREFERENCES CONSENTED BY THE ARGENTINE REPUBLIC

ANNEX II[1]

PREFERENCES CONSENTED BY THE UNITED MEXICAN STATES

[1] Not published herein, pursuant to the provisions of 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.