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1980 Treaty of Montevideo

Instrument Establishing the Latin American Integration Association (ALADI)

Montevideo, August 1980

(Includes Resolutions CM/1 to 7 adopted by the LAFTA Council of Ministers of Foreign Affairs)

INTRODUCTORY NOTE

The 1980 Montevideo Treaty undertakes to further the process of economic integration started in the Latin American region two decades ago and provides for the creation of the Latin American Integration Association (LAIA), in place of the Latin American Free Trade Association (LAFTA) established by the Montevideo Treaty concluded in 1960.

This new juridical instrument was signed on 12 August 1980, at Montevideo (Uruguay), by the Ministers of Foreign Affairs of eleven Latin American states, namely:

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

The Secretariat has prepared the following English version of the 1980 Montevideo Treaty and of the supplementary resolutions adopted by LAFTA Council of Ministers on August 1980 in order to meet information requests received from abroad. It should be emphasized, however, that the present translation has no legal authority whatsoever, only the Spanish and Portuguese texts being authentically valid.

1980 MONTEVIDEO TREATY

Montevideo, August 1980

The Governments of the Argentine Republic, the Republic of Bolivia, the Federative Republic of Brazil, the Republic of Chile, the Republic of Colombia, the Republic of Ecuador, the United Mexican States, the Republic of Paraguay, the Republic of Peru, the Eastern Republic of Uruguay, and the Republic of Venezuela,

INSPIRED by the purpose of strengthening the friendship and solidarity links between their peoples.

PERSUADED that economic regional integration is one of the principal means for the Latin American countries to speed up their economic and social development process in order to ensure better standards of life for their peoples.

DECIDED to renew the Latin American integration process and establish objectives and mechanisms consistent with the region's real situation.

CERTAIN that the continuation of such process requires taking advantage of the positive experience obtained in the implementation of the Montevideo Treaty dated 18 February 1960.

AWARE that it is necessary to ensure a special treatment for countries at a relatively less advanced stage of economic development.

WILLING to encourage the development of solidarity and cooperation ties with other countries and integration areas of Latin America in order to promote a process converging towards the establishment of a regional common market.

CONVINCED of the need to contribute towards obtaining a new scheme of horizontal cooperation between developing countries and their integration areas, inspired by the principles of international law regarding development.

BEARING IN MIND the decision adopted by the Contracting Parties to the General Agreement on Tariffs and Trade whereby regional or general agreements may be drawn up between developing countries in order to mutually reduce or eliminate obstacles to their reciprocal trade.

THEY HEREBY AGREE to sign the present Treaty which, concurrent with the provisions herein contained, shall substitute the Treaty instituting the Latin American Free Trade Association.

CHAPTER I: Objectives, duties and principles

Article 1: By the present Treaty the Contracting Parties pursue the integration process leading to promote the harmonious and balanced socio-economic development of the region, and to that effect they hereby institute the Latin American Integration Association (hereafter referred to as the "Association"), with headquarters in the city of Montevideo, Eastern Republic of Uruguay.

The long-term objective of such process shall be the gradual and progressive establishment of a Latin American common market.

Article 2: The rules and mechanisms of the present Treaty, as well as those which may be established within its framework by member countries, shall have as their purpose the performance of the following basic duties of the Association: promotion and regulation of reciprocal trade, economic complementation, and development of economic cooperation actions encouraging market expansion.

Article 3: In the implementation of the present Treaty and the evolution towards its final objective, member countries shall bear in mind the following principles:

a. Pluralism, sustained by the will of member countries to integrate themselves, over and above the diversity which might exist in political and economic matters in the region;

- b. Convergence, meaning progressive multilateralization of partial scope agreements by means of periodical negotiations between member countries, with a view to establish the Latin American common market;
- c. Flexibility, characterized by the capacity to allow the conclusion of partial scope agreements, ruled in a form consistent with the progressive attainment of their convergence and the strengthening of integration ties;
- d. Differential treatments, as determined in each case, both in regional and partial scope mechanisms, on the basis of three categories of countries, which will be set up taking into account their economic-structural characteristics. Such treatments shall be applied in a determined scale to intermediate developed countries, and in a more favourable manner to countries at a relatively less advanced stage of economic development; and
- e. Multiple, to make possible various forms of agreements between member countries, following the objectives and duties of the integration process, using all instruments capable of activating and expanding markets at regional level.

CHAPTER II: Mechanisms

Article 4: In order to fulfill the basic duties of the Association set forth in article 2 of the present Treaty, member countries hereby establish an area of economic preferences, comprising a regional tariff preference, regional scope agreements, and partial scope agreements.

First section - Regional tariff preference

Article 5: Member countries shall reciprocally grant a regional tariff preference to be applied with reference to the level in force for third countries and be subject to the corresponding regulation.

Second section - Regional scope agreements

Article 6: Regional scope agreements are those in which all member countries participate. They shall be drawn up within in framework of the objectives and provisions of the present Treaty, and may refer to the same matters and include those instruments foreseen for the partial scope agreements provided for in the third section of the present chapter.

Third section - Partial scope agreements

Article 7: Partial scope agreements are those wherein all member countries do not participate. These agreements shall tend to create the conditions necessary to deepen the regional integration process by means of their progressive multilateralization.

Rights and obligations to be established in partial scope agreements shall exclusively bind the signatory member countries or those adhered thereto.

Article 8: Partial scope agreements may refer to trade, economic complementation, agriculture, trade promotion, or adopt other modalities concurring with article 14 of the present Treaty.

Article 9: Partial scope agreements shall be governed by the following general rules:

- a. They shall be open for accession to the other member countries, prior negotiation;
- b. They shall contain clauses promoting convergence in order that their benefits reach all member countries;
- c. They may contain clauses promoting convergence with other Latin American countries, in concurrence with the mechanisms established in the present Treaty;
- d. They shall include differential treatments depending on the three categories of countries recognized by the present Treaty. The implementation of such treatments as well as negotiation procedures for their periodical revision at the request of any member country which may consider itself at a disadvantage shall be determined in each agreement;
- e. Tariff reductions may be applied to the same products or tariff sub-items and on the basis of a percentage rebate regarding the tariffs applied to imports originating from non-participating countries;
- f. They shall be in force for a minimum term of one year; and
- g. They may include, among others, specific rules regarding origin, safeguard clauses, non-tariff restrictions, withdrawal of concessions, renegotiation of concessions, denouncement, coordination and harmonization of policies. Should these specific rules not have been adopted, the general provisions to be established by member countries on the respective matters shall be taken into account.

Article 10: Trade agreements are exclusively aimed towards trade promotion among member countries, and shall be subject to the specific rules to be established for that purpose.

Article 11: Economic complementation agreements are aimed, among other objectives, to promote maximum utilization of production factors, stimulate economic complementation, ensure equitable conditions for competition, facilitate entry of products into the international market, and encourage the balanced and harmonious development of member countries.

These agreements shall be subject to the specific rules to be established for that purpose.

Article 12: Agricultural agreements are aimed to promote and regulate intraregional trade of agricultural and livestock products. They shall contemplate flexibility elements bearing in mind the participating countries' socio-economic characteristics of production. These agreements may refer to specific products or groups of products, and may be based on temporary, seasonal, per quota or mixed concessions, or on contracts between State or para-State organizations. They shall be subject to the specific rules to be established for that purpose.

Article 13: Trade promotion agreements shall refer to non-tariff matters and tend to promote intraregional trade flows.

They shall be subject to the specific rules to be established for that purpose.

Article 14: Member countries may establish, through the corresponding regulations, specific rules to conclude other modalities of partial scope agreements.

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

CHAPTER III: System in favour of countries at a relatively less advanced stage of economic development

Article 15: Member countries shall establish conditions favouring participation of countries at a relatively less advanced stage of economic development in the economic integration process, based on the principles of non-reciprocity and community cooperation.

Article 16: For the purpose of ensuring them an effective preferential treatment, member countries shall establish market opening as well as set up programs and other specific forms of cooperation.

Article 17: Actions favouring relatively less developed countries shall be concluded through regional scope and partial scope agreements.

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

First section - Regional scope agreements

Article 18: For each relatively less developed country, member countries shall approve negotiated lists of preferably industrial products originating from each relatively less developed country, for which total elimination of customs duties and other restrictions shall be accorded, without reciprocity, by all other member countries of the Association.

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

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

Second section - Partial scope agreements

Article 19: Partial scope agreements negotiated by the relatively less developed countries with other member countries shall conform, wherever pertinent, with the provisions contained in articles 8 and 9 of the present Treaty.

Article 20: In order to encourage effective and collective cooperation in favour of relatively less developed countries, member countries shall negotiate Special Cooperation Programs with each one of them.

Article 21: In order to facilitate utilization of tariff cuts, member countries may set up cooperation programs and actions in the fields of preinvestment, financing and technology, mainly directed towards supporting the relatively less developed countries, with special regard, among them, to land-locked countries.

Article 22: Notwithstanding the proceeding articles, treatments in favour of relatively less developed countries may include collective and partial cooperation actions calling for effective mechanisms meant to compensate the disadvantageous situation faced by Bolivia and Paraguay due to their land-locked location.

Provided that criteria referred to gradual timing are adopted within the regional tariff preference referred to in article 5 of the present Treaty, attempts shall be made to preserve the margins granted in favour of land-locked countries by means of cumulative tariff cuts.

At the same time, attempts shall be made to establish compensation formulae, both as regards the regional tariff preference when deepened, and regional and partial scope agreements.

Article 23: Member countries shall endeavour to grant land-locked countries facilities to establish free zones, warehouses or ports and other administrative international transit facilities in their territories.

CHAPTER IV: Convergence and cooperation with other Latin American countries and areas of economic integration

Article 24: Member countries may establish multilateral association or relationship systems encouraging convergence with other countries and areas of economic integration of Latin America, including the possibility of agreeing with these countries or areas the establishment of a Latin American tariff preference.

Member countries shall in due course regulate the characteristics of these systems.

Article 25: Likewise, member countries may draw up partial scope agreements with other Latin American countries and areas of economic integration, in accordance with the various modalities foreseen in the third section of chapter II of the present Treaty, and under the terms of the respective regulative provisions.

Notwithstanding the above, these agreements shall be subject to the following rules:

- a. Concessions granted by participating member countries shall not be extensive to the others, excepting the relatively less developed countries;
- b. When a member country includes products already negotiated in partial agreements with other member countries, concessions granted may be higher than those agreed with the former; in this case, consultation with the affected member countries shall be carried out in order to find mutually satisfactory solutions, unless the respective partial agreements include clauses concerning automatic extension or waiver of preferences contained in the partial agreements referred to in the present article; and
- c. They shall be multilaterally assessed by the member countries within the Committee in order to acknowledge the scope of the agreements drawn up and facilitate participation of other member countries in same.

CHAPTER V: Cooperation with other areas of economic integration

Article 26: Member countries shall undertake the actions necessary to establish and develop solidarity and cooperation links with other integration areas outside Latin America, through the Association's participation in horizontal cooperation programs carried out at international level, thus implementing the basic principles and commitments adopted within the context of the Declaration and Action Program on the establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States.

The Committee shall adopt adequate measures to facilitate compliance with the objectives set forth.

Article 27: At the same time, member countries may draw up partial scope agreements with other developing countries or respective economic integration areas outside Latin America, following the various modalities foreseen in the third section of chapter II of the present Treaty, and under the terms of the pertinent regulative provisions.

Notwithstanding the above, these agreements shall be subject to the following rules:

- a. Concessions granted by member countries participating in them shall not be extended to other members, with the exception of the relatively less developed countries;

b. When products already negotiated with other member countries in partial scope agreements are included, concessions granted may not be higher than those agreed with the former, and in such case they shall be automatically extended to those countries; and

c. They shall be declared consistent with the commitments undertaken by member countries within the frame of the present Treaty, in accordance with captions a) and b) of the present article.

CHAPTER VI: Institutional organization

Article 28: The political bodies of the Association are:

a. The Council of Ministers of Foreign Affairs (referred to as the "Council" in this Treaty);

b. The Evaluation and Convergence Conference (referred to as the "Conference" in this Treaty); and

c. The Committee of Representatives (referred to as the "Committee" in this Treaty).

Article 29: The technical body of the Association is the General Secretariat (referred to as the "Secretariat" in this Treaty).

Article 30: The Council is the supreme body of the Association and shall adopt whatever decisions may correspond to the higher governing policy of the economic integration process.

The Council shall have the following powers:

a. To issue general rules aimed at a better compliance with the objectives of the Association, as well as at the harmonious development of the integration process;

b. To examine the results of the tasks carried out by the Association;

c. To adopt corrective measures of multilateral scope, following the recommendations adopted by the Conference as per terms of article 33, caption a) of the present Treaty;

d. To establish the guide-lines to be followed by the other bodies of the Association in their tasks;

e. To set the basic rules to govern the relations of the Association with other regional associations, international organizations or agencies;

- f. To review and update basic rules governing convergence and cooperation agreements with other developing countries and the respective areas of economic integration;
- g. To take cognizance of questions submitted by the other political bodies and decide upon them;
- h. To delegate upon the other political bodies the power to decide on specific matters aimed at a better compliance with the Association objectives;
- y. To accept accession of new member countries;
- j. To adopt amendments and additions to the Treaty as per precepts of article 61;
- k. To appoint the Secretary-General; and
- l. To adopt its own Rules of Procedure.

Article 31: The Council shall be composed of the Ministers of Foreign Affairs of the member countries. However, when in some countries the competence of integration matters is assigned to a Minister or Secretary of State other than the Minister of Foreign Affairs, member countries may be represented at the Council, with full powers, by the respective Minister or Secretary.

Article 32: The Council shall meet and take decisions with the presence of all member countries.

The Council shall meet when convened by the Committee.

Article 33: The Conference shall have the following powers:

- a. To examine the operation of the integration process in all its aspects and the convergence of partial scope agreements through their progressive multilateralization, as well as to recommend the Council the adoption of multilateral scope corrective measures;
- b. To promote actions of broader scope regarding economic integration;
- c. To periodically review the implementation of differential treatments, taking into account not only the evolution of the economic structure of the countries and consequently their degree of development, but also the effective use made by beneficiary countries of the applied differential treatment, as well as of the procedures aimed to improve the implementation of such treatments;
- d. To evaluate the results of the system in favour of countries at a relatively less advanced stage of economic development and adopt measures for its more effective application;

- e. To carry out multilateral negotiations to determine and deepen the regional tariff preference;
- f. To foster negotiation and conclusion of regional scope agreements, wherein all member countries participate, which refer to any matter pertaining to the present Treaty, as per precepts of article 6;
- g. To comply with all the tasks entrusted to it by the Council;
- h. To commend the Secretariat such studies as it deems convenient; and
- y. To adopt its own Rules of Procedure.

Article 34: The Conference shall be composed of Plenipotentiaries of member countries.

The Conference shall hold regular sessions every three years at the request of the Committee. It shall also meet at any other time in extraordinary session, when convened by the latter to deal with questions of its specific competence.

The Conference shall meet and take decisions with the presence of all member countries.

Article 35: The Committee is the permanent body of the Association and shall have the following powers and duties:

- a. To promote the conclusion of regional scope agreements, under the terms of article 6 of the present Treaty and, for that purpose, to convene governmental meetings at least once a year with the following aims:
 - i. Give continuity to the activities of the new integration process;
 - ii. Evaluate and guide the operation of the process;
 - iii. Analyze and promote measures to attain more advanced mechanisms of integration; and
 - iv. Undertake sectoral and multisectoral negotiations with the participation of all member countries in order to reach regional scope agreements basically referred to tariff cuts;
- b. To adopt the measures necessary to implement the present Treaty and all its supplementary rules;
- c. To regulate the present Treaty;
- d. To perform the tasks entrusted to it by the Council and the Conference;
- e. To adopt the annual work program of the Association and its annual budget;

- f. To fix the contributions of member countries to the Association budget;
- g. To adopt, as proposed by the Secretary-General, the structure of the Secretariat;
- h. To convene the Council and the Conference;
- y. To represent the Association before third parties;
- j. To commend studies to the Secretariat;
- k. To submit recommendations to the Council and the Conference;
- l. To present reports on its activities to the Council;
- m. To propose formulae to solve issues brought forth by member countries claiming non-observance of some of the rules or principles of the present Treaty;
- n. To multilaterally assess partial agreements as may be drawn up by the countries under the terms of article 25 of the present Treaty;
- ñ. To declare the compatibility of partial agreements to be drawn up by member countries under the terms of article 27 of the present Treaty;
- o. To create auxiliary bodies;
- p. To adopts its own Rules of Procedure; and
- q. To take care of business of common interest not falling within the competence of the other bodies of the Association.

Article 36: The Committee shall be composed of a Permanent Representative of each member country with the right to one vote.

Each Permanent Representative shall have a Deputy.

Article 37: The Committee shall meet and adopt resolutions with the presence of two thirds of the member countries' Representatives.

Article 38: The Secretariat shall be headed by a Secretary-General and composed of technical and administrative staff.

The Secretary-General shall hold office for a period of three years and may be re-elected for an equal term.

The Secretary-General shall act in such capacity with respect to all the political bodies of the Association.

The Secretariat shall have the following powers and duties:

- a. To submit proposals to the corresponding Association bodies, through, the Committee, leading towards a better accomplishment of the objectives and duties of the Association;
- b. To carry out the necessary studies to fulfill its technical duties and those entrusted to it by the Council, the Conference and the Committee, and to perform the other activities provided for in the annual work program;
- c. To carry out studies and actions leading to proposals to member countries, through their Permanent Representatives, regarding conclusion of the agreements foreseen by the present Treaty, within the guide-lines established by the Council and the Conference;
- d. To represent the Association before international economic organization and institutions in order to deal with questions of common interest;
- e. To administer the Association assets and represent it for such purposes in public and private law acts and contracts;
- f. To request technical advice and cooperation of individuals and national and international organizations;
- g. To propose the creation of auxiliary bodies to the Committee;
- h. To process and furnish member countries, in a systematic and updated manner, statistical information and data on foreign trade regulation systems of member countries in order to facilitate the preparation and carrying out of negotiations within the various Association mechanisms, as well as the further utilization of the respective concessions;
- y. To analyze on its own initiative, for all countries, or at the request of the Committee, compliance of agreed commitments, and evaluate legal provisions of member countries which directly or indirectly alter concessions granted;
- j. To call meetings of non-governmental auxiliary bodies and coordinate their operation;
- k. To periodically evaluate the progress of the integration process and permanently follow up the activities undertaken by the Association and the commitments resulting from the agreements achieved within in framework of same;
- l. To organize and put into operation an Economic Promotion Unit for relatively less developed countries and carry out actions to obtain technical and financial resources, as well as studies and projects to comply with the promotion program. At the same time, to draw up an annual report on the advantages obtained from the system in favour of the relatively less developed countries;

- m. To prepare the Association's expenditure budget, for approval by the Committee, as well as such subsequent reforms which might be necessary;
- n. To prepare and present to the Committee the draft annual work programs;
- ñ. To engage, admit and dismiss technical and administrative staff, in accordance with the regulations ruling its structure;
- o. To comply with requests received from any of the political bodies of the Association; and
- p. To present an annual report to the Committee on the results of the application of the present Treaty and the legal provisions derived therefrom.

Article 39: The Secretary-General shall be appointed by the Council.

Article 40: In the performance of their duties, the head of the technical body, as well as the technical and administrative staff, shall not seek or receive instructions from any Government or national or international organizations. They shall refrain from any attitude not consistent with their character as international officers.

Article 41: Member countries pledge themselves to respect the international nature of the duties of the Secretary-General and Secretariat staff or of its engaged experts and consultants, and to abstain from influencing them in the performance of their duties.

Article 42: Auxiliary bodies shall be established for consultation, assessment and technical support. In particular, one body shall be set up composed of officers responsible for the integration policy of member countries.

At the same time, consultative auxiliary bodies shall be set up composed of representatives of the various sectors of economic activity of each one of the member countries.

Article 43: The Council, the Conference and the Committee shall adopt their decisions by the affirmative vote of two thirds of the member countries.

Decisions on the following matters excepted from this general rule shall be adopted by a two-thirds affirmative vote, provided there is no negative vote:

- a. Amendments or additions to the present Treaty;
- b. Adoption of decisions corresponding to the higher governing policy of the integration process;
- c. Adoption of decisions executing the results of multilateral negotiations to determine and deepen the regional tariff preference;

- d. Adoption of decisions leading to give partial scope agreements a multilateral regional level;
- e. Acceptance of accession of new member countries;
- f. Regulation of the Treaty provisions;
- g. Establishment of the percentages of member countries' contributions to the budget of the Association;
- h. Adoption of corrective measures arising from the evaluations of the progress achieved within the integration process;
- y. Authorization of a term of less than five years regarding obligations, in case of Treaty denouncement;
- j. Adoption of guide-lines to be followed by the Association bodies in their tasks;
and
- k. Establishment of basic rules governing the relations of the Association with other regional associations, international organizations or agencies.

Abstention shall not mean a negative vote. Absence at the time of voting shall be interpreted as abstention.

The Council may eliminate subjects from this list of exceptions by the affirmative vote of two thirds of the member countries, provided there is no negative vote.

CHAPTER VII: General provisions

Article 44: Any advantages, favourable treatments, franchises, immunities and privileges which member countries apply to products originating from or bound to any other member country or non-member country, pursuant to decisions or agreements not foreseen in the present Treaty or the Cartagena Agreement, shall be immediately and unconditionally extended to the other member countries.

Article 45: Any advantages, favourable treatments, franchises, immunities and privileges already granted or to be granted under agreements between member countries or between these and third countries to facilitate border traffic shall be exclusively applicable to the countries which sign or may have signed them.

Article 46: As regards taxes, charges and other internal duties, products originating from the territory of a member country shall be entitled within the territory of the other member countries to a treatment not less favourable than that applied to similar national products.

Member countries shall adopt such steps as may be required to comply with the preceding provision, in accordance with their respective National Constitutions.

Article 47: In the case of products included in the regional tariff preference or in regional or partial scope agreements which are not produced or will not be produced in substantial quantities in its territory, each member country shall endeavour to avoid that taxes or other internal measures applied result in annulment or reduction of any concession or advantage obtained by any member country as a result of the respective negotiations.

If a member country considers itself at a disadvantage by the measures contained in the preceding paragraph, it may resort to the Committee so that the situation raised may be examined and pertinent recommendations issued.

Article 48: Within the territory of other member countries, capitals originating from member countries shall have the right to a treatment not less favourable than that granted to capitals coming from any other non-member country, notwithstanding the provisions set out in agreements which might be concluded on this matter by member countries under the terms of the present Treaty.

Article 49: Member countries may establish supplementary rules on trade policy regulating, among other matters, the application of non-tariff restrictions, a system of origin, the adoption of safeguard clauses, export promotion systems and border traffic.

Article 50: No provision under the present Treaty shall be interpreted as precluding the adoption and observance of measures regarding:

- a. Protection of public morality;
- b. Implementation of security laws and regulations;
- c. Regulation of imports and exports of arms, munitions, and other war materials and, under exceptional circumstances, all other military equipment;
- d. Protection of human, animal and plant life and health;
- e. Imports and exports of gold and silver in bullion form;
- f. Protection of national treasures of artistic, historical or archeological value; and
- g. Exportation, use and consumption of nuclear materials, radioactive products or any other material used for the development and exploitation of nuclear energy.

Article 51: Products imported and exported by any member country shall have the right to free transit throughout the territory of the other member countries, and be exclusively subject to payment of charges normally applicable for services rendered.

CHAPTER VIII: Legal status, immunities and privileges

Article 52: The Association shall be endowed of complete legal status and specially of the capacity:

- a. To contract;
- b. To acquire such movable and immovable property indispensable to carry out its objectives and to dispose of it;
- c. To file suits; and
- d. To keep funds in any currency and effect the necessary transfers.

Article 53: Representatives and other diplomatic officers of member countries accredited before the Association, as well as international officers and advisers of the Association, shall be endowed of diplomatic immunities and privileges and such other rights necessary for exercising their duties within the territory of member countries.

Member countries hereby pledge themselves to draw up within the shortest possible term an agreement aimed at regulating the contents of the proceeding paragraph, wherein such privileges and immunities shall be defined.

The Association shall draw up an agreement with the Government of the Eastern Republic of Uruguay in order to determine the privileges and immunities to which the Association, its bodies and its international officers and advisers shall be entitled.

Article 54: The legal status of the Latin American Free Trade Association established by the Montevideo Treaty signed on 18 February 1960 shall continue, in all its effects, within the Latin American Integration Association. Therefore, from the date when the present Treaty enters into force, the rights and obligations of the Latin American Free Trade Association shall correspond to the Latin American Integration Association.

CHAPTER IX: Final provisions

Article 55: The present Treaty may not be signed with reservations, neither may these be received on the occasion of its ratification or accession.

Article 56: The present Treaty shall be ratified by the signatory countries at the earliest possible term.

Article 57: The present Treaty shall enter into force thirty days after the deposit of the third instrument of ratification as regards the first three countries to ratify it. Concerning the other signatories, it shall enter into force on the thirtieth day following the deposit of the respective instrument of ratification and in the order in which such ratifications are deposited.

Instruments of ratification shall be deposited with the Government of the Eastern Republic of Uruguay, which shall report the date of deposit to the Governments of the signatory States of the present Treaty, as well as to those which have adhered thereto.

The Government of the Eastern Republic of Uruguay shall notify the date of enforcement of the present Treaty to the Government of each one of the signatory States.

Article 58: Upon its entry into force, the present Treaty shall remain open for accession to those Latin American countries which may so request. Acceptance of such accessions shall be adopted by the Council.

The Treaty shall enter into force for the adherent country thirty days after the date of its admission.

Adherent countries shall on that date put in force the commitments resulting from the regional tariff preference as well as the regional scope agreements concluded prior to the date of their accession.

Article 59: The present Treaty provisions shall not affect the rights and obligations resulting from agreements signed by any of the signatory countries prior to the date of their enforcement.

Article 60: The present Treaty provisions shall not affect the rights and obligations resulting from agreements signed by any of the signatory countries in the term between its signature and the date of its ratification. For countries which later become members of the Association, the provisions of this article refer to agreements signed prior to their incorporation.

However, each member country shall take the measures necessary to harmonize the provisions of the agreements in force with the objectives of the present Treaty.

Article 61: Member countries may introduce amendments or additions to the present Treaty. These shall be executed in protocols to enter into force upon ratification by all member countries and deposit of the respective instruments, subject to other criteria established thereof.

Article 62: The present Treaty shall have an indefinite duration.

Article 63: Any member country wishing to withdraw from the present Treaty shall report such intention to the other member countries during one of the Committee sessions, formally delivering the denouncement document to the Committee one year after the date of advice referred to above. Once such denouncement has been executed, all rights and obligations corresponding to its condition as a member country shall automatically cease for the denouncing Government.

Notwithstanding the above, rights and obligations resulting from the regional tariff preference shall continue to be effective for a period of five more years, except if, at the time of denouncement, the member countries agree to the contrary. The above term shall start as from the date the denouncement is executed.

With reference to rights and obligations resulting from regional and partial scope agreements, the situation of the denouncing member country shall adjust to the specific rules which may have been established in each agreement. Should these rules not exist, the general provision contained in the previous paragraph of the present article shall apply.

Article 64: The present Treaty shall be known as the 1980 Montevideo Treaty.

CHAPTER X: Transitional provisional

Article 65: Pending ratification of the present Treaty by all signatory countries, as from the date of its enforcement by ratification of the first three countries, signatory countries which have not yet ratified shall be subject, both as regards their reciprocal relations and their relations with ratifying signatory countries, to the provisions of the legal structure of the Montevideo Treaty dated 18 February 1960, where appropriate, and specially to the resolutions adopted at the Meeting of the Council of Ministers of the Latin American Free Trade Association held on 12 August 1980.

These provisions shall no longer be applied to relations between signatory countries which have ratified the present Treaty and those which have not done so, as from one year following the date of its enforcement.

Article 66: The bodies of the Latin American Free Trade Association established by the Montevideo Treaty dated 18 February 1960 shall cease to exist as from the date of enforcement of the present Treaty.

Article 67: Non-ratifying signatory countries may participate in the Association bodies with the right to speak and vote whenever possible or of interest to them as long as ratification is pending, or until expire of the term established in the second paragraph of article 65.

Article 68: Signatory countries ratifying the present Treaty after its enforcement shall be subject to all provisions adopted prior to that moment by the Association bodies.

Article 69: The resolutions adopted by the Council of Ministers of the Latin American Free Trade Association at its Meeting of 12 August 1980 shall be incorporated to the legal framework of the present Treaty upon its entry into force.

DONE at the city of Montevideo, on the twelfth day of the month of August of the year nineteen hundred and eighty, in an original in the Spanish and Portuguese languages, both texts being equally valid. The Government of the Eastern Republic of Uruguay shall act as depositary of the present Treaty and forward duly authenticated copy of same to the Governments of the other signatory and adherent countries.

For the Government of the Argentine Republic: Carlos Washington Pastor

For the Government of the Republic of Bolivia: Javier Cerruto Calderón

For the Government of the Federative Republic of Brazil: Ramiro Saraiva Guerreiro

For the Government of the Republic of Chile: René Rojas Galdames

For the Government of the Republic of Colombia: Diego Uribe Vargas

For the Government of the Republic of Ecuador: Germánico Salgado

For the Government of the United Mexican States: Jorge de la Vega Domínguez

For the Government of the Republic of Paraguay: Alberto Nogués

For the Government of the Republic of Peru: Javier Arias Stella

For the Government of the Eastern Republic of Uruguay: Adolfo Folle Martínez

For the Government of the Republic of Venezuela: Oswaldo Páez Pumar

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

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF Articles 2 and 61 of the Montevideo Treaty and 1 of the Caracas Protocol,

RESOLVES:

FIRST. The Contracting Parties shall incorporate into the new integration scheme established by the 1980 Montevideo Treaty signed on 12 August 1980 the concessions granted in national lists, non-extensive lists and complementation agreements.

To these effects, they shall renegotiate those concessions by updating, expanding or eliminating them, in order to attain greater strength and balance in trade flows.

The result of such renegotiation shall conform with the provisions and mechanisms set forth in the 1980 Montevideo Treaty.

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

a. To strengthen and activate the Contracting Parties' trade flows channelled through concessions, in a form consistent with the various economic policies and the consolidation of the regional and sub-regional integration process;

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

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

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

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

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

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

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

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

- a. Analyze and assess multilaterally the result of negotiations and negotiate, as far as possible, the extension of draft partial scope agreements to the other Contracting Parties;
- b. Proceed to execute, at the latest by 31 December 1980, partial scope agreements resulting from renegotiation. Such agreements shall enter into force as from 1 January 1981; and
- c. Decide upon the treatment to be given to such special situations as might arise.

By common consent, the Contracting Parties which have not concluded such renegotiation by 31 December 1980 may sign a partial scope agreement, in order to proceed with the respective negotiation for the term they deem convenient.

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

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

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

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

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

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

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

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

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

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

CM/Resolution 2: Partial scope agreements

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980 and articles 34, caption a) and 61 of the Montevideo Treaty.

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

RESOLVES:

FIRST. The Contracting Parties may conclude partial scope agreements wherein all member countries do not participate, under the terms of the present Resolution.

These agreements shall tend to create conditions necessary to deepen the regional integration process by means of their progressive multilateralization.

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

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

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

a. They shall be open for accession to the other member countries prior negotiation;

- b. They shall contain clauses promoting convergence in order that their benefits reach all member countries;
- c. They may contain clauses promoting convergence with other Latin American countries, in concurrence with the mechanisms established in the 1980 Montevideo Treaty;
- d. They shall include differential treatments depending on the three categories of countries recognized by the 1980 Montevideo Treaty. The implementation of such treatments, as well as negotiation procedures for their periodical revision at the request of any member country which may consider itself at a disadvantage, shall be determined in each agreement;
- e. Tariff reductions may be applied to the same products or tariff sub-items and on the basis of a percentage rebate regarding the tariffs applied to imports originating from non-participating countries;
- f. They shall be in force for a minimum term of one year;
- g. They may include, among others, specific rules regarding origin, safeguard clauses, non-tariff restrictions, withdrawal of concessions, renegotiation of concessions, denouncement, coordination and harmonization of policies. Should these specific rules not have been adopted, the general provisions to be established by member countries on the respective matters shall be taken into account; and
- h. Agreements calling for commitments on utilization of inputs of the signatory members themselves shall include procedures to guarantee that their application be subject to the existence of adequate conditions of supply, quality and price.

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

- a. Negotiation may start, be concluded and executed at any time of the year;
- b. Member countries wishing to start negotiation of a partial scope agreement shall notify the Committee, in order that other member countries may have the possibility to participate in it;
- c. Negotiations may start thirty days after the date of notification to the Permanent Executive Committee;
- d. In order to facilitate negotiations, member countries concerned may request the technical support of the Secretariat;
- e. Once negotiations are completed, signatory member countries of the agreement shall forward an authenticated copy to the Committee, together with a detailed report

regarding compliance of the general rules established in the preceding article, which shall be immediately distributed to the other member countries;

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

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

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

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

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

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

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

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

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

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

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

These agreements shall be subject to the following rules:

a. They may be based both on tariff cuts and industrial programming;

b. They may be sectoral or multisectoral;

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

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

They may contain, among others, provisions concerning:

- a. Volume and marketing conditions;
- b. Duration of the agreement;
- c. Sanitary and quality requirements;
- d. Price determination systems;
- e. Financing;
- f. Information mechanism; and

g. Commitments on inputs or goods related to the agricultural and livestock sector.

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

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

a. Rules on trade conduct:

- * Subsidies and countervailing duties.
- * Unfair trade practices.
- * Licenses and import procedures.
- * Other technical aspects involved in regional trade.

b. Other rules on non-tariff matters:

- * Payments.
- * Financial cooperation.
- * Tax cooperation.
- * Animal and plant sanitary cooperation.
- * Customs cooperation.
- * Transport facilitation.
- * State procurement.

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

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

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

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

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF Articles 34, caption c) and 61 of the Montevideo Treaty and chapter III of the 1980 Montevideo Treaty Signed on 12 August 1980,

RESOLVES:

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

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

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

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

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

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

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

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

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

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

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

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF Articles 34, caption c) and 61 of the Montevideo Treaty and chapter III of the 1980 Montevideo Treaty signed on 12 August 1980.

RESOLVES:

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

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

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

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

THIRD. In order to create better conditions to fulfill the specific objectives mentioned in article 15 of the 1980 Montevideo Treaty signed on 12 August 1980 and to efficiently promote joint action, an Economic Promotion Unit for relatively less developed countries shall be established within the Secretariat to provide them the support required for their full participation in the integration process.

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

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

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

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

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

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

12 August 1980

The COUNCIL of MINISTER of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980 and articles 34, caption a) and 61 of the Montevideo Treaty.

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

RESOLVES:

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

- a. It shall comprise, wherever possible, all the tariff items;
- b. It shall not imply the consolidation of tariffs;
- c. For its determination, formulae shall be established enabling to consider, in an equitable way, the situation brought about by differences in the member countries' tariff levels;
- d. It shall initially be minimal and its intensity may be deepened through multilateral negotiations;
- e. It may differ according to the economic sector involved;
- f. Upon determining its magnitude, consideration shall be given to the situation of sensitive sectors of the economy of member countries. Special particulars and

conditions may be foreseen for those sectors in the application of the regional tariff preference;

g. Differential treatments shall be applied in the magnitude of the regional tariff preference according to the three categories of countries.

Additionally, the criterion of gradual timing may be selectively applied, in accordance with the forementioned categories;

h. Exception lists may be drawn up, which extension shall be larger for the relatively less developed countries, not so large for the intermediate developed countries, and more reduced for the other countries; and

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

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

CM/Resolution 6: Categories of countries

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980.

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

RESOLVES:

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

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

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

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

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

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

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

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

12 August 1980

The COUNCIL of MINISTERS of FOREIGN AFFAIRS of the CONTRACTING PARTIES,

IN VIEW OF The 1980 Montevideo Treaty signed on 12 August 1980 and articles 34, captions a) and b), and 61 of the Montevideo Treaty.

WHEREAS It is legally advisable to adopt rules ensuring the institutional transition of the Montevideo Treaty towards the new integration scheme established by the 1980 Montevideo Treaty signed on 12 August 1980; and

It is likewise convenient to foresee legal regulations for the reciprocal relations of the signatory countries of said Treaty and of these and the ratifying signatory countries until all signatory countries have ratified it,

RESOLVES:

FIRST. Pending ratification of the 1980 Montevideo Treaty signed on 12 August 1980 by all signatory countries, as from the date of its enforcement by ratification of the first three countries, signatory countries which have not yet ratified shall be subject, both as regards their reciprocal relations and their relations with ratifying signatory countries, to the provisions of the legal structure of the Montevideo Treaty dated 12 February 1960, where appropriate, and specially to the resolutions adopted at the Meeting of LAFTA Council of Ministers held on 12 August 1980.

These provisions shall no longer be applied to relations between signatory countries which have ratified the new Treaty and those which have not done so, as from one year following its enforcement.

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

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

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

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