No. 6539

GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA and COSTA RICA

Multilateral Treaty on Free Trade and Central American Economic Integration (with annexes). Signed at Tegucigalpa, on 10 June 1958

Official text: Spanish.

Registered by the Organization of Central American States, acting on behalf of the Contracting Parties in accordance with article XXVIII of the Treaty, on 25 February 1963.

GUATEMALA, SALVADOR, HONDURAS, NICARAGUA et COSTA RICA

Traité multilatéral de libre-échange et d'intégration économique de l'Amérique centrale (avec annexes). Signé à Tegucigalpa, le 10 juin 1958

Texte officiel espagnol.

Enregistré par l'Organisation des États d'Amérique centrale, agissant au nom des Parties contractantes conformément à l'article XXVIII du Traité, le 25 février 1963.

[TRANSLATION — TRADUCTION]

No. 6539. MULTILATERAL TREATY[1] ON FREE TRADE AND CENTRAL AMERICAN ECONOMIC INTEGRATION BETWEEN GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA AND COSTA RICA. SIGNED AT TEGUCIGALPA, ON 10 JUNE 1958

The Governments of the Republic of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, desirous of intensifying and strengthening their common bonds of origin and brotherhood, and with a view to effecting the progressive integration of their economies ensuring the development of their markets, promoting the production and exchange of goods and services and raising the standards of living and employment of their respective populations, thereby contributing to the re-establishment of the economic unity of Central America, have agreed to conclude the present Multilateral Treaty on Free Trade and Central American Economic Integration, which shall be progressively implemented, and for that purpose have appointed as their respective plenipotentiaries :

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

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

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

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

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

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

[1] In accordance with article XXVIII, the Treaty came into force in respect of El Salvador, Guatemala and Nicaragua on 2 June 1959, the date of deposit of the third instrument of ratification, and in respect of Honduras on 22 April 1960. The instruments of ratification were deposited with the Secretary-General of the Organization of Central American States on the dates indicated :

Nicaragua	17 February	1959
El Salvador	29 April	1959
Guatemala	2 June	1959
Honduras	22 April	1960

CHAPTER I

TRADE RÉGIME

Article I

With a view to creating a customs union between their respective territories as soon as conditions are favourable, the Contracting States hereby agree to establish a free-trade régime, which they shall endeavour to perfect within a period of ten years from the date on which the present Treaty enters into force. To that end, they resolve to abolish as between their territories the customs duties, charges and conditions hereinafter mentioned, in respect of the commodities specified in the appended schedule constituting annex A to this Treaty.

Consequently, the natural products of the Contracting States and the articles manufactured in their territories, provided that they are included in the aforesaid schedule, shall be exempt from import and export duties as well as taxes dues and charges levied on imports or exports or on the occasion of importation or exportation, whether they be of a national, municipal or any other nature and whatever, their purpose.

The exemptions stipulated in this article shall not include charges for lighterage, wharfage, warehousing or handling of goods or any other charges which may legitimately be levied for port, warehouse or transport services ; nor shall they include exchange differentials resulting from the existence of two or more rates of exchange or from other exchange regulations of the Contracting States.

When a commodity or article included in the annexed schedule is subject to internal taxes, charges or duties of any kind levied on production, sale, distribution or consumption in any of the Contracting States, the State concerned may levy an equivalent amount on similar goods imported from another Contracting State.

Article II

Goods originating in the territory of any of the Contracting States and included in the schedule appended to this Treaty shall be accorded in all the Contracting States the same treatment as domestic goods and shall be exempt from any quota or other restrictions except for such measures as may be legally applicable in the territories of the Contracting States for reasons of public health, security or police control.

Article III

Goods originating in any of the Contracting States and which are not included in the annexed schedule shall be accorded unconditional and unlimited most-favoured-nation treatment in the territory of the other Contracting States.

The above treatment shall not, however, be extended to concessions granted pursuant to other free trade treaties concluded between Central American States.

Article IV

The Contracting States, convinced of the necessity of equalizing their customs tariffs and firmly determined to establish a customs union between their territories, undertake, subject to the opinion of the Central American Trade Commission referred to hereinbelow, to equalize the duties and other charges imposed by them individually on imports of goods listed in the schedule appended hereto, or which may be subsequently included therein, and on their principal raw materials and the necessary containers.

For the purposes indicated in the preceding paragraph, the Commission shall prepare and submit to the Contracting Governments, within a period, not exceeding one year, the appropriate draft contractual agreement or agreements for the equalization of import duties.

Article V

The Governments of the Contracting States shall endeavour to refrain from obtaining or granting customs exemptions on imports from outside Central America of articles produced in any of the Contracting States and listed in the schedule appended hereto.

The Contracting States shall further endeavour to equalize the advantages granted by them to industries producing any of the articles listed in the schedule, to the extent that such advantages might, in the opinion of the Central American Trade Commission, entail unfair competition in the said goods.

Article VI

Subject to the opinion of the Central American Trade Commission, the schedule appended to this Treaty may be extended by mutual agreement between the Contracting States, by means of additional protocols and in accordance with their respective constitutional procedures.

Article VII

In order that they may enjoy the advantages stipulated in this Treaty, the goods listed in the schedule appended hereto shall be entered on a customs form, signed by the exporter and containing a declaration of origin. That form shall be produced for inspection to the customs officers of the countries of origin and destination, in conformity with annex B of this Treaty.

Article VIII

The Central Banks of the Contracting States shall co-operate closely with a view to preventing any currency speculation that might affect the rates of exchange and maintaining the convertibility of the currencies of the respective countries on a basis which, in normal conditions, shall guarantee the freedom, uniformity and stability of exchange.

Any of the Contracting States which establishes quota restrictions on international currency transfers shall adopt the measures necessary to ensure that such restrictions do not discriminate against the other States.

In case of serious balance of payments difficulties which affect or are apt to affect the monetary and payments relations between the Contracting States, the Central American Trade Commission, acting of its own motion or the request of one of the Governments, shall immediately study the problem for the purpose of recommending to the Contracting Governments a satisfactory solution compatible with the multilateral free trade régime.

CHAPTER II

DISCRIMINATORY PRACTICES

Article IX

Subject to the provisions of the bilateral Central American treaties in force and to any provisions that may be agreed upon in future treaties between Central American States, the Contracting States agree to the following provisions with a view to ensuring a broad application of the principle of non-discrimination in their trading relations :

a) Any goods not included in the schedule appended to this Treaty and subject to quota restrictions imposed by a Contracting State shall, upon importation from the territory of another Contracting State or upon exportation to such a territory, be accorded treatment no less favourable than that accorded to similar goods of any other origin or destination ;

b) No Contracting State shall establish or maintain any internal duty, tax or other charge on any goods, whether or not included in the appended schedule, originating in the territory of another Contracting State, nor shall it enact or impose any regulations regarding the distribution or retailing of such goods, when such charge or regulations place or tend to place the said goods in an unfavourable position by comparison with similar goods of domestic origin or imported from any other country ;

c) Should a Contracting State establish or maintain a place of business or an agency or grant special privileges to a specific establishment to attend exclusively