No. 6542

GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA and COSTA RICA

Central American Agreement on the Equalization of Import Duties and Charges (with schedules), and Protocol concerning a Central American Preferential Tariff. Signed at San Jose, on 1 September 1959

Protocol to the above-mentioned Agreement (with schedules). Signed at Managua, on 13 December 1960

Official text: Spanish.

Registered by the Organization of Central American States, acting on behalf of the Contracting Parties in accordance with article XVI of the Agreement and article VI of the Protocol, on 25 February 1963.

GUATEMALA, SALVADOR, HONDURAS, NICARAGUA et COSTA RICA

Convention centraméricaine sur l'uniformisation des droits à l'importation (avec annexes), et Protocole instituant un tarif douanier préférentiel centraméricain. Signés à San José, le 1er septembre 1959

Protocole à la Convention susmentionnée (avec annexes). Signé à Managua, le 13 décembre 1960

Texte officiel espagnol.

Enrégistrés par l'Organisation des États d'Amérique centrale, agissant au nom des Parties contractantes conformément à l'article XVI de la Convention et l'article VI du Protocole, le 25 février 1963.

[TRANSLATION — TRADUCTION]

No. 6542. CENTRAL AMERICAN AGREEMENT[1] ON THE EQUALIZATION OF IMPORT DUTIES AND CHARGES BETWEEN GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA AND COSTA RICA AND PROTOCOL[1] CONCERNING A CENTRAL AMERICAN PREFERENTIAL TARIFF. SIGNED AT SAN JOSE, ON 1 SEPTEMBER 1959

The Governments of the Republics of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica,

Bearing in mind the commitments contracted under the terms of the Multilateral Treaty on Free Trade and Central American Economic Integration, signed at Tegucigalpa on 10 June 1958,[2] and being convinced that, if the Central American free-trade area is to be established in its final form within ten years, pursuant to the provisions of the said Treaty, their respective customs tariffs must be equalized,

Have decided to conclude the present Agreement, and for that purpose have appointed as their respective plenipotentiaries :

H. E. The President of the Republic of Guatemala : Eduardo Rodríguez Genis, Minister of Economy ;

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

H. E. The President of the Republic of Honduras : Jorge Bueso Arias, Minister of Economy and Finance ;

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

H. E. The President of the Republic of Costa Rica : Alfredo Hernández Volio, Minister of Economy and Finance ;

[1] Came into force in respect of Guatemala, El Salvador and Nicaragua on 29 September 1960, the date of deposit of the third instrument of ratification, and in respect of Honduras on 16 August 1962, the date of deposit of its instrument of ratification, in accordance with the provisions of article XV of the Agreement and article III of the Protocol. The instruments of ratification were deposited with the Secretary-General of the Organization of Central American States on the dates indicated :

Guatemala	27 June	1960
El Salvador	30 June	1960
Nicaragua	29 September	1960
Honduras	16 August	1962

[2] See p. 47 of this volume.

Who having exchanged their full powers, found to be in good and due form, have agreed as follows :

CHAPTER I

SYSTEM OF EQUALIZATION OF IMPORT DUTIES AND CHARGES

Article 1

The Contracting States agree to establish a common tariff policy and decide to set up a Central American import tariff consistent with the integration and economic development requirements of Central America. To this end, they agree to equalize import duties and charges within not more than five years from the date on which the present Agreement enters into force.

The Signatory States shall maintain the Standard Central American Tariff Nomenclature as the basis of the customs tariff for imports.

Article II

For the purposes of article I hereof and of article IV of the Multilateral Treaty on Free Trade and Central American Economic Integration, the Contracting States agree to adopt forthwith the tariffs and tariff denominations specified in Schedule A.[1] They likewise agree to establish an interim system of exemptions, with a view to progressive equalization, in respect of the items included on Schedule B.[2] The two schedules form an integral part of the present Agreement.

Article III

The Contracting Parties, besides aiming at tariff equalization in conformity with article IV of the Multilateral Treaty on Free Trade and Central American Economic Integration and with a view to expediting the establishment of the Central American import tariff, pledge themselves, with respect to additions to Schedules A and B, to observe, by preference, the following order of priorities :

a) Commodities in respect of which the immediate or progressive liberalization of trade is provided for under the terms of bilateral free-trade treaties concluded between the Contracting Parties to this Agreement ;

b) Goods manufactured in Central America ;

c) Imported goods for which goods produced in Central America may be substituted over the short term ;

[1] See p. 386 of this volume.
[2] See p. 424 of this volume.

d) Raw materials, intermediate products and containers, priority being given to those required for the production and sale of the items included in the foregoing sub-paragraphs ; and

e) Other goods.

Article IV

Once tariff equalization has been achieved in respect of the items comprised in the groups of products referred to in the foregoing article, the Contracting States pledge themselves to apply to these same items multilateral free-trade treatment within not more than five years, without exceeding the ten-year time limit stipulated in article I of the Multilateral Treaty for the establishment of the free-trade area in its final form.

Article V

The Parties engage not to impose or levy any tax other than those provided for in this Agreement on imports of goods included in Schedules A and B. The bases for valuation adopted are the c.i.f. import value in the case of the *ad valorem* part, and, for the specific component, the standard physical units set forth in Schedules A and B.

If any of the Signatory States is not in a position to abolish consular fees immediately in respect of the goods included in Schedules A and B, it shall be entitled to maintain the fees as such, discounting the value they represent from the *ad valorem* part of the duty and/or charge agreed upon. The term "duty and/or charge agreed upon" shall be understood to mean the duty and/or charge immediately applicable by all Parties to the goods included in Schedule A ; that which all Parties pledge themselves to reach by the end of the interim period, in the case of goods included in Schedule B ; and the tariffs established by any of the Parties with a view to progressive equalization in respect of the goods included in Schedule B and to attainment of the stipulated standard duty by the end of the interim period.

In the case of items which are equalized at levels below the consular fees—either immediately (Schedule A) or by the end of the interim period (Schedule B)—the Signatory States shall not charge consular fees.

Article VI

The Contracting States agree to the establishment of fixed equivalences, solely for equalization purposes, between the currency units in which each country's tariff duties are expressed and a common currency unit equivalent to the United States dollar. These equivalences, which are those existing at the date of signature of the present Agreement, are established as follows : Guatemala, 1 quetzal ; El Salvador, a currency unit equivalent to the United States dollar ; Honduras, 2 lempiras ; Nicaragua, a currency unit equivalent to the United States dollar ; and Costa Rica, 5.67 or 6.65 colons, according to the exchange provisions applicable to the item in question. If a country makes any change in the equivalence of its currency unit *vis-à-vis* the United States dollar in respect of goods included in Schedules A and B, it shall be under the obligation to alter its tariffs immediately in the proportion necessary to maintain equalization.

Article VII

In order to make the equalization of import duties and charges effective, the Contracting Parties shall renegotiate any multilateral or bilateral pacts that remain in force with non-signatories of the present Agreement whereby tariffs lower than those established herein are consolidated, and shall release themselves from the consolidation commitment assumed within not more than one year from the date of deposit of the corresponding instrument of ratification of this agreement. Likewise, the Contracting Parties undertake to refrain from signing new agreements or tariff concessions with other countries which are contrary to the spirit and objectives of the present Agreement and, in particular, to the provisions of this article.

Article VIII

Wheresoever the duty agreed upon for a specific product is higher than the tariff in force in one or more of the Contracting Parties, the countries concerned shall apply, in all inter-Central American trade not covered by the free-trade régime, the lower tariff in force, unless the Central American Trade Commission decides otherwise.

The preferential tariffs which the Parties pledge themselves to establish are set forth in Schedule A and in Annex 6 of Schedule B (this annex forms an integral part of the schedule in question).

"Tariff in force" shall be understood to mean the sum of the tariff duties, consular fees and other duties, charges and surcharges levied on imports of the goods listed in Schedules A and B at the time the present Agreement is signed. Legal rates and charges for services rendered are not included.

As this Agreement is specifically Central American in character and constitutes one of the bases for the customs union of the Contracting Parties, the Signatory States agree to maintain the "Central American exemption clause" with respect to third countries, to the extent that the application of the preferential tariff system established by the present article is concerned.