No. 6543

GUATEMALA, EL SALVADOR, HONDURAS and NICARAGUA

General Treaty on Central American Economic Integration (with annexes). Signed at Managua, on 13 December 1960

Official texts: Spanish.

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

GUATEMALA, SALVADOR, HONDURAS et NICARAGUA

Traité général d'intégration économique de l'Amérique centrale (avec annexes). Signé à Managua, le 13 décembre 1960

Texte officiel espagnol.

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

[TRANSLATION — TRADUCTION]

No. 6543. GENERAL TREATY[1] ON CENTRAL AMERICAN ECONOMIC INTEGRATION BETWEEN GUATEMALA, EL SALVADOR, HONDURAS AND NICARAGUA. SIGNED AT MANAGUA, ON 13 DECEMBER 1960

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

For the purpose of reaffirming their intention to unify the economies of the four countries and jointly to promote the development of Central America in order to improve the living conditions of their peoples,

Mindful of the need to expedite the integration of their economies, consolidate the results so far achieved and lay down the principles on which it should be based in the future,

Having regard to the commitments entered into in the following instruments of economic integration :

Multilateral Treaty on Free Trade and Central American Economic Integration ;[2]

Central American Agreement on the Equalization of Import Duties and Charges and its Protocol on the Central American Preferential Tarif ;[3]

Bilateral treaties on free trade and economic integration signed between Central American Governments ;

Treaty of Economic Association signed between Guatemala, El Salvador and Honduras[4],

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[1] In accordance with article XXX, the Treaty came into force in respect of Guatemala, El Salvador and Nicaragua on 3 June 1961, eight days after the deposit of the third instrument of ratification, and in respect of Honduras on 27 April 1962, the date of deposit of its instrument of ratification. The instruments of ratification were deposited with the Secretary-General of the Organization of Central American States on the dates indicated :

Guatemala	5 May 1961
El Salvador	8 May 1961
Nicaragua	26 May 1961
Honduras (with reservation*)	27 April 1962

*[SPANISH TEXT — TEXTE ESPAGNOL]

"Honduras no queda obligada a someterse a la acción de los tribunales internacionales o extranjeros ni aceptar el arbitraje cuando cualquiera de las partes contratantes no pueda someterse a dichos procedimientos para resolver cuestiones previstas en el Artículo XXVI de este Tratado."

[TRANSLATION — TRADUCTION]

Honduras shall not be bound to submit to the jurisdiction of international or foreign courts or to accept arbitration when any of the Contracting Parties is unable to submit to these procedures for the settlement of questions provided for in article XXVI of this Treaty.

[2] United Nations, *Treaty Series*, Vol. 454, No. 6539.

[3] United Nations, *Treaty Series*, Vol. 454, No. 6542.

[4] Nations Unies, *Recueil des Traités*, vol. 383, p. 3.

Have agreed to conclude the present Treaty and for that purpose have appointed as their respective plenipotentiaries :

H. E. The President of the Republic of Guatemala : Mr. Julio Prado García Salas, Minister for Co-ordinating Central American Integration, and Mr. Alberto Fuentes Mohr, Head of the Economic Integration Bureau

The H. Junta de Gobierno of the Republic of El Salvador : Mr. Gabriel Piloña Araujo, Minister for Economic Affairs, and Mr. Abelardo Torres, Under-Secretary for Economic Affairs

H. E. The President of the Republic of Honduras : Mr. Jorge Bueso Arias, Minister for Economic and Financial Affairs

H. E. The President of the Republic of Nicaragua : Mr. Juan José Lugo Marenco, Minister for Economic Affairs

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

CHAPTER I

CENTRAL AMERICAN COMMON MARKET

Article I

The Contracting States agree to establish among themselves a common market which shall be brought into full operation within a period of not more than five years from the date on which the present Treaty enters into force. They further agree to create a customs union in respect of their territories.

Article II

For the purposes of the previous article the Contracting Parties undertake to bring a Central American free-trade area into full operation within a period of five years and to adopt a standard Central American tariff as provided for in the Central American Agreement on the Equalization of Import Duties and Charges.

CHAPTER II

TRADE RÉGIME

Article III

The Signatory States shall grant each other free-trade treatment in respect of all products originating in their respective territories, save only for the limitations contained in the special régimes referred to in Annex A of the present Treaty.

Consequently, the natural products of the Contracting States and the products manufactured therein shall be exempt from import and export duties, including consular fees, and all other taxes, dues and charges levied on imports and exports or charged in respect thereof, whether they be of a national, municipal or any other nature.

The exemptions provided for in this article shall not include charges or fees for lighterage, wharfage, warehousing or handling of goods, or any other charges which may legally be incurred for port, storage or transport services ; nor shall they include exchange differentials resulting from the existence of two or more rates of exchange or from other exchange arrangements in any of the Contracting States.

Goods orginating in the territory of any of the Signatory States shall be accorded national treatment in all of them and shall be exempt from all quantitative or other restrictions or measures, except for such measures as may be legally applicable in the territories of the Contracting States for reasons of health, security or police control.

Article IV

The Contracting Parties establish special interim régimes in respect of specific products exempting them from the immediate free-trade treatment referred to in article III hereof. These products shall be automatically incorporated into the free-trade régime not later than the end of the fifth year in which the present Treaty is in force, except as specifically provided in Annex A.

The products to which special régimes apply are listed in Annex A and trade in them shall be carried on in conformity with the measures and conditions therein specified. These measures and conditions shall not be amended except by multilateral negotiation in the Executive Council. Annex A is an integral part of this Treaty.

The Signatory States agree that the Protocol on the Central American Preferential Tariff, appended to the Central American Agreement on the Equalization of Import Duties and Charges, shall not apply to trade in the products referred to in the present article for which special régimes are provided.

Article V

Goods enjoying the advantages stipulated in this Treaty shall be designated as such on a customs form, signed by the exporter and containing a declaration of origin. This form shall be produced for checking by the customs officers of the countries of origin and destination, in conformity with Annex B of this Treaty.

If there is doubt as to the origin of an article and the matter has not been settled by bilateral negotiation, any of the Parties affected may request the intervention of the Executive Council to verify the origin of the article concerned. The Council shall not consider goods as originating in one of the Contracting States if they originate or are manufactured in a third country and are only simply assembled, wrapped, packed, cut or diluted in the exporting country.

In the cases mentioned in the previous paragraph, importation of the goods concerned shall not be prohibited provided that a guaranty is given to the importing country in respect of payment of the import duties and other charges to which the goods may be liable. The guaranty shall be either forfeited or refunded, as the case may be, when the matter is finally settled.

The Executive Council shall lay down regulations governing the procedure to be followed in determining the origin of goods.

Article VI

If the goods traded are liable to internal taxes, charges or duties of any kind levied on production, sale, distribution or consumption in any of the signatory countries, the country concerned may levy an equivalent amount on similar goods imported from the other Contracting State, in which case it must also levy at least an equivalent amount for the same respective purposes on similar imports from third countries.

The Contracting Parties agree that the following conditions shall apply to the establishment of internal taxes on consumption :

(*a*) Such taxes may be established in the amount deemed necessary when there is domestic production of the article in question, or when the article is not produced in any of the Signatory States ;

(*b*) When the article is not produced in one Signatory State but is produced in any of the others, the former State may not establish taxes on consumption of the article concerned unless the Executive Council so authorizes ;

(*c*) If a Contracting Party has established a domestic tax on consumption, and production of the article so taxed is subsequently begun in any of the other Signatory States, but the article is not produced in the State that established the tax, the Executive Council shall, if the State concerned so requests, deal with the case and decide whether the tax is compatible with free trade. The States undertake to abolish these taxes on consumption, in accordance with their legal procedures, on receipt of notification to this effect from the Executive Council.

Article VII

No Signatory State shall establish or maintain regulations on the distribution or retailing of goods originating in another Signatory State when such regulations