No. 31224

CHILE
and
MEXICO

Agreement on economic integration (with annexes). Signed at Santiago on 22 September 1991

Authentic text: Spanish.

Registered by Chile on 21 September 1994.

CHILI
et
MEXIQUE

Accord d'intégration économique (avec annexes). Signé à Santiago le 22 septembre 1991

Texte authentique : espagnol.

Enregistré par le Chili le 21 septembre 1994.

[TRANSLATION — TRADUCTION]

AGREEMENT[1] ON ECONOMIC INTEGRATION BETWEEN CHILE AND MEXICO

The Government of the Republic of Chile and the Government of the United Mexican States,

Considering:

The need to strengthen the integration process in Latin America in order to achieve the objectives set out in the Montevideo Treaty of 1980[2] by concluding the broadest possible bilateral and multilateral treaties,

The active participation of Chile and Mexico in the Latin American Integration Association (LAIA) as signatories to that Treaty,

The advantages of making the fullest possible use of the negotiating mechanisms provided for in the Montevideo Treaty of 1980,

The various efforts being made to revitalize integration in the American continent, which demonstrate the need for economic and trade complementarity in a globalized world in which regionalization initiatives are being pursued elsewhere,

The common efforts of both countries to liberalize their economy and trade in respect of tariffs, the elimination of non-tariff barriers and the guiding principles of their economic policies,

The advisability of providing economic agents with clear and predictable rules for the development of trade and investment,

The importance of effective cooperation in the areas of production of goods and services for the economic development of both Parties,

The advisability of encouraging the economic agents in both Parties to play a more active role,

Agree to sign an Agreement on Economic Integration, in accordance with the provisions of the Montevideo Treaty of 1980 and resolution 2 of the Council of Ministers of the Latin American Integration Association. The Agreement shall be governed by the provisions and rules set out hereinafter:

CHAPTER I. OBJECTIVES OF THE AGREEMENT

Article 1

The objectives of this Agreement are as follows:

(*a*) To promote economic and trade relations between the signatory countries in the context of the integration process established by the Montevideo Treaty of 1980, through the complete elimination of levies and restrictions on imports originating from the Parties;

(*b*) To increase to the greatest extent possible and to diversify reciprocal trade between the signatory countries;

[1] Came into force on 22 September 1991 by signature, in accordance with article 35.

[2] United Nations, *Treaty Series*, vol. 1329, p. 225.

(*c*) To coordinate and complement economic activities, especially in the areas of production of goods and services;

(*d*) To stimulate investments aimed at fully exploiting the markets of the signatory countries and their capacity to compete in global trade; and

(*e*) To facilitate the establishment and operation of regional bilateral and multilateral enterprises.

CHAPTER II. LIBERALIZATION PROGRAMME

Article 2

The products covered by the tariff reduction programme provided for in article 3 of this Agreement shall, with effect from 1 January 1992, benefit from the total elimination of non-tariff barriers, with the exception of those referred to in article 50 of the Montevideo Treaty of 1980.

The signatory countries also undertake not to introduce new restrictions on imports originating from the other Party.

Article 3

The signatory countries agree to remove the levies imposed on their trade with each other in accordance with the following tariff reduction programme:

(*a*) Establish, with effect from 1 January 1992, a maximum common levy of 10 per cent of the value of products imported from their respective countries;

(*b*) Gradually reduce the maximum common levy provided for in article 3 (*a*) above in accordance with the following timetable:

Date	*Maximum common tariff*
01-01-1992	10.0%
01-01-1993	7.5%
01-01-1994	5.0%
01-01-1995	2.5%
01-01-1996	0.0%

(*c*) The products listed in annex 1 shall be subject to a special tariff reduction rate, which shall begin on 1 January 1992 and end on 1 January 1998, in accordance with the following timetable:

Date	*Maximum common tariff*
01-01-1992	10.0%
01-01-1993	10.0%
01-01-1994	8.0%
01-01-1995	6.0%
01-01-1996	4.0%
01-01-1997	2.0%
01-01-1998	0.0%

Article 4

The maximum common levy provided for in article 3 shall not apply to products which are subject to the provisions contained in chapter V (Safeguard clauses) of this Agreement.

Article 5

The products listed in annex 2 of this Agreement shall continue to enjoy the tariff preferences established in the Partial Scope and Regional Agreements entered into by Chile and Mexico within the framework of LAIA, until such time as, in implementation of the tariff reduction programme set out in article 3 of this Agreement, such preferences are eliminated.

Article 6

The tariff reduction programme set out in article 3 of this Agreement shall not apply to the products listed in annexes 3 and 4.

The products in the automotive sector which are listed in annex 4 shall be subject to the conditions laid down in chapter IV of this Agreement.

Article 7

The signatory countries may agree on special programmes for incorporating the products listed in annex 3 into the liberalization programme provided for in this Agreement. They may also at any time speed up the tariff reduction programme for any products or groups of products in respect of which there is common agreement.

Moreover, a signatory country wishing to do so may at any time transfer a product included in its own list in annex 1 to the tariff reduction programme set out in article 3 (*b*); or may transfer a product included in its own list in annex 3 to its own list in annex 1 or to the tariff reduction programme set out in article 3 (*b*).

Article 8

For the purposes of this Agreement, the term "levies" means customs duties or any other equivalent charges of a fiscal, monetary, foreign-exchange or other nature which are imposed on imports. This definition does not include similar duties and charges where such duties and charges are equivalent to the cost of the services effectively rendered.

The term "restrictions" means any administrative, financial, foreign-exchange or other measure by which a signatory country unilaterally impedes or hampers its imports.

Article 9

Government marketing and import monopolies and State-regulated supply systems, together with other specific measures, shall be considered as restrictions on imports only when they affect imports originating from the other Contracting Party.

CHAPTER III. RULES OF ORIGIN

Article 10

The signatory countries shall apply the LAIA rules of origin adopted by the Committee of Representatives of that Association, in its resolution 78, to imports falling under the terms of the liberalization programme provided for in this Agreement, without prejudice to the specific requirements established by the Administrative Commission referred to in article 34 of this Agreement.

Goods transported in transit through a third country from a signatory country to the territory of the other signatory country, with or without transshipment or temporary storage, under the supervision of the competent customs authority of the countries in question, shall be considered as direct shipments, provided that:

(*a*) They are not intended for trade, use or service in the country of transit; and

(*b*) They are not subjected during their transportation and storage to any operation other than the loading and unloading or manoeuvring (handling) operations necessary for maintaining them in good condition or for preserving them.

In addition to the documentation required under article 7 of resolution 78, the certificates of origin granting tariff reductions pursuant to this Agreement must be accompanied by a sworn declaration by the final producer or exporter of the goods that he has fully complied with the rules of origin laid down in this Agreement.

CHAPTER IV. AUTOMOTIVE SECTOR

Article 11

With effect from 1 January 1996, importation of the products listed in annex 4 which originate from the signatory countries shall be free of levies and non-tariff barriers. These products in the territory of the importing country shall be marketed without any restriction other than those provided for in this chapter and the domestic taxes and safety and environmental regulations applicable in each country.

Article 12

The products listed in annex 4 shall be deemed to have originated in the signatory countries when the CIF value at the port of destination or at the maritime port of the materials used to assemble them or set them up originating in countries which are not signatories to this Agreement does not exceed 68 (sixty-eight) per cent of the FOB export value of the product.

Article 13

The motor vehicles listed in annex 4 and classified under tariff heading 87.03 which do not comply with the rules of origin provided for in the previous article may also be imported and sold under the conditions set out in article 11, provided that:

(*a*) The percentage to which article 12 refers does not exceed 84 (eighty-four) per cent;

(*b*) The annual number of units classified under the above-mentioned heading and exported from Mexico to Chile does not exceed 50 per cent of the units exported from Mexico to Chile during the preceding calendar year;

(*c*) The annual number of units classified under the above-mentioned heading and exported from Chile to Mexico does not exceed 5,000.

The starting date for the trade liberalization provided for in article 11 of this Agreement may be brought forward or deferred depending on whether the rate of elimination of the tax on engine capacity provided for in articles 18 and 19 of Act No. 18483 of Chile is increased or reduced.

Article 14

The Administrative Commission provided for in article 34 of this Agreement may, at the request of either of the signatory countries, review the quotas specified in article 13 and may retain or modify them.