

Thirteenth Meeting  
October 18, 2004  
Montevideo, Uruguay

ALADI/CM/Resolution 59 (XIII)  
October 18, 2004

## RESOLUTION 59 (XIII)

### BASIS OF A PROGRAMME FOR THE PROGRESSIVE CONSTITUTION OF A FREE-TRADE AREA WITHIN THE ALADI WITH THE PROSPECT OF ACHIEVING THE AIM OF THE 1980 MONTEVIDEO TREATY

The COUNCIL of MINISTERS,

IN VIEW OF The 1980 Montevideo Treaty.

WHEREAS in compliance with Article 1 of Resolution 55 (XII) the Committee of Representatives submitted a document with the “Basis of a programme for the progressive constitution of a free-trade area within the ALADI, with the prospect of achieving the aim of the 1980 Montevideo Treaty”,

#### RESOLVES:

FIRST.- To approve the “Basis of a programme for the progressive constitution of a free-trade area within the ALADI”, hereto annexed, which are part of this Resolution.

SECOND.- To entrust the Committee of Representatives with the task of adopting measures in order to implement a programme for the progressive constitution of a free-trade area within the ALADI, based on this Resolution.

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BASIS OF A PROGRAMME FOR THE PROGRESSIVE CONSTITUTION OF A FREE-  
TRADE AREA WITHIN THE ALADI WITH THE PROSPECT OF ACHIEVING THE AIM  
OF THE 1980 MONTEVIDEO TREATY

**I. BACKGROUND**

1. Article 1 of Resolution 55 (XII) of the Council of Ministers entrusts the Committee of Representatives “with the task of adopting the necessary measures to facilitate and promote trade negotiations among the member countries, and presenting a report to the next Council of Ministers, including, among others, the basis of a programme for the progressive constitution of a free-trade area within the ALADI, with the prospect of achieving the aim of the 1980 Montevideo Treaty”, which is the constitution of a Latin American common market.
2. This mandate originated from the “Study of the Evolution of the Integration Process within the ALADI, in its bilateral, subregional and regional dimensions and proposals for strengthening the functions of the Association within the next decade”, presented, in December 2001, by the Committee of Representatives, in compliance with Resolution 54 (XI) of the Council of Ministers.
3. Said study was the result of a broad and deep analysis process done by the Committee in collaboration with personages and experts of the region. Apart from highlighting the progresses of the integration process within the framework of the 1980 Montevideo Treaty, emphasizing its validity and commitment to achieve its aims, the report states, as the more important conclusions for these purposes, that “in order to progress towards the achievement of the Treaty’s aim, the Association should concentrate and focus its efforts on supporting the member countries’ actions that favour the deepening and convergence of the signed agreements”. Likewise, it highlights “the importance of improving the regional legal framework” and the fact that “member countries have included, in their agreements, aspects that extend beyond commercial scope, searching a broadened approach beyond the regional integration process” and states in this regard that “the Association must consider the subjects that are part of the priorities established by the countries”
4. Besides the extra-regional multilateral negotiations, member countries continue to use the bilateral or multilateral channel to progress in their trade relations, in compliance with the outline adopted by the ALADI within the framework of the 1980 Montevideo Treaty. In the years 2002, 2003 and throughout 2004, the trade integration process achieved important qualitative and quantitative progress. During this period the following instruments were signed:
  - Free Trade Agreement (FTA) between the MERCOSUR and Peru;
  - FTA of Colombia, Ecuador and Venezuela with the MERCOSUR;

- FTA between Mexico and Uruguay.
  - Economic Complementation Agreement (ACE) between Mexico and the MERCOSUR with a view to signing a FTA;
  - Economic Complementation Agreement between Brazil and Mexico by virtue of which reciprocal preferences are granted;
  - Economic Complementation Agreement between Mexico and MERCOSUR relating to free trade of the automotive sector;
  - Economic Complementation Agreement between Argentina and Uruguay on products of the automotive sector;
5. 94 Additional Protocols to the various agreements in force were also signed in this period, among them:
- Protocol increasing the liberalization of products in agribusiness and chemical and automotive industry within the framework of the ACE 35 of Argentina and Brazil with Chile;
  - Protocol expanding and deepening preferences between Cuba and Brazil within the framework of the ACE 43;
  - Protocol expanding and deepening preferences between Cuba and Argentina within the framework of the ACE 45;
  - Protocol relating to new preferences for Bolivia in ACE 36 by Argentina, Brazil, Paraguay and Uruguay.
6. As a result of the process, by the year 2007, 87,1% of intra-regional trade shall be completely liberalized. It is worth noting that 49 of the possible 66 bilateral relations have a Free-Trade Agreement.
7. The signing of agreements by member countries so far has allowed significant progress for the constitution of the regional integration process. The action plan must be established with a view to developing and consolidating the Free-Trade Area (FTA), identifying the components to be incorporated and the issues that require priority attention.

## **II. THE WAY FOR DEVELOPMENT AND CONSOLIDATION OF THE FREE-TRADE AREA (FTA).**

8. In order to progress towards the development and consolidation of the Free-Trade-Area, the current negotiating strategy must go on, deepening the Free Trade Agreements signed and promoting the negotiations in progress or those to be held in the future with a view to signing the Free Trade Agreement between the countries that still have agreements on fixed preferences. Likewise, it is necessary to favour the harmonization and incorporation, at the most convenient level, of the rules and disciplines necessary for free trade and those matters that complement and foster the Free-Trade Area (FTA).

9. This strategy is made even more viable and dynamic due to the recent signing of agreements between the countries of the Andean Community of Nations and the MERCOSUR, in addition to the pre-existing Free-Trade Agreements and considering that only a small number of countries have yet to sign Free-Trade Agreements, and that all the member countries have signed agreements among themselves that grant access to their respective markets in preferential conditions.
10. As to the agreements that do not have specific norms or that remit to the national legislation, we must bear in mind that the twelve countries of ALADI are members of the WTO and, therefore, they must apply, in their foreign trade, the norms established within that organization. That means that there is a minimal basis of harmonization in all the disciplines regulated by the WTO.

### **III. COMPONENTS OF THE FREE-TRADE AREA (FTA) WITHIN THE ALADI**

11. The progressive development of the Free-Trade Area (FTA) within the ALADI shall abide by the liberalization schedule, the legal frameworks stipulated in the various agreements and principles of pluralism, convergence, flexibility, and preferential treatments, as well as the compatibility with the agreements in force, the implementation through the 1980 Montevideo Treaty mechanisms and the coexistence of extra-regional negotiations of member countries.
12. The components to be considered for the development of the Free-Trade Area (FTA) are: market access, common rules and disciplines, support to the Relatively Less Economically Developed Countries and additional matters.

#### **Market access**

13. Broad and universal market access, in periods, types and mechanisms agreed, from a convergent perspective, by member countries either bilaterally, multilaterally or regionally. For the present purposes, a possible way consists of turning the current agreements on fixed preferences into free trade agreements, either through the negotiation between the parties involved or through the negotiated accession to an agreement in force.

#### **Rules and disciplines**

14. To have common rules and disciplines, at the more convenient level, in those aspects that facilitate and promote trade. For this purpose, it is necessary to initiate a gradual process of harmonization and/or mutual recognition, establishing the specific terms for each case. In this process, the aims and peculiarities of each free trade agreement and of other intra-regional and extra-regional agreements shall be taken into account, as well as the national legislations of each country.
15. Paragraph 8 refers to the following rules and disciplines: rules of origin, safeguard measures, non-tariff restrictions, dispute settlement, sanitary and phytosanitary measures, rules, technical regulations and evaluation of

conformity, trade protection (antidumping and countervailing), customs valuation, special customs procedures (temporary importation for inward processing, drawback and free zones) and competition policies. Likewise, the following are required: trade in services, copyright, traditional knowledge protection, double taxation and public procurement.

### **Support to the Relatively Less Economically Developed Countries**

16. Considering the current regional asymmetries, it is necessary to strengthen the Support System to the Relatively Less Economically Developed Countries, emphasizing its systemic character, with the aim of increasing the participation of said countries in the intra-regional trade flows and facilitating their access to the market of member countries. The cooperation included in the Support System must be deepened in order to achieve a harmonic and balanced development, as well as an increase of productivity and competitiveness in the economies of said countries.

### **Additional matters**

17. Consistently with the provisions of the Treaty, the Study carried out by the Committee (ALADI/CR Estudio, 18.12.01) and the Resolutions of the Council of Ministers 54 (XI) and 55 (XII), it is necessary to develop cooperation and coordination as regards matters that complement and foster the Free-Trade-Area, such as: physical integration, digital integration, trade financing, productive promotion and relations with the business, labour and academic sectors. Cooperation and coordination must be fostered in the same way in order to develop concrete actions in the social, cultural, scientific and technological fields.

### **Physical integration**

18. To foster information exchange, coordination and common actions as regards matters of regional physical integration -transport, energy and telecommunications- including the infrastructure, logistics, and customs facilitation areas, in direct cooperation with the initiatives and the organizations specialized in these areas.

### **Digital integration**

19. To support information, coordination and cooperation exchange with regard to technical and regulatory aspects of Information Technology and Communication, as well as its promotion, in order to facilitate digital trade.

### **Trade financing**

20. To promote the concertation of countries and regional financial institutions in order to establish viable and adequate mechanisms for the financing of regional trade, through its coordination and specific agreements.
21. With a view to complementing the Agreement on Reciprocal Payments and Credits in order to adapt and meet the new requirements of intra-regional trade, the basis of a Regional Trade Guarantees System must be developed.

### **Productive promotion and development of international trade**

22. To promote productive promotion policies among member countries which may expand the opportunities for economic agents, especially Small and Medium Enterprises, strengthening the systemic competitiveness of our economies, offering incentives for production and cooperation forms and business complementation, promotion of intra-regional purchases and extra-regional exports.

Priority must be given to those areas and sectors in which the promotion of joint investments among member countries is possible, which allows to raise the production levels, competitiveness and trade, with the social benefits it entails for our people.

### **Relations with the business, labour and academic sectors**

23. To boost the participation of the business, labour and academic sectors in the integration process.

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