

12-10-1991

Andean Pact Presidents Advance Start Date For Free Trade Agreement

Barbara Khol

Follow this and additional works at: <https://digitalrepository.unm.edu/notisur>

Recommended Citation

Khol, Barbara. "Andean Pact Presidents Advance Start Date For Free Trade Agreement." (1991). <https://digitalrepository.unm.edu/notisur/7868>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Andean Pact Presidents Advance Start Date For Free Trade Agreement

by Barbara Khol

Category/Department: General

Published: Tuesday, December 10, 1991

On Dec. 2 in Caracas, Miguel Rodriguez, president of the Venezuelan government's Foreign Trade Institute (ICE), told reporters that a common external tariff applied on imports from outside the Andean Pact will go into effect Jan. 1, 1992. He said the Andean Group External Customs Union, to be applied progressively over a four-year period, is the first of its kind in Latin America. Andean Pact member-nations are Bolivia, Colombia, Ecuador, Peru and Venezuela. Dec. 3: In Cartagena (Colombia), the five presidents of Andean Pact nations convened to discuss the common external tariff. Ecuador and Peru disagreed on the intra-Pact tariff dismantlement calendar. According to Quito, acceleration of tariff elimination was "impossible." Peruvian officials called for removal of all customs duties by Jan. 1. Dec. 4: Colombian Foreign Trade Minister Juan Manuel Santos said he and his counterparts discussed the external tariff problem until dawn. Lima supported a common single tariff applied to all imports from non-Pact nations, while the other four governments prefer a differential rate system. Late Wednesday evening, the five presidents reached agreement on a common external tariff rate system, and advanced the calendar for implementation of a free trade zone. Highlights of the summit accords are summarized below. * On Jan. 1, the five Pact members will implement a differential tariff rate system applied to non-Pact imports. The rates are 5, 10, 15 and 20%. The 20% rate is to be eliminated in 1994. * Intra-Pact trade: Export incentives and lists of exceptions implemented by the five respective governments are to be dismantled by 1993, although Ecuador has until 1994. The exceptions lists implemented by Venezuela, Colombia and Peru number about 50 products each. In the Bolivian case, the number is approximately 100. By Jan. 1, 1992, Quito is to eliminate 30 products from its list of 100. Another 30 are to be removed by Jan. 1, 1993, and the remaining 40, by June 30, 1994. Next, Colombia, Ecuador, Peru and Venezuela are advised to avoid levying tariffs on all Bolivian imports beginning Jan. 1, 1992. * Colombia, Ecuador and Venezuela will adopt a mutual maximum tariff of 40% on automotive imports from non-Pact nations. The tariff is to decline to 25% in 1995. A 5% tariff may be applied to automotive products not manufactured in the Andean region. * Pact members are to define a common list of items not produced or in inadequate quantity in the Andean region. These products are to be duty-free. * The Andean Customs Union (UAA) is to be fully operational by no later than Dec. 31, 1992. * Pact member-nation governments are permitted to enter into bilateral trade agreements with non-Pact Latin American and Caribbean nations. However, such option is to be endorsed only subsequent to negotiations aimed at establishing trade agreements with the Andean Pact as a whole. The five presidents issued an invitation to the Mexican government to commence negotiations with the Pact members. Andean Pact member-nations' combined population numbers an estimated 100 million. Annual import capacity is projected at US\$20 billion. Aggregate GDP is US\$150 billion. (Basic data from Inter Press Service, 12/02/91; Spanish news service, 12/03/91; Agence France-Presse, 12/03/91, 12/03/91, 12/05/91)

-- End --