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Andean Pact Member-nations Reach Agreement On Common External Tariff System

by Barbara Khol

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In early December, Andean Pact member-nation heads of state agreed to a four-tiered external tariff system (5, 10, 15 and 20%) applied to about 6,000 products. The system was to be implemented Jan. 1 by Bolivia, Colombia and Venezuela. Ecuador and Peru were given until July 1 to join the customs union. Disagreements among the five nations' trade ministries, however, led to postponement of the timetable established by the presidents. Venezuela and Colombia decided to proceed on their own. [See article this issue of Chronicle (02/06/92).] On Feb. 4-5 in Quito (Ecuador), the Cartagena Accord Council convened to work out a consensus on the external tariff system. According to local media reports, the Bolivian government's position on the issues at stake was "flexible." Peruvian officials wanted to simplify matters by setting up a single 15% tariff. In Quito, officials complained that automotives, metal-mechanical and petrochemical products defined as intermediate goods by Colombia and Venezuela are raw materials for Ecuadoran industry. Consequently, such "intermediate inputs" must be categorized as raw materials for Ecuador, and subject to a 5% tariff. On Feb. 5, the Council issued a communique stating that the five governments had reached consensus on a five-tiered tariff system (zero to 20%) applied to 6,200 products. Negotiations on classifying about 200 products continue. No tariffs are to be applied on products not available in Andean Pact countries. The 5% rate will apply to raw materials, and to goods produced in the region but not in adequate quantity to satisfy demand. Bolivia and Ecuador are to implement different tariff rates. Quito will have two years before full incorporation into the customs union. [Basic data from Agence France- Presse, 02/04/92, 02/05/92; La Republica (Colombia), 02/05/92]

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