

Complementarity Agreement in the Automotive Sector

The Governments of Colombia, Ecuador and Venezuela,

HAVING SEEN: Articles 62 and 63 of the Cartagena Agreement, Commission Decisions 298, 370 and 444, Resolutions 355 of the Board and 163 of the General Secretariat, and articles 1 and 43 of the Treaty Creating the Court of Justice of the Cartagena Agreement as amended by the Cochabamba Protocol;

WHEREAS:

The advances being made by Andean integration call for instruments to be devised for promoting actions to link up industrial production and specialization processes more closely, in order to contribute to the economic and social objectives set out in the Cartagena Agreement;

It has therefore become necessary to reinforce and boost the development of the subregion's automotive industry, take advantage of the enlarged subregional market, promote automotive exports, meet the needs of regional integration agreements, and make use of the opportunities those agreements offer;

The Participating Countries in the Agreement have decided to launch a comprehensive strategy designed to give shape to an automotive industry that is responsive to international demands;

APPROVE:

Article 1.- The signing of the following Industrial Complementarity Agreement in the Automotive Sector which is geared toward the adoption of a Community policy for building stronger links among subregional producers, making the most of the enlarged markets in the region, and contributing to the creation of equitable conditions for competition in the subregional market and to the growth of competitiveness and efficiency.

Article 2.- The benefits offered by this Agreement to the automotive industries are aimed at:

- a. Bringing about a transfer of technology that will guarantee an increase in their productivity and competitiveness.
- b. Generating further investments in production.
- c. Advancing development programs for the subregion's suppliers, and
- d. Offering Andean consumers higher quality products at better prices.

Compliance with these objectives will be evaluated annually and the results will be used by the Governments to decide upon any necessary adjustments and corrections, including the suspension of the benefits provided for herein, if necessary.

Article 3.- Annex 1 sets out the types of vehicles covered by this Agreement.

Article 4.- The following categories are adopted for the vehicles stipulated in Annex 1:
Category 1: Passenger vehicles for transporting up to 16 persons, including the driver, and cargo vehicles with a maximum loaded weight of not over 4,537 tons (or 10,000 U.S. pounds), together with their cabined chassis.

Category 2a: Passenger vehicles for transporting more than 16 persons, including the driver.

Category 2b: All other vehicles not included in categories 1 and 2a.

Article 5.- The Participating Countries shall establish a Common External Tariff of 35% for Category 1 vehicles and for Categories 2a and 2b vehicles, a Common External Tariff of 15% in the cases of Colombia and Venezuela, and 10% in that of Ecuador.

Article 6.- In order to guarantee minimum safety, environmental conservation, consumer defense, and industrial property conditions, the Participating Countries shall authorize the importation of new vehicles of the current or following model and year only. Furthermore, only new components, parts, and pieces that have not been rebuilt or overhauled shall be authorized for import.

Article 7.- For purposes of this Industrial Complementarity Agreement, the Participating Countries shall apply a duty-free customs regime to automotive manufacturers that request it after fulfilling the corresponding provisions. Under this regime, automotive goods are produced and/or assembled in a customs zone and then enter the subregion's customs territory by paying the pertinent customs tariff.

The competent official agency of each Participating Country shall register with the Andean Community General Secretariat those companies availing themselves of the regime established by this article.

Article 8.- An Automotive Committee made up of the Participant Countries in this Agreement is hereby created with the same composition as the Subregional Automotive Committee set up through Commission Decision 298. According to its regulations, set out in Annex 2, the main functions of this Committee are to contribute to the development of the automotive and related industries and to recommend to the governments or to Community bodies the actions it deems advisable for the fulfillment of this Agreement and of the objectives of this integration effort and the development of the enlarged joint production offering.

The Andean Community General Secretariat shall act as the Automotive Committee's technical secretariat.

The Committee shall have the following additional terms of reference:

- a. To assess the impact of this Agreement on the development of the sector.
- b. To carry out activities designed to promote trade within the subregion.
- c. To evaluate the application of the Common External Tariff to goods that are related to the automotive sector in order to propose its modification if circumstances so counsel.
- d. To evaluate the application of the Specific Requirements of Origin demanded of automotive products and to recommend their change if needed
- e. To promote the application of mechanisms for promoting the subregion's automotive exports.
- f. To create subcommittees to study specialized aspects having to do with the sector.
- g. To formulate specific recommendations and proposals for automotive policy harmonization among the Participating Countries with regard to the environment, technical and technological improvement, quality standardization and certification, and industrial modernization, among other things.
- h. To evaluate the performance of automotive imports from third countries and to request the Participating Countries to take remedial measures.
- i. To recommend the establishment of an automotive export policy.
- j. To propose the amendments it deems necessary to the NANDINA.
- k. To recommend a common negotiation policy with third parties.
- l. To monitor compliance with the commitments emanating from this Agreement by including on its agenda cases of noncompliance determined by the General

Secretariat, in order to make recommendations to national authorities or community bodies for resolving the problem and for interpreting the stipulations of the Agreement, if necessary.

m. All others assigned to it by the competent bodies.

The Committee shall also promote the establishment of agreements on co-production, subcontracting, joint foreign trade operations, labor training, and joint developments, as well as other types of agreements conducive to closer dovetailing of the production processes.

Article 9.- Any Andean Community Member Country that is not a participant in the Agreement may request its incorporation. To that end, the Participating Countries shall approve the conditions for that incorporation, which shall be reported to the Commission. These conditions for incorporation shall be published by General Secretariat Resolution in the Cartagena Agreement's Official Gazette.

Article 10.- This Agreement shall be reported to the Commission and shall have a duration of ten years, which may be renewed for like periods. Any party to the Agreement may withdraw from it by informing the other Participating Countries of its intention through the offices of the General Secretariat no less than one year before the effective date of its withdrawal.

Article 11.- Any such agreement as the Participating Countries may sign for the application and implementation of this Agreement shall be published by Resolution of the Andean Community General Secretariat.

Article 12.- This Agreement shall be published in the Official Gazette of the Cartagena Agreement pursuant to article 43 of the Treaty Creating the Court of Justice of the Cartagena Agreement as amended by the Cochabamba Protocol, and shall enter into effect on January 1, 2000.

Temporary Provision.- The Government of Venezuela shall study the mechanisms for implementing the Agreement in the customs and tariff areas, in order to ensure that is consonant with the country's legal provisions and shall pay special attention to exploring the adoption of a suspensive or special customs regime. It accordingly reserves the right to propose to the other countries signing the Agreement, instrumental adjustments to the Agreement that would guarantee that consonance.

FOR THE GOVERNMENT OF COLOMBIA

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Annex 1

Nandina	Description	Category
87021010	Passenger vehicles for transporting a maximum of 16 persons, including the driver, with piston engine and compression ignition (diesel or semi-diesel)	1
87029091	Other passenger vehicles for transporting a maximum of 16 persons, including the driver, without a piston engine, but with compression ignition (diesel or semi-diesel)	1
87032100	Other passenger vehicles with a piston or alternative piston engine and spark ignition and a cylinder capacity of 1,000 cm ³ or less	1
87032200	Other passenger vehicles with a piston or alternative piston engine, spark ignition, and a cylinder capacity of over 1,000 cm ³ but under or equal to 1,500 cm ³	1
87032300	Other passenger vehicles with a piston or alternative piston engine, spark ignition, and a cylinder capacity of over 1,500 cm ³ but under or equal to 3,000 cm ³	1
87032400	Other passenger vehicles with a piston or alternative piston engine, spark ignition, and a cylinder capacity of over 3,000 cm ³	1
87033100	Other vehicles with a piston engine, compression ignition (diesel or semi-diesel), and a cylinder capacity of 1,500 cm ³ or less	1
87033200	Other vehicles with a piston engine, compression ignition (diesel or semi-diesel), and a cylinder capacity of over 1,500 cm ³ but under or equal to 2,500 cm ³	1
87033300	Other vehicles with a piston engine, compression ignition (diesel or semi-diesel), and a cylinder capacity of over 2,500 cm ³	1
87039000	Other vehicles, except those with a piston or alternative piston engine, but with spark ignition and with a piston or alternative piston engine and compression ignition (diesel or semi-diesel)	1 and 2b
87042100	Other cargo vehicles with a piston engine and compression ignition (diesel or semi-diesel), and a maximum fully loaded weight of 5 tons or less	1 and 2b
87043100	Other cargo vehicles with a piston engine and spark compression, and a maximum fully loaded weight of 5 tons or less	1 and 2b
87060010	Chassis of the vehicles under item 87.03	1
87021090	Other passenger vehicles for transporting over 16 persons, including the driver, with piston engine and compression ignition (diesel or semi-diesel)	2 ^a
87029010	Trolley buses, except for those with piston engines, but with	2 ^a

	a compression ignition (diesel or semi-diesel)	
87029099	Other passenger vehicles for transporting more than 16 persons, including the driver, except for trolley buses and those with a piston engine, but with compression ignition (diesel or semi-diesel)	2 ^a
87012000	Highway semitrailer tractors	2b
87042200	Other cargo vehicles with piston engine and compression ignition (diesel or semi-diesel) and with a maximum total loaded weight of over 5 tons but less than or equal to 20 tons	2b
87042300	Other cargo vehicles with a piston engine and compression ignition (diesel or semi-diesel), and with a maximum total loaded weight of over 20 tons	2b
87043200	Other cargo vehicles with a piston engine and spark ignition and with a maximum total loaded weight of over 5 tons	2b
87049000	Other cargo vehicles, except those with a piston engine, but with compression ignition (diesel or semi-diesel) or spark ignition	2b
87051000	Crane truck	2b
87052000	Motor trucks for drilling or boring, except for those designed for use outside the road system	2b
87053000	Fire trucks	2b
87054000	Concrete mixer trucks, except for those designed for use outside the road system	2b
87059010	Only sprinkler and similar trucks for cleaning public thoroughfares	2b
87059090	Other automotive vehicles for special uses	2b
8706090	Chassis of automotive vehicles under items 8701, 8702, 8704 and 8705	1 and 2

Annex 2

Regulations for the operation of the automotive committee

Article 1.- The Automotive Committee shall have the status of advisor to the subregional integration bodies and Participating Country agencies, on matters related to the progress of the industrial integration of the automotive sector.

Article 2.- Each Participating Country shall appoint its representatives on the Committee.

Article 3.- The Committee chair shall be rotated annually among the Participating Countries and shall be assumed by the officially appointed government representative.

Article 4.- The Committee shall meet regularly twice a year and specially when convened by the Secretary General or by the Committee Chairperson at the request of at least one Participating Country.

Article 5.- Committee sessions shall held in each of the Participating Countries, by rotation and in alphabetical order, or at the headquarters of the General Secretariat. In special cases, the corresponding order or site may be changed.

Article 6.- The Committee may be set up and meet formally with the presence of representatives of at least three Participating Countries.

Article 7.- When the Committee deems it advisable, it may recommend to the General Secretariat that it request the collaboration of specialized agencies or institutions to study problems of common interest to the Participating Countries on matters relating to the sector.

Article 8.- The General Secretariat shall record the results of the Committee's deliberations and shall send its report to the Participating Countries. If the representatives fail to reach unanimous agreements on the matters addressed, the report shall contain, at the request of the Country representatives, the opinions expressed during the discussions.