

## **Agreement on Accelerating and Strengthening The Free Trade Agreement between Peru and Ecuador**

The Government of the Republic of Peru and the Government of the Republic of Ecuador:

Aware that the liberalization of bilateral trade will strengthen relations between Peru and Ecuador, in this new stage of uniting the two countries;

Convinced that free trade will mean the opening of new opportunities for economic agents, which will boost economic growth in both countries;

Certain that linking trade and investment entrepreneurs will increase the degree of reciprocal trust and cooperation between the two countries;

Considering that in Decision 414 of the Andean Community, the Liberation of Peru and the Member Countries Program was agreed, to establish a Free Trade Zone by the year 2005;

Taking into account what is established in article 121 of the Cartagena Agreement.

Agree to accelerate and strengthen the tariff reduction process, as set forth in the present Agreement;

### **First**

The acceleration and strengthening of the tariff reduction process, aimed at increasing the trade flow between the Parties will be conducted in the following manner:

1. The products contained in Annex II of Decision 414 of the Andean Community, will be exempt from charges from the day after this Agreement comes into force.

2. The products contained in Annex III of Decision 414 of the Andean Community will be exempt from charges starting from December 31st, 1999, according to the following schedule:

From the day after this Agreement comes into force: 30%

From 31/12/1998: 50%

From 31/12/1999: 100%

3. The products listed in Annex VIII of Decision 414 of the Andean Community will be exempt from charges starting from December 31st, 2000, according to the following schedule:

From the day after this Agreement comes into force: 30%

From 31/12/1998: 50%

From 31/12/1999: 75%

From 31/12/2000: 100%

4. The products listed in Annexes IV to VII of Decision 414 of the Andean Community, will be exempt from import charges starting from December 31st, 2001. Until this date, the margins established in Decision 414 of the Andean Community will be applied.

5. Through the immediate exemption from charges of certain products agreed upon by both Parties, within 90 days of this Agreement coming into force.

Additionally, they will maintain full exemption from charges of products that are established in the following :

1. Bilateral Trade Agreement between Ecuador and Peru signed on November 14th, 1992, and the extension to the Bilateral Agreement signed on December 13th, 1995.

2. The contents of Annex I of Decision 414 of the Andean Community.

3. The products included in Decision 356 of the Cartagena Agreement Commission.

**Second**

Exceptions to points 2, 3 and 4 of the first clause can be made, up to a maximum of one hundred and fifty NANDINA (Common Description and Coding Nomenclature for the Goods of the Andean Community Member Countries) sub-items that are considered sensitive to each country and are contained in Annexes III to VIII of Decision 414 of the Andean Community Commission. This compromise will not imply a step backwards in relation to the exemption timetables established in the aforementioned Decision.

**Third**

Of the list of sensitive products referred to in the second clause, no more than a hundred NANDINA sub-items whose exemption timetable, provided for in Decision 414, is scheduled after the 31st of December, 2001, will become exempt according to the timetables provided for in Decision 414 of the Andean Community Commission. The rest will become exempt at the latest on the 31st of December, 2001.

**Fourth**

Rules relating to the origin of goods, commercial competition, safeguards and other, will be those established in the Cartagena Agreement's legal regime.

**Fifth**

When, because of the existence of different levels of charges applied by any of the two countries on the import of raw materials, supplies or intermediate goods used in trade products, distortions that affect trade arise, the affected country will inform the Ministry responsible for the other country's trade negotiations of its intention to implement a correction to the law, and send the information required by Decision 415 of the Andean Community Commission.

The consulted entity will make a ruling within a maximum of 15 calendar days. If they do not agree through this method, the affected country may refer the case to the Administrative Commission of the Agreement, which will decide within a maximum period of 8 calendar days; if there is no decision, the affected country can impose the corresponding corrective right.

**Sixth**

The two countries agree that the standardisation bodies will adopt within a period of 90 days a regulation for the mutual recognition of conformity certificates within the mandatory official technical standards.

**Seventh**

The two countries are committed to streamlining the procedures established in Decision 418 of the Andean Community, for the issuing and registration of health records.

**Eighth**

The two countries undertake to eliminate sanitary and phytosanitary restrictions that constitute unnecessary barriers to reciprocal trade.

**Ninth**

Both countries undertake to negotiate an industrial complementarity agreement in the automobile sector. To do so they will constitute a working group composed of government and private representatives of both countries. This working group will be chaired by the Andean Liaison Bodies of each country and will hold its first meeting this year.

**Tenth**

With the aim of achieving the best execution of this Agreement, identifying specific problems in reciprocal trade, and taking measures to eliminate these, an administrative commission composed of representatives of the Ministry of Industry, Tourism, Integration and International Trade Negotiations of Peru and the Ministry of Foreign Trade, Industrialization and Fisheries of Ecuador will be established.

The present Agreement will come into force simultaneously with the others signed on this same date, that are part of the global and definitive solution referred to in the Implementation of the Brasilia Declaration Timetable, passed by the parties on January 19th, 1998, and under the conditions set out in it.

Signed in the city of Brasilia, the 26th day of the month of October, 1998, in two copies in Spanish,  
both texts being equally valid.

**Fernando de Trazegnies Granda**  
**Minister of Foreign Affairs of the Republic of Peru**

**Jose Ayala Lasso**  
**Minister of Foreign Affairs of the Republic of Ecuador**