UNITED NATIONS

ECONOMIC
AND
SOCIAL COUNCIL

GENERAL

E/CN.12/658
E/CN.12/CCE/262/Rev.1
21 November 1962

ENGLISH
ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA

Tenth session

Mar del Plata, Argentina, May 1963

REPORT OF THE FOURTH SPECIAL SESSION OF THE CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

(Tegucigalpa, Honduras, 15 and 16 November 1962)

TABLE OF CONTENTS

INTRODUCTORY NOTE

This report gives an account of the proceedings of the Fourth Special Session of the Central American Economic Co-operation Committee, held at Tegucigalpa, Honduras, on 15 and 16 November 1962. It was adopted at the closing meeting on 16 November 1962.

/I. BACKGROUND

I. BACKGROUND INFORMATION

Since the Government of Costa Rica acceded to the General Treaty on Central American Economic Integration on 23 July 1962 at the third special session of the Economic Co-operation Committee, the necessary arrangements have gone forward without interruption to ratify its accession and to put into practice the free-trade régime between Costa Rica and each of the other Central American countries.

By virtue of resolution 109 (CCE) of the Economic Co-operation Committee, bilateral negotiations were initiated between some of the countries during the third special session. Subsequently, the first complete bilateral negotiation between Costa Rica and the other member States was conducted at San José, Costa Rica from 7 to 24 September. At the end of September further negotiations took place between Costa Rica and Nicaragua. From 8 to 15 October the First Meeting of Government Officials was held at Mexico City, at which the final seal was put on the bilateral negotiations; the schedules of goods subjedt to exceptional interim régimes were established and agreed upon at the multilateral level, and the first draft project of the relevant Protocol was drawn up. During the Second Meeting of Government Officials, which preceded the fourth special session of the Committee, all the aspects and factors relevant to Costa Rica's full accession to the General Treaty on Central American Economic Integration were reviewed. During this period of negotiations, the Governments of the different countries carried out the necessary technical studies through the Ministries of Economic Affairs, with the aid of other public and private bodies. The secretariat of the Central American Economic Co-operation Committee participated regularly in all these activities and supplied background material upon request.

The foregoing stage culminated in the formulation of the draft Protocol and of the schedules of goods subject to special interim régimes of exemption from free trade which were submitted to the Committee for its consideration at the fourth special session.

/II. FOURTH

II. FOURTH SPECIAL SESSION OF THE CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

A. Membership, attendance and opening meeting

Delegations from the five Central American countries attended the session together with representatives and officials of the Permanent Secretariat of the General Treaty, the Economic Commission for Latin America (ECLA) and the United Nations Technical Assistance Board (TAB). The attendance list is given below:

Guatemala:	Chairman of the delegation	Julio Prado García Salas Minister for Central American Integration
	Members	Guillermo Noriega Morales Mario Efraín Hernández Héctor Ramiro Ruano Alfredo Herbruger
El Salvador:	Chairman of the delegation	Salvador Jáuregui Minister for Economic Affairs
	Members	Victor Manuel Cuéllar Ortiz Ricardo Garza Arriaza Jacobo Gadala María Ricardo Sagrera Jr.
	Observer	Carlos Rodríguez Cienfuegos
Honduras:	Chairman of the delegation	Jorge Bueso Arias Minister for Economic and Financial Affairs
	Members	Julio C. Garrigó Roberto Ramírez Oscar A. Veroy Mario A. Rendón Vicente Díaz Gautama Fonseca Mauricio Castañeda
	Advisers	Ricardo Perdomo Luis Rodríguez C. Edgar Velásquez V. J. Pastor Calderón Zacarías Bendeck Juan Angel Moncada

/Nicaragua:

Nicaragua:	Chairman of the delegation	Juan José Lugo Marenco Minister for Economic Affairs
	Members	Jorge Armijo Gustavo A. Fernández Alvaro Porta Carlos Gabuardi
Costa Rica:	Chairman of the delegation	Rodrigo Soley Special Representative of the Ministry of Economic and Financial Affairs
	Members	Rodolfo Trejos José Sancho Rigoberto Navarro Paulino Gutiérrez Rodolfo León Francisco Terán Rafael Angel Arguedas
	Observers	Marco Tulio Castro Mario Alberto Echeverría Morales
Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA)		Pedro Abelardo Delgado Abraham Bennaton Ramos
Secretariat of the Economic Commission for Latin America (ECLA)		Cristóbal Lara Beautell Carlos M. Castillo Porfirio Morera Batres (BTAO) Alvaro de la Ossa Enrique Diez-Canedo

The session was held on 15 November, and was opened by Mr. Juan José Lugo Marenco, as Chairman of the Committee.

Mr. Jorge Bueso Arias, Minister for Economic and Financial Affairs of Honduras, and Mr. Salvador Jáuregui, Minister for Economic Affairs of El Salvador, were elected Chairman and Rapporteur of the session respectively, by acclamation. In taking the Chair, the Minister for Economic Affairs of Honduras stressed the vital importance of the work to be done and wished the session every success. The Minister for Economic Affairs of Nicaragua, speaking on behalf of the delegations, said it was gratifying that the session of the Committee was being held at Tegucigalpa on the occasion of the completion of arrangements for the full incorporation of Costa Rica into the Central American Common Market.

/B. Agenda

B. Agenda

The Committee decided to remain in permanent session until it had concluded its proceedings. The following provisional agenda, presented by the ECLA secretariat, was adopted without amendment:

1. Opening of the session
2. Election of Chairman and Rapporteur
3. Consideration and adoption of the agenda
4. Consideration of the draft Protocol to the General Treaty on Central American Economic Integration: Schedules of goods subject to special interim régimes of exemption from free trade between Costa Rica and each of the other States signatories of the General Treaty.

   Documents:

   (a) Informes de la Primera y Segunda Reunión de Funcionarios Gubernamentales para Perfeccionar la Adhesión de Costa Rica al Tratado General de Integración Económica Centroamericana (E/CN.12/CCE/SC.1/84/Rev.1 and Annex 2; E/CN.12/CCE/SC.1/87/Rev.1)

   (b) Nota de la Secretaría: Bases para la aplicación de las preferencias arancelarias negociadas entre Costa Rica y cada uno de los demás estados miembros del Tratado General (E/CN.12/CCE/SC.1/86)

   Reference documents:

   (a) Report of the third special session of the Central American Economic Co-operation Committee, including the instrument of accession of Costa Rica to the Central American Common Market and the Protocol to the Central American Agreement on Equalization of Import Duties and Charges (San Jose), (E/CN.12/657; E/CN.12/CCE/258/Rev.1)

   (b) General Treaty on Central American Economic Integration and Protocol to the Central American Agreement on the Equalization of Import Duties and Charges (Managua), (E/CN.12/552; E/CN.12/CCE/224)

   (c) Central American Agreement on Equalization of Import Duties and Charges (E/CN.12/533; E/CN.12/CCE/184)

   (d) Cuadro comparativo de los regímenes transitorios de excepción al libre comercio establecidos en el Tratado General de Integración Económica Centroamericana (CCE/SC.1/RMTG/I/DT.1)
5. Consideration and adoption of the report of the Rapporteur
6. Closing speeches

/C. Account

C. Account of proceedings

The incorporation of Costa Rica into the Central American Common Market was completed on the occasion of the fourth special session of the Economic Co-operation Committee, when the Governments signed the Protocol which, together with the General Treaty, will govern economic relations between Costa Rica and each of the other member States. A fundamental requisite for Central American economic integration was thereby complied with and one of the essential aims pursued by the Governments fully realized.

Ever since the launching of the Economic Integration Programme in 1952, it was clearly apparent that the movement towards multilateral economic co-operation would be incomplete unless each and every one of the Central American countries was included in its territory. There are weighty historical as well as economic reasons for this, and the purpose of the present session of the Committee was to put it into effect.

From December 1960, when the Governments of Guatemala, El Salvador, Honduras and Nicaragua signed the General Treaty, the chief aim of the Integration Programme was to round off the geographical structure of the Central American Common Market through the incorporation of Costa Rica. The General Treaty was therefore left open to any Central American nation that had not been one of the original signatories. Furthermore, in resolution 105 (CCE) adopted on the same occasion, the Committee expressed the decision of the Governments to leave the way unconditionally open in the Treaties of Managua for Costa Rica to accede to them, simply upon its declaring its wish to do so, and urged the Government of Costa Rica to conclude the studies which it was then carrying out on the country's possible entry into the Common Market and to sign the relevant instruments as soon as possible.

The wishes of the Governments in this respect were fulfilled in July 1962 at the third special session of the Committee, when the Government of Costa Rica acceded to the General Treaty on Central American Economic Integration, the Agreement establishing the Central American Bank for Economic Integration, and the Protocol of Managua on Equalization of Import Duties and Charges. All that remained, to establish free trade between Costa Rica and the other Member States, was to draw up, by pairs of countries,

/the schedules

the schedules of goods to be subject to special régimes during the period stipulated by the General Treaty for bringing the Central American Common Market into full operation.

The fourth special session of the Committee marked the culmination of the activities which the Governments had pursued with that end in view since July 1962. Having taken cognizance of the draft Protocol to the General Treaty at the present session, the Governments signed it and, in addition, established complete free trade between each one of them and Costa Rica for the majority of products originating in their respective territories, laid down the conditions that were to govern trade in a limited number of products in the interim, and determined the procedures and dates with respect to the institution of unrestricted free trade in those products.

Costa Rica entered the Common Market when it was already in full operation and the standard external tariff on which the Market was based had already been drawn up. This circumstance, combined with the type of treatment applied under the interim régimes to products currently manufactured in the region, is likely to produce competition among a number of articles on the Central American market, and might therefore greatly expand the volume of trade anticipated in the area during the next few years.

The rate at which trade increased among the Central American countries in the last three years outstripped that recorded in any preceding period. It also represented a record for inter-Latin American trade. The entry of Costa Rica into the Common Market is likely to send the rate up even higher in the near future, thereby strengthening and completing the adaptation of the systems of distribution, which up to a short while ago had been exclusively national, to requirements on a regional scale.

With regard to agriculture, the market has been expanded for Central American agricultural commodities, both raw materials and processed products. The entry of Costa Rica is likewise calculated eventually to change the structure of the regional market, with new prospects opening up for the co-ordination of primary commodity production and improvement in the integration and specialization of agriculture, alone and in conjunction with industrial development.

However, the sector likely to be most affected by the inclusion of

/Costa Rica

Costa Rica in the market is the manufacturing industry. The expansion of the regional market by about 20 per cent and the additional supply capacity that will have to be made available once the Protocol signed at the present session is put into force, will enable the area as a whole to make further progress in import substitution at a time when the balance-of-payments difficulties from which the five countries have been suffering for several years make it more and more imperative to intensify the process.

With respect to the branches of productive activity already established in the various Central American countries, some of them with sufficient or even too much installed capacity for their actual production structure, the new scope of the Common Market establishes other more advantageous conditions that can lead to higher productivity and the specialization of production and thence to the expansion of demand in future and its coverage at present at more favourable costs, prices and qualities.

Moreover, the fact that the whole Central American Market will be on a larger scale becomes important in relation to the establishment and operation of those industrial branches which, because of the volume of investment they need and their economic characteristics, will have to have access to big markets. The implications of the new possibilities are readily apparent, if it is realized that the establishment of industries of this kind is becoming one of the primary conditions for achieving an accelerated development process to pave the way for efficacious import substitution. As far as investment requirements are concerned, the entry of Costa Rica into the Common Market should help Central America to promote and implement increasingly ambitious projects, not only in the manufacturing sector but also in the basic investment sectors on which most of the area's future growth depends.

1. Protocol completing the accession of Costa Rica to the General Treaty on Central American Economic Integration

The Committee studied the draft Protocol drawn up at the Second Meeting of Government Officials, which preceded its fourth special session, and adopted it with some drafting changes.

The prerequisites for the application of the Protocol were examined at length. It was suggested that it should come into force after two ratifications only had been obtained, those of Costa Rica and one other contracting party, or, as specified in the draft, three ratifications, always including that of Costa Rica. The Committe decided to maintain the latter condition because of the multilateral nature of the new instrument, and also because its articles are based entirely on those of the General Treaty which makes the same stipulation. The Committee's decision was also influenced by the fact that the necessary ratifications are obtained from the signatory States with very little delay.

As regards the time-limit for the full operation of the Common Market, the delegation of Costa Rica agreed that it should run from the same date as that effective for the other contracting parties to the General Treaty, i.e. 4 June 1961. It was so decided.

Through its other provisions, the Protocol expands annex A to the General Treaty by adding to it the schedules for Costa Rica. Upon its entry into force, the special régimes established for certain products will be put into effect simultaneously, together with immediate free trade for the remainder.

It was also decided that the entire Protocol was to be applied in conformity with the articles of the General Treaty. The special régimes will be governed by the General note to annex A of the Treaty, and in the case of particular tariff preference situations, by two special notes. It is stipulated in these notes that when trade is subject to the payment of "duties in force" or a percentage of the same, the said duties shall be those in force at the time the goods are imported, and that when imports are subject to a preferential tariff that is higher than the national duties levied, the latter shall prevail.

/The Committee

The Committee pointed out that national customs legislations vary in their definition of the moment at which importation takes place. Hence, in certain circumstances, the same product may have different duties levied on it according to the definition adopted by the importing country. The Committee was anxious for the problem to be solved without delay by means of a standard Central American customs legislation. It therefore requested the ECLA secretariat to hold a meeting of Central American customs officials to study the draft customs code drawn up in 1961 by a group of Central American experts on the basis of the studies and preliminary drafts prepared by the United Nations. It also decided to hold a special session during the first quarter of 1963 in order to examine the revised draft customs code and, if appropriate, submit it to the Governments for signature. With respect to the item under discussion, it was agreed that in the absence of a standard legislation, the moment of importation would be determined by each country in accordance with its own legal system.

After consideration by the Committee, the schedules were improved in two important respects. In the first place, several of the kinds of treatment previously established were expanded in order to promote inter-Central American trade still further. Secondly, the preferential tariffs whose application would lead to an increasingly high yearly total of duty were modified, and a declining or at least constant rate of duty established for the whole of the interim period. Basic quotas were also fixed for products that did not already have them, margins of preference were extended, and the period of transition before application of the free-trade régime was shortened for other products. Various items were abolished from the schedules and the remainder were placed under the free-trade régime.

This last phase of the negotiations was characterized by the fact that the items in which trade has been liberalized are all produced by existing industry, and the respective treatment accorded is therefore capable of substantially increasing trade in them. Cases in point are various items referring to foodstuffs and, in general, to consumer goods and certain capital goods which will be able to be produced in

/sufficient quantities

sufficient quantities in Central America to replace imports from outside the area over the short term.

At the request of the delegation of Costa Rica, it was noted that in the case of item 899-02-00 - matches in bulk and packaged - production in that country is subject to a regulation that specifies the number of matches per box and a consumption tax that is applied irrespective of the number. As regards item 112-04 - distilled alcoholic beverages - the delegation stated that Costa Rica proposes to adopt immediately the corresponding standard duties, which it had agreed to introduce by gradual stages.

The Committee decided to recommend the Governments to sign the Protocol to the General Treaty during the present session, and adopted resolution 117 (CCE) on the incorporation of Costa Rica into the Central American Common Market.

2. Other matters

Once the Committee had concluded its work with respect to the entry of Costa Rica into the Common Market, the Ministers turned their attention to other matters.

The delegation of El Salvador pointed out that domestic prices for cottonseed varied considerably in the different Central American countries. This affected production costs for manufactured goods based on this raw material and therefore the competitive status of such manufactures on the Central American market. What is more, it also had an adverse effect on sales for export. After reviewing the matter, the Committee decided to recommend that cottonseed prices should be equalized as soon as possible, and requested the Permanent Secretariat of the General Treaty to carry out the necessary studies to that end and to submit their preliminary findings to the eighth regular session of the Economic Co-operation Committee. In addition, the need was pointed out for the Ministries of Economic Affairs to exchange information on the price and demand levels prevailing in their countries, also for the purpose of equalizing and stabilizing prices.

In relation to tariff questions, various delegations stressed the urgent need to establish standard duties for items that were still

/awaiting equalization

awaiting equalization. It was agreed to include that point on the agenda for the next session of the Committee, so that additional possibilities of tariff equalization could be considered on the basis of the studies already prepared and brought to the attention of the Trade Sub-Committee on several occasions. The delegation of Costa Rica stated that at the forthcoming session it intended to present proposals to revise and modify several of the standard duties laid down in the agreement on tariff equalization.

Lastly, attention was drawn to the need for forging ahead with the tax studies and measures enjoined by the Economic Co-operation Committee on various occasions. It was decided to recommend to the ECLA secretariat that it proceed with the work it had already begun in that field in keeping with earlier resolutions of the Committee, and to ask for technical assistance from the United Nations to carry out, as one of the projects of the Integration Programme, a systematic study of the tax problems that might arise from the accelerated development of Central America, the full operation of the Common Market and the eventual creation of a Central American customs union.

III. RESOLUTION ADOPTED

INCORPORATION OF COSTA RICA INTO THE CENTRAL AMERICAN COMMON MARKET

177 (CCE) Resolution adopted on 16 November 1962 (E/CN.12/CCE/263)

The Central American Economic Co-operation Committee,

Considering

(a) that the Government of Costa Rica acceded to the General Treaty on Central American Economic Integration on 23 July 1962,

(b) that in conformity with resolution 109 (CCE) of 30 July 1962, the negotiations have been concluded and schedules drawn up of goods that will be subject to special interim régimes of exemption from free trade between Costa Rica and each of the other Contracting States, and

(c) that during the fourth special session of the Committee, the procedures for completing the incorporation of Costa Rica into the Central American Common Market were considered and agreed upon;

Resolves to recommend to the Governments of the Central American countries that in the City of Tegucigalpa, Honduras, on the occasion of the fourth special session of the Central American Economic Co-operation Committee, the representatives of the Contracting States, duly invested with full powers to that end, should sign the Protocol to the General Treaty on Central American Economic Integration, embodying the schedules of goods subject to special interim régimes, of exemption from free trade between Costa Rica and each of the other States signatories of the General Treaty on Central American Economic Integration, in conformity with article IV of the said Treaty.

/PROTOCOL TO

PROTOCOL TO THE GENERAL TREATY ON CENTRAL AMERICAN ECONOMIC INTEGRATION

Schedules of goods subject to special interim régimes of exemption from free trade between Costa Rica and each of the other signatory States

PROTOCOL TO THE GENERAL TREATY ON CENTRAL AMERICAN ECONOMIC INTEGRATION

Schedules of goods subject to special interim régimes of exemption from free trade between Costa Rica and each of the other signatory States

The Governments of the Republics of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica,

Considering that the Government of the Republic of Costa Rica acceded to the General Treaty on Central American Economic Integration on 23 July 1962, by signing the relevant instrument,

Bearing in mind the provisions of article IV of the General Treaty, and in conformity with those of articles II and III of the instrument whereby Costa Rica acceded to the General Treaty on Central American Economic Integration, have reached mutual agreement on the schedules of goods to be subject to special interim régimes of exemption from free trade between Costa Rica and each of the other States signatories of the General Treaty on Central American Economic Integration;

Being convinced that the full participation of Costa Rica in the Common Market which has been established is of paramount importance for extending the said Market to the whole Central American area, and thereby promoting the integration of their economies,

Have decided to draw up the present Protocol, and for that purpose have appointed as their respective plenipotentiaries:

H.E. The President of the Republic of Guatemala: Julio Prado García Salas, Minister for Central American Integration

H.E. The President of the Republic of El Salvador: Salvador Jáuregui, Minister for Economic Affairs, and Víctor Manuel Cuéllar Ortiz, Representative of El Salvador on the Executive Council of the General Treaty on Central American Economic Integration

H.E. The President of the Republic of Honduras: Jorge Bueso Arias, Minister for Economic and Financial Affairs

H.E. The President of the Republic of Nicaragua: Juan José Lugo Marenco, Minister for Economic Affairs

H.E. The President of the Republic of Costa Rica: Rodrigo Soley Carrasco, Special Representative of the Ministry of Economic and Financial Affairs

who, having exchanged their full powers, found to be in good and due form, have agreed as follows:

/Article I

Article I

The signatory States agree to expand annex A to the General Treaty on Central American Economic Integration and to add the schedules of goods subject to special interim régimes of exemption from free trade between Costa Rica and each of the other Contracting Parties.

The schedules of goods referred to in the foregoing paragraph, and the measures and conditions by which trade in those goods is to be governed, are specified in the annex to this Protocol, which forms an integral part of the Protocol and of the General Treaty on Central American Economic Integration.

Article II

The free-trade régime envisaged in the General Treaty on Central American Economic Integration for products, whether natural or manufactured, that originate in the Contracting States, and the measures and conditions for such trade as specified in the annex to the present instrument, shall enter into force on the date on which the present Protocol takes effect, in conformity with the provisions of article V.

Article III

Notwithstanding the provisions of article II, the period of validity of the special régimes for the products included in the annex to this Protocol shall be reckoned from 4 June 1961, the date on which the General Treaty on Central American Economic Integration entered into force.

Article IV

The present Protocol shall be submitted for ratification in each signatory State, according to the relevant constitutional or legal regulations. The instruments of ratification shall be deposited with the General Secretariat of the Organization of Central American States.

/Article V

Article V

The present Protocol shall enter into force eight days after the date on which the third instrument of ratification is deposited, in respect of the first three ratifying States, and on the date on which their particular instrument of ratification is deposited in respect of the others. In all circumstances the present Protocol shall require deposit of the ratification of Costa Rica before it enters into force.

Article VI

The application of this Protocol shall be governed in its entirety by the provisions of the articles of the General Treaty on Central American Economic Integration.

Article VII

The General Secretariat of the Organization of Central American States shall be the depositary of the present Protocol and shall send authenticated copies to the Ministry of Foreign Affairs of each of the Contracting States and to the Permanent Secretariat of the General Treaty on Central American Economic Integration; it shall likewise notify them immediately of the deposit of each of the instruments of ratification. Upon the entry into force of the Protocol, it shall also send an authenticated copy of the same to the United Nations Secretariat for purposes of registration as specified in Article 102 of the Charter of the United Nations.

/In witness

In witness whereof the respective plenipotentiaries have signed the present Protocol in the City of Tegucigalpa, capital of the Republic of Honduras, this sixteenth day of the month of November nineteen hundred and sixty-two.

For the Government of Guatemala:

Julio Prado García Salas
Minister for Central American Integration

For the Government of El Salvador:

Salvador Jáuregui
Minister for Economic Affairs

Víctor Manuel Cuéllar Ortiz
Representative of El Salvador on the Executive Council of the General Treaty on Central American Economic Integration

For the Government of Honduras:

Jorge Bueso Arias
Minister for Economic and Financial Affairs

For the Government of Nicaragua:

Juan José Lugo Marenco
Minister for Economic Affairs

For the Government of Costa Rica:

Rodrigo Soley Carrasco
Special Representative of the Ministry of Economic and Financial Affairs

Note: The schedules of goods subject to special interim régimes of exemption from free trade between Costa Rica and each of the other States signatories of the General Treaty on Central American Economic Integration, in accordance with article IV of the said Treaty is for limited distribution only.

Annex

SCHEDULES OF GOODS SUBJECT TO SPECIAL INTERIM REGIMES OF EXEMPTION FROM FREE TRADE BETWEEN COSTA RICA AND EACH OF THE OTHER STATES SIGNATORIES OF THE GENERAL TREATY ON CENTRAL AMERICAN INTEGRATION, IN ACCORDANCE WITH ARTICLE IV OF THE SAID TREATY

Annex

SCHEDULES OF GOODS SUBJECT TO SPECIAL INTERIM REGIMES OF EXEMPTION FROM FREE TRADE BETWEEN COSTA RICA AND EACH OF THE OTHER STATES SIGNATORIES OF THE GENERAL TREATY ON CENTRAL AMERICAN ECONOMIC INTEGRATION, IN ACCORDANCE WITH ARTICLE IV OF THE SAID TREATY

Notes

The schedules included in this annex shall be applied as indicated in the General Note to annex A of the General Treaty on Central American Economic Integration. The following notes shall be applicable in the cases specified:

1. When it is specifically stated in the present annex that trade shall be subject to payment of the "duties in force" or of a given percentage of the same, the said duties shall be those in force in the importer country on the date on which importation is effected.

2. In the case of the goods listed in the present annex that are accorded preferential tariff treatment, expressed in terms of specific or ad valorem duties or both, imports of the said goods shall be subject to payment of the preferential tariff indicated in the present annex or of the duty in force on the date on which they are imported, whichever is lower.

3. The following schedules, by pairs of countries, numbered from VII to X, supplement annex A to the General Treaty on Central American Economic Integration.

VII. GUATEMALA-COSTA RICA
VIII. EL SALVADOR-COSTA RICA
IX. HONDURAS-COSTA RICA
X. NICARAGUA-COSTA RICA

PRODUCTS SUBJECT TO SPECIAL INTERIM REGIMES *

NAUCA classification	Description	Treatment accorded

* The Protocol to the General Treaty, signed by the five Central American Governments on 16 November 1962, contains an annex giving, by pairs of countries and numbered from VII to X, the schedules of goods remaining subject to special interim régimes of exemption from free trade between Costa Rica and each of the other signatory States. In addition, the trade treatment to be accorded to each product is specified. The said products shall be accorded free-trade treatment among the contracting parties, save as expressly indicated in the schedules, on 3 June 1966 at the very latest, when the time-limit for bringing the Common Market into full operation expires.

The products not listed in the schedules shall be subject to free-trade treatment in conformity with article III of the General Treaty on Central American Economic Integration.

The present document does not include the schedules referred to in the first paragraph, since they are for limited distribution only.