

JAPAN MACHINERY CENTER  
FOR TRADE AND INVESTMENT

## Latin America Trade Report



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### Mexican Ministry of Economy Publishes the First Additional Protocol to ECA No. 55

#### Analysis

On August 20, 2007, the Mexican Ministry of Economy published in the Diario Oficial the first additional Protocol to the Economic Complementation Agreement No. 55 (ECA No. 55) between Mexico and Mercosur (i.e., Argentina, Brazil, Paraguay, and Uruguay).

The First Additional Protocol delayed the phase-out periods established between Mexico and MERCOSUR countries for vehicles of total maximum cargo weight above 8 845 kgs - eight thousand eight hundred forty five kilograms - (trucks, trucks tractors and chassis with engine and cabin of total maximum cargo weight above 8 845 kg - eight thousand eight hundred forty five kilograms-); and buses.

The Decree includes the following:

**ARTICLE ONE** .- Article five, regarding phase-out periods for trade in the automotive sector, of ECA No. 55 is amended as follows:

“**ARTICLE FIVE**.- Parties will agree the phase-out period for automotive products encompass in items a), b), e) and g) of article 4 gradually, after a period of transition as of the date of entry into force of this Agreement and until June 30, 2011. During this transition period, the regulations established in the Bilateral Appendixes will regulate trade between the country members for access to markets, tariff preferences and technical regulations.

For goods under items c) and d) of article 3, the parties will establish the free trade of these goods gradually, after a transition period as of the date of entry into force of this Agreement and until July 1, 2020. Parties will reach an agreement no later than December 31, 2009 regarding the programs, modalities, quotas and terms for free trade for goods under items c) and d) of Article 3 of ECA No. 55. This agreement will be the foundation of the Commercial Liberalization (phase-out) Program for those goods. The Program will enter into effect no later than July 1<sup>st</sup>, 2010 and will foresee a 10-year phase-out period. This period could be shortened by agreement between the parties. For that end the parties will motivate meetings between its private sectors in order to acknowledge their perspective.

Due to the general nature of its contents, this newsletter is not and should not be regarded as legal advice.

For goods under item h) of article 3, the parties will establish the free trade of these goods gradually, after a transition period as of the date of entry into force of this Agreement and until a date agreed by them and until they agreed on the extent of this item. During this transition period, the regulations established in the Bilateral Appendixes will regulate trade between the country members for access to markets, tariff preferences and technical regulations.

The parties established in the Bilateral Appendixes will be able to alter, at any time, by mutual agreement the appendixes regulations, as well as to incorporate automotive products listed in Article 3 of ECA No. 55. by communicating these modifications to the other parties. "

**ARTICLE TWO** .- This Additional Protocol will enter into effect in a period no longer than 30 days from the date in which Mexico and MERCOSUR countries accordingly, notify ALADI'S General Secretariat of the conclusion of the juridical formalities required by each party for its application.

**ARTICLE TWO** .- ALADI'S General Secretariat will be depository of this Protocol and will send the endorsed copies of the document to each of the signing countries.