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14 April 1999

Conclusions from the IV Business Forum

**Sirs,
ECLAT
Washington
Dear Sirs:**

Due to technical problems, we have just received a message from Mr. Rex García advising us that he was unable to open the conclusions. Attached, please, find a new copy of the executive summary of the conclusions from the IV Business Forum on Standards and Technical Barriers and Sanitary and Phytosanitary Measures so that you can submit it to the Tripartite Commission for consideration.

I will greatly appreciate it if you can acknowledge receipt of my message.

Yours sincerely,

Marco Vinicio Ruiz
President

STANDARDS AND TECHNICAL BARRIERS

1. Arrangements shall be made to ensure that during the formal negotiations there will be individual and separate spaces for the discussion of standards and technical barriers and of the sanitary and phytosanitary measures with an appropriate coordination between them.
2. Under WTO principles, the elimination of non-tariff barriers, as represented by procedures, regulations and standards which hinder, restrict or obstruct free trade, shall precede the enforcement of negotiated tariff reductions.
3. We believe that FTAA agreements must not contain any clauses relating to the environment and to social and labor issues, so as to keep them from becoming technical barriers.
4. We recommend that the Governments should consider enforcing the principle of one standard, one test, one conformity statement by the provider or a third party certification as a way to facilitate trade.
5. We reaffirm the principle that regulatory requirements should preferably be of a functional rather than constructive nature.

SANITARY AND PHYTOSANITARY MEASURES

1. We call upon the Governments of the FTAA member countries to adopt and implement the WTO agreement on sanitary and phytosanitary measures and to comply with these principles.
2. We appeal to the Governments, the private sector, universities and non-governmental organizations to cooperate in order to facilitate the implementation of the WTO Agreement on Sanitary and Phytosanitary Measures.

MARKET ACCESS

On this topic, the private sector in the Hemisphere has the following points to make:

1. The labor and environmental issues must be treated on a separate manner independent from the issues relating to trade and at its specific international forums.
2. In order to maintain a balance in the negotiations, we agreed on the view that no stages must be specifically set on the negotiation process, and it must be clarified that this restriction does not include the business facilitation measures.
3. We agreed on the desirability of a priority treatment to be given to the agricultural sector and its productive chain with a view to liberalizing the agricultural trade in the hemisphere and sending a clear signal to the forthcoming WTO negotiations. There was a consensus on the search for the dismantling of domestic subsidies and supports that the agricultural sector has in the countries of the hemisphere.
4. We agreed on the need to identify non-tariff barriers with the purpose of removing them, and we undertook a commitment not to introduce new barriers or replace them with tariffs and to establish a compensatory mechanism vis-à-vis the unilateral implementation of para-tariff obstacles. There was consensus on a barrier elimination timetable to be set prior to the **entry into force** of the tax reduction. We also concurred on the need to agree on a barrier elimination timetable that will allow countries and enterprises to adjust to the new conditions.
5. There was consensus on the need for the tax reduction to include the full range of tariffs, even though different sectors may have different paces in this process in light of their specific characteristics. Apart from linking the negotiation of the rules of origin to tariff concessions, we agreed that the number of these sectors must be reduced and that a maximum time limit should be set for tax reduction to be applied. We agreed that the criteria for tax reduction on inputs and finished products, must be consistent.
6. We reiterate the agreement reached at Bello Horizonte regarding the special treatment that must be granted to least developed or smaller market economies. Consideration should be given to the fact that these economies require a greater time to adjust to the new free trading conditions.

RULES OF ORIGIN

1. On the Rules of Origin, we agreed to discuss the following topics:
 1. Characteristics and criteria of the rules of origin;
 2. Certification of origin.
 - 1.1 There is consensus on the need for principles and criteria to be universal and to be responsive to the need for market integration, thereby ensuring the benefits for the FTAA members.
 - 1.2 We agreed on defining the rule of origin preferably by the tariff classification change to four digits or more and additionally by the regional content and the productive processes when this is not adequate enough. Specific criteria must be applied, where necessary, including the concept of substantial transformation of an adequately defined product.
 - 1.3 We agreed that the system of origin agreed upon at FTAA must be transparent, coherent and easy to apply. It must also be a uniform and single system, which will give certainty to trade.
 - 1.4 We agreed on the need to take into account the existing agreements in the hemisphere and consider harmonizing them.
 - 1.5 We reached consensus on the need for the rules of origin to be responsive to technological changes in the productive processes, its value added and regional accumulation, which shall be defined in the negotiation.
 - 1.6 We agreed that the rules of origin must consider harmonizing the tariff nomenclature.
- II. As far as certification of origin is concerned the issues addressed were as follows:
- 2.1 There was consensus on the use of self-declaration and certification by entities recognized in each country.
 - 2.2 We agreed that the certificate and the declaration must be single and harmonized documents and that its interpretation and the information required must be common to all countries.
 - 2.3 The representatives of the private sector agreed that the methods for compliance verification of the origin of a product must be harmonized and must not be a barrier to trade.

- 2.4 It was indicated that the certificates of origin of a product must be true and to ensure it, consideration must be given to appropriate penalty schedules according to the existing regulations.

CUSTOMS PROCEDURES

1. Harmonization of the tariff nomenclature
 2. Customs procedures
 3. Treatment of the customs valuation
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1. There is consensus on the need to have a harmonized tariff nomenclature. This point should be included as a business facilitation measure, in order to achieve harmonization at a short term.
 2. The participants agreed to make a strong recommendation to the governments to modernize, systematize and automate customs, with a view to streamlining the customs systems, documentation and procedures. It will also include the interconnection of customs services, in order to obtain **precise** information on real **time**.
 3. On the issue of customs valuation, we agreed:
 - a) that valuation must be uniform and based on WTO standards;
 - b) that the methods of valuation of any country which do not conform to WTO standards, be removed.

Tourism Sub-Sector

1. The tourism services must be accessible to the largest number of people in the Hemisphere. All barriers and charges affecting the provision of tourism services must also be removed.
2. Tourism has proven to be a multi-sectoral activity that promotes the social well-being of our peoples. This is why, the Governments must be aware of the importance of this activity when negotiating on it.
3. Since Foreign Tourism is in fact a service-exporting business, it should not be subject to taxes or charges. Consequently, Tariff Barriers such as Dispatch Rates, Visa Fees, Taxes on Air Fares, transportation services, hotel services and others, must be removed.
4. All Non-Tariff Barriers such as visa requirements, immigration and customs processes, warnings to travellers, among others, should be abolished.
5. It is recommended that hotel classification or categorization be conducted by the corporate sector on the basis of self-regulatory processes.
6. It is recommended that the governments require travel insurance companies to guarantee service through a compensation fund.