

## **PARTIAL SCOPE AGREEMENT BETWEEN THE FEDERATIVE REPUBLIC OF BRAZIL AND THE COOPERATIVE REPUBLIC OF GUYANA**

The Governments of the Federative Republic of Brazil and the Cooperative Republic of Guyana, hereinafter referred to as the "Parties",

### **CONSIDERING**

That the Article 25 of the Treaty of Montevideo 1980, of which the Federative Republic of Brazil is a signatory, authorizes the conclusion of Partial Scope Agreements with other countries and economic integration areas of Latin America.

The 1973 Chaguaramas Agreement, of which the Cooperative Republic of Guyana is a signatory.

**RECOGNIZING** the importance of the Memorandum of Understanding between MERCOSUR and the Cooperative Republic of Guyana in the fields of Trade and Investment, signed at Rio de Janeiro, on the 28th of June, 1999;

**HAVING REGARD TO** the rights and obligations of the Parties to the Marrakesh Agreement establishing the World Trade Organization;

**TAKING INTO ACCOUNT** the differences in the levels of economic development of the Parties.

**HEREBY AGREE** as follows:

### **CHAPTER I OBJECTIVE**

**Article 1.** The objective of this Agreement is to foster bilateral trade flows, by the exchange of tariff preferences between the Parties, cooperation on trade matters and increased participation of the private sector.

## CHAPTER II

### TREATMENT OF IMPORTS

**Article 2.** This Agreement is based on the granting of tariff preferences which shall consist of percentage reductions in the charges applied to imports from third countries at the moment of customs clearance of the products negotiated in this Agreement.

**Article 3.** Annexes I and II to this Agreement stipulate the tariff preferences and other conditions for imports of the products listed therein that originate in and are from the respective territories of the Parties.

**Article 4.** Tariff preferences shall take effect at the time of entry into force of this Agreement.

**Article 5.** The Parties undertake to maintain the tariff preferences agreed upon for the imports of the products negotiated in this Agreement, irrespective of the level of the charges applied to imports from third countries.

**Article 6.** The Parties agree not to maintain or adopt new non-tariff measures or restrictions to trade in the products negotiated in this Agreement, with the exception of the measures referred to in Articles XX and XXI of the GATT 1947.

**Article 7.** For the purpose of this Agreement, “charges” shall be interpreted as customs duties and any other charges that have the same effect, whether of a fiscal, monetary, foreign exchange or of any other nature, that are levied on imports. These do not include similar fees and charges that correspond to the approximate cost of services rendered.

**Article 8.** For the purpose of this Agreement, “restrictions” shall be interpreted as non-tariff measures of an administrative, financial, foreign exchange or any other nature, by means of which one of the Parties unilaterally creates obstacles to the imports of the other Party. Measures adopted as a result of the situations covered under Article XX and XXI of the GATT 1947 are not included in this category.

## CHAPTER III

### RULES OF ORIGIN

**Article 9.** The Parties shall apply to the goods negotiated in this Agreement the rules of origin specified in the Annex III to this Agreement.

**Article 10.** Certificates of origin provided by government authorities or other officially authorized public entities or private organizations shall accompany such goods.

## CHAPTER IV

### SAFEGUARD MEASURES

**Article 11.** The safeguard measures adopted under this Agreement shall consist in the temporary suspension or reduction of the tariff preferences established between the Parties.

**Article 12.** Following an investigation by the competent authority, said measures are applicable to the products imported under preferential treatment into the territory of one of the Parties in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.

**Article 13.** The safeguard measures shall remain in effect for one year, and may be renewed for the same period, consecutively, under the conditions stipulated in this Chapter.

**Article 14.** The Party applying the safeguard measure shall provide notification to the other Party within a maximum of seven (7) working days following the adoption thereof.

**Article 15.** The Party shall establish a quota to the imports from the other Party of the products negotiated in this Agreement so as to maintain the quantitative level of imports of a recent period which shall be interpreted as the average of the last three years for which statistics are available. The granting of preferences and other provisions stipulated in this Agreement shall apply to the quotas thereof.

**Article 16.** Whenever an importing Party considers it necessary to extend a safeguard measure beyond the initial period of one year indicated in Article 13, that Party shall initiate negotiations with the other Party with a view to define the terms and conditions under which such measures shall continue to be applied.

**Article 17.** The Parties shall initiate the negotiations referred to in Article 16 at least 60 days prior to the termination of the safeguard measure. Should an agreement not be reached, the Party applying the safeguard measure shall maintain it for an additional period of one year and shall preserve the quotas established pursuant to Article 15.

**Article 18.** In case the extended period referred to in the Article 17 comes to an end and the importing Party concludes that the measure continues to be necessary, the Parties shall reevaluate the tariff preference originally granted upon to the product in question.

## CHAPTER V

### SETTLEMENT OF DISPUTES

**Article 19.** Disputes that may arise in the implementation of this Agreement shall be settled by means of direct consultations between the Parties. Should an agreement not be reached within (30) thirty days of notification of the dispute, the Parties shall refer the

matter to the Commission established in Article 20, which may establish or convene a group of experts in order to obtain a technical opinion.

## **CHAPTER VI**

### **ADMINISTRATION OF THE AGREEMENT**

**Article 20.** The Parties agree to establish an Administrative Commission, hereinafter referred to as “the Commission”, which shall be comprised of representatives of the Federative Republic of Brazil and the Cooperative Republic of Guyana.

**Article 21.** The Commission shall be established and shall hold its first meeting within (90) ninety days of the entry into force of this Agreement. The Commission shall issue its own rules of procedure.

**Article 22.** The functions of the Commission shall be the following:

- a. to ensure compliance with the provisions of this Agreement;
- b. to formulate recommendations to the Parties with respect to the disputes arising under the clarification and application of this Agreement;
- c. to keep this Agreement under constant evaluation and recommend amendments;
- d. to encourage private sectors to make effective use of this Agreement;
- e. to consider any other issue that the Parties deem necessary.

## **CHAPTER VII**

### **ACCESSION**

**Article 23.** This Agreement shall be open to accession, upon negotiation, by the other member countries of the Latin American Integration Association (ALADI) or the Caribbean Community (CARICOM).

**Article 24.** Accession shall be formalized, after negotiation, between the Parties and the acceding country, by means of the signing of an Additional Protocol to this Agreement, which shall enter into force thirty (30) days after deposit thereof with the Secretary General of ALADI.

## CHAPTER VIII ENTRY INTO FORCE AND DEPOSIT

**Article 25.** This Agreement shall enter into force when both Parties communicate to each other the conclusion of the necessary procedures to incorporate this Agreement into their legislation.

**Article 26.** The Government of Federative Republic of Brazil shall deposit the present Agreement with the Secretary General of ALADI pursuant to the provisions of the Treaty of Montevideo 1980 and the Decisions of the Council of Ministers of ALADI.

**Article 27.** The present Agreement shall be in effect for a period of two (2) years. This period may be extended by mutual consent of the Parties.

**Article 28.** This Agreement may be replaced by an Agreement of Economic Complementation between the MERCOSUR and the Cooperative Republic of Guyana, at the moment in which the latter enters into force.

## CHAPTER IX WITHDRAWAL

**Article 29.** Either Party may withdraw from this Agreement by communicating its decision to the other Party. Such withdrawal shall take effect one hundred and eighty (180) days from the date of written notice of withdrawal to the other Party.

## CHAPTER X AMENDMENTS AND MODIFICATIONS

**Article 30.** Any Party shall initiate a proposal to amend or modify the provisions of this Agreement by submitting such proposal to the Commission referred to in Article 20. The decision to amend shall be taken by consensus and take effect upon acceptance of the Parties.

**Article 31.** The amendments or modifications to the present Agreement shall be formalized by means of Additional Protocols thereto.

## CHAPTER XI MISCELLANEOUS PROVISIONS

**Article 32.** Imports by the Federative Republic of Brazil of the products from the Cooperative Republic of Guyana included in this Agreement shall be exempted from the application of the Surcharge of Freight for the Renovation of the Merchant Marine,

established by Decree number 2404, of December, 23<sup>rd</sup>, 1987, in accordance with the provisions of Decree number 97945 of July, 11th 1989 and its modifying and complementary provisions.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, being duly authorized, have affixed their signatures to this Agreement.

DONE AT Brasília in the English and Portuguese languages, both texts being equally authentic, this day of June, 27<sup>th</sup> 2001.

**ANNEX I**  
**PREFERENCES GRANTED BY BRAZIL**

**ANNEX II**  
**PREFERENCES GRANTED BY GUYANA**

## ANNEX III

### RULES OF ORIGIN

**Article 1.** The following shall be considered originating goods of the Parties:

**a.** Goods wholly obtained or produced entirely in the territories of the Parties, as follows:

**i.** Materials or products from the mineral, plant and animal kingdom (including those derived from hunting and fishing) which are extracted, harvested or collected, born in their territories or in their territorial or patrimonial waters, or their exclusive economic zones;

**ii.** Materials and products extracted from the sea outside of their territorial or patrimonial waters and exclusive economic zones by national flag vessels that are legally registered or leased by enterprises established in their territories.

**b.** Goods produced in the territories of the Parties, using exclusively materials originating in their territories;

**c.** Goods produced by using materials originated in third countries provided that these materials have undergone sufficient working or processing in the territories of the Parties thereby conferring a new individuality to the product, characterized by a change in the tariff heading.

Such goods shall not be considered originating of the Parties when these operations or processes that use exclusively non-originating materials consist only of assemblies, division in lots of volumes, selection, classification, bearing, composition of assorted goods or other similar operations or processes.

Goods that results from operations of assemblies conducted in the territories of the Parties using originating and non-originating materials shall be considered originating, whenever the CIF port of destination or the CIF maritime port of non-originating materials does not exceed 50 per cent of the FOB value of the goods.

**d.** In the case of the requirements are not accomplished or are not sufficient to qualify origin as of the provisions of the letter c. above, goods produced by using originating and non-originating materials shall be considered originating in the Parties provided that the CIF port of destination or the CIF maritime port of non-originating materials does not exceed 50 per cent of the FOB value of the goods.

**Article 2.** The Parties may establish, by mutual agreement, specific requirements related to origin. These requirements shall prevail over the general criteria established in the foregoing article.

**Article 3.** To define the specific requirements referred to in Article 2 or to review those already established, the Parties shall take into account, individually or combined, among others the following elements:



**a. Materials used in the production:**

**i. Raw materials:**

**I.** Preponderant raw material or that confers to the product its essential characteristic; and

**II.** Main raw materials.

**ii. Parts or pieces:**

**I.** Part or piece that confers to the product its essential characteristic;

**II.** Main parts or pieces; and

**III.** Percentage of the parts or pieces in relation to the total weight.

**b. Any kind of working or processing of goods.**

**c. Regional value content.**

Any of the Parties may request the revision of the requirements established in Article 1. For this reason, the Party shall substantiate its request to the other Party and provide the new requirements to the product or products in question.

**Article 4.** For purposes of determining whether a good is an originating good, the production of the good in the territory of one or both of the Parties by one or more producers shall be considered to have been performed in the territory of any of the Parties by that exporter or producer, provided that the good satisfies the provisions of this Annex.

**Article 5.** To receive tariff preferences, the goods which are part of this Agreement must be sent directly from the exporting to the importing Party and be accompanied by a corresponding Certificate of Origin. To such aim, direct expedition shall be considered:

**a.** Goods that are transported without passing by a territory of a country non-participant of this Agreement;

**b.** Goods in transit transported by one or more countries non-participant of this Agreement under the monitoring of a competent customs authority, with or without transshipment or temporary storage, whenever:

**i.** The transit is justified for geographic reasons or considerations relative to transport requirements;

**ii.** Were not commercialized or use in the country of transit;

**iii.** Do not undergo, during the transport or the deposit of the good, any operation different from those of loading and unloading or manipulation;

**iv.** The unloading or manipulation are conducted so as to maintain goods in good conditions or assure their proper conservation.

The intervention of third party operator shall be allowed whenever they comply with the provisions established in items a. and b. of this Article and providing that goods are accompanied both by the commercial invoice issued by the intervening party and the corresponding Certificate of Origin.

**Article 6.** The Certificates of Origin shall be issued only by Government authorities of the Parties. This charge may be delegated to other public entities or private organizations, acting in national or provincial jurisdiction, herein referred to as “officially authorized entities”.

A Governmental authority of each Party shall be responsible for the verification and control of the issuance of Certificates of Origin herein.

**Article 7.** The Parties shall communicate to each other both their corresponding Government authority and the name of their officially authorized entities qualified to issue Certificates of Origin, with the register and facsimile of the signatures of the employees accredited to such aim.

**Article 8.** The Certificate of Origin is the document which confirms the origin of the goods. Such certificate shall satisfy the following requirements:

- a.** To be issued by Government authority or officially authorized entity;
- b.** To identify the goods to which it refers to;
- c.** To indicate unequivocally that the good to which it refers to is original of the Party, in accordance with the provisions of this Annex.

**Article 9.** The request for the Certificate of Origin shall be preceded by a sworn declaration, or another legal instrument of equivalent effect, subscribed by the final producer, where is to be indicated the characteristics and components of the product, the processes for its production and contain, at least, the following requirements:

- a.** Company or trade name;
- b.** Legal and industrial plant address;
- c.** Denomination of the exporting material and tariff headings expressed in NALADI/HS;
- d.** FOB value;
- e.** Description of the process of production;
- f.** Demonstrative elements of the components of the product indicating:

- i. Material, component and/or national parts and pieces.
- ii. Material, component and/or parts and original pieces of the other Party:
  - tariff headings expressed in NALADI/HS;
  - CIF value in North American dollars;
  - Percentage of participation in the final item.
- iii. Material, component and/or parts and original pieces of non-originating goods:
  - tariff headings expressed in NALADI/HS;
  - CIF value in North American dollars;
  - Percentage of participation in the final item.

The description of goods in this declaration or instrument of equivalent effect shall coincide both with the description established in the NALADI/HS and the commercial invoice as well as in the Certificate of Origin.

In the case of goods that are exported regularly, and whenever the components, process and materials were not altered, the same declaration shall be valid for one hundred and eighty (180) days from the date of its issuance and be used for the issuance of Certificates of Origin during that period.

**Article 10.** The Certificates of Origin shall be issued in both Portuguese and English, and be filed for a period of 2 (two) years as of the date of issuance and follow a correlative number of order.

The officially authorized entities of the Parties shall maintain a permanent register of all Certificates of Origin issued. This register shall contain, at least, the number of the Certificates, its petitioner and date of its issuance.

The Certificates of Origin shall be valid for 180 (one hundred eighty) days and be issued exclusively in the appended form. This period may be delayed exclusively during the term that the good is subjected to some regime of import suspension which does not permit any modification in the good in question.

Should all the fields of the Certificates of Origin be not properly completed, they shall not be valid.

**Article 11.** In the case of doubts about the veracity of the information and authenticity of the Certificate of Origin, the Government authorities of the importing Party may request for the Governmental authority in charge of the verification and control of Certificates of Origin of the other Party, additional information to clarify the matter.

These measures shall not detain the importing procedures of the goods in question.

Meanwhile, the Parties may adopt any measures which they consider necessary so as to guarantee their fiscal interest.

**Article 12.** The Governmental authority in charge of the verification and control of Certificates of Origin shall provide information referred to in Article 11 not later than 60 (sixty) working days from the date of reception of the corresponding communication. The information shall be confidential and used exclusively to clarify such matters.

**Article 13.** Whenever the information provided is considered unsatisfactory, the authorities of the importing Party may suspend new operations relative to the goods, companies or operations with the involved certifying organizations, including those which are in course or under customs clearance.

In this case, the authorities of the importing Party shall put forward the issue to the Administrative Commission, referred to in Article 20 of this Agreement.

**Article 14.** To verify if a good is original, the Parties may, through the competent authorities of the other Party:

- a. Submit direct written questionnaires to the exporter or producers,
- b. Request that this authority takes the appropriate measures so as to facilitate visits of verification to the exporter or producer plants, with the purpose of examining the productive processes, the facilities used in the production, as well as any other actions that may contribute to the verification of the origin of the goods in question.
- c. Carry out other procedures that the Parties may decide.

The Parties agree to facilitate reciprocal external audits.

**Article 15.** For the purpose of this Annex:

“materials” means a good, raw materials, intermediate products, parts or pieces used in the production of another good;

“NALADI/HS” means the Nomenclature of the Latin American Association of Integration (ALADI);

“non-originating good or non-originating material” means a good or material that does not qualify as originating under this Annex;

“producer” means a person who grows, mines, harvests, fishes, traps, hunts, manufactures, processes or assembles a good;

“production” means growing, mining, harvesting, fishing, trapping, hunting, manufacturing, processing or assembling a good;

“used” means used or consumed in the production of goods.

APPENDIX

**CERTIFICATE OF ORIGIN**

**LATIN AMERICAN INTEGRATION ASSOCIATION (ALADI)**

**EXPORTING COUNTRY:**

**IMPORTING COUNTRY:**

No. of Order (1)	NALADI/HS and CARICOM/HS	DESCRIPTION OF GOODS

**DECLARATION OF ORIGIN**

**WE HEREBY DECLARE** that the goods indicated in this form corresponds to the Commercial Invoice nr. .... and are in accordance with the Rules of Origin provided by the Agreement (2).....and the following:

No. Of Order	R U L E S (3)

**Date:**

**Trade name, seal and signature of the exporter or producer:**

**OBSERVATIONS:**

**CERTIFICATE OF ORIGIN**

**I HEREBY CERTIFY** the veracity of this declaration, which I seal and sign in the city of:

**on the following date:**

**Name, seal and signature of the Certifying entity:**

- Notes: (1) This column indicates the order in which the goods included in this certificate are individualized. In case of being insufficient, this individualization of goods shall be continued in additional units of this certificate and shall be numbered accordingly.
- (2) Specify that this is a Partial Scope Agreement and indicate its registered number.
- (3) In this column shall be identified the rule of origin specified in the Agreement with which each good, individualized by its number of order, complies.

This form cannot present scrapings or amendments.