

No. 2688

**UNITED STATES OF AMERICA
and
CHILE**

Technical Agreement for a co-operative program of technical assistance to medium and small industry. Signed at Santiago, on 30 June 1952

Official texts: English and Spanish.

Registered by the United States of America on 6 October 1954.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHILI**

Accord de coopération technique relatif à un programme de coopération en matière d'assistance technique à la moyenne et petite industrie. Signé à Santiago, le 30 juin 1952

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 6 octobre 1954.

No. 2688. TECHNICAL AGREEMENT¹ FOR A CO-OPERATIVE PROGRAM OF TECHNICAL ASSISTANCE TO MEDIUM AND SMALL INDUSTRY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF CHILE. SIGNED AT SANTIAGO, ON 30 JUNE 1952

The Government of the United States of America and the Government of the Republic of Chile

Have agreed as follows :

Article I

Pursuant to the Basic Agreement for Technical Cooperation signed on behalf of the two governments at Santiago on January 16, 1951,² a cooperative program for technical assistance to medium and small industry shall be initiated in Chile. The obligations assumed herein by the Government of the Republic of Chile will be performed by it through the Corporación de Fomento de la Producción of the Republic of Chile (hereinafter referred to as the "Corfo"). The obligations assumed herein by the Government of the United States of America will be performed by it through the Institute of Inter-American Affairs, an agency of the Government of the United States of America (hereinafter referred to as the "Institute"). The Corfo on behalf of the Government of the Republic of Chile, and the Institute on behalf of the Government of the United States of America, shall participate jointly in all phases of the planning and administration of the cooperative program. The Institute in participating in the cooperative program may obtain the assistance of any appropriate private or Governmental agency of the United States. This agreement and all activities carried out pursuant to it shall be governed by the terms and conditions of the said Basic Agreement for Technical Cooperation.

Article II

The objectives of this cooperative program for technical assistance to medium and small industry are :

1. To promote and strengthen understanding and goodwill between the peoples of the United States of America and the Republic of Chile and to strengthen the democratic ways of life.

¹ Came into force on 30 June 1952, as from the date of signature, in accordance with article XIX.

² United Nations, *Treaty Series*, Vol. 151, p. 147 ; Vol. 179, p. 265, and Vol. 184, p. 376.

2. To assist Chile's small and medium industries by the introduction of more efficient industrial techniques.
3. To stimulate and increase the interchange between the two countries of knowledge, skills and techniques in the field of medium and small industry.

Article III

It is agreed that this cooperative program of assistance to medium and small industry will include :

1. The furnishing by the Institute of a field party of specialists (hereinafter referred to as the "Field Party") to collaborate in carrying out the cooperative program of assistance to medium and small industry.

2. The carrying out of activities which influence industrial productivity such as :

- (a) Production planning and control including motion and time study, scheduling and routing of materials, cost accounting, industrial organization, quantity and quality control, plant layout, industrial safety and hygiene, distribution and marketing, machinery and factory facilities, methods engineering, materials handling, and related activities.

- (b) Personnel policy including merit rating and job evaluation, recruiting, selection and training of employees, industrial training, wage payment systems, and related activities.

- (c) Special projects including utilization of fuels and power, design of industrial buildings, and related activities.

Where programs and technical assistance materials provided primarily for medium and small plants can result in improved productivity in selected larger plants in Chile, they may be so directed as to promote the maximum benefits to the general economy.

Article IV

The Field Party shall be of such size and composition as the Institute shall deem advisable, and shall be under the direction of the Chief of Field Party who shall be the representative in Chile of the Institute in connection with the program covered by this Agreement. The Chief of Field Party and the other members of the Field Party shall be selected and appointed by the Government of the United States of America but shall be acceptable to the Government of the Republic of Chile.

Article V

1. A special technical service to be known as the Servicio de Cooperación Técnica Industrial (hereinafter referred to as the "Servicio") shall be established to render technical assistance to medium and small industry through cooperation with the Corfo, Sociedad de Fomento Fabril and other institutions, both public and private, as may be deemed necessary by appropriate authorities.

The Servicio shall be under the direction of a General Manager to be appointed by the Vice-President of the Corfo. The Chief of Field Party shall be the Technical Manager of the Servicio. Members of the Field Party may become officers or employees of the Servicio under such terms and conditions as may be agreed upon by the General Manager and the Technical Manager.

2. The administrative agency for carrying out the cooperative program of aid to medium and small industry shall be a Board of Directors of six members composed of two representatives each of the Corfo and Institute, one representative of the Sociedad de Fomento Fabril, and one remaining member to be selected jointly by the Corfo and Institute.

Article VI

1. Each project constituting a part of the cooperative program shall be embodied in a written operational agreement which shall be agreed upon and signed by the General Manager and the Technical Manager as such, and as Chief of Field Party; shall define the work to be done, shall make the allocations of funds therefor and may contain such other matters as the parties desire to include. Upon substantial completion of any project, a completion memorandum shall be drawn up and signed by the General Manager and the Technical Manager as such, and as Chief of Field Party, which shall provide a record of the work done, the objectives sought to be achieved, the financial contributions made, the problems encountered and solved, and related basic data.

2. The selection of Chilean specialists, technicians and others in the field of assistance to medium and small industry to be sent to the United States of America or elsewhere at the expense of the Servicio pursuant to this program as well as the training activities in which they shall participate, shall be determined by the Technical Manager and the General Manager with the concurrence of the Board of Directors.

3. The general policies and administrative procedures that are to govern this cooperative program, the carrying out of the projects, and the operations of the Servicio, such as the disbursement of and accounting for funds; the incurrence of obligations of the Servicio; the purchase, use, inventory, control and disposition of property; the appointment and discharge of officers and other personnel of the Servicio and the terms and conditions of their employment and

all other administrative matters, shall be determined by the General Manager in consultation with the Technical Manager and the Board of Directors.

4. All contracts and other instruments and documents of the Servicio relating to the execution of projects previously agreed upon between the General Manager and the Technical Manager shall be executed in the name of the Servicio and signed by the Technical Manager as such and as Chief of Field Party and the General Manager. The books and records of the Servicio relating to the cooperative program of assistance to medium and small industry shall be open at all times for inspection and audit by authorized representatives of the Government of the United States of America and the Government of the Republic of Chile. The Servicio shall render an annual report of its activities to the Government of the United States of America and the Government of the Republic of Chile to be signed by the Chief of Field Party and the General Manager, and other reports at such intervals as may be agreed upon by the parties hereto.

Article VII

It is contemplated that the projects to be undertaken in accordance with this Agreement will include cooperation with national, provincial, departmental and local government agencies in Chile, as well as with organizations of a public or private character, and international organizations of which the United States of America and the Republic of Chile are members. By agreement between the General Manager and the Chief of Field Party contributions of funds, property, services and facilities by either or both parties or by third parties, may be accepted by the Servicio for use in carrying out the cooperative program of assistance to medium and small industry, in addition to the funds, property, services and facilities required to be contributed under this agreement.

Article VIII

The parties hereto shall contribute and make available, to the extent provided below, funds for use in carrying out the program during the period covered by this Agreement, as follows :

1. The Government of the United States of America, during the period from the date of signing this Agreement through June 30, 1955, shall make available the funds necessary to pay salaries and other expenses of the members of the Field Party as well as such other expenses of an administrative nature as the Government of the United States of America may incur in connection with this program. These funds shall be administered by the Institute and shall not be deposited to the credit of the Servicio.

2. In addition for use during the period from the date of signing this Agreement through December 31, 1952, the Government of the United States of America shall deposit to the credit of the Servicio the sum of \$ 50,000.00 (Fifty Thousand

Dollars) in currency of the United States of America. This sum shall be deposited in installments at such times and in such amounts as may be agreed upon by the appropriate authorities.

3. The Government of the Republic of Chile, for use during the period from the date of signing this Agreement through December 31, 1952, shall deposit to the credit of the Servicio the sum of \$ 3,000,000.00 (Three Million pesos) in currency of the Republic of Chile. This sum shall be deposited in installments at such times and in such amounts as may be agreed upon by the appropriate authorities.

4. The funds deposited by the Government of the United States of America to the credit of the Servicio shall be converted into pesos at the highest legal exchange rate available at the time the conversion is made.

5. The appropriate authorities of the Government of the United States of America and the Government of Chile may later agree in writing upon the amount of funds which each will contribute each year for use in carrying out the cooperative program during the period from July 1, 1952, through June 30, 1955.

Article IX

The balance of all funds deposited to the credit of the Servicio pursuant to Article VIII of this Agreement, shall continue to be available for the cooperative program of assistance to medium and small industry during the existence of this Agreement, without regard to annual periods or fiscal years of either of the parties. All materials, equipment and supplies acquired for the Servicio shall become the property of the Servicio and shall be used for the furtherance of this Agreement. Any such materials, equipment, and supplies remaining at the termination of this cooperative program shall become the property of the Government of the Republic of Chile, without charge.

Article X

The Government of the Republic of Chile, in addition to the cash contribution provided for in Paragraph 3 of Article VIII hereof, may, at its own expense, pursuant to agreement between the General Manager and the Chief of Field Party :

1. Appoint specialists and other necessary personnel to collaborate with the Field Party ;
2. Make available such office space, office equipment and furnishings, and such other facilities, materials, equipment, supplies and services as it can conveniently provide ;
3. Make available the general assistance of other governmental agencies for carrying out the cooperative program of assistance to medium and small industry.

Article XI

Interest received on funds of the Servicio and any other increment of assets of the Servicio, of whatever nature or source, shall be devoted to the carrying out of the program and shall not be credited against the contributions of the Government of the United States of America or of the Government of the Republic of Chile.

Article XII

The General Manager and the Chief of Field Party may agree to withhold in the United States of America from the deposits to be made by the Government of the United States of America to the credit of the Servicio, the amounts deemed to be necessary for payments to be made outside of Chile in United States dollars. Such amounts so withheld and expended shall be considered as if deposited under the terms of this Agreement. Any funds so withheld, not expended or obligated may be deposited to the credit of the Servicio at any time, upon agreement between the General Manager and the Chief of Field Party.

Article XIII

Any funds of the Servicio which remain unexpended and unobligated on the termination of the cooperative program of assistance to medium and small industry shall, unless otherwise agreed upon in writing by the appropriate authorities at that time, be returned to the parties hereto in the proportion of the respective contributions made by the Government of the United States of America and the Government of the Republic of Chile under this Agreement, as it may be from time to time amended and extended.

Article XIV

1. All rights which are enjoyed by the other divisions or agencies of the Government of the Republic of Chile or by their personnel shall accrue to the Servicio and to all its Chilean personnel. Such rights may include but shall not be limited to free postal, telegraph and telephone service, passes on the State Railways of Chile, the right to rebates or preferential tariffs allowed by domestic companies of maritime, or river navigation, air travel, telegraph, telephone or other services, as well as exemptions from imposts and stamp taxes in accordance with the pertinent provisions of law.

2. All rights referred to in Paragraph 1 of this Article pertaining to communications, transportation and exemptions from impost and stamp taxes shall also accrue to the Institute and personnel of the Government of the United States of America with respect to operations which are related to and property which is to be used for the cooperative program of assistance to medium and small industry.

Article XV

The parties hereto declare their recognition that the Institute being an agency of the Government of the United States of America, wholly owned, directed and controlled by the Government of the United States of America, is entitled to share fully in all the rights and immunities including immunity from suit in the courts of the Republic of Chile which are enjoyed by the Government of the United States of America.

Article XVI

Any right, power or duty conferred by this Agreement upon either the General Manager or the Chief of Field Party may be delegated by them to any of their respective assistants, provided that each such delegation be satisfactory to the other. Such delegation shall not limit the right of the General Manager and the Chief of Field Party to refer any matter directly to one another for discussion and decision.

Article XVII

The Government of the Republic of Chile will endeavor to obtain the enactment of such legislation and take such executive action as may be required to carry out the terms of this Agreement.

Article XVIII

The Government of Chile and the Government of the United States of America will establish procedures whereby the Government of Chile will so deposit, segregate, or assure title to all funds allocated to, or derived from this program, so that such funds shall not be subject to garnishment, attachment, seizure or other legal process by any person, firm, agency, corporation, organization or Government, when the Government of Chile is advised that such legal process would interfere with the attainment of the objectives of this program.

Article XIX

This Agreement may be referred to as the "Program Agreement for Technical Assistance to Medium and Small Industry". It shall enter into force on the date of signature and shall remain in force through June 30, 1955, or until three months after either Government shall have given notice, in writing to the other of intention to terminate it, whichever is earlier; provided, however, that the obligations of the parties under this Agreement for the period from July 1, 1952, through June 30, 1955, shall be subject to the availability of appropriations of funds to both parties

for the purposes of the program and to the further agreement of the parties pursuant to Article VIII, Paragraph 5, hereof.

DONE in duplicate, in the English and Spanish languages, at Santiago, this June 30, 1952.

For the Government of the United States of America :

D. Theodore I. GANDY
Director of Technical Cooperation
The Institute of American Affairs

For the Government of the Republic of Chile :

J. Ruiz BOURGEOIS
Vice-President, Corporación de Fomento de la Producción