

**No. 16706**

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**SPAIN  
and  
CHILE**

**Agreement on trade and economic co-operation. Signed  
at Madrid on 9 March 1977**

*Authentic text: Spanish.*

*Registered by Spain on 26 May 1978.*

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**ESPAGNE  
et  
CHILI**

**Accord de commerce et de coopération économique. Signé  
à Madrid le 9 mars 1977**

*Texte authentique : espagnol.*

*Enregistré par l'Espagne le 26 mai 1978.*

[TRANSLATION — TRADUCTION]

AGREEMENT<sup>1</sup> ON TRADE AND ECONOMIC CO-OPERATION  
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF  
CHILE AND THE GOVERNMENT OF THE SPANISH STATE

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The Government of the Republic of Chile and the Government of the Spanish State,

Considering the common Hispanic roots of the two peoples, united by bonds of race, culture, language and civilization, the need for closer co-operation among all countries of the world as an effective means of maintaining peace and achieving the ideals of justice and progress of peoples, and that stronger bilateral Hispano-Chilean ties will undoubtedly contribute to the full enjoyment of benefits, particularly in the present world economic situation,

Agreeing that the level of understanding they have now reached in their bilateral relations, the prospects offered by these relations and the need to strengthen them constitute an effective means of achieving the above purposes and a permanent and primary concern of the foreign policy of the two States,

Aware that the consolidation and strengthening of these relations will be possible only through real co-operation in the economic and trade fields, as is recognized in the Joint Communiqué signed in Madrid on 22 January 1975 by Admiral José Toribio Merino Castro, Commander-in-Chief of the Chilean Navy and Member of the Honourable Government Junta of Chile, and Mr. Pedro Cortina Mauri, Minister for Foreign Affairs of Spain, and in the Final Act of the First Meeting of the Joint Hispano-Chilean Commission, signed at Santiago, Chile, on 27 June 1975, and

In implementation of the provisions of the above documents with regard to establishing new machinery for co-operation between the two countries and replacing the legal instruments in force by others in keeping with the present circumstances,

Have agreed as follows:

*Article I.* The provisions of this Agreement shall apply to all forms of economic and trade co-operation arising from the relations between the Governments of the Contracting Parties.

*Article II.* Without prejudice to the above, none of the provisions shall be construed as being an impediment to the adoption and implementation of procedures and measures in respect of national security and defence, public health, the protection of national morality and the protection of the national artistic heritage.

*Article III.* The two Parties agree to study possible procedures for effective economic and trade co-operation.

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<sup>1</sup> Applied provisionally from 9 March 1977, the date of signature, and came into force definitively on 3 March 1978, the date of the last of the notifications by which the Parties informed each other of the fulfilment of their constitutional requirements, in accordance with article XVI (2).

To that end:

1. The two Parties undertake to consider the establishment of trade machinery for the purpose of balancing the need for more trade with the effects of preferential agreements that have been or may be signed with third countries or groups of countries.

2. Each of the two Contracting Parties also undertakes to support the granting of credit, fiscal and administrative advantages and facilities for its exports of capital goods, industrial supplies and technical studies to the territory of the other Party, in accordance with the respective provisions in force.

3. Capital from one of the Contracting Parties shall, in the territory of the other Party, enjoy treatment no less favourable than that granted to capital from any other country, subject to the respective domestic legislation and the provisions of article VIII. The flow of capital inputs between the two countries shall be likewise facilitated.

4. Each of the two Contracting Parties shall grant the best possible treatment to tenders for surveys, plans and supplies submitted by agencies or enterprises of the other Party, subject to the legislation in force in each country.

5. The Contracting Parties shall also grant each other the best possible treatment in agreements for the long-term supply of foodstuffs, raw materials, intermediate and/or finished products from the two countries, which are conducive to the selling country's production planning and supply and compatible with the purchasing country's production and consumption planning, with the changing conditions prevailing in the international markets and with the national interest.

*Article IV.* 1. The Contracting Parties undertake, within the framework of their respective legislation, to take the most effective action possible to promote economic co-operation in those areas which offer the most favourable prospects for their rapid development, especially in basic sectors selected in accordance with the priority criteria established by the country receiving this co-operation. To that end, they shall grant the best possible facilities for the reciprocal establishment of Spanish, Chilean or joint enterprises, particularly those which allow for greater trade diversification.

2. This co-operation shall be carried out in the following areas, among others:

- Mining;
- Forestry and paper industry;
- Fisheries industry;
- Hydrocarbons and energy;
- Shipping industry (shipbuilding, ancillary industries and dockyards);
- Publishing and printing industry;
- Food industry;
- Leather, footwear and textile industry;
- Railway equipment;
- Iron and steel industry;
- Fertilizer industry;
- Communications equipment;
- Services (banking, insurance, tourism, engineering);
- Pharmaceutical industry.

*Article V.* The co-operation constituting the subject of this Agreement shall, having regard to the anticipated development of economic relations, be directed especially towards the following:

- (1) Development of the areas mentioned in the preceding article;
- (2) Participation in the installation of new industrial plants and in the expansion and/or modernization of existing plants;
- (3) Exchange of patents, licences, and technical information, application and improvement of existing technologies and/or development of new technological processes, and provision of technical services through the sending or training of specialists;
- (4) Research and development of projects in the field of natural resources and processing of raw materials;
- (5) Exchange of economic, scientific, technical and industrial missions;
- (6) Preparation and implementation of projects and research for the joint marketing in third world countries of the production resulting from the co-operation established under this Agreement;
- (7) Establishment of Hispano-Chilean companies for producing and/or marketing goods and services, and studies on the use of the marketing channels existing in each country for products intended for national or international markets;
- (8) Conclusion of long-term supply agreements in conformity with the provisions of article III, paragraph 5, of this Agreement.

*Article VI.* With regard to the treatment of investment in each of the countries referred to in articles III and V of this Agreement, both Contracting Parties undertake to determine and pay compensation in the event of expropriation or nationalization.

*Article VII.* 1. The Contracting Parties agree to grant each other unconditional and unlimited most-favoured-nation treatment, applicable to both the import and the export of products originating in or sent to the territory of the other Party, in all matters relating to customs duties, additional taxes and charges, mode of levying duties, custody of products in customs warehouses, inspection and analysis systems, classification of goods for customs purposes and interpretation of tariffs, and to the regulations, formalities and fees to which import and export transactions may give rise, without distinction as to the route and means of transport used.

2. Products originating in and coming from one of the Contracting Parties, which have been imported into the territory of the other Party, shall not be subject, directly or indirectly, to taxes or other domestic levies of any kind different from or heavier than those to which national products of a similar nature are or may be subject, in accordance with the provisions of the General Agreement on Tariffs and Trade (GATT).<sup>1</sup>

*Article VIII.* The most-favoured-nation treatment provided for in this Agreement shall not apply, except by common agreement and subject to their respective international commitments, to:

<sup>1</sup> United Nations, *Treaty Series*, vol. 55, p. 187.

- (a) Any privileges or advantages which are or may later be granted as a consequence of free trade areas, customs unions, special border trade rules or other forms of economic integration which have been or may be established in future, by either of the Contracting Parties, subject to the provisions of the General Agreement on Tariffs and Trade (GATT);
- (b) Any special privileges or advantages which are or may be granted by the two Parties in accordance with the provisions of the General Agreement on Tariffs and Trade (GATT).

*Article IX.* The Contracting Parties agree that all payments occasioned by transactions carried out under this Agreement shall be made in freely convertible currencies, in accordance with the laws and regulations in force in their respective countries.

*Article X.* 1. Each Contracting Party shall recognize as valid official animal health, plant health, trade inspection and qualitative analysis certificates issued by the official agencies of the other country which conform to international standards and, if appropriate, standards agreed upon by the said agencies of both Parties.

2. Each Contracting Party shall retain the right to carry out, if it deems this advisable and at its own expense, any necessary verification notwithstanding the production of the documents mentioned in the foregoing paragraph, without thereby causing such unwarranted delays or difficulties as would disrupt importation.

*Article XI.* Ships of each of the Contracting Parties shall enjoy, within the jurisdiction of the other, the most favourable treatment permitted under their respective legislation in the matter of rules and regulations governing ports and port operations, in accordance with the respective legislation and the provisions of article VIII.

*Article XII.* 1. In order to enhance their knowledge of each other's economic structures and trade potentials, the two Contracting Parties agree to encourage any promotional activities that may be organized by either country in the territory of the other.

2. To that end, they shall grant each other maximum facilities with a view to:

- (a) Participating in trade fairs and exhibitions to be held in their respective territories;
- (b) Organizing trade missions;
- (c) Granting temporary import facilities for sets of samples;
- (d) Exempting from customs duties brochures, prospectuses and other advertising materials to be used in trade sample fairs or to facilitate the sale of merchandise at such fairs;
- (e) Promoting contact between organizations, enterprises and technical experts from the two countries;
- (f) Simplifying customs formalities within the legal framework of each country;
- (g) Using free zones and warehouses;

(h) Adopting any other measure which may lead to better knowledge of each other's economies and potential for economic and trade co-operation compatible with the national interest.

*Article XIII.* In pursuance of the provisions of articles III, IV and V, both Parties undertake to facilitate the carrying out of technical and economic advisory assistance by experts with a view to the implementation of development programmes.

*Article XIV.* The Contracting Parties shall not transmit to third parties, without the prior agreement in writing of the other Party, information and/or know-how resulting from their economic co-operation in pursuance of this Agreement.

*Article XV.* The two Parties agree that the Hispano-Chilean Joint Commission, established in the Joint Communiqué dated 22 January 1975 and mentioned in the preamble to this Agreement, shall be the appropriate body for co-ordinating the activities to be carried out under this Agreement. This Commission shall be made up of representatives of the two Governments and, if they so agree, with the advisory assistance of official and private experts.

This Commission shall meet in both capitals alternately, by agreement and at the prior request of one of the Parties, and shall in particular:

- Review progress in the implementation of this Agreement in the period immediately preceding the meeting;
- Review the development of trade between the two countries, with particular reference to any problems that may have arisen;
- Identify sectors of common interest which lend themselves to forms of co-operation;
- Review co-operation projects and initiatives which are under consideration and/or are being implemented or executed;
- Propose to their respective Governments the adoption of appropriate measures for implementing this Agreement effectively and efficiently.

In the intervals between meetings of the Joint Commission, the Contracting Parties undertake to provide each other with information regularly and frequently and to take whatever steps are required to facilitate trade and co-operation between the two countries.

*Article XVI.* 1. This Agreement shall supersede the Trade and Payments Agreement concluded between the Government of the Republic of Chile and the Government of the Spanish State, signed at San Sebastián on 9 August 1950.

2. It shall apply provisionally from the date of its signature and shall enter into force on the date of the exchange of notes by which the two Parties inform each other that they have complied with their constitutional requirements.

3. This Agreement shall remain in force for 10 years and shall be renewed by tacit agreement for successive one-year periods unless denounced by one of the Parties at least three months prior to the date of expiry.

4. This Agreement may be amended or supplemented by mutual agreement at any time while it remains in force.

5. If, on termination of this Agreement, any payments or other liabilities are outstanding, they shall be settled in accordance with the provisions of the Agreement.

IN WITNESS WHEREOF the duly appointed plenipotentiaries hereby sign this Agreement in two equally authentic originals, in the Spanish language, on 9 March 1977 at Madrid.

For the Government  
of the Republic of Chile:

*[Signed]*

PATRICIO CARVAJAL PRADO  
Minister  
for Foreign Affairs

For the Government  
of the Spanish State:

*[Signed]*

MARCELINO OREJA AGUIRRE  
Minister  
for Foreign Affairs

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