

No. 31225

**CHILE
and
BOLIVIA**

**Agreement on economic integration (with annexes). Signed at
Santa Cruz de la Sierra, Bolivia, on 6 April 1993**

Authentic text: Spanish.

Registered by Chile on 21 September 1994.

**CHILI
et
BOLIVIE**

**Accord d'intégration économique (avec annexes). Signé à
Santa Cruz de la Sierra (Bolivie) le 6 avril 1993**

Texte authentique : espagnol.

Enregistré par le Chili le 21 septembre 1994.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ ON ECONOMIC INTEGRATION BETWEEN CHILE AND BOLIVIA

The Government of the Republic of Chile and the Government of the Republic of Bolivia,

Considering:

The need to strengthen the integration process in Latin America in order to achieve the objectives set out in the Montevideo Treaty of 1980,² by concluding the broadest possible bilateral and multilateral treaties,

The active participation of Chile and Bolivia in the Latin American Integration Association (LAIA) as signatories to that Treaty,

The advantages of making the fullest possible use of the negotiating mechanisms provided for in the Montevideo Treaty of 1980,

The provisions of the Montevideo Treaty of 1980, which grant the Republic of Bolivia preferential treatment as a relatively less developed country,

The common efforts of both countries to liberalize their economy and trade in respect of tariffs, the elimination of non-tariff barriers and the guiding principles of their economic policies,

The importance of effective cooperation in the productive areas of goods and services for the economic development of the signatory countries,

The advisability of encouraging the economic agents in the signatory countries to play a more active role by providing clear and predictable rules for the development of trade and investment,

Agree to sign an Agreement on Economic Integration, in accordance with the provisions of the Montevideo Treaty of 1980 and resolution 2 of the Council of Ministers of the Latin American Integration Association. The Agreement shall be governed by the provisions and rules set out hereinafter:

CHAPTER I. OBJECTIVES OF THE AGREEMENT

Article 1

The objectives of this Agreement are as follows:

(a) To establish a foundation for the progressive and increasing integration of the economies of the signatory countries;

(b) To facilitate, expand and diversify trade in goods and services between the signatory countries, promote and stimulate production within their territories and facilitate investment from one country to the other;

(c) To create the conditions necessary for a harmonious and balanced increase in bilateral trade;

¹ Came into force on 6 April 1993 by signature, in accordance with article 33.

² United Nations, *Treaty Series*, vol. 1329, No. I-22309.

(d) To provide a legal and institutional framework for the development of greater economic cooperation in areas of mutual interest; and

(e) To establish mechanisms for promoting the active participation of private economic agents in efforts to expand and deepen trade between the signatory countries and bring about the gradual integration of their economies.

CHAPTER II. LIBERALIZATION PROGRAMME

Article 2

The signatory countries agree to grant each other tariff preferences as follows:

(a) Chile grants Bolivia unconditional tariff concessions for imports originating in that country, the classification, treatment and conditions of those imports being set out in annex I to this Agreement.

(b) The signatory countries agree to exempt from levies the imported products listed in annexes II and III to this Agreement.

(c) Annex IV contains a list of those products granted tariff preferences in the Limited Scope Agreement between Chile and Brazil within the framework of LAIA; since this Agreement does not expand them to the advantage of either country, the existing preferential margin shall be maintained.

(d) The signatory countries may, after negotiation and mutual agreement, add new products to annexes II and III as well as expand the tariff preferences contained in annex IV.

Article 3

For the purposes of this Agreement, the term “levies” means customs duties or any other equivalent charges of a fiscal, monetary, foreign-exchange or other nature which are imposed on imports.

This definition does not include similar duties and charges reflecting the cost of services rendered.

Article 4

The signatory countries undertake to do everything possible to prevent the application of measures tending to hamper trade between them.

As for products included in the Liberalization Programme, the signatory countries agree not to introduce any export or import tariff restrictions, with the exception of those referred to in article 50 of the Montevideo Treaty of 1980.

“Restrictions” shall mean any administrative, financial foreign-exchange or other measure by which a signatory country unilaterally impedes or hampers its imports or exports.

CHAPTER III. RULES OF ORIGIN

Article 5

The benefits derived from the Liberalization Programme in this Agreement shall apply only to products originating in and entering from the territory of the signatory countries.

Article 6

The signatory countries shall apply the LAIA rules of origin adopted by the Committee of Representatives of that Association, in its resolution 78, to imports falling under the terms of the Liberalization Programme, without prejudice to the specific origin requirements established in this Agreement or by the Administrative Commission referred to in chapter XI.

CHAPTER IV. SAFEGUARD CLAUSES

Article 7

Providing they give sufficient notice, the signatory countries may apply the LAIA Regional System of Safeguards adopted by the Committee of Representatives of that Association, in its resolution 70, to imports governed by the Liberalization Programme, subject to the limits set forth in the following article.

Article 8

In cases where products imported under the Liberalization Programme are of such quantities or in such conditions as to cause or threaten to cause “serious harm” to domestic products or to similar or directly competitive products, the signatory countries may take non-discriminatory safeguard measures for a period of up to one year.

Any extension of that period shall require both signatory countries to examine the reasons and justification for the extension.

In any case, the safeguard measures to be applied during the additional period, which shall last for a maximum of one year, must be weaker in effect and scope and must provide for their complete elimination at the end of the new period.

Article 9

The Administrative Commission of this Agreement, within 90 days of being constituted, shall define what is meant by “serious harm” and adopt rules of procedure for the implementation of the provisions of this chapter.

CHAPTER V. UNFAIR TRADE PRACTICES AND CONDITIONS FOR COMPETITION

Article 10

The signatory countries condemn dumping and any unfair trade practice as well as the granting of export subsidies and other domestic subsidies of equivalent effect.

Article 11

Whenever dumping, or distortions in competition as a result of the application of export subsidies or measures of equivalent effect, are encountered in reciprocal trade, be they products covered under the Liberalization Programme of this Agreement or not, the affected signatory country may apply the countervailing measures provided for in its legislation.

In this regard, the signatory countries agree to follow the criteria and procedures set out in the General Agreement on Tariffs and Trade (GATT)¹ prevailing at the time of the signing of this Agreement.

CHAPTER VI. EVALUATION OF THE AGREEMENT

Article 12

The signatory countries shall evaluate periodically, at least every three years, the terms and preferences set forth in this Agreement, in order to ensure balanced and harmonious progress in the development of reciprocal trade and in meeting the other objectives set out in article 1.

To that end, the Administrative Commission established in chapter XI of this Agreement shall be responsible for carrying out such evaluation and analysis. The results thereof shall be embodied in resolutions of the Commission or in protocols annexed to this Agreement, in accordance with the legal nature of those resolutions.

CHAPTER VII. TAX STATUS

Article 13

In accordance with article 46 of the Montevideo Treaty of 1980 relating to domestic taxes, duties or other charges, products originating in the territory of the signatory country shall enjoy, in the other country, treatment no less favourable than that granted to similar domestic products.

CHAPTER VIII. INVESTMENTS

Article 14

With a view to promoting the circulation of capital between the two countries and investments from one country to the other, the signatory countries shall adopt the following criteria, *inter alia*, in applying their respective domestic legislation:

(a) Capital from one of the signatory countries shall enjoy, in the other country, treatment no less favourable than that accorded capital from any other country; and

(b) Capital from either of the signatory countries shall enjoy, in the territory of the other signatory, treatment no less favourable than that accorded domestic capital.

The above criteria shall be applied subject to full compliance with the signatories' relevant legal or constitutional provisions, where applicable.

CHAPTER IX. ENERGY COMPLEMENTARITY

Article 15

The signatory countries shall take steps to promote studies and projects in the fields of electrical, geothermal and hydrocarbon energy complementarity.

Such steps shall be taken by the competent national bodies, and, in particular, by the Technical Commission created by the Memorandum of Intention signed in Rio de Janeiro on 12 November 1990 by the Minister of Energy and Hydrocarbons

¹United Nations, *Treaty Series*, vol. 55, p. 187.

of Bolivia and the Minister Vice-President of the National Energy Commission of Chile.

Article 16

On the basis of the guidelines agreed to in the Memorandum of Understanding signed in La Paz on 20 June 1991 by the Minister of Energy and Hydrocarbons of Bolivia and the Minister President of the National Energy Commission of Chile, the signatory countries shall take the necessary steps to promote the implementation of specific energy integration projects.

The signatory countries shall also ensure that, in the future, when there are sufficient Bolivian reserves of natural gas, and on condition that production of the latter is not committed and that it is technically and economically feasible to do so, agreements shall be undertaken for the buying and selling of Bolivian natural gas.

Article 17

The buying of Bolivian gas and the financing and construction of the gas pipeline may be entrusted to private businesses or consortiums, be they Bolivian, Chilean, third country or international financial institutions, in accordance with the relevant legislation in each signatory country.

Article 18

The signatory countries, taking into account the work of the Technical Commission referred to in article 15, shall study the advisability and necessity of negotiating and signing, at the appropriate time, any additional legal instruments that may be needed for regulating the implementation of the energy integration projects, and, in particular, those projects entailing the utilization of Bolivian natural gas.

CHAPTER X. ECONOMIC COOPERATION

Article 19

The signatory countries shall promote cooperation in such areas as:

- (a) Animal and plant health standards and inspection systems;
- (b) Technical and foodstuffs standards;
- (c) Public health and safety standards;
- (d) Development of tourism to contribute to better mutual understanding of the historical and cultural values of the signatory countries;
- (e) Development of measures in the areas of information and the promotion of trade;
- (f) Measures to promote a growing exchange of technology, especially in the farming and livestock, agro-industrial, industrial mining and communications sectors;
- (g) Environmental protection standards and inspection systems; and
- (h) Rules concerning intellectual and industrial property.

In order to undertake specific cooperative measures in these areas, and within their own spheres of responsibility, the relevant competent bodies in each signatory country may negotiate agreements.

The Administrative Commission for the Agreement shall promote the implementation of these measures and stay informed of progress made.

CHAPTER XI. ADMINISTRATIVE COMMISSION FOR THE AGREEMENT

Article 20

Administration of this Agreement shall be entrusted to a Commission composed of high-level representatives of the Governments of the signatory countries.

The Administrative Commission shall meet in ordinary session once a year, in a place and at a time mutually agreed upon, and in special session when agreed to by the signatory countries after consultation.

The signatory countries' delegations to meetings of the Commission shall be led by the high-level official appointed by each Government and may include any delegates and advisers that the said official may wish to accredit.

The Commission must be constituted within 90 days of the signing of this Agreement and shall establish its own rules of procedure at its first meeting.

Article 21

The Administrative Commission shall have the following responsibilities, powers and functions:

- (a) To ensure compliance with the provisions of this Agreement;
- (b) Periodically to evaluate the results of the implementation of this Agreement and to negotiate and agree upon those measures which it deems most appropriate for achieving the objectives of the Agreement;
- (c) Periodically to study and evaluate the effect on bilateral trade of the implementation of the Liberalization Programme provided for in this Agreement, and to promote consultations and negotiations for the adoption of measures to improve it;
- (d) To agree, under the provisions of chapter II of this Agreement, on the inclusion of new products in annexes II, III and IV thereto;
- (e) To keep up to date the tariff nomenclature adopted for the classification of the items listed in annexes I, II, III and IV to this Agreement;
- (f) To encourage consultations and negotiations and agree upon pertinent measures in all matters relating to the implementation of the rules contained in this Agreement on specific requirements concerning origin, safeguard clauses and unfair trade practices and conditions of competition;
- (g) To encourage discussions and negotiations with a view to stimulating economic cooperation between the signatory countries, in accordance with the provisions of chapter X of this Agreement, and coordinate any joint activities undertaken by the competent national bodies;
- (h) To carry out its duties within the framework of the dispute settlement procedures set out in chapter XIII;
- (i) To request the advice and opinion of the Business Advisory Committee and take into account its reports, recommendations, initiatives and proposals, especially those related to the adding of new products to annexes II, III and IV;
- (j) To approve, amend or replace its own rules of procedure;

(k) To propose to the Governments of the signatory countries the expansion, amendment or replacement of this Agreement; and

(l) To exercise the other powers and carry out the other functions attributed to it in this Agreement.

Article 22

Agreements resulting from the exercise of the responsibilities and functions of the Administrative Commission which involve specific areas not regulated in detail by the provisions of this Agreement shall be formalized in supplementary protocols to the Agreement, and shall be considered to be included in the legal framework established therein.

Article 23

Official contacts between the signatory countries and the Administrative Commission shall be the responsibility of the competent national body designated by each Party.

Each such body shall have the task of maintaining communications and contacts between the Governments of the signatory countries in all matters pertaining to the implementation of this Agreement.

CHAPTER XII. BUSINESS ADVISORY COMMITTEE

Article 24

In order to promote and encourage more active participation by the business sector in the tasks relating to the implementation of this Agreement, a Business Advisory Committee shall be established, composed of representatives of the business associations of the signatory countries.

The Committee, as an advisory body, shall assist the Administrative Commission, where appropriate, in carrying out its functions and thereby contribute to fulfilling the objectives set out in this Agreement.

Article 25

The Business Advisory Committee shall have the following responsibilities, powers and functions:

(a) To provide advisory assistance to the Administrative Commission in all areas covered by this Agreement and in those areas which, in its opinion, may contribute to developing and deepening economic relations between the signatory countries and, in particular, cooperation between businesses;

(b) To make proposals to the Administrative Commission concerning measures to be undertaken to implement the mechanisms and best fulfil the objectives of this Agreement, especially in matters of bilateral economic cooperation and treatment of investments, circulation of capital and joint ventures;

(c) To propose to the Administrative Commission that new products be included in the annexes to this Agreement;

(d) To study, within the terms of its mandate, the results obtained from implementation of the mechanisms of this Agreement;

(e) To promote operative mutual cooperation understandings or agreements between the business associations of the two countries;

(f) To adopt, amend and replace the procedures governing its functions and activities; and

(g) To carry out other activities or tasks at the express request of the Administrative Commission or following mutual agreement between the delegations of the business associations of the signatory countries.

CHAPTER XIII. SETTLEMENT OF DISPUTES

Article 26

In order to settle any disputes which may arise from the interpretation of, or compliance or non-compliance with, the provisions of this Agreement, or any other dispute not addressed in chapter V, the signatory countries shall be bound by the procedure set out in the following articles.

Article 27

The signatory country which considers itself affected by a case of improper implementation, a difference in interpretation or a situation of non-compliance with this Agreement, shall inform the other signatory country of its views in that regard through the competent national body referred to in article 23, to which the other country shall be required to respond within a period not to exceed 15 days.

In cases where the other signatory country does not respond within the required time period or where the response does not satisfy the affected signatory country, immediate direct negotiations shall be initiated through the competent national bodies referred to in article 23 or within the Administrative Commission, as decided by the affected country.

In the latter case, the Commission shall be convened within a period of no more than 20 days after the request by the affected party has been received.

In order to better accomplish its task, the Administrative Commission may request independent technical opinions from specialists or specialized bodies which shall be taken into consideration as additional evidence.

Article 28

If, during the direct negotiations between the competent national bodies or within the Administrative Commission, no mutually satisfactory solution has been reached within 30 days, extendable by mutual agreement, the dispute shall be submitted to an Arbitration Commission made up of three recognized experts, one appointed by each of the signatory countries and a third to act as chairman. The latter may not be a national of either of the signatory countries and shall be appointed by the Secretary-General of LAIA from a list of experts drawn up annually for that purpose by the Administrative Commission.

The Arbitration Commission must be constituted and begin its work within 20 days of the appointment of its members.

Article 29

The Arbitration Commission shall act in accordance with the rules of arbitration procedure to be adopted by the Administrative Commission of the Agreement, and shall reach a decision within 90 days of being constituted.

It shall issue its decision in a resolution which it must adopt within 60 days of being constituted.

Article 30

Notwithstanding the arbitrators' power to resolve the dispute in a responsible manner, the Arbitration Commission shall take into account the situations and facts submitted to it in the light of the provisions of this Agreement and those of the Montevideo Treaty of 1980, together with any other relevant rules and principles of international law.

Article 31

The Arbitration Commission's decision must include a determination of whether the situation submitted to it was the result of non-compliance with the Agreement or an improper interpretation of it, together with the steps to be taken by the respondent country to rectify the situation.

It must also decide what measures the affected country may take if the respondent country fails to comply.

Article 32

No appeal against the Arbitration Commission's resolution shall be possible; only a clarification of the decision may be requested. It shall be binding on the signatory countries upon notification of the decision.

Failure to comply on the part of the respondent country shall give the affected country the right to temporarily suspend some or all of the provisions of this Agreement and, in the case of continued failure to comply, to denounce the said Agreement.

CHAPTER XIV. VALIDITY AND DURATION

Article 33

This Agreement shall enter into force on the date of its signature for an indefinite period of time.

Article 34

The tariff preferences contained in annexes I, II, III and IV to this Agreement shall continue for an indefinite period of time.

Notwithstanding the foregoing, the tariff preferences and quotas contained in annex I of this Agreement may be reviewed every five years by mutual agreement following negotiations between the Parties. Should no such review take place, those preferences and quotas shall be continued for the same period of time.

Should the preferences referred to in the previous paragraph be suspended by agreement, the quota shall be gradually eliminated over a period of three years.

Article 35

The tariff preferences contained in this Agreement shall enter into force on 10 July 1993, by which time the signatory countries shall take whatever internal administrative steps are necessary to ensure the simultaneous application of those preferences.

CHAPTER XV. ACCESSION

Article 36

This Agreement shall be open to accession, following negotiations, by the other countries members of the Latin American Integration Association (LAIA).

Article 37

Once the terms of accession have been negotiated between the signatory countries and the acceding country, accession shall be formalized by the signing of an additional protocol to this Agreement; that protocol shall enter into force 30 days following its deposit with the General Secretariat of LAIA.

CHAPTER XVI. DENUNCIATION

Article 38

Any signatory country which decides to denounce this Agreement must inform the other signatory or member countries of its intention at least 180 days prior to depositing the relevant instrument of denunciation with the General Secretariat of LAIA.

Article 39

Once the denunciation has been finalized by the deposit of the relevant instrument with the General Secretariat of LAIA, the rights acquired and obligations contracted under this Agreement shall automatically cease to apply for the denouncing country, except in respect of the trade preferences received or granted, which shall remain in force for a period of one year from the date the denunciation is formalized.

CHAPTER XVII. CONVERGENCE

Article 40

At the meetings of the Evaluation and Convergence Conference of the Latin American Integration Association (LAIA) provided for in article 33 of the Montevideo Treaty of 1980, the signatory countries, together with the other countries members of the Association, shall consider the possibility of progressively applying the preferential treatments which are or may be granted under this Agreement on a multilateral basis.

CHAPTER XVIII. FINAL PROVISIONS

Article 41

After signing this Agreement, and in accordance with the relevant provisions of the Montevideo Treaty of 1980 and the resolutions of the Council of Ministers of the Latin American Integration Association (LAIA), the signatory countries shall

inform the other countries members of the Association of the text of this Agreement, in accordance with the procedures established for that purpose.

Article 42

Once the signatory countries have fulfilled the provisions set out in articles 33 and 35, and this Agreement has therefore entered into force, the Partial Agreement on Renegotiation No. 27 and its additional and modifying protocols shall be null and void.

DONE at Santa Cruz de la Sierra, Republic of Bolivia, on 6 April 1993, in two equally authentic originals.

For the Government
of the Republic of Chile:

ENRIQUE SILVA CIMMA
Minister of Foreign Affairs

For the Government
of the Republic of Bolivia:

RONALD MACLEAN ABAROA
Minister of Foreign Affairs
and Worship

ANNEX I¹

NON-RECIPROCAL TARIFF CONCESSIONS
GRANTED BY CHILE TO BOLIVIA

ANNEX II¹

PREFERENCES GRANTED BY BOLIVIA TO CHILE

ANNEX III¹

PREFERENCES GRANTED BY CHILE TO BOLIVIA

ANNEX IV¹

NON-DEEPENED PREFERENCES

¹Not published herein in accordance with article 12 (2) of the General Assembly regulations to give effect to Article 102 of the Charter of the United Nations, as amended.