

TREATY BETWEEN THE ARGENTINE REPUBLIC AND THE ITALIAN REPUBLIC FOR THE ESTABLISHMENT OF A SPECIAL ASSOCIATIVE RELATIONSHIP

The Argentine Republic and the Italian Republic,

Inspired by the common values of freedom, democracy and social progress which motivate their peoples;

Solemnly reaffirming that the consolidation of democratic institutions in the Argentine Republic is a factor of vital importance for a new political era in Latin America and a permanent condition for the expansion of relations between the two countries;

Desiring to strengthen and deepen the special ties that traditionally exist between the two countries and to give them renewed quantitative and qualitative force;

Convinced that the identification of, and the example set by, new models of collaboration between countries belonging to different geographical regions and faced with different problems of development can contribute significantly to the maintenance of international peace and stability, the spread of new forms of coexistence and the affirmation of a more equitable economic order;

Moved by their respective historical experiences, which have demonstrated that economic development, social progress, cultural and educational relations, scientific research and technological modernization contribute decisively to the consolidation of democratic institutions;

Conscious that Argentina's position as part of Latin America, on the one hand, and Italy's membership in the European Community, on the other, commit them both to the establishment of regional integration structures capable of contributing effectively to the strengthening of ties of cooperation between, and the reciprocal opening up of, their respective regions;

Convinced that the sentiment of long-standing and profound solidarity that exists between the two countries can find a permanent and organized frame of reference, expressed in a series of original and specific instruments;

Considering the need to supplement, by means of an agreement of a general character, the provisions already adopted under specific agreements on political, economic, financial, industrial and cultural matters and matters relating to technical cooperation, and other agreements now in force or to be entered into under this Treaty;

Bearing in mind the Declaration of 30 April 1987, which made clear the intention of establishing an associative relationship of a special character between Argentina and Italy in view of their ties of blood and culture, and in the hope that this experiment will introduce a new form of relations between industrialized and developing countries and thus have favourable repercussions in the North-South context;

Have agreed as follows:

Article 1.

Relations between the two countries in political, social, economic, industrial, financial, cultural, technological and scientific matters and matters relating to cooperation for development shall be based on the principle of association, with a view to arriving at special forms of cooperation, the exchange of information, the simplification of procedures and complementarity, by means of appropriate bilateral instruments in conformity with the arrangements and terms provided for in the following articles.

Article 2.

The principle expressed in the preceding article shall be applied in a manner compatible with the international

commitments of each of the two countries.

The decisions of each Party shall "as far as possible" be directed towards encouraging the execution of joint programmes. The same criterion shall be the basis for decisions taken by the two Parties in such matters as: the provision of plant, equipment and services; the transfer of resources, technology and scientific and technical-scientific knowledge; investments; the granting of loans which can be used for the purchase of goods and services from the Party granting the loan; the award and direct allocation of projects and contracts receiving concessional financing when such financing is granted under the national legislation on cooperation for development in force in the State granting the financing; and all other forms of cooperation in all other sectors regarded by the two Parties as having priority for purposes of development and technological modernization.

The two Parties undertake to utilize existing bodies and institutions and, where necessary, to establish joint bodies and institutions, to study and execute projects which could contribute to economic development, and to facilitate the procedures for their execution.

The two Parties also undertake to instruct their public administrations to facilitate the work of the said bodies and institutions.

Article 3.

The two Parties undertake, within the limits of the regional integration processes in which they participate and which it is their firm intention to promote as a guarantee of peace and interdependence and as a necessary means towards the achievement of a more just international order, to promote dialogue between the two regions to which they belong.

They also propose, in the context of international and regional institutions, to adopt positions in conformity with the spirit of this Treaty, and to work actively to facilitate the identification of appropriate solutions whenever specific questions affecting the interests of either of the signatory countries are involved.

Article 4.

The rights and interests of nationals of either Party who, by virtue of the special associative relationship, move to the territory of the other contracting State in order to work shall be protected by the agreements already in force between the Parties, or any agreements which the Parties may decide to enter into, relating to the protection of workers, social security, consular assistance, civil status, sports and so forth.

Article 5.

The two Parties shall promote the establishment of suitable conditions for greater economic cooperation between the two countries, in particular by encouraging capital investment by investors of one contracting State in the territory of the other, recognizing that the reciprocal promotion and protection of such investment helps to stimulate entrepreneurial activities and thus increases the prosperity of both Parties.

Each Contracting State shall ensure that the public and private investments of the other State are always accorded just and equitable treatment. Each Contracting State shall guarantee that the management, maintenance, use, transfer of profits in respect of, and repatriation of investments made in its territory by investors from the other Contracting State are not subjected to unjustified or discriminatory measures.

In this context, the Parties emphasize that joint ventures in the small and medium-scale business sector constitute one of the most suitable instruments for providing a fresh stimulus to economic cooperation, both bilateral and in their respective areas of integration.

In the same spirit, both Parties shall encourage the entry into and stay in their territory of Argentine or Italian nationals, to the extent compatible with the requirements of the labour market in each country and without prejudice to the obligations deriving from their membership in their respective regional organizations.

Article 6.

All equipment and capital goods of Italian origin imported for the execution of development projects to be carried out under this Treaty shall be exempt from the payment of customs duties, when such imports benefit from concessional financing, on the basis of the Italian legislation relating to cooperation for development.

Article 7.

Desiring to enhance cooperation in the field of science and technology, the two Parties shall encourage the establishment of the Italy-Argentina Technological Club, which will permit the initiation of joint activities in the field of research and scientific and technological development, with special reference to activities leading to the expansion of production.

Article 8.

Both Parties, convinced of the need to find ways of cooperating in, and disseminating, activities in the cultural field that will permit the consolidation of democratic institutions in Argentina, undertake to adopt all possible measures tending to promote these objectives.

The two Parties shall encourage the provision of training and refresher training, and the exchange of teachers of their respective languages in educational establishments of different types and levels and shall take steps towards the greater dissemination of the Spanish language in Italy and the Italian language in Argentina.

Both Parties shall encourage the negotiation of agreements between universities and between other higher educational and research institutions. They also undertake to examine the possibility of recognizing the diplomas awarded by the schools, institutes and universities and other higher educational and research institutions of the other Party. They shall also take steps to promote the image of each Party in the territory of the other through the press and other communications media and to encourage the translation and dissemination of Argentine books in Italy and Italian books in Argentina.

Article 9.

A Permanent Secretariat shall be established consisting of four high-ranking officials, together with alternates, from each country, appointed by their respective Ministries of Foreign Affairs. The Secretariat shall be presided over alternately, for one year by the highest-ranking official appointed by the Ministry of Foreign Affairs of the Italian Republic and, for the next year by the highest ranking official appointed by the Ministry of Foreign Affairs and Worship of the Argentine Republic.

The Secretariat shall be responsible for reviewing progress in the implementation of this Treaty and other related matters which the Parties may wish to entrust to it.

The Secretariat shall also be responsible for identifying speedy and simplified administrative procedures for the implementation of the initiatives agreed upon by the competent bodies.

The Secretariat shall report periodically to the Parties on the progress made in implementing the decisions already adopted and on the programming and formulation of new initiatives.

Article 10.

The Joint Argentine-Italian Commissions provided for in the Social Security Convention of 12 April 1961, the Agreement on Economic, Industrial and Financial Cooperation of 12 June 1979, and the Agreement on Technical Cooperation of 30 September 1986,â preferably meeting together, shall, inter alia, review the information provided by the permanent Secretariat.

Article 11.

With regard to political consultations, the two Parties confirm the agreement reached in the Memorandum, of 11 March 1985, which forms an integral part of this Treaty.

Article 12.

In addition to the provisions of article 1 of the Memorandum referred to in the foregoing article and with a view to encouraging the development of the relations which are the subject of this Treaty, the President of the Argentine Nation and the Prime Minister of the Italian Republic, accompanied by the Ministers for Foreign Affairs of both countries, shall hold summit meetings, if possible annually.

Article 13.

The date and agenda of, and the membership of the delegations to, the summit meetings and the meeting of the Joint Commission shall be determined through the diplomatic channel.

Extraordinary meetings may be convened by mutual agreement.

Article 14.

Both Parties shall encourage regular meetings between delegations from their respective Parliaments and between Parliamentary Commissions dealing with specific topics.

Article 15.

For the purposes of the execution of the activities provided for in this Treaty, the Parties may conclude supplementary agreements.

Article 16.

The two Parties undertake to determine suitable procedures to facilitate the implementation of this Treaty.

Article 17.

This Treaty shall enter into force on the date on which the Parties exchange the instruments of ratification.

Done at Rome, on 10 December 1987, in two original copies, in the Spanish and Italian languages, both texts being equally authentic.

The President of the Argentine Nation:

[Signed]

Raúl R. Alfonsín

The Prime Minister of the Italian Republic:

[Signed]

Giovanni Goria

MINUTE

Bearing in mind the intention of establishing a special associative relationship between the two countries, as agreed at previous meetings between the Minister for Foreign Affairs and Worship, Mr. Dante M. Caputo, on the one hand, and the Minister for Foreign Affairs, the Hon. Giulio Andreotti, and the Minister for Foreign Trade, Ambassador Renato Ruggiero, on the other, and formalized in the Treaty between Argentina and Italy signed today;

The President of the Argentine Nation, Dr. Raul Alfonsin and the Prime Minister of the Italian Republic, the Hon. Giovanni Goria:

Considering that this associative relationship should constitute an innovative model of cooperation in North-South relations between an industrialized country and a country burdened by external debt, in accordance with the principles established by international organizations;

Considering that this system of cooperation should facilitate investment in manufacturing industries in the private sector in Argentina, with the participation of Italian and Argentine investors;

Considering also the importance of encouraging joint experiments in production which promote the modernization of and increased productivity in the Argentine economy;

Have taken note of the following guidelines for joint action:

The Argentine Government and the Italian Government shall promote a programme of support for Argentine economic development with the objective of generating investments in Argentina amounting to approximately \$5,000 million in the five-year period 1988-1992. The programme's funds shall comprise the following three components, in similar proportions: Italian assistance funds, direct Italian investments and direct Argentine investments.

(1) The Italian Government undertakes to grant the Argentine Government, for the biennium 1988-1989, up to \$600 million in assistance funds for the execution of cooperation projects in Argentina selected by mutual agreement.

A portion, amounting to approximately one half, of the said amount shall be reserved for projects in the Argentine production sector outside the major public works sector. To this end, the Parties shall endeavour to encourage the formation in Argentina of joint ventures aimed at the development of the industrial sector.

The criteria and procedures for partial allocations of concessional financing to projects to be executed by Argentine-Italian companies or for the promotion of joint contributions of capital to Argentine sectors of production selected by agreement shall be worked out and submitted to the competent Italian decision-making bodies for approval.

To ensure greater continuity in activities carried out in cooperation with Argentina in keeping with the special associative relationship established between the two countries the Italian Government undertakes to pursue the objective of granting a similar amount of concessional financing in the years 1990-1992, with a view to encouraging direct investment in the productive sector, excluding the major public works sector.

The concessional funds shall be directed towards modernizing technology and enhancing the competitiveness of Argentine industry.

The Italian Government shall also take steps, pursuant to article 7 of Act 49 of 26 February 1987, to grant concessional financing to Italian enterprises making such investments and shall also, through that portion of the assistance funds earmarked for financing local expenditures, facilitate the acquisition of goods to serve as the Argentine contribution to the risk capital in joint initiatives to be carried out in Argentina.

The Parties shall review annually the fulfilment of the undertakings agreed upon in this Minute with a view to the adoption of any subsequent measures that may be necessary for the optimum development of Argentine-Italian cooperative relations.

(2) The Italian Government shall, in addition, promote direct investment by private Italian firms and firms in which the State has a holding, through SACE insurance of capital and dividends, in accordance with the provisions of Act 227 of 1977,

(3) The Argentine Government, for its part, undertakes to facilitate the mobilization of investment for the establishment of productive enterprises in an amount equivalent to one of the two other components of the cooperation scheme (assistance funds and Italian investments).

As part of its efforts to promote investment, the Argentine Government shall evaluate the eligibility of projects in the private sector included in this programme, for the purpose of allocating external debt capitalization funds in accordance with the legislation in force.

The Argentine Government shall, in respect of Italian investments made under this Programme, guarantee the free repatriation of capital and the transfer of profits, notwithstanding any local restrictions applicable in the case of difficulties in foreign payments. Investments which enjoy this guarantee shall be registered in accordance with Act 21,382, issued in 1980. This guarantee shall not apply to capital contributions made under the regime for the capitalization of external debt.

Both Governments shall allocate direct funds and investments in the light of the need to increase the export capacity of Argentine industrial products.

The programme shall pay special attention to the development of projects submitted by small and medium-sized enterprises relating to the renewal and modernization of the Argentine industrial structure.

With a view to the practical implementation of the scheme of cooperation outlined above, the two Governments are agreed on the advisability of setting up a financial organ, to be established before 30 June 1988, to which the Argentine Government, in accordance with a specific set of rules, shall delegate the administration of compliance with the commitments deriving from this scheme of financial cooperation. Both Parties shall share equally in this organ's decision-making, with a view to ensuring that its decisions reflect the wishes of their respective Governments.

The scheme of financial cooperation and the commitments agreed upon in this Minute shall be reviewed annually by the

Secretariat provided for in the Treaty for the establishment of a special associative relationship, in order to ensure the smooth development and utilization of each of the three financial components provided for in this Minute.

Done at Rome, on 10 December 1987.

The President of the Argentine Nation:

Raúl R. Alfonsín

[Signed]

The Prime Minister of the Italian Republic:

[Signed]

Giovanni Goria