

Economic Complementation Agreement between the Republic of Bolivia and the Republic of Chile

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

The importance for the economic development of the signatory countries have adequate cooperation in the areas of production of goods and services.

The desirability of achieving a more active participation of economic operators of the signatory countries through the existence of a clear and predictable rules for the development of trade and investment.

Agree:

Chapter I. Objectives of the Agreement

Article 1.

This agreement 's aims are:

- a. Laying the foundations for a growing and progressive integration of the economies of the signatory countries;
- b. Facilitate, expand and diversify trade in goods and services between the signatory countries; promoting and stimulating productive activities located in their territories and facilitate investments in the territory of each signatory of the other;
- c. To create conditions to achieve a harmonious and balanced progress in bilateral trade;
- d. A legal and institutional framework for the development of a more comprehensive economic cooperation in areas of mutual interest; and
- e. Establishing mechanisms for promoting the active participation of the private operators in efforts to achieve the expansion and deepening economic relations between the signatory countries and achieving progressive integration of their economies.

Chapter II. Duty-free Programme

Article 2.

The signatory countries agree to tariff preferences granted according to the following schedule:

Chile accords Bolivia tariff concessions without reciprocity to imports originating in that country, whose classification, treatment and conditions are specified in Annex I of this Agreement.

The signatory countries agree to liberate duty-free imports of products listed in annexes II and III of this Agreement.

Annex IV shall include the products of tariff preferences in partial agreement concluded between Chile and Bolivia within the framework of ALADI, and, in this Agreement have not been subject to its deepening in tariff preference for either of the two countries, the preferential margin.

The Parties may, by mutual agreement following negotiation, incorporate new products to annexes II and III, and the deepening tariff preferences listed in annex IV to this Agreement.

Article 3.

For the purposes of this Agreement, "liens" shall mean customs duties and any other surcharges of equivalent effects,

whether of a fiscal, monetary, exchange or nature nature, that affect imports. Fees and analogous surcharges will not be compromised in this concept when they are equivalent to the cost of the services actually provided.

Article 4.

The signatory countries undertake to make maximum efforts to prevent the application of measures that tend to impede reciprocal trade. Regarding the products included in the Liberalization Program, the signatory countries undertake not to introduce non-tariff restrictions on their imports and exports, except for those referred to in Article 50 of the 1980 Treaty of Montevideo. "Restrictions" shall mean any measure of an administrative, financial, exchange or any other nature, by which a signatory country prevents or hinders, by unilateral decision, its imports or exports.

Chapter III. Rules of Origin

Article 5.

The benefits derived from the Liberalization Program of this Agreement shall apply exclusively to products originating in and coming from the territories of the signatory countries.

Article 6.

The signatory countries will apply to the imports carried out under the Liberalization Program, the General Regime of Origin of the ALADI, adopted by Resolution 78 of the Representatives Committee of the Association, without prejudice to the specific requirements of origin established in this Agreement. or by the Administrative Commission referred to in Chapter XI thereof.

Chapter IV. Safeguard Clauses

Article 7.

Upon timely notice, the signatory countries may apply to imports under the Liberalization Program, the Regional Safeguards Regime of the ALADI, approved by Resolution 70 of the Association Representatives Committee, with the limitations established by the following Article.

Article 8.

In cases in which imports of products covered by the Liberalization Program are carried out in quantities and conditions that cause or threaten to cause "serious damage" to domestic productions of similar or directly competitive products, the signatory countries may apply in a non-competitive manner, discriminatory safeguard measures of up to one year. The extension of said term will require a prior joint examination by the signatory countries of the background and justifications that justify it. In any case, the safeguard measures to be applied during a new term, which may not be extended for more than one year, must necessarily be smaller in their intensity and magnitude and have their total elimination foreseen at the expiration of said new period.

Article 9.

The Administrative Commission of the Agreement will define, within 90 days following its establishment, what will be understood as "serious prejudice" and will adopt the rules of procedure for the application of the provisions of this Chapter.

Chapter V. Unfair Trading Practices and Conditions of Competition

Article 10.

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

Article 11.

In the reciprocal trade situations of dumping or distortion of competition as a result of the application of export subsidies

and other benefits with equivalent effect, of both products covered in the benefits of liberalisation programme of this Agreement as products that are not covered in such benefits, the signatory party affected will apply corrective measures under its domestic law. The signatories undertake to continue the criteria and procedures contained in the area of the General Agreement on Tariffs and Trade (GATT), at the date of signature of this Agreement.

Chapter VI. Assessment of the Agreement

Article 12.

The signatory countries will periodically evaluate, at least every three years, the dispositions and preferences granted in this Agreement with the purpose of achieving a harmonious and balanced advance both in the evolution of reciprocal trade and in the achievement of the other objectives of Article 1. For such purposes, the Administrative Commission established in Chapter XI of this Agreement shall exercise the functions that permit that evaluation and examination. The result of such evaluation and examination shall be expressed in Resolutions of the Commission or in Protocols annexed to this Agreement, according to the legal nature of said Resolutions.

Chapter VII. Treatment In Matters of Internal Taxes

Article 13.

In compliance with Article 46 of the Treaty of Montevideo 1980, regarding taxes, fees and other internal taxes, products originating in the territory of a signatory country shall enjoy in the territory of the other signatory country a treatment no less favorable than that applied to similar national products.

Chapter VIII. Investment

Article 14.

In order to stimulate the movement of capital between the two countries and the location of investments from either in their respective territories, the signatory countries shall, inter alia, the following criteria in the implementation of its relevant domestic laws:

The capital from any of the signatory countries will be granted, in the territory of the other signatory party, a treatment no less favourable than that accorded to the proceeds of any other country; and

The capital from any of the signatory countries shall enjoy in the territory of the other signatory a treatment no less favourable than that accorded to domestic capital.

The aforementioned criteria shall be without prejudice to the full enjoyment, as relevant, of the constitutional or legal provisions that govern in the signatory countries.

Chapter IX. Energy Integration

Article 15.

The signatory countries shall carry out actions aimed at promoting studies and projects in the areas of electrical energy complementarity, geothermal and hydrocarbons. These measures shall be implemented through the competent national authorities and, in particular through technical commission created by the act of intents, signed in Rio de Janeiro on 12 November 1990, by the Minister of Energy and Mineral oils of Bolivia and the Deputy Minister of National Commission of Energy of Chile.

Article 16.

On the basis of the guidelines agreed in the memorandum of understanding signed in the city of 20 June 1991, by the Minister of Energy and Mineral oils of Bolivia and the Minister President of the National Commission of Energy of Chile, the signatory countries shall carry out appropriate actions to promote the implementation of specific projects of energy integration. Similarly, the signatory countries shall ensure that, in the future, conclude agreements for the purchase and sale of natural gas of Bolivian origin, when the conditions of availability of Bolivian reserves of natural gas, whose production is not engaged and when the conditions of technical and economic feasibility are desirable.

Article 17.

The purchase of Bolivian gas pipeline construction, financing and may be implemented by private undertakings or associations of Bolivia, Chile, third countries and international financial institutions, according to the legislation of each signatory country.

Article 18.

The signatory countries, taking into account the work undertaken by the Technical Committee referred to in article 15, shall examine the convenience and the need to negotiate and conclude, in a timely manner, the necessary additional legal instruments for the implementation of projects of energy integration and, in particular, those projects based on the use of natural gas from Bolivia.

Chapter X. Economic Cooperation

Article 19.

The Parties shall promote cooperation in areas such as:

- a. Regulatory regimes and control systems in the field of animal and plant;
- b. Technical and qualitative standards;
- c. Rules on security and public health;
- d. Development of tourism in the spirit of the same contributes to better mutual understanding of the historical and cultural values of the signatory countries;
- e. Activities in the fields of information and promotion of trade;
- f. Actions to promote a crecnete exchange of technology, particularly in agriculture, industrial and agro-industrial, mining and communications;
- g. Regulatory regimes and control systems in the preservation of the environment; and
- h. Regimes on intellectual and industrial property.

To undertake specific actions of cooperation in these fields, the competent bodies in their respective areas of each signatory may conclude agreements within the framework of its powers. The commission administering the agreement shall promote the realization of such actions and shall be kept informed of progress in the actions to be agreed.

Chapter XI. Commission for the Administration of the Agreement

Article 20.

The administration of this Agreement shall be conducted by a committee composed of high-level representatives of Government of the signatory countries.

The Management Committee shall convene once a year in regular session of the date and venue as may be determined by mutual agreement and in special session, when the signatory countries, prior consultations, so agree.

Delegations of the signatory countries to meetings of the Commission shall be chaired by the high-level official that each of the respective Governments designate and may be composed of delegates and other advisers to accredit resolve.

The Committee shall be established within 90 days of the Agreement signed at its first meeting and shall establish its own rules of procedure.

Article 21.

The administrative commission shall have the following competences and functions:

- a. To ensure compliance with the provisions of this Agreement;

- b. Periodically assess the results of the implementation of this Agreement, to negotiate and agree on such measures as it considers desirable for the attainment of the objectives of this Agreement;
- c. Regular review and assess the results in the bilateral trade liberalization programme established in this Agreement and further consultations and negotiations for the adoption of measures for its improvement;
- d. Agree, under the rules contained in chapter II The inclusion of new products to annexes II, III and IV thereto;
- e. Maintaining up-to-date the tariff nomenclature adopted for the classification of products listed in annexes I, II, III and IV of this Agreement;
- f. Promote consultations and negotiations and agree on appropriate measures in all matters relating to the implementation of the provisions of this agreement on specific requirements of origin, safeguard clauses and unfair trade practices and conditions of competition;
- g. Promote consultations and negotiations with the aim of stimulating economic cooperation between the signatory countries according to the rules contained in chapter X of this Agreement, and coordinate the activities developed, jointly, by the competent national authorities;
- h. Exercise the functions relating to him within the dispute settlement procedures in accordance with the rules contained in chapter XIII of this Agreement;
- i. Ask advice and the advisory opinion of the Business Committee and consider reports and recommendations, initiatives and proposals that are high, particularly as regards the inclusion of new products to annexes II, III and IV;
- j. Replace, amend or adopt its own rules of procedure;
- k. Propose to the Governments of the signatory countries the extension, amendment or replacement of this Agreement; and
- l. Exercise other powers and perform such other functions as are conferred by this Agreement.

Article 22.

Agreements resulting from the exercise of the powers and functions conferred upon the Commission and administering relating to specific matters not regulated in detail by the provisions of the present Agreement, be formalized through Additional Protocols thereto and shall be protected in the legal framework established by the same.

Article 23.

Institutional linkages of the signatory countries with the Commission shall be administered by the competent national body designated by each of them.

It shall also execute the role of maintaining communications and links between the Governments of the signatory countries on matters relating to the implementation of this Agreement.

Chapter XII. Business Advisory Committee

Article 24.

In order to promote and encourage a more active participation of business sectors in the tasks relating to the implementation of this Agreement, the business advisory committee will be created comprising representatives of business organizations leaderships of the signatory countries.

The Committee, which is an advisory body, is intended to contribute, in relation to the performance of the functions of administering the Commission and to facilitate the achievement of the objectives stated in this Agreement.

Article 25.

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

- a. Provide advice to the Commission by the administering in all matters covered by this Agreement and in areas that contribute to increase and enhance the economic relations between the signatory countries and in particular the business

cooperation;

b. Promoting initiatives to the administering Committee on actions to be taken for the implementation of the mechanisms and better implementation of the objectives set out in this Agreement, particularly in bilateral economic cooperation matters and treatment to investments, movement of capital and joint investment;

c. Propose to the administering commission the incorporation of new products to the Annexes of this Agreement;

d. Review within the scope of its competence, the results of the implementation of this Agreement;

e. Promote operational understandings or agreements on mutual cooperation between business organizations, of the signatory countries;

f. Adopt, amend and replace the rules to regulate their functioning and activities; and

g. Other activities or tasks expressly requested by the commission administering or which, by mutual agreement, agreed between the delegations of business organizations of the signatory countries.

Chapter XIII. Dispute Settlement

Article 26.

For the settlement of disputes that may arise in the interpretation of the provisions of this Agreement and its implementation or non-implementation or any other than those provided for in Chapter V, the signatory countries shall be submitted to the procedure set out in the following articles.

Article 27.

The signatory country which considers that it is adversely affected by a situation of application is not in conformity with the law or based on an interpretation that no shares or non-compliance with the provisions of this Agreement, it shall inform the other signatory, through the competent national authority referred to in article 23, their observations thereon, which shall be met by the latter within 15 days.

In the event that a signatory country required does not respond within the specified period or its reply not satisfy the signatory affected country, a direct process of negotiation will start through the competent national bodies referred to in article 23 or within the administering commission according the election of the signatory party affected.

In the latter case, the Committee shall be convened to meet within 20 days after the request of the signatory affected.

In the performance of its duties, the Commission may request individual specialised or administering bodies independent technical opinions, which shall be taken into account as an additional evidence.

Article 28.

If in direct negotiations through the competent national authorities or within the administering commission is not achieved, within 30 days, extendable by mutual agreement, a mutually satisfactory solution to the dispute shall be submitted for consideration and decision of an arbitration commission composed of three experts of recognized competence, two designated by each signatory countries and a third arbitrator who shall be the Chairman. This shall not be a national of the signatory countries and shall be appointed by the Secretary-General of ALADI, between the names listed in a roster of experts the administering Commission shall prepare annually for this purpose.

The arbitral committee shall be made up and initiate its tasks within 20 days after the appointment of its members.

Article 29.

The arbitral committee conform to the provisions of regulation on arbitration procedure to be adopted by the commission administering the agreement within a period not exceeding 90 days from the date of its establishment.

It shall deliver its ruling through a resolution, which shall be taken for a period not exceeding 60 days from the date of its establishment.

Article 30.

Without prejudice to the right of its members to decide on the dispute submitted to it, the arbitral committee assess facts and situations subject to review in the light of the provisions of this Agreement and the Montevideo Treaty 1980, as well as other rules and principles of International Law as may be applicable.

Article 31.

The ruling of the arbitration commission shall contain the ruling on whether the situation under its consideration constitutes a breach or an interpretation not in conformity with the law and on the measures to be taken by the requested country to rectify this situation.

Similarly, it shall identify those measures that the country concerned may take in case the requested country fails to comply with the same.

Article 32.

The ruling of the arbitration commission shall be final and result solely to an application for clarification.

It shall be compulsory for the signatory countries fully after its notification.

Failure by the requested country may lead to the temporary suspension of the application by the country concerned of some or all of the provisions of this Agreement, as well as constitute, in the event of persistent breach, the grounds for complaint.

Chapter XIV. Duration and Validity

Article 33.

This Agreement shall enter into force as from the date of subscription and shall be of indefinite duration.

Article 34.

The tariff preferences referred to in Annexes II, III and IV of this Agreement shall have an indefinite duration.

Notwithstanding the above, the tariff preferences and quotas incorporated in Annex I of the present Agreement may be reviewed every five years, by mutual agreement and following negotiation between the Parties. If the review is not carried out, these preferences and quotas will be extended for the same period.

In the event that it is agreed to suspend the preferences referred to in the previous paragraph, a program of linear reduction to three years of the respective quota shall be applied.

Article 35.

The tariff preferences set forth in this Agreement shall become effective on July 1, 1993, the term within which the signatory countries shall adopt the relevant internal administrative measures to implement these preferences simultaneously.

Chapter XV. Accession

Article 36.

This Agreement shall be open, after negotiation, to the accession of the other members of the Latin American Integration Association (LAIA).

Article 37.

The accession shall be formalised once the terms of the same have been negotiated between the signatory countries and the acceding country, by means of the signing of an Additional Protocol to the present Agreement, which shall enter into force 30 days after its deposit with the General Secretariat of LAIA.

Chapter XVI. Denunciation

Article 38.

The signatory country which decides to denounce this Agreement shall communicate this intention to the other signatory or acceding countries at least 180 days before the date of deposit of the respective instrument of denunciation with the General Secretariat of LAIA.

Article 39.

Once the denunciation has been formalized through the deposit of the respective document with the General Secretariat of LAIA, the acquired rights and the obligations assumed by the denouncing country under this Agreement shall automatically cease, except for the trade preferences received or granted, which shall continue in force for a period of one year, as from the date of the formalization of the denunciation.

Chapter XVII. Convergence

On the occasion of the Sessions of the Conference of Evaluation and Convergence of the Latin American Integration Association (LAIA), foreseen in Article 33 of the Treaty of Montevideo 1980, the signatory countries shall examine, together with the other member countries of the Association, the possibility of proceeding to the progressive multilateralisation of the preferential treatments agreed or to be agreed under this Agreement.

Chapter XVIII. Final Provisions

Article 41.

After the signing of this Agreement, the signatory countries, in compliance with the relevant rules contained in the Treaty of Montevideo 1980 and in the Resolutions of the Council of Ministers of the Latin American Integration Association (ALADI), shall make the text of the Agreement known to the other member countries of the Association, in accordance with the procedures established for this purpose.

Article 42.

Once the signatory countries have complied with the provisions of Articles 33 and 35 and, consequently, this Agreement is in full application, Partial Scope Renegotiation Agreement N° 27 and its Additional and Modifying Protocols shall be void.

Done at the City of Santa Cruz de la Sierra, Republic of Bolivia, on the sixth day of April 1993, in two originals both equally authentic.

For the Government of the Republic of Bolivia

For the Government of the Republic of Chile