

General Treaty of Integration and Economic and Social Cooperation for the Conformation of a Common Market between the Republic of Bolivia and the Republic of Peru

The Government of the Republic of Bolivia and the Government of the Republic of Peru, hereinafter referred to as "The Parties ":

CONSIDERING:

The fraternal and deep bond that unites the peoples of Bolivia and Peru that share a common space and history;

ANIMATED:

For the desire to permanently strengthen the traditional bonds of friendship and cooperation between both countries and consolidate the community of interests that bind them;

CONVINCED:

The importance of broadening and deepening binational integration with a view to building an integrated economic, social, political and cultural space between both countries, with a vision of the future and orientation of modernity that contributes to deepen the integration of the Andean Community and the construction of an integrated South American space;

CONSIDERING:

The objectives set forth in the Treaty of Montevideo 1980, which establishes the Latin American Integration Association and the Cartagena Agreement;

RECOGNIZING:

The importance of the community legal heritage of the Cartagena Agreement and of the Peruvian-Bolivian bilateral relationship;

CONSIDERING:

That in accordance with the stipulations of Article 1, letter e) of the Treaty establishing the Court of Justice of the Andean Community, the Member Countries may adopt Agreements among themselves within the framework of the process of subregional integration, which form part of the order of the Community;

CONSCIOUS:

That the binational integration contributes to a more dynamic and integral economic and social development and to improve the quality of life of its peoples, as well as to achieve a more efficient insertion in the current globalized world;

RECOGNIZING:

That binational integration should lead to a balanced and harmonious development, which implies an equitable distribution of the benefits derived from it and the increasing complementation of their economies;

PERSUADED:

That agriculture and the manufacturing sector, particularly the micro and small enterprises, play a significant role in generating wealth and labor occupation in their territories and that they constitute an important base for the reduction of poverty and the improvement of quality of life;

CONSIDERING:

That productive enterprises, social projects and physical interconnection play a substantive role in the development and integration of peoples;

RECOGNIZING:

The commitment of both Parties to advance in the integration process respecting the norms of conservation of the environment and promoting sustainable development;

REAFFIRMING:

Respect for the cultural diversity of their peoples, common wealth that both countries seek to preserve and develop as an element of union of both nations;

RECOGNIZING:

The value of migrations as a dynamic factor of integration and knowledge among the peoples

PERSUADED:

That civil society must play a relevant role in binational integration;

DECIDED:

To expand and deepen the bonds of cooperation that unite them, as a tool to strengthen binational integration;

REAFFIRMING:

Your commitment to the principles of equality, social inclusion, justice, peace, solidarity and democracy;

Have agreed, in accordance with the provisions of Article 1, letter e) of the Treaty establishing the Court of Justice of the Andean Community, to sign the present

TREATY

Article P One. Objectives, Principles, Instruments and Institutional Framework

Chapter I. Objectives

Article 1.

The present Treaty has the following main objectives:

Deepen binational integration, as a contribution to the consolidation process of the Andean Community and the construction of an integrated South American space;

a) To favor the sustainable and integral development of both countries, with special emphasis on the economic, social, political, cultural and environmental aspects;

c) Promote the balanced and harmonious development of both countries, in order to raise the living standards of their populations;

d) Gradually harmonize economic and social policies;

Increase bilateral trade, tourism and investment flows;

e) Strengthen cooperation and promote the complementarity and competitiveness of their economies;

f) Intensify joint actions aimed at strengthening physical integration, particularly in its infrastructure and services, energy and transport and communications components;

g) Strengthen democratic security through the adoption of specific cooperation mechanisms.

h) Promote joint social development, as well as the fight against poverty and social exclusion, with special emphasis on the populations of the border regions;

i) Promote the participation of regional and local authorities, the private sector and civil society organizations in the binational integration and cooperation process; and

k) To foster the necessary conditions to gradually move towards the formation of a Common Market.

Chapter II. Principles and Instruments

Article 2.

The present Treaty is based on the reciprocity of rights and obligations between the Parties.

Article 3.

The Parties shall promote the convergence of this Agreement with other Integration Agreements.

Article 4.

The Parties shall implement the pertinent clauses of this Treaty in accordance with the provisions on special regime for countries with less relative economic development contemplated in the Cartagena Agreement and in the Montevideo Treaty of 1980.

Chapter III. Legal Framework of the Bilateral Relationship

Article 5.

The Parties recognize the importance of the legal system of the Peruvian-Bolivian bilateral relationship, made up of all the treaties and other binding international instruments in force.

Article 6.

The Parties shall promote the progressive development of this Treaty through agreements that complement it, which will be part of the legal system referred to in the previous Article.

Chapter IV. Institutional Mechanisms

Article 7.

The institutional mechanisms of the present Treaty will be:

- a) The Presidential Meetings
- b) The Binational Ministerial Cabinet
- c) The Ministerial Commission
- d) The Executive Committee

Article 8.

The Presidential Meetings, will define the political guidelines of the binational link and will have an annual periodicity.

Article 9.

The Binational Ministerial Cabinet will deal with sectoral issues and will meet on the occasion of the Presidential Meetings.

Article 10.

The Ministerial Commission, made up of the Ministers of Foreign Affairs and the Ministers in charge of Foreign Trade and Integration and Economic Development of both countries, as appropriate, will evaluate the process of binational integration, adopt the measures for the development of the objectives of this Treaty and will comply with the guidelines given in the Presidential Meetings. The Ministerial Commission may invite other Ministers responsible for the areas involved in the topics that require particular attention. The Commission will meet at least twice a year.

Article 11.

The Executive Committee, constituted by senior officials of the respective Ministries of Foreign Affairs and of the Ministries responsible for Foreign Trade and Integration and Economic Development of both countries, as appropriate, will be responsible for articulating, guiding and supervising the implementation of this Treaty, coordinate with the respective sectors and national, regional and local entities and convene them as appropriate, develop and / or channel initiatives on agreements complementary to this Treaty and recommend courses of action to the Ministerial Commission.

Article 12.

The Parties shall promote the contribution and participation of the respective national Congresses in the integrating process that this Treaty fosters, through the mechanisms and modalities that they consider pertinent.

Article 13.

The Parties agree to establish a Business Advisory Council, made up of representatives of organizations and business sector associations, which will be empowered to submit recommendations on the binational integration process.

Article 14.

The Parties agree to establish a Labor Advisory Council, made up of representatives of organizations and unions in the labor sector, which will have the power to make recommendations on the binational integration process.

Article 15.

The Ministerial Commission may establish consultative mechanisms composed of representatives of other sectors of civil society, with the purpose of promoting their active participation in the binational integration process.

Article P Two. Commercial Integration

Chapter I. Objectives

Article 16. Objectives

The bilateral commercial integration will have like objectives the expansion and diversification of the commerce of originating merchandize of the Parts, the complementation of economic activities and the elimination of encumbrances and the restrictions of all order to the reciprocal commerce of originating merchandize.

The Parties entrust the Ministerial Commission with the evaluation of the process of binational integration, adopt the necessary measures to propitiate the conditions that allow to progress gradually towards the conformation of a Common Market.

Chapter II. Free Movement of Goods

Article 17. Free Trade Regime

The Parties, within the framework of the Cartagena Agreement and its related regulations, of the Trade Agreement between the Republic of Peru and the Republic of Bolivia of November 12, 1992 and its Addenda and of Decision 414 of the Commission of the Andean Community, they make effective the free trade zone between both countries, in accordance with the agreement expressed in the Notes exchanged on the date of subscription of this General Treaty.

In accordance with the foregoing, the Parties agree not to create or apply new "tariff levies" or "restrictions of any order" on reciprocal trade.

Article 18. Liens and Restrictions of All Kinds

In order to identify and eliminate "encumbrances" and "restrictions of all kinds", the rules of Chapter VI of the Cartagena Agreement will apply.

Article 19. Origin of the Goods

The determination of the origin of the goods will be governed by what is established in the norms of the Andean legal system.

Article 20. Certifications of Origin

In order to facilitate and make transparent the commercial operations, the Parties agree to collaborate to perfect the evaluation and control systems of the certificates of origin. For this purpose, the competent authorities will promote mechanisms to automate the aforementioned systems.

Article 21. Safeguards

With respect to safeguard measures, the Parties will be governed by the provisions of the Andean legal regulations.

The Party that applies provisional measures, in accordance with the provisions of Article 97 of the Cartagena Agreement, shall endeavor to submit, within 30 days, to the General Secretariat of the Andean Community and to the other Party, a report on the reasons in which bases its application.

Article 22. Technical Barriers to Trade

The standards, technical regulations, conformity assessment and metrology procedures that the Parties develop, adopt and implement should not have the purpose or effect of creating unnecessary technical barriers to trade. For this purpose, they will be governed by the provisions contained in the community regulations on the matter and the Agreement on Technical Barriers to Trade of the World Trade Organization.

Article 23. Customs Matters and Mechanisms to Eradicate Smuggling and other Customs Offenses

The Parties will promote actions to establish cooperation mechanisms and projects in customs matters in order to simplify and coordinate customs procedures to facilitate trade, strengthen the exchange of electronic and online information, and the certification of customs documents.

Likewise, the Parties agree to carry out joint actions to eradicate smuggling and other customs offenses, generating the conditions for the development of binational formal trade.

To this end, the Mutual Assistance and Cooperation Agreement on Customs Matters, signed on August 13, 2003, which is part of this Treaty, will be deepened by Additional Protocols.

Notwithstanding the foregoing, the customs administrations of the Parties may enter into other customs agreements within their jurisdiction, which shall be incorporated through Additional Protocols to this Treaty.

The Parties agree to give priority to the eradication of organized contraband in agricultural products such as sugar, dairy products, rice, wheat flour, pasta and alpacas; and other goods that the Parties consider relevant, such as hydrocarbons. They agree, also, that no later than thirty days after signing the Treaty, a Bilateral Commission will be set up to deal with the matter. Likewise, said Commission will recommend the measures within a period of ninety days, which will be implemented no later than two months later.

Article 24. Transit of Persons, Vehicles and Merchandise

Without prejudice to Andean regulations, the Parties shall adopt bilateral mechanisms or instruments to facilitate the transit of persons, vehicles and merchandise, between their territories, especially in the border area.

Article 25. Merchandise Transit Regime

The Parties, after evaluation, through a special working group made up of government officials and in consultation with representatives of the private sector, of the procedures for the application of the cargo handled from and to Bolivia by Peruvian territory and ports authorized for that purpose. In effect, they will adopt a manual of procedures, based on the different bilateral and multilateral agreements in force between both countries that are relevant, based on the Peru-Bolivia

Transit Agreement of 1948, the international goods transit procedure between Peru and Bolivia (TIM) of 1991 and the applicable Andean regulations.

Article 26. Agriculture

The Parties will promote the development of the agricultural and agro-industrial sector, as a dynamic factor of food security and exports, as well as to improve the sustained supply of both markets. The Parties will exchange information related to their national development plans for the sector, in order to coordinate, as much as possible, joint actions and projects for productive complementation and cooperation in specific areas.

Article 27. Sensitive Agricultural Products

In sensitive agricultural products for Bolivia or Peru, the Parties, at the request of any of them, will collaborate in the evaluation of compliance with origin requirements in a product. This should not mean intervention in the normal procedures used in the country of origin of the merchandise, nor any delay in the usual export procedures.

Article 28. Subsidies for the Export of Agricultural Products and Domestic Support

The Parties agree not to apply to reciprocal agricultural trade, export subsidies, domestic support and other measures of equivalent effect that distort trade and production of agricultural origin.

Article 29. Sanitary and Phytosanitary Measures

The Parties with the aim of facilitating the commercial exchange of plants, plant products, animals, products of animal origin, food for human and animal consumption, agricultural pesticide additives, veterinary products, hydrobiological products, pharmaceuticals and cosmetics, so that it contributes in a manner appropriate to human, animal and plant protection, as well as food in general, they decide to coordinate and work together in the implementation of the standards and procedures established by the international organizations of which the Parties are a part. This work will also be oriented to the perfection of the mechanisms of information, notification, surveillance systems and others that reduce the sanitary and phytosanitary risks, eliminating the unnecessary technical barriers that affect the trade of said products.

Article 30. Double Taxation and Exchange of Information

The Parties agree on the full validity of the Common Regime approved by the Commission of the Cartagena Agreement to avoid double taxation and prevention of tax evasion, a rule designed to encourage collaboration between tax administrations and attract foreign investment. Likewise, they agree to develop cooperation mechanisms between the Tax Administrations, within the framework of the aforementioned Regime.

Article 31. Competition Policy

The Parties recognize the importance of promoting and protecting free competition. To this end, the Parties undertake to ensure free competition, which guarantees that the benefits of commercial opening are not undermined by anti-competitive business practices, whether public or private.

Chapter III. Commerce of Services, Investments and Circulation of Capital

Article 32. Trade In Services

The Parties shall promote the liberalization of bilateral trade in services in the framework of decisions 439 and 510 of the Commission of the Andean Community and the rules that may be adopted in the future on the matter, making use of the provisions of Article 16 of the cited Decision 439.

Likewise, the Parties will promote the development of bilateral agreements on the movement of service providers.

Article 33. Promotion and Reciprocal Protection of Investments

The Parties agree that the treatment, promotion and protection of bilateral investments will be governed by the disciplines

of access, substantive obligations and principles included in the Agreement for the Promotion and Reciprocal Protection of Investments signed between Peru and Bolivia on July 30, 1993.

Article 34. Circulation of Capitals

The Parties will move forward in the process of liberalization of the circulation of capital between the two countries, taking into account the Decisions of the Andean Community.

Chapter IV. Intellectual Property

Article 35. Intellectual Property

The Parties recognize the importance of protecting Intellectual Property rights as a tool for the development of both countries.

Article 36. Access and Protection of Genetic Resources, Traditional Knowledge and Cultural Manifestations

The Parties shall adopt strategies, measures and coordinated actions to prevent the use of genetic resources and traditional knowledge, without the prior informed consent of the country and / or the holders of traditional knowledge.

Likewise, they will promote the respect and protection of cultural manifestations, of both Parties.

Likewise, the Parties, by mutual agreement and respecting the genetic and cultural patrimony of the other, will promote policies, strategies and actions that allow both countries to carry out an exchange of information that includes inventories of genetic resources and registers of traditional knowledge and cultural manifestations, in accordance with the norms of the Andean Community and the binding international regimes in which they participate.

Article 37. Control and Enforcement

The Parties commit themselves to develop coordinated actions in the fight against piracy and in this way contribute to the development of the economies of both countries, contemplating joint strategies to reinforce the customs controls of and towards the Parties.

Article 38. Cooperation In Matters of Intellectual Property

The Parties, through the National Institute for the Defense of Competition and the Protection of Intellectual Property - INDECOPI of Peru and the National Intellectual Property Service - SENAPI of Bolivia, will reinforce the ties of inter-institutional cooperation in matters of Intellectual Property, through a Cooperation Agreement that will include, among others, the exchange of information related to intellectual property issues under the rules of confidentiality and reservation established by their national legal systems, the exchange of information related to the modernization and automation of intellectual property systems, expert meetings and training.

Article P Three. Economic and Social Cooperation

Chapter I. Actions

Article 39.

The Parties shall adopt, through their competent bodies, coordinated and / or joint actions, among others, in the following areas:

- a) Economic complementation and commercial, investment and tourism promotion;
- b) Complementarity and cooperation for the development of the competitiveness of national productions of common interest, with the purpose of favoring and diversifying exports of goods and services, binational trade and exports and the joint use of commercial advantages in third parties markets, facilitating the advancement and transfer of technology;
- c) Development and strengthening of micro, small and medium enterprises;

- d) Sustainable and competitive development of the agricultural, agroindustrial and hydrobiological sectors;
- e) Border integration oriented to the priority attention of the needs of border populations and to the promotion of their economic and social development;
- f) Improvement of the physical and services infrastructure that facilitates border integration and terrestrial, fluvial and lacustrine interconnection between both countries and with third markets;
- g) Binational social development based on the Andean Social Agenda and prioritizing the education and health sectors, as well as the fight against poverty and the development of indigenous peoples;
- h) Cooperation for the fight against corruption, drug trafficking, smuggling, transnational organized crime and other illicit acts.
- i) Coordination of positions on topics of common interest in international forums.

Chapter II. Development and Complementation of Productive Sectors

Article 40. Economic and Commercial Complementation

The Parties will promote economic and commercial complementation to develop their efficiency and competitiveness in the production of goods and services. To this end, special mechanisms of information and commercial intelligence will be agreed upon that will encourage the increase and diversification of Bolivian and Peruvian exports, so that their participation in the trade balance of the respective countries will increase and their competitiveness will be favored over imports from third countries.

Article 41.

The Parties agree to carry out the following actions:

- a) Identify the specific opportunities for sectorial economic complementation and promote complementation agreements.
- b) Promote the development of bilateral strategic alliances of medium and high value-added manufacturing industries oriented to export.
- c) Identify and disseminate specific opportunities for the transformation of raw materials into intermediate goods and final products, as well as the assembly of components and parts from the territory of one of the Parties in the territory of the other Party.
- d) Identify and disseminate specific opportunities for subcontracting and / or outsourcing in the production of goods and in the provision of services between companies located in the territory of the Parties, for which a binational subcontracting exchange and other forms of cooperation that they deem appropriate.
- e) Promote mechanisms of cooperation and contacts between the representative organizations of the micro, small and medium enterprises of both countries in order to strengthen their institutional development, improve their competitiveness, stimulate the transfer and technological innovation and promote training and education.
- f) Disseminate the processes of public purchases of goods and services in order to encourage the participation of micro, small and medium enterprises.
- g) Promote the simplification and streamlining of procedures and procedures for the establishment of micro, small and medium enterprises that develop binational ventures.
- h) Promote the use of the facilities granted to the Republic of Bolivia by the Republic of Peru, in the Ilo Agreements of 1992, and the corresponding modifications that are agreed upon.
- i) Promote the use of the facilities granted to the Republic of Peru by the Republic of Bolivia, in the area of Puerto Suárez, as stipulated in the Ilo Agreements of 1992, as well as those that are subsequently granted.

Article 42. Promotion of Agricultural and Agroindustrial Development

The Parties shall promote the increase of trade in agricultural and agricultural products and of reciprocal investments in the

sector.

Article 43. Promotion of Investments

The Parties, through their specialized agencies, will develop actions aimed at:

- a) Promote bilateral investments, aimed at the establishment of companies and all types of enterprises that enable the development of production chains and production, marketing and export processes.
- b) Promote projects of binational interest with the purpose of developing the business sectors of both countries.
- c) Promote the mutual transfer of technologies, the training of human resources and productive complementation, through the development of bilateral investments.
- d) Exchange information on concrete investment opportunities for dissemination among businessmen of both Parties.
- e) Collaborate in the identification of financing lines to support the development of investment and trade opportunities.

Article 44. Commercial Promotion

The Parties agree to establish commercial promotion programs, especially for micro, small and medium enterprises, which include:

- a) Commercial intelligence studies, to identify products of common interest that allow diversifying the exportable supply of both countries and meeting international demand in conditions of quality and competitiveness.
- b) Organization and support of official and business missions for joint or coordinated participation in trade fairs, business conferences and related events, by granting the best facilities for Bolivian and Peruvian businessmen.
- c) Organization of promotional events and investment opportunities in Bolivia and Peru, with the support of the respective competent national institutions.
- d) Jointly manage, with the relevant international organizations and other sources, technical and financial cooperation for micro and small enterprises, so that they can participate efficiently in binational trade as well as in third markets, with the support of the respective competent national institutions.

Article 45.

The Parties shall promote the participation of business chambers, both national and binational, in the identification and promotion of trade and investment projects.

Article 46. Tourism Promotion, Development and Facilitation

The Parties agree to deepen joint actions with a comprehensive approach to harmonious development, balanced and common benefit, within the framework of the great potential offered by their respective assets for the promotion and increase of tourism, in order to achieve a role more protagonist in the economic and social development of its nationals, adopting for it the dispositions emanating from regional and bilateral agreements that link Peru and Bolivia within the framework of tourism integration and facilitation, through the following actions:

- a) Promotion of the binational tourism offer through the mechanisms, instruments and agreed policies that promote the guidelines and the priorities identified as common for the tourist development of both countries.
- b) Promote projects of common interest for tourism development in the border area, aimed at strengthening the effective incorporation of local communities, within the framework of sustainable development and international competitiveness that allows funding to be managed.
- c) Sponsor programs for the development of tourism activities in Protected Natural Areas of their respective border areas, in strict accordance with the national regulations and specific regulations.
- d) Promote specific cooperation and coordination agreements between the respective national authorities, such as Customs, Migration and others for the achievement of specific tourism facilitation actions.
- e) To direct concrete actions to insert with greater determination the populations of Lake Titicaca in the joint sustainable

tourism promotion of this binational Tourist Heritage.

f) Within the framework of the agreements signed, regulate, specify and coordinate joint actions to make feasible measures on tourist transport in all its modalities, especially considering the Minutes of the Meeting of Vice Ministers of Transport and Tourism held in Lima on 23 April 2004, and the Installation Act of the Binational Tourism Committee subscribed in Ilo, on April 28, 2004, respectively.

g) In order to strengthen and deepen the actions of the Tourism Development Binational Committee and the active participation of the Business Advisory Council through the representatives of the tourism trade union institutions, the Parties agree to establish an annual agenda of activities, programs and projects of common interest.

Article 47. Boliviamar Beach

The Parties agree to subscribe the complementary legal instruments that are necessary to improve the conditions and facilities for the start-up of the tourist area of Boliviamar Beach.

Chapter III. Development and Border Integration

Article 48. Development of Border Territorial Areas

The Parties agree to promote the sustainable development of the border territorial areas by executing, jointly, the following actions:

- a) Strengthen and consolidate the implementation of the Peru-Bolivia Border Integration Zone (BIZ). In this context, the Binational Working Group for the BIZ will deepen the actions conducive to that purpose.
- b) Identify and execute projects and development programs aimed at diversifying production with added value and taking advantage of the comparative advantages of border territorial areas, as well as facilitating management for their financing .These projects and programs must generate productive activities and new sources of work in a manner compatible with the aspirations of the inhabitants, the rational use of natural resources, the protection of the environment and the conditions and characteristics of the border territorial areas.
- c) Promote the development of the private sector in the border territorial areas, through the establishment of productive associations, associations and institutions, encouraging their participation in productive chains, as well as in fairs and exhibitions.
- d) Develop mechanisms for the promotion, management and management of border territorial areas within the framework of the decentralization processes of both countries, taking into account the need for inter-institutional strengthening, as well as dialogue between the public and private sectors.

Article 49. Bolivian-peruvian Integrated Action Plan

The Parties decide to prioritize their Amazonian cooperation policy aimed at establishing mechanisms that meet the needs of the integral and sustainable development of their respective Amazonian territories, within the framework of the BIZ, ensuring their full incorporation into their national economies, through the execution of the Bolivian-Peruvian Integrated Action Plan (PAIBP), entrusting the BIZ Binational Working Group with its development.

Article 50. Integrated Border Control

The Parties agree to improve the integrated border control systems and standards to simplify and facilitate the movement of people, luggage, merchandise and vehicles between both countries. In this sense, they decide to establish Binational Border Service Centers (CEBAF), within the framework of Decision 502 of the Andean Community.

Article 51. Cross-border Transport

The Parties undertake to develop and improve the transboundary terrestrial, fluvial, lacustrine and aerial transport, according to the needs and interests of each Border Integration Zone, without prejudice to the Andean regulations and the international agreements signed by Peru and Bolivia.

The Parties decide to prioritize the development of the Madre de Dios Waterway, as an integrating corridor of fluvial transport between Puerto Maldonado - Peru and Riberalta - Bolivia, with the purpose of facilitating transport and

encouraging commercial and tourist exchange.

Chapter IV. Physical Integration, Communications and Energy

Article 52. Physical Integration, Communications and Energy

The Parties agree to establish mechanisms, actions and projects to strengthen and deepen the process of physical integration, infrastructure and services, in transportation, energy and communications, taking into account the plans and programs of each country, in order to promote their development and economic integration, for which, they will determine the actions to be executed in the short, medium and long term.

Article 53. Initiative for the Integration of South American Regional Infrastructure - IIRSA

The Parties commit to jointly implement actions aimed at promoting the Initiative for the Integration of South American Regional Infrastructure (IIRSA), particularly in the area of Development and Integration Hubs (EIDs) in which both countries participate. For this purpose, they declare as priority projects, within their respective national infrastructure development plans, road development, energy and linked communications projects.

Article 54. IIRSA Coordination Mechanism

Parties will strengthen the Binational Peru-Bolivia Working Group on IIRSA as the permanent coordination mechanism, with a view to achieving the broadest and deepest integration in road, energy and communications matters, in order to promote economic, productive development, commercial and social in both countries.

Article 55. Communications Sector

The Parties agree to promote the coordination of telecommunications and postal regulatory and operational frameworks, in order to facilitate social economic development and border integration. For this purpose, the Parties agree to favor the exchange of information related to regulatory policies, competition development, industry organization and monitoring of the communications market.

Article 56. Energy Sector

The Parties agree to develop a concerted process of complementation and energy integration between both countries, and cooperation in the area of hydrocarbons and other forms of energy.

Within the framework of this process and without prejudice to other undertakings, the Parties agree to make feasible the electrical interconnection between both countries, in accordance with sectoral policies and the current national legal provisions and are committed, also, to promote the development of electrification projects of the localities located in their border territorial areas.

Chapter V. Social Agenda

Article 57. Deepening of the Andean Social Agenda

The Parties agree to deepen the Andean Social Agenda through the development of common social programs, social convergence and horizontal technical cooperation with the participation of civil society, in order to advance in the implementation of the Integral Program for Social Development (PIDS), in the framework of what was agreed by the Andean Presidential Council, by Decision 553 and by other Decisions that are adopted within the framework of the CAN, as well as in other regional and subregional forums.

Article 58. Cooperation Programs In Overcoming Poverty

The Parties agree to design and implement a poverty reduction strategy that includes:

a) Exchange of information, preparation and execution of joint cooperation programs that facilitate access to basic services of quality in health, education and culture, promoting food security and promoting rural development and sustainable development.

- b) Programs and joint projects that stimulate the formation of productive chains linked to the market, especially in the border areas, promoting the association of producers, including in particular those of the micro and small enterprises.
- c) Support for the development of capacities of populations in extreme poverty, with priority in the integral protection of children, with special emphasis on the mother-child group (under five years).
- d) Promotion and constitution of social networks between both Parties with civil society organizations to jointly address problems that affect children and adolescents, such as the trafficking and sexual exploitation of children and adolescents, as well as the exploitation of child labor.

Article 59. Migratory Cooperation

The Parties agree to strengthen legal actions and procedures to address the legal-social aspects of integration and strengthen cooperation in the field of migration within the framework of current bilateral agreements and new agreements that may be reached.

Article 60. Social Security: Health and Pension System

The Parties agree to make possible the progressive and equal access of nationals of both countries to health services of both subsidized and contributory subsystems, formalizing the equivalence of social health insurance affiliation and the social security system established in each country. To this end, the Parties will sign an agreement on the matter.

Article 61. Cooperation Programs In Health

The Parties agree to strengthen and deepen their cooperation in health matters, through:

- a) The facilitation of access to public health services to citizens of both countries who are temporarily in border areas, on the basis of solidarity and reciprocity.
- b) The development of a binational network of health services, epidemiological surveillance and control, as well as the implementation of the International Health Regulations in the Border Integration Zones (BIZ), within the framework of the Andean Border Health Plan (PASAFRO).
- c) The preferential access of professionals and health technicians from both countries to programs and specialization courses in health that are developed in their territories.
- d) The development of an intercultural health project that incorporates cultural adaptation as an axis of improving access to health for the Amazonian, Quechua, Aymara and Tupiguarani populations.
- e) The establishment of a Binational Health Disaster Management Plan, as part of the Andean Disaster Health Management Plan, in coordination with the competent international organizations.
- f) The development and implementation of safe water projects and basic environmental sanitation in border areas, within the framework of Andean regulations.
- g) The establishment of a Binational Bank of Health Projects.

Chapter VI. Democratic Security

Article 1. Cooperation for Democratic Security

The Parties agree to develop and deepen legal, police and judicial cooperation to protect and guarantee the exercise of citizenship and full respect for democratic values, principles and practices, the rule of law, respect for human rights, integral development and the culture of peace, as well as in efforts to prevent and combat threats to democratic security.

In this objective, the Parties will establish mechanisms for operational cooperation and conflict prevention, exchange of information and experiences, and the implementation of community cooperation policies for border integration and development.

Chapter VII. Fight Against Illicit Drug Trafficking

Article 63. Cooperation In the Fight Against Illicit Drug Trafficking

The Parties agree to deepen the commitments assumed in the Agreement on Cooperation in the Area of Alternative Development, Prevention of Consumption, Rehabilitation, Control of Illicit Traffic in Narcotic Drugs and Psychotropic Substances and Related Offenses of June 9, 2000, in Decision 505 of the Andean Community, in the Interinstitutional Agreement between National Police and in other agreements on the matter.

Article 64. Joint Actions

The Parties agree to give priority to the following actions:

- a) The progressive harmonization of the lists of Controlled Chemical Substances and Precursors and the homogenization of computer systems for their follow-up and inspection;
- b) The exchange of information, experiences, training and mutual cooperation between liaison officers in the fight against drug trafficking;
- c) The establishment of operational collaboration mechanisms between Financial Investigation Units;
- d) The formation of specific working groups in order to consolidate common efforts in the fight against illicit drug trafficking and alternative development;
- e) The exchange of experiences and information among the institutional networks that work in prevention / promotion of health, treatment and rehabilitation, as well as in the reduction of demand.

Cooperation on these issues will be coordinated and developed by the Peruvian-Bolivian Commission created by the Cooperation Agreement of June 9, 2000.

Chapter VIII. Cooperation

Article 65. Technical Cooperation

The Parties, within the framework of existing bilateral agreements on technical cooperation, agree:

- a) Expand and deepen horizontal technical cooperation on issues of common interest, adapting it to new realities through the exchange of experiences, technologies and knowledge and the intensive use of the best practices developed, promoting complementarity between both countries and increasing their effectiveness and efficiency.
- b) Encourage the participation of public, private and civil society institutions, particularly universities, in technical cooperation programs.
- c) Identify and jointly manage financing sources for the execution of bilateral technical cooperation programs, projects and activities.
- d) Encourage the participation of professionals from both countries in international training courses that take place in Peru and Bolivia, particularly in the cooperation scheme of third countries.
- e) Prioritize projects with a high social impact, aimed mainly at the population of border areas, promoting the participation of civil society.
- f) Promote projects of generation, adaptation and transfer of appropriate technologies to agricultural and agroindustrial production in order to improve their levels of competitiveness.

Article 66. Cooperation In Matters of Animal and Plant Health

The Parties agree to deepen, through the competent bodies, bi-national animal and plant health programs, in particular in the control and eradication of foot-and-mouth disease and in the health of camelids and other species with emphasis on the field of Peruvian-Bolivian border.

Article 67. Cooperation In Energy Matters

The Parties agree to consider the joint development of rural electrification and renewable energy projects to generate electricity in isolated rural areas. With this purpose, they will carry out actions for the exchange of information and

experiences in the development and operation of this type of projects, in topics such as formulation of plans, evaluation and execution of projects, tariffs, quality of service and administration of electrical systems.

Article 68. Cooperation on Water Resources

1. The Parties shall refine the inventory, evaluation and diagnosis of water resources whose studies are approved under the Master Plan of the Binational Authority of Lake Titicaca (ALT) and other international cooperation agencies.
2. The Parties agree to strengthen the Titicaca Lake Authority (ALT) and provide it with the necessary resources, promoting its institutional development and management capacity and promoting its priority participation in maintaining the equilibrium of the Titicaca-Desaguadero-Poopó-Salar de Coipasa ecosystem (TDPS), within the framework of the full implementation of its Master Plan.
3. The Parties also reaffirm that the Agreement for the Use of the Waters of Lake Titicaca of February 19, 1957, constitutes an exemplary and emblematic agreement for the treatment of a body of water subject to an indivisible and exclusive condominium regime, whose importance has been recognized by the international community.
4. The Parties agree to prioritize and promote the coordinated execution of projects of mutual interest, within the framework of the Amazon Cooperation Treaty Organization.
5. The Parties will cooperate through the execution of studies and projects and the updating of existing ones, aimed at the preservation or improvement of the quality and use of the waters of the rivers that cross their borders, acting in harmony with principles and criteria of common acceptance for the two countries.

Article 69. Cooperation In Fisheries and Aquaculture Matters

The Parties agree to promote cooperation in fisheries and aquaculture that, among others, may include the following actions:

- a) Exchange of information and coordination for the responsible use of hydro-biological resources, based on updated knowledge of their biological-fishery, economic and social components, through the respective research and development centers.
- b) Promotion of the sustainable development of aquaculture in harmony with the conservation of the environment.
- c) Development of technical fishing and aquaculture training programs, through scholarships or internships, that allow the strengthening of capacities for an adequate management of water and hydrobiological resources.
- d) Celebration of specific agreements that may cover one or more phases of the fishing and aquaculture process.
- e) Identification of risk zones for the development of fishing and aquaculture activities due to the pollution of Lake Titicaca, promoting its recovery.
- f) Promote the improvement of national legislation to improve the use and development of cooperation in fisheries and aquaculture.

Article 70. Cooperation for the Development of Rural Telecommunications

The Parties decide to grant the maximum support to the development of rural telecommunications, agreeing, in this sense, to develop cooperation projects based on the existing experiences in both countries, for which the mechanisms and the adequate conditions will be established.

Chapter IX. Environment and Biological Diversity

Article 71. Conservation and Sustainable Use of Biological Diversity

The Parties, in their capacity as Megadiverse Countries, and taking into account the commitments derived from the United Nations Convention on Biological Diversity, agree to promote the conservation and sustainable use of biodiversity as well as respect for associated traditional practices and knowledge.

Article 72. Protected Natural Areas In Common Border Areas

The Parties will coordinate the management and administration of natural protected areas and ecological and / or conservation corridors at the common border, in accordance with national legislation, so that they contribute to sustainable development, benefit local populations and create opportunities for projects on use. sustainable use of its natural resources that generate an ecological added value.

Article 73. Local Populations

The Parties shall promote respect for the cultural and traditional values of local populations, including those of natural protected areas, in accordance with the corresponding national legislations, and shall support their sustainable human development.

Article P Four. Education, Culture, Science and Technology

Chapter I. Education

Article 74. Cooperation In Education

The Parties agree to deepen and expand cooperation and technical assistance between the Ministries of Education of both countries, considering the importance of education for the development of their peoples, among others, in the following aspects:

- a) Education in rural areas, technical and technological education and bilingual intercultural education.
- b) Internships and exchanges of teachers at the end of technical and technological careers.
- c) Meetings and academic conferences among experts in the areas of history, anthropology and archeology, to generate avenues of collaboration and continuous work.

Article 75. Update of the Bilateral Cultural Agreement of 1969

The Parties agree to update and deepen the Bilateral Cultural Agreement of 1969, through the approval of biannual Executive Programs.

Article 76. Facilities for Migrants and Validation of Subjects

The Parties shall adopt measures to facilitate the continuity of the education of Bolivian and Peruvian families who emigrate to the territory of the other Party. In this context, in the field of primary and secondary education, they undertake to observe the provisions of the Andrés Bello Agreement on this matter.

Article 77. Teacher Training

The Parties agree to provide:

- a) The offer of quotas for teacher training in rural areas of the two countries in different modalities and levels of education.
- b) The exchange of books and publications on educational and cultural issues.
- c) The exchange of experiences in the design and development of training programs for women in rural areas.

Article 78. Education for Work

The Parties agree to promote the exchange of experiences on the definition and execution of policies, programs and actions of school education oriented to productive work.

Article 79. Recognition of Studies, Degrees and Degrees

The Parties shall cooperate in the broadest manner to facilitate the mutual recognition of partial studies, diplomas, academic degrees and professional titles within the framework of the international commitments of which they are a party and of bilateral agreements that agree on the matter.

Chapter II. Culture

Article 80. Control of the Illicit Traffic of Cultural Goods

The Parties, aware of the need to intensify the control of the illicit traffic of cultural goods in their borders, agree to develop training programs in registration, cataloging and identification of their cultural heritage, to be carried out without distinction in both countries, directed to customs officials, migration, municipalities, police and other authorities in frontier posts, within the framework of the Agreement for the Recovery of Cultural Property and Other Stolen, Imported or Illegally Exported, signed on December 14, 1998.

Likewise, they undertake to cooperate in the implementation of the recommendations formulated in Decision 460 of the Andean Community.

Article 81. Training and Manpower Training

The Parties undertake to carry out training and labor training activities in areas of cultural heritage.

Article 82. Houses of Culture

The Parties decide to promote the establishment of Peruvian and Bolivian Culture Houses in their respective territories.

Article 83. Andean Main Road - Qhapaq ñan

The Parties agree to draw up an agenda of activities of binational interest, oriented to the maintenance and enhancement of the Andean Main Road, Qhapaq Ñan, mainly in regard to border areas.

Article 84. Intangible Heritage

The Parties agree to deploy efforts and coordinate joint actions for the preservation and revitalization of the intangible heritage of their countries, the reaffirmation of their respective cultural identities and the mutual understanding and knowledge of their peoples. In this context, they agree to strengthen their cooperation within the framework of the International Convention for the Safeguarding of the Intangible Cultural Heritage.

Article 85. Joint Publications

The Parties agree to promote joint publications on the common history of their peoples and other areas of shared interest.

Chapter III. Science and Technology

Article 86. Bilateral Cooperation In Science and Technology

The Parties agree to deepen bilateral cooperation in technological and scientific development programs, including research, training and technology transfer, recognizing the importance of scientific and technological development within the framework of the knowledge society.

Article 87. Joint Investigation

The Parties agree to deepen and promote scientific and technological development, and execute projects and joint research activities on issues of bilateral interest such as peaceful uses of nuclear energy, water issues, tropical and traditional medicines, particularly the Andean, Antarctic research and other academic research topics.

Article 88. Information and Communication Technologies (tic's)

The Parties agree to exchange experiences in their national programs of applications of information and communication technologies (ICT) for development and national connectivity agendas, as well as to prioritize joint training in the field of Information and Communication Technologies (ICTs) for which they will establish the respective mechanisms and conditions.

Article P Five. Settlement of Disputes

Article 89.

The Parties shall endeavor to resolve disputes arising between them with regard to the interpretation, application or non-compliance with the provisions of this Treaty that deal with matters that are not directly or indirectly regulated by the Andean regulations, through reciprocal consultations and negotiations. Directives within the scope of the Executive Committee in order to arrive at a mutually satisfactory solution.

In the event that these disputes are not resolved in that instance, they will be submitted for consideration by the Ministerial Commission for resolution. Those disputes on matters that are directly or indirectly regulated by the Andean regulations will be resolved in accordance with the rules of the Treaty creating the Court of Justice of the Andean Community.

Article P Six. General Provisions

Article 90. Duration

The present Treaty will have an indefinite duration.

Article 91. Referral to the Competent Body of the Andean Community

The Parties shall agree on the procedure to refer this Treaty to the competent body of the Andean Community.

Article 92. Entry Into Force

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

Article 93. Denunciation

The present Treaty may be denounced at any time by any of the Parties, by written notification addressed to the other Party and with a prior notice of thirty (30) days. The denunciation shall take effect six (06) months after its filing.

Article 94. Amendment

The present Treaty may be modified through Protocols which will be negotiated and signed between the Parties. These Protocols will determine the date of entry into force of the corresponding amendment.

Signed in the city of Ilo on the third day of the month of August 2004 in two original copies in Spanish, both texts being equally authentic.

FOR THE GOVERNMENT OF THE REPUBLIC OF BOLIVIA

FOR THE GOVERNMENT OF THE REPUBLIC OF PERU