

# COOPERATION AGREEMENT

## **between the European Economic Community, of the one part, and the countries parties to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and Panama, of the other part**

THE COUNCIL OF THE EUROPEAN COMMUNITIES, of the one part, and

THE GOVERNMENTS OF THE COUNTRIES PARTIES TO THE GENERAL TREATY ON CENTRAL AMERICAN ECONOMIC INTEGRATION (COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS AND NICARAGUA) AND THE GOVERNMENT OF PANAMA,

of the other part,

RECALLING the Joint Communiqué issued at the ministerial meeting in San José, Costa Rica, on 28 and 29 September 1984,

CONFIRMING their political will to establish a new structure for economic dialogue between the Community and the Central American Isthmus by broadening and consolidating cooperation between the two regions in the economic, trade, financial, technical and social spheres,

RECOGNIZING the advantages of strengthening their mutual relations and placing them on an institutionalized footing by making use of the existing institutional structure in the Community and in the Central American Isthmus,

EMPHASIZING the fundamental importance attached by the two Contracting Parties to consolidating and strengthening regional integration in the light of its potential for the development of the countries of the Central American Isthmus and as a key factor in contributing to the stability of the region,

TAKING INTO ACCOUNT the Community's desire to promote efforts to achieve regional integration, through operations conducive to maintaining and promoting the economic interdependence of these countries, notably by revitalizing and expanding their mutual trade,

CONSIDERING that the Community is ready to work with the countries of the Central American Isthmus in their efforts to remove obstacles to their development, through concerted and firm action taking each of those countries' priorities into account, irrespective of the means adopted for attaining them, and strengthening the coordination and execution of regional economic development,

DESIROUS of contributing, as far as their respective human and physical resources allow, to the establishment of a new phase in international cooperation based on equality, justice, progress and mutual respect, advantage and agreement, such cooperation to be achieved between equal partners, account being taken of the different degree of development of the countries of the Central American Isthmus and the Community countries,

AWARE that it is in the interest of the countries of the Central American Isthmus to stimulate production in each- country, and, particularly, in those countries which show a chronic deficit in intra-regional trade, in order to facilitate their recovery,

RESOLVED to contribute to the stabilization of the Central American region, especially by implementing operations aimed at improving social and economic conditions, the backwardness of which is the fundamental cause of social instability,

AWARE of the negative effects produced in the countries of the Central American Isthmus as a result of the world economic situation, notably owing to the special circumstances which characterize their economies and also to the general situation in the region,

SHARING the intention to stimulate the comprehensive development of the countries of the Central American Isthmus in order to raise the standard of living of their people,

AFFIRMING their support for the principles of the United Nations Charter and for democratic values, in particular with regard to observance of fundamental human rights and the dignity and value of the person,

HAVE DECIDED to conclude this Agreement and to this end have designated as their Plenipotentiaries:

FOR THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr Jacques POOS, Minister for Foreign Affairs of the Grand Duchy of Luxembourg, President-in-Office of the Council of the European Communities;

Mr Claude CHEYSSON,

Member of the Commission of the European Communities;

FOR THE COUNTRIES OF THE CENTRAL AMERICAN ISTHMUS:

FOR THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA:

Dr Carlos José GUTIERREZ GUTIERREZ,

Minister for Foreign and Ecclesiastical Affairs;

FOR THE GOVERNMENT OF THE REPUBLIC OF EL SALVADOR:

Dr Rodolfo CASTILLO CLARAMOUNT, Vice-President of the Republic and Minister for Foreign Affairs;

FOR THE GOVERNMENT OF THE REPUBLIC OF GUATEMALA:

Lic. Fernando ANDRADE DIAZ-DURAN Minister for Foreign Affairs;

FOR THE GOVERNMENT OF THE REPUBLIC OF HONDURAS:

Dr Edgardo PAZ BARNICA, Minister for Foreign Affairs;

FOR THE GOVERNMENT OF THE REPUBLIC OF NICARAGUA:

Father Miguel DESCOTO-BROCKMAN, Minister for External Affairs;

FOR THE GOVERNMENT OF THE REPUBLIC OF PANAMA:

Dr Jorge ABADIA AREAS, Minister for Foreign Affairs;

The Central American Ministers for Foreign Affairs as representatives of their respective countries and as representatives of the General Treaty on Central American Economic Integration, as well as the Minister for Foreign Affairs of Panama,

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

## **General Objectives**

### **Article 1.**

The Contracting Parties - the European Economic Community, hereinafter referred to as "the Community", of the one part, and the countries parties to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and Panama, hereinafter called "the countries of the Central American Isthmus" or "Central American Isthmus" of the other part - have agreed to conclude this Cooperation Agreement, the main objectives of which are as follows:

(a) to broaden and consolidate their economic, trade and development cooperation relations on the basis of equity and mutual respect and advantage, account being taken of the relatively less developed situation of the Central American Isthmus;

(b) to strengthen relations between the Community and the Central American Isthmus and place them on an institutional footing, making use wherever possible of the existing institutional infrastructure in the two regions;

(c) to help resolve the problems of the Central American Isthmus, which have, in particular, been worsened by the effects of the current economic recession;

(d) to help revitalize, restructure and strengthen the process of economic integration of the Central American countries;

(e) to promote financial assistance and scientific and technical cooperation likely to contribute to the development of the Central American Isthmus, particular emphasis being placed on rural and social development and the fostering of the agricultural and industrial sectors.

## **Article 2.**

In order to attain the objectives referred to in Article 1, operations will be undertaken in the fields of economic, trade and development cooperation.

## **Economic Cooperation**

### **Article 3.**

1. In the light of their mutual interests and in accordance with their long-term economic objectives, the Contracting Parties undertake to establish, within the limits of their competence, the broadest possible economic cooperation from which no fields shall be excluded in advance, taking into account their different levels of development.

The aim of such cooperation shall be to contribute generally to developing their respective economies and raising their standards of living, and in particular:

(a) to promote the development of crop and livestock production, industry, agri-industry and energy;

(b) to encourage technological and scientific progress;

(c) to create new employment opportunities;

(d) to promote regional development and encourage the process of regional economic integration and the development of intra-regional trade;

(e) to protect and improve the environment;

(f) to encourage rural development;

(g) to open up new sources of supply and new markets.

2. In order to attain such ends, the Contracting Parties, in accordance with their respective laws, shall endeavour in particular to facilitate and promote by appropriate means the following:

(a) the exchange of information relevant to economic cooperation and the development of contacts and promotion activities between undertakings and organizations in the two regions;

(b) closer ties between their respective economic, industrial, crop and livestock production and mining sectors;

(c) cooperation in the fields of science and technology, industrial development, agri-industry, crop and livestock production, mining, natural resources, fisheries, infrastructure, transport and communications, environment and tourism;

(d) cooperation in the energy field, including the development of new energy sources, account being taken of the same type of work undertaken by other international organizations and preference being given to reducing dependence on energy products derived from oil;

(e) the promotion of European investments as an addition to national and regional investment of the countries of the Central American Isthmus as well as the establishment of joint ventures in fields where this will be of interest to the region, in accordance with the programmes and with provisions which must not be discriminatory in relation to those implemented in respect of investment from other sources.

With the aim of improving the investment climate, the Contracting Parties shall provide appropriate conditions for the expansion of investment on a basis favourable to each of the interested parties, in particular in furthering the extension by both the Member States of the Community and the countries of the Central American Isthmus, of investment promotion and protection agreements;

(f) the bilateral and multilateral cooperation with the Caribbean and Latin American regions.

3. With particular reference to the fields specified in paragraph 2(c), the Joint Committee referred to in Article 7 shall ensure that cooperation activities are carried out in accordance with the priorities laid down by the countries of the Central American Isthmus.

## **Trade Cooperation**

### **Article 4.**

1. The Contracting Parties undertake to promote by means of appropriate measures the harmonious development, diversification and qualitative improvement of their trade, with a view to maximizing such trade, taking into account their respective levels of development.

2. The Contracting Parties agree to study ways and means of facilitating trade and overcoming trade barriers, in particular non-tariff and quasi-tariff barriers, taking into account inter alia the work of international organizations.

3. In the conduct of their policies the Contracting Parties shall endeavour, in accordance with their own laws:

(a) to seek forms of bilateral and multilateral cooperation conducive to resolving trade problems of common interest, including those concerning commodities, semi-manufactures and manufactures;

(b) to grant each other the most ample facilities for commercial transactions;

(c) to take full account of their respective interests and needs regarding access to markets for commodities, semi-manufactures and manufactures and as regards the stabilization of international raw material markets, in line with the objectives agreed in the relevant multilateral fora;

(d) to study and recommend trade promotion measures likely to encourage the growth of imports and exports, particularly trade within the Central American Isthmus and also between that region and neighbouring regions:

- to facilitate closer contact between firms and businessmen in the two regions, with the aim of diversifying and expanding trade flows;

- to promote vocational training in the countries of the Central American Isthmus: covering the technical aspects of external trade and trade promotion;

- to foster the circulation of trade information between the countries of the two regions;

- to provide technical assistance in quality control,

(e) to obtain, as far as possible, the opinion of the other Contracting Party: with regard to measures that could have an adverse effect on trade between the two regions.

## **Most-Favoured-Nation Treatment**

### **Article 5.**

1. The Contracting Parties shall, with regard to imported or exported goods, grant each other most-favoured-nation treatment in all matters relating to:

- customs duties and charges of all kinds, including the procedures for collecting such duties and charges,

- regulations concerning customs clearance, transit, warehousing or transshipment,

- indirect taxes and other internal charges,

- rules concerning payments, including the allocation of foreign currency and the transfer of such payments,

- regulations affecting the sale, purchase, transport, distribution and use of goods on the internal market.

2. Paragraph 1 shall not apply to:

(a) advantages granted with the object of establishing a customs union or a free trade area or resulting from the establishment of such a customs union or free trade area, including advantages accorded in the context of a regional

economic integration area in Latin America;

(b) advantages granted to neighbouring countries to facilitate frontier-zone trade and also trade among the countries signatory to the General Treaty on Central American Economic Integration, or between those countries and Panama;

(c) advantages granted to certain countries in conformity with the General Agreement on Tariffs and Trade;

(d) advantages which the countries of the Central American Isthmus grant to certain countries in accordance with the Protocol on trade negotiations between developing countries, in the context of the General Agreement on Tariffs and Trade.

3. This Article shall apply without prejudice to the rights and obligations which exist under the General Agreement on Tariffs and Trade.

## **Development Cooperation**

### **Article 6.**

1. The Community recognizes that the countries of the Central American Isthmus constitute a developing region. With a view to consolidating and speeding up their development and strengthening; in particular, the regional integration process, the Community shall provide development assistance for the countries of the Central American Isthmus as part of the programmes it undertakes in developing countries. In this context, special importance shall be attached to integrated rural development projects, joint training schemes, activities designed to achieve, at regional level, food self-sufficiency and improved health conditions.

2. The Contracting Parties shall also seek to facilitate and encourage, by appropriate means, cooperation between financial institutions in the two regions. They will further seek to exploit opportunities for coordination and cofinancing both between the Community and the Member States and with the countries of the Central American Isthmus or with international organizations and the countries directly concerned in the region's development.

## **Joint Cooperation Committee**

### **Article 7.**

1. A Joint Cooperation Committee is hereby established, composed of representatives of the Community and of representatives of the countries of the Central American Isthmus assisted by representatives of the organs of the General Treaty on Central American Economic Integration.

2. The Joint Committee shall keep under review and promote measures required in order to ensure the effectiveness of the cooperation activities covered by this Agreement and shall assess the results of such measures. It shall make appropriate recommendations. It shall also recommend solutions to differences which may arise between the Parties regarding the interpretation and implementation of this Agreement.

3. The Joint Committee shall be set up at an appropriate level in order to facilitate the implementation of this Agreement and promote the attainment of its objectives.

4. If necessary, the Joint Committee may set up specialized subcommittees charged with carrying out tasks assigned to them by the Committee.

5. The Joint Committee shall adopt its own rules of procedure and work programme.

6. The Joint Committee shall as a rule meet once a year. Additional meetings may be called by agreement between the Parties.

## **Other Agreements**

### **Article 8.**

1. Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken thereunder shall in no way affect the power of the Member States of the Communities to undertake bilateral activities with the countries of the Central American Isthmus in the field of economic cooperation or to conclude, where appropriate, new economic cooperation agreements with those countries.

2. Without prejudice to the provisions of the General Treaty on Central American Economic Integration, the protocols thereto and other agreements on Central American economic integration, neither this Agreement nor its implementing provisions may in any case affect the capacity of the countries parties to the General Treaty on Central American Economic Integration to undertake bilateral activities with the Member States of the Community in the field of economic cooperation or to conclude, where appropriate, new economic cooperation agreements with those Member States.

3. Subject to paragraphs 1 and 2, the provisions of this Agreement shall replace the provisions of agreements concluded between the Member States of the Communities and the countries of the Central American Isthmus where such provisions are either incompatible with, or identical to, the provisions of this Agreement.

## **Implementation of the Agreement**

### **Article 9.**

The Contracting Parties shall adopt the necessary measures and make the appropriate efforts to attain and implement the objectives laid down under this Agreement.

The two Parties may, in particular, on the basis of this Agreement, conclude secondary agreements or protocols for the purpose of implementing programmes and specific projects in accordance with the provisions laid down in this Agreement.

## **Territorial Application**

### **Article 10.**

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territories in which the General Treaty on Central American Economic Integration is applied and to the territory of Panama.

## **Duration**

### **Article 11.**

1. This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose.

2. This Agreement shall remain in force for an initial period of five years and shall be renewed automatically thereafter for periods of two years, subject to the right of either party to terminate it by written notice given six months before the date of expiry of any of the periods specified in this paragraph.

3. This Agreement may be amended by mutual consent of the Parties in order to take into account any new situations that may arise.

## **Authentic Languages**

### **Article 12.**

This Agreement shall be drawn up in eight copies in the Danish, Dutch, English, French; German, Greek, Italian, Portuguese and Spanish languages, each text being equally authentic.

### **Article 13.**

The Annexes to this Agreement shall form an integral part thereof.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

Done at Luxembourg on the twelfth day of November in the year on thousand nine hundred and eighty-five.

For the Council of the European Communities

For the Government of the Republic of Costa Rica

For the Government of the Republic of El Salvador

For the Government of the Republic of Guatemala

For the Government of the Republic of Honduras

For the Government of the Republic of Nicaragua

For the Government of the Republic of Panama