

propose to the Commission, at the request of the country affected, measures for resolving those difficulties. In its proposals, the General Secretariat shall take into account the degrees of relative economic development of Member Countries.

### **CHAPTER XIII: SPECIAL REGIME FOR BOLIVIA AND ECUADOR**

#### *Article 121*

In order to gradually lessen the differences in development currently existing in the Subregion, Bolivia and Ecuador shall enjoy a special regime; this shall enable them to attain more rapid economic growth through effective and immediate participation in the benefits of the industrialization of the area and of the liberalization of trade.

To fulfill the aim of this Article, the bodies of the Agreement shall propose and take necessary measures, in accordance with its rules.

#### **Section A**

##### **On the Harmonization of Economic Policies and the Coordination of Development Plans**

#### *Article 122*

In harmonizing economic and social policies and coordinating the plans referred to in Chapter III, differential treatments and sufficient incentives shall be established to compensate for the structural weaknesses of Bolivia and Ecuador and to ensure that the essential resources for attaining the objectives envisaged for their benefit by the Agreement are mobilized and allocated.

#### **Section B**

##### **On Industrial Policy**

#### *Article 123*

When carrying out the Industrial Development Programs, Bolivia and Ecuador's situation shall be given special consideration in assigning, on a priority basis, the productions in their favor and the corresponding locations of the production facilities in their territories, specially through participation in the modes of industrial integration provided in Article 58. It shall also consider the development of a program for the integral industrialization of the natural resources of Bolivia and Ecuador.

#### *Article 124*

The Programs and Projects of Industrial Integration shall provide for exclusive benefits and effective preferential treatments for Bolivia and Ecuador to help them effectively take advantage of the subregional market.

*Article 125*

The General Secretariat, in proposing to the Commission the complementary measures envisaged in Article 69, shall provide for exclusive advantages and preferential treatment for Bolivia and Ecuador, when necessary.

The Commission, at the General Secretariat's proposal, shall adopt the measures that are necessary to ensure that the allocations granted to Bolivia and Ecuador, are effective and fully utilized, specially those aimed at strengthening commitments to respect the allocations made to those countries, to extend the time periods for the maintenance of the allocations, and to carry out the projects assigned in the Industrial Development Programs.

**Section C**

**On Trade Policy**

*Article 126*

To enable Bolivia and Ecuador to participate immediately in the benefits of the enlarged market, the Member Countries shall, in an irrevocable and exclusive manner, eliminate for them all levies and restrictions of all kinds on the importation of products originating in the territories of the two countries, in the terms provided in Articles 127 and 128.

*Article 127*

For the purposes indicated in the previous Article, products originating in Bolivia and Ecuador shall be governed by the following rules:

- a. By December 31, 1973 at the latest, the products included in subsection d) of Article 75 shall have free and definitive access to the subregional market. Accordingly, the levies shall be eliminated automatically in three annual and successive reductions of forty, thirty, and thirty percent, respectively, the first of which shall be made on December 31, 1971, using as a starting point the levels indicated in paragraph a) of Article 82;
- b. The Commission, at the General Secretariat's proposal and prior to December 31, 1970, shall approve lists of products whose tariffs shall be eliminated for the benefit of Bolivia and Ecuador on January 1, 1971;
- c. The products on the list referred to in the third subsection of Article 77 shall be totally freed from levies for Bolivia and Ecuador on December 31, 1978 and the products referred to in Article 83, shall be freed at the time the corresponding Tariff Reduction Program is begun.
- d. Before March 31, 1971, the Commission, at the General Secretariat's proposal, shall establish margins of preference in favor of the two lists of products of special interest to Bolivia and Ecuador and shall decide on the length of time that such margins, which are to enter into force on April 1, 1971, shall be in effect. The list referred to in this paragraph is comprised of products from subsection d) of Article 75; and
- e. The same procedure as that indicated in subsection d) shall be observed in connection with a list of products from those referred to in Article 83.

*Article 128*

The elimination of levies on the products of the Common List for which the Member Countries have granted exclusive advantages to Bolivia and Ecuador, shall apply only for their benefit. Said exclusiveness is restricted to the country which granted that benefit.

*Article 129*

The corrective measures referred to in Articles 102 and 108 shall be extended to imports from Bolivia and Ecuador only in duly qualified cases and when the General Secretariat has been able to ascertain that the serious adverse effects substantially derive from those imports. In this case, the General Secretariat shall observe the procedures of Articles 103 and 108 and the rules adopted by the Commission at the General Secretariat's proposal with respect to the corresponding safeguard regulations.

*Article 130*

Bolivia and Ecuador shall carry out the Tariff Reduction Programs in the following way:

- a. They shall liberalize the products incorporated in the Industrial Integration Programs in the manner provided for in each;
- b. They shall liberalize the products referred to in Article 83 in the manner and within the time period determined by the Commission, at the General Secretariat's proposal. In making that decision, the Commission and the General Secretariat shall mainly take into account the benefits derived from the programming and site location referred to in Article 123. This time period may not exceed from December 31, 1999;
- c. They shall liberalize the products that are not yet produced in the Subregion and that are not part of the reserve provided in their favor in Article 80, sixty days after the Commission approves said reserve.

Nevertheless, those products that the General Secretariat, on its own initiative or upon Bolivia or Ecuador's request, determines to be luxuries or dispensable, may be excepted from this treatment.

The subsequent tariff reduction for these products shall be subject to the procedure provided in paragraph d) of this Article; and

- d. They shall begin on November 21, 1988, to carry out the Tariff Reduction Program for those products not covered under the previous paragraphs, through the elimination of all restrictions. They shall be followed by three annual and successive reductions of five percent each, starting on December 31, 1988. Once these reductions have taken place, said Program shall cease until the Commission, within ninety days, at the General Secretariat's proposal and after an evaluation of the compliance with the Tariff Reduction Program by all the Member Countries, adopts the appropriate adjustments and determines the time periods and methods for its continuation.

With respect to the tariff reductions previously provided, the Commission, on August 23, 1988, shall establish the starting point for the tariff reduction, based on the respective national tariff schedules of Bolivia and Ecuador, bound and in effect on that date.

#### *Article 131*

The General Secretariat shall periodically assess the results obtained by Bolivia and Ecuador in their trade with the rest of the Member Countries and the degree to which they are effectively taking advantage of the benefits of the enlarged market. On the basis of those evaluations, the Commission may revise the time periods indicated in paragraphs b) and d) of the preceding Article.

#### *Article 132*

The Lists of Exceptions of Bolivia and Ecuador may include products comprised in no more than six hundred items of the NABALALC.

The products included by Bolivia and Ecuador in their lists of exceptions will be free from levies and other restrictions through a process that will include three segments of 105, 105, and 210 items, the first of which will be freed on December 31, 1997, the second on December 31, 1998, and the last one, on December 31, 1999. These time limits may be extended in duly qualified cases by the General Secretariat.

After December 31, 1999 or after the termination of their extension, Bolivia and Ecuador shall maintain a residual set of exceptions which shall not comprise products included in over 180 items of the NABALALC.

#### *Article 133*

Regarding the cooperation policies to which Article 68 refers to, the General Secretariat shall give special and priority attention to the industries of Bolivia and Ecuador whose products are excluded by such countries from their Tariff Reduction Programs, with the purpose of contributing to equip them to participate in the subregional market as rapidly as possible.

### **Section D**

#### **Common External Tariff**

#### *Article 134*

Bolivia and Ecuador shall begin the process of adoption of the Common External Tariff on an annual, automatic, and linear basis on the date established by the Commission.

Bolivia and Ecuador shall be required to adopt the Minimum Common External Tariff with regard to products which are not produced in the Subregion, as referred to in Article 80.

In relation to such products they shall adopt the minimum tariff levels through a linear and automatic process which shall be concluded three years after the date in which they are first produced in the Subregion.

Without prejudice to the stipulations of the first subsection of this Article, the Commission, at the proposal of the General Secretariat, may determine that Bolivia and Ecuador should adopt the minimum tariff levels with regard to products of interest to the other Member Countries provided that the application of such levels does not cause disturbances to Bolivia or Ecuador.

The Commission, based on the evaluations referred to in Article 131, shall determine the procedure and time limit for the adoption of the Common Minimum Common External Tariff on the part of Bolivia and Ecuador. In any case, the Commission shall bear in mind the problems derived from the landlocked situation of Bolivia referred to in Article 4 of this Agreement.

At the General Secretariat's proposal, the Commission may also determine the adoption of the minimum tariff levels on the part of Bolivia and Ecuador regarding products whose importation from outside of the Subregion may cause serious disturbances to the Subregion.

In drafting its proposals about the Common External Tariff, the General Secretariat shall bear in mind the provisions of Article 4 in favor of Bolivia.

#### *Article 135*

Bolivia and Ecuador may establish the exceptions authorized by the Commission, at the General Secretariat's proposal, to the process of approximation of their national tariff schedules to the Common External Tariff so as to enable them to apply their existing industrial development laws, mainly with respect to the importation of capital goods, intermediate goods, and raw materials necessary for their development.

Such exceptions shall not be applied in any case more than two years before the Common External Tariff is fully implemented.

### **Section E**

#### **On Financial Cooperation and Technical Assistance**

#### *Article 136*

The Member Countries commit themselves to act jointly before the Andean Development Corporation and any other subregional, national, or international organizations to secure technical assistance and financing for Bolivia and Ecuador's development needs and specially for projects related to the process of integration.

The allocation of the resources for those projects should be made in accordance with the basic objective of reducing the existing differences in development among the countries while making an attempt to favor Bolivia and Ecuador markedly.

The Member Countries, moreover, shall act jointly before the Andean Development Corporation so that it allocates its regular and special resources in such a way that Bolivia and Ecuador receive a substantially larger share than would result if the distribution were to be made proportional to the countries' contribution to the Corporation's capital.

## **Section F**

### **General Provisions**

#### *Article 137*

In its periodic evaluations and annual reports, the General Secretariat shall give separate and special consideration to Bolivia and Ecuador's situation in the subregional integration effort and shall propose to the Commission the measures which it deems appropriate to substantially improve their possibilities for development and increasingly expedite their participation in the area's industrialization.

#### *Article 138*

The Commission may establish in favor of any of the least developed countries more favorable conditions and procedures than those considered in this Chapter, bearing in mind the degree of development achieved and the conditions for taking advantage of the benefits of integration.

## **CHAPTER XIV: ECONOMIC AND SOCIAL COOPERATION**

#### *Article 139*

Member Countries may begin programs and policies in the area of economic and social cooperation, which must be agreed upon within the Commission and shall be limited to the responsibilities established by this Agreement.

#### *Article 140*

Member Countries shall begin policies with an external scope, in matters of common interest, with the purpose of improving their participation in the international economy.

#### *Article 141*

With respect to the provisions of the previous Article, the Commission shall adopt programs to direct the joint external actions of the Member Countries, particularly as regards to the negotiations with third countries and group of countries, as well as for the participation in fora and organizations specialized in matters related to the international economy.

#### *Article 142*

Member Countries shall promote a joint scientific and technological development process to attain the following objectives:

- a. The creation of the ability to respond subregionally to the challenges of the scientific-technological revolution in course;
- b. The contribution of science and technology to the conception and execution of Andean development strategies and programs; and