The Member Countries shall take the necessary measures to put this regime into effect within six months following its approval by the Commission.

Article 53. Before December 31, 1971, the Commission shall, at the General Secretariat锟絪 proposal, approve and propose to the Member Countries a uniform regime that Andean multinational corporations must abide by.

Article 54. The Commission shall, at the General Secretariat锟絪 proposal, establish permanent procedures and mechanisms deemed necessary to achieve the coordination and harmonization referred to in Article 51.

Article 55. The Commission shall, at the General Secretariat锟絪 proposal and taking into account the progress and needs of the subregional integration process, as well as the balanced compliance with the mechanisms of the Agreement, approve rules, and determine dates for the gradual harmonization of the economic legislations and the instruments and mechanisms for the regulation and promotion of Member Countries锟� foreign trade that affect the mechanisms foreseen in this Agreement for the creation of the subregional market.

Article 56. The Member Countries shall include in their national development plans and in the formulation of their economic policies, the necessary measures to ensure compliance with the preceding Articles.

Chapter IV: Industrial Development Programs

Article 57. The Member Countries pledge themselves to promote a common process of industrial development to attain, among others, the following objectives:

a. The expansion, specialization, diversification, and promotion of industrial activity;

b. The development of economies of scale;

c. An optimum utilization of resources available in the area, specially through the industrialization of natural resources;

d. The improvement in productivity;

e. A greater degree of relationship, linkage, and complementarity among the industrial enterprises of the Subregion;

f. An equitable distribution of benefits; and

g. An improved degree of participation of subregional industry in the international context.

Article 58. With respect to the previous Article, the following shall constitute modes of industrial integration:

a. Industrial Integration Programs;

b. Industrial Complementarity Agreements ; and

c. Industrial Integration Projects.

Section A. On Industrial Integration Programs

Article 59. The Commission shall, at the General Secretariat锟絪 proposal, adopt Industrial Integration Programs, preferably to promote new industrial production that is sectorial or intersectorial in scope, and that shall have the participation of at least four Member Countries.

The programs shall include clauses about:

a. Specific goals;

b. The determination of the products that are the subject matter of the Program;

c. Location of production facilities in the countries of the Subregion whenever required by the characteristics of the sector or sectors subject to the program, in which case, they must include rules regarding the commitment not to encourage production in countries which are not favored by the assignment;

d. A Tariff Reduction Program which may provide different rates of implementation by country and product;

e. A Common External Tariff;

f. Coordination of new investment on a subregional scale and measures to ensure its financing;

g. Harmonization of policies on aspects directly affecting the Program;

h. Complementary measures that may create greater industrial linkages and facilitate the fulfillment of the goals of the Program; and

i. The periods of time during which the rights and obligations arising from the Program shall be maintained, in case the Agreement is denounced.

Article 60. In the Industrial Integration Programs, the nonparticipant country shall be subject to the following conditions:

a. When the products that are the subject matter of these programs belong to the list of reserved products, it may keep them as in a reserved position, with the commitment of improving the Tariff Reduction Program or the Common Minimum External Tariff, as the case may be, within a period which does not exceed that established in the Programs for these purposes; and

b. For the other products, by the general rules of this Agreement.

Article 61. A country not participating in a Program of Industrial Integration may request its incorporation at any time in which case the Commission shall approve the conditions for said incorporation, through the voting system provided in paragraph b) of Article 26. In the respective proposals, the Commission shall take into account the negotiations carried out between participating and the nonparticipating countries.

Section B. On the Agreements of Industrial Complementarity

Article 62. The Agreements of Industrial Complementarity shall promote industrial specialization among the Member Countries and may be entered into and carried out by two or more of them. Such Agreements must be notified to the Commission.

With respect to the preceding paragraph, the Agreements may include measures such as distribution of production, joint production, subcontracting of productive capacity, market agreements, and joint foreign trade operations, as well as others which may facilitate a greater articulation of the productive processes and entrepreneurial activity.

The Agreements of Industrial Complementarity shall be transitory in nature, and in addition to the determination of products that are their subject matter and of the expiration date of the rights and obligations of the participant Member Countries, may include special measures regarding tariff treatment, trade regulations, and the establishment of preferential margins, that are not applicable to nonparticipant countries, provided that such measures represent an equal or better level of conditions than those existing for reciprocal exchange. In this case, the duties applicable to third countries shall be determined.

Article 63. In the case of Agreements of Industrial Complementarity, the following rules shall apply to the products subject to them:

a. Whenever they belong to the list of reserved products, the participant and nonparticipant countries may maintain them in it; and

b. Regarding the other products, the nonparticipant countries shall apply the general rules of this Agreement.

Article 64. Countries not participating in the Agreements of Complementarity may request their incorporation at any time, in which case the conditions for said incorporation shall be approved by the participant countries. These conditions shall be notified to the Commission.

Section C. On Industrial Integration Projects

Article 65. The Commission shall, at the General Secretariat锟絪 proposal, approve Industrial Integration Projects, which shall be carried out with regard to specified products or product families, preferably new ones, through collective cooperation policies and with the participation of all of the Member Countries

In carrying out these Projects, the following tasks, among others, shall be performed:

a. Feasibility and design studies;

b. Supplying equipment, technical assistance, technology, and other goods and services, preferably of subregional origin;

c. Support by the Andean Development Corporation through financing or through equity; and

d. Joint negotiations with international entrepreneurs and government agencies to obtain foreign funds or the transfer of technology.

Industrial Integration Projects shall include clauses regarding the location of production facilities in the Member Countries whenever the characteristics of the corresponding sector or sectors so require and may include clauses that facilitate product access to the subregional market.

In the case of specific projects located in Bolivia or Ecuador, the Commission shall establish temporary and exclusive tariff treatment that improves the conditions of access of such products to the subregional market. Regarding products that are not produced in the Subregion, if these were to be included in this category, they shall include exceptions to the principle of irrevocability provided in the first paragraph of Article 75.

Other Provisions

Article 66. In the application of the modes of industrial integration, the Commission and General Secretariat shall consider the situation and requirements of small and medium-sized industry, particularly those referred to the following aspects:

a. The installed capacity of the existing companies;

b. The financial and technical needs for the installation, expansion, modernization, or conversion of production facilities;

c. The perspectives for establishing joint marketing, technological and research systems, and other forms of cooperation among similar companies; and

d. Employee training requirements.

Article 67. The modes of industrial integration may foresee industrial rationalization actions with the intention of achieving an optimum utilization of the factors of production and to reach higher levels of productivity and efficiency.

Article 68. The General Secretariat may carry out or promote cooperation actions, including those for industrial rationalization and modernization, in favor of any activity of the sector and, particularly, of Subregional small and medium-sized industry, with the purpose of contributing to the industrial development of the Member Countries. These actions shall be carried out with priority in Bolivia and Ecuador.

Article 69. When the General Secretariat deems it advisable and, in any case, in its periodic evaluations, it shall propose to the Commission the measures it considers essential for ensuring the equitable participation of the Member Countries in the modes of industrial integration that are covered under the present Chapter, in their execution, and in the attainment of their objectives.

Article 70. It shall be the Commission and the General Secretariat锟絪 responsibility to maintain an adequate coordination with the Andean Development Corporation, and to arrange for the assistance of any other national or international institutions whose technical and financial contribution it considers desirable for:

a. Facilitating the coordination of policies and the joint programming of investments;

b. Channeling an increasing volume of funds to the solution of problems created for Member Countries by the process of industrial integration;

c. Promoting the financing of the investment projects that arise from the execution of the different modes of industrial integration,

d. Expanding, modernizing, or converting industrial plants that may be adversely affected by trade liberalization.

To continue on to Chapter V: Tariff Reduction Program