

DRAFT FRAMEWORK COOPERATION AGREEMENT

in preparation for the eventual establishment of a political and economic association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part

THE KINGDOM OF BELGIUM,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE GRAND DUCHY OF LUXEMBOURG,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE PORTUGUESE REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SPAIN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Parties to the Treaty establishing the European Community and the Treaty on European Union, hereinafter referred to as the 'European Community Member States',

THE EUROPEAN COMMUNITY,

hereinafter referred to as the 'Community',

of the one part, and

THE REPUBLIC OF CHILE,

hereinafter referred to as 'Chile',

of the other part,

CONSIDERING their common cultural heritage and the deep historical, political and economic ties which unite them;

CONSIDERING the significant contribution made by the Framework Agreement for Cooperation between the Community and Chile signed on 20 December 1990 ⁽¹⁾ to strengthening all these ties;

⁽¹⁾ OJ No L 79, 26. 3. 1991.

CONSIDERING their full commitment to respect for democratic principles and fundamental human rights as set out in the Universal Declaration of Human Rights;

CONSIDERING the importance which both Parties attach to the principles and values set out in the final Declaration of the World Summit for Social Development in Copenhagen in March 1995;

MINDFUL of both Parties' desire to ensure sustainable development and also to conserve and protect the environment;

CONSIDERING their attachment to the market economy and reaffirming their willingness to maintain and strengthen the rules of free international trade in compliance with the rules of the World Trade Organization (WTO) and emphasizing, in particular, the importance of open regionalism;

CONSIDERING their mutual interest in establishing new contractual links in order to develop closer and more extensive cooperation, to expand and diversify trade and to increase investment;

CONSIDERING the political will of both Parties to achieve the ultimate objective of a political and economic association between the European Community and its Member States and Chile founded on greater political cooperation and progressive and reciprocal liberalization of all trade, with due allowance for the sensitivity of certain products and in compliance with the rules of the World Trade Organization, and on investment promotion and closer cooperation;

MINDFUL of the terms of the Joint Solemn Declaration on political dialogue in which both Parties have agreed on closer political dialogue to promote more intensive consultation on matter of mutual interest, with a view to basing their relations on the above long-term aim,

HAVE DECIDED to conclude this Agreement:

TITLE I

NATURE AND SCOPE

Article 1

Basis of the Agreement

Respect for democratic principles and fundamental human rights as set out in the Universal Declaration of Human Rights is at the heart of both Parties' domestic and external policies and constitutes an essential element of this Agreement.

Article 2

Nature and scope

1. This Agreement shall be aimed at strengthening existing relations between the Parties on the basis of reciprocity and mutual interest, paving the way for the progressive and reciprocal liberalization of trade, ultimately leading to the establishment of a political and economic association between the European Community and its Member States and Chile in conformity with the rules of the World Trade Organization (WTO) and with due allowance for the sensitivity of certain products.

2. To this end, the Agreement covers political dialogue, trade and economic matters, cooperation and other matters of mutual interest, its objective being to forge closer relations between the Parties and their respective institutions.

TITLE II

POLITICAL DIALOGUE

Article 3

1. The Parties agree to institute regular political dialogue on bilateral and international matters of mutual interest. Such dialogue shall be conducted in accordance with the Joint Declaration, which shall form an integral part of the Agreement.

2. The ministerial dialogue provided for in the Joint Declaration shall take place within the Council established by Article 33 of this Agreement or within other agreed forums of an equivalent level.

TITLE III

TRADE COOPERATION AND PREPARATION FOR
LIBERALIZATION OF TRADE*Article 4***Objectives**

The Parties undertake to forge closer relations with the aim of increasing and diversifying trade, preparing for progressive and reciprocal liberalization of trade and creating conditions conducive to the eventual establishment of a political and economic association, in conformity with WTO rules and with due allowance for the sensitivity of certain products.

*Article 5***Dialogue on trade and economic matters**

1. The Parties undertake to hold regular dialogue on trade and economic matters, within the institutional framework established by Title VII of the Agreement, in order to meet the Agreement's trade objectives and prepare the ground for the eventual liberalization of trade.

2. The Parties shall agree on the areas to be covered by trade cooperation without excluding any sector.

3. Such cooperation shall in particular focus on the following:

(a) market access and liberalization of trade, the study and establishment of programmes for the reciprocal liberalization of trade (timetable and structure of negotiations, transitional periods, etc.);

(b) tariff and non-tariff barriers, quantitative restrictions on imports and exports and measures having equivalent effect: analyses, studies and management, including quotas, administrative standards applied to external trade, anti-dumping duties, safeguard clauses, technical standards, health and plant health legislation, mutual recognition of certification systems, etc;

(c) the Parties' tariff structure;

(d) compatibility of trade liberalization with WTO rules;

(e) identification of potential tariff reductions and elimination of quasi-tariff measures;

(f) definition of sensitive products and products given priority by the Parties;

(g) cooperation and exchange of information, within the Parties' respective areas of responsibility on transport, insurance and financial services;

(h) monitoring of restrictive practices;

(i) rules of origin which promote the use of regional inputs with a view to encouraging integration.

*Article 6***Cooperation on standardization, accreditation, certification, metrology and conformity evaluation**

The Parties agree to cooperate on standardization, accreditation, certification, metrology and conformity evaluation. Such cooperation shall take the form in particular of:

(a) provision of technical assistance for Chile on standardization, accreditation, certification and metrology to develop an appropriate system and structures compatible:

— with international standards,

— with the basic requirements of health and safety protection, plant and animal protection, consumer protection and environmental conservation;

(b) negotiation of a mutual recognition framework agreement once an appropriate level of technology has been reached in the sectors concerned;

(c) cooperation between the Parties on technical standards to facilitate market access.

*Article 7***Customs cooperation**

1. The Parties shall promote customs cooperation, acting within their respective areas of responsibility, with a view to improving and consolidating the legal framework for their trade relations.

A further objective of customs cooperation shall be to strengthen the Parties' customs arrangements and improve their operation within the framework of inter-institutional cooperation.

2. Such cooperation may take the form in particular of:

(a) exchanges of information, taking into account the need to protect personal data;

- (b) development of new training techniques and coordination of activities within the relevant international organizations;
- (c) exchanges of officials and senior personnel from customs and tax departments;
- (d) simplification of customs procedures;
- (e) technical assistance.

3. The Parties affirm their intent to give future consideration, within the institutional framework established by this Agreement, to the conclusion of a customs mutual assistance protocol.

Article 8

Temporary importation of goods

The Contracting Parties undertake to take account of relief from duties and taxes on temporary importation into their territory of goods covered international agreements on such matters.

Article 9

Cooperation on statistics

The Parties agree to promote the approximation of statistical methods with a view to using, on a mutually acceptable basis, statistics on trade in goods and services and, in general, statistics in any area which lends itself to statistical processing.

Article 10

Cooperation on intellectual property

1. The Parties agree to cooperate on intellectual property matters in order to promote trade in goods and services, investment, technology transfer, dissemination of information, cultural and creative activities and related economic activities.

2. For the purposes of this Article, intellectual property shall in particular encompass copyright, including copyright for computer programmes and databases, and related rights, trade or service marks, geographical indications, including designations of origin, industrial designs and models, patents and integrated circuit topographies, data protection and prevention of unfair competition as defined in Article 10bis of the Paris Convention for the Protection of Industrial Property.

3. The Parties agree to guarantee, within their respective laws, regulations and policies, adequate and effective protection of intellectual property rights in

accordance with the highest international standards laid down in the Agreement on aspects of trade-related intellectual property rights (Trips) concluded in the framework of the WTO, and, where necessary, to consider strengthening it, for example by concluding an agreement on the reciprocal protection and recognition of geographical indications and designations of origin.

4. Cooperation in this area may include technical assistance between the Parties in the form of joint programmes and projects.

5. In the event of trade disputes connected with the protection of intellectual property, the Parties may hold consultations in order to settle any doubt or difficulty relating to the application of their respective rules on the protection of intellectual property rights.

6. In research and other joint scientific activities undertaken in the field of science and technology, the Parties shall agree on the intellectual property rules to be applied to their results.

Article 11

Cooperation on public procurement

1. The Parties agree to cooperate to ensure, on a reciprocal basis, open, non-discriminatory and transparent procedures for their respective government and public sector procurement at central, federal, regional, provincial and local level.

2. In order to attain this objective, the Parties agree to consider the possibility of concluding an agreement on access in these sectors of procurement, generating transparent, fair conditions subject to clear complaint procedures.

3. Cooperation between the Parties in this area shall include technical assistance in matters connected with the Agreement on Government Procurement.

4. The Parties shall consider the possibility of holding annual consultations on this sector.

TITLE IV

ECONOMIC COOPERATION

Article 12

Objectives

1. In the light of the achievements of the Framework Agreement for Cooperation between the Community and

Chile of December 1990, both Parties undertake, under this Agreement, to consolidate and expand all areas of economic cooperation by cultivating synergies in productive activities, creating new opportunities and increasing economic competitiveness.

2. Economic cooperation between the Parties shall be as broad-based as possible. No sector shall be excluded from the outset, and account shall be taken of the Parties' respective priorities, mutual interests and areas of responsibility.

3. The Parties shall focus on cooperation which will foster economic and social relations and networks between companies (trade, investment, technology, information or communication systems).

4. Within the framework of this cooperation the Parties shall promote the exchange of information which will serve as a basis for the regular monitoring of macro-economic policies and balances and efficient market operation.

5. In view of the degree of liberalization achieved by Chile in the area of services, investment and scientific, technological and industrial cooperation, the Parties undertake to make a special effort to expand and consolidate cooperation in these areas.

6. The need to conserve the environment and ecological balances shall be taken into account by the Parties in any economic cooperation measures they undertake.

7. Any measures sponsored by the Parties in this field shall be guided by the principle of social development, and the promotion of fundamental social rights in particular.

Article 13

Industrial and business cooperation

1. The Parties shall promote industrial and business cooperation with the aim of establishing a climate conducive to economic development taking account of their mutual interests.

2. Such cooperation shall focus in particular on:

- (a) increasing trade flows, investment, industrial cooperation and technology transfer;

- (b) supporting industrial modernization and diversification;

- (c) identifying and eliminating obstacles to industrial cooperation between the Parties by means of measures which encourage respect for competition laws and help gear industry to market requirements, allowing for the participation and consultation of operators;

- (d) encouraging cooperation between economic operators on both sides, particularly small and medium-sized enterprises (SME);

- (e) promoting industrial innovation by developing an integrated and decentralized approach to cooperation among operators on both sides;

- (f) ensuring the overall consistency of measures which may have a positive influence on cooperation between businesses on both sides.

3. Such cooperation, which shall be based on a dynamic, integrated and decentralized approach, shall take the form in particular of:

- (a) encouraging closer organized contracts between businesses, particularly small and medium-sized enterprises (SMEs), and economic operators on both sides which will provide them with an opportunity to identify and exploit areas of mutual interest, paving the way for increased trade, investment and industrial and business cooperation projects in general, particularly by promoting joint ventures;

- (b) promoting business initiatives and cooperation projects which shall be identified through closer dialogue between Chilean and European operators' networks;

- (c) undertaking measures to support business cooperation, notably regarding industrial quality policies and industrial innovation, training and applied research, development and technology transfer.

Article 14

Cooperation on services

1. The Parties recognize the growing importance of services for their economic development. To this end they shall consolidate and step up cooperation in this sector, within their respective areas of responsibility and in accordance with the rules of the General Agreement on Trade in Services (GATS).

2. In terms of practical implementation the Parties shall identify the priority sectors in this area in order to ensure efficient use of available instruments.

Measures shall focus mainly on:

- (a) helping SMEs gain access to capital resources and market technologies;
- (b) promoting trade between the Parties and with the markets of third countries;
- (c) encouraging better and diversified productivity and competitiveness in this sector;
- (d) exchanging information on the rules, laws and regulations which govern trade in services;
- (e) exchanging information on the procedure for granting:
 - licences and certificates to professional service providers and
 - recognition of professional qualifications.
- (f) developing the tourism sector, with a view to improving the exchange of information and know-how in order to promote a sustainable and ordered development of the tourist amenity. To this end human resources development and joint operations in the tourist promotion and marketing fields will be encouraged.

Article 15

Investment promotion

The Parties shall help create, within their respective areas of responsibility, an attractive and stable environment for reciprocal investment.

Such cooperation shall take the form *inter alia* of:

- (a) arrangements for information, identification and dissemination relating to investment legislation and opportunities;
- (b) promoting the development of a legal environment conducive to investment between the Parties; if necessary, Chile and the Community Member States could conclude bilateral agreements to promote and protect investment and bilateral agreements to prevent double taxation;
- (c) developing harmonized and simplified administrative procedures;
- (d) developing joint investment, in particular with SMEs on both sides.

Article 16

Scientific and technical cooperation

1. The Parties agree to cooperate in the field of science and technology in areas of mutual interest, taking account of their respective policies.
2. The aims of such cooperation shall be:
 - (a) to encourage exchanges of information and know-how on science and technology, especially on the implementation of policies and programmes;
 - (b) to promote sustainable relations between the two Parties' scientific communities;
 - (c) to foster innovation in Chilean and European businesses;
 - (d) to promote technology transfer;
3. Cooperation shall take the form in particular of:
 - (a) joint research projects in areas of mutual interest, with the active participation of business where appropriate;
 - (b) exchanges of scientists to promote research, project preparation and high-level training;
 - (c) joint scientific meetings to promote the exchange of information, encourage interaction and identify areas where joint research might be undertaken;
 - (d) dissemination of results and development of links between the public and private sectors;
 - (e) exchanges of know-how on standardization;
 - (f) evaluation of the activities concerned.

4. In terms of practical implementation, the Parties shall encourage their respective higher education institutions, research centres and industrial sectors, in particular SMEs, to play an active role.

5. The Parties shall agree, without excluding any sector from the outset, on the areas, scope, nature and priorities of this cooperation, by establishing a multi-annual programme which can be adapted to circumstances.

Article 17

Energy cooperation

Cooperation between the Parties shall focus on fostering closer links between their economies in the sectors of renewable and non-renewable, conventional and

non-conventional energies, and energy-saving technologies.

Cooperation shall in particular take the following forms:

- (a) exchanges of information in all appropriate forms, including the development of databanks to be shared by economic operators on both sides, training and joint conferences;
- (b) technology transfer;
- (c) preparatory studies and project implementation by the relevant institutions of both Parties;
- (d) the participation of economic operators from the two Parties in joint technological development or infrastructure projects;
- (e) where appropriate the conclusion of specific agreements in key areas of mutual interest;
- (f) aid for Chilean institutions dealing with energy matters and the formulation of energy policy;
- (g) technical training programmes.

Article 18

Cooperation on transport

1. Cooperation in this area shall be aimed essentially at:

- (a) support for the modernization of Chile's transport systems;
- (b) efforts to increase personal mobility, the movement of goods and access to the transport market;
- (c) promotion of operating standards.

2. Cooperation shall take the form in particular of:

- (a) exchanges of information on respective transport policies and on other topics of mutual interest;
- (b) training programmes for economic operators and senior public officials;
- (c) exchange of information on the installation of monitoring stations forming part of the infrastructure of the Global Navigation Satellite System (GNSS).

3. Acting within their respective areas of responsibility, laws and international undertakings, the Parties shall look at all aspects relating to international maritime transport services to ensure that they do not hamper the mutual expansion of trade, paying particular attention to

the maintenance of unrestricted access to markets on a commercial and non-discriminatory basis.

Article 19

Cooperation on the information society and telecommunications

1. The Parties recognize that advanced information and communication technologies are a key sector in modern society and are vital to economic and social development and the smooth transition to an information society.

2. Cooperation between the Community and Chile in this area shall focus in particular on:

- (a) dialogue on all aspects of the information society including telecommunications policy;
- (b) exchanges of information and any technical assistance required on regulations and standardization, conformity testing and certification for information and telecommunication technologies;
- (c) dissemination of new telecommunications and information technology and development of new advanced communication, services and information technology facilities;
- (d) promoting and undertaking joint research and technological or industrial development projects in the field of new information, communication, telematics and information society technologies;
- (e) providing an opportunity for Chilean institutions to take part in pilot projects and Community programmes, especially in the regional field, under the arrangements pertaining to the areas concerned;
- (f) interconnection and interoperability of telematic networks and services in the Community and Chile.

Article 20

Cooperation on environmental protection

1. The Parties undertake to develop cooperation to protect, improve and prevent degradation of the environment, control pollution and encourage the rational use of natural resources, in the interests of sustainable development.

The emphasis shall be on conservation of ecosystems, the integrated management of natural resources, the

environmental impact of economic activities, the urban environment and depollution programmes.

2. Cooperation shall focus on:

- (a) projects to strengthen environmental structures and policies in Chile;
- (b) exchange of information and know-how covering various areas including the Parties' respective rules and standards;
- (c) environmental training and education;
- (d) technical assistance and the establishment of joint research programmes.

Article 21

Cooperation on the agricultural and rural sector

1. The Parties shall promote mutual cooperation in the agricultural and rural sector. To this end they shall examine:

- (a) measures to promote mutual trade in agricultural products;
- (b) environmental health and plant health measures and other related aspects, taking account of the legislation in force for both parties, in compliance with WTO rules.

2. The Parties shall take measures such as the mutual exchange of information, technical assistance and scientific and technological experiments to promote agricultural development cooperation.

TITLE V

OTHER AREAS OF COOPERATION

Article 22

Objectives and scope

The Parties will maintain cooperation on social development, public administration, information and communication, training and regional integration with particular emphasis on areas likely to contribute to the process of cooperation and to the eventual establishment of a political and economic association between the Parties.

Article 23

Financial and technical cooperation and cooperation on social development

1. The Parties reaffirm the importance of their financial and technical cooperation, which should be

geared towards combating extreme poverty and generally assisting the most deprived sections of the community.

2. Such cooperation may take the form of pilot programmes in the following areas:

- (a) job creation and vocational training;
- (b) management and administration of social services;
- (c) rural development and housing and regional planning;
- (d) health and primary education;
- (e) support for the grassroots organizations in civil society;
- (f) programmes and projects to create business and employment opportunities and thereby help to combat poverty;
- (g) programmes to improve the quality of life, notably of the most deprived sections of the community.

Article 24

Cooperation on public administration and regional integration

1. The Parties shall support cooperation on public administration to promote the adjustment of Chilean administrative systems to open trading in goods and services with Europe.

2. In this context the Parties shall work together to promote the administrative changes deriving from Latin American integration.

3. To this end, in support of Chile's objectives of administrative modernization, decentralization and regionalization, the Parties shall encourage cooperation within all institutions, drawing lessons from the instruments and policies of the European Community.

4. Cooperation shall be undertaken in particular through:

- (a) technical assistance to Chilean policy-making and executive bodies, including contacts between staff of the European institutions and their Chilean counterparts;
- (b) regular exchange of information taking whatever form is appropriate, including the use of computer networks; personal data protection shall be guaranteed in all areas where data are to be exchanged;
- (c) transfers of know-how;
- (d) preliminary studies and implementation of joint projects;

(e) training and institutional support.

Article 25

Inter-institutional cooperation

1. The Parties agree on the need to promote closer administrative cooperation between the institutions concerned.

2. Such cooperation shall be as broad-based as possible and shall focus in particular on:

- (a) any means of fostering regular exchanges of information, including joint development of computerized communication networks;
- (b) advice and information;
- (c) transfer of know-how.

Article 26

Cooperation on communication, information and culture

1. In view of Chile's very close cultural ties with Community Member States, the Parties will intensify cooperation in this area and on communication and information.

2. Within the Parties' respective areas of responsibility, the aim of such cooperation shall be to promote:

- (a) meetings between senior information and communication representatives and, where appropriate, technical assistance;
- (b) greater exchanges of information on matters of mutual interest;
- (c) organization of cultural events;
- (d) activities — studies and training schemes — aimed at protecting the cultural heritage.

3. The Parties agree to promote the broadest possible cooperation in the audiovisual and press sector.

Article 27

Cooperation on training and education

1. The Parties shall identify, within their respective areas of responsibility, ways of improving primary education, youth training, vocational training and inter-university and inter-business cooperation. Particular emphasis shall be given to vocational training for the most deprived sections of the community.

2. The Parties shall place emphasis on measures designed to create permanent links between Community and Chilean specialized agencies which will encourage the pooling of technical resources and exchanges of know-how.

3. These projects shall be undertaken mainly through:

- (a) agreements between educational and training institutions;
- (b) meetings between bodies responsible for education and training.

4. A further objective of cooperation in this area shall be the conclusion of sectoral agreements on education, training and youth-related matters.

Article 28

Cooperation on combating drug trafficking

1. Within their respective areas of responsibility, the Parties shall coordinate their efforts and intensify their cooperation to prevent drug abuse and illegal trafficking in drugs, the misuse of chemical precursors and the laundering of profits from drug-trafficking. To this end the Parties shall coordinate their cooperation activities and areas at bilateral level and in international organizations and forums.

2. Such cooperation, which shall make use of specialized agencies, shall focus on:

- (a) projects to train, educate, treat and rehabilitate drug addicts and programmes to prevent the illegal consumption of drugs;
- (b) joint research programmes;
- (c) training programmes for public officials on preventing and controlling drug trafficking, money laundering and on monitoring trade in essential chemical precursors etc;
- (d) exchange of relevant information and adoption of appropriate measures to combat drug trafficking and money laundering, in the framework of multilateral agreements in force and the recommendations of the Financial Action Task Force on Money Laundering (FATF);
- (e) prevention of the diversion of chemical precursors and other essential substances used for the illegal production of drugs and psychotropic substances. This prevention is based on the 1988 United Nations Convention, the principles adopted by the

Community and the relevant international authorities and on the recommendations of the Chemical Action Task Force (CATF).

3. The Parties may agree to extend such cooperation to other areas.

Article 29

Cooperation on consumer protection

1. The Parties agree that cooperation in this area should be aimed at refining their consumer protection systems and seeking, within their respective legislations, to make their systems compatible.

2. Cooperation shall focus mainly on:

- (a) exchange of information and experts;
- (b) organization of training schemes and provision of technical assistance.

Article 30

Cooperation on fishing

The Parties agree that, acting in compliance with international trade and environmental undertakings, cooperation in this area shall take the form of a regular dialogue to examine the possibility of establishing closer cooperation in the fisheries sector which could lead to a fisheries agreement.

Article 31

Triangular cooperation

The Parties, acknowledging the value of international cooperation for promoting equitable and sustainable development, agree to encourage triangular cooperation programmes with other countries in areas and sectors of mutual interest.

TITLE VI

MEANS

Article 32

1. In order to help attain the cooperation aims set out in this Agreement, the Parties undertake to make available, within the limit of their abilities and through their own channels, the appropriate resources, including financial resources.

2. The Parties shall call on the European Investment Bank to step up its activities in Chile in accordance with its own procedures and financing criteria.

TITLE VII

INSTITUTIONAL FRAMEWORK

Article 33

1. A Joint Council of the Framework Cooperation Agreement, hereinafter referred to as the Joint Council, is hereby established. It shall supervise the implementation of this Agreement and shall meet at ministerial level periodically and whenever circumstances require.

2. The Joint Council shall discuss important matters arising in connection with the Agreement and any other bilateral or international issues of mutual interest, with the aim of fulfilling the Agreement's objectives.

3. The Council may also make appropriate proposals by agreement with both Parties.

In carrying out its duties, the Joint Council shall be responsible in particular for making recommendations which contribute to the ultimate objective of political and economic association.

Article 34

1. The Joint Council shall be composed of members of the Council of the European Union and Members of the European Commission on the one hand, and Chilean representatives, on the other.

2. The Council shall adopt its own rules of procedure.

3. The Council shall be chaired in turn by a Community representative and a Chilean representative.

Article 35

1. The Joint Council shall be assisted in the performance of its duties by a Joint Committee composed of members of the Council of the European Union and Members of the European Commission, on the one hand, and of Chilean representatives, on the other.

2. The Joint Committee shall generally meet once a year, on a date and with an agenda agreed in advance by the Parties, in Brussels one year and Chile the next. Special meetings may be convened by mutual agreement. The office of chairman of the Joint Committee shall be held alternately by a representative of each of the Parties.

3. The Joint Council shall set out the Joint Committee's operating procedures in its own rules of procedure.

4. The Council may delegate all or part of its powers to the Joint Committee. The latter shall provide continuity between its meetings.

5. The Joint Committee shall assist the Council in the performance of its duties. In fulfilling these functions, the Joint Committee shall in particular:

- (a) foster trade relations in accordance with the objectives of this Agreement and in accordance with the provisions of Title III;
- (b) exchange opinions on future cooperation programmes and the resources available for their implementation and on any matter of mutual interest which relates to progressive and reciprocal liberalization of trade;
- (c) submit to the Joint Council proposals made by the Subcommittee on Trade with the aim of cultivating preparations for the progressive and reciprocal liberalization of trade and proposals intended to bring about closer cooperation in this area; and
- (d) in general, make proposals to the Joint Council which will contribute to the ultimate aim of an EU-Chile political and economic association.

Article 36

The Joint Council may decide to set up any other body to assist it in the performance of its duties and shall determine the body's composition, objectives and operating procedures.

Article 37

1. The Parties agree to establish a Joint Subcommittee on Trade which shall ensure that the trade-related objectives set out in Article 5 of the Agreement are fulfilled and shall undertake the preparatory work for the progressive and reciprocal liberalization of trade.

2. The Joint Subcommittee on Trade shall be composed of members of the Council of the European Union and Members of the European Commission, on the one hand, and Chilean representatives, on the other.

3. It may commission any studies or technical analyses which it deems necessary.

4. The Joint Subcommittee on Trade shall report at least once a year to the Joint Committee set up under Article 35 of the Agreement on the development of its work, and shall make proposals regarding the subsequent liberalization of trade.

5. The Joint Subcommittee on Trade shall submit its rules of procedure to the Joint Committee for approval.

Article 38

Consultation

Within their respective areas of responsibility, the Parties undertake to hold consultations on any matter covered by this Agreement.

The procedure for the consultations referred to above shall be laid down in the rules of procedure of the Joint Committee.

TITLE VIII

FINAL PROVISIONS

Article 39

Definition of the Parties

For the purposes of this Agreement, 'the Parties' shall mean the Community, its Member States or the Community and its Member States, within their respective areas of responsibility, as defined in the Treaty establishing the European Community, on the one hand, and Chile, on the other.

Article 40

Future developments

The Parties may agree to extend the Agreement with the aim of broadening and supplementing the scope and level of cooperation in accordance with their respective legislation, by concluding agreements on specific sectors or activities in the light of the experience gained during its implementation.

Article 41

Territorial application

This Agreement shall apply to the territories in which the Treaty establishing the European Community is applied under the conditions laid down in that Treaty, on the one hand, and to the territory of the Republic of Chile, on the other.

Article 42

Duration and entry into force

1. This Agreement shall be valid indefinitely.

2. The Parties shall determine the suitability and timing of transition to political and economic association in the light of progress made under the Agreement in accordance with their own procedures and in the light of the work carried out and the proposals made within the institutional framework of this Agreement.

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

4. Notification shall be sent to the Secretariat-General of the Council of the European Union which shall be the depositary for the Agreement.

5. On its entry into force the Agreement shall replace the Framework Agreement for Cooperation between the European Community and the Republic of Chile signed on 20 December 1990.

Article 43

Non-execution

1. The Parties shall adopt any general or specific measure required for them to fulfil their obligations under this Agreement and shall ensure that they comply with the objectives laid down in the Agreement.

If one of the Parties considers that another Party has failed to fulfil an obligation under this Agreement it may take appropriate measures. Before doing so, except in cases of special urgency, it must supply the Joint Committee with all the relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In this selection of measures, priority must be given to those which least disturb the functioning of this

Agreement. These measures shall be notified immediately to the Joint Committee and shall be the subject of consultation in the Committee if the other Party so requests.

2. The Parties agree that the term 'cases of special urgency' in paragraph 1 of this Article means a case of material breach of the Agreement by one of the Parties. A material breach of the Agreement consists of:

- (a) repudiation of the Agreement not sanctioned by the general rules of international law;
- (b) violation of the essential elements of the Agreement referred to in Article 1.

3. The Parties agree that the 'appropriate measures' referred to in this Article are measures taken in accordance with international law. If a Party takes a measure in a case of special urgency as provided for under this Article, another Party may ask that an urgent meeting be called to bring the Parties together within 15 days.

Article 44

Authentic text

This Agreement is drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish and Swedish languages, each of these texts being equally authentic.

ANNEX I

JOINT DECLARATION ON POLITICAL DIALOGUE BETWEEN THE EUROPEAN UNION AND CHILE

1. Preamble

THE EUROPEAN UNION AND CHILE,

Conscious of their common cultural heritage and the deep historical, political and economic ties which unite them;

Guided by their attachment to democratic values, and reiterating the fact that respect for human rights, the freedom of the individual and the principles of the rule of law, as the foundations of a democratic society, lie at the root of their domestic and foreign policies and of their joint undertaking;

Wishing to consolidate international peace and security in accordance with the principles set out in the United Nations Charter, and determined to apply the principles of preventing and peacefully resolving international disputes;

Declaring their interest in using regional integration to promote sustainable and harmonious development for their inhabitants, using as a foundation the principles of social progress and solidarity between their members;

Taking as a basis the special ties established by the Framework Cooperation Agreement between the European Community and Chile;

Have decided to give relations between them a long-term perspective.

2. Aims

Mindful of the conclusions adopted by the Council of the European Union on 17 July 1995 in the wake of the communication on the strengthening of relations between the European Union and Chile, the Parties reiterate their intention to enter into an agreement which will express their political will to achieve their ultimate goal of political and economic association.

To that end, the Parties' have agreed to step up political dialogue in order to ensure that there is closer consultation in areas of common interest, primarily through coordination of the Parties' positions in the appropriate multilateral forums.

Such dialogue could include other participants from the region or, where possible, be conducted simultaneously with other established forms of political dialogue.

3. Procedures

The Parties have agreed that political dialogue on bilateral and international issues of common interest should take the form of:

- (a) periodic meetings between the President of Chile and the highest authorities of the European Union; the Parties should decide on the procedure to be used;
- (b) periodic meetings between Foreign Ministers; the Parties should decide on the procedure to be used;
- (c) periodic meetings between other ministers to discuss matters of common interest in cases in which the Parties consider that such meetings will result in closer relations;
- (d) periodic meetings between senior officials of both Parties.

4.

The European Union and Chile agree that this Joint Declaration should signal the beginning of closer and deeper relations.

ANNEX II

JOINT DECLARATION ON THE DIALOGUE AT PARLIAMENTARY LEVEL

The Parties support the initiative put forward by the European Parliament and the Chilean Parliament to institutionalize a dialogue between them and state their willingness to foster the establishment and development of this parliamentary dialogue.

ANNEX III

JOINT DECLARATION ON INTER-REGIONAL ECONOMIC COOPERATION

1. By common accord the Parties will seek ways of linking their methods of preparing for the liberalization of trade with the methods they employ in connection with other individual countries or regional entities, and particularly with the Southern Cone Common Market (Mercosur). Such activities will depend on how regional integration has progressed and on the degree to which they help to achieve the aims of the Agreement.
2. In that connection, the Parties will examine the possibility of Chile becoming involved in the cooperation programmes provided for in the Agreement between the European Community and its Member States and the Southern Cone Common Market and its member countries, and of Mercosur becoming involved in the cooperation programmes provided for in this Agreement. Procedures will be determined on a case-by-case basis by all interested Parties.

Proposal for a Council Decision on the Exchange of Letters between the European Community and Chile concerning the provisional application of certain provisions of the Framework Cooperation Agreement in preparation for the eventual establishment of a political and economic association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part

(96/C 258/06)

COM(96) 259 final — 96/0150(ACC)

(Submitted by the Commission on 12 June 1996)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 113 thereof, in conjunction with the first sentence of Article 228 (2) thereof,

Having regard to the proposal from the Commission,

Whereas the Framework Cooperation Agreement in preparation for the eventual establishment of a political and economic association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, was signed by the Community and its Member States on . . . ,

Whereas the European Community and Chile undertook to establish procedures for the early application of certain provisions of that Agreement which deal with trade cooperation between the parties and the institutional framework for such cooperation,

Whereas the provisional application of the provisions in question will facilitate and promote closer trade relations between the European Community and Chile, pending the completion of the procedures required to bring the Agreement into force,

HAS DECIDED AS FOLLOWS:

Article 1

The attached Exchange of Letters between the Community and Chile, which provides for the provisional application of certain provisions of the Framework Cooperation Agreement in preparation for the eventual establishment of a political and economic association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, is hereby approved on behalf of the European Community.

Article 2

The Commission shall represent the Community within the bodies referred to in Articles 35 and 37 of the Agreement.

Article 3

This Decision shall be published in the *Official Journal of the European Communities*.