COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 12 February 1993

Proposal for a

COUNCIL DECISION

concerning the conclusion of
a Framework Cooperation Agreement
between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala,
Honduras, Nicaragua and Panama

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. By its decision of 18 November 1992, the Council authorized the Commission to open negotiations with the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama for a Framework Cooperation Agreement, and adopted directives to that end.

2. Negotiations took place over three sessions held on 17 and 18 December 1992 and on 21 January 1993, and concluded, on 22 January 1993, with the initialling of an Agreement between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. The following texts are annexed to the Agreement and form an integral part of it : an exchange of letters concerning maritime transport ; a unilateral declaration by Central America concerning Article 8 ; a unilateral declaration by the Community concerning Article 32 and unilateral declarations by both the Community and Central America concerning the special concessions granted to the Central America under Council Regulation n° 3900/91 of 16 December 1991.

3. The Commission considers the initialled text to be in line with the negotiating directives adopted by the Council.

4. Because the legal basis for the Agreement includes Article 235 of the Treaty in addition to Article 113, Parliament must be consulted.

5. With a view to the signing and conclusion of this Framework Cooperation Agreement between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, the Commission proposes that the Council adopt the attached draft Decision.

Proposal for a

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concerning the conclusion of
a Framework Cooperation Agreement
between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala,
Honduras, Nicaragua and Panama

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Community, for the attainment of its aims in the sphere of external economic relations, should approve the Framework Cooperation Agreement with the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama;

HAS DECIDED AS FOLLOWS:

Article 1

The Framework Cooperation Agreement between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama is hereby approved on behalf of the Community.

The text of the Agreement is annexed to this Decision.

Article 2

The President of the Council shall give the notification provided for in Article 37 of the Agreement.[1]

Article 3

The Commission, assisted by representatives of the Member States, shall represent the Community in the Joint Committee set up by Article 33 of the Agreement.

Article 4

This Decision shall enter into force on the day following that of its publication in the Official Journal of the European Communities.

Done at Brussels,

For the Council
The President

1 The date of entry into force of the Agreement will published in the Official Journal of the European Communities by the General Secretariat of the Council.

FRAMEWORK COOPERATION AGREEMENT

between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE GOVERNMENTS OF COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA AND PANAMA,

of the other part,

CONSIDERING the traditional links of friendship between the Member States of the European Economic Community (hereinafter referred to as "the Community") and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama (hereinafter referred to as "Central America"), which over the past nine years have benefited from the institution of a productive political dialogue and economic cooperation that it is important to consolidate,

RECALLING the significant contribution made to Central America by the implementation of the Cooperation Agreement signed in Luxembourg on 12 November 1985 and of the final communiqués issued at ministerial meetings between the Community and Central America,

REAFFIRMING their commitment to the principles of the United Nations Charter, the precepts of international law, democratic values and respect for human rights, and stressing the importance of the Resolution adopted by the Council and the Member States of the Community on 28 November 1991 on human rights, democracy and development,

HIGHLIGHTING the progress made as regards peace and democracy in the Central American countries through the process of dialogue and national reconciliation instigated in the region, and emphasizing also the significant efforts made as regards respect for human rights,

RECOGNIZING that development is a fundamental condition for the consolidation of peace and democracy, and a basic requirement for the promotion of the economic and social rights of the Central American peoples,

RECOGNIZING the importance attached by the Community to the development of trade and economic cooperation with developing countries, and mindful of its guidelines and resolutions concerning cooperation with Asian and Latin American developing countries,

MINDFUL of the positive effects of the process of modernization, economic reform and trade liberalization introduced by the Central American governments, and of the need to accompany these reforms with the promotion of social rights in the most disadvantaged sectors of the population, and convinced that Community cooperation has a significant part to play in the eradication of the problems of extreme poverty afflicting the region,

AWARE of the importance of helping Central America become more fully integrated into the world economy,

CONVINCED of the importance of free international trade, the principles of the multilateral trade system, greater investment and respect for intellectual property rights,

EMPHASIZING the particular importance the parties attach to greater protection of the environment and to the objective of sustainable development,

MINDFUL of the urgent need to strengthen international cooperation in the struggle to confront the problems caused by, and related to, drugs,

AWARE of the need to reaffirm the importance of the role of women as a key element in the development process,

HIGHLIGHTING the progress made by the Sistema de la Integración Centroamericana (SICA - Central American Integration System) owing to the changes in the Charter of the Organización de Estados Centroamericanos (ODECA - Organization of Central American States) introduced by the Tegucigalpa Protocol, and recognizing that Central America is a region made up of developing countries,

CONVINCED of the need to institute a new phase of cooperation between the two regions, in line with the conclusions of the San José VIII Ministerial Conference, and recognizing that the fundamental objective of the Agreement is to consolidate, deepen and diversify relations between the two parties,

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

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:

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

HAVE AGREED AS FOLLOWS:

Article 1

Democratic basis for cooperation

Cooperation ties between the Community and Central America and this Agreement in its entirety shall be based on respect for democratic principles and human rights, which inspire the domestic and external policies of both the Community and Central America and which constitute an essential component of this Agreement.

Article 2

Strengthening of cooperation

The Contracting Parties undertake to strengthen and diversify their cooperation in all areas of common interest, particularly the economic, financial, commercial, social, science and technology and environmental sectors, bearing in mind the lesser degree of development of the Central American countries. They also undertake to promote the intensification and consolidation of the Central American Integration System.

In view of the special status of the Central American countries as developing countries, the Community shall implement this cooperation in the manner most favourable to those countries.

Article 3

Economic cooperation

1. The Contracting Parties, taking into account their mutual interest and medium- and long-term economic objectives, undertake to establish economic cooperation of the widest possible scope, from which no field of activity is excluded in principle. The aims of such cooperation shall be in particular to:

(a) strengthen and diversify generally their economic links;

(b) contribute to the sustainable development of both Parties' economies and standards of living, with due regard for the protection of the environment;

(c) encourage the expansion of trade with a view to promoting diversification, opening up new markets and improving access to them;

(d) encourage the flow of investment and reinforce protection of investment;

(e) encourage transfers of technology and cooperation among firms, particularly small businesses, consolidating the scientific base and stimulating the innovatory skills of both parties;

(f) establish conditions conducive to job creation and improved productivity;

(g) encourage measures promoting rural development and the improvement of urban living conditions;

(h) support the efforts of the Central American countries to set in train policies designed to modernize and develop the agricultural and industrial sectors;

(i) support the Central American integration process;

(j) exchange information on statistics and methodology.

2. Without excluding any area of activity from the outset, the Contracting Parties shall, in their mutual interest and with regard to their respective competences and capacities, determine by common agreement the spheres to be covered by economic cooperation. Cooperation shall centre particularly on the following:

(a) modernization of the productive sectors (industry, agro-industry, agriculture, livestock farming, fisheries, fish farming, mining, forestry);
(b) energy planning and efficient use of energy;
(c) management and protection of natural resources and the environment;
(d) technology transfers;
(e) science and technology;
(f) intellectual property, including industrial property;
(g) standards and quality criteria;
(h) services, including financial services, tourism, transport, telecommunications, telematics and information technology;
(i) exchanges of information on monetary matters and the harmonization of macro-economic policies with a view to strengthening regional integration;
(j) technical regulations on health, plant health and animal health;
(k) consolidation of regional economic cooperation organizations and agencies;
(l) regional development and frontier integration.

3. In the interests of attaining the objectives of economic cooperation, the Contracting Parties shall, each in accordance with its laws, endeavour to promote activities including the following:

(a) provision of technical assistance, notably by seconding consultants and carrying out specific studies in the designated fields of cooperation;

(b) creation of joint ventures, licensing agreements, technological know-how transfers, subcontracting, and other such activities;

(c) increased contacts between the two Parties' businessmen through conferences, seminars, trade and industry missions designed to boost trade and investment flows, trade talks and general and specialized trade fairs;

(d) joint participation of Community firms in fairs and exhibitions held in Central American countries, and <u>vice versa</u>;

(e) technical and scientific research projects and exchanges of experts;

(f) exchanges of information concerning the areas of cooperation covered by this Agreement, notably as regards access to existing or future databases;

(g) setting up of business networks, particularly in the industrial sector.

Article 4

Most-favoured-nation treatment

The Contracting Parties shall grant each other most-favoured-nation treatment in trade, in accordance with the General Agreement on Tariffs and Trade (GATT).

Article 5

Trade cooperation

1. The Contracting Parties undertake to develop and broaden trade to the highest possible degree, taking into account the economic situation of each of the Parties and facilitating trade transactions between them as far as possible.

2. To that end, the Parties shall endeavour to find methods of reducing and eliminating the obstacles hindering the development of trade, notably non-tariff barriers, taking account of work already accomplished in this field by international organizations.

3. The Contracting Parties shall, where appropriate, assess the possibility of setting up mutual consultation procedures.

Article 6

Means of achieving cooperation in trade

In the interests of bringing about more active cooperation in trade, the Contracting Parties shall take measures aimed at:

- promoting meetings, exchanges and contacts between business people from each of the Parties, with the aim of identifying goods suitable for sale on the market of the other Party;

- facilitating cooperation between their customs services, in particular as regards vocational training, the simplification of procedures and the detection of customs offences;

- encouraging and supporting trade promotion activities such as seminars, symposia, trade and industrial fairs and exhibitions, trade and other visits, business weeks, market studies and other activities;

- providing support for their own organizations and firms, to enable them to engage in activities which are of benefit to both sides;

- making allowance for each other's interests with regard to market access for commodities, semi-finished and manufactured goods and with regard to the stabilization of world commodity markets, in accordance with the aims agreed within the appropriate international organizations;

- examining ways and means of facilitating trade and eliminating barriers to trade, taking into consideration the work of international organizations.

Article 7

Industrial cooperation

1. The Contracting Parties shall promote the expansion and diversification of the Central American countries' production base in the industrial and service sectors, particularly encouraging cooperation activities involving the small and medium-sized enterprises of both parties designed to facilitate the access of such enterprises to sources of capital, markets and appropriate technology, and also fostering joint ventures.

2. To that end, within the limits of their responsibilities, the Parties shall encourage projects and operations promoting:

- the consolidation and extension of the networks established for the purposes of cooperation;
- the broad use of Community promotional instruments such as "European Community Investment Partners" (ECIP), inter alia through greater use of Central American financial institutions;
- cooperation between firms, such as joint ventures, subcontracting, transfers of technology, licensing, applied research and franchising;

Article 8

Investment

1. The Contracting Parties agree:

- to promote, so far as their powers, rules and regulations and policies permit, an increase in mutually beneficial investment;
- to endeavour to improve the climate for such investment by encouraging investment promotion and protection agreements between the Community's Member States and the Central American countries.

2. In pursuit of these objectives, the Contracting Parties agree to take measures to help promote and attract investment, with a view to identifying new opportunities for such investment and encouraging the implementation thereof.

These measures shall include:

(a) seminars, exhibitions and business missions;
(b) training businessmen with a view to setting up investment projects;
(c) technical assistance for joint investment;
(d) measures under the European Community Investment Partners (ECIP) programme.

3. Cooperation in this field may involve public, private, national or multilateral bodies, including regional financial institutions, from both Central America and the Community.

Article 9

Cooperation between financial institutions

The Contracting Parties shall endeavour to foster, according to their needs and within the framework of their respective programmes and legislation, cooperation between financial institutions in the form of:

- exchanges of information and experience in fields of mutual interest (*inter alia* by means of seminars, conferences and workshops);

- exchanges of consultants;

- technical assistance.

- exchanges of information in the fields of statistics and methodology.

Article 10

Science and technology

1. In accordance with their mutual interest and the aims of their policies on science, the Contracting Parties undertake to promote cooperation in science and technology aimed in particular at:

- encouraging exchanges of Community and Central American scientists;

- establishing closer links between their scientific and technological communities, with particular reference to existing research centres on both sides;

- promoting mutually beneficial transfers of technology;

- implementing measures with a view to achieving the goals of research programmes that are of interest to both regions;

- building up the research capacity of the Central American countries, promoting projects involving scientific and technical research centres and stimulating technical and applied research;

- creating opportunities for economic, industrial and trade cooperation.

2. Without excluding any sector from the outset, the Parties agree that they shall jointly identify the areas for developing their scientific and technological cooperation, taking into account the development needs of the Central American productive sectors.

These areas shall include:

- development and management of science and technology policies;
- protection and improvement of the environment, particularly the protection and renewal of rainforest and borderline agricultural areas;
- renewable energy and rational use of natural resources;
- tropical agriculture, agro-industry and fisheries;
- health, nutrition and social welfare in general, and tropical diseases in particular;
- areas such as housing, urban development, planning and development, transport and communications;
- regional integration and cooperation in science and technology;
- biotechnology applied to medicine and agriculture;
- taxonomic studies of indigenous flora and fauna, leading to the creation of a biological index with applications in medicine, agriculture and other sectors.

3. In order to achieve their chosen objectives, the Contracting Parties shall encourage and foster measures including:

- joint scientific and technological research projects involving private and public sector research centres and other qualified institutions on both sides;

- training at the appropriate level for Central American research and development professionals, notably through seminars, courses and conferences in European centres, exchanges of experts and technicians, awards for specialist studies and in-house training;

- exchanges of scientific information, through the joint organization of seminars, workshops, working meetings and conferences attended by top-level scientists from both Contracting Parties;

- distribution of scientific and technological information and know-how.

Article 11

Standards

Without prejudice to their international obligations, within the scope of their responsibilities, and in accordance with their laws, the Contracting Parties shall take steps to reduce differences in respect of weights and measures, standardization and certification by promoting the use of compatible systems of standards and certification. To that end, they shall encourage the following in particular:

- links between experts and technical assistance to facilitate exchanges of information and studies on weights and measures, standards, quality control, promotion and certification, and to promote the development of technical assistance in this field;

- exchanges and contacts between bodies and institutions specializing in these fields;

- measures aimed at achieving mutual recognition of systems and quality certification;

- consultations in the fields concerned.

Article 12

Intellectual and industrial property

1. The Contracting Parties undertake, in line with their respective legislation, regulations and policies, to provide suitable and effective protection for intellectual and industrial property rights, including geographical designations and marks of origin, and upgrading that protection where appropriate.

2. The Central American countries shall, in so far as they are able, subscribe to the international conventions on intellectual and industrial property.

Article 13

Mining

The Contracting Parties agree to promote cooperation to develop the mining sector, with due regard for the environmental issues involved.

This cooperation shall primarily take the form of action designed to:

- encourage the involvement of enterprises of both Parties in the exploration, mining and marketing of their mineral resources;

- set up activities to encourage small and medium-sized enterprises operating in the mining sector;

- exchange experience and technology relating to mining prospecting, exploration and exploitation, and undertake joint research in order to increase the opportunities for technological development.

Article 14

Energy

The Contracting Parties recognize the importance of the energy sector for economic and social development, and are prepared to step up their cooperation in this field, notably as regards planning, conservation, the efficient use of energy, and the search for new sources of energy. This improved cooperation will also take environmental implications into consideration.

To these ends, the Parties agree to promote:

- joint studies and research;
- assessment of the potential of alternative energy sources and the use of energy-saving technology in manufacturing processes;
- ongoing contacts between energy planners;
- the execution of joint programmes and projects in this field.

Article 15

Transport

Recognizing the importance of transport for economic development and the intensification of trade, the Contracting Parties shall adopt the necessary measures to implement cooperation in respect of all types of transport.

Cooperation shall centre on the following:

- exchanges of information on the Parties' respective transport policies and on subjects of common interest;
- economic, legal and technical training programmes aimed at economic operators and those in charge of public-sector departments;
- assistance, particularly in connection with infrastructure modernization programmes.

Article 16

Information technology and telecommunications

1. The Contracting Parties recognize that information technology and telecommunications are vital to the development of the economy and society and declare themselves prepared to promote cooperation in fields of common interest, chiefly in respect of the following:

- promotion of investment and joint investment.

- standardization, testing and certification;

- rural and mobile telephone systems, earth and space-based telecommunications such as transport networks, satellites, fibre optics, Integrated Service Digital Networks (ISDN) and data transmission;

- electronics and microelectronics;

- computerization and automation;

- research and development in new information technologies and telecommunications.

2. This cooperation shall take place in particular through:

- promotion of joint projects relating to research and development, the establishment of information networks and databanks, facilitation of access to existing databanks and information networks.

- collaboration between experts;

- expert assessments, studies and exchanges of information;

- training of scientists and technicians;

- formulation and implementation of specific projects of mutual benefit;

Article 17

Tourism

Within the bounds of their laws, the Contracting Parties shall contribute to cooperation on tourism in the Central American countries, which is to be achieved through specific measures including:

- exchanges of information and studies on opportunities for tourist development;
- assistance in statistics and data processing;
- training;
- the organization of events and participation in fairs promoting the Central American region;
- the promotion of investment and joint investment in order to expand tourist travel.

Article 18

Environment

The Contracting Parties affirm that they wish to cooperate closely in the protection, conservation, improvement and management of the environment, focusing on water, soil and air pollution, erosion, desertification, deforestation, over-exploitation of natural resources, urban concentration and the productive conservation of wild and aquatic flora and fauna, protecting them from non-rational exploitation and commercialization, particularly where protected species are concerned.

To these ends, the Parties shall endeavour to work together on measures targeting:

- the creation and improvement of public and private sector environmental bodies in Central America;
- the promotion of environmental education at all levels and the widespread dissemination of information concerning, and solutions to, environmental problems with a view to increasing public awareness;
- the implementation of studies, projects and technical assistance;
- the organization of meetings, seminars, workshops, conferences, exchanges of technicians and officials specialized in this field;
- exchanges of information and experience;
- research and studies paving the way for joint programmes and projects aimed at disaster control and prevention;
- the promotion of the development and alternative economic use of protected areas, with due regard for the specific features of the areas concerned.

Article 19

Biological diversity

The Contracting Parties shall endeavour to establish cooperation aimed at preserving biological diversity. Such cooperation should be based on three criteria, namely: socio-economic utility, ecological conservation and the interests of indigenous peoples.

Article 20

Development cooperation

With a view to increasing the effectiveness of cooperation in the areas referred to below, the Parties shall seek to establish a multiannual programme.
Furthermore, the Parties recognize that the desire to contribute to better managed and sustainable development involves giving priority to development projects designed to meet the vital needs of the poorest of the Central American people, and to the role of women in the development process. The Parties also recognize that development and environmental problems are closely linked.

Cooperation in this field shall involve measures designed to act against extreme poverty, soften the impact of the structural adjustment programmes and encourage job creation. Priority shall be given to measures having an impact on the restructuring of the economy and taking into account macro-economic and sectoral problems, and problems linked to the institutional development process.

This cooperation shall be undertaken on the greatest scale possible, in close cooperation with the Member States.

Article 21

Agriculture, forestry and rural areas

The Contracting Parties agree to establish cooperation in the areas of crop and livestock farming, forestry, agro-industry, agri-foodstuffs and tropical products, with a view to raising development levels.

To these ends, in a spirit of cooperation and goodwill and taking into account the laws of both Parties on such issues, the Contracting Parties shall examine:

- opportunities for developing trade in crop, livestock, forestry, agro-industrial and tropical products;

- health, plant health, animal health and environmental measures, with a view to eliminating any obstacles there might be to trade in this field.

Similarly, and with due respect for the principles of sustainable development, the Contracting Parties shall endeavour to promote cooperation concerning:

- the development of agriculture;

- the protection and sustainable development of the following resources: soil, water, woodland, flora and fauna;

- the agricultural and rural environments;

- training in fields such as new techniques in crop and livestock farming and forestry and business management;

- exchanges between technicians, producers and institutions from both sides, with a view to promoting and facilitating trade and investment projects;

- agricultural research;

- the upgrading and interfacing of agricultural and forestry databanks and statistics.

Article 22

Fisheries

The Contracting Parties agree to intensify and develop cooperation in the field of fisheries, particularly as regards the evaluation of resources, artisanal fishing and aquaculture, inter alia by:

- drawing up and undertaking special programmes and projects of an economic, commercial, scientific or technical nature;

- encouraging the private sector to participate in developing this sector.

Article 23

Health

The Contracting Parties agree to cooperate to improve public health, concentrating on the needs of the most disadvantaged sections of the population, focusing primarily on the groups at risk.

To these ends they shall seek to develop joint research, technology transfers, exchanges of experience and technical assistance, in particular with regard to:

- health service management and administration, particularly in respect of primary healthcare;
- the development of vocational training and education programmes in the health sector;

- programmes and projects for the improvement of sanitary conditions (with particular regard to the prevention of endemic diseases and infections) and social welfare in urban and rural areas;
- training for basic health workers;
- the treatment and prevention of Acquired Immune Deficiency Syndrome (AIDS);
- mother-and-child healthcare and family planning;
- prevention and treatment of cholera.

Article 24

Social development

1. The Contracting Parties shall, to the extent of their powers, and in line with their respective legislation, establish wide-ranging cooperation to further social development, particularly by improving the living conditions of the poorest sections of the populations in the Central American countries.

2. The measures and operations to be undertaken with these aims in mind include support, essentially in the form of technical assistance, in the following fields:

- protection of children;
- promotion of the role of women.
- support for the process of bringing the informal economy into the official economy;
- education and assistance programmes for young people in particularly difficult circumstances;
- measures to soften the social impact of structural adjustment programmes, notably through projects capable of stimulating job creation;
- social services administration;
- the improvement of living conditions and hygiene in urban and rural areas;

Article 25

Combating drug abuse

Within the scope of their powers, the Contracting Parties undertake to coordinate and step up their efforts to prevent, reduce and eradicate the illegal production, distribution and consumption of drugs, narcotics and psychotropic substances, taking account of the work carried out in this field by regional and international bodies.

This cooperation, with the support of agencies specialized in this field, shall include:

- training, education, treatment, detoxification and rehabilitation projects for addicts;

- illicit drug use prevention programmes.

- research programmes;

- measures designed to encourage alternative development, including alternative crops;

- exchanges of relevant information, including information concerning measures relating to money laundering;

- programmes to monitor trade in precursors, chemical products and psychotropic substances;

The Contracting Parties may by mutual agreement extend their cooperation to other areas.

Article 26

Assistance for refugees, displaced persons and returnees

The Parties reiterate their wish to continue cooperating on a broad scale to facilitate the reintegration of Central American refugees, displaced persons and returnees into productive society. This cooperation shall focus on:

- support for the preparation of cooperation activity in collaboration with the recipient countries and the International Conference on Central American Refugees (CIREFCA);

- implementation of specific projects with partners specialized in this field: UNHCR, government bodies in the recipient countries and NGOs of recognized experience from both sides.

Article 27

Consolidation of the democratic process in Central America

The Contracting parties agree to support democratic institutions and the democratic process in Central America, particularly with regard to the organization and monitoring of free and transparent elections, the consolidation of the rule of law, respect for human rights and the participation of the entire population without discrimination in political and social life.

To achieve these ends, the Parties shall undertake the following:

- implementation of the multiannual programme for the promotion of human rights approved in Lisbon in February 1992;

- preparation and implementation of other specific projects designed to support democratic institutions in Central America.

Article 28

Regional integration and cooperation

The Contracting Parties shall take steps to encourage the regional integration of the Central American countries

Priority shall be given to:

- technical assistance with the technical and practical aspects of integration;
- promotion of subregional and intraregional trade;
- development of regional environmental cooperation;
- upgrading regional institutions and supporting the pursuit of joint policies and activities;
- encouraging the development of regional communications.

Article 29

Government

The Contracting Parties agree to cooperate in matters of administration and institutional organization, including the organization of the legal system.

To this end, they shall take steps aimed at encouraging exchanges of information and training courses for national government officials and employees with a view to increasing government efficiency.

Cooperation in this field shall make use of existing institutions in both regions.

Article 30

Information, communication and culture

The Contracting Parties agree to act jointly in the fields of information and communication in order to promote understanding of the nature and aims of the European Community and of Central America and to encourage the Community Member States and Central American countries to strengthen their cultural ties.

In particular, these measures shall take the form of:

- exchanges of information on issues of common interest in the fields of culture and information;

- organization of cultural events and exchanges, particularly exchanges at university level;

- preparatory studies and technical assistance for the preservation of the cultural heritage;

Article 31

Training

With a view to improving training in Central America, the Parties shall strengthen their cooperation in areas of mutual interest, taking account of new technologies in the field.

Such cooperation could take the form of:

- steps to improve the training of executives, technicians, professionals and skilled workers;

- measures with a significant knock-on effect, training for instructors and technical executives who are already in positions of responsibility in public and private-sector enterprises, government, the public service sector and economic administration;

- specific programmes for exchanges of consultants, know-how and technology between training institutions in the European and Central American countries, with particular emphasis on the technical, scientific and vocational sectors;

- literacy programmes linked to health and social development projects.

Article 32

Resources for undertaking cooperation

1. The Contracting Parties undertake to make available, within the limits of their abilities and through their own channels, the requisite resources, including financial resources, for achieving the objectives of the cooperation provided for in this Agreement. In this connection, wherever possible multiannual programming will be carried out and priorities determined, taking account of needs and of the Central American countries' level of development.

2. In order to facilitate the implementation of the cooperation measures specified in this Agreement, the Central American countries shall grant Community experts the guarantees and facilities they require to carry out their tasks.

Article 33

Joint Committee

1. The Contracting Parties agree to retain the Joint Committee established pursuant to the 1985 Cooperation Agreement. The Joint Committee shall be made up of representatives of the Community and of the Central American countries, assisted by representatives of the Central American integration bodies.

2. The Joint Committee shall:

- see to the proper functioning of the Agreement,

- coordinate and assign priority to activities, projects and specific operations in relation to the aims of this Agreement and propose means of implementing them;

- study and follow up the development of trade and cooperation between the Parties;

- make any recommendations required to promote the expansion of trade and intensify and diversify cooperation;

- seek appropriate methods of forestalling problems which might arise in the interpretation and application of this Agreement.

3. The agendas for Joint Committee meetings shall be set by mutual agreement. The Committee shall itself establish provisions concerning the frequency and location of its meetings, chairmanship, and other issues that may arise, and shall, where necessary, set up subcommittees.

Article 34

Other agreements

1. Without prejudice to the provisions of the Treaties establishing the European Communities, neither this Agreement nor any action taken under it shall in any way affect the powers of the Member States of the Communities to undertake bilateral activities with the Central American countries in the field of economic cooperation or where appropriate to conclude new economic cooperation agreements with the Central American Countries.

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

Article 35

Territorial application

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, to the territory of the six Central American countries party to this Agreement.

Article 36

Annexes

The Annexes shall form an integral part of this Agreement.

Article 37

Entry into force and tacit renewal

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. It shall remain in force for a period of five years. It shall be renewed tacitly for successive one-year periods unless one of the Contracting Parties denounces it to the other Party in writing six months before the date of expiry.

Denouncement by one of the Central American countries shall not affect the validity of the Agreement in respect of the other Central American countries.

Article 38

Authentic texts

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

Article 39

Future developments

1. The Contracting Parties may by mutual consent develop and improve this Agreement with a view to enhancing the levels of cooperation and supplementing them by means of agreements on specific sectors or activities.

2. With regard to the implementation of this Agreement, either of the Contracting Parties may put forward suggestions for widening the scope of cooperation, taking into account the experience gained in its application.

ANNEX

EXCHANGE OF LETTERS ON MARITIME TRANSPORT

Letter No 1

Sir,

We should be obliged if you would confirm the following:

When the Agreement on cooperation between the European Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama was signed, the Parties undertook to address in the appropriate manner issues relating to the operation of shipping, particularly where the development of trade might be hindered. Mutually satisfactory solutions on shipping will be sought, while the principle of free and fair competition on a commercial basis is observed.

It has likewise been agreed that such issues should also be discussed by the Joint Committee.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council
of the European Communities

Letter No 2

Sir,

I have the honour to acknowledge receipt of your letter and confirm the following:

"When the Agreement on cooperation between the European Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama was signed, the Parties undertook to address in the appropriate manner issues relating to the operation of shipping, particularly where the development of trade might be hindered. Mutually satisfactory solutions on shipping will be sought, while the principle of free and fair competition on a commercial basis is observed.

It has likewise been agreed that such issues should also be discussed by the Joint Committee."

Please accept, Sirs, the assurance of my highest consideration.

For Central America

UNILATERAL DECLARATION BY CENTRAL AMERICA CONCERNING ARTICLE 8

The Central American countries hereby declare that they are prepared to initiate talks aimed at the conclusion of bilateral agreements on the protection and promotion of investment with any Member State of the European Economic Community requesting such a dialogue.

UNILATERAL DECLARATION BY THE COMMUNITY CONCERNING ARTICLE 32

The Community confirms that it intends to give priority to supporting projects of a regional nature and declares that it is prepared to intensify this cooperation in both quality and quantity terms. The financial resources to be made available for this purpose will reflect both the greater scope of this Agreement and the significant increase in the resources allocated in the guidelines for cooperation with the developing countries of Asia and Latin America in the 1990s. These contributions will form part of the budget allocation.

UNILATERAL DECLARATION BY THE COMMUNITY CONCERNING THE SPECIAL CONCESSIONS GRANTED TO CENTRAL AMERICA UNDER COUNCIL REGULATION NO 3900/91 OF 16 DECEMBER 1991

The Community hereby declares that it is prepared to:

(a) study the impact on the Central American and other developing countries of the special concessions granted in the context of the generalized system of preferences;

(b) continue the dialogue on this issue with all the Central American countries;

(c) mandate the Commission to assess the situation when the period of validity laid down for the granting of the preferences concerned expires (1994), particularly in the light of developments as regards the conditions that were taken into account in granting the said preferences.

UNILATERAL DECLARATION BY CENTRAL AMERICA CONCERNING THE SPECIAL CONCESSIONS GRANTED TO CENTRAL AMERICA UNDER COUNCIL REGULATION NO 3900/91 OF 16 DECEMBER

Central America stresses the priority it attaches to the preferential treatment accorded it by the European Community in the context of the generalized system of preferences.

This treatment is of special importance to Central America in supporting the peace process, the consolidation of democracy and national reconstruction in the region, and also the efforts being made to ensure that the Central American countries' fragile economies, their societies and democratic institutions remain unaffected by drug-related problems.

FINANCIAL STATEMENT
(FINANCIAL IMPLICATIONS)

1. Title of operation: EEC-Central America cooperation agreement

2. Budget headings involved: B7-5020; B7-3015; B6-8200; B7-3010; B7-3011; B7-3012; B7-3013; B7-3014; B7-5030; B7-5040; B7-5045

3. Legal basis: Articles 113 and 235

4. Description of operation

4.1. Specific objectives: to consolidate EC-Central America cooperation and to broaden the scope of this cooperation to embrace new fields

4.2. Duration: 5 years

4.3. Target population: the people of the Central American countries, especially
the business sector (as regards industrial cooperation)

5. Classification of expenditure or revenue

5.1. Compulsory/non-compulsory: non-compulsory

5.2. Differentiated/non-differentiated: differentiated

5.3. Type of revenue involved: None

6. Type of expenditure or revenue

6.1. 100% grant: yes, and sometimes 50% in joint financing operations

6.2. Grant for joint financing with other sources in the public and/or private sector: on occasion

6.3. Interest rate subsidy: no

6.4. Other

6.5. Should the operation prove an economic success, is there provision for all or part of the Community contribution to be reimbursed? No

6.6. Will the proposed operation cause any change in the level of revenue? If so, what sort of change and what type of revenue is involved? No

7. Financial impact on budget appropriations

For future budgets, the level of expenditure arising from the cooperation agreement will be established using the standard procedure.

8. Anti-fraud measures

Such expenditure will primarily be implemented by third countries and the Commission, which - in agreement with the Court of Auditors - will exercise its customary control over expenditure as a whole.

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