

SUCRE PROTOCOL

THE GOVERNMENTS OF BOLIVIA, COLOMBIA, ECUADOR, PERU AND VENEZUELA;

AGREE through their duly authorized plenipotentiary representatives to the following amendments to the Andean Subregional Integration Agreement (Cartagena Agreement):

Article 1. – In Article 2 replace the term "gross national product" by "gross domestic product."

Article 2.- Substitute the following text for Article 3:

"Article 3.- The following mechanisms and measures, among others, shall be used to achieve the objectives of this Agreement:

The intensification of integration with the other regional economic blocs and of political, social, economic, and commercial relations with extra-regional systems;

The gradual harmonization of economic and social policies and dovetailing of national laws on pertinent matters;

Joint programming, the intensification of subregional industrialization and the execution of industrial programs and other forms of industrial integration;

A more advanced trade liberalization schedule than the commitments arising out of the 1980 Treaty of Montevideo;

A Common External Tariff;

Programs to accelerate the development of the agricultural and agribusiness sectors;

The channeling of internal and external resources to the Subregion to finance the investments that are needed for the integration process;

Programs in the field of services and of the deregulation of intra-subregional trade in services;

Physical integration; and

Preferential treatment for Bolivia and Ecuador.

The following economic and social cooperation programs and actions shall be carried out in coordination to complement the above-cited mechanisms:

Programs designed to expedite scientific and technological development;

Actions in the field of border integration;

Tourism programs;

Actions for the use and conservation of natural resources and the environment;

Social development programs; and

Actions in the field of social communication

Article 3.- Eliminate Article 26c).

Article 4.- Add the following Chapter to the Agreement immediately after present Chapter II.

FOREIGN RELATIONS CHAPTER

Article.- The Andean Council of Foreign Ministers shall formulate the Common Foreign Policy on matters of subregional interest. To that end, the Council shall coordinate joint political positions that will enable the Community to participate effectively in international political forums and organizations.

Article.- The Andean Council of Foreign Ministers and the Andean Community Commission shall define and launch a Community strategy aimed at intensifying its integration with the other regional economic blocs and its political, social, economic, and trade relations with extra-regional systems.

Article.- To accomplish the aim cited in this Chapter, the Andean Council of Foreign Ministers and the Andean Community Commission shall take the following measures, among others:

Strengthen Community participation in international, multilateral, hemispheric, and regional economic and trade forums;

Coordinate joint Andean Community negotiations with other integration blocs or with third countries or groups of countries; and

Charge the General Secretariat with carrying out research, studies and actions that will enable the Community to achieve the cited objective and take the measures stipulated in this Chapter.

Article 5.- Add the following point after present Article 51c):

"c) Programs for Liberalizing Intra-subregional Services."

Article 6.- Replace Article 52 by the following text:

"Article.- The Andean Community shall possess a common regime for the treatment of foreign capital and on trademarks, patents, licenses and royalties, among other things."

Article 7 – Substitute the following text for present Article 53:

"Article.- The Andean Community shall have a standard regime by which Andean multinational enterprises shall abide."

Article 8.- Eliminate existing Article 60.

Article 9.- Replace the first paragraph of present Article 62 by the following text:

"Article ...- The purpose of the Industrial Complementarity Agreements shall be to promote industrial specialization among the Member Countries and may be entered into and executed by two or more of them. Those Agreements must be approved by the Commission."

Article 10.- Eliminate present Article 63.

Article 11.- Replace present Article 71 by the following text:

"Article .- The Program for Liberalizing the trade in goods is intended to eliminate all levies and restrictions of all kinds that affect the importation of products originating in the territory of any Member Country."

Article 12.- Eliminate present Articles 76, 77, 78, 79, 80, 81, 82 and 83.

Article 13.- Substitute the following text for present Article 84:

"Article ...- Member Countries shall refrain from imposing levies and restrictions of any kind on the importation of goods that originated in the Subregion."

Article 14.- Eliminate present Articles 85, 86, 87 and 88.

Article 15.- Incorporate the following Chapter into the Agreement after present Chapter V.

INTRA-SUBREGIONAL TRADE IN SERVICES CHAPTER

Article.- The Andean Community Commission, at the proposal of the General Secretariat, shall approve a general framework of principles and provisions for liberalizing intra-subregional trade in services.

Article.- The general framework provided for in the previous article shall be applied to the trade in services supplied in the following ways:

From the territory of one Member Country to that of another;

In the territory of a Member Country to a consumer from another Member Country;

Through the commercial presence of service companies of a Member Country in the territory of another Member Country; and

By natural persons of a Member Country in the territory of another Member Country.

Article 16.- Eliminate present Articles 92, 93 and 95.

Article 17.- Replace present Article 98 by the following text:

"Article .- The Member Countries commit themselves not to unilaterally change the Common External Tariff duties. They likewise agree to hold the necessary consultations within the Commission before acquiring any tariff commitments to countries outside the Subregion. The Commission, at the proposal of the General Secretariat and through the adoption of a Decision, shall go on record with its opinion regarding those consultations and shall set the terms with which tariff commitments must comply."

Article 18.- In Article 119f) and h) substitute the term "Latin American Reserve Fund" for "Andean Reserve Fund."

Article 19.- Eliminate present Articles 126, 127, 128, 130, 131 and 132.

Article 20.- Substitute the following text for present Article 141:

"Article .- For purposes of the stipulation of the foregoing article, the Andean Council of Foreign Ministers and the Commission shall, within their respective spheres of competence, adopt programs to orient the joint external actions of the Member Countries, especially with regard to their negotiations with third countries and groups of countries in the political, social, and economic and trade spheres, as well as their participation in specialized international economic forums and organizations."

Article 21.- Add the following phrase to the end of Article 143 b) "particularly programs that are geared toward improving competitiveness in the different sectors of production."

Article 22.- Eliminate Article 147.

Article 23.- Replace Article 148b) by the following text:

"b) Affirmation of the cultural identity and formation of civic values conducive to the integration of the Andean area;"

Article 24.- Incorporate the following article after Article 148 of the Agreement:

"Article .- For purposes of the previous article, the respective social Ministers, meeting as an Enlarged Committee, shall adopt the following programs in fields that are of interest to the Community:

Educational programs designed to renew and improve the quality of basic education;

Programs that seek to diversify and enhance the technical level and coverage of professional education and job training systems;

Programs aimed at the recognition of higher educational degrees at the Andean level, in order to facilitate the provision of professional services in the Subregion;

Grass-roots programs geared toward fully incorporating the rural and semi-rural areas into the development process;

Programs for developing social support systems and projects geared toward promoting the associated participation of small enterprises and of circuits of microenterprises and associative enterprises in the enlarged economic space;

Programs for promoting initiatives aimed at the protection and welfare of the working population; and

Programs for harmonizing policies with regard to women's participation in economic activities; child and family support and protection; and service to ethnic groups and local communities."

Article 25 – Substitute the following text for present Article 152:

"Article .- This Agreement shall become effective when all of the signatory Member Countries have deposited their respective instruments of ratification at the Andean Community General Secretariat.

This Agreement may not be signed with reservations and shall remain in effect indefinitely."

Article 26.- Incorporate the following Chapter into the Agreement after present Chapter XV:

ASSOCIATE MEMBERS CHAPTER

Article.- At the proposal of the Andean Community Commission and after the interested country has expressed its desire, the Andean Council of Foreign Ministers, meeting in enlarged session, may confer the status of Associate Member on a country that has signed a free trade treaty with the Member Countries of the Andean Community.

Article.- Upon conferring the status of Associate Member on a country, the Andean Council of Foreign Ministers and the Andean Community Commission, within their

respective spheres of competence and after having heard the opinion of the General Secretariat, shall decide the following matters:

The bodies and institutions of the Andean Integration System to which the Associate Member Country shall belong, together with the conditions for its participation;

The mechanisms and measures of the Cartagena Agreement in which the Associate Member Country shall participate;

The provisions to be applied in the relations between the Associate Member Country and the other Member Countries, together with the way those relations shall be administered.

The aspects provided for in this article may be revised at any moment in keeping with the procedures and spheres of competence contained herein.

Article 27.- Eliminate the final paragraph of present Article 155.

Article 28.- Eliminate the first, second and third Transitory Provisions.

Article 29.- Incorporate the following chapter of Transitory Provisions.

TRANSITORY PROVISIONS CHAPTER

First.- Notwithstanding the stipulation of Article 75 of the Cartagena Agreement, the Andean Community Commission shall define the terms of the Liberalization Program to be applied to the trade between Peru and the other Member Countries, so that the Andean Free Trade Area will become fully operational by December 31, 2005 at the latest. Peru shall not be obliged to apply the Common External Tariff until the Commission has decided upon the time limits and methods for Peru's incorporation into this mechanism.

Second.- The Chapter on Associate Members and the First Temporary Provision shall be implemented provisionally by the Member Countries while the ratification procedures required by their respective national legislations are underway.

Third.- The Andean Community Commission may set up an arbitration mechanism for settling disputes between Member Countries that continue to exist after the General Secretariat has handed down its judgment."

Article 30.- Eliminate numbers 2 and 3 of Annex II to the Agreement.

Article 31.- Eliminate Annex III to the Agreement.

Article 32.- By means of a Decision, the Andean Community Commission shall adopt the single organized text of the Andean Subregional Integration Treaty (Cartagena Agreement) incorporating the amendments introduced by this Protocol. To that end, it shall make the necessary adjustments in the numbering of the articles.

Article 33.- This Protocol shall be called the "Sucre Protocol" and shall enter into effect when all of the Member Countries have deposited their respective instruments of ratification at the Andean Community General Secretariat.

Signed in Quito, Ecuador on the twenty-fifth of June of nineteen ninety-seven, in five original and equally valid copies.

For the Government of Bolivia

For the Government of Colombia

For the Government of Ecuador

For the Government of Peru

For the Government of Venezuela