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on the occasion of the signing of
the Framework Agreement for co-operation between
the European Economic Community and
the Republic of Paraguay

1. The Framework Agreement for co-operation between the European Economic Community and the Republic of Paraguay was signed in Brussels on 3 February 1992 at a ceremony at ministerial level.

2. The Agreement was signed:

- for the Council of the European Communities, by:

Mr João PINHEIRO, Minister for Foreign Affairs of Portugal and
President-in-office of the Council

and

Mr Abel MATUTES, Member of the Commission of the European Communities;

- for the Republic of Paraguay, by:

Mr Alexis FRUTOS VAESKEN Minister for External Relations of the Republic of Paraguay.

In the speeches delivered to mark the occasion the Paraguayan side referred to the historically significant fact that the ceremony was being held on the third anniversary of the fall of the dictatorship. The Community and Paraguay emphasized their conviction that the ties of friendship between the Community and Paraguay would become closer and stronger through the signing of the first Framework Agreement.

3. The Agreement provides in the first instance that co-operation ties between the Community and Paraguay and the Agreement in its entirety shall be based on respect for the democratic principles and human rights which inspire the domestic and external policies of the Community and Paraguay. There is also provision for Community support in strengthening Paraguay's democratic institutions.
4. The Contracting Parties undertake to develop, in their mutual interest, co-operation of the widest possible scope, taking account of the particular situation of Paraguay.

The Agreement aims in the first instance at the development of economic co-operation between the Community and Paraguay, the objectives of which are in particular:

- to promote diversification of the economy of Paraguay;
- generally to strengthen and diversify their economic links;
- to contribute to the development of their respective economies and standards of living;
- to open up new sources of supply and new markets;
- to encourage investment flows and technology transfer;

- to encourage industrial and trade co-operation, particularly among small and medium-sized undertakings;
 - to create conditions which favour the development of the labour market;
 - to protect the environment;
 - to assist the integration of Paraguay into the Southern Cone Common Market (MERCOSUR).
5. The Agreement also provides for co-operation in agriculture and an examination of health, plant health and environmental measures.
6. In the industrial sector, the Contracting Parties agree to promote the expansion and diversification of Paraguay's production in the industrial and service sectors, directing their co-operation activities at small and medium-sized undertakings in particular, and encouraging steps to facilitate access on the part of those enterprises to sources of capital, markets and appropriate technology. These steps could include the joint establishment of suitable machinery and institutions.
7. The two Parties undertake to co-operate on the protection and improvement of the environment in order to address the issues of water, soil and air pollution, erosion, desertification and deforestation, and the excessive exploitation of natural resources. They will also encourage the productive conservation of the forest and aquatic flora and fauna, of watercourses and the conservation of tropical forests and national parks.
8. In the field of investment, the two Parties agree:

- to promote, so far as their powers, rules and regulations and policies permit, an increase in mutually beneficial investment;
 - to improve further the favourable climate for mutual investment by the Community Member States and Paraguay, particularly through agreements for the promotion and protection of such investment on the basis of the principles of non-discrimination and reciprocity.
9. Particular attention is given to scientific and technological co-operation, covering inter alia the following areas:
- co-operation between the bodies and/or specialized firms of the two Parties; the establishment of ties between research centres to solve problems of mutual interest;
 - the strengthening of Paraguay's research capabilities;
 - the development and management of science and technology policy;
 - the protection and improvement of the environment;
 - the rational use of natural resources, in particular forest resources;
 - regional integration and co-operation in science and technology;
 - the dissemination of information and expertise in science and technology;
 - support for the reintegration of Paraguay's scientists, engineers and specialists.
10. As regards trade co-operation, the Contracting Parties undertake to promote to the highest possible degree the development and diversification of their

trade, taking into account the economic situation of each of the Parties and facilitating trade transactions between them as far as possible.

The Contracting Parties will also grant each other most-favoured-nation treatment in their trade relations in accordance with the provisions of the General Agreement on Tariffs and Trade.

11. It is provided that the Contracting Parties will co-operate in the field of public health, and also in the field of government service in order to contribute to its rationalization and modernization at national and regional level, and in particular as regards the restructuring of central government.
12. The Agreement also provides for co-operation on information, communication and culture, tourism and training.
13. The Contracting Parties undertake to co-ordinate and step up their efforts to prevent and reduce the production, trafficking and consumption of drugs.
14. To consolidate and accelerate the country's economic and social development, Paraguay will receive aid under the Community's programme for developing countries; particular attention will be given to rural development and action aimed at improving food self-sufficiency and employment, as well as to urban and rural housing.
15. Particular attention is given to action to promote regional co-operation and integration.

16. The Agreement contains a future-developments clause under which the Contracting Parties may by mutual consent expand the Agreement in order to increase the levels of co-operation and to supplement them by means of agreements on specific sectors or activities.
17. The Agreement establishes a Joint Co-operation Committee charged primarily with seeing to the proper functioning of the Agreement and examining any issues which may arise when it is applied.
18. The Agreement is concluded for a period of five years, renewable on a yearly basis unless one of the Contracting Parties denounces it six months before the date of expiry.
