

## **Decision 501, Border Integration Zones (BIZ) in the Andean Community**

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### THE ANDEAN COUNCIL OF FOREIGN MINISTERS

HAVING SEEN: Articles 3, 16, 144, and 155 of Chapter XI of the Cartagena Agreement, the Act of Cartagena, the Act of Lima, Decision 459, and General Secretariat Proposal 49;

#### WHEREAS:

The Cartagena Agreement states that the Member Countries shall take measures to boost the comprehensive development of the border regions and make them an effective part of the national and Andean economies;

The Act of Cartagena adopted by the Eleventh Andean Presidential Council included the establishment of the Common Market and the execution of a Community Border Integration and Development Policy among the priority tasks for furthering Andean integration;

The Act of Lima adopted by the Twelfth Andean Presidential Council gave instructions based on the guidelines and provisions issued by the Andean Council of Foreign Ministers, to carry out comprehensive programs for the development of the Border Integration Zones and to approve a Community Provision on Border Integration Zones in the context of Border Integration and Development, as part of the program of action for the formation of the Common Market;

The Act of Lima provides for the establishment of the Border Development Projects Bank in the General Secretariat with the assistance of the IDB and the CAF;

The cited Community policy adopted through Decision 459 stipulates that the Member Countries in implementing its guidelines and general objectives shall define and demarcate the Border Integration Zones;

Sustainable development, for binational border areas and in particular for the Border Integration Zones, requires the shared responsibility of the Member Countries to ensure the conservation and sustainable use of their ecosystems and natural resources of common interest, as well as the harmonious well-being of their inhabitants; entails the strengthening of a culture of peace in those areas; calls for implementation of the most developed Andean integration mechanisms; and requires converting those border spaces into areas that will boost shared development;

The perfecting and intensification of binational efforts and of Community support should make these border zones into territorial areas where Community interaction with third countries is promoted, with a view to its playing a better and larger part in the international economy;

Binational action and Community support in the border zones should boost and encourage respect for and the preservation of the ethnic and cultural identity of the inhabitants of those territorial areas and contribute to their economic and social development; and

The High-Level Working Group for Border Integration and Development created by Decision 459 at its Fourth Meeting reviewed the pertinent Draft Decision and recommended its approval, given the importance of the BIZs for border integration and development.

DECIDES:

#### **Article 1.-** ➔

For purposes of this Decision, "Border Integration Zones" (BIZs) are territorial areas located on the borders of adjacent Andean Community Member Countries, for which policies shall be adopted and plans, programs, and projects shall be executed jointly and coordinately to boost sustainable development and border integration for their mutual benefit in accordance with the characteristics of each of them.

#### **Article 2.-** ➔

The Andean Community Member Countries may establish Border Integration Zones between themselves and with third countries, if they consider it advisable, by using the appropriate bilateral mechanisms.

#### **Article 3.-** ➔

Already existing Border Integration Zones, Border Integration Regions, and Special Zones may adjust their provisions to the stipulations of this Decision.

#### **Article 4.-** ➔

Border Integration Zones are established in order to create optimum conditions for sustainable border development and for border integration between Andean Community Member Countries, considering the following criteria:

- a. In the area of social development: encouraging and promoting efforts aimed at satisfying the basic needs of the inhabitants of border zones;
- b. In the area of economic development: fostering the growth, modernization, and diversification of production in the border zones by benefiting from the possibilities offered by integration mechanisms and the advantages of the location of those zones in terms of the Subregional, regional, and international markets;
- c. In the area of environmental sustainability: ensuring that the economic and social development improve the people's quality of life, considering the limitations of the environment and making the most of the advantages it offers;
- d. In the institutional area: encouraging the active involvement of public and private institutions in the BIZs in the planning, follow-up, and evaluation of the plans, programs, and projects for consolidating development in those zones, in an effort to share obligations and responsibilities; and
- e. In the area of integration: contributing to the free circulation of persons, vehicles, goods, and services in the BIZs and harmonizing and simplifying immigration, customs, and plant and animal health formalities.

#### **Article 5.-** ➔

The objectives of the BIZs are:

- a. To contribute to the diversification, strengthening, and stabilizing of economic, social, cultural, institutional, and political links among the Member Countries;
- b. To help create and launch, through the appropriate national or binational entities, economic and institutional mechanisms that will give these territorial zones more free-flowing trade and interconnect them with the rest of the Andean economies and the world market;
- c. To streamline and boost economic transactions and trade, as well as the circulation of persons, goods, services, and vehicles in those territories and between them and third markets;
- d. To set up effective mechanisms for jointly establishing and administering border labor markets and for managing binational and international immigration traffic in the BIZs;
- e. To give local associations preference by removing the obstacles to the attainment of their capacities for production, trade, culture, and peaceful coexistence;
- f. To contribute to the intensification of national administrative and economic decentralization processes;
- g. To formalize and boost the longstanding social, economic, cultural, and ethnic processes and relations existing in those zones;
- h. To adequately meet the economic, social, and cultural demands of the people living in

the BIZs;

- i. To increase and reinforce the supply of basic and or/social services for common use, such as aqueducts, electrification, communications, road infrastructure, health, education, and sports and tourist recreational facilities;
- j. To investigate and use the contiguous natural resources in a sustainable manner and to promote mechanisms for their appropriate conservation;
- k. To contribute to the conservation and sustainable use of the natural resources, with particular attention to the biological diversity;
- l. To carry out horizontal cooperation programs that promote the transfer of technical expertise among Member Countries or with border regions, aimed at the adoption of joint technological packages and the performance of production activities that combine or complement efforts; and
- m. Any other activities that may be agreed upon bilaterally.

#### **Article 6.-** ➔

Member Countries shall identify and demarcate the BIZs in accordance with the following criteria:

- a. That they be regions where the legal, administrative, and functional conditions to be promoted will streamline, liberalize, boost, step up, and formalize the production and trade capacities and the creativity and cultural wealth of the people living in the border areas between Member Countries;
- b. That the border area include, in both countries, towns that spur or could spur development, with a view to their being made a pillar of integration, as well as hubs of road systems that are in operation or whose construction is planned for the near future;
- c. That they incorporate, in both countries, economically and socially depressed areas requiring a uniting of efforts to bring them out of their backward state and prepare them to play an active role in integration processes;
- d. That they foster the interconnection of border zones with a large potential in resources that are not a part of the active frontier at present; and
- e. That they contribute to the development of binational water basins where projects and activities of shared interest can be carried out and encourage the coordinated management of protected natural areas.

#### **Article 7.-** ➔

The Member Countries shall establish appropriate bilateral mechanisms in order to set up the BIZs to which Article 2 refers and may request the technical assistance of the General

Secretariat for this purpose. The resulting agreements are to be reported by the Member Countries to the General Secretariat of the Andean Community for publication in the Official Gazette of the Cartagena Agreement.

### **Article 8.-** ➔

The participating Countries shall jointly draw up the Border Development plans, programs, and projects to be carried out in the BIZs, guided by a criterion of their sustainability and may request the technical assistance of the General Secretariat of the Andean Community for this purpose.

### **Article 9.-** ➔

The Member Countries shall seek to take the following actions in the BIZs that are created:

- a. Commit the participation of the social actors, business people, workers, private foundations, and civil associations in the Andean integration project and to the strengthening of relations with the neighboring country, encouraging them to work to further the development of the BIZs;
- b. Stimulate local, national, binational, and foreign private investment in accordance with the individual inclination of each BIZ and guide it into new activities of a regional nature, in order to open up spaces or enlarge the existing ones for the systematic growth of the local and binational business sector, with close links to the economies of the other Member Countries;
- c. Promote initiatives aimed at producing strategic business alliances and creating Andean Multinational Enterprises (AMEs) in the BIZs;
- d. Establish or improve, as pertinent, systems for the traffic of persons, vehicles, and goods, in order to boost border integration processes and help to build up border markets;
- e. Further participatory ecological, economic, social, and cultural zoning processes;
- f. Boost the coordinated overall management of shared ecosystems;
- g. Conduct joint tourism programs that will make better use of border resources and boost economic activities linked to the tourist circuits that are promoted;
- h. Undertake joint programs for valuing and strengthening the common cultural identity;
- i. Reinforce national and binational bodies on border issues, in such a way that Member States are able to engage in an uninterrupted exchange of information and combine objectives of mutual interest;
- j. Promote the gathering of and exchange of viewpoints and initiatives among local officials, regional development bodies, and legislative representatives of the Member Countries, without prejudice to existing national policies;
- k.

Conduct shared or complementary basic, road, telecommunication, and energy infrastructure projects and projects for improving production, among others; and

- I. Promote the shaping of an urban – regional structure that would contribute to the growth and diversification of the roles and functions of border cities so that they can offer appropriate support for consolidating border development and integration initiatives.

#### **Article 10.-** ➔

The Border Integration and Development Projects bank is hereby established in the General Secretariat of the Andean Community, with the assistance of the Inter-American Development Bank (IDB) and the Andean Development Corporation (CAF), among other bodies.

#### **Article 11.-** ➔

Member Countries shall obtain financing for the BIZ plans, programs, and projects by:

- a. Taking steps binationally and, if deemed advisable, with the participation of the Andean Community General Secretariat, to get Subregional, regional, and multinational financing organizations to set up funds for executing BIZ plans, programs, and projects; and
- b. Studying and agreeing upon bilateral and/or Community financing systems that will make it possible to recover financially, administratively, and technologically, public and private regional development investments that are at a standstill and/or are deteriorating.

#### **Article 12.-** ➔

The Member Countries shall take the necessary steps to incorporate Investment Budgets in their respective National Development Plans and such development plans, programs, and projects as they may agree upon in their National Border Policies.

#### **Article 13.-** ➔

The bilateral agreements for the establishment of BIZs referred to in Article 2 shall provide for the areas of responsibility in the management and execution of the plans, programs, and projects that have been identified or agreed upon.

#### **Article 14.-** ➔

The Member Countries shall arrange, within the BIZs, for treatments that are more

favorable than those established in the various Andean Community legal mechanisms for the rest of the Subregional territory, provided that such treatments are not in violation of that body of law.

### **Article 15.-** ➔

The Andean Community General Secretariat shall summon the existing bilateral BIZ mechanisms annually to a BIZ Evaluation and Coordination Meeting, at which their operation shall be studied, information shall be exchanged about the plans, programs, and projects that have been designed and/or are underway, and the existing accomplishments and difficulties shall be verified. The Member Countries and the competent Subregional bodies shall be informed of the conclusions and recommendations of these Meetings.

### **TEMPORARY PROVISIONS** ➔

First.- The Member Countries shall establish or bring at least one BIZ on each of their common borders into line with the terms of this Decision, within a period of one year after this Decision enters into effect.

Second.- Such Member Countries as are carrying out border development and integration plans, programs, or projects on the date this Decision is approved, may bring them into line, if convenient, with the system of Border Integration Zones established by this Decision.

Signed in the city of Valencia, Venezuela, on the twenty-second of June of two thousand and one.