No. 26920

SPAIN
and
MOROCCO

Basic Agreement on economic and financial cooperation (with annexes). Signed at Madrid on 29 June 1988

Authentic texts: Spanish and Arabic.

Registered by Spain on 1 November 1989.

ESPAGNE
et
MAROC

Accord cadre de coopération économique et financière (avec annexes). Signé à Madrid le 29 juin 1988

Textes authentiques : espagnol et arabe.

Enregistré par l'Espagne le 1er novembre 1989.

[TRANSLATION — TRADUCTION]

BASIC AGREEMENT[1] ON ECONOMIC AND FINANCIAL COOPERATION BETWEEN THE KINGDOM OF SPAIN AND THE KINGDOM OF MOROCCO

The Kingdom of Spain and the Kingdom of Morocco,

Wishing to develop economic and financial cooperation between the two countries, with active participation by the public and private sectors,

Determined to take joint action to promote the development of the two countries through comprehensive, lasting and mutually beneficial cooperation,

Eager to promote investment and the establishment of enterprises in the two countries, to encourage all initiatives aimed at creating closer contacts between Spanish and Moroccan enterprises, to set up mixed investment companies and to promote small and medium-sized enterprises in the Kingdom of Morocco,

Convinced of the need to establish a stable framework of institutional relations to facilitate the implementation of an economic and financial cooperation programme for the period 1988-1992,

Decide to conclude the following Basic Agreement on Economic and Financial Cooperation:

Article I

An integrated programme of economic and financial cooperation shall be established for the period 1988-1992. The programme shall relate to:

— Financial resources to be made available by the Kingdom of Spain to the Kingdom of Morocco;

— Joint investment by Spanish and Moroccan enterprises and direct investment by Spanish enterprises in the Kingdom of Morocco.

Article II

The specific conditions governing economic and financial cooperation shall be established by means of contracts and agreements between the competent bodies in the two countries, taking into account their respective regulations.

The two Parties consider that such cooperation may, in particular, take the form of joint production of finished and semi-finished goods, technology transfer and any other type of production-oriented cooperation in Spain, the Kingdom of Morocco or third countries.

Article III

The two Parties decide to adopt appropriate measures to develop cooperation in other branches of the economy and to seize every available opportunity to enhance the potential of their respective economies.

[1] Came into force provisionally on 29 June 1988, the date of signature, and definitively on 27 September 1989, the date of the last of the notifications (of 18 and 27 September 1989) by which the Parties informed each other of the completion of their requisite internal formalities, in accordance with article XIV.

Article IV

For the purposes of this Agreement, the Kingdom of Spain shall make available to the Kingdom of Morocco credit facilities amounting to a total of 125,000 million pesetas.

These facilities shall take the form of credits from the Fondo de Ayuda al Desarrollo (FAD) amounting to 45,000 million pesetas and commercial loans on OECD Consensus terms amounting to 80,000 million pesetas.

Article V

These facilities shall be used to finance:

1. The purchase of Spanish goods and services;
2. The implementation of projects of common interest.

Article VI

The purchase of Spanish goods and services shall be financed in accordance with the following conditions:

(i) The Kingdom of Spain shall make available to the Kingdom of Morocco credits amounting to 50,000 million pesetas for the purchase of Spanish goods and services on the terms set out in annex I to this Agreement.

These facilities shall take the form of:

— FAD credits amounting to 10,000 million pesetas;

— Export credits up to a ceiling of 40,000 million pesetas.

(ii) If the sums mentioned in paragraph 1 of this article have been committed before 31 December 1992, the two Parties shall consider the possibility of making additional credits available to the Kingdom of Morocco for the purchase of Spanish goods and services.

(iii) The FAD credits shall be granted preferably in the form of a mixed-loan arrangement. The export credits shall be governed by the terms of the OECD Consensus or by those of other specific agreements or regulations established under the auspices of the above-mentioned body, taking into account the nature of the contracts and the corresponding period of amortization.

(iv) The financial agents for these FAD credits shall be, on the Spanish side, the Instituto de Crédito Oficial and, on the Moroccan side, the Banque al-Maghrib or any other body designated by the Ministry of Finance of the Kingdom of Morocco.

Article VII

The two Parties shall consider the most appropriate means of launching a programme for the development of small and medium-sized Moroccan enterprises in cooperation with Spanish enterprises.

This programme may seek to provide opportunities for technology transfer and for the establishment of mixed investment companies and to make available appropriate credit facilities on favourable terms and based on specific procedures.

The two Parties shall see to it that this programme is publicized among the economic agents of the two countries.

Article VIII

Projects of common interest shall be financed in accordance with the following conditions:

(i) The Kingdom of Spain shall make available to the Kingdom of Morocco a sum of 75,000 million pesetas for the funding of investment projects to be distributed as follows:

— FAD credits amounting to 35,000 million pesetas;

— Commercial loans up to a ceiling of 40,000 million pesetas.

Projects may be financed by the above-mentioned funds in any of the following ways:

— FAD credits;

— Mixed credits consisting of FAD and commercial credits;

— Pre-mixed credits (single credits) granted on terms resulting from the combination of a FAD credit and a commercial credit;

— Commercial credits in the form of credits to the purchaser on OECD Consensus terms.

(ii) (*a*) Annex II to this Agreement lays down the general financial conditions governing credits for projects eligible for financing and establishes the procedures for mobilizing and using such credits.

(*b*) Annex II also contains a list of projects of common interest and sets out the special conditions of financing and apportionment applicable to them.

(*c*) The list of projects eligible for financing may, on the proposal of either Party, be modified with a view to:

— Adjusting the financial arrangements and conditions stipulated for individual projects on the list;

— Including new projects considered to be of common interest, in which case the corresponding financial arrangements and conditions shall be specified.

(iii) The Kingdom of Spain shall also make available to the Kingdom of Morocco appropriate funds to enable Spanish enterprises to undertake studies of Moroccan public-sector projects.

(iv) The financial facilities provided for above shall be the subject of agreements concluded, as the case may be, between, on the Spanish side, the Instituto de Crédito Oficial and/or other financial institutions and, on the Moroccan side, the Ministry of Finance or any other beneficiary designated by the latter.

(v) The funding provided for in this article can be used jointly with other types of funding made available to the Kingdom of Morocco by foreign funding sources.

Article IX

The two Parties shall take the necessary steps to promote cooperation among their respective banking institutions, especially by granting commercial facilities conducive to increased trade between the two countries.

Article X

The Kingdom of Spain and the Kingdom of Morocco shall take the necessary steps to conclude an "agreement on mutual investment guarantees" under which Spanish and Moroccan companies shall enjoy, within an appropriate legal framework, the security and guarantees they need to plan their medium and long-term investment activities.

Article XI

The two Parties shall take the necessary steps to promote investment and the setting up of joint enterprises.

To this end, the authorities of the Kingdom of Morocco shall examine various financial arrangements for the promotion of investment by Spanish companies in the Kingdom of Morocco and the setting up of joint enterprises.

The authorities of the Kingdom of Spain shall encourage direct Spanish investment in the Kingdom of Morocco. In particular, the Instituto Español de Comercio Exterior (ICEX) shall draw up a special programme providing for:

— The dissemination among Spanish companies of information concerning investment opportunities, technology transfer and funding sources, and the organization of seminars and meetings between entrepreneurs;

— The establishment of contacts and the conclusion of cooperation agreements with competent Moroccan bodies with a view to taking joint steps to set up mixed investment companies. ICEX shall finance, under appropriate conditions, feasibility and pre-feasibility studies concerning the establishment of joint enterprises in the Kingdom of Morocco. Depending on the importance of the project, such funding may take the form of a donation.

Article XII

With a view to furthering and intensifying economic relations between the two countries, the two Parties agree to encourage:

(i) Exchanges of businessmen's missions between the two countries;

(ii) Mutual participation in fairs and exhibitions organized in the two countries;

(iii) Close cooperation between their respective export promotion agencies, that is to say the Centre marocain de promotion des exportations (CMPE) and the Instituto Español de Comercio Exterior (ICEX), on the basis of a cooperation and mutual assistance agreement to be concluded between the two agencies.

Article XIII

The two Parties agree to set up a joint follow-up committee, which shall meet alternately in the two capitals at least twice a year to consider all matters relating to the implementation of this Agreement.

Article XIV

This Agreement, including the annexes which form an integral part thereof, shall enter into force on the date on which the Parties inform each other that they have completed the requisite internal formalities and shall expire on 31 December 1992. This Agreement shall be implemented provisionally from the date on which it is signed.