

## [Agreement between the president of Venezuela and the President of Cuba for the implementation of the ALBA](#)

For one party, President Hugo Chávez Frías, in the name of the Bolivarian Republic of Venezuela and, for the other, the President of the Council of State of the Republic of Cuba, Fidel Castro Ruz, in the name of the Republic of Cuba, meeting in Havana on December 14, 2004 on the occasion of the 180th anniversary of the glorious victory at Ayacucho and of the Convening of the Panama Amphycion Congress, have examined the possibility of extending and modifying the Comprehensive Cooperation Convention between Cuba and Venezuela signed on October 30, 2000. This being the aim, they have decided to sign this agreement on the tenth anniversary of the meeting between President Hugo Chávez and the Cuban people.

**Article 1:** The governments of Venezuela and Cuba have decided to take concrete steps towards the process of integration based on the principles contained in the Joint Declaration signed this day between the Bolivarian Republic of Venezuela and the Republic of Cuba.

**Article 2:** Given that the Bolivarian process has placed itself on a much firmer footing after the decisive victories in the revocatory referendum of 15 August 2004 and the regional elections of October 31, 2004 and since Cuba is in a position to guarantee its own sustainable development, cooperation between the Republic of Cuba and the Bolivarian Republic of Venezuela will be based from this date forward not only on principles of solidarity, which will always be present, but also, and to the highest possible degree, on the exchange of goods and services which best correspond to the social and economic necessities of both countries.

**Article 3:** Both countries will draw up a strategic plan to secure the most advantageous productive complementarity on the bases of rationality, using the comparative advantages that already exist in both countries, saving resources, expanding useful employment, promoting access to markets and other considerations based on true solidarity which adds force to the strengths of both countries.

**Article 4:** In areas of common interest and based on principles of mutual benefit, the two countries will exchange comprehensive technological packets developed by the parties, which will be made available for use and implementation.

**Article 5:** Both parties will work together and in coordination with other Latin American countries to eradicate illiteracy in third countries using methods that can be applied on a large scale, are proven to be effective, to give swift results and have been successfully applied in the Bolivarian Republic of Venezuela. They will likewise cooperate on healthcare programs for third countries.

**Article 6:** Both parties agree to make investments in which they are both interested under the same conditions as those executed by domestic institutions. These investments can take the form of joint ventures, joint production agreements, joint management projects and any other forms of association that they decide to create.

**Article 7:** Both parties can agree to open subsidiaries of each country's state- owned banks in the national territory of the other country.

**Article 8:** In order to facilitate payments and encashment arising from trade and financial transactions between the two countries, it is agreed to sign a Reciprocal Credit Convention between the banking institutions assigned to this task by their respective governments.

**Article 9:** Both governments are open to the possibility of practicing compensated trade to the extent

that this is mutually convenient as a way of expanding and increasing trade.

**Article 10:** Both governments will promote the development of joint cultural plans which take into account the specific characteristics of the various regions and the cultural identity of the two peoples.

**Article 11:** When this agreement was drawn up, account was taken of the political, social, economic and legal asymmetries between the two countries. Cuba, over the course of more than four decades, has created mechanisms to withstand the blockade and continued economic aggression; this gives it great flexibility in its economic and trading relations with the rest of the world. Venezuela, for its part, is a member of international institutions Cuba does not belong to, all of which must be taken into consideration when applying the principle of reciprocity in any trade and financial agreements made between the two countries.

**Article 12:** As a result, Cuba proposed the adoption of a number of measures aimed at expanding the integration between the two countries and as an expression of the spirit of the joint declaration on the Bolivarian Alternative for the Americas signed on this day. Considering the solid arguments put forward by the Cuban party and their relevance as an example of the integration and economic union to which we aspire, this proposal was understood and accepted in a fraternal and friendly manner by the Venezuelan party as a constructive gesture which demonstrates the great reciprocal trust which exists between the two countries.

The measures proposed by the Cuban party are as follows:

1st: The Republic of Cuba will immediately remove tariffs or any kind of non tariff barrier on all goods made in the Bolivarian Republic of Venezuela imported by Cuba.

2nd: All state investments, investments by Venezuelan joint ventures and even investments by private Venezuelan capital in Cuba shall be exempt from all taxes on profits during the period of recovery of the investment.

3rd: As part of the trade and cooperation relations existing between the two countries or between Cuba and other countries, Cuba grants the same treatment to ships sailing under the Venezuelan flag as it gives to ships sailing under the Cuban flag in all transactions carried out in Cuban ports and offers the opportunity to take part in cabotage services between Cuban ports under the same conditions as ships sailing under the Cuban flag.

4th Cuba offers Venezuela airlines the same treatment accorded to Cuban airlines in matters of transporting passengers and cargo to and from Cuba and offers the use of airport services, buildings and any other facilities. These terms also apply to the transportation of passengers and cargo in Cuban territory.

5th The price of oil exported by Venezuela to Cuba will be fixed on the basis of prices in the international market as per the provisions in the current Caracas Agreement that is in effect between the two countries. Nevertheless, considering the traditional volatility of oil prices which on occasions have made the price of Venezuelan oil fall below \$12 per barrel, Cuba offers Venezuela a guaranteed price of no less than \$27 per barrel, always respecting the commitments assumed by Venezuela in the Organisation of Petroleum Exporting Countries.

6th: Concerning investments by Venezuela state bodies in Cuba, the Cuban party shall remove any restrictions that might prevent such investments from being 100% owned by the Venezuelan state investor.

7th: Cuba offers 2,000 scholarships per year to young Venezuelans so they can pursue their post secondary education in any area that may be of interest to the Bolivarian Republic of Venezuela, including that of scientific research.

8th: Goods and services originating in Cuba imported into Venezuela can be paid for with Venezuelan products, in Venezuelan domestic currency or in any other mutually acceptable currency.

9th: With regard to sporting activities which are having such a boom in Venezuela as a result of the Bolivarian process, Cuba offers the use of its installations and teams for anti-doping control under the same conditions as those accorded to Cuban athletes.

10th: Cooperation in the educational sector will be expanded to offer assistance in those methods, programs and techniques used in the educational process which are of interest to Venezuela.

11th : Cuba places at the disposal of the Bolivarian University the support of more than 15,000 medical professionals involved in the "Into the Neighbourhoods Mission" so that they may train as many general practitioners and healthcare specialists as Venezuela may require, including Venezuelans aspiring to university degrees in scientific subjects, and support for as many students of the "Sucre Mission" as wish to study medicine and then graduate as general practitioners; the combined total of these two groups could reach tens of thousands in a period of no more than ten years.

12th The comprehensive healthcare services offered by Cuba to the Venezuelan people treated under the "Into the Neighbourhood Mission", and whose numbers total more than 15 million people, shall be offered under highly preferential economic terms and conditions, which must be mutually agreed upon.

13th: Cuba shall facilitate the advancement of multi-destination tourist products originating in Venezuela without imposing surcharges or other kinds of restrictions.

**Article 13:** The Bolivarian Republic of Venezuela, for its part, proposed the following measures which seek to achieve the same objectives as were set forth in Article 12 of this agreement.

1st: Transference of its own technology in the energy sector.

2nd: The Bolivarian Republic of Venezuela shall immediately remove any kind of tariff barrier on the importation into Venezuela of all goods originating in Cuba.

3rd: All state investments and investments by Cuban joint ventures in Venezuela shall be exempt from all taxes on profits during the period of recovery of the investment.

4th Venezuela offers the scholarships that Cuba may require for Cubans to study in the energy sector or in other sectors in which the Republic of Cuba may have an interest, including the areas of science and research.

5th Financing for productive and infrastructure projects: these may include, the energy sector, the electricity industry, asphaltting roads and other highway projects, development of ports, aqueducts and sewage systems, the agro- industrial and the service sectors.

6th: Fiscal incentives for projects of strategic importance to the economy.

7th: Preferential treatment for ships and aircraft flying the Cuban flag in Venezuelan territory, within the limits permitted by Venezuela's laws.

8th The promotion of multi-destination tourist products originating in Cuba without imposing surcharges or other kinds of restrictions.

9th Venezuela shall place at Cuba's disposal its air and maritime transportation infrastructure and equipment on a preferential basis in order to support the social and economic development plans of the Republic of Cuba.

10th Facilities so that joint ventures with Cuban capital can be set up to process raw materials, down river.

11th Collaboration with Cuba on bio-diversity research.

12th Cuba's involvement in the strengthening of endogenous bi-national groups.

13th Venezuela shall develop agreements with Cuba in the area of telecommunications, including those requiring the use of satellites.

Fidel Castro Ruz Hugo Chávez Frías  
**President of the Council  
Of State of the Republic of Cuba**

**President of the Bolivarian  
Republic of Venezuela**

## **Source:**

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