

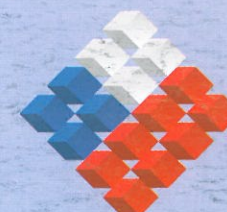
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SERIES, STUDIES & DOCUMENTS Nº 3

# ECONOMIC COOPERATION



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INTERNACIONAL



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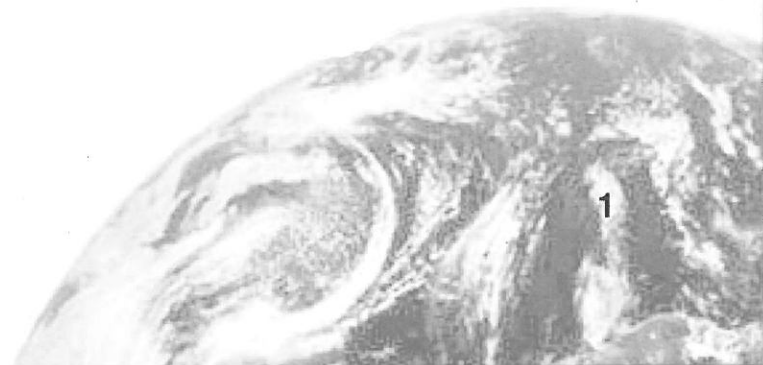
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# "ECONOMIC COOPERATION"



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## I. Introduction

In recent years, economic cooperation, as a field of interest, has been increasingly included in the Agenda of the Chilean Agency for International Cooperation (**AGCI**). Economic cooperation is not only increasingly present in policy documents of donor countries, but also both the objectives and the conditions of international cooperation have gradually evolved towards a type of cooperation that is increasingly linked to the economic field.

At present, economic cooperation is undoubtedly one of the most important challenges that must be addressed in connection with vertical cooperation. However, adequate methods to translate the theoretical concepts into concrete initiatives are still not clear. This is partly due to the multiple contents assigned to the concept by the different actors involved in international cooperation.

In general, economic cooperation is a concept that is consistently being used as a simile for entrepreneurial, industrial, financial or productive cooperation. Neither is literature on the subject available. This is further complicated by the fact that almost every donor country assigns a different meaning to the concept in their policy documents.

For the above reasons, **AGCI** believes that it is important to begin analyzing this issue in order to define the term, identify the niche where it can supplement public development policies and make it operative on a nationwide level, in addition to determining its fields of action and suitable instruments.

This process of analysis and debate initiated by **AGCI** in 1999 has been developed under the context given by the priority subject areas defined by the government for the period 1994-2000. These subject areas, which form the agenda of the State of Chile for the said period, can be summarized as follows:

- \* A set of measures intended to modernize policies and institutional frameworks so as to enhance democracy, bring decision-making closer to people, make justice more timely and equitable, and improve public management.
- \* A program involving the modernization of the economic and productive structures to ensure sustained and sustainable growth and economic competitiveness.
- \* Poverty reduction to enhance equality and improve the social and economic integration of all Chilean citizens in the 21<sup>st</sup> century.
- \* An educational reform and better opportunities to empower individuals — particularly young people — to improve their employability and economic and cultural prospects.
- \* Better living standards for people — particularly for the underprivileged — by improving safety, health and family conditions.

Based on the above Agenda, **AGCI** has defined the guiding principles for international cooperation policies adopted by Chile and the goals it seeks to achieve. Consequently, economic cooperation shall define its own field of action, placing special emphasis on how to supplement the goals and guiding principles outlined below.

### a) The Guiding Principles of **AGCI**'s Cooperation Policy

- \* Vertical cooperation — received by Chile — is a complement to national efforts in key underprivileged areas of development.
- \* Horizontal cooperation is a foreign policy instrument used by the Chilean government. This contributes to the political, economic and cultural links with similar countries and helps to strengthen Chilean presence in multilateral organizations, in addition to enhancing the international profile of the country.
- \* International cooperation is an instrument to support Chile's economic insertion by helping to improve its technological and institutional abilities to address the challenges posed by internationalization and globalization. It also serves to strengthen links

with extra-regional conglomerates (the European Union), inter-regional conglomerates (APEC) and regional conglomerates (MERCOSUR, the Andean Community, etc.).

- \* International cooperation is an instrument that allows countries to address common problems and challenges by resorting to collective efforts on an international level in matters related to democracy, human rights, social equality and gender issues, the environment, peace, mutual trust, etc.

## b) The Aims of Cooperation Policies

### \* General Objectives:

- To support national development through the resources, knowledge and opportunities for training abroad that are made available by international cooperation.
- To contribute to the foreign policy goals defined by the Chilean government by promoting horizontal cooperation actions to promote abroad the technical and institutional skills that are available in Chile.
- To position international cooperation in Chilean society as an efficient instrument that allows countries to address their common problems and challenges by means of collective efforts.

### \* Specific Objectives:

- To strengthen the institutional framework in Chile for the management and coordination of international cooperation in accordance with the challenges posed by the new national and international scenarios.
- To reinforce and enhance the presence of Chile in the international cooperation system, identifying available spaces where Chile is eligible for opportunities to implement development programs and projects.
- To attract and manage scholarships coming from bilateral and multilateral cooperation in order to enhance the Chilean policy for developing its human resources.
- To promote towards other countries, through horizontal cooperation, the technical and institutional skills that Chile has, in accordance with the needs and aims of the country's foreign policy.
- To expand and develop cooperation actions aimed at less developed countries by involving third countries and also international multilateral cooperation agencies (Triangular Cooperation).
- To position the Chilean International Cooperation Agency in the national public sector as a modern, efficient and key interlocutor in the issue of international cooperation.

## II. Background Surrounding the Concept of Economic Cooperation

### A. International Cooperation: Changes Through Time

Frequently, the concept of international cooperation is linked almost automatically to the English word "aid". This connection — and its translation as "ayuda" into Spanish — is no accident, but it reflects a situation that existed five decades ago. At the time, the idea of cooperation began to develop on the international scene and it was then understood as an aid or transfer of resources — by way of grants — from the more developed countries to other countries which, due to their level of income and precarious living standards could be classified as underdeveloped.

At present, however, the concept of international cooperation has evolved to acquire a more general meaning. This is basically in reply to the increasing complexity of the issue which currently combines the concept of aid and solidarity with that of commercial promotion and political interests.

In this respect, we could say that, at present, international cooperation is understood as "a series of actions that attempt to coordinate policies or join efforts to achieve common objectives on the international sphere"<sup>1</sup>.

The foregoing definition, which is apparently too general and vague, actually gives an idea of the broad meaning the concept has achieved to day. However, a detailed analysis allows us to define its contents more precisely:

- \* In raising the issue of coordination and the need to join efforts, it emphasizes the concept of cooperation in its true semantic sense, drawing it away from the traditional notion of "aid". Thus, although the resources involved may be soft loans or grants, cooperation should not to be understood as a unidirectional process in which a country or a group of countries — i.e. the donors — provide support for another country — i.e. the recipients. Rather, we are currently in the presence of a "two-way process" in which both types of countries — i.e. donors and recipients — agree to cooperate to solve a given problem and, in so doing, satisfy objectives that each one has set out to achieve beforehand. In this respect, cooperation always generates "mutual benefits".
- \* The term "mutual benefits" does not necessarily involve obtaining economic benefits since it may also involve certain political objectives. Some problems in the international arena extend beyond state borders or — due to their nature — involve the validity of certain universal values, legal standards or "public assets" which humanity is interested in preserving. These include, for example, environmental sustainability, human rights, stable democratic systems, social equality, etc. From this perspective, cooperation is also an ideal instrument to help find solutions that involve more than one country, without infringing a fundamental principle in international relations, i.e. non-intervention.
- \* Finally, the definition clearly places the concept of cooperation in the international sphere, reaffirming the idea that it is always part of the foreign policies of governments. Thus, "both the forms of cooperation chosen by the donor countries, as well as the decisions of those who are going to receive cooperation or with whom cooperation will be exchanged, involve foreign policy decisions that are directly related to the interests that each country wishes to express on the international sphere".<sup>2</sup>

### B. Changes in the Methodology of Cooperation

If cooperation is defined by the foreign policy goals of governments, the changes in cooperation necessarily reflect the changes in the scenarios in which relations between countries take place.

As mentioned, cooperation was initially closely linked to the concept of aid and, more specifically to what was then called "development aid". The basic principles of cooperation were based on the belief that the less developed countries were hampered by certain structural obstacles that prevented them from achieving development through their own means. Problems such as lack of sanitary conditions, illiteracy, agricultural backwardness and the lack of minimum infrastructure were viewed as obstacles to development which could be eliminated with the help of international cooperation.

In this framework, the main criteria used for eligibility for cooperation were determined by the degree of development and by strategic and political considerations linked mainly to the geographic areas of influence of the donor countries.

In the early stages, cooperation had a strong political bias imposed by the Cold War, a situation in which the major powers tried to guard their spheres of influence and their sources of raw materials, which were usually located in underdeveloped countries.

<sup>1</sup> "Ensayos sobre política exterior de Chile". José Miguel Insulza. Editorial Los Andes, 1998.

<sup>2</sup> José Miguel Insulza, Op. cit.

This international scenario has changed considerably in the past decade. At present, we are part of a world system with a new reality that has a direct effect on international cooperation affairs. In this respect, some major elements to be considered are the following:

- \* Globalization, marked by the unification of world markets, that intensifies the breadth and scope of the links and interconnections between states and societies. Globalization increases interdependence, communication and interaction between governments and national civil societies and also the international activities conducted between the public and the private sector.
- \* Liberalization of world trade, which results in a growing interdependence and complement of world economies, giving rise — at the same time — to strong pressures on the domestic economic systems by demanding the accelerated growth of technological development, personnel retraining and the modernization of production.
- \* The growing ideological convergence among leading countries in the international political system.

Due to these changes on the international scenario, basic world competition — manifested through strategic conflicts — is being reoriented toward an area where economic and trade interests predominate, as does leadership in science and technology.

Therefore, the traditional donor countries are reviewing the main priorities in matters related to cooperation. Priorities linked to global economic competitiveness tend to predominate (trade promotion of goods, services, technology and capital). The same applies to aspects deemed by the same countries to be critical factors for world stability and the sustainability of their own development (e.g. the environment, democracy, and extreme poverty). Consequently, cooperation has also become a part of economic links in affairs between states supporting the active role played by countries in promoting their own economies and in opening up their markets.

Cooperation for development continues to exist but it is increasingly targeted to specific issues and to less developed countries. Thus, cooperation aimed at countries with an intermediate level of development tends to shift from grants towards technical cooperation with shared costs and economic cooperation. The emphasis is now placed on a relationship between "partners" or associates who cooperate for their mutual benefit.

In this context, the concept of economic cooperation begins to acquire increasing importance.

### III. Economic Cooperation

As said before, if international cooperation is always an essential part of the foreign policy implemented by governments, in order to understand the changes that take place in cooperation we need to take into account the new scenarios in which relationships between states are taking place. Therefore, the emergence of new concepts linked to cooperation — such as what is known as "economic cooperation" — is closely related to the changes that have taken place in the world scenario and, particularly, to the processes of globalization and integration currently going on.

In this sense, the concept of economic cooperation is an answer to the emergence of new challenges in the processes of globalization and commercial integration that call for the concept of cooperation as a relevant variable to be included. Not only in terms of the political relations between states but also in the economic relations established in the international context.

From a historical viewpoint, one could argue that, in economic terms, states have always maintained relations of exchange and interdependence based on trade and investment. Furthermore, in the second half of the 20<sup>th</sup> Century, foreign trade became increasingly important as a share of G.D.P. and of the socioeconomic development of countries. Specifically, foreign trade has grown at a rate higher than G.D.P. since the 1950s.

We could thus say, that at present, the existence of global markets are just the result of an advanced stage of the process of internationalization of the different economies, which began with the start of industrial capitalism in the 19<sup>th</sup> Century.

However, as is usually the case with long and medium term historical processes, the features of any phenomenon become more clearly defined as the processes become more explicit in the everyday activities of societies. Moreover, they do not necessarily develop along the initially expected course. That is, the same forces which have given rise to the process of globalization of the world economies has given rise to a new reality which not only involves a more advanced phase in the process of integration but also constitutes a completely different state.

This new qualitative status of the process of integration can be expressed by the differentiation made by ECLAC<sup>3</sup>, the Economic Commission for Latin America and the Caribbean. ECLAC distinguishes between the so called "superficial integration phase" and the "deep integration phase". Superficial integration is the phase in which trade — mainly of goods — played the main role. Therefore, the goals sought by the different countries were relatively independent from each other. The only other requirement on the international arena was that the "rules of the game" should lead to the gradual and progressive liberalization of trade in such a way as to prevent a subsequent invalidation through administrative measures. Once the rules of the game were established and guaranteed, the market was supposed to be operating freely as to maximize the benefits for the countries participating in the exchange.

The second phase — defined by ECLAC as one of "deep integration" — is characterized by the fact that trade flows among countries become more complex, including trade in services, capital goods and technology. Furthermore capital flows — of both financial and venture capital — become increasingly important. This enhanced complexity is reflected in the qualitative changes experienced by the process of trade and also in the new role that cooperation begins to play in the international arena.

Thus, market globalization is a concept not limited to aspects linked strictly to trade. It also involves a growing internationalization of production. This process entails a rapid dissemination of technological knowledge and active international capital flows. It tends to progressively reduce the differences in productivity among countries and to substantially increase competition. This situation has given rise to a significant loss of competitiveness in some sectors of developed countries, thereby causing a rise in unemployment rates and significantly affecting the economies of those countries. Therefore, the intervention of governments becomes more meaningful in achieving and promoting — in the international scene — enhanced harmonization among domestic regulations and policies in order to equate *ex ante* the terms of competition. In this framework, cooperation strategies and international cooperation policies are closely linked to the negotiation of trade agreements that emphasize the equalization of standards and procedures, a requirement that will help to place participating countries on the same competitive footing<sup>4</sup>.

On the other hand, increased trade in services and in new technologies calls for important changes in traditional marketing methods. The nature itself of such trade is much more complex than mere trade in goods and it is targeted at much more specific and segmented markets, a fact that requires a bigger effort — in quantitative and qualitative terms — to achieve a market share. Therefore, actors in foreign trade have begun to make considerable efforts to be more knowledgeable about the different international situations and the specific features of the parties involved

<sup>3</sup> CEPAL: "Panorama de la inserción internacional de América Latina y el Caribe. 1996 Edition.

<sup>4</sup> A clear example of this is the Framework Agreement between Chile and the European Union, executed on June 21, 1996, Florence, Italy.



in the more complex markets. Cooperation has thus become an essential factor to support the implementation of technological forays or joint ventures in production intended to facilitate penetration into new potential markets.

Finally, the role of governments also tends to change. Although during the superficial integration phase, the market tends to operate and the role of governments is limited to ensuring compliance with internationally agreed upon rules-of-the-game, in the deep integration phase governments take on a more active role as promoters of their respective economies in the international arena, by resorting to different instruments among which cooperation undoubtedly plays a central role.

Since this is the framework in which the concept of economic cooperation operates, the task of defining and conceptualizing economic cooperation — as a way to make its contents explicit and thus operational — is still pending.

In order to come closer to defining the concept of economic cooperation, some of the main features involved will be described below:

1. **Economic benefits:** Although the traditional definition of cooperation<sup>5</sup> continues to be valid, the emphasis on the prospective goals changes since these are straightforwardly economic and are linked to exchange processes connected to trade or capital flows.
2. **Emphasis on the relationship between partners or associates who cooperate to obtain a mutual benefit:** This is a relationship between two or more actors that inevitably involves a concept of mutual benefit and shared costs in the medium and long term.
3. **Inclusion of the private sector:** The reason for this is that cooperation is directly linked to trade integration processes.
4. **The changing role of the state:** The state adopts a leading role insofar as economic cooperation is essential to ensure top quality achievements in the international arena by fostering the technological and productive development of a given country. Similarly, and insofar as the involvement of the private sector becomes a determining element in the process, the government should concentrate on becoming the facilitator and articulator of initiatives rather than directly implementing policy.
5. **Actions or activities intended to secure indirect short and medium term economic goals:** Actions or activities conducted in the framework of economic cooperation center on generating conditions to facilitate trade and enhance competitive skills in world markets. Therefore, maximization of direct economic benefits in the short term are foreign to the activities or actions of economic cooperation as such.

In view of these features, we would like to propose the following definition for the concept of economic cooperation:

**Economic cooperation is a component of international cooperation that seeks to generate the conditions needed to facilitate the processes of trade and financial integration in the international arena by implementing actions with the purpose of obtaining indirect economic benefits in the medium and long term.**

<sup>5</sup> "A series of actions to coordinate policies or to join efforts to achieve common goals on the international sphere".

#### IV. Chile and Economic Cooperation

Due to the ambiguous use of the concept of economic cooperation and the fact that economic cooperation itself has developed strongly in the past few years, it appears to lack as yet an outstanding presence in bilateral cooperation programs, particularly in the cooperation flows that Chile still receives.

However, in practice, and considering the conceptual definition proposed above, actions and projects involving economic cooperation have been underway for quite some time. Some highly significant international treaties have been signed that involve a considerable share of economic cooperation, as is the case with the Framework Agreement for Cooperation executed between the Government of Chile and the European Union and its Member States in Florence in June, 1996, in addition to specific economic cooperation agreements such as the one signed by Chile and the Kingdom of Sweden in January 1998.

The interesting thing in both cases is that both Sweden and the European Union have been implementing cooperation actions and projects of this type for quite some time. Therefore, the fact that economic cooperation agreements are being executed reflects an already existing reality that calls for formalization by endowing it with more contents and projection.

The challenge for our country, therefore — and particularly for AGCI — is to manage to make operational the concept of economic cooperation through a clear identification of priorities, fields of action, actors and mechanisms and facilitating instruments. In this respect, the following should be pointed out:

1. Regarding priorities, the first thing to consider is that emphasis must be placed on cooperation. Then issues need to be identified which, due to their inherent features, are amongst those which can be a contribution to the country's international economic affairs. In recent years, Chile has been very active in securing a position in the international economic arena. This is made evident by the considerable number of economic and trade agreements executed, as well as by Chile's participation in several multilateral cooperation schemes either regional or related to specific issues.

This seems to be the ideal framework for defining the type of actions needed to develop an economic cooperation policy for Chile. The priorities of such a policy should be based on government priorities, i.e. they should help place Chile on the international economic scene, on the one hand, and on the other they should help to improve the worldwide competitiveness of Chilean economy, by helping to improve national labor and production standards.

In general, two major fields of action can be identified in which economic cooperation can make a major contribution to achieving these goals:

- \* Implementing cooperation actions aimed at making international trade viable.
- \* Developing cooperation actions in the field of production.

Cooperation can be viewed as a privileged tool to generate conditions to harmonize regulations, technical standards and regulatory and control methods and policies to create the basic conditions for trade and to make competition more balanced.

Cooperation in the field of production should include strategic alliances, the creation of business networks to encourage production synergies, create new opportunities, foster competitiveness, and facilitate the transfer of technology and the training and further education of human resources.

2. In view of the priorities set forth above, the following step calls for the *a priori* identification of certain actors (sectors and institutions) that could participate in economic cooperation.

Certain criteria should be established so as to identify these actors, including the main features defined for economic cooperation. These should be divided into the two previously defined fields of action:

In the first field of action — i.e. trade facilitation — the actors involved should comply with the following requirements:

- \* Be state agencies involved in modernization processes, in matters concerning regulatory standards and development.
- \* Perform actions that will have a direct or indirect effect on trade facilitation.
- \* Have access to the necessary counterpart funds.

A preliminary, tentative list of such actors includes the following:

- \* Ministry of Economic Affairs [Industrial Property, Consumer Protection Agency (SERNAC), National Standards Institute (INN), National Statistics Bureau (INE), Foreign Trade]
- \* Ministry of Transportation and Telecommunications
- \* Environmental Protection Agency (CONAMA)
- \* Ministry of Finance (Customs)
- \* Ministry of Agriculture (Agriculture and Livestock Bureau - SAG)
- \* Ministry of Public Health (Management of the Codex Alimentarius)

Regarding the second field of action, which involves fostering production development, the requirements should include:

- \* Public and private agencies dedicated to fostering production development.
- \* Access to counterpart funds.
- \* Their development programs should assist beneficiaries from the private sector, preferably small and medium sized companies
- \* Coverage should be nation-wide or at least regional.

A preliminary list of said actors is provided below:

- \* CORFO (Government Development Agency)
- \* CORFO Technological Institutes
- \* Fundación Chile
- \* SERCOTEC (Technical Cooperation Bureau)
- \* Fundación EUROCHILE
- \* Ministry of Agriculture: Agricultural Planning Office (ODEPA) and Agriculture and Livestock Development Institute (INDAP)
- \* Ministry of Economic Affairs
- \* PROCHILE (Official Chilean Trade Bureau)
- \* Ministry of Mining: National Mining and Geology Bureau (SERNAGEOMIN)
- \* CONUPIA (small and medium sized companies business association)

- \* ASEXMA (Association of exporters of manufactured goods)
- \* CEPRI
- \* SOFOFA (Association of private industrial entrepreneurs) and *Confederación de la Producción y el Comercio* (private sector trade and production association).

3. A third phase, in which progress needs to be made in order to carry out economic cooperation programs and projects involves facilitating mechanisms and tools to implement the programs.

In view of the complexity of economic cooperation and the innovative nature of its schemes, economic cooperation should be addressed as a process that involves the following main stages:

- \* **Identification activities to seek and recognize potential partners:** With regard to trade facilitation, the idea is to identify an institutional counterpart with which to carry out a project. With regard to production activities, the idea is to identify potential partners.
- \* **Implementation of actions to establish relationships and follow-up on established contacts:** In the case of trade facilitation, efforts would be aimed at identifying and negotiating the projects to be carried out. Regarding production, strategic alliances need to be established to serve as the basis for subsequently developing joint ventures.

The specific methods to implement economic cooperation need to distinguish between the following:

- \* **Facilitating mechanisms**, i.e. the components that create the general framework and generate suitable conditions for cooperation to be possible. These include, among others:
  - a) International Agreements involving economic cooperation
  - b) Inter-Institutional International Agreements
  - c) Chilean Funds available for applications regarding counterpart funding, etc. such as FONTEC, FIA, FDI, etc.<sup>6</sup>
  - d) Specific donor programs such as the European Union's AI-Invest and Sweden's Start-Syd<sup>7</sup>.
- \* **The instruments themselves** which are the tools that enable the actions proposed by cooperation to be carried out and which are intended to provide support in the essential stages of training and start-up of economic cooperation. The following instruments have been identified for the two fields of action defined:

#### First Field of Action: Trade Facilitation.

- \* Human resource training
- \* Internships
- \* Seminars

<sup>6</sup> See Appendix.

<sup>7</sup> See Appendix.



- \* Exchange of experts
- \* Joint research studies

#### Second Field of Action: Production.

- \* Training for entrepreneurs
- \* Technological missions
- \* Business missions
- \* Visits to international trade fairs
- \* Business rounds
- \* Preparation of thematic inventories of companies
- \* Financing of pre-feasibility studies

4. Lastly, the need to include economic cooperation in the horizontal cooperation policy implemented by Chile should be granted priority status. Our country should make full use of the headway that Chilean cooperation has made in this respect, incorporating economic agents capable of generating supply-side offers for horizontal cooperation.

In this sense, economic cooperation can make a major contribution by helping to improve the ability to make use of the Economic and Trade Agreements that Chile has executed with all South American countries and more recently with Central America.

## APPENDICES

### A. Chilean Funds Available to Competitive Proposals that can be used as Counterpart Funds

#### a) FONTEC: Technological Fund

The purpose of this fund is to finance technological innovation projects carried out by private companies, activities related to the transfer of high-impact technologies, and support for the development of technological infrastructure in the private sector.

Funding lines include:

- \* Technological innovation. This covers two types of projects: (i) research and development of technologies for products, processes or services and (ii) surveys, typification and quantification of natural resources including new technological developments.
- \* Technological infrastructure. This includes the implementation of industrial laboratories, quality control and certification units, technical information centers and other scientific and technological services.
- \* Technology transfer projects submitted in partnership. Technological missions and specialized consultancies.
- \* Management entities and technology transfer centers.
- \* Pre-investment studies for scaling results of innovation projects. Projects involving high rates of innovation intended to launch — on a commercial scale — technological innovations for products, processes or organizations.

#### b) FIA: Foundation for Agricultural Innovation

The role of FIA is to promote and coordinate technological and scientific development actions to introduce innovations in the production process and their subsequent transfer to the different sectors, i.e. agriculture and livestock, agribusiness and forestry.

The funding line is the following:

- \* Technological innovation and research projects and programs intended to introduce new technologies to increase the productivity and competitiveness of Chilean agriculture.

#### c) FDI: Development and Innovation Fund

The purpose of this fund is to promote initiatives capable of making a substantive contribution to generating and managing processes of innovation and technological changes in Chile in areas where this will have a strategic impact on the country's economic and social development.

This is a funding mechanism for research studies that — among other things — provide the information needed to identify our natural resources, adopt the best possible decisions for their protection, exploitation and development, and that help to develop technological innovations that will allow for diversification and/or enhanced value added processing of products prepared with these resources.

d) **FONDEF: Scientific and Technological Advancement Fund**

The purpose of FONDEF is to provide funding for technological/scientific research studies carried out by universities with a view to strengthening and reorienting their potential to support productive development.

Requests for funding are accepted for projects covering the following areas:

- \* Agriculture and livestock farming
- \* Forestry
- \* Information technology
- \* Manufacturing
- \* Mining
- \* Fishing, including aquaculture

The possible inclusion of new working areas to the six named above is being considered for the future. Areas under consideration with the biggest possibilities include health and education.

e) **FIM: Mining Research Fund**

The main purpose of the FIM is to carry out scientific and technological research studies for copper and its by-products. FIM carries out research guided by this approach which involves asking the various institutions that form the National Research System to submit bids.

FIM Operating Framework:

- \* Ensure a sustained increase in the productivity of the mining sector
- \* Ensure the development of mining and metallurgical technologies in order to face the challenges raised by falling prices and restrictions imposed by environmental regulations.
- \* Neutralize the growing threats to current uses for copper due to health reasons and ecotoxicity.
- \* Promote investment by mining companies in strategic marketing related to copper and the development of new applications.
- \* Increase the value of mining, making it into a permanent activity based on the exhaustible nature of mining resources.

B. **Specific Programs of the Sources**

a) **European Union**

\* **AL-INVEST: European Program for Business Cooperation and to promote investments in Latin America.**

The purpose of this program is to promote cooperation among entrepreneurs based on private initiative — both in Chile and in Europe — in order to help increase the competitiveness of Latin American economies and foster the internationalization of small and medium-sized European companies.

Its specific goals are: (I) to organize and disseminate economic cooperation tools in Latin America by developing a network of Business Cooperation Centers, Eurocenters; (II) link European and Latin American networks; (III) improve, through the actions of the Eurocenters, the quality of business cooperation or investment projects submitted by Latin American companies and (IV) provide personalized support to the companies throughout the process, by way of the Eurocenters and the European Economic Cooperation network.

\* **ECIP: European Program for Funding Joint Ventures.**

The ECIP is a financial tool of the European community intended to promote the establishment of joint ventures, privatization projects, and projects related to private infrastructure among operators in developing countries in Asia, Latin America, the Mediterranean and South Africa with their European counterparts. It is aimed mainly at small and medium sized companies. However, large companies can also participate in the program provided that their projects are of particular interest to the country. In contrast to most cooperation tools, ECIP is aimed at the market and its field of application covers all the stages of any investment project.

\* **ARIEL: Active Research in Europe and Latin America.**

This program helps companies search for partners but its activities are not limited to promoting contacts. They also include guaranteeing the results by using suitable management capabilities in order to understand the product, the strategies and the requirements of entrepreneurs.

Companies make use of the services offered in order to achieve the following objectives: search for clients, suppliers or subvendors, search for agents or representatives, search for technologies or technical knowledge and search for partners for joint ventures.

\* **AL-URE: Latin American Rational Use of Energy.**

Its general goal is to help adapt the energy policies of Latin American countries to the new economic and environmental challenges, while also bearing in mind the need for economic growth, social development and environmental protection.

AL-URE reaffirms the specific nature of its economic cooperation program that views energy actors in the European Union and in Latin American countries on the basis of mutual benefits and on favoring the adaptation of energy institutions and companies so as to allow for the development of services which are more suited to new requirements.

\* **URB-AL: European Urbanization - Latin America (network number four).**

This is a Decentralized Horizontal Cooperation Program of the European Commission. It is addressed to the cities, regions and other communities — whether local or territorial — of the European Community and Latin America, in order to create networks to conduct mutually beneficial actions.

URB-AL provides the framework for exchanging and sharing know-how, among the different entities of the European Community and of Latin America directly involved in urban development problems. Its purpose is to open up a dynamic of association and to create a movement of cooperation among local agents in both regions.

The general objective of the program is to promote effective improvements in socioeconomic conditions and in the population's quality of life.

Its specific objectives are to increase the exchange of knowledge, experiences and techniques in order to address the demands imposed by the fast urbanization that has taken place in recent decades and the development of a series of thematic networks centered on the concrete issue of urban problems, among cities and local communities between both regions, thus helping to establish new networks and reinforce existing ones.

b) Sweden

\* START-SYD:

This fund is intended to provide support to small and medium sized Swedish companies. The fund makes available a certain amount of funds to finance the capacity of companies that enter into business partnerships.

C. TABLE OF NATIONAL ACTORS INVOLVED IN ECONOMIC COOPERATION

Field of Action	Criteria for Selecting Sectors	Phases	National Sectors	Facilitating Mechanisms	Tools
Private sector companies linked to production	<ol style="list-style-type: none"> <li>1. Private and public production development fostering agencies</li> <li>2. Possible access to counterpart funds</li> <li>3. Beneficiaries of development programs preferably belong to small and medium sized companies from the private sector</li> <li>4. Broad field of action, at national wide or regional level</li> </ol>	<ol style="list-style-type: none"> <li>1. Identification activities to seek and find potential partners</li> <li>2. Implementation of actions to establish relationships and follow-up on established contacts</li> <li>3. Establishing strategic alliances</li> </ol>	<ul style="list-style-type: none"> <li>* CORFO</li> <li>* CORFO Institutes</li> <li>* Fundación Chile</li> <li>* SERCOTEC</li> <li>* EuroChile Foundation</li> <li>* Ministry of Agriculture (ODEPA and INDAP)</li> <li>* Ministry of Economic Affairs</li> <li>* PROCHILE</li> <li>* Ministry of Mining (SERNAGEOMIN)</li> <li>* CONUPLA</li> <li>* ASEXMA</li> <li>* CORMA</li> </ul>	<ol style="list-style-type: none"> <li>1. Existing International Agreements including the subject of economic cooperation</li> <li>2. Existing Inter-Institutional International Agreements</li> <li>3. Chilean funds subject to competitive proposals financed by national counterparts</li> <li>4. Specific programs of the sources</li> </ol>	<ul style="list-style-type: none"> <li>* Training for entrepreneurs</li> <li>* Technological missions</li> <li>* Business missions</li> <li>* Visits to trade fairs</li> <li>* Business rounds</li> <li>* Preparation of thematic inventories of companies</li> <li>* Funding for prefeasibility studies</li> </ul>
Sectors linked to the modernization of the state in matters related to establishing standards and regulatory controls and development methods in the economic field	<p>Organizations linked to the modernization of the state whose actions have a direct or indirect effect on trade facilitation</p>	<ol style="list-style-type: none"> <li>1. Identification activities to seek and find counterpart institutions</li> <li>2. Implementation of actions leading to the establishment of relationships and follow-up of established contacts</li> <li>3. Project identification and negotiation</li> </ol>	<ul style="list-style-type: none"> <li>* Ministry of Economic Affairs</li> <li>* Ministry of Transportation and Telecommunication.</li> <li>* CONAMA</li> <li>* Ministry of Finance (Customs)</li> <li>* Ministry of Agriculture (SAG)</li> <li>* Ministry of Health</li> </ul>	<ol style="list-style-type: none"> <li>1. Existing International Agreements including the subject of economic cooperation</li> <li>2. Existing Inter-Institutional International Agreements</li> <li>3. Chilean funds subject to competitive proposals financed by national counterparts</li> </ol>	<ul style="list-style-type: none"> <li>* Human resource training</li> <li>* Internships</li> <li>* Seminars</li> <li>* Exchange of experts</li> <li>* Joint research studies</li> </ul>