ECONOMIC COMPLEMENTATION AGREEMENT N°75 BETWEEN THE REPUBLIC OF CHILE AND THE REPUBLIC OF ECUADOR

The Government of the Republic of Chile and the Government of the Republic of Ecuador (hereinafter referred to as the Parties"), resolved to:

DEEPEN the special bonds of friendship and cooperation;

EXPAND trade, recognizing the importance of ACE N° 65, promoting greater international cooperation and strengthening economic relations between their peoples for mutual benefit;

REAFFIRM its commitment to democratic principles, the rule of law, human rights and fundamental freedoms;

CREATE a more open, secure and predictable market for reciprocal trade and fair competition to facilitate business and investment planning;

AVOID distortions and non-tariff trade barriers and other restrictive measures in reciprocal trade;

IMPLEMENT their respective rights and obligations under the WTO Agreement, as well as other multilateral and bilateral cooperation instruments;

PROMOTE the increase of investment opportunities in the territories of the Parties, promoting an intensive use of their markets, and strengthening their competitive capacity in world trade;

ESTABLISH a common framework of principles and rules for their bilateral trade in government procurement, with a view to its expansion under transparent conditions and as a means of promoting economic growth;

CREATE effective procedures for the implementation and enforcement of this Agreement, for its joint administration, and for preventing and resolving disputes;

PROMOTE gender mainstreaming in international trade, encouraging equal rights, treatment and opportunities between men and women in business, industry and the world of work, leading to inclusive economic growth;

FACILITATE contacts between the business and private sectors of the Parties;

STRENGTHEN the competitiveness of its companies in global markets, and seek greater insertion in global and regional value chains;

PROTECT and enforce labor rights, improve the living standards of workers, and promote the cooperation and capacity of the Parties in labor matters, and

PROMOTE the protection and conservation of the environment and the contribution of trade to sustainable development,

HAVE AGREED to conclude this Trade Integration Agreement between the Republic of Chile and the Republic of Ecuador, in accordance with the following:

Chapter 1. INITIAL PROVISIONS AND GENERAL DEFINITIONS

Article 1.1. Establishment of a Free Trade Area

The Parties, in accordance with the provisions of Article XXIV of GATT 1994, Article V of GATS, the Treaty of Montevideo 1980 and Resolution No. 2 of LAFTA, establish a free trade area.

Article 1.2. Relationship to other International Agreements

The Parties acknowledge their intention for this Agreement to coexist with their existing international agreements, and to that effect:

(a) each Party confirms its rights and obligations vis-a-vis the other Party, in relation to existing international agreements to which both Parties are party, including the WTO Agreement;

(b) if Party considers that a provision of this Agreement is inconsistent with a provision of another agreement to which both Parties are party, upon request, the Parties shall consult with a view to reaching a mutually satisfactory solution. This paragraph is without prejudice to a Party's rights and obligations under Chapter 22 (Dispute Settlement), and

(c) for purposes of the application of this Agreement, the Parties agree that the fact that an agreement has provided for more favorable treatment of services, investment or persons than that provided for under this Agreement does not mean that there is an inconsistency within the meaning of this Article.

Article 1.3. General Definitions

For purposes of this Agreement and unless otherwise specified:

ACE N° 65 means the Economic Complementation Agreement N° 65 between the Republic of Chile and the Republic of Ecuador, signed on March 10, 2008.

Actors of the Popular and Solidarity Economy means, in the case of Ecuador, economic organizations, where its members, individually or collectively, organize and develop processes of production, exchange, commercialization, financing and consumption of goods and services, to satisfy needs and generate income, based on relationships of solidarity, cooperation and reciprocity, privileging work and the human being as the subject and purpose of their activity, oriented to good living, in harmony with nature, over appropriation, profit and capital accumulation;

Anti-Dumping Agreement means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, which forms part of the WTO Agreement;

SPS Agreement means the Agreement on the Application of Sanitary and Phytosanitary Measures, which is part of the WTO Agreement;

TBT Agreement means the Agreement on Technical Barriers to Trade, which is part of the WTO Agreement;

WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, dated 15 April 1994;

Agreement on Safeguards means the Agreement on Safeguards, which is part of the WTO Agreement;

Subsidies Agreement means the Agreement on Subsidies and Countervailing Measures, which is part of the WTO Agreement;

GATS stands for the General Agreement on Trade in Services, which is part of the WTO Agreement;

ALADI stands for Latin American Integration Association, instituted by the Treaty of Montevideo 1980;

Customs duty includes any duty or charge of any kind applied to or in connection with the importation of a good, and any form of surcharge or surtax applied in connection with such importation, but does not include any:

(a) charge equivalent to an internal tax established in accordance with Article II:2 of GATT 1994;

(b) anti-dumping duty or countervailing measure;

(c) duty or other charge related to importation, proportionate to the cost of services rendered;

customs authority means the authority which, under the respective laws of each Party, is responsible for administering and enforcing the customs laws and regulations, as appropriate:

(a) in the case of Chile, to the National Customs Service, or its successor, and

(b) in the case of Ecuador, to the National Customs Service of Ecuador, or its successor;

goods means a commodity, product or merchandise;

Commission means the Economic and Trade Commission established under Article 21.1 (Economic and Trade Commission);

days means calendar, running or calendar days; existing means in effect on the date of entry into force of this Agreement;

GATT 1994 means General Agreement on Tariffs and Trade 1994, which is part of the WTO Agreement;

measure means any law, rule, regulation, procedure, requirement or practice;

originating good means a good or product that complies with the rules of origin set out in Chapter 3 (Rules of Origin);

national means a natural person who has the nationality of a Party in accordance with its Political Constitution or a permanent resident of a Party;

WTO stands for the World Trade Organization;

heading means the first four digits of the Harmonized System tariff classification code;

person means a natural person or a company;

person of a Party means a national or company of a Party;

Harmonized System (HS) means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes and Chapter Notes, as adopted and implemented by the Parties in their respective customs tariff laws;

subheading means the first six digits of the Harmonized System tariff classification code;

territory means:

(a) with respect to Chile, the land, sea and air space under its sovereignty and the exclusive economic zone and continental shelf over which it exercises sovereign rights and jurisdiction in accordance with international law and its internal legislation, and

(b) in respect of Ecuador, the continental territory and the adjacent islands; the Galapagos Archipelago; the subsoil; the territorial sea and other maritime spaces; and, the respective airspaces, over which it exercises sovereignty and jurisdiction in accordance with international law and its domestic legislation.

Chapter 2. NATIONAL TREATMENT AND MARKET ACCESS

Article 2.1. National Treatment

Except as provided in Annex 2.3, each Party shall accord National Treatment to goods of the other Party in accordance with Article II of the GATT 1994, including its interpretative notes, and to that end Article III of the GATT 1994 and its interpretative notes are hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 2.2. Elimination of Customs Duties

1. Except as otherwise provided in this Agreement, each Party shall eliminate its duties on originating goods in accordance with Annexes 2.1 and 2.2.

2. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duties, or adopt any new customs duties, on originating goods.

3. If, at any time after entry into force of this Agreement, a Party reduces its applied MFN tariff, such tariff shall apply only if it is less than the tariff resulting from the application of Annexes 2.1 and 2.2.

4. A Party may consult with the other Party, in accordance with this Chapter, to examine the possibility of improving the tariff terms and conditions of market access on originating goods set out in Annexes 2.1 and 2.2. Agreements to this effect between the Parties shall be adopted through decisions of the Commission.

5. An agreement between the Parties to improve the tariff terms for market access on originating goods based on paragraph 4 shall prevail over any customs duties or categories of relief set out in Annexes 2.1 and 2.2.

6. A Party may:

(a) increase a customs duty to be applied to an originating good to a level no higher than that set out in Annexes 2.1 and 2.2, following a unilateral reduction of that customs duty, or

(b) to maintain or increase a customs duty on an originating good, when authorized by the WTO Dispute Settlement Body.

Article 2.3. Import Licensing

1. Neither Party shall adopt or maintain a measure that is inconsistent with the WTO Agreement on Import Licensing, and to that end, that Agreement is incorporated into and made a part of this Agreement, mutatis mutandis.

2. From the date of entry into force of this Agreement, the Parties shall notify any new import licensing procedures, and any modifications to their existing import licensing procedures, well in advance and, to the extent possible, at least twenty (20) days prior to their entry into force.

Article 2.4. Export Taxes

Neither Party may adopt or maintain duties, taxes, or other charges on exports of any good to the territory of the other Party, unless such duties, taxes, or charges are adopted or maintained on any good for domestic consumption, notwithstanding Article 2.6.

Article 2.5. Fees and other Charges

1. Each Party shall ensure, in accordance with paragraph 1 of Article VII of the GATT 1994 and its interpretative notes, that all fees and charges of any nature, other than customs duties, charges equivalent to an internal tax or other domestic charges applied in accordance with paragraph 2 of Article I of the GATT 1994, and anti-dumping and countervailing duties and countervailing measures, imposed on or in connection with importation or exportation, are limited to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or a tax on imports or exports for fiscal purposes.

2. Neither Party shall require consular transactions or requirements, including related fees and charges, in connection with the importation of any good of another Party.

3. Each Party shall make available to the other Party the fees or charges imposed in connection with the importation or exportation, and shall use its best efforts to keep them updated through the Internet.

Article 2.6. Import and Export Restrictions

Except as provided in Annex 2.3, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except as provided in Articles XI, XX, and XXI of the GATT 1994, including their respective interpretative notes. For this purpose, Article XI of the GATT 1994 and its respective interpretative notes are incorporated into and made an integral part of this Agreement, mutatis mutandis.

Article 2.7. Agricultural Export Subsidies

1. The Parties share the objective of the multilateral elimination of export subsidies or other measures with equivalent effect on agricultural goods, and shall work together towards achieving compliance with and implementation of the WTO Ministerial Decision of 19 December 2015 of the Nairobi Ministerial Conference, as well as to prevent the reintroduction of these measures in any form.

2. No Party shall introduce or maintain any export subsidy on any agricultural good that is inconsistent with the regulations of the WTO Agreement, particularly the Agreement on Agriculture.

Article 2.8. Committee on Trade In Goods

1. The Parties hereby establish a Committee on Trade in Goods (hereinafter referred to as the "Committee"), composed of representatives of each Party.

2. The Committee shall meet at the request of any Party or the Commission to consider any matter covered by this Chapter and the release program.

3. The functions of the Committee shall include:

(a) promote trade in goods between the Parties, including consultations for the acceleration of tariff elimination under this

Agreement and other matters as appropriate;

(b) consider obstacles to trade in goods between the Parties, in particular those related to the application of non-tariff measures, and, if necessary, submit these matters to the Commission for consideration;

(c) consult and use its best efforts to resolve any consultations or differences that may arise between the Parties on matters relating to modifications and transpositions of the Harmonized System that affect the tariff classification of goods in each Party's National Tariff, to ensure that the tariff preferences provided under this Agreement are not altered, and

(d) others as the Parties may agree.

Chapter 3. RULES OF ORIGIN

Section A. Rules of Origin

Article 3.1. Definitions

For purposes of this Chapter:

Customs Valuation Agreement means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, which forms part of the WTO Agreement.

customs authority means the authority which, under the respective legislation of each Party, is responsible for administering and enforcing the customs laws and regulations, as appropriate:

(a) in the case of Chile, to the National Customs Service of Chile, and

(b) in the case of Ecuador, to the National Customs Service of Ecuador, or its successor.

competent authority means the authority which, according to the legislation of each Party, is responsible for issuing the certificate of origin or for delegating the issuance to qualified entities:

(a) in the case of Chile, the Dirección General de Promoción de Exportaciones (PROCHILE), or its successor, and

(b) in the case of Ecuador, the Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor.

CIF means the value of the imported goods including insurance and freight costs to the port or place of introduction into the country of importation by whatever means of transport.

shipping containers and packing materials means goods used to protect merchandise during transportation and does not include containers and materials in which merchandise is packaged for retail sale.

exporter means the person who makes an export.

FOB means the value of the goods free on board, whatever the means of transport, at the place of shipment abroad.

importer means the person who makes an import.

material means a good or any material, substance, ingredient, part or component used or consumed in the production or transformation of another good.

In-house produced material means material that is produced by the producer of a good and used in the production of that good.

indirect material means a good used in the production, verification, or inspection of another good, but not physically incorporated therein; or a good used in the maintenance of buildings or operation of equipment related to the production of another good, including:

(a) fuel, energy, solvents and catalysts;

(b) equipment, apparatus and attachments used for the verification or inspection of goods;

(c) gloves, goggles, footwear, clothing, safety equipment and attachments;

(d) tools, dies and moulds;

(e) spare parts and materials used in the maintenance of equipment and buildings;

(f) lubricants, greases, composites and other materials used in the production, operation of equipment or maintenance of buildings, and

(g) any other material which is not incorporated in the goods, but the use of which in the production of the goods can be shown to be part of that production.

identical goods means goods that are alike in all respects, including their physical characteristics, quality and merchantability. Minor differences in appearance do not preclude goods that otherwise conform to the definition from being considered identical.

fungible goods or materials means goods or materials which are interchangeable for commercial purposes, the properties of which are essentially identical and which cannot be distinguished from one another by simple visual examination.

non-originating good or non-originating material means a good or material that does not meet the requirements of this Chapter to be considered originating.

goods wholly obtained or produced entirely in the territory of one or the other Party, means:

(a) minerals extracted or obtained in the territory of either Party;

(b) plant products harvested, collected or gathered in the territory of either Party;

(c) live animals born and bred in the territory of one or the other Party; goods obtained from live animals in the territory of either Party;

(d) goods obtained from hunting, trapping, fishing, aquaculture, gathering or harvesting in the territory of one or the other Party;

(e) fish, crustaceans and other marine species taken from the sea outside the territory of the Parties by fishing vessels registered or recorded in a Party and flying the flag of that Party or by fishing vessels leased or chartered by enterprises established in the territory of a Party;

(f) goods obtained or produced on board factory ships exclusively from the goods identified in subparagraph (f), provided that the factory ships are registered or recorded in a Party and that they fly the flag of that Party or are leased or chartered by enterprises established in the territory of a Party;

(g) goods taken from the seabed or subsoil outside the territorial waters of a Party, by a Party or a person of a Party, provided that the Party has rights to exploit that seabed or subsoil;

(h) waste and scrap derived from

(i) manufacturing or processing operations in the territory of either Party, or

(ii) used goods collected in the territory of either Party, provided that such goods serve only for the recovery of raw materials; or,

goods produced in the territory of one or more of the Parties exclusively from the goods referred to in subparagraphs (a) through (b), (c), (d), (e), (f), (g), (h) and (i).

(i) or its derivatives, at any stage of production.

Generally Accepted Accounting Principles means those on which there is recognized consensus or which enjoy substantial and authoritative support, in the territory of a Party and at a given point in time, with respect to the recording of revenues, expenses, costs, assets and liabilities, disclosure and the preparation of financial statements. The principles may cover procedures of general application as well as detailed rules, practices and procedures.

production means methods of obtaining goods including but not limited to growing, breeding, raising, raising, mining, harvesting, fishing, trapping, hunting, trapping, catching, harvesting, gathering, extracting, manufacturing, processing, assembling or disassembling a good.

producer means a person who carries out a production process.

origin ruling means the written document issued by the customs authority as a result of a procedure verifying whether a good qualifies as originating under this Chapter.

preferential tariff treatment means the tariff applicable to an originating good under this Agreement.

value means the value of a good or material for purposes of the application of this Chapter.

transaction value means the price paid or payable for a good determined in accordance with the provisions of the Customs Valuation Agreement.

Article 3.2. Originating Goods

Except as otherwise provided in this Chapter, a good shall be considered to be originating when:

(a) the good is wholly obtained or produced entirely in the territory of one or the other Party, as defined in Article 3.1;

(b) the good is produced in the territory of either Party exclusively from materials that qualify as originating under the provisions of this Chapter; or

(c) the good is produced in the territory of either Party from non-originating materials that result from a production or transformation process conferring a new individuality characterized by a change in tariff classification, regional value content, or other requirements as specified in Annex 3.1, and the good complies with the other applicable provisions of this Chapter.

Article 3.3. Regional Content Value

1. The regional content value of the goods shall be calculated according to the following formula:

RCV = VT - VMN/VT x100

where:

RCV is the regional content value, expressed as a percentage;

VMN is the transaction value of the non-originating materials adjusted on a CIF basis, except as provided in paragraph 5. Where such value does not exist or cannot be determined in accordance with the principles of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with that Agreement; and

VT is the transaction value of the good adjusted on an FOB basis, except as provided in paragraph 3. Where such value does not exist or cannot be determined in accordance with the principles of Article 1 of the Customs Valuation Agreement, it shall be calculated in accordance with that Agreement.

2. For purposes of calculating the regional content value, the percentage shall be forty percent (40%).

3. When a good is not exported directly by its producer, the value shall be adjusted to the point at which the buyer receives the good within the territory of the Party where the producer is located.

4. All records of costs considered for the calculation of regional value content shall be recorded and maintained in accordance with Generally Accepted Accounting Principles applicable in the territory of the Party where the good is produced.

5. Where the producer of a good acquires a non-originating material within the territory of a Party where it is located, the value of the non-originating material shall not include freight, insurance, packing costs, or all other costs incurred in transporting the material from the supplier's warehouse to the producer's location.

6. For purposes of calculating regional value content, the value of non-originating materials used by the producer in the production of a good shall not include the value of non-originating materials used by:

(a) another producer in the production of an originating material that is acquired and used by the producer of the good in the production of that good, or

(b) the producer of the goods in the production of a self-produced originating material.

Article 3.4. Non-Originating Transactions

1. The following processes or operations do not confer origin, individually or in combination with each other:

(a) preservation of the goods in good condition during transport or storage, such as ventilation, aeration, refrigeration, freezing;

(b) facilitation of shipment or transport;

(c) packaging, wrapping, or packaging of goods for retail sale;

(d) fractionation in lots or volumes, and

(e) affixing marks, labels and other similar distinctive signs on the goods or their packaging.

2. Likewise, the following processes or manufacturing operations shall be considered insufficient to confer the status of originating goods:

(a) filtration or dilution in water or other solvents that does not alter the characteristics of the goods;

(b) disassembly of goods into their parts;

(c) laying or drying;

(d) dusting, washing, shaking, shelling, peeling, shelling, shelling, threshing, grading, sorting, sifting, screening, sieving, filtering, painting, simple cutting, trimming;

(e) cleaning, including removal of rust, grease and paint or other coatings;

(f) joining, assembling or division of goods into packages;

(g) simple mixing of products, understood as activities that do not require special skills or machines, apparatus or equipment specially made or installed to carry out such activity. However, simple mixing does not include chemical reaction;

(h) slaughter of animals, and

(i) application of oil and protective coatings.

Article 3.5. Cumulation

1. Originating materials or goods originating in either Party incorporated in the production of goods in the territory of the other Party shall be considered as originating in the territory of the latter Party.

2. For the purposes of the cumulation referred to in the preceding paragraph, materials originating in Bolivia, Colombia and Peru shall also be considered as originating in the exporting Party, for which it shall apply:

(a) in the case of Chile, the respective bilateral agreement signed with such countries, and

(b) in the case of Ecuador, the respective regulations of the Andean Community.

Article 3.6. De Minimis

A good shall be considered originating if the value of all non-originating materials used in the production of this good that do not meet the change in tariff classification requirement set out in Annex 3.1 does not exceed fifteen percent (15%) of the transaction value of the good determined in accordance with Article 3.3 and the good complies with the other applicable provisions of this Chapter.

Article 3.7. Accessories, Spare Parts and Tools

1. Accessories, spare parts, or tools delivered with the good as a normal part of the good shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 3.1, provided that:

(a) the accessories, spare parts or tools are classified together with the goods and are not invoiced separately, and

(b) the quantity and value of these accessories, spare parts or tools are those customary for the goods.

2. For those accessories, spare parts or tools that do not comply with the above conditions, the provisions of this Chapter shall apply to each of them.

3. Where the good is subject to a regional value content requirement, accessories, spare parts or tools shall be considered as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

Article 3.8. Retail Containers and Packaging Materials

1. Where the containers and packing materials in which a good is presented for retail sale are classified in the Harmonized System with the good they contain, they shall be disregarded in determining whether all non-originating materials used in the production of the good comply with the applicable change in tariff classification set out in Annex 3.1.

2. Where the good is subject to a regional value content requirement, the value of such containers and packing materials shall be taken into account as originating or nonoriginating material, as the case may be, in calculating the regional value content of the good.

Article 3.9. Containers and Packing Materials for Shipment

Containers and packing materials in which the merchandise is packed exclusively for transportation shall not be taken into account for purposes of determining whether the merchandise is originating.

Article 3.10. Indirect Materials

Indirect materials shall be considered as originating materials irrespective of the place of their production.

Article 3.11. Goods and Fungible Materials

1. Where originating and non-originating fungible goods are physically mixed or combined in inventory, the origin of these goods may be determined on the basis of the physical segregation of each commodity or fungible material, or by the use of any inventory management method, such as average, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in the Generally Accepted Accounting Principles of the Party where the production takes place or otherwise accepted by the Party where the production takes place.

2. The inventory management method selected in accordance with paragraph 1 for a particular commodity or consumable shall continue to be used for that commodity or consumable throughout the period or fiscal year.

Article 3.12. Sets

1. A set or assortment of goods that are classified in accordance with rule 3 of the General Rules for the Interpretation of the Harmonized System, as well as goods whose description under the nomenclature of the Harmonized System is specifically that of a set or assortment, shall qualify as originating, provided that each of the goods contained in that set or assortment complies with the rules of origin set out in this Chapter and Annex 3.1.

2. Notwithstanding paragraph 1, a set of goods shall be considered to be originating if the value of all the non-originating goods used in the formation of the set does not exceed twenty percent (20%) of the transaction value of the good as determined under Article 3.3.

Article 3.13. Transit and Non-alteration of Goods

1. The originating goods for which preferential tariff treatment is claimed in a Party shall be the same goods as those shipped by the exporting Party. They shall not be altered or transformed in any manner or undergo operations other than operations to preserve their condition, add or affix marks, labels, stamps or any documentation to ensure compliance with the domestic requirements of the importing Party prior to being declared for preferential tariff treatment.

2. Transit, storage or splitting may take place in a non-Party, provided that they remain under the customs supervision of that non-Party.

3. Paragraphs 1 and 2 shall be deemed to be complied with, unless the customs authority of the importing Party has reason to believe otherwise. In such a case, the customs authority of the importing Party may request the importer to provide appropriate evidence of compliance, which may be given by any means, including contractual transport documents, such as bills of lading or any other evidence.

Article 3.14. Exhibitions

1. The preferential tariff treatment provided for in this Agreement shall be accorded to originating goods that are consigned for exhibition in a non-Party and sold after the exhibition for importation into one of the Parties, when the following conditions are fulfilled to the satisfaction of the customs authorities of the importing Party:

(a) that an exporter has shipped these goods from one Party to the non-Party where the exhibition took place;

(b) the goods have been sold or otherwise disposed of by the exporter to a person of a Party;

(c) the goods have been shipped during the exhibition or immediately thereafter in the same condition in which they were shipped to the exhibition;

(d) that the goods have not, since the time they were consigned for exhibition, been used for any purpose other than for display at the exhibition, and

(e) the goods have remained under the control of the Customs authorities of the non-Party during the exhibition.

2. For the purposes of paragraph 1, a certificate of origin shall be issued in accordance with the provisions of Section B and submitted to the customs authorities of the importing Party, stating the name and address of the exhibition. Additional documentary evidence relating to the exhibition may be required if deemed necessary.

3. Where a good originating in the exporting Party is imported after an exhibition in a non-Party, the customs authority of the importing Party may require importers claiming preferential tariff treatment for the good to submit:

(a) a copy of the transport document, or

(b) a certificate or any other information given by the customs authority of such non-Parties or other authorized entities to support the fact that the goods have been in transit.

Section B. Origin Procedures

Article 3.15. Certification of Origin

1. The customs authority of the importing Party may grant preferential tariff treatment based on a written or electronic certificate of origin issued by the competent authority of the exporting Party.

2. The eletronic certificate of origin (1) must be digitally signed.

3. The competent authority of the exporting Party may delegate the issuance of the certificate of origin to other public or private entities.

4. The competent authority or qualified entities may examine in their territory the originating status of the goods and their compliance with the requirements of this Chapter. For this purpose, they may request any supporting evidence, carry out inspections at the exporter's or producer's premises or carry out any other control they deem appropriate.

5. The Parties shall keep in force before the General Secretariat of ALADI the list of official agencies or public or private entities authorized to issue certificates of origin and the record of the autographic or electronic signatures of the officials accredited for such purpose.

6. The certificate of origin shall serve to certify that a good exported from the territory of one Party to the territory of another Party qualifies as originating. Such certificate may be modified by the Commission. The single form of the certificate of origin is set out in Annex 3.2. In accordance with the regulations of each Party, preferential tariff treatment may be requested at the time of importation on the basis of a certificate of origin or a copy thereof, without prejudice and where appropriate for subsequent customs controls, the original is requested in accordance with the procedures of the domestic legislation of each Party.

7. The certificate of origin shall be valid for one (1) year from the date on which it was issued.

(1) The Parties shall implement a system of electronic certification of origin referred to in this Article. Upon implementation of the electronic certification of origin system, the Parties shall recognize electronic signatures as valid.

Article 3.16. Billing by an Operator of a Non-Party

When a good is invoiced by an operator of a non-Party, the following legend shall be indicated in the "Remarks" field of the certificate of origin: "Transaction invoiced by an operator of a non-Party".

Article 3.17. Exceptions

The certificate of origin will not be required when:

(a) the customs value of the importation does not exceed one thousand dollars of the United States of America (USD 1,000) or the equivalent amount in the currency of the importing Party at the time the customs declaration is lodged, or such greater amount as may be established by the importing Party, unless the importing Party considers the importation to be part of a series of importations made or planned for the purpose of evading compliance with the laws of the Party governing claims for preferential tariff treatment under this Agreement, or

(b) is a good for which the importing Party does not require the importer to provide certification or information demonstrating origin.

Article 3.18. Obligations Relating to Imports

1. The customs authority of each Party shall require that an importer claiming preferential tariff treatment for a good:

(a) declare in writing on the import document required by your legislation, on the basis of a certificate of origin, that a good qualifies as an originating good;

(b) has the certificate of origin in his possession at the time the declaration is made;

(c) provide, if requested by the customs authority, the certificate of origin or copies thereof, and

(d) immediately files a corrected declaration and pays the corresponding duty when the importer has reason to believe that the certificate of origin on which the customs declaration is based contains incorrect information. The importer may not be penalized when he voluntarily lodges the corrected goods declaration before the customs authority has initiated the exercise of its verification and control powers or before the customs authorities notify the revision, in accordance with the legislation of each Party.

2. If an importer in its territory fails to comply with any of the requirements set out in this Chapter, the customs authority shall deny preferential tariff treatment.

3. In the case of Ecuador, when the importer requests preferential tariff treatment without a certificate of origin, it will be subject to the procedures of its legislation.

Article 3.19. Discrepancies and Formal Errors

1. The discovery of discrepancies between the statements made in the certificate of origin and the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the certificate of origin null and void, provided that the origin of the products is not in doubt, if it is duly established that this document does correspond to the products submitted.

2. In case of discrepancies on the tariff classification on the certificate of origin used to claim preferential tariff treatment under this Agreement, the customs authority of the importing Party may exchange information with the customs authority of the exporting Party through the customs cooperation mechanism set out in Article 4.18 (Trade Facilitation), which shall include, inter alia, the exchange of information or opinions on tariff classification by the customs authorities of each Party.

3. Obvious formal errors, such as typing errors, on a certificate of origin shall not cause that document to be rejected if they do not create doubts concerning the correctness of the statements contained in the certificate of origin, the import documentation or the originating status of the goods.

Article 3.20. Duty Drawback

Where the importer has not requested preferential tariff treatment for goods imported into its territory that it has qualified as originating, the importer may, no later than one (1) year after the date of importation, apply to the customs authority of the importing Party for a refund of the excess customs duties paid, in accordance with the procedure established in each Party.

Article 3.21. Obligations Relating to Exports

1. Each Party shall provide that:

(a) where an exporter has reason to believe that the certificate of origin contains incorrect information, he shall immediately inform the competent authority or qualified entities in writing of any change which may affect the accuracy or validity of that certificate; and

(b) if an exporter has provided a false certificate or false information and thereby exported originating goods into the territory of the other Party, he shall be subject to penalties similar to those that would be imposed on an importer in its territory for contravening its customs laws by making false declarations and statements in connection with an importation.

2. Neither Party shall impose penalties on an exporter for providing incorrect information if he voluntarily communicates this in writing to the competent authority or qualified entities before the customs authority of the importing Party has initiated the exercise of its verification and control powers or before the customs authority notifies the review, in accordance with each Party's legislation.

Article 3.22. Record Keeping Requirements

1. The competent authority or qualified entities shall keep a copy of the certificate of origin for at least five (5) years from the date of issue. Such file shall include all the background information that served as the basis for the issuance of the certificate.

2. An exporter applying for a certificate of origin pursuant to Article 3.15 must retain for a minimum of five (5) years from the date of issuance of such certificate, all records necessary to demonstrate that the good was originating, including records relating to:

(a) the purchase, costs, value and payment for the exported goods;

(b) the purchase, costs, value and payment for all materials, including indirect materials, used in the production of the exported good, and

(c) the production of the goods in the form in which they are exported from its territory.

3. An importer requesting preferential tariff treatment for a good shall keep, for a minimum of five (5) years from the date of importation of the good, the documentation required by the customs authority, including a copy of the certificate of origin.

Article 3.23. Procedures for Verification of Origin

1. The customs authority of the importing Party may request information on the origin of a good from the competent authority of the exporting Party.

2. The customs authority of the importing Party may require the importer to submit information relating to the importation of the good for which preferential tariff treatment was claimed.

3. For purposes of determining whether an imported good qualifies as originating, the customs authority of the importing Party may verify the origin of the good, through the competent authority of the exporting Party, by means of the following procedures:

(a) written requests for information or questionnaires to the exporter or producer of the good in the territory of the other Party, which shall specifically identify the good being verified;

(b) verification visits to the premises of the exporter or producer of the good in the territory of the other Party for the purpose of examining the records and documents referred to in Article 3.22 and inspecting the facilities and materials used in the production of the good, or

(c) any other procedure agreed by the Parties.

4. For the purposes of this Article, any written communication sent by the customs authority of the importing Party to the exporter or producer for verification of origin through the competent authority of the exporting Party shall be considered valid if it is made by means of:

(a) registered mail or other forms with acknowledgement of receipt confirming receipt of the documents or

communications, or

(b) in such other manner as the Parties may agree.

5. In accordance with paragraph 3, requests for information or written questionnaires shall contain:

(a) the name, title and address of the customs authority of the importing Party requesting the information;

(b) the name and address of the exporter or producer from whom the information and documentation is requested;

(c) description of the information and documents required, and (d) legal basis for requests for information or questionnaires.

6. An exporter or producer receiving a questionnaire or request for information pursuant to paragraph 3(a) shall duly complete and return the questionnaire or respond to the request for information within sixty (60) days from the date of receipt. During the aforementioned period, the exporter or producer may make a written request for an extension to the customs authority of the importing Party, which shall not exceed thirty (30) days. Such request shall not have the consequence of denying the preferential tariff treatment.

7. The customs authority of the importing Party may request, through the competent authority of the exporting Party, additional information by means of a subsequent questionnaire or request to the exporter or producer, even if it has received the completed questionnaire or the requested information referred to in paragraph 3(a). In this case, the exporter or producer shall have thirty (30) days to respond to such request.

8. If the exporter or producer fails to properly complete a questionnaire, return a questionnaire, or provide the requested information within the period set out in paragraphs 6 and 7, the customs authority of the importing Party may deny preferential tariff treatment to the goods subject to verification by sending to the importer and to the competent authority of the exporting Party a determination of origin containing the facts and the legal basis for that decision.

9. Prior to conducting a verification visit and in accordance with paragraph 3(b), the customs authority of the importing Party shall notify in writing its intention to conduct the verification visit. The notification shall be sent to the competent authority of the exporting Party by mail or any other means that provides a record of the receipt of the notification. The customs authority of the importing Party shall require the written consent of the exporter or producer to be visited in order to carry out the verification visit.

10. Pursuant to paragraph 3(b), the notification of intent to conduct the verification visit of origin referred to in paragraph 9 shall contain:

(a) the name, title and address of the Customs authority of the importing Party making the notification;

(b) the name of the exporter or producer to be visited; (c) the date and place of the proposed verification visit;

(d) the purpose and scope of the proposed verification visit, including the specific reference of the merchandise to be verified;

(e) the names and titles of the officials who will carry out the verification visit, and

(f) the legal basis for the verification visit.

11. If the exporter or producer of a good does not consent in writing to the visit within thirty (30) days of the date of receipt of the notification referred to in paragraph 9, the customs authority of the importing Party may deny preferential tariff treatment to such good by notifying the importer and the competent authority of the exporting Party in writing of its decision, including the facts and legal basis for its decision.

12. The customs authority of the importing Party shall not deny preferential tariff treatment to a good if, within fifteen (15) days of the date of receipt of the notification, on a single occasion, the producer or exporter requests a postponement of the proposed verification visit, with appropriate justifications, for a period not to exceed thirty (30) days from the date proposed under paragraph 10(c), or for such longer period as the customs authority of the importing Party and the competent authority of the exporting Party may agree.

13. Pursuant to paragraph 3(b), the customs authority of the importing Party shall permit an exporter or producer who is subject to a verification visit to designate up to two (2) observers to be present during the visit and to act solely in that capacity. Failure to designate observers shall not be grounds for postponement of the visit.

14. In verifying compliance with any requirement set out in Section A, the customs authority of the importing Party shall

adopt, where applicable, the Generally Accepted Accounting Principles applied in the territory of the exporting Party.

15. The customs authority of the importing Party may deny preferential tariff treatment to a good subject to a verification of origin where the exporter or producer of the good fails to make available to it the records and documents referred to in Article 3.22.

16. When the verification visit has been completed, the customs authority of the importing Party may draw up a record of the visit, which shall include the facts established by it. The exporter or producer who was the subject of the visit may sign this record.

17. Within ninety (90) days of the conclusion of the verification of origin, the customs authority of the importing Party shall issue a determination of origin containing the facts and the legal basis for such determination, and shall notify the importer and the competent authority of the exporting Party.

18. If the time limit set forth in the preceding paragraph has elapsed without the customs authority of the importing Party having issued a determination of origin, the exporting Party may have recourse to the dispute settlement mechanism set forth in Chapter 22 (Dispute Settlement).

19. Where, through a verification of origin, the customs authority of the importing Party determines that an exporter or producer has more than once provided false or unfounded statements or information to the competent authority of the exporting Party that a good qualifies as originating, the customs authority of the importing Party may suspend preferential tariff treatment to identical goods exported by that person. The customs authority of the importing Party shall grant preferential tariff treatment to the goods upon compliance with this Chapter.

Article 3.24. Penalties

Each Party shall impose criminal, civil or administrative penalties for violations of its laws and regulations relating to the provisions of this Chapter.

Article 3.25. Confidentiality

1. Any information which is by its nature confidential or which is provided on a confidential basis for the purposes of this Chapter shall be treated as strictly confidential by the relevant authorities, who shall not disclose it without the express permission of the person or institution which provided the information, subject to the exceptions set out in paragraph 2.

2. Subject to the laws of each Party, confidential information obtained under this Chapter may be disclosed only to judicial authorities and to authorities responsible for customs or tax matters, as appropriate.

Article 3.26. Consultations and Modifications

1. The Parties shall consult regularly to ensure that this Chapter is administered effectively, uniformly and in accordance with the spirit of this Agreement and shall cooperate in the administration of this Chapter.

2. A Party that considers that one or more of the provisions of this Chapter requires amendment may submit a proposal for consideration by the other Party.

Article 3.27. Committee on Rules of Origin and Trade Facilitation

Without prejudice to Article 21.4 (Committee on Rules of Origin and Trade Facilitation) the Committee shall:

(a) consider proposals for modification of the rules of origin, which are due to changes in production processes, amendments to the Harmonized System, other matters related to the determination of the origin of a good, or other matters related to this Chapter;

(b) meet to consider the proposals within sixty (60) days from the date of receipt of the communication or such other date as the Committee may decide, and

(c) provide a report to the Commission, setting out its findings and recommendations. Upon receipt of the report, the Commission may take appropriate action in accordance with Article 21.2 (Powers).

Chapter 4. TRADE FACILITATION

Article 4.1. General Provisions

The Parties reiterate their commitment to implement the World Trade Organization's Trade Facilitation Agreement by ensuring that their import, export and transit operations of goods are applied in a predictable, uniform and transparent manner.

Article 4.2. Objectives

In order to facilitate the realization of the benefits of this Agreement, the Parties undertake to develop and administer trade facilitation measures based, inter alia, on the following general principles:

(a) transparency, efficiency, simplification, harmonization and consistency of import, export and transit procedures and operations;

(b) impartial and predictable administration of laws, regulations and administrative decisions related to import, export and transit procedures and operations;

(c) promotion of relevant international standards;

(d) harmonization with relevant multilateral instruments;

(e) efficient use of information technologies;

(f) implementation of government controls based on risk management, and

(g) cooperation and coordination, within each Party, between the competent authorities operating at the borders and between the competent authorities and commercial operators and other interested parties.

Article 4.3. Procedures Related to Import, Export and Transit

Each Party shall ensure that its procedures relating to the import, export and transit of goods are applied in a predictable, uniform and transparent manner, and shall employ information technology, to the extent possible, to make its controls more efficient and facilitate legitimate trade.

Article 4.4. Transparency

1. Each Party shall publish, in a non-discriminatory and easily accessible manner, and, to the extent possible, by electronic means, its general legislation and procedures relating to the import, export and transit of goods and trade facilitation, as well as changes to such legislation and procedures, in a manner consistent with the legal system of the Parties. This includes information on:

(a) import, export and transit procedures, including procedures at ports, airports and other points of entry, the working hours of the competent entities, and tequired forms and documents;

(b) the rates of duty and taxes of any kind levied on or in connection with importation or exportation;

(c) duties and charges levied by or on behalf of government agencies on or in connection with importation, exportation or transit;

(d) the rules for the classification or valuation of goods for customs purposes;

(e) laws, regulations and administrative provisions of general application relating to rules of origin;

(f) import, export or transit restrictions or prohibitions;

(g) the provisions on penalties for infringement of import, export or transit formalities;

(h) appeal or review proceedings;

(i) agreements or parts of agreements with any non-Party relating to import, export or transit;

(j) procedures relating to the administration of tariff quotas;

(k) contact points for information enquiries, and

(l) other relevant information of an administrative nature related to the preceding subparagraphs.

2. Each Party shall make available and update, to the extent possible through the Internet, the following:

(a) a description of its import, export and transit procedures, including appeal or review procedures, including the practical arrangements for import, export and transit;

(b) the forms and documents required for import, export and transit, and

(c) the contact details of your information service(s).

3. Each Party shall, to the extent possible, provide opportunities and adequate time for interested persons involved in foreign trade to comment on proposals for the introduction or modification of rulings of general application, relating to import, export and transit procedures, prior to the entry into force of such rulings. In no case shall such comments be binding.

4. Each Party shall ensure, to the extent practicable and consistent with its legal system, that new or modified legislation, procedures, duties or fees relating to import, export and transit are published or otherwise made publicly available as soon as practicable prior to their entry into force.

5. Excluded from paragraphs 2 and 3 are changes in the rates of duty or tariff rates, measures having the effect of relief, measures the effectiveness of which would be impaired as a result of compliance with paragraphs 2 and 3, measures applied in urgent circumstances or minor changes to their legal system.

6. Each Party shall establish or maintain enquiry points to respond to requests for information on customs and other matters related to trade in goods, which may be contacted through the Internet. The Parties shall not require any payment for responding to requests for information.

7. Each Party shall establish a mechanism with trade operators and other interested parties on the development and implementation of trade facilitation measures, paying particular attention to the needs of micro, small and medium-sized enterprises (1).

(1) In the case of Ecuador, it includes the Actors of the Popular and Solidarity Economy.

Article 4.5. Advance Rulings

1. Each Party shall, prior to the importation of goods into its territory, issue an advance ruling upon the written request of an importer in its territory, or an exporter or producer in the territory of the other Party. The request shall contain all necessary information, including, if the importing Party so requires, a sample of the good for which the requester is seeking an advance ruling.

2. In the case of an exporter or producer in the territory of the other Party, the exporter or producer shall request advance ruling in accordance with the domestic administrative rules and procedures of the territory of the Party to whom the request is addressed.

3. Advance rulings shall be issued in respect of:

(a) the tariff classification of the goods;

(b) the application of customs valuation criteria for a particular case, in accordance with the provisions contained in the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994;

(c) the originating status of a good, and

(d) such other matters as the Parties may agree.

4. Each Party shall issue an advance ruling, within a reasonable and specified period of time, in accordance with its legal system. In making an advance ruling, the Party shall take into account the facts and circumstances presented by the applicant.

5. Advance rulings shall enter into force on the date of their issuance, or on another date specified in the ruling, and their validity may be limited to a period determined by the legal system of the issuing Party.

6. The Party that issues the advance ruling may modify or revoke it, either ex officio or at the request of the applicant, as

appropriate, and shall notify the applicant of the new measure adopted, in the following cases:

(a) where the advance ruling was based on an error;

(b) where the advance ruling was issued on the basis of incorrect, false or misleading information;

(c) when the circumstances or facts on which it is based change, or

(d) to comply with an administrative or judicial decision, or to conform to a change in the legal system of the Party that issued the decision.

7. The modification or revocation of an advance ruling may not be applied retroactively unless the person who requested it has submitted incorrect, false or misleading information.

8. A Party may decline to issue an advance ruling:

(a) whether the facts and circumstances that form the basis for the advance ruling are subject to review in administrative or judicial proceedings;

(b) when the customs destination that covers the merchandise has been previously presented or the reimbursement of the taxes has been requested, as appropriate;

(c) when the company or merchandise is subject to any investigation or verification related to the matter for which the advance ruling is requested, or

(d) when the information provided is incorrect, false or misleading.

In such cases, the Party shall notify the applicant in writing, stating the legal and factual reasons on which the decision is based.

9. If the requester provides false information or omits relevant facts or circumstances, related to the advance ruling, or fails to act in accordance with the terms and conditions of the advance ruling, the Party issuing the advance ruling may apply appropriate measures, including civil, criminal or administrative actions.

10. Each Party shall make publicly available, including on the Internet, the advance tulings it issues, subject to the confidentiality requirements of its legal system.

Article 4.6. Appeal or Review Procedures

Each Party shall ensure in respect of its administrative acts in customs matters that any person subject to such acts in its territory has access to:

(a) an administrative review before an administrative authority independent of or superior to the official or office that issued such administrative act; and

(b) a challenge or judicial review of administrative acts.

Article 4.7. Sanctions

1. Each Party shall adopt or maintain measures that permit the imposition of civil or administrative penalties and, where appropriate, criminal penalties for violations of its laws and regulations governing the entry, exit or transit of goods, including, inter alia, those governing tariff classification, customs valuation, rules of origin and claims for preferential tariff treatment.

2. Each Party shall ensure that sanctions established pursuant to paragraph 1 for violations of its customs laws and regulations are imposed only on the person or persons responsible for the violation, in accordance with the facts and circumstances of each case, and in a manner commensurate with the degree and gravity of the violation committed.

Article 4.8. Authorized Economic Operator

1. The customs administrations of the Parties shall promote the implementation and strengthening of Authorized Economic Operator (hereinafter referred to as "AEO") programs in accordance with the Framework of Standards to Secure and Facilitate Global Trade of the World Customs Organization (hereinafter referred to as "WCO").

2. The customs administrations of the Parties shall, in accordance with their respective legal systems, encourage and work towards the conclusion of agreements on mutual recognition of the Parties' AEO programmes.

Article 4.9. Use and Exchange of Documents In Electronic Format

1. The Parties shall endeavour to:

(a) use documents in electronic format for exports and imports;

(b) adopting relevant international standards, where they exist, for the types, issuance and receipt of documents in electronic form, and

(c) promote mutual recognition of documents in electronic format required for imports or exports issued by the authorities of the other Party.

2. The Parties undertake to implement digital certification of origin under the terms of the provisions of Resolution No. 386 of 2011 of ALADI, or under the terms agreed by the Parties, and to promote the replacement of paper certificates of origin by certificates of origin in electronic format.

Article 4.10. Dispatch of Goods

1. Each Party shall adopt or maintain simplified customs procedures for the efficient clearance of goods in order to facilitate legitimate trade between the Parties.

2. To this end, each Party shall adopt or maintain procedures that:

(a) provide for advance electronic submission and processing of information prior to the physical arrival of the goods in order to expedite their clearance, and

(b) provide for the possibility of electronic payment of duties, taxes, fees and charges collected by customs.

3. In accordance with paragraph 1, each Party shall adopt or maintain procedures that:

(a) provide for the clearance of goods within a period no longer than that required to ensure compliance with its legal system and, to the extent possible, for the goods to be cleared within forty-eight (48) hours of arrival;

(b) allow, to the extent permitted by their legal system and provided that all regulatory requirements have been complied with, goods to be cleared at the point of arrival, without temporary transfer to warehouses or other premises; and

(c) allow importers, in accordance with their legal system, to remove the goods from their customs offices, prior to and without prejudice to the final determination by their customs authority of the applicable (2) customs duties, taxes and charges.

4. Each Party shall ensure, to the extent possible, that its competent authorities in the control of export and import of goods coordinate, inter alia, the requirements for information and documents, establishing a single place and time for physical verification, without prejudice to the controls that may apply in the case of post-clearance audits.

(2) A Party may require, in accordance with its legal system, that an importer provide sufficient security in the form of a bond, deposit or any other appropriate instrument covering the final payment of customs duties, taxes and charges related to the importation of the goods.

Article 4.11. Risk Management

1. Each Party shall adopt or maintain risk management or administration systems, in accordance with its respective legal systems, that allow its customs authority to focus its inspection activities on higher risk operations and that simplify the clearance and movement of low risk goods, while respecting the confidentiality of information obtained through such activities.

2. The customs administrations of each Party shall apply selective control for the release of goods, based on risk analysis criteria, using, inter alia, non-intrusive means of inspection and tools incorporating modern technologies, with the aim of reducing the physical inspection of all goods entering its territory.

3. The Parties shall adopt cooperative programs to strengthen the risk management system based on best practices

established between their customs authorities. Article

Article 4.12. Acceptance of Copies

1. Each Party shall endeavour, where appropriate, to accept copies of supporting documents required for import, export or transit formalities.

2. Where a government agency of a Party already holds the original of a supporting document, any other agency of that Party shall, where appropriate, accept in lieu of the original document a copy provided by the agency holding the original.

Article 4.13. Foreign Trade Single Window

1, The Parties shall promote the development of their respective Single Windows for Foreign Trade (hereinafter referred to as "SWs") for the expediting and facilitating final payment of customs duties, taxes and charges related to the importation of the goods.

The system is designed to enable trade authorities and traders involved in foreign trade to use documentation or information for the import, export and transit of goods through a single point of entry, and through which applicants will be notified of the results in a timely manner.

2. The Parties shall promote interoperability between the SWs in order to exchange information that expedites trade and allows the Parties, inter alia, to verify information on foreign trade operations carried out.

3. The Parties shall promote the exchange of experiences and cooperation for the implementation and improvement of their systems, making use of international cooperation networks in this field.

Article 4.14. Temporary Admission

1. Each Party shall permit the temporary admission of certain goods in accordance with its respective legal systems.

2. For the purposes of this Article, "temporary admission" means the customs procedures under which certain goods may be brought into a customs territory conditionally exempted from payment of customs duties.

Article 4.15. Automation

1. Each Party shall endeavor to use information technology that expedites procedures for the import, export and transit of goods. To this end, the Parties shall:

(a) strive to use international standards;

(b) strive to make electronic systems accessible to users;

(c) provide for the electronic transmission and processing of information and data prior to the arrival of the consignment to enable the release of goods upon arrival, once all regulatory requirements have been met;

(d) adopt procedures allowing the option of electronic payment of duties, taxes, fees and charges determined by the customs administration to be due at the time of import and export;

(e) employ, to the extent possible, electronic or automated systems for risk analysis and targeting; and

(f) will use their best efforts to develop a set of common data elements and processes in accordance with the WCO Customs Data Model and related WCO recommendations and guidelines to facilitate the electronic exchange of data between Customs authorities.

Article 4.17. Perishable Goods

1. For the purposes of this Article, "perishable goods" means goods which decompose rapidly due to their natural characteristics, in particular in the absence of appropriate storage conditions.

2. In order to prevent avoidable deterioration or loss of perishable goods, and provided that all regulatory requirements have been met, each Party shall:

(a) provide for the release of perishable goods in the shortest possible time under normal circumstances;

(b) provide for the release of perishable goods outside the working hours of the customs authority and other competent authorities in exceptional circumstances where this is appropriate, in accordance with each Party's legal system;

(c) in the event of a significant delay in the release of perishable goods and upon written request, the importing Party shall, to the extent possible, provide a statement of the reasons for the delay; and

(d) allow an importer to have adequate facilities for the storage of perishable products pending their release. Each Party may require that any storage facilities provided by the importer have been approved or designated by the relevant authorities.

3. Each Party shall give appropriate priority to perishable goods when scheduling required examinations.

Article 4.18. Cooperation

1. The Parties recognize the importance of cooperation and technical assistance in the area of customs and trade facilitation in implementing the measures set out in this Chapter.

2. The Parties shall provide cooperation and technical assistance in order to facilitate customs operations, strengthen risk management, strengthen the supply chain through AEO programs, and improve customs control, mutual understanding and communication.

3. Cooperation and technical assistance under this Chapter shall be provided by the Parties, in accordance with their respective legal systems and available resources.

4. The Parties may cooperate in areas of mutual interest, which may include, but are not limited to, the following:

(a) simplification and modernisation of customs and administrative procedures;

(b) international instruments and standards applicable in the customs field;

(c) facilitation of transit and transhipment movements;

(d) relationships with business operators and other stakeholders;

(e) supply chain security, AEO programme and risk management;

(f) use of information technology, data and documentation requirements and single window systems, including work towards their future interoperability;

(g) tariff classification, origin and customs valuation, and

(h) other topics defined by mutual agreement.

5. For purposes of cooperation on the matters in this Chapter, the Parties shall encourage direct dialogue between their respective competent authorities and, where appropriate, between their National Trade Facilitation Committees.

6. The Parties agree on mutual assistance which, among other activities, may include the following activities:

(a) the exchange of customs officials;

(b) the exchange of information and best practices;

(c) education and training for customs officials;

(d) internships, and

(e) exchange of experts on the topics detailed in paragraph 3 and other areas of interest identified by the Parties.

7. The costs and expenses arising from this Article and the implementation of the established activities shall be borne, to the extent possible, by the requesting Party, or by mutual agreement between the Parties.

8. Each Party shall establish such cooperation mechanisms with commercial operators as it deems appropriate.

9. Bearing in mind the provisions of this Article, and considering the need for the Parties to establish a robust mechanism for international cooperation in matters related to the administration and enforcement of customs legislation for the prevention, investigation and repression of customs infractions, exchange of information and, in general, with respect to the matters contained in this Agreement, especially in this Chapter and Chapter 3 (Rules of Origin), the customs authorities of

the Parties shall negotiate an agreement on cooperation and mutual administrative assistance in customs matters, which they shall be empowered to enter into, amend and replace by another agreement of the same nature.

10. In order to comply with the above, the customs authorities of the Parties shall sign the aforementioned agreement on cooperation and mutual administrative assistance in customs matters within one (1) year from the date of entry into force of this Agreement.

11. Pursuant to paragraphs 9 and 10 of this Article, and prior to the entry into force of the agreement on cooperation and mutual administrative assistance in customs matters to be signed by the customs authorities of the Parties, Annex 5.1 of ECA No. 65 entitled "Cooperation and Mutual Assistance in Customs Matters" shall remain in force.

Article 4.19. Points of Contact

1. The Parties designate Points of Contact responsible for following up on matters relating to the implementation of this Chapter. Each Party shall promptly notify the other Party of any changes to its Contact Points, as well as details of the relevant officials.

2. For the purposes of this Article, the Points of Contact are:

(a) in the case of Chile, the Directorate General for Bilateral Economic Affairs of the Undersecretariat for International Economic Relations of the Ministry of Foreign Affairs, or its successor, and

(b) in the case of Ecuador, Subsecretaria de Negociaciones Comerciales e Integración Económica del Viceministerio de Comercio Exterior del Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor.

3. The responsibilities of the Points of Contact will include:

(a) facilitate discussions,requests and the timely exchange of information;

(b) consult and, as appropriate, coordinate with the competent governmental authorities in its territory on matters related to this Chapter; and

(c) carry out such additional responsibilities as may be agreed by the Parties.

Article 4.20. Committee on Rules of Origin and Trade Facilitation

The provisions of the Committee on Rules of Origin and Trade Facilitation applicable to this Chapter are set out in Article 21.4 (Committee on Rules of Origin and Trade Facilitation).

Article 4.21. Transitional Provision

No Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising out of the application or interpretation of the provisions contained in Annex 4.1 during the period between the entry into force of this Agreement and the dates set out in that Annex.

Chapter 5. TRADE DEFENSE

Section A. Safeguarding Measures

Article 5.1. Definitions

For purposes of this Section:

threat of serious harm means the clear imminence of serious harm based on facts and not merely on allegation, conjecture or remote possibility;

competent investigating authority means:

(a) in the case of Chile, Comisión Nacional Encargada de Investigar la Existencia de Distorsiones en el Precio de las Mercaderias Importadas, or its successor, and

(b) in the case of Ecuador, the Trade Defense Directorate of the Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor;

serious injury means a significant overall impairment of the position of a domestic industry;

transitional safeguard measure means a measure described in Article 5.2;

transition period means the period during which a good achieves zero duty according to its schedule of relief, and

domestic industry means, with respect to an imported good, the aggregate of producers of like or directly competitive goods operating in the territory of a Party, or those producers whose collective output of like or directly competitive goods constitutes a majority proportion of the total domestic production of that good.

Article 5.2. Transitional Safeguarding Measure

1, For those goods that are subject to a schedule of relief, a Party may apply a measure described in paragraph 2 if, as a result of the reduction or elimination of a customs duty under this Agreement, a good originating in the other Party is imported into its territory in such increased quantities in absolute terms or relative to domestic production and on such terms or conditions as to cause or threaten to cause serious injury to the domestic industry producing like or directly competitive merchandise.

2. If the conditions set out in paragraph 1 are met, to the extent necessary to prevent or remedy serious injury, or threat thereof, and to facilitate adjustment, the Party may:

(a) suspend the further reduction of any tariff rate provided for in this Agreement for the good, or

(b) increase the rate of duty for the good to a level not to exceed the lesser of:

(i) the most-favoured-nation tariff rate applied at the time the measure is applied, and

(ii) the most-favoured-nation tariff rate applied on the day immediately preceding the entry into force of this Agreement.

Article 5.3. Standards for a Transitional Safeguarding Measure

1. No Party may maintain a transitional safeguard measure:

(a) for a period exceeding two (2) years, except that this period may be extended for an additional two (2) years if the competent authority determines, in accordance with the procedures set out in Article 5.4, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate readjustment, or

(b) after the expiry of the transitional period.

2. In order to facilitate readjustment in a situation where the expected duration of a transitional safeguard measure exceeds one year, the Party applying the measure shall progressively liberalise it at regular intervals during the period of application.

3. No Party shall apply a transitional safeguard measure more than once on the same good.

4. Upon termination of the transitional safeguard measure, the Party that applied the measure shall apply the tariff rate that will correspond to that which would be in effect under the Schedule of Liberalization, according to Annexes 2.1 (Schedule of Tariff Elimination of Chile) and 2.2 (Schedule of Tariff Elimination of Ecuador), as if the transitional safeguard had never been applied.

Article 5.4. Investigation Procedures and Transparency Requirements

1. A Party may apply a transitional safeguard measure only after an investigation by the Party's competent authority pursuant to Articles 3 and 4.2(c) of the Agreement on Safeguards and, for this purpose, these Articles are incorporated into and made part of this Agreement, mutatis mutandis.

2. In the investigation described in paragraph 1, the Party shall comply with the requirements of Article 4.2(a) and 4.2(b) of the Agreement on Safeguards and, for this purpose, this Article is incorporated into and made part of this Agreement, mutatis mutandis.

Article 5.5. Notification and Consultation

1. A Party shall promptly notify the other Party in writing, when:

(a) Initiate a transitional safeguard procedure in accordance with this Chapter;

(b) make a determination of serious injury, or a threat thereof, caused by increased imports pursuant to Article 5.2;

(c) take a decision to apply, modify or extend a transitional safeguard measure, and

(d) adopt a decision to modify a transitional safeguard measure it has previously adopted.

2. A Party shall provide to the other Party a copy of the public version of the report of its competent investigating authority required under Article 5.4.1.

3. Where a Party notifies under paragraph 1(c) that it is applying or extending a transitional safeguard measure, that Party shall include in that notification:

(a) proof of serious injury, or threat thereof, caused by increased imports of a good originating in the other Party as a result of the reduction or elimination of a customs duty under this Agreement;

(b) a precise description of the originating good subject to the transitional safeguard measure, including the heading or subheading under the Harmonized System Code on which the schedules of tariff concessions in Annexes 2.1 (Chile's Tariff Elimination Schedule) and 2.2 (Chile's Tariff Elimination Schedule) are based, and 2.2 (Ecuador Tariff Elimination Schedule);

(c) a precise description of the transitional safeguard measure;

(d) the date of introduction of the transitional safeguard measure, its expected duration and, if applicable, the timetable for progressive liberalisation of the measure, and

(e) in the case of an extension of the transitional safeguard measure, evidence that the relevant domestic industry is adjusting.

3. On request of a Party whose good is subject to a safeguard investigation under this Chapter, the Party conducting the proceeding shall initiate consultations with the requesting Party to review the notifications under paragraph 1 or any public notice or report issued by the competent investigating authority in connection with such proceeding.

Article 5.6. Compensation

1. A Party extending a transitional safeguard measure shall, after consulting with the other Party against whose good it is applying the extension of the transitional safeguard measure, provide mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects, or equivalent to the value of the additional tariffs it expects would result from the transitional safeguard measure. The Party shall provide an opportunity for such consultations no later than thirty (30) days following the extension of the application of the transitional safeguard measure.

2. If consultations under paragraph 1 do not result in an agreement on trade liberalization compensation within thirty (30) days, the Party against whose good the extension of the transitional safeguard measure is applied may suspend the application of substantially equivalent concessions to the trade of the Party applying the extension of the transitional safeguard measure.

3. The Party against whose good the extension of the transitional safeguard measure is applied shall notify in writing the Party applying the extension of the transitional safeguard measure at least thirty (30) days prior to suspending concessions pursuant to paragraph 2.

4. The obligation to grant compensation under paragraph 1 and the right to suspend concessions under paragraph 2 expire upon termination of the extension of the transitional safeguard measure.

Article 5.7. Global Safeguarding Measures

1. Each Party retains its rights and obligations under Article XIX of the GATT 1994 and the Agreement on Safeguards.

2. This Agreement confers no additional rights or obligations on the Parties with respect to actions taken pursuant to Article XIX of the GATT 1994 and the Agreement on Safeguards.

3. No Party may apply simultaneously a safeguard measure under Article XIX of the

GATT 1994 or the Agreement on Safeguards and a transitional safeguard measure under this Chapter.

Section B. Antidumping and Countervailing Duties

Article 5.8. Antidumping and Countervailing Duties

1. Each Party retains its rights and obligations under Article VI of the GATT 1994, the Anti-Dumping Agreement and the Subsidies Agreement.

2. Nothing in this Agreement, including the provisions of Chapter 22 (Dispute

Settlement), shall be construed to impose any rights or obligations on the Parties with respect to antidumping and countervailing duty measures.

Chapter 6. GOOD REGULATORY PRACTICES

Article 6.1. Definitions

For purposes of this Chapter:

Regulatory impact analysis is the systematic process of analyzing and determining the impact of regulatory measures, based on the definition of a problem. This analysis is a fundamental public policy tool for evidence-based decision making, allowing to present alternatives so that the regulatory authority can choose the option it deems appropriate to solve the problem and maximize social welfare;

Good regulatory practices refers to the use of tools in the process of planning, elaboration, adoption, implementation, review and monitoring of regulatory measures;

public consultation is the participatory mechanism, of a consultative and non-binding nature, by means of which the State, during a reasonable period of time, collects data and opinions from society in relation to a draft regulatory measure, and

regulatory measures means measures of general application determined in accordance with Article 6.3, relating to any matter covered by this Agreement, adopted by regulatory authorities, and with which compliance is mandatory.

Article 6.2. General Objective

The general objective of this Chapter is to strengthen and encourage the adoption of good regulatory practices, in order to promote the establishment of a regulatory environment that is transparent and with predictable procedures and steps, both for citizens and economic operators.

Article 6.3. Scope of Application

Each Party shall, in accordance with its law and no later than three (3) years after the entry into force of this Agreement, determine and make publicly available the regulatory measures to which the provisions of this Chapter shall apply. In making such determination, each Party shall consider achieving meaningful coverage.

Article 6.4. General Provisions

1. The Parties reaffirm their commitment to the adoption of good regulatory practices in order to facilitate trade in goods and services, as well as the flow of investment between them.

2. The provisions of this Chapter shall not affect the right of the Parties to:

(a) adopt, maintain or establish such regulatory measures as they deem appropriate, in accordance with their respective regulatory and administrative procedures and other internationally agreed commitments, with a view to achieving legitimate public policy objectives, or

(b) identify their regulatory priorities in the area and at the levels of government they deem appropriate.

Article 6.5. Establishment of Coordination Processes or Mechanisms

1. The Parties recognize that good regulatory practices can be promoted through effective interagency coordination, so that each Party:

(a) promote the creation and strengthening of internal mechanisms to facilitate effective inter-agency coordination;

(b) seek to generate internal processes in each competent body for the elaboration and review of regulatory measures, aimed at the promotion of good regulatory practices, and

(c) may establish or maintain coordination processes at the national or central level.

2. The Parties recognize that the processes referred to in paragraph 1 above may vary according to their respective circumstances, including differences in political and institutional structures. Nevertheless, the Parties shall seek to:

(a) encourage that international good regulatory practices, including those set out in Article 6.6, be taken into consideration in the preparation of draft and proposed regulatory measures;

(b) to strengthen coordination and information exchange among national governmental institutions, to identify possible duplication and to avoid creating inconsistent regulatory measures;

(c) promoting good regulatory practice policies in a systematic way, and

(d) publicly report any proposals for systemic regulatory reform actions.

Article 6.6. Implementation of Good Regulatory Practice

1. Each Party shall encourage its respective competent regulatory authorities to subject draft and proposed amendments to regulatory measures to public consultation, for a reasonable period of time, to allow interested parties to comment.

2. Each Party shall encourage its competent regulatory authorities to conduct, in accordance with its legal system, a regulatory impact analysis (RIA) prior to the adoption and proposed modification of regulatory measures that have a significant economic impact, or, where appropriate, another criterion established by that Party.

3. Recognizing that institutional, social, cultural and legal differences may result in specific regulatory approaches, regulatory impact assessments conducted should, inter alia:

(a) identify the problem to be solved, the actors or groups affected, the legal basis for the proposed action, existing international references and the objectives to be achieved;

(b) describe the feasible alternatives for addressing the identified problem, including the no action option, and outline their potential impacts;

(c) compare the alternatives proposed, indicating, with justification, the solution or combination of solutions considered most appropriate to achieve the objectives pursued;

(d) be based on the best available scientific, technical, economic or other relevant information available to the respective regulatory authorities within their competence, mandate, capacity and resources; and

(e) describe the strategy for the implementation of the suggested solution, including monitoring and enforcement where appropriate, as well as the need for modification or repeal of existing regulatory measures.

4. Each Party shall encourage its competent regulatory authorities, when developing regulatory measures, to take into consideration international benchmarks, to the extent appropriate and consistent with their respective legal systems.

5. Each Party shall seek to ensure that new regulatory measures are clearly written, concise, organized and easy to understand, recognizing the possibility of involving technical issues that require specialized knowledge for their correct understanding and application.

6. Each Party shall endeavour to ensure that its competent regulatory authorities, in accordance with its legal system, facilitate public access to information on draft and proposed regulatory measures and make such information available on the Internet.

7. Each Party shall seek to maintain or establish domestic procedures for the review of existing regulatory measures, as often as it considers appropriate, to determine whether they should be modified, expanded, simplified or repealed, with the objective of making its regulatory regime more effective.

8. When conducting regulatory impact assessments, competent authorities should consider the potential impact of the regulatory proposal on Micro, Small and Medium Enterprises, and Actors of the Popular and Solidarity Economy (hereinafter referred to as "MSMEs").

Article 6.7. Cooperation

1. The Parties shall cooperate in order to properly implement this Chapter and maximize the benefits derived from it. Cooperative activities shall take into account the needs of each Party and may include:

(a) information exchange, dialogues, bilateral meetings or meetings between Parties and stakeholders, including MSMEs;

(b) training programmes, seminars and other technical assistance initiatives;

(c) strengthening cooperation and exchange of experience on the management of existing regulatory measures and other relevant activities among regulatory authorities;

(d) exchange of data, information and practices related to drafting new regulatory measures, conducting public consultations, regulatory impact analysis practices, estimation of potential costs and benefits of the regulatory measure, and practices related to ex-post review of regulatory measures.

2. The Parties recognise that regulatory cooperation depends on a commitment that regulatory measures will be developed and made available in a transparent manner.

Article 6.8. Chapter Administration

1. The Parties shall establish focal points, who shall be responsible for following up on issues relating to the implementation of this Chapter.

2. The focal points may meet in person or by any available technological means.

3. The Parties shall, every three (3) years after the entry into force of this Agreement, consider the need for a review of this Chapter, in light of milestones in the area of good regulatory practices at the international level and the experiences accumulated by the Parties.

Article 6.9. Implementation Reporting

1. Each Party shall, for transparency purposes, submit a report on the implementation of this Chapter through the focal points within two (2) years of the date of entry into force of this Agreement and at least once every three (3) years thereafter.

2. In its first report, each Party shall describe the actions it has taken since the date of entry into force of this Agreement and those it plans to take to implement this Chapter, including:

(a) establish a body or mechanism to facilitate effective interagency coordination and review of draft or proposed regulatory measures covered, in accordance with Article 6.5;

(b) encourage the competent regulatory authorities to conduct regulatory impact analyses in accordance with paragraphs 1 and 2 of Article 6.6;

(c) ensure that draft or proposed regulatory measures covered are accessible, in accordance with paragraphs 5 and 6 of Article 6.6;

(d) review existing covered regulatory measures in accordance with Article 6.6.7, and

(e) to make public the annual notice of covered regulatory measures intended to be issued or modified during the following twelve (12) months, in accordance with Article 6.6.6.

3. In its subsequent reports, each Party shall describe the actions it has taken since the previous report and those it plans to take to implement this Chapter.

4. In considering matters related to the implementation of this Chapter, the Parties may review implementation reports and may discuss or ask questions about specific aspects of either Party's report. Based on such review, they may also identify opportunities for assistance or cooperative activities

Article 6.10. Relation to other Chapters

In the event of any inconsistency between this Chapter and another Chapter of this Agreement, the other Chapter shall

prevail to the extent of the inconsistency.

Article 6.11. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 7. SANITARY AND PHYTOSANITARY MEASURES

Article 7.1. General Provisions

The Parties reaffirm their commitment to implement the SPS Agreement, the decisions and reference documents adopted In the framework of the Committee on Sanitary and Phytosanitary Measures of the World Trade Organization (hereinafter referred to as the "WTO SPS Committee").

Article 7.2. Objectives

The objectives of this Chapter are:

(a) protect human, animal and plant life and health in the territory of each Party by facilitating the exchange of goods between the Parties;

(b) ensure that the application of the Parties' SPS measures does not constitute a disguised restriction on international trade;

(c) promote the implementation of the SPS Agreement and the standards, guidelines and recommendations developed by the international reference organizations identified by the SPS Agreement, and

(d) provide the means to improve communication, cooperation and resolve any SPS difficulties arising from the implementation of this Chapter.

Article 7.3. Scope of Application

This Chapter applies to all sanitary and phytosanitary measures adopted or applied by a Party that may, directly or indirectly, affect international trade in goods between the Parties.

Article 7.4. Establishment of Import Requirements

1. The importing Party undertakes, where appropriate, to establish, without undue delay, sanitary and phytosanitary requirements for products identified by the exporting Party.

2. In the event that the quantity of products identified by the exporting Party precludes prompt and expeditious boarding by the importing Party, the exporting Party shall establish a list of priority products. Progress in the establishment of import requirements for the prioritized list shall be jointly monitored in the framework of the Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as the "SPS Committee") established in Article 7.12 of this Chapter.

3. Pursuant to the provisions contained in paragraph 2, the Parties agree to establish the sanitary and phytosanitary requirements without undue delay, for the products included in the priority list, without conditioning their progress on the completion of the first product on the list. For the above, the workload of the Parties shall be considered.

Article 7.5. Equivalence

1. The general objective of the recognition of equivalence shall be to promote mutual confidence between the respective national authorities, to simplify procedures to verify that goods subject to sanitary and phytosanitary measures of the exporting Party meet the requirements of the importing Party.

2. Equivalence arrangements between the Parties shall be established in accordance with the Decisions adopted by the WTO SPS Committee and the rules, guidelines and recommendations of the international organizations referenced in the SPS Agreement.

3. The Parties may mutually agree in the SPS Committee on procedures and timelines for the recognition of equivalence.

4. The exporting Party shall provide appropriate scientifically based and technical information, with a view to objectively demonstrating that its sanitary and phytosanitary measure achieves the appropriate level of protection defined by the importing Party.

5. If the assessment does not result in the recognition of equivalence, the importing Party shall provide in writing the scientific and technical reasons for its rejection.

6. In the event that a sanitary or phytosanitary measure applied by the importing Party may affect trade, the importing Party shall consider whether, exceptionally, an alternative sanitary or phytosanitary measure offered by the exporting Party ensures its appropriate level of protection.

Article 7.6. Risk Analysis

1. Where a risk assessment is necessary, and where relevant international standards, guidelines or recommendations do not exist or are not sufficient to achieve the appropriate level of protection, it should be conducted taking into account the risk assessment techniques adopted within the framework of the international reference organizations for the SPS Agreement.

2. Any re-evaluation of risk analysis, in situations where there is regular and fluid trade in the good in question between the Parties, should not be a reason to interrupt trade in the goods concerned, except in the case of a sanitary or phytosanitary emergency.

3. The Parties may establish, by mutual agreement in the SPS Committee, the procedures and deadlines for carrying out the risk analysis based on the standards, guidelines and recommendations approved by the international reference organizations of the SPS Agreement.

4. The importing Party undertakes to request the information strictly necessary to carry out the risk assessment.

5. The exporting Party shall submit all necessary information, scientific evidence to support the risk analysis process of the importing Party.

6. Once the importing Party has concluded the risk analysis and decided that trade may commence or continue, it shall take the regulatory measures necessary to commence or continue trade, within a reasonable period of time.

Article 7.7. Recognition of Sanitary and Phytosanitary Status

1. The exporting Party shall be responsible for objectively demonstrating to the importing Party the pest or disease free or low pest or disease prevalence status of the country, area or zone.

2. In such cases, the pest or disease free or low pest or disease prevalence area or zone should be subject to effective surveillance, pest or disease control or eradication measures and other requirements in accordance with relevant international standards.

3. The Parties may establish by mutual agreement in the SPS Committee the procedures and timelines for the recognition of a pest- or disease-free or low prevalence area or zone, based on the standards, guidelines and recommendations adopted by the international reference organizations of the SPS Agreement.

4. The Parties undertake to recognise their respective disease-free areas or zones recognised by the World Organisation for Animal Health (hereinafter referred to as the "OIE") without undue delay.

Article 7.8. Control, Inspection and Approval Procedures

1. The implementation of control, inspection and approval procedures shall not be transformed into disguised restrictions on international trade in goods between the Parties and shall be carried out in accordance with the SPS Agreement and the international standards, guidelines and recommendations set by the SPS Agreement reference bodies.

2. Any modification of the agreed sanitary or phytosanitary conditions regarding access to the market of the importing Party, without due justification, shall be considered an unjustified barrier to trade.

3. The Parties shall agree, where possible, on the simplification of controls and verifications and the frequency of inspections on the basis of the risks involved and the international standards, guidelines and recommendations adopted by the SPS Agreement reference bodies.

4. If an on-site visit by the importing Party to the exporting Party is necessary for the verification of compliance with sanitary and phytosanitary requirements, as well as for the recognition of pest- or disease-free areas or zones or areas of low pest or disease prevalence, it should conform to the rules provided for in the SPS Agreement and, in particular, Annex C of the SPS Agreement. In particular, the visit should be limited exclusively to verifying in situ what is necessary from a technical point of view, and should not take longer than necessary or generate unnecessary costs.

Article 7.9. Audit Systems

1. Where deemed appropriate, the importing Party may conduct on-site audits of the exporting Party's inspection systems with appropriate justification.

2. If an audit is conducted to verify compliance with SPS requirements, it should comply with the requirements set out in the SPS Agreement and, in particular, Annex C thereof. Specifically, the audit shall be limited exclusively to the verification of what is technically necessary, without causing undue delay and unnecessary costs.

3. Each Party, under this Chapter, has the right to receive information on the control system of the other Party and the results of the controls carried out under that system.

4. Deadlines for submission of reports on the audit by the importing Party, submission of comments by the exporting Party, and publication of the final report by the importing Party shall be agreed by the SPS Committee as set out in Article 7.12.3(c).

Article 7.10. Transparency and Exchange of Information

1. The Parties recognize the importance of observing the notification rules provided for in the SPS Agreement and, in this regard, compliance with these obligations shall be considered sufficient to strengthen transparency in bilateral trade.

2. The Parties shall strengthen reciprocal transparency of their SPS measures by publishing adopted measures on free and publicly accessible official websites, to the extent such websites exist.

3. The Parties shall exchange information on issues related to the development and application of sanitary and phytosanitary measures that may affect trade between them, as well as developments or new scientific information available relevant to this Chapter.

4. The Parties shall report on changes in animal health, such as the emergence of exotic diseases, and diseases listed in the OIE Terrestrial Animal Health Code.

5. The Parties shall report changes in sanitary and phytosanitary matters, such as the emergence of quarantine pests or the spread of pests under official control.

6. The importing Party shall inform the exporting Party of the results of the import verification procedures in case of rejected or non-compliant products, the reasons, the factual basis and the scientific justification for the rejection. For these purposes, the Parties shall establish deadlines for the exchange of information in the framework of the SPS Committee.

Article 7.11. Technical Cooperation

1. The Parties agree to give special importance to technical cooperation to facilitate the implementation of this Chapter, supporting the processes of cooperation and technical assistance for capacity building in sanitary and phytosanitary matters.

2. The competent authorities of the Parties, referred to in Annex 7.1, may conclude agreements on cooperation and coordination of activities.

3. The Parties shall, where possible, seek to coordinate positions in regional or multilateral fora where international SPS standards, guidelines or recommendations are developed or related aspects are negotiated.

Article 7.12. Committee on Sanitary and Phytosanitary Measures

1. The Parties agree to establish the SPS Committee for the purpose of monitoring the implementation of this Chapter. The SPS Committee shall be composed of the competent authorities and contact points that each Party designates, as indicated in Annex 7.1.

2. The SPS Committee shall meet once a year and may hold additional meetings as deemed necessary by the Parties. The

venues of the meetings will alternate, with the Chair of the SPS Committee shall be the Chair of the SPS Committee. Parties may agree to hold meetings in person, by video or teleconference, or other appropriate means.

3. The functions of the SPS Committee shall be:

(a) exchange information on the competent authorities and Contact Points of each Party, detailing their areas of competence. The relevant information in Annex 7.1 may be updated in the event of changes;

(b) promote and develop cooperation and technical assistance projects, including cooperation in the development, application and enforcement of sanitary or phytosanitary measures;

(c) exchange information and establish procedures and timelines for the bilateral implementation of the disciplines provided for in the Chapter;

(d) to respond to a written request from a Party on any inquiry arising under this Chapter;

(e) establish technical working groups for the implementation of this Chapter;

(f) keep the Commission informed of the work of the SPS Committee, and

(g) develop all those actions that the Parties consider relevant for the fulfillment of this Chapter.

4. To order its functioning, and for the proper implementation, monitoring and evaluation of this Chapter, the SPS Committee shall establish its own rules of procedure at its first meeting. The SPS Committee may revise these rules by consensus when it deems it appropriate.

Article 7.13. Consultation Mechanism

1. The Parties shall give prompt and positive consideration to any request by the other Party for consultations on specific trade concerns regarding the application of sanitary or phytosanitary measures or a draft measure of the other Party, with a view to finding mutually acceptable solutions.

2. Upon receipt of the request, the Parties shall consult within thirty (30) days, unless they agree on a different time limit. Such consultations may be held by teleconference, videoconference, or any other means agreed between the Parties.

3. Where the Parties have resorted to consultations under subparagraph (d) of Article 7.12.3 without satisfactory results, such consultations shall replace consultations under Article 22.4 of Chapter 22 (Dispute Settlement).

Chapter 8. TECHNICAL BARRIERS TO TRADE

Article 8.1. General Provisions

The Parties reaffirm their rights and obligations under the TBT Agreement which is incorporated into and made part of this Chapter, mutatis mutandis.

Article 8.2. Objective

The objective of this Chapter is to facilitate trade in goods between the Parties by identifying, preventing and eliminating unnecessary technical barriers to trade, improving transparency and promoting cooperation between the Parties on matters dealt with under this Chapter.

Article 8.3. Scope of Application

1. This Chapter shall apply to all standards, technical regulations and conformity assessment procedures of the Parties, as defined in Annex 1 of the TBT Agreement, which may directly or indirectly affect trade in goods between the Parties.

2. The provisions of this Chapter shall not apply to the sanitary and phytosanitary measures of the Parties, which shall be governed by Chapter 7 (Sanitary and Phytosanitary Measures).

3. Government procurement specifications prepared by governmental agencies for the production or consumption needs of such agencies are not subject to the provisions of this Chapter, which shall be governed by Chapter 12 (Government Procurement).

Article 8.4. Regulatory Cooperation Mechanisms

1. The Parties shall strengthen their collaboration in order to increase mutual understanding of their respective systems and identify mechanisms for regulatory cooperation, which will contribute to the elimination of unnecessary technical barriers to trade.

2. The Parties shall, wherever possible, negotiate regulatory cooperation mechanisms in the areas of technical standards, technical regulations, conformity assessment procedures, including accreditation and metrology, in accordance with the provisions of the TBT Agreement.

3. A Party may propose to the other Party a joint analysis of potential sectors, products or group of products or regulatory issues, on which they may negotiate regulatory cooperation mechanisms in order to increase the flow of bilateral trade. In the event that a Party considers that this is not possible, the provisions of paragraph 6 shall apply.

4. The Parties shall exchange information relating to the analysis in the preceding paragraph and shall encourage the participation of representatives of the sectors, products or group of products, in a manner to be agreed by the Parties, and of their competent regulatory and governmental authorities.

5. The Parties, through their competent regulatory and governmental authorities, shall select, on a case-by-case basis, the appropriate tools to address the issue that has given rise to the request. For each sector, product or group of products identified, the Parties shall determine, by mutual agreement, mechanisms for regulatory cooperation, which may include, inter alia:

(a) exchange of information on regulatory practices and approaches;

(b) initiatives to seek harmonization of technical regulations and conformity assessment procedures with relevant international standards;

(c) regulatory convergence actions;

(d) the use of accreditation to qualify conformity assessment bodies, and

(e) mutual recognition of conformity assessment procedures and results thereof carried out in the other Party.

6. Where a Party does not accept a request to analyse a sector or set of sectors, products, groups of products or the suggestion of proposed regulatory cooperation mechanisms, it shall promptly provide the reasons for such a decision and offer, if possible, alternatives.

7. The mechanisms for regulatory cooperation shall be defined on a case-by-case basis by the Parties. To this end, the Parties shall establish sectoral working groups.

8. The Parties shall implement the results of the agreements reached under this Chapter, once approved by the Commission.

Article 8.5. Technical Regulations

1. The Parties agree to make use of good regulatory practices with respect to the preparation, adoption and application of technical regulations, as provided for in the TBT Agreement.

2. The Parties reaffirm the commitment to use relevant international standards as a basis for their technical regulations, except where such international standards would be an ineffective or inappropriate means for the achievement of the legitimate objectives pursued.

3. Where international standards have not been used as the basis for a technical regulation that may have a significant effect on trade, a Party shall, on request of the other Party, explain the reasons why such standards have been found to be inappropriate or ineffective for the objective pursued.

4. The Parties shall encourage their competent regulatory authorities to conduct regulatory impact analyses in accordance with their respective rules and procedures.

5. Each Party shall favorably consider accepting as equivalent the technical regulations of the other Party, even if they differ from its own, provided that they produce results that are equivalent to those produced by its own technical regulations in achieving its legitimate objectives and attaining the same level of protection.

Article 8.6. Standards

1. The Parties reaffirm the commitment set out in Article 4.1 of the TBT Agreement. In addition, they shall take into account, to the extent possible, the principles set out in the Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations concerning Articles 2, 5 and Annex 3 of the TBT Agreement, adopted by the WTO Committee on Technical Barriers to Trade on 13 November 2000, and its subsequent revisions.

2. In determining whether international standards, guidance or recommendations within the meaning of Articles 2 and 5 of the TBT Agreement and Annex 3 thereto exist, each Party shall consider the Decisions and Recommendations Adopted by the WTO Committee on Technical Barriers to Trade since 1 January 1995, Annexes to Part 1.2 (G/TBT/1/Rev.13) and their subsequent revisions.

Article 8.7. Conformity Assessment

1. The Parties recognize that the choice of appropriate conformity assessment procedures depends on the institutional structure and legal provisions in force in each Party, within the framework of the obligations set out in the TBT Agreement.

2. The Parties recognize that a wide range of mechanisms exist to facilitate the acceptance in the territory of a Party of the results of conformity assessment procedures conducted in the territory of another Party. In this regard, the Parties may include:

(a) voluntary agreements between conformity assessment bodies in the territory of the Parties;

(b) agreements on mutual acceptance of the results of conformity assessment procedures with respect to specific technical regulations, carried out by bodies located in the territory of the other Party;

(c) accreditation procedures for qualifying conformity assessment bodies;

(d) governmental approval or designation of conformity assessment bodies;

(e) the importing Party's acceptance of the supplier's declaration of conformity.

3. The Parties undertake to:

(a) exchange information on different mechanisms with a view to facilitating the acceptance of conformity assessment results;

(b) encourage testing, inspection and certification bodies to exchange experiences on the procedures used to assess conformity, and

(c) promote the exchange of information on accreditation systems and encourage accreditation bodies to participate actively in international cooperative arrangements in the field of accreditation, such as the International Laboratory Accreditation Cooperation and the International Accreditation Forum.

4. For purposes of transparency and mutual confidence, if a Party does not accept the results of conformity assessment procedures carried out in the territory of the other Party, it shall, on request of that other Party, explain the reasons for its decision.

5. Each Party shall accord to conformity assessment bodies of the other Party located in its territory treatment no less favourable than that accorded to its own conformity assessment bodies.

6. In order to enhance confidence in the continued mutual reliability of conformity assessment results, the Parties may consult, as appropriate, with a view to reaching a mutually satisfactory understanding on such matters as the technical competence of the conformity assessment bodies involved.

7. The Parties shall seek to ensure that the conformity assessment procedures applied between them facilitate trade by ensuring that they are not more restrictive as necessary to provide the importing Party with confidence that the products comply with the applicable technical regulations, taking into consideration the risks that non-compliance would create.

Article 8.8. Transparency

1. Parties shall ensure transparency with regard to information on technical regulations, standards and conformity assessment procedures.

2. The Parties shall notify each other electronically, through the contact point established by each Party, and in accordance with Article 10 of the TBT Agreement, of draft and amended technical regulations and conformity assessment procedures, as well as those adopted to address urgent problems under the terms of the TBT Agreement, at the same time as they send the notification to the WTO Central Registry of Notifications. Such notification shall include an electronic link to the notified document or a copy thereof.

3. Parties should notify even those draft technical regulations and conformity assessment procedures that are consistent with the technical content of relevant international standards.

4. Each Party shall publish adopted technical regulations and conformity assessment procedures on official and publicly available websites.

5. Each Party shall allow at least sixty (60) days from the date of electronic transmission of the draft technical regulations and conformity assessment procedures for written comments from the other Party and other interested persons. A Party shall give positive consideration to reasonable requests for extension of the comment period.

7. The period between publication and entry into force of technical regulations and conformity assessment procedures shall be not less than six (6) months, unless the legitimate objectives are impracticable to achieve within that period. A Party shall give positive consideration to reasonable requests for an extension of the time period.

Article 8.9. Technical Cooperation

1. The Parties agree to cooperate to:

(a) strengthen their respective metrology, standardization, technical regulation and conformity assessment bodies, as well as their information and notification systems within the structure of the TBT Agreement;

(b) strengthening the capacities of national institutions and training of human resources;

(c) increase and improve participation and, where possible, seek coordination of common positions in international organisations on matters related to standardisation and conformity assessment procedures;

(d) wherever possible, support the development and implementation of relevant international standards;

(e) promote technical assistance through competent regional or international organizations; and

(f) develop joint activities between the technical bodies involved in the activities covered by this Chapter.

Article 8.10. Committee on Technical Barriers to Trade

1. The Parties hereby establish a Committee on Technical Barriers to Trade (hereinafter referred to as the "TBT Committee"), which shall be composed of:

(a) in the case of Chile, the Directorate-General for Bilateral Economic Affairs of the Under-Secretariat for International Economic Relations of the Ministry of Foreign Affairs, or its successor.

(b) in the case of Ecuador, the Directorate of Negotiations on Sanitary and Phytosanitary Measures and Technical Barriers to Trade of the Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor.

2. The functions of the TBT Committee are:

(a) monitor the implementation and administration of this Chapter, addressing any problems that either Party raises relating to its provisions;

(b) promote and enhance cooperation for the development and improvement of standards, technical regulations or conformity assessment procedures in accordance with Article 8.7;

(c) facilitate cooperation in accordance with Article 8.9, as well as support regulatory cooperation mechanisms and technical discussions as appropriate, in accordance with Article 8.4. To this end, the Parties shall establish a work plan;

(d) exchange information about work being carried out in non-governmental, regional, multilateral fora and cooperative programmes involved in activities related to standards, technical regulations and conformity assessment procedures;

(e) review this Chapter in the light of developments in the WTO Committee on Technical Barriers to Trade and develop recommendations to amend this Chapter, if necessary;

(f) report to the Commission on the implementation of this Chapter;

(g) establish, as necessary, working groups to deal with specific matters related to this Chapter and the TBT Agreement;

(h) to consult, at the request of a Party, on specific trade concerns arising under this Chapter, and

(i) take any other action that the Parties consider will assist them in the implementation of this Chapter and the TBT Agreement, with a view to facilitating trade in goods.

3. The TBT Committee shall meet once a year, at the request of a Party. The meetings shall be held in person, by teleconference, videoconference or by any other means, as agreed by the Parties.

4. In order to facilitate communication of activities under this Chapter, each Party shall designate and notify a contact point.

5. The responsibilities of the contact points referred to in paragraph 2 are:

(a) provide information or explanation at the request of the other Party, which shall be provided in printed or electronic form within sixty (60) days of the submission of the request;

(b) coordinate the involvement of relevant governmental authorities, including regulatory authorities, and, as appropriate, other stakeholders, on matters related to this Chapter; and

(c) carry out the additional responsibilities specified by the TBT Committee.

6. Each Party shall promptly notify the other Party of any change in its point of contact or details of relevant officials.

Article 8.11. Consultations on Specific Trade Concerns

1. The Parties shall give prompt and positive consideration to any request by the other Party for consultations on specific trade concerns relating to technical regulations and conformity assessment procedures of the other Party, in order to find mutually acceptable solutions through the modality to be agreed (face-to-face meetings, videoconferences or others).

2. Upon receipt of the request, the Parties shall consult within sixty (60) days, unless they agree on a different time limit. Such consultations may be held by teleconference, videoconference, or any other means agreed between the Parties.

3. Where the Parties have resorted to consultations under Article 8.10.2(h) without satisfactory results, such consultations shall replace consultations under Article 22.4 of Chapter 22 (Dispute Settlement).

Chapter 9. TRADE IN SERVICES

Article 9.1. Definitions

For purposes of this Chapter

trade in services means the supply of a service:

(a) from the territory of one Party into the territory of the other Party;

(b) in the territory of a Party, by a person of that Party to a person of the other Party;

(c) by a service supplier of a Party through commercial presence in the territory of the other Party, or

(d) by a service supplier of a Party through the presence of natural persons of a Party in the territory of the other Party;

measures adopted or maintained by a Party means measures adopted or maintained by:

(a) governments or authorities at the central, regional or local level of a Party, and

(b) non-governmental bodies in the exercise of powers delegated by governments or authorities at the central, regional or local level of a Party;

legal entity means any legal entity duly constituted or otherwise organized under applicable law, whether or not for profit and whether privately or publicly owned, including any corporation, trus?, partnership, joint venture, sole proprietorship or association;

legal person of a Party means a legal person that is incorporated or otherwise organized under the law of a Party and that

engages in substantive business operations in that Party;

natural person of a Party means a national of a Party under its law and residing in the territory of that Party;

commercial presence means any type of commercial or professional establishment, through, among other means:

(a) the incorporation, acquisition or maintenance of a legal person, or

(b) the establishment or maintenance of a branch or representative office, within the territory of a Party for the purpose of supplying a service;

service supplier of a Party means any natural or juridical person of that Party that intends to supply or does supply a service;

aircraft repair and maintenance service means such activities when performed on an aircraft or part of an aircraft while the aircraft is out of service and does not include so- called line maintenance;

specialised air services means any specialised commercial operation using an aircraft whose primary purpose is not the carriage of goods or passengers, such as aerial firefighting, flight training, scenic flying, spraying, surveying, mapping, photography, parachuting, glider towing, helicopter services for logging and construction, and other air services related to agriculture, industry and inspection;

ground handling services means the provision at an airport, on a commission or contract basis, of the following services: airline representation, management and supervision; passenger assistance; baggage handling; ramp services; catering, other than food preparation; cargo and mail handling; aircraft fuelling; aircraft maintenance and cleaning; surface transportation; and flight operations, crew management and flight planning. Ground handling services do not include: self-handling; security; line maintenance; aircraft repair and maintenance; or the management or operation of essential centralized airport infrastructure, such as de-icing facilities, fuel distribution systems, baggage handling systems and fixed intra-airport transportation systems;

airport operation services means the provision of air terminal services, runway operation services and other airport infrastructure, whether on a fee or contract basis. Airport operation services do not include air navigation services;

computer reservation system services means services provided by means of computerised systems which contain information about air carriers' schedules, seat availability, fares and pricing rules and by means of which reservations can be made or tickets issued;

services supplied in the exercise of governmental authority means, for each Party, any service that is supplied neither on a commercial basis nor in competition with one or more service suppliers;

sale and marketing of air transport services means the opportunities for the air carrier concerned to freely sell and market its air transport services, including all aspects of marketing, such as market research, advertising and distribution. These activities do not include the pricing of air transport services or the applicable conditions.

Article 9.2. Scope of Application

1. This Chapter shall apply to measures adopted or maintained by a Party affecting trade in services supplied by service suppliers of the other Party. Such measures include measures affecting:

(a) the production, distribution, marketing, sale and supply of a service;

(b) the purchase or use of, or payment for, a service;

(c) access to and use of services that are offered to the general public as prescribed by a Party in connection with the supply of a service, such as access to and use of distribution, transmission or telecommunications networks and services related to the supply of a service;

(d) the presence, including commercial presence, in the territory of a Party of a service supplier of the other Party, and

(e) the provision of a bond or other form of financial security as a condition for the provision of a service.

2. This Chapter does not apply to:

(a) financial services;

(b) air services, including domestic and international air transport services, scheduled and non-scheduled, and related

support services for air services, except:

(i) the sale and marketing of air transport services;

(ii) computer reservation system (CRS) services;

(iii) aircraft repair and maintenance services;

(iv) specialized air services;

(v) ground handling services, and

(vi) airport operation services.

(c) procurement, as defined in Chapter 12 (Procurement);

(d) subsidies or grants provided by a Party or a State enterprise, including government-supported loans, guarantees and insurance; and

(e) services supplied in the exercise of governmental authority in the territory of each Party.

3. This Chapter does not impose any obligation on a Party with respect to a national of the other Party who seeks to enter its labor market or who is permanently employed in its territory, nor does it confer any rights on that national with respect to such access or employment.

4. This Chapter shall not prevent a Party from applying measures to regulate the entry or temporary stay of natural persons of the other Party in its territory, including those measures necessary to protect the integrity of natural persons and to ensure the orderly movement of natural persons across its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to the other Party pursuant to the terms of a specific (1) commitment.

(1) The mere fact of requiring a visa shall not be deemed to nullify or impair the benefits accruing pursuant to a specific commitment.

Article 9.3. National Treatment

1. In the sectors inscribed in the Parties' Schedules of Specific Commitments (Annexes 9.1 and 9.2) and subject to such conditions and qualifications as may be specified therein, each Party shall accord to services and service suppliers of the other Party, with respect to all measures covered by this Chapter affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers (2).

2. Treatment accorded by a Party in accordance with paragraph 1 means, with respect to a regional, state, provincial, cantonal or local level government, treatment no less favourable than the most favourable treatment accorded by that regional, state, provincial, cantonal or local level government to services and service suppliers of the Party of which it is an integral part.

3. A Party may meet the requirements of paragraph 1 by according to services and service suppliers of the other Party formally identical or formally different treatment to that it accords to its own like services and service suppliers.

4. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of services or service suppliers of the other Party as compared to like services or service suppliers of the other Party.

(2) Specific commitments under this Article shall not be construed to require either Party to compensate for inherent competitive disadvantages resulting from the foreign character of the relevant services or service suppliers.

Article 9.4. Market Access

In sectors where market access commitments are undertaken and subject to the conditions set out in the Parties' Schedules of Specific Commitments (Annexes 9.1 and 9(2), no Party may adopt or maintain, on the basis of a regional subdivision or its entire territory, measures that:

(a) impose limitations:

(i) to the number of service suppliers, either in the form of numerical quotas, monopolies, exclusive service suppliers or by requiring an economic needs test;

(ii) to the total value of assets or service transactions in the form of numerical quotas or by requiring an economic needs test;

(iii) to the total number of service operations or the total quantity of service output, expressed in designated numerical units, in the form of quotas or by requiring an economic (3) needs test ;

(iv) the total number of natural persons who may be employed in a given service sector or who may be employed by a service supplier and who are necessary for and directly related to the supply of a specific service, in the form of numerical quotas or through the requirement of an economic needs test, or

(v) to foreign equity participation expressed as a maximum percentage limit on foreign share ownership or as the total value of individual or aggregate foreign investments.

(b) restrict or prescribe the specific types of legal person or joint venture through which a service supplier may supply a service.

(3) This provision does not cover measures of a Party that limit inputs for the supply of services.

Article 9.5. Additional Commitments

The Parties may negotiate commitments with respect to measures affecting trade in services, but which are not subject to scheduling in the Parties' Schedules of specific commitments under Articles 9.3 and 9.4, including those relating to qualifications, standards or licensing issues. Such commitments shall be inscribed in the Parties' Schedules of Specific Commitments (Annexes 9.1 and 9.2).

Article 9.6. List of Specific Commitments

1. Each Party shall inscribe in its Schedule of Specific Commitments (Annexes 9.1 and 9.2), the specific commitments it undertakes pursuant to Articles 9.3, 9.4 and 9.5. With respect to the sectors in which such commitments are made, each Schedule shall specify:

(a) the terms, limitations and conditions on market access;

(b) conditions and qualifications regarding national treatment;

(c) the obligations relating to the additional commitments referred to in Article 9.5, and

(d) where appropriate, the timeframe for implementation and the date of entry into force of such commitments.

2. Measures inconsistent with Articles 9.3 and 9.4 should be reported in the appropriate column.

Article 9.7. Transparency

1. Each Party shall publish, as soon as possible and no later than the date of their entry into force, all relevant measures of general application relating to or affecting the operation of this Chapter. Each Party shall also publish international agreements it enters into with any country relating to or affecting trade in services.

2. Each Party shall respond as promptly as possible to all requests for specific information from the other Party regarding any of its measures of general application referred to in paragraph 1. In addition, and in accordance with its legal system, each Party shall, through its competent authorities, provide, to the extent practicable, information on notifiable matters to service suppliers of the other Party upon request.

3. This Article shall not be construed to impose any obligation on either Party to furnish confidential information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or would prejudice the legitimate commercial interests of public or private enterprises.

Article 9.8. National Regulations

1. Each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

2. Where a Party requires authorization for the supply of a service, the competent authorities of that Party:

(a) where practicable, in the case of an incomplete application, upon request of the applicant, identify the additional information required to complete the application and provide an opportunity to correct minor errors or omissions in the application;

(b) within a reasonable time after the submission of an application that is considered complete under its legal system, inform the applicant of the decision on the application;

(c) as far as practicable, set indicative time limits for the processing of an application;

(d) at the request of the applicant, provide, without undue delay, information concerning the status of the application;

(e) if an application is refused, inform the applicant, as far as practicable, of the reasons for the refusal, either directly or at the request of the applicant, and

(f) as far as practicable and in accordance with their legal system, accept copies of authenticated documents in lieu of original documents.

3. In order to ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, each Party shall endeavour to ensure that such measures do not constitute unnecessary barriers to trade in services:

(a) be based on objective and transparent criteria, such as competence and capacity to provide the service;

(b) not more burdensome than necessary to ensure quality of service, and

(c) in the case of licensing procedures, do not in themselves constitute a restriction on the supply of the service.

4. Each Party shall ensure that any fee charged by the competent authority to authorize the supply of a service is reasonable, transparent and does not itself restrict the supply of that service. For the purposes of this paragraph, "fee" does not include payments for the use of natural resources, payments for auctions, tenders or other non-discriminatory means of granting concessions, or compulsory contributions for the provision of a universal service.

5. If licensing or qualification requirements include an assessment, each Party shall ensure that:

(a) the evaluation is scheduled at reasonable intervals, and

(b) areasonable period of time is provided to allow interested persons to submit an application to participate in the evaluation.

6. Each Party shall ensure that procedures are in place to verify the competencies of professionals of the other Party.

7. Each Party shall, to the extent practicable, ensure that information regarding licensing and qualification requirements and procedures includes the following:

(a) whether the renewal of the licence or of the certificates of competence for the provision of a service is required;

(b) the contact details of the competent authority;

(c) the applicable licensing and qualification requirements, procedures and costs, and

(d) the procedures relating to appeals or reviews of applications, if any.

8. The Parties recognize their mutual obligations relating to domestic regulation in Article VI:4 of the GATS and affirm their commitment to the development of any necessary disciplines in accordance therewith.

9. To the extent that any such disciplines are adopted by WTO Members or developed in another multilateral forum in which the Parties participate, the Parties shall jointly review them, as appropriate, with a view to determining whether such results should be incorporated into this Chapter.

10.â This Article shall not apply to measures that a Party adopts or maintains pursuant to its Schedule of Specific Commitments (Annexes 9.1 and 9.2).

Article 9.9. Mutual Recognition

1. For purposes of meeting its relevant standards or criteria for the authorisation or certification of service suppliers or the licensing of service suppliers, each Party may recognise education or experience obtained, requirements met, or licences or certificates granted in another Party. Such recognition may be based on an agreement or arrangement with that other Party, or granted autonomously.

2. Where a Party recognises, by agreement or arrangement, education or experience obtained, requirements met, or licences or certificates granted in the territory of a non- Party, that Party shall provide adequate opportunities for the other Party to negotiate its accession to such an existing or future agreement or arrangement, or to negotiate with it a comparable agreement or arrangement. Where a Party grants recognition autonomously, it shall provide appropriate opportunities for the other Party to demonstrate that education or experience obtained, requirements met, or licences or certificates granted in the territory of the other Party shall also be subject to recognition.

3. No Party shall accord recognition in a manner that would constitute a means of discrimination between Parties in the application of its standards or criteria for the authorization or certification of, or the licensing of service suppliers, or a disguised restriction on trade in services.

Article 9.10. Cooperation and Mutual Assistance In the Field of Services

The Parties recognize the importance of cooperation, exchange of information and mutual assistance to enable:

(a) share methodologies and publish statistics on the Parties' international trade in services, based on international standards;

(b) the development of dialogues, bilateral meetings between the Parties, regulatory authorities and stakeholders;

(c) the exchange of data, information and practices related to the development of new regulatory measures, including the conduct of public consultations, and

(d) identify and analyse barriers affecting trade in services with a view to their reduction or elimination.

Article 9.11. Denial of Benefits

Subject to prior notification, a Party may deny the benefits of this Chapter to a service supplier of the other Party if the service supplier:

(a) has no substantial business operations in the territory of the other Party;

(b) is not a natural or juridical person of the other Party, as defined in this Chapter, or

(c) supplies the service from or in the territory of a non-Party.

Chapter 10. ELECTRONIC COMMERCE

Article 10.1. Definitions

For the purposes of this Chapter:

electronic authentication means the process or action of verifying the identity of a party to an electronic communication or transaction;

trade administration documents means forms that a Party issues or controls, which are required to be completed by or for an importer or exporter in connection with the importation or exportation of goods;

electronic signature (1) means data in electronic form attached to an electronic document that enables the signatory or signatory to be identified;

personal information means any information, including data, about an identified or identifiable natural person;

computer facilities means computer servers and storage devices for processing or storing information for commercial use;

unsolicited electronic commercial messages means an electronic message that is sent for commercial or advertising

purposes without the consent of the recipients, or against the explicit will of the recipient, using an Internet service or, in accordance with each Party's legal system, by other telecommunications services;

digital product means a computer program, text, video, image, sound recording, or other product that is digitally encoded, produced for commercial sale or distribution, and that can be transmitted electronically; (2) and (3)

electronic transmission or electronically transmitted means a transmission made using any electromagnetic means, including transmissions by optical means.

(1) In the case of Chile, this definition of "electronic signature" is equivalent to "advanced electronic signature" under its legal system.

(2) For greater certainty, a digital product does not include any financial instrument in any form.

(3) The definition of digital product should not be understood as reflecting a Party's view on whether trade in digital products transmitted electronically should be classified as trade in services or trade in goods.

Article 10.2. Scope of Application and General Provisions

1. This Chapter shall apply to measures adopted or maintained by a Party affecting trade by electronic means.

2. This Chapter shall not apply to:

(a) public procurement;

(b) subsidies or concessions provided by a Party, including loans, guarantees and insurance supported by States;

(c) information held or processed by or on behalf of a Party, or measures relating to such information, including measures relating to its compilation, or

(d) financial services.

3. The Parties recognise the economic potential and opportunities provided by electronic commerce, and agree to promote the development of electronic commerce between them, in particular through cooperation on issues arising from electronic commerce under the provisions of this Chapter.

4. Considering the potential of electronic commerce as a tool for social and economic development, the Parties recognize the importance of:

(a) the clarity, transparency and predictability of their national regulatory frameworks to facilitate, to the extent possible, the development of electronic commerce;

(b) encourage self-regulation in the private sector to promote trust and confidence in e-commerce, taking into account the interests of users, through initiatives such as industry guidelines, model contracts, codes of conduct and trust seals;

(c) interoperability, to facilitate electronic commerce;

(d) innovation and digitalization in e-commerce;

(e) ensure that international and national e-commerce policies take into account the interest of their stakeholders;

(f) facilitate access to electronic commerce for Micro, Small and Medium Enterprises (hereinafter referred to as "MSMEs") and the Actors of the Popular and Solidarity Economy (hereinafter referred to as "AEPYS"), and

(g) ensuring the security of e-commerce users, as well as their right to protection of personal data (4).

5. Each Party shall endeavour to adopt measures to facilitate trade conducted by electronic means.

6. The Parties recognize the importance of avoiding unnecessary barriers to trade conducted by electronic means, including trade in digital products. Taking into account their respective policy objectives, each Party shall endeavour to avoid measures which:

(a) hinder trade conducted by electronic means, or

(b) have the effect of treating trade conducted by electronic means more restrictively than trade conducted by other means.

(4) The Parties, for greater certainty, shall understand that the collection, processing and storage of personal data shall be carried out following the general principles of prior consent, legitimacy, purpose, proportionality, quality, security, accountability and information.

Article 10.3. Customs Duties

1. Neither Party shall impose customs duties on electronic transmissions between a person of one Party and a person of the other Party.

2. For greater certainty, paragraph 1 shall not prevent a Party from imposing internal taxes, fees or other charges on electronically transmitted content, provided that such taxes, fees or charges are imposed in a manner consistent with this Agreement.

Article 10.4. Non-Discriminatory Treatment of Digital Products

1. No Party shall accord less favorable treatment to digital products created, produced, published, licensed, commissioned, or first made available on a commercial basis, in the territory of the other Party, or to digital products of which the author, performer, producer, developer, or owner is a person of the other Party, than it accords to other similar digital products. (5)

2. This Article shall not apply to broadcasting.

(5) This provision does not include advertising services.

Article 10.5. Legal Framework for Electronic Transactions

1. Each Party shall endeavour to adopt or maintain a legal framework governing electronic transactions that is consistent with the principles of the UNCITRAL Model Law on Electronic Commerce 1996 of 12 June 1996, the United Nations Convention on the Use of Electronic Communications in International Contracts, of 23 November 2005, among others.

2. Each Party shall endeavour to:

(a) avoid unnecessary regulatory burdens on electronic transactions, and

(b) facilitate the views of interested persons in the development of its legal framework for electronic transactions.

Article 10.6. Authentication and Electronic Signature

1. A Party shall not deny the legal validity of an electronic signature solely on the ground that it is made by electronic means, except as otherwise expressly provided for in its respective legal system.

2. Neither Party shall adopt or maintain measures on electronic authentication that:

(a) prohibit the parties to an electronic transaction from mutually determining the appropriate authentication methods for that transaction; or

(b) prevent the parties to an electronic transaction from having the opportunity to prove to judicial or administrative authorities that their transaction complies with any legal requirement with respect to authentication.

3. Notwithstanding paragraph 2, a Party may require that, for a particular category of transactions, the authentication method meet certain performance standards or be certified by an authority accredited under its legal system.

4. The Parties shall promote the use of interoperable electronic signatures. To this end, the Parties may establish homologation mechanisms and criteria for electronic authentication, observing international standards. For this purpose, they may consider the recognition of electronic signature certificates, issued by certification service providers, operating in the territory of the Parties in accordance with the procedure determined by their legal system, in order to safeguard the standards of security and integrity.

Article 10.7. Consumer Protection Online

1. The Parties recognize the importance of adopting and maintaining transparent and effective measures to protect consumers from fraudulent and deceptive business practices when engaging in electronic commerce.

2. Each Party shall adopt or maintain consumer protection laws to prohibit fraudulent and deceptive business practices that cause harm or potential harm to consumers who engage in online business activities.

3. Each Party shall endeavour to adopt non-discriminatory practices in protecting users of electronic commerce from breaches of the protection of personal information occurring within its jurisdiction.

4. The Parties recognize the importance of cooperation between their respective consumer protection agencies or other competent bodies in activities related to cross-border electronic commerce in order to enhance consumer welfare.

5. The Parties recognise the importance of protecting consumers from misleading advertising generated in electronic commerce.

6. The Parties shall adopt mechanisms of withdrawal in contracts concluded by electronic means, for the protection of consumers.

Article 10.8. Protection of Personal Information

1. The Parties recognise the benefits of protecting the personal information of users of electronic commerce and the contribution this makes to enhancing consumer confidence in electronic commerce.

2. Parties shall adopt or maintain laws, regulations, or administrative measures for the protection of personal information of users engaged in electronic commerce. The Parties shall take into consideration the general principles that exist in this area, as provided in Article 10.2.4(g).

3. Each Party shall make efforts to ensure that its legal framework for the protection of personal information of users of electronic commerce is applied in a non-discriminatory manner.

4. Each Party should publish information on the protection of personal information it provides to users of electronic commerce, including how:

(a) individuals can exercise recourse, and

(b) companies can meet any legal requirement.

5. The Parties shall encourage the use of security mechanisms for the personal

information of users, and its dissociation, in cases where such data is provided to third parties, in accordance with their respective legal systems.

Article 10.9. Paperless Trade Administration

Each Party shall endeavour to:

(a) making trade administration documents available to the public in electronic form; and

(b) accept electronically submitted trade administration documents as the legal equivalent of the paper version of those documents.

Article 10.10. Principles on Access to and Use of the Internet for Electronic Commerce

Subject to applicable policies, laws and regulations, the Parties recognize the benefits of consumers in their territories having the ability to:

(a) access and use services and applications of the consumer's choice available on the Internet, subject to reasonable network capacity management by the operator;

(b) connect end-user devices of the consumer's choice to the Internet, provided that such devices do not harm the network, and

(c) access information about the network management practices of the consumer's Internet access service provider, so that consumers can make informed consumer choices.

Article 10.11. Cross-Border Transfer of Information by Electronic Means

1. The Parties recognize that each Party may have its own regulatory requirements regarding the transfer of information by electronic means.

2. Each Party shall permit the cross-border transfer of information by electronic means, including personal information, where such activity is for the conduct of the business of a person of a Party.

3. Nothing in this Article shall prevent a Party from adopting or maintaining measures inconsistent with paragraph 2 to pursue a legitimate public policy objective, provided that the measure is not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade.

Article 10.12. Computer Facilities

1. The Parties recognise that each Party may have its own regulatory requirements relating to the use of computer facilities, including requirements that seek to ensure the security and confidentiality of communications.

2. A Party may not require a person of the other Party to use or locate computer facilities in the territory of that Party as a condition of doing business in that territory.

3. Nothing in this Article shall prevent a Party from adopting or maintaining measures inconsistent with paragraph 2 to pursue a legitimate public policy objective, provided that the measure is not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade.

4. The Parties undertake to exchange best practices, experiences and existing regulatory frameworks with respect to IT facilities.

Article 10.13. Unsolicited Electronic Commercial Communications

1. Each Party shall adopt or maintain measures regarding unsolicited commercial electronic communications that:

(a) require providers of unsolicited commercial electronic communications to facilitate the ability of recipients to prevent the continued receipt of such messages; or

(b) require the consent of recipients, as specified in accordance with the legal system of each Party, to receive electronic commercial communications.

2. Each Party shall provide mechanisms against providers of unsolicited commercial electronic communications that do not comply with the measures adopted or maintained pursuant to paragraph 1.

3. The Parties shall seek to cooperate in appropriate cases of mutual interest relating to the regulation of unsolicited commercial electronic messages.

Article 10.14. Cooperation

1. Recognizing the global nature of electronic commerce, the Parties shall endeavour to:

(a) work together to facilitate the use of e-commerce by MSMEs, MSMEs and the incorporation of women in e-commerce, with the objective of generating best practices with a view to increasing capacities to conduct business, collaborate and cooperate on technical issues;

(b) sharing information and experiences about laws, regulations, and programs in the field of electronic commerce, including, inter alia, those related to protection of personal information, consumer protection, security in electronic communications, authentication, intellectual property rights, and e-government;

(c) exchange information and share views on consumer access to products and services offered online between the Parties;

(d) actively participate in regional and multilateral fora to promote the development of e-commerce;

(e) encourage the development by the private sector of self-regulatory methods that promote electronic commerce, including codes of conduct, model contracts, trust seals, guidelines and compliance mechanisms;

(f) actively participate in regional and international forums to promote cross- border electronic signatures, and

(g) promote technical assistance and knowledge transfer in best practices in information and communication technologies.

2. The Parties should exchange information and experiences concerning their legislation on the protection of personal information, in particular on commercial relations, their development and their treatment by the supervisory authority.

Article 10.15. Cooperation on Cybersecurity Matters

The Parties recognize the importance of:

(a) develop the capacities of their national entities responsible for cybersecurity and cyber security incident response;

(b) use existing collaborative mechanisms to cooperate in identifying and mitigating malicious practices or the dissemination of malicious code affecting the Parties' electronic networks, users' personal information or protection against unauthorized access to private information or communications, and

(c) exchange best practices on critical infrastructure resilience, cyber defence and on measures to prevent identity theft in e-commerce.

Article 10.16. Relationship to other Chapters

In the event of any inconsistency between this Chapter and another Chapter of this Agreement, the other Chapter shall prevail to the extent of the inconsistency.

Chapter 11. TELECOMMUNICATIONS (1)

(1) In the case of Ecuador, the obligations or conditions for dominant supplier may also apply generally to providers of public telecommunications services, if Ecuadorian law so provides.

Article 11.1. Definitions

For the purposes of this Chapter:

subscriber, subscriber or customer means the user who has entered into a contract with the provider of public telecommunications services.

leased (2) circuits means telecommunications facilities between two or more designated points that are intended for the dedicated use or availability to a particular customer or to other users chosen by that customer;

co-location means access to and use of physical space for the purpose of installing, maintaining, or repairing equipment on premises owned or controlled and used by a dominant supplier for the provision of public telecommunications services;

network element means a facility or equipment used in the provision of a public telecommunications service, including the features, functions and capabilities that are provided through such facility or equipment;

essential facilities means the functions and elements of a network or of a public telecommunication service that are essential to the operation of a public telecommunication network or service:

(a) are supplied exclusively or predominantly by a single or limited number of suppliers, and

(b) it is not economically or technically feasible to replace them for the purpose of providing a service;

interconnection (3) means linking with suppliers providing public telecommunications services for the purpose of enabling users of one supplier to communicate with users of another supplier and to access services provided by another supplier;

non-discriminatory means treatment no less favourable than that accorded, in like circumstances, to any other user of like public telecommunications services;

reference interconnection offer (4) means an interconnection offer offered by a supplier that is sufficiently detailed to enable suppliers of public telecommunications services willing to accept such rates, terms and conditions to obtain interconnection;

telecommunications regulatory body means the body or bodies of each Party responsible for telecommunications

regulation;

cost-oriented means cost-based, and may include reasonable utility and involve different costing methodologies for different facilities or services;

portability means the ability of users of public telecommunications services to keep the same telephone numbers, without loss of quality and reliability when switching to a similar public telecommunications service provider;

dominant supplier (5) means a supplier of public telecommunications services that has the ability to significantly affect the conditions of participation (in terms of price and supply) in the relevant market for public telecommunications services, as a result of:

(a) the control of essential facilities, or

(b) the use of its market position;

international roaming means a commercial mobile service provided pursuant to a commercial agreement between public telecommunications service providers that allows users to use their local mobile phone or other device for voice, data or text messaging services while outside the territory in which the end user's home network is located;

public telecommunications network means the telecommunications infrastructure used to supply public telecommunications services under the terms and conditions set out in each Party's legislation;

public telecommunications service means any telecommunications service as defined in each Party's law, explicitly, that is offered to the general public. Such services may include, but are not limited to, telephony, transmission of intermediate data and services (6) that typically incorporate customer-supplied information between two or more points without any end-to-end change in the form or content of such information;

telecommunications means any transmission, emission or reception of signs, signals, writings, images, sounds and information of any nature, by physical line, radioelectricity, optical means or other electromagnetic systems;

enabling title means the authorizations, licenses, concessions, permits, registrations or any other type of enabling title, which a Party may require to supply public telecommunications services, and

user means any natural or legal person consuming public telecommunications services.

(2) In the case of Ecuador, "leased circuits" refers to bearer services.

(3) In the case of Ecuador, "interconnection" includes "access", which means the making available to another supplier, under defined, non-discriminatory and transparent conditions, of network resources or services for the purpose of providing public telecommunications services, including when these resources are used for broadcasting services, subject to the regulations issued by the telecommunications regulatory authority of each Party.

(4) In the case of Ecuador, "reference interconnection offer" refers to the basic interconnection offer.

(5) In the case of Ecuador, "dominant provider" refers to an operator with market power; additionally, an operator with market power is distinguished from a preponderant provider. In the case of Ecuador, "preponderant supplier" means a provider of public telecommunications services and subscription services that owns more than 50% of subscribers, clients, subscribers, active lines, traffic or others, in a given market or services.

(6) For greater certainty, "intermediate telecommunications services" shall be understood to mean those services provided by third parties, through facilities and networks, intended to meet the needs of those holding a licensing title.

Article 11.2. Scope of Application

1. This Chapter applies to:

(a) measures related to access to and use of public networks and public telecommunications services;

(b) measures relating to the obligations of suppliers of public telecommunications services, and

(c) other measures related to public networks and public telecommunications services.

2. This Chapter does not apply to measures relating to broadcasting and cablecasting of radio or television programming, except to ensure that enterprises providing such services have continued access to and use of public networks and public telecommunications services in accordance with Article 11.3.

3. Nothing in this Chapter shall be construed to mean:

(a) oblige the other Party to require any enterprise to establish, construct, acquire, lease, operate or supply public telecommunications networks or services, where such networks or services are not offered to the general public;

(b) oblige the other Party to require any enterprise, engaged exclusively in the broadcasting or cable distribution of radio or television programming, to television, make its cable distribution or broadcasting facilities available as a public telecommunications network; or

(c) prevent the other Party from prohibiting persons operating private networks from using them to supply public telecommunications services to third persons.

Article 11. Access to and Use of Public Telecommunication Networks and Services

1. Each Party shall ensure that the enterprises of the other Party have access to and may make use of any public telecommunications service, offered in its territory, on reasonable and non-discriminatory terms and conditions. This obligation shall be implemented, including, inter alia, as specified in paragraphs 2 through 6.

2. Each Party shall ensure, in accordance with its respective legislation, that such enterprises are permitted:

(a) purchase or lease, and connect terminals or equipment that interface with public telecommunications networks;

(b) to provide services to single or multiple users through owned or leased circuits;

(c) connect owned or leased circuits to public networks and telecommunications services or to circuits owned or leased by another company, and

(d) perform switching, routing, signaling, addressing, processing, and conversion functions.

3. Each Party shall ensure, in accordance with its respective legislation, that the enterprises of the other Party may use public telecommunications networks and public telecommunications services to transmit information in its territory or across its borders, and to access information contained in databases or stored in a machine-readable form in the territory of either Party.

4. Notwithstanding paragraph 3, each Party may take such measures as may be necessary to ensure the security and confidentiality of information transmitted over public telecommunications networks, or to protect the privacy of users' personal data, provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade in services.

5. Each Party shall ensure that no conditions are imposed on access to and use of public telecommunications networks and services other than those necessary to:

(a) safeguard the responsibilities of providers of public telecommunications networks and public telecommunications services, in particular their ability to make their networks or services available to the general public; or

(b) protect the technical integrity of public telecommunications networks or utilities.

6. Provided that the criteria set out in paragraph 5 are met, conditions for access to and use of public telecommunications networks and services may include:

(a) requirements to use specific technical interfaces, including interface protocols, for interconnection with such networks and services;

(b) requirements, where necessary, for the interoperability of such networks and services;

(c) the approval of terminal equipment or other equipment interfacing with the network and technical requirements related to the connection of such equipment to those networks; and

(d) notification, registration and granting of authorisations.

Article 11.4. Use of Telecommunication Networks In Emergency Situations

1. Each Party shall endeavour to take the necessary measures to ensure that telecommunications companies transmit, at no cost to users, alert messages defined by its competent authority in emergency (7) situations.

2. Each Party shall encourage suppliers of public telecommunications services to protect their networks from severe failures caused by emergency situations in order to ensure public access to public telecommunications services in such situations.

3. The Parties shall endeavour to manage, in a joint and coordinated manner, actions in the field of telecommunications in emergency situations, and the planning of resilient networks to failures, aimed at mitigating the impact of natural disasters.

4. Each Party shall take the necessary measures to ensure that mobile telephone service providers grant the possibility for international roaming users of the other Party to make calls to that Party's toll-free emergency numbers, in accordance with its domestic coverage.

(7) Emergency situations shall be determined by the competent authority of each Party.

Article 11.5. Interconnection between Public Telecommunications Service Providers

General Terms and Conditions of Interconnection

1. Each Party shall ensure that suppliers of public telecommunications services in its territory provide interconnection to suppliers of public telecommunications services of the other Party:

(a) at any technically feasible point in your network;

(b) under non-discriminatory terms, conditions (including technical standards and specifications) and rates;

(c) of a quality no less favorable than that provided by such public telecommunications service suppliers to their own like services, to like services of non-affiliated service suppliers, or to like services of their subsidiaries or other affiliates;

(d) in a timely manner, on terms, conditions (including technical standards and specifications) and cost-oriented tariffs that are transparent, reasonable, taking into account economic feasibility, and sufficiently unbundled so that providers need not pay for network components or facilities that they do not require for the service to be provided, and

(e) upon request, at points in addition to the network termination points offered to most users, subject to charges reflecting the cost of constructing the necessary additional facilities.

2. In carrying out paragraph 1, each Party shall ensure that suppliers of public telecommunications services in its territory take reasonable steps to protect the confidentiality of commercially sensitive information of, or relating to, suppliers and users of public telecommunications services, and only use such information to supply those services.

Interconnection Options

3. Each Party shall ensure that suppliers of public telecommunications services of the other Party may interconnect their facilities and equipment with those of suppliers of public telecommunications services in its territory, in accordance with at least one of the following options:

(a) a reference interconnection offer containing rates, terms and conditions that public telecommunications service providers offer each other;

(b) the terms and conditions of an existing interconnection agreement;

(c) through the negotiation of a new interconnection agreement, or

(d) by an interconnection provision issued by the regulatory authority of each Party.

Public Availability of Interconnection Negotiation Procedures

4. Each Party shall make publicly available the procedures applicable to interconnection negotiations with suppliers of public telecommunications services in its territory.

Public Availability of Rates, Terms and Conditions Necessary for Interconnection

5. Each Party shall provide means for suppliers of public telecommunications services of the other Party to obtain the necessary rates, terms and conditions for interconnection offered by a supplier of public telecommunications services, in accordance with each Party's legal system. Such means shall ensure, at a minimum

(a) the public availability of rates, terms and conditions for interconnection with a supplier of public telecommunications services established by the telecommunications regulatory body or other competent body, or

(b) the public availability of the reference interconnection offer.

Article 11.6. Shared Internet Interconnection Charges

The Parties recognise that a provider seeking international Internet interconnection should be able to negotiate with providers of the other Party on a commercial basis. Such negotiations may include negotiations on compensation for the establishment, operation and maintenance of the respective providers' facilities.

Article 11.7. Portability

Each Party shall ensure that suppliers of public telecommunications services in its territory provide portability (for those services provided for in its domestic law), in a timely manner, and on reasonable and non-discriminatory terms and conditions.

Article 11.8. Damaged, Stolen or Lost Mobile Terminal Equipment

1. Each Party shall establish procedures to exchange and block on its networks the IMEI (International Mobile Equipment Identity) or similar codes of mobile terminal equipment reported in the territory of another Party as stolen, misplaced or lost, or to implement mechanisms to inhibit or prevent the use of cloned IMEI codes.

2. The procedures referred to in paragraph 1 shall include the use of such databases as the Parties may agree for this purpose.

Article 11.9. Internet Traffic

The Parties shall endeavour to:

(a) promote the interconnection within the territory of each Party of all Internet Service Providers (ISPs) through new Internet Exchange Points (IEPs), as well as promote interconnection between the IEPs of the Parties;

(b) adopt or maintain measures to ensure that public (8) works projects include mechanisms to facilitate the deployment of fibre optic or other telecommunications networks;

(c) encouraging the deployment of telecommunication networks that connect users to the main centres of Internet content generation worldwide, and

(d) adopt policies that encourage the installation of Internet content generation centres and distribution networks in their respective territories.

(8) The term "public works" shal! be understood in accordance with the laws of each Party.

Article 11.10. Universal Service

Each Party has the right to define the type of universal service obligations it wishes to adopt or maintain and shall administer such obligations in a transparent, non-discriminatory and competitively neutral manner, and shall ensure that universal service obligations are no more burdensome than necessary for the type of universal service that has been defined.

Article 11.11. Net Neutrality

Parties shall, in accordance with their domestic law, adopt or maintain measures to ensure that public telecommunications

services:

(a) do not arbitrarily discriminate by blocking, interfering with, obstructing, or restricting the right of any Internet user to use, send, receive or offer any lawful content, applications, or services over the Internet. Notwithstanding the foregoing, public telecommunications service providers may take such measures as are necessary to ensure the operation of their networks, provided that they are not undertaken in a manner that constitutes arbitrary discrimination or anti-competitive conduct; and

(b) do not limit a user's right to use any type of device to connect to the network, as long as it is legal and does not harm the network or the quality of service.

Article 11.12. Competitive Safeguards

1.Each Party shall maintain appropriate measures with the objective of preventing suppliers, individually or jointly, from engaging or continuing to engage in anti-competitive practices.

2. The anti-competitive practices referred to in paragraph 1 include, in particular:

(a) employ anti-competitive cross-subsidies;

(b) using information obtained from competitors with anti-competitive results, and

(c) failure to make available in a timely manner to other suppliers of public telecommunications services, technical information on essential facilities and commercially relevant information that they need to supply public telecommunications services.

Article 11.13. Treatment of Significant Suppliers

Each Party shall ensure that major suppliers in its territory accord to public telecommunications service suppliers of the other Party treatment no less favourable than that accorded by such major suppliers, in like circumstances, to their subsidiaries, their affiliates or non-affiliated service suppliers, with respect to:

(a) the availability, supply, rates or quality of similar public telecommunications services, and

(b) the availability of technical interfaces necessary for interconnection.

Article 11.14. Disaggregation of Network Elements

1, Each Party shall provide its telecommunications regulatory body the authority to require dominant suppliers in its territory to provide to suppliers of public telecommunications services of the other Party access to network elements on an unbundled basis and on terms, conditions, and cost-oriented rates that are reasonable, non- discriminatory, and transparent.

2. Each Party may determine the network elements required to be made available in its territory and the providers that may obtain such elements, in accordance with its legal system.

Article 11.15. Supply and Pricing of Leased Circuits

1. Each Party shall ensure that dominant suppliers in its territory supply leased circuits to enterprises of the other Party on terms, conditions and rates that are reasonable and non- discriminatory.

2. To comply with paragraph 1, each Party shall give its telecommunications regulatory body the authority to require dominant suppliers in its territory to offer leased circuits to the other Party's companies at capacity-based, cost-oriented prices.

Article 11.16. Co-location

1. Each Party shall ensure that dominant suppliers in its territory provide to suppliers of public telecommunications services of the other Party the physical co-location of equipment necessary to interconnect with or access unbundled network elements on terms, conditions, and cost-oriented rates that are reasonable, non-discriminatory, and based on generally available supply.

2. Where physical co-location is not practicable for technical reasons or due to space limitations, each Party shall ensure that major suppliers in its territory provide an alternative solution, such as facilitating virtual co-location, on terms, conditions and cost- oriented fees that are reasonable, non-discriminatory and based on a generally available offer.

3. Each Party may determine, in accordance with its legal system, the facilities subject to paragraphs 1 and 2.

Article 11.17. Access to Poles, Ducts, Pipelines and Rights of Way

Each Party shall maintain appropriate measures for dominant suppliers in its territory to provide access to its poles, ducts, conduits, and rights-of-way owned or controlled by such dominant suppliers to suppliers of public telecommunications services of the other Party on terms, conditions, and rates that are reasonable and non- discriminatory.

Article 11.18. Independent Regulatory Bodies

1. Each Party shall ensure that its regulatory body for telecommunications is independent of, separate from, and not accountable to any supplier of public telecommunications services. To this end, each Party shall ensure that its telecommunications regulatory body has no financial interest in, and no operational functions with, any supplier of public telecommunications services.

2. Each Party shall ensure that the decisions and procedures of its telecommunications regulatory body are impartial with respect to all market participants. To this end, each Party shall ensure that any financial interest it has in a supplier of public telecommunications services does not influence the decisions and procedures of its telecommunications regulatory body.

3. Neither Party shall accord to a supplier of public telecommunications services treatment more favourable than that accorded to a like supplier of the other Party, on the ground that the supplier receiving the more favourable treatment is publicly owned, in whole or in part.

Article 11.19. Mutual and Technical Cooperation

The regulatory agencies of the Parties shall cooperate on:

(a) the exchange of experience and information on telecommunication policy, regulation and standards;

(b) the promotion of training spaces by the competent telecommunication authorities for the development of specialized skills;

(c) coordination and the search for common positions, as far as possible, in the various international organizations in which they participate, and

(d) the exchange of information on strategies to enable access to public telecommunications services in rural areas and priority focus areas established by each Party.

Article 11.20. Qualifying Titles

1. Where a Party requires a qualification from a supplier of public telecommunications services, it shall make the qualification publicly available:

(a) the criteria and procedures applicable to the granting of the same;

(b) the time normally required to make a decision on such a request; and

(c) the terms and conditions of any qualification it has issued.

2. Each Party shall ensure that, upon request, an applicant is provided with the reasons for the denial of a qualification.

Article 11.21. Allocation, Allocation and Use of Scarce Resources

1. Each Party shall administer its procedures for the allocation, assignment and use of scarce telecommunications resources, including frequencies, numbers and rights of way, in an objective, timely, transparent and non-discriminatory manner, except for those related to governmental uses.

2. Each Party shall make available to the public the current status of allocated frequency bands, but shall not be obliged to

provide the detailed identification of frequencies allocated for specific governmental uses.

3. Measures of the other Party relating to spectrum allocation and assignment and frequency management do not per se constitute measures inconsistent with Article 9.4 (Market Access), which applies to trade in services as provided in Article 9.2 (Scope of Application). Accordingly, each Party retains the right to establish and apply its spectrum and frequency management policies, which may have the effect of limiting the number of suppliers of public telecommunications services, provided that this is done in a manner consistent with this Agreement. Each Party also retains the right to allocate and assign frequency bands taking into account present and future needs and spectrum availability.

4. When assigning spectrum for public non-governmental telecommmunications services, each Party shall endeavour to rely on an open and transparent public process that considers the public interest. Each Party shall generally seek to rely on market-based approaches in assigning spectrum for terrestrial non-governmental public telecommunications services.

Article 11.22. Transparency

Each Party shall ensure that:

(a) the telecommunications regulatory body's actions, including considerations for such actions, be promptly published or made publicly available;

(b) interested persons are afforded, to the extent practicable, by public notice and with adequate advance notice, an opportunity to comment on any proposed action by the telecommunications regulatory body;

(c) user fees are made available to the public;

(d) measures relating to public telecommunications networks and services, including those relating to:

(i) rates and other terms and conditions of service;

(ii) specifications of the technical interfaces;

(iii) the conditions for the comnection of terminal equipment or any other equipment to the public telecommunications network;

(iv) notification or qualification requirements, if any;

(v) standardization or norms affecting access and use, and

(vi) the procedures relating to the settlement of telecommunications disputes referred to in Article 11.27.

Article 11.23. Quality of Service

1. Each Party shall establish measures to regulate, monitor and oversee the quality of public telecommunications services with the indicators, parameters and procedures established for this purpose by its respective telecommunications regulatory body.

2. Each Party shall ensure that:

(a) suppliers of public telecommunications services in its territory, or

(b) its telecommunications regulatory body, publish indicators of the quality of service provided to users of public telecommunications services.

3. Each Party shall provide, upon request of another Party, the methodology used for the calculation or measurement of the quality of service indicators, as well as the targets that have been defined for their compliance, in accordance with its legislation.

Article 11.24. International Roaming

1, The Parties undertake to work together, within a period of two (2) years from the entry into force of this Agreement, through the telecommunications authorities and the competent fiscal and tax authorities, for the purpose of:

(a) Establish a working group for the implementation of international roaming at local rates, considering implementation alternatives and their social and economic impact;

(b) develop a methodology and a roadmap for implementing international roaming service (roaming) at local rates between the two Parties, based on the results of the working table, approved by the Parties;

(c) develop a joint regulation on reasonable and non-abusive use of international roaming service, and

(d) harmonize the value added tax treatment applicable to international roaming services.

2. The implementation of the international roaming service at local rates between the Parties will require the subscription of a Complementary Protocol to this Agreement, based on the results of the working table and the determination of the methodology and roadmap to be approved by the Parties.

Article 11.25. Flexibility In the Choice of Technologies

1. No Party may prevent suppliers of public telecommunications services from having the flexibility to choose the technologies they wish to use for the supply of their services, subject to requirements necessary to satisfy legitimate public policy interests, including the protection of the technical integrity of public telecommunications networks and services.

2. Where a Party funds the development of advanced networks, it may condition its funding on the use of technologies that meet its specific public policy interests.

Article 11.26. Protection of Users of Public Telecommunication Services

The Parties shall guarantee the following rights to users of public telecommunications services:

(a) to obtain the supply of public telecommunications services, in accordance with the quality parameters contracted or established by the competent authority; and

(b) in the case of persons with disabilities, to obtain information on the rights they enjoy. Parties shall use the means available to them for this purpose.

Article 11.27. Settlement of Telecommunication Disputes

Each Party shall ensure that:

(a) the enterprises of the other Party, depending on the nature of the dispute, may have recourse to the competent administrative or judicial body of the Party in which the service is provided, to resolve disputes relating to domestic measures concerning the matters set out in Articles 11.3 through 11.26;

(b) suppliers of public telecommunications services of the other Party that have requested interconnection with a dominant supplier in the territory of the Party may apply to the competent administrative or judicial body of the Party in which the interconnection is made, within a specific reasonable and public time period following the supplier's request for interconnection, for intervention on issues relating to the terms, conditions and rates for interconnection with such dominant supplier.

(c) any undertaking that considers itself adversely affected or considers that its interests have been affected by a determination or decision of the telecommunications regulatory body may seek administrative remedies as appropriate, in accordance with the laws of each Party. No Party shall allow such a request to be a basis for non-compliance with the determination or decision of the telecommunications regulatory body, unless a competent authority suspends such determination or decision. A Party may limit the circumstances in which reconsideration is available, consistent with its legal system;

(d) any undertaking which considers itself aggrieved or considers that its interests have been affected by a ruling or decision of the telecommunications regulatory body may obtain a judicial review of such ruling or decision by an independent judicial authority. An application for judicial review shall not constitute a basis for non-compliance with such ruling or decision, unless it is suspended by the competent judicial body.

Article 11.28. Relationship to other Chapters

In the event of any inconsistency between this Chapter and another Chapter of this Agreement, this Chapter shall prevail to the extent of the inconsistency.

Chapter 12. PUBLIC PROCUREMENT

Article 12.1. Definitions

For purposes of this Chapter:

notice of intended procurement means a notice published by the procuring entity inviting interested suppliers to submit a request for participation, a tender, or both;

notice of planned procurement means a notice published by a procuring entity regarding its future procurement plans;

commercial goods or services means goods or services of a kind generally sold or offered for sale in the commercial marketplace, and generally purchased by nongovernmental purchasers, and normally for nongovernmental purposes;

special compensatory condition means any condition or commitment that promotes local development or improves a Party's balance of payments accounts, such as the use of domestic content, technology licensing, investment, compensatory trade and similar measures or requirements;

conditions for participation means any registration, qualification or other prerequisites for participation in a procurement;

direct procurement means a method of procurement in which the procuring entity contacts a supplier or suppliers of its choice;

contracting entity means an entity covered by Appendices 1 to 3 of Annex 12.1;

written or in writing means any expression in words or numbers that can be read, reproduced and subsequently communicated, including information transmitted and stored electronically;

technical specification means a procurement requirement that:

(a) establishes the characteristics of:

(i) the goods to be procured, such as quality, performance, safety and dimensions or processes and production methods;

(ii) the services to be contracted, such as quality, performance and safety, or their processes and methods of supply; and for the case of construction services, includes construction methods and designs, or

(b) refers to terminology, symbols, packaging, marking or labelling requirements applicable to a good or service;

competitive bidding means a method of procurement in which all interested suppliers may submit a bid;

selective tendering means a method of procurement in which only qualified or registered suppliers are invited by the procuring entity to submit a tender;

multiple-use lists means a list of suppliers that the procuring entity has determined to be eligible for that list, and that the procuring entity intends to use more than once;

measure means any law, regulation, method, administrative guidance or practice, or any action by a procuring entity in connection with a covered procurement;

standard means a document approved by a recognized institution, which establishes, for common and repeated use, rules, guidelines or characteristics applicable to goods or services, or related processes and production methods, compliance with which is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements applicable to a good, service, process or production method;

person means a natural person or a legal person;

natural person of the other Party means a natural person who is a national of the other Party or who, under the law of the other Party, has the right of permanent residence in that other Party;

legal entity means any legal entity duly constituted or otherwise organized under the applicable law;

legal person of the other Party means a legal person that is incorporated or otherwise organized under the laws of the other Party and that, in the case of the supply of a service, has substantive business operations in the territory of that Party;

supplier means a person or group of persons who supplies or could supply goods or services;

qualified supplier means a supplier that is recognized by a procuring entity as meeting the requirements for participation;

construction service means a service the purpose of which is the performance, by whatever means, of a civil engineering or construction work on the basis of Division 51 of the United Nations Provisional Central Product Classification (hereinafter referred to as "CPC");

services include construction services, unless otherwise noted;

electronic auction means an iterative process involving the use of electronic means for the submission by suppliers of either new prices or new values for quantifiable non-price

tender elements linked to the evaluation criteria, or both, resulting in a ranking or reclassification of tenders.

Article 12.2. Scope of Application and Coverage

1. This Chapter applies to any measure of a Party relating to covered procurement. For purposes of this Chapter, "covered procurement" means procurement for government purposes:

(a) of goods, services or any combination of the two:

(i) as specified in the Appendices to Annex 12.1 of each Party, and

(ii) not acquired for commercial sale or resale, or for use in the production or supply of goods or services for commercial sale or resale;

(b) by means of any contractual instrument, including purchase, hire purchase, lease or hire purchase, with or without an option to buy;

(c) for which the value estimated in accordance with the rules specified in Appendix 8 to Annex 12.1 equals or exceeds the threshold specified in the relevant Appendix to Annex 12.1;

(d) carried out by a procuring entity, and

(e) that is not otherwise excluded from the scope of this Chapter.

2. This Chapter shall not apply to:

(a) the acquisition or lease of existing land, buildings or other immovable property or the rights pertaining thereto;

(b) non-contractual arrangements or any form of assistance that a Party provides, including cooperative agreements, grants, subsidies, loans, equity infusions, guarantees, endorsements and tax incentives;

(c) the procurement or acquisition of fiscal agency or depository services, settlement and management services for regulated financial institutions, or services related to the sale, redemption, and distribution of public debt, including government loans and bonds, notes, and other securities. It is understood that this Chapter shall not apply to the procurement of banking, financial or specialized services related to public indebtedness, or the administration of public debt;

(d) public employment contracts and related measures;

(e) the contracting carried out:

(i) for the specific purpose of providing international aid, including development aid;

(ii) under a particular method or condition of an agreement relating to:

(A) the stationing of troops, or

(B) the joint implementation of a project by the signatory countries to that agreement, or

(iii) under a particular method or condition:

(A) of an international organization, or

(B) financed through international grants, loans or other support,

where the method or condition applicable to subparagraphs (iii)(A) and (iii)(B) is inconsistent with this Chapter.

(f) procurement by a procuring entity or government enterprise of a Party from another procuring entity or government

enterprise of the same Party;

3. No entity may prepare, design or otherwise structure or divide any procurement, at any stage thereof, for the purpose of evading the obligations contained in this Chapter.

4. Where an entity awards a contract that is not covered by this Chapter, nothing in this Chapter shall be construed to cover any goods or services that are part of such a contract.

5. Nothing in this Chapter shall prevent a Party from developing new procurement policies, methods or means of contracting, provided that they are consistent with this Chapter.

Article 12.3. General and Safety-Related Exceptions

1. Nothing in this Chapter shall be construed to prevent a Party from taking measures or not disclosing information that it considers necessary for the protection of its essential security interests relating to the procurement of arms, munitions or war materials, or procurement indispensable for national security or national defence purposes.

2. Subject to the requirement that the measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where like conditions prevail or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining or applying measures:

(a) necessary to protect morals, order or security;

(b) necessary to protect human, animal or plant life or health;

(c) necessary to protect intellectual property, or

(d) relating to goods or services of persons with disabilities, philanthropic institutions, or prison labor.

3. Paragraph 2(b) includes environmental measures such as those for the conservation of natural resources necessary to protect human, animal or plant life or health.

Article 12. National Treatment and Non-Discrimination

1. With respect to any measure covered by this Chapter, each Party shall accord, immediately and unconditionally, to goods and services of the other Party and to suppliers of the other Party offering goods and services of either Party, treatment no less favorable than the most favorable treatment that the Party accords to its own goods, services, and suppliers subject to the limitations and qualifications set out in this Chapter and in Annex 12.1.

2. With respect to any measure covered by this Chapter, neither Party may:

(a) treat a locally established supplier less favourably than another locally established supplier because of its degree of foreign affiliation or ownership, or

(b) discriminate against a locally established supplier on the basis that goods or services offered by that supplier for a particular procurement are goods or services of the other Party.

3. This Article does not apply to measures relating to customs duties or other charges of any kind imposed on or in connection with importation, to the method of levying such duties and charges, or to other import regulations, including restrictions and formalities, or to measures affecting trade in services, other than measures specifically regulating government procurement covered by this Agreement.

Article 12.5. Use of Electronic Media

1. The Parties shall, to the extent possible, encourage the use of electronic means of communication to enable the effective and wide dissemination of information on government procurement, in particular with respect to future procurement opportunities offered by procuring entities, while respecting the principles of transparency and non- discrimination.

2. The Parties shall encourage, to the extent practicable, the use of electronic means for the delivery of procurement documents and the receipt of tenders.

3. If you conduct a covered procurement electronically, a procuring entity:

(a) ensure that procurement is conducted using information technology systems and software, including those related to

authentication and cryptographic encryption of information, that are accessible and interoperable with other generally available information technology systems and software; and

(b) maintain mechanisms to ensure the integrity and security of requests for participation and bids, including establishing time and receipt, and preventing inappropriate access.

Article 12.5. Rules of Origin

For purposes of covered procurement, a Party may not apply rules of origin to goods imported from the other Party that are different from the rules of origin that that Party applies to goods imported from the other Party.

Article 12.6. Denial of Benefits

For purposes of the treatment provided for in Article 12.4, either Party, after giving notice to the service suppliers of the other Party and affording due opportunity for the supplier's arguments to be considered in a timely manner, may deny the benefits under this Chapter if the service supplier:

(a) is not a person of the other Party as defined in this Chapter, or

(b) supplies the service from or in the territory of a non-Party.

Article 12.7. Special Compensatory Conditions

With respect to a covered procurement, a Party, including its procuring entities, may not consider, impose or establish special countervailing conditions at any stage of a procurement.

Article 12.8. Publication of Procurement Measures

Each Party shall publish its measures of general application specifically regulating procurement covered by this Chapter, as well as any amendments to such measures, in a publicly accessible electronic medium in the same manner as the original publication, in a timely manner.

Article 12.9. Valuation

1. In calculating the value of a procurement for the purpose of determining whether it is a covered procurement, an entity:

(a) shall not divide a procurement into separate procurements or use a particular method for estimating the value of the procurement for the purpose of avoiding the application of this Chapter;

(b) include the calculation of the maximum total value over its entire duration, taking into account all forms of remuneration, such as premiums, fees, dues, fees, commissions and interest, which might be stipulated in the procurement, and

(c) shall, where the procurement results in the award of procurement contracts at the same time or over a given period to one or more suppliers, base its calculation on the total maximum value of the procurement during the entire period of the procurement.

2. Where the total maximum value of a procurement over its entire duration is not known, that procurement shall be covered by this Chapter.

Article 12. Notices

1. For each covered procurement, a procuring entity shall publish a notice of intended procurement, except in the circumstances set out in Article 12.16. The notice shall be published in the electronic or written media listed in Appendix 7 of Annex 12.1. The notice shall be accessible by electronic means, free of charge.

2. Except as otherwise provided in this Chapter, each notice of future recruitment shall include the following information:

(a) the description of public procurement;

(b) the method of recruitment to be used;

(c) any conditions that suppliers must satisfy in order to participate in the procurement;

(d) the name of the entity publishing the notice;

(e) the address or contact point where suppliers can obtain all relevant procurement documentation;

(f) where applicable, the address and final date for the submission of requests to participate in the procurement;

(g) the address and final date for submission of bids, and

(h) the delivery dates of the goods or services to be procured or the duration of the contract, unless this information is included in the procurement documents.

3. The notice under Article 12.12 shall include:

(a) a description of the goods or services, or categories thereof, for which the list may be used;

(b) the conditions for participation that suppliers must meet in order to be included in the list and the methods that the procuring entity will use to verify that a supplier meets the conditions;

(c) the name and address of the procuring entity and other information necessary to contact the entity and obtain all relevant documents related to the listing, and

(d) the period of validity of the list and the means for its renewal or termination, or where the period of validity is not provided, an indication of the method by which notice of termination of use of the list will be given.

4. A procuring entity may use a notice of intended procurement as a notice of intended procurement provided that the notice of intended procurement includes all information referred to in paragraph 2 that is available, and an indication that interested suppliers will express their interest in the procurement to the procuring entity.

5. Each Party shall encourage its procuring entities to publish in the media listed in Appendix 7 to Annex 12.1, as early as practicable in each fiscal year, a notice regarding its planned future procurement. The notice of planned procurement shall include the subject matter of the procurement and the scheduled date of publication of the notice of planned future procurement.

Article 12.11. Conditions of Participation

1. Where a Party, including its procuring entities, requires suppliers to comply with any conditions for participation in a covered procurement, the procuring entity shall publish a notice inviting suppliers to submit applications for such participation. The procuring entity shall publish the notice sufficiently in advance to allow interested suppliers sufficient time to prepare and submit their applications, and for the procuring entity to evaluate and make its determinations on the basis of such applications. Where the condition for participation is registration, the procuring entity is deemed to comply with this paragraph by keeping the possibility of registration open on an ongoing basis. In establishing conditions for participation and determining whether a supplier satisfies those conditions, a Party, including its procuring entities:

(a) limit any conditions for participating in a procurement to those that are essential to ensure that the supplier has the legal and financial capacity and the commercial and technical skills to carry out the relevant procurement;

(b) may assess the financial capacity and the commercial and technical skills of the supplier based on business activities both within and outside the territory of the Party of the procuring entity. For greater certainty, procuring entities may tequire suppliers to demonstrate strict compliance with their tax and labour obligations;

(c) base its evaluation solely on the terms and conditions that the procuring entity has specified in advance in the notices or procurement documents;

(d) shall not impose as a condition of participation by a supplier in a procurement that the supplier has previously been awarded one or more procurement contracts of a procuring entity of a particular Party or that the supplier has previous work experience in the territory of that Party, and

(e) may require relevant prior experience when essential to meet the requirements of the procurement.

2. A procuring entity shall promptly inform a supplier submitting an application to participate in a procurement or an application for inclusion in a multi-use list of its decision with respect to the application. Where a procuring entity rejects a supplier's application to participate in a procurement or a supplier's application for inclusion in a multi-use list or ceases to recognize a supplier as qualified, that entity shall promptly inform the supplier and, upon request of the supplier, promptly

provide a written explanation of the reasons for its decision.

3. A Party, including its procuring entities, may maintain a supplier registration system under which interested suppliers are required to register and provide certain information. Where a procuring entity intends to use selective procurement, it shall allow all qualified suppliers to participate in a particular procurement, unless the procuring entity indicates in the notice of intended procurement any limitation on the number of suppliers that will be allowed to bid and the criteria for selecting a limited number of suppliers.

4. No entity may make it a condition of participation by a supplier in a procurement that the supplier has previously been awarded one or more procurement contracts by an entity of that Party or that the supplier has previous work experience in the territory of that Party.

Article 12.12. Multiple-Use Lists

1. A procuring entity may maintain a multi-use list, provided that notice inviting suppliers interested in applying for inclusion on the list is published annually in the appropriate medium listed in Appendix 7 of Annex 12.1, and when published by electronic means, it is continuously available on the electronic medium listed in that Appendix. Where a list of suppliers is valid for three (3) years or less, a procuring entity may publish the notice only once, at the beginning of the period of validity of the list.

2. The notification under paragraph 1 shall include the information specified in Article 12.10.2.

3. A procuring entity shall permit suppliers to apply at any time for inclusion on a multiple-use list and shall include all qualified suppliers on that list within a reasonable time.

4. A procuring entity may use a notice inviting suppliers to apply for inclusion on a nuultiple-use list as a notice of future procurement, provided that:

(a) the notice is published in accordance with paragraph 1 and includes the information required in paragraphs 2 and 3 of Article 12.10, is available and contains a statement that it constitutes a notice of intended procurement;

(b) the entity promptly provides suppliers that have expressed an interest to the entity in a particular procurement with sufficient information to enable them to evaluate their interest in the procurement, including all relevant information required under Article 12.10.2 to the extent that such information is available, and

(c) a supplier that has applied for inclusion in a multiple-use list in accordance with paragraph 3 may submit tenders in a particular procurement, where there is sufficient time for the procuring entity to examine whether it meets the conditions for participation.

Article 12.13. Procurement Documents

1. A procuring entity shall provide suppliers with all necessary information to enable them to prepare and submit responsive tenders.

2. Unless already stated in the notice of intended procurement, the procurement documents shall include at least a full description of the following:

(a) the nature and quantity of goods or services to be procured, or, if the quantity is not known, the estimated quantity and any requirements to be met, including technical specifications, conformity assessment certificates, drawings, designs or instruction manuals;

(b) the conditions of participation of suppliers, including information and documents to be submitted by suppliers in relation to those conditions;

(c) the evaluation criteria to be considered in the award of a contract and, unless price is the sole criterion, the relative importance of such criteria;

(d) where an entity conducts an electronic auction, the rules applicable to the auction, including the identification of the bid elements related to the evaluation criteria;

(e) if tenders are opened publicly, the date, time and place of the opening;

(f) the date or period for the delivery of the goods or for the supply of the services or the duration of the contract, and

(g) any other terms or conditions, such as payment terms and the manner in which tenders shall be submitted.

3. Where a procuring entity does not publish all procurement documents electronically, it shall ensure that they are available to any supplier upon request, free of charge, subject to the cost of the digital or analog media on which the information is provided, if physical information is required.

4. Where a procuring entity, in the course of a procurement, modifies the criteria referred to in paragraph 2, it may do so only after the deadline for presenting tenders has passed, and shall communicate such modifications in writing:

(a) to all suppliers participating in the procurement at the time of the modification of the criteria, if the identities of such suppliers are known, and otherwise in the same manner as the original information was transmitted, and

(b) in sufficient time to allow such suppliers to modify and resubmit their bids, as appropriate.

Article 12.14. Technical Specifications

1. A contracting entity shall not prepare, adopt or apply any technical specification or provide for any conformity assessment method with the purpose or effect of creating unnecessary obstacles to trade between the Parties.

2. In establishing technical specifications for tendered goods or services, a procuring entity, where appropriate:

(a) set out the technical specifications in terms of performance and functional requirements, rather than descriptive or design characteristics, and

(b) base technical specifications on international standards, where they exist, or otherwise on national technical regulations, recognized national standards or building codes. For this purpose, it shall make such documents available to suppliers.

3. Where descriptive or design characteristics are used in the technical specifications, a procuring entity shall indicate, where appropriate, that it will consider tenders of equivalent goods or services that demonstrate compliance with the procurement requirements, by including terms such as âor equivalent" in the procurement documents.

4. A procuring entity shall not designate technical specifications that require or refer to a particular trademark or trade name, patent, copyright, design or type, specific origin, producer or supplier, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements and provided that, in such cases, the entity includes terms such as "or equivalent" in the procurement documents.

5. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that could be used in the preparation or adoption of any technical specification for a particular procurement from a person that may have a commercial interest in the procurement.

6. For greater certainty, a Party, including its contracting entities, may, in accordance with this Article, prepare, adopt, or apply technical specifications to promote the conservation of natural resources or protect the environment.

Article 12.15. Time Limits

1. A procuring entity shall, consistent with its own needs, provide sufficient time for suppliers to prepare and submit requests for participation and appropriate tenders, taking into account in particular the nature and complexity of the procurement.

2. An entity shall allow a period of not less than thirty (30) days from the date on which the notice of procurement is published and the final date for the submission of bids.

3. Notwithstanding paragraph 2, an entity may establish a time limit of less than thirty (30) days, but in no case less than ten (10) days, in the following circumstances:

(a) where the procuring entity has published a separate notice containing a description of the procurement, the approximate time limits for submission of tenders or, where appropriate, conditions for participation in a procurement and the address where documentation relating to the procurement may be obtained, at least thirty (30) days and not more than twelve (12) months in advance;

(b) in the case of a new, second or subsequent publication of notices for a procurement of a recurrent nature;

(c) where an emergency duly justified by a procuring entity makes it impracticable to comply with the time limit specified in paragraph 2, or

(d) when the procuring entity procures goods or services that are generally sold or offered for sale in the commercial market to, and normally purchased by, non-governmental purchasers for non-governmental purposes.

4. A Party may provide that a procuring entity may reduce by five (5) days the deadline for submitting tenders set out in paragraph 2 for each of the following circumstances, where:

(a) the notice of future procurement is published by electronic means; all procurement documents that are made available to the public by electronic means are published as of the date of publication of the notice of procurement, or

(b) bids may be received by electronic means by the contracting entity.

4. The application of paragraphs 3 and 4 shall not result in a reduction of the time limits set forth in paragraph 2 to less than ten (10) days from the date of publication of the notice of procurement.

Article 12.16. Direct Contracting

1. Provided that this provision is not applied for the purpose of evading competition between suppliers or in a manner that discriminates against suppliers of another Party or protects domestic suppliers, a procuring entity may use procurement direct and may opt out of Articles 12.10, 12.11, 12.12, 12.13, 12.15, 12.17 and 12.18 only under the following circumstances:

(a) when:

(i) no bids are submitted, or no supplier requests participation;

(ii) tenders are not submitted that comply with the essential requirements of the procurement documents;

(iii) no supplier satisfies the conditions for participation, or

(iv) the tenders submitted have been collusive and this has been declared by the competent authority,

provided that the requirements of the procurement documents have not been substantially modified;

(b) where the goods and services can only be supplied by a particular supplier and there is no reasonable alternative or substitute for the goods and services for any of the following reasons:

(i) the requirement is a work of art;

(ii) protection of patents, copyrights or other exclusive rights;

(iii) due to lack of competition for technical reasons, or

(iv) in the case of contracting services intuitu personae, when the supplier is a natural person;

(c) for additional deliveries from the original supplier of goods or services that were not included in the initial procurement when the change of supplier for those additional goods or services:

(i) cannot be done for economic or technical reasons such as interchangeability or interoperability requirements with existing equipment, software, services or facilities purchased under the initial procurement, and

(ii) would cause significant inconvenience or substantial duplication of costs to the procuring entity;

(d) to the extent strictly necessary when, for reasons of extreme urgency (1) identified in the legal system of each Party, due to events that could not have been foreseen by the procuring entity, it is not possible to obtain the goods or services in a timely manner through competitive or selective tendering and the use of such procedures would result in serious prejudice to the entity or to the performance of its functions. For the purposes of this subparagraph, an entity's failure to plan for funds available within a specified period shall not constitute an unforeseen event;

(e) for goods purchased in a commodity market;

(f) where a procuring entity contracts for a prototype or a first good or service developed or created at its request in the course of and for a particular contract for research, experimentation, study or original development. The original development of such a good or service may include its production or supply in limited quantity for the purpose of incorporating the results of practical tests and of demonstrating that the service lends itself to large-scale production or supply in accordance with acceptable standards of quality, but may not include its large-scale production or supply for the purpose of determining its commercial viability or recovering research and development costs;

(g) for purchases made under exceptionally favourable conditions that only occur for a very short period of time for extraordinary reasons, such as those arising from liquidation, disposal, bankruptcy, but not for ordinary purchases from regular suppliers;

(h) when a contract is awarded to the winner of a design competition provided that:

(i) the competition has been organized in a manner consistent with the principles of this Chapter, in particular with respect to the publication of the notice of intended procurement, and

(ii) entrants are judged by an independent panel of judges for the purpose of awarding the design contract to the winner;

(i) when contracting additional construction services not included in the initial contract that have been necessary to complete the construction, provided that they do not exceed 50% of the initial contract;

(j) in the case of a contract for works, services or supplies corresponding to the performance or termination of a contract that was due to be performed by, be terminated or terminated early for non-performance by the contracting party or for other reasons;

(k) when a procuring entity is required to contract for consulting services that involve matters of a confidential nature, the disclosure of which could reasonably be expected to compromise confidential government information, cause economic instability, or otherwise be contrary to the public interest, or

(l) in contracts with professionals or entities considered, in their field of action, of notorious specialization, derived from the security and confidence derived from previous performance, studies, experience, publications, organization, equipment, technical personnel or other requirements related to their activities, which allow inferring that their work is essentially and indisputably the most adequate for the full satisfaction of the contract, provided that it is reasonably considered that there are no other suppliers that provide such security and confidence.

2. It should be noted that the grounds for direct contracting set out in this Article shall apply to the extent that they are provided for in the legal system of each Party and shall be applied in accordance with the provisions of those provisions.

3. The procuring entity shall prepare a written report, or administrative act, on each procurement contract awarded in accordance with paragraph 1. The report, or administrative act, shall contain the name of the procuring entity, the value and type of goods or services to be procured and an indication of the circumstances and conditions described in paragraph 1 that justify the use of direct procurement. That document shall be duly published or circulated by the entity concerned within a short period of time.

(1) The term extreme urgency shall be understood to mean emergency and catastrophe.

Article 12.17. Treatment of Offers

1. A procuring entity shall receive, open and process all tenders in accordance with methods that ensure fairness and impartiality in the procurement proceedings and shall treat tenders confidentially, at least until the tenders are opened.

2. A procuring entity shall not penalize a supplier whose tender is received after the time specified for the receipt of tenders if the delay is due solely to a cause attributable to the procuring entity.

3. The contracting entities may grant the possibility of correcting formal errors or omissions in the content of the bids, during the corresponding evaluation stage, without implying any modification to the substantive content of the bid. To this end, they must guarantee equality to the bidders in strict compliance with the provisions of the procurement documents, without the exercise of this power implying that it grants an advantage to any of the participants, and they must publish the requests for correction and their responses, so that all participants are aware of them.

Article 12.18. Award of Contracts

1. In order for a tender to be considered for award, it must be in writing and meet, at the time of opening, the essential requirements set out in the notices and procurement documents, and be from a supplier that is eligible to participate.

2. Unless an entity decides not to award a procurement contract in the public interest, the entity shall award the procurement contract to the supplier that has been determined by the entity to have the ability to perform the contract and that, on the basis of the evaluation criteria set out in the notices and procurement documents, has submitted the most advantageous tender or, where the sole determining factor is price, the lowest price.

3. In the event that a procuring entity receives a tender whose price is abnormally lower than the prices of the other tenders submitted, the entity may take measures to ensure that the supplier meets the conditions for participation and has the capacity to perform the terms of the contract.

4. A procuring entity shall not use options, terminate a procurement, or modify awarded contracts in a manner that circumvents the obligations of this Chapter.

5. The contracting agency may, in accordance with its national legislation, declare all bids void or reject all bids when appropriate and well-founded.

6. An entity shall require that a bid, in order to be considered for an award, must: (a) comply with the requirements set out in the tender documents, and (b) be submitted by a supplier that has satisfied the conditions for participation that the procuring entity has provided to all participating suppliers. Article 12.19: Transparency of Procurement Information 1. A procuring entity shall promptly publish its decisions on contract awards. Subject to Article 12.20, a procuring entity shall, on request, provide to suppliers whose tenders were not selected an explanation of the reasons why the entity did not select their tender, or the relative advantages of the successful supplier's tender.

2. A procuring entity shall, after the award of a procurement contract for a covered procurement, promptly publish in an electronic or written medium listed in Appendix 7 of Annex 12.1, a notice that includes at least the following information about the contract:

(a) a description of the goods or services contracted;

(b) the name and address of the contracting entity;

(c) the name of the awarded supplier;

(d) the value of the winning bid, or of the highest and lowest bids taken into account for the award of the contract;

(e) the date of the award, and

(f) the type of procurement method used and, where direct procurement was used in accordance with Article 12.16, a description of the circumstances justifying the use of restricted procurement.

3. Where the procuring entity publishes the notice only in an electronic medium, the information shall remain available for a reasonable period of time.

4. Each procuring entity shall maintain documentation, records and reports of procurement proceedings and contract awards relating to covered procurement for a period of at least three (3) years from the date of contract award, including documentation in cases of the procurement modality set out in Article 12.16 and data to ensure appropriate traceability of the conduct of covered procurement conducted by electronic means.

Article 12.20. Disclosure of Information

1. On request of another Party, a Party shall promptly provide any information necessary to determine whether a procurement was conducted fairly and impartially and in accordance with this Chapter, including information on the characteristics and relative advantages of the successful tender.

2. Where disclosure of such information might prejudice competition in future tenders, the Party receiving the information shall not disclose it to any supplier, except after consulting with and obtaining the consent of the Party that provided the information.

3. Notwithstanding any other provision of this Chapter, a Party, including its procuring entities, shall not provide information to a particular supplier that may prejudice fair competition between suppliers.

4. Nothing in this Chapter shall be construed to require a Party, including its procuring entities, authorities and review bodies, to disclose confidential information, if such disclosure would:

(a) impede the enforcement of laws;

(b) harm fair competition between suppliers;

(c) prejudice the legitimate commercial interests of individuals, including the protection of intellectual property, or

(d) otherwise be contrary to the public interest.

Article 12.21. Challenge Procedures

1. Each Party shall have a timely, effective, transparent and non-discriminatory method of administrative or judicial review in accordance with the principle of due process through which a supplier may challenge:

(a) a violation of this Chapter, or

(b) where a supplier does not have the right to directly challenge a breach of this Chapter under a Party's law, the failure to comply with measures taken by a Party to implement this Chapter arising in the context of a covered procurement in which the supplier has, or has had, an interest. The procedural rules for challenges shall be in writing and shall be publicly available.

2. In the event that a supplier submits, in the context of a covered procurement in which it has or has had an interest, a complaint of a breach or non-compliance referred to in paragraph 1, the procuring entity Party shall, if appropriate, encourage that entity and the supplier to seek a resolution of the complaint through consultations.

3. Each supplier shall be given sufficient time to prepare and submit an appeal, which in no case shall be less than ten (10) days from the time the supplier became aware of the basis for the challenge, or reasonably should have become aware of it.

4. Each Party shall establish or designate at least one impartial administrative or judicial authority that is independent of its procuring entities to receive and review a challenge from a supplier arising in the context of a covered procurement.

5. Where a body other than the authority referred to in paragraph 4 initially reviews a challenge, the Party shall ensure that the supplier may appeal the initial decision to an impartial administrative or judicial authority that is independent of the procuring entity whose procurement is the subject of the challenge.

6. Each Party shall ensure that a review body, other than a court, shall have its decisions subject to judicial review or have methods in place that provide that:

(a) the procuring entity shall respond in writing to the challenge and disclose all relevant documents to the review body;

(b) participants in the proceedings have the right to be heard before the review body decides on the challenge;

(c) participants have the right to be represented and accompanied;

(d) participants have access to all performances;

(e) participants have the right to request that the proceedings be open to the public and that witnesses may be present; and

(f) the review body shall make its decisions or recommendations in writing and in a timely manner, including an explanation of the basis for each decision or recommendation.

7. Each Party shall adopt or maintain methods, in accordance with its respective legal system, that provide for:

(a) rapid interim measures to preserve the supplier's ability to participate in the procurement. Such interim measures may have the effect of suspending the procurement proceedings. The methods may provide that the prevailing adverse consequences for the interests concerned, including the public interest, may be taken into account in deciding whether to apply such measures. Good cause shall be stated in writing for not taking such measures, and

(b) where the review body has found a breach of this Chapter or of the non-compliance referred to in paragraph 1, corrective measures or compensation for loss or damage suffered, which may be limited to the costs of preparing the tender or the costs related to the challenge, or both.

Article 12.22. Cooperation

1. The Parties recognize the importance of cooperation, with the objective of achieving a better understanding of their respective public procurement systems, as well as better access to their respective markets, in particular for Micro, Small and Medium Enterprises (hereinafter referred to as "MSMEs"), as well as the Actors of the Popular and Solidarity Economy (hereinafter referred to as "AEP YS"), acting as suppliers.

2. The Parties agree to use their best efforts to cooperate with respect to:

(a) exchange of experiences and information on topics such as regulatory framework, best practices and statistics, among others;

(b) use and development of electronic means of information in public procurement systems,

(c) exchange of experiences and information related to public procurement;

(d) institutional strengthening for compliance with the provisions of this Chapter, including training for public officials, and

(e) training and technical assistance to suppliers on access to the public procurement market.

Article 12.23. Facilitation of the Participation of Micro, Small and Medium-sized Enterprises and of the Actors of the Popular and Solidarity Economy

1. The Parties recognize the important contribution that MSMEs and SSMEs can make to economic growth and employment, and the importance of facilitating their participation in government procurement.

2. The Parties also recognize the importance of business partnerships between suppliers of the Parties and in particular MSMEs and SSMEs, including joint participation in procurement procedures.

3. Where a Party maintains measures that provide preferential treatment to its MSMEs and SSMEs vis-a-vis MSMEs and SSMEs of other Parties, the Party shall make efforts to reduce such measures.

4. Where a Party maintains measures that provide preferential treatment for its MSMEs and SSMEs, it shall ensure that such measures, including eligibility criteria, are objective and transparent.

5. The Parties may:

(a) provide information regarding their measures used to assist, promote, encourage or facilitate the participation of MSMEs and SSMEs in government procurement, and

(b) cooperate in the development of mechanisms to provide information to MSMESs and SSMEs on the means to participate in government procurement covered by this Chapter.

6. In order to facilitate the participation of MSMEs and SSMEs in covered procurement, each Party shall, to the extent possible:

(a) provide information related to public procurement, including a definition of MSMESs and SSMEs on an electronic portal;

(b) ensure that procurement documents are available free of charge;

(c) identify MSMEs and SSMEs interested in becoming business partners of other enterprises in the territory of the other Party;

(d) develop databases on MSMEs and SSMEs in its territory, for use by entities of the other Party, and

(e) carry out other activities aimed at facilitating the participation of MSMEs and SSMEs in public procurement covered by this Chapter.

Article 12.24. Public Procurement Committee

1. The Parties hereby establish a Committee on Government Procurement (hereinafter referred to as the "Committee"), composed of representatives of each Party.

2. The functions of the Committee shall include:

(a) monitor and evaluate the implementation and administration of this Chapter, including its use, and recommend appropriate activities to the Commission;

(b) report to the Commission on the implementation and administration of this Chapter, as appropriate;

(c) follow up on cooperative activities;

(d) consider conducting additional negotiations with the objective of expanding the coverage of this Chapter, notwithstanding Article 12.26, and

(e) to deal with any other matter related to this Chapter.

3. Unless otherwise agreed by the Parties, the Committee shall meet at least once a year, at the time, place and according to

the agenda previously agreed by the Parties, either in person or virtually.

Article 12. Modifications and Amendments to Cover

1. The Parties may modify their lists contained in Annex 12.1, provided that:

(a) notify the other Party in writing;

(b) include in the notification a proposal for appropriate compensatory adjustments to the other Party to maintain a level of coverage comparable to that existing prior to the modification, except as provided in paragraphs 2 and 3; and

(c) the other Party does not object in writing within forty-five (45) days of such notification.

2. Parties may make rectifications of a purely formal nature to their lists contained in Annex 12.1, such as:

(a) a change in the name of an entity listed in Annex 12.1;

(b) merger of two or more entities listed in Annex 12.1, and

(c) the separation of an entity listed in Schedule 12.1 into two or more entities that are aggregated from Schedule 12.1,

provided that the other Party is notified in writing and does not object in writing within forty-five (45) days of the notification. The Party making such rectification shall not be obliged to provide compensatory adjustments.

3. A Party need not provide compensatory adjustments in circumstances where the proposed modification to its Schedule to Annex 12.1 covers an entity in respect of which the Party has effectively eliminated its control or influence. Where the Parties do not agree that such governmental control or influence has been effectively eliminated, the objecting Party may request additional information or consultations with a view to clarifying the nature of any governmental control or influence, and reach agreement on the entity's continuation or removal from coverage in accordance with this Chapter.

4. Where the Parties have agreed to a modification or rectification of a purely formal nature to their schedules contained in Annex 12.1, including where no Party has objected within forty-five (45) days in accordance with paragraphs 1 and 2, the Commission shall take a decision to that effect.

Article 12.26. Future Negotiations

In the event that a Party offers in the future to a non-Party additional benefits in relation to its respective coverage of access to government procurement markets under this Chapter, it shall agree, on request of the other Party, to enter into negotiations with a view to extending coverage on a reciprocal and mutually advantageous basis. Reciprocity may be understood to extend beyond the coverage of this Chapter.

Chapter 13. COMPETITION POLICY

Article 13.1. Definitions

For purposes of this Chapter:

enforcement proceedings means administrative proceedings or judicial proceedings following an investigation into an alleged violation of competition laws.

Article 13.2. Objectives

Recognizing that anti-competitive business practices have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalization, the Parties shall seek to adopt appropriate measures to prohibit such conduct, implement policies promoting competition and cooperate on matters covered by this Chapter to help secure the benefits of this Agreement.

Article 13.3. Competition Law and Authorities and Anti-Competitive Business Practices

1. Each Party shall adopt or maintain competition laws that prohibit anti-competitive business practices, with the objective of fostering competition to promote economic efficiency and consumer welfare, and shall take appropriate action with respect to such practices.

2. Each Party shall ensure that the measures it adopts or maintains to prohibit anticompetitive business practices, and the enforcement actions it takes pursuant to those measures, are consistent with the principles of transparency, non-discrimination and due process.

3. Each Party shall endeavour to apply its competition laws to all commercial activities in its territory. This does not preclude a Party from applying its competition laws in its territory to commercial activities conducted outside its borders that have anticompetitive effects within its jurisdiction.

4. Each Party may provide for certain exemptions and exclusions from the application of its competition laws, provided that such exemptions and exclusions are transparent and based on public policy or public interest grounds.

5. Each Party shall maintain an authority or authorities responsible for the enforcement of its competition laws (hereinafter referred to as "competition authorities").

6. Each Party shall ensure that its competition authority or authorities apply its competition laws in accordance with the objectives set out in this Chapter, and shall not discriminate on the basis of nationality.

7. Each Party shall ensure the independent decision-making of its competition authority or authorities with respect to the application of its competition laws.

Article 13.4. Procedural Fairness In the Application of the Competition Act

1, Each Party shall adopt or maintain written procedures pursuant to which investigations relating to its competition laws shall be conducted. If such investigations are not time-bound, the competition authorities of each Party shall endeavour to conduct their investigations within a reasonable period of time.

2. Each Party shall ensure that, before imposing sanctions or remedial measures against a person for violating its competition laws, that person is given information about the competition concerns of the competition authority, including identification of the alleged violations of specific competition laws and the associated potential maximum sanctions, if not publicly available, and a reasonable opportunity to be represented by counsel.

3. Each Party shall ensure that, before imposing sanctions or remedial measures against a person for violating its competition laws, the person is given a reasonable opportunity to be heard and to present evidence, except that provision may be made for the person to be heard and to present evidence within a reasonable time after an interim sanction or remedial measure is imposed.

4. Each Party shall provide a person who is subject to the imposition of a sanction or remedial measure for a violation of its competition laws with an opportunity to seek review of the sanction or remedial measure in a court or other independent tribunal established under that Party's legal system.

5. Each Party shall adopt or maintain rules of procedure and evidence that apply to enforcement proceedings regarding alleged violations of its competition laws and the determination of sanctions and remedies thereunder. These rules shall include procedures for the presentation of evidence, including expert evidence if applicable, and shall apply equally to all persons in the proceeding.

6. If a Party's competition authority alleges a violation of its competition laws, that authority shall be responsible for establishing the legal and factual basis for the alleged violation in an enforcement proceeding. Nothing in this paragraph shall preclude a Party from requiring that a person against whom the allegation is made be responsible for establishing certain elements in defense of the allegation.

7. Each Party shall provide for the protection of confidential information obtained by its competition authorities during the investigation process. If a Party's competition authority uses or intends to use such information in an enforcement proceeding, that Party shall, if permissible under its legal system and as appropriate, allow the person subject to investigation timely access to the information necessary to prepare an adequate defence to the competition authority's allegations.

8. Each Party shall ensure that its competition authorities afford the person under investigation for the alleged violation of its competition laws a reasonable opportunity to consult with such competition authorities on legal, factual or procedural matters arising in the course of the investigation.

Article 13.5. Cooperation

1. The Parties recognize the importance of cooperation and coordination between their respective competition authorities

to promote the effective enforcement of competition laws between the Parties.

2. The Parties agree to cooperate, as appropriate, on competition policy strategies, including through the exchange of joint actions.

3. The Parties agree to cooperate in a manner consistent with their respective legal systems and interests, including through consultation and exchange of information and in consideration of available resources.

4. The competition authorities of a Party may consider entering into an arrangement or cooperation agreement with the competition authorities of the other Party that sets out mutually agreed terms of cooperation.

Article 13.6. Technical Cooperation

Recognizing that the Parties may benefit from sharing their diverse experiences in developing, promoting, implementing and enforcing competition law, the Parties will consider undertaking mutually agreed technical cooperation activities, subject to available resources.

Article 13.7. Transparency

1. The Parties recognize the value of developing their competition enforcement policies in a transparent manner.

2. Each Party shall ensure that its competition laws and public guidelines are publicly available, including on an official website. This excludes internal operating procedures, unless their disclosure is required by the Parties' legal system.

3. Upon request of a Party, the other Party shall make available to the other Party public information relating to:

(a) its competition law enforcement policies and practices, and

(b) exemptions and exclusions from their competition laws, provided that the request specifies the particular good or service and market involved, and includes information explaining how the exemption or exclusion may hinder trade or investment between the Parties.

4. Each Party shall ensure that the final decision finding a violation of its competition laws is made available in writing and sets forth, in non-criminal matters, the findings of fact and reasoning, including the legal and, if applicable, economic analysis, on which the decision is based.

5. Each Party shall further ensure that the final decision referred to in paragraph 4 and any order implementing that decision are publicly available, or if publication is not practicable, are otherwise publicly available, in a manner that allows interested persons and the other Party to become aware of them. Each Party shall ensure that the version of the decision or order that is published, or is publicly available, does not contain confidential information, in a manner consistent with its respective legal system.

Article 13.8. Consultations

At the request of a Party, the Parties shall consult with a view to promoting understanding between them or addressing specific matters arising under this Chapter. Such request shall indicate, if relevant, how the matter affects trade or investment between the Parties. The Party to which the request is addressed shall give full and sympathetic consideration to the concerns of the requesting Party.

Article 13.9. Non-Application of Dispute Settlement

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 14. MICRO, SMALL AND MEDIUM ENTERPRISES

Article 14.1. General Principles

1. The Parties recognize that Micro, Small and Medium Enterprises, Entrepreneurs, and Actors of the Popular and Solidarity Economy (hereinafter referred to as "MSMEs"), contribute significantly to trade, economic growth, employment and innovation.

2. The Parties shall endeavour to support the growth and development of MSMEs by enhancing their capacity to participate in and benefit from the opportunities created by this Agreement.

3. The Parties recognize that, in addition to the provisions of this Chapter, there are other provisions in the Agreement that seek to enhance cooperation between the Parties on matters relating to MSMEs or that may otherwise be particularly beneficial to MSMEs.

Article 14.2. Exchange of Information

1. Each Party shall establish or maintain its own publicly accessible website containing information regarding this Agreement, including:

(a) the text of this Agreement;

(b) asummary of this Agreement, and

(c) information for MSMEs, containing:

(i) a description of the provisions of this Agreement that the Party considers relevant to MSMEs, and

(ii) any additional information that the Party considers useful for MSMEs interested in benefiting from the opportunities granted by this Agreement.

2. Each Party shall include, on the site referred to in paragraph 1, links to:

(a) the equivalent websites of the other Party, and

(b) the websites of its governmental agencies and other appropriate entities that provide information that the Party considers useful to any person interested in trading, investing or doing business in the territory of that Party.

3. Subject to each Party's legislation, the information described in paragraph 2(b) may include:

(a) customs regulations and procedures;

(b) regulations and procedures on intellectual property rights;

(c) technical regulations,standards,and sanitary and phytosanitary measures relating to import and export;

(d) regulations on foreign investment;

(e) business registration procedures;

(f) labor regulations, and

(g) tax information.

4. Each Party shall regularly review the information and links on the websites referred to in paragraphs 1 and 2 to ensure that such information and links are correct and up to date.

5. Each Party shall ensure that the information contained in this Article is presented in a clear and practical manner, with a focus on facilitating access and use by MSMEs.

Article 14.3. Points of Contact

1. The Parties establish the following Points of Contact:

(a) in the case of Chile, the Ministry of Economy, Development and Tourism through its Small Business Division, or its successor, and

(b) in the case of Ecuador, the Ministry of Production, Foreign Trade, Investment and Fisheries through the Undersecretariat of MSMEs and Handicrafts, or its successor.

2. The Points of Contact shall:

(a) identify ways to assist MSMEs of the Parties to take advantage of trade opportunities under this Agreement;

(b) exchange and discuss each Party's experiences and best practices in supporting and assisting MSMEs;

(c) the Parties may coordinate with other institutions when specific information, which does not fall within the functions of the Ministries concerned , is required with respect to, inter alia:

(i) training programs;

(ii) trade education;

(iii) trade financing;

(iv) fair trade and responsible consumption;

(v) identification of other business partners, and

(vi) the establishment of good practices in trade;

(d) recommend additional information that a Party may include on the site website referred to in Article 14.2;

(e) review and coordinate the work programme with other Contact Points, committees, working groups and any subsidiary bodies established under this Agreement, as well as those of other relevant international organizations, in order not to duplicate those work programmes and to identify appropriate opportunities for cooperation to enhance the capacity of MSMESs to engage in the trade and investment opportunities provided by this Agreement;

(f) facilitate the development of programs to assist MSMEs to effectively participate and integrate into global value chains;

(g) exchange information to assist in monitoring the implementation of this Agreement;

(h) report findings and make recommendations to the Commission that can be included in future assistance programs and MSME programs, as appropriate, and

(i) consider any other matters relating to MSMEs that the Contact Points may decide, including any issues raised by MSMEs regarding their ability to benefit from this Agreement.

3. The Contact Points shall meet at least once a year, in person or by any available technological means, unless they agree otherwise.

Article 14.4. Dialogue on MSMEs

The Parties shall make every effort, through dialogue, consultation and cooperation, to reach consensus on any matter that may arise regarding the interpretation and application of this Chapter.

Article 14.5. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 15. REGIONAL AND GLOBAL VALUE CHAINS

Article 15.1. General Provisions

1. The Parties recognize the importance of deepening integration in trade in goods, services and investment, through the incorporation of new trade disciplines that recognize the current dynamics in international trade, such as Regional and Global Value Chains (hereinafter referred to as "GVCs"), with a view to modernizing and expanding the bilateral economic relationship between the Parties.

2. The Parties reaffirm their commitment to regional integration and recognise the importance of the benefits of trade integration being felt by the citizens of both Parties.

3. The Parties recognize that international trade and investment are drivers of economic growth and that the internationalization of enterprises and their integration into the GVCs should be facilitated.

4. The Parties stress the relevance of Micro, Small and Medium-sized Enterprises, Entrepreneurs, and Actors of the Popular and Solidarity Economy (hereinafter referred to as "MSMEs") in the productive structure of the countries and their impact on employment, and that their adequate insertion in the GVCs contributes to a better allocation of resources and economic

benefits derived from international trade, including the diversification and increase of the added value of exports.

5. The Parties express the importance of the participation of the private sector and the entrepreneurial community as key actors in the VGGRCs, and the relevance of generating an enabling public-private policy environment.

6. The Parties recognize the importance for the development of the GVCs of aspects such as cumulation of origin, comnectivity, e-commerce, digitalization, Industry 4.0 and investments, among others, as catalysts for further cross-border productive integration.

7. The Parties recognise the importance of the services sector, including services associated with GVCs in trade integration, and its potential to be embedded in GVCs.

8. Each Party shall seek to promote internally public awareness of policies and practices on regional integration and GRULAC.

Article 15.2. Cooperative Activities

1. The Parties recognize the benefit of sharing their respective experiences in the design, implementation, strengthening and monitoring of policies and programmes to encourage the participation of enterprises in the VGGRCs, especially MSMEs.

2. The Parties shall undertake cooperative activities of mutual interest designed to better exploit the complementarities of their economies and to enhance the capacity and conditions for enterprises, especially MSMEs, to fully access and benefit from the opportunities created by this Agreement.

3. Cooperative activities shall be carried out on issues and topics agreed upon by the Parties, through interaction with their respective governmental institutions, businesses, educational and research institutions, other non-governmental bodies and their representatives, as appropriate.

4. The Parties shall take into account in cooperation activities, where appropriate, inclusive trade, sustainable development and corporate social responsibility, as well as the participation of women, indigenous peoples, civil society and, in the case of Ecuador, the Popular and Solidarity Economy.

5. Areas of cooperation may include:

(a) elaborate programmes to identify the attributes that MSMEs need to develop in order to be inserted in the GVCs;

(b) develop public-private strategies for the detection of opportunities, such as economic sectors with potential for insertion in the CRGVs and the development of productive linkages;

(c) propose joint strategies to analyse and promote the insertion of enterprises in regional and global service chains;

(d) explore actions in conjunction with relevant government agencies to support digital trade in goods, services and investment, improve connectivity and boost the formation of VGRCs;

(f) promote greater access to information on the opportunities offered by the GVCs for MSMEs;

(g) sharing methods and procedures for data collection, use of indicators and analysis of trade statistics.

(h) identify opportunities at the enterprise level, in the territory of the Parties, for the generation of productive linkages;

(i) identify the main means that contribute to promote productive linkages, as well as the main obstacles that affect their formation;

(j) Generate registers of sectors or productive activities with the potential to participate in productive linkages, and identify projects for investment, and

(k) such other matters as may be agreed by the Parties.

6. The Parties may carry out pre-agreed cooperative activities in the areas referred to in paragraph 5 through

(a) workshops, seminars, dialogues and other forums to exchange knowledge, experiences and good practices;

(b) creation of a network of experts in CRGV;

(c) internships, visits and research studies to document and study policies and practices;

(d) collaborative research and development of best practices on issues of mutual interest;

(e) specific exchanges of technical expertise and technical assistance, where appropriate, and

(f) other activities agreed by the Parties.

7. Priorities for cooperative activities shall be decided by the Parties on the basis of their interests and available resources.

Article 15.3. Committee on Regional and Global Value Chains

1. The Parties establish the Committee on Regional and Global Value Chains (hereinafter referred to as the "Committee") composed of representatives of relevant government institutions.

2. The Committee:

(a) shall identify, organize and facilitate the cooperative activities referred to in Article 15.2;

(b) report and make recommendations to the Commission on any matter related to this Chapter;

(c) facilitate the exchange of information on the experiences of each Party with respect to the establishment and implementation of policies, strategies and programmes to promote the inclusion of enterprises in the GVCs, including investments, to achieve the greatest possible benefit under this Agreement;

(d) facilitate the exchange of information on experiences and lessons learned by Parties through cooperative activities carried out under Article 15.2;

(e) will discuss joint proposals to support policies of insertion in the CRGVs;

(f) invite private sector entities, international economic forums, fon- governmental organizations or other relevant institutions, as appropriate, to assist with the development and implementation of cooperative activities;

(g) consider matters related to the implementation and operation of this Chapter;

(h) on request of a Party, consider and discuss any matter that may arise regarding the interpretation and application of this Chapter; and

(i) perform such other work as may be determined by the Parties.

3. The Committee shall meet annually, unless the Parties agree otherwise, in person or by any available technological means, to consider any matter arising under this Chapter.

4. The Committee and the Parties may exchange information and coordinate activities by e-mail, videoconference and other forms of communication.

5. In carrying out its terms of reference, the Committee may work with other committees, working groups and subsidiary bodies established under this Agreement.

6. The Committee may request that the Commission report on its work under this Article to the committees, working groups and other subsidiary bodies established under this Agreement and request their support as necessary.

7. The Parties may invite experts or relevant organizations to the meetings of the Committee, when deemed necessary.

8. Within two (2) years of its first meeting, the Committee shall review the implementation of this Chapter and report to the Commission.

9. Each Party shall make use of its existing mechanisms and, as appropriate, develop other mechanisms for public reporting of activities under this Chapter.

Article 15.4. Points of Contact

To facilitate communication between the Parties on the implementation of this Chapter, each Party designates the following Contact Point and shall promptly notify the other Party if there is any change in the Contact Point:

(a) in the case of Chile, the Global Value Chains Division of the Undersecretariat for International Economic Relations, or its successor, and

(b) in the case of Ecuador, the South American Directorate of the Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor.

Article 15.5. Dialogue on Regional and Global Value Chains

The Parties shall make every effort, through dialogue, consultation and cooperation, to reach consensus on any matter arising in connection with the interpretation and application of this Chapter.

Article 15.6. Non-Application of Dispute Settlement

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 16. TRADE AND LABOUR AFFAIRS

Article 16.1. Definitions

For the purposes of this Chapter:

ILO Declaration means the International Labour Organization (hereinafter referred to as "ILO") Declaration on Fundamental Principles and Rights at Work and its Follow-up of 1998;

labour law means the laws and regulations, or provisions of the laws and regulations, of a Party, that are directly related to the following internationally recognized labour rights:

(a) freedom of association and the effective recognition of the right to collective bargaining;

(b) the elimination of all forms of forced or compulsory labour;

(c) the effective abolition of child labour and, for the purposes of this Agreement, the prohibition of the worst forms of child labour;

(d) the elimination of discrimination in respect of employment and occupation, and

(e) acceptable working conditions with regard to minimum wages, working hours, health and safety at work

Article 16.2. Objectives

The objectives of this Chapter are:

(a) through dialogue and cooperation, strengthen the broader relationship between the Parties and facilitate the enhancement of their capacities to deal with labour issues;

(b) progressively strengthen the welfare of their respective workforces through the promotion of sound labour policies and practices, based on decent work, and a better understanding of each Party's labour system;

(c) provide a forum to discuss and exchange views on labor issues of interest or concern to the Parties;

(d) promote Parties' commitment to the effective dissemination and implementation of their national legislation;

(e) develop information exchange and labour cooperation activities on mutually beneficial terms, and

(f) promote the participation of social actors in the development of public agendas through social dialogue.

Article 16.3. Shared Commitments

1. The Parties reaffirm their obligations as members of the ILO and their commitments under the ILO Declaration with respect to labour rights within their territory.

2. Recognizing the right of each Party to establish its own domestic labor standards and, consequently, to adopt or amend its labor legislation, each Party shall endeavor to ensure that its laws establish labor standards consistent with internationally recognized labor rights.

Article 16.4. Employment Rights

1. Each Party shall adopt and maintain in its laws and regulations, and in practices derived therefrom, the following rights as set forth in the ILO Declaration (1):

(a) freedom of association and freedom of association and the effective recognition of the right to collective bargaining;

(b) the elimination of all forms of forced or compulsory labour;

(c) the effective abolition of child labour, and

(d) the elimination of discrimination in respect of employment and occupation.

2. Each Party shall adopt and maintain laws, regulations and practices derived therefrom, regulating acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

(1) To establish a breach of an obligation under Article 16.4, a Party must demonstrate that the other Party has failed to adopt or maintain a law, regulation, or practice in a manner affecting trade or investment between the Parties.

Article 16.5. Non Repeal

1. The Parties recognize that it is inappropriate to promote trade or investment by weakening or reducing the protection afforded in each Party's labor laws or by refraining from enforcement of its labor laws.

2. Accordingly, neither Party shall waive or otherwise derogate from, or offer to waive or otherwise derogate from, its labor laws or regulations implementing Article 16.4, if the waiver or derogation would be inconsistent with, undermine, or reduce adherence to a right set forth in paragraph 16.4.1 or a condition of work referred to in paragraph 16.4.2, in order to promote trade and/or investment between the Parties.

Article 16.6. Enforcement of Labour Legislation

1. No Party shall fail to effectively enforce its labor laws, through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties after the date of entry into force of this Agreement.

2. Each Party shall respect the sovereign right of the other Party to establish its own national policies and priorities and to establish, administer and control its labor laws and regulations.

3. Each Party retains the right to exercise reasonable discretion in implementing and making good faith decisions on the allocation of resources for labor enforcement activities relating to the fundamental labor rights and acceptable conditions of work listed in Article 16.4, provided that the exercise of such discretion and such decisions are not inconsistent with its obligations in this Chapter.

4. Nothing in this Chapter shall be construed to empower the authorities of a Party to conduct labor law enforcement activities in the territory of the other Party.

5. The Parties recognize that it is inappropriate to establish or use their labor laws, regulations, policies and practices for protectionist trade purposes.

Article 16.7. Forced or Compulsory Labour

1. Each Party recognizes the goal of eliminating all forms of forced or compulsory labour, including forced or compulsory child labour.

2. Accordingly, the Parties agree to identify opportunities for cooperation to exchange information, experiences and best practices related to this matter.

Article 16.8. Responsible Business Conduct

1. Each Party shall encourage enterprises operating within its territory or jurisdiction to incorporate into their internal policies, principles and standards of responsible business conduct, which contribute to achieving sustainable development in its labour dimension, that are consistent with internationally recognized guidelines and principles that have been adopted

or endorsed by that Party.

2. The Parties also commit to promote international norms and standards on human rights and business, including the framework of the 2011 UN Guiding Principles on Business and Human Rights.

3. Accordingly, the Parties agree to identify opportunities for cooperation to exchange information, experiences and best practices related to this matter.

Article 16.9. Cooperation

1. The Parties recognize the importance of cooperation as a mechanism to effectively implement this Chapter, increase opportunities to improve labor standards, and further advance common commitments on labor issues and decent work, including the well-being and quality of life of workers, and the principles and rights set forth in the ILO Declaration.

2. In the choice of areas of cooperation and the implementation of their activities, the Parties shall be guided by the following principles:

(a) consideration of each Party's priorities and available resources;

(b) broad participation of, and to the mutual benefit of, the Parties;

(c) relevance of capacity and skills development activities, including technical assistance between Parties to address labour protection issues and activities to promote innovative labour practices in the workplace;

(d) resource efficiency, including through the use of technology, as appropriate, to optimize resources used in cooperative activities;

(e) complementarity with existing regional and multilateral initiatives to address labour issues, and

(f) transparency and public participation.

3. Each Party shall seek the views and, as appropriate, the participation of stakeholders, including workers' and employers' representatives, in the identification of potential areas for cooperation and implementation of cooperative activities. Subject to the agreement of the Parties, cooperative activities may involve relevant regional or international organizations, such as the ILO, as well as non-Parties.

4. In addition to the cooperative activities set forth in this Article, the Parties shall, as appropriate, join together and take advantage of their respective memberships in regional and multilateral fora to promote their common interests in addressing labor issues.

5. The Parties may carry out cooperative activities in person or by any available technological means.

Article 16.10. Public Awareness and Procedural Safeguards

1. Each Party shall promote public awareness of its labour laws, including by ensuring that information related to its labour laws and the procedures for their implementation and enforcement are publicly available.

2. Each Party shall ensure that persons with a recognized interest in a particular matter under its legal system have appropriate access to impartial and independent adjudicatory bodies for the enforcement of that Party's labor law.

3. Each Party shall ensure that proceedings before such adjudicatory bodies for the enforcement of its labor law are fair, equitable and transparent, comply with due process, and do not entail unreasonable costs or unreasonable time limits or unwarranted delays, in accordance with each Party's legal system. Any hearing in such proceedings shall be public, except where the administration of justice provides otherwise, and in accordance with its legal system.

4. Parties to these jurisdictional proceedings shall have the right to file appeals and to seek review or appeal, as appropriate under their legal system.

5. Each Party shall provide procedures for the effective enforcement of the final decisions of its adjudicatory bodies in the proceedings referred to in the preceding paragraphs, in accordance with each Party's legal system.

Article 16.11. Public Communications

1. Each Party shall, through its designated contact point under Article 16.13.1, provide that written communications from a

person or organization of that Party on matters related to this Chapter shall be received and considered in accordance with its domestic procedures. Accordingly, each Party shall make readily accessible and publicly available procedures, including deadlines for the receipt and consideration of written submissions.

2. A Party may provide in its procedures that, in order to be admitted for consideration, a communication shall, at a minimum:

(a) raise an issue directly related to this Chapter;

(b) clearly identify the person or organization submitting the communication;

(c) explain, to the fullest extent possible, how, and to what extent, the matter raised affects trade or investment between the Parties;

(d) be sent only through the contact point of the Parties, and

(e) not refer to a matter pending before an international body.

3. If a communication raises issues that are already the subject of judicial or administrative proceedings of the Party at the time of its receipt, the response of the Party concerned shall be limited to providing information identifying the pending case and its status.

4. Each Party shall:

(a) consider the issues raised in the communication and provide a timely response to the submitting applicant, including in writing, as appropriate, and

(b) make the communication and the results of its consideration available to the other Party.

5. A Party may request from the applicant that submitted the communication such additional information as may be necessary to examine the contents of the communication.

Article 16.12. Public Participation

1. In the conduct of its activities, including meetings, the Labor Committee established in Article 16.13.4, may provide the means for the receipt and consideration of the views of representatives of its labor and management organizations, as well as persons with a legitimate interest in matters related to this Chapter.

2. For the purposes of paragraph 1, each Party shall establish or maintain, and consult with, a national labor, advisory or consultative body, or similar mechanism for members of its public, including representatives of its labor and business organizations, to provide views on matters relating to this Chapter.

Article 16.13. Institutional Provisions

1. In order to facilitate communication between the Parties for the purposes of this Chapter, each Party shall designate a contact point which, in the case of Chile, shall be within its Ministry of Labour and Social Security and/or the Undersecretariat for International Economic Relations of the Ministry of Foreign Affairs or its legal successors and which, in the case of Ecuador, shall be within the Ministry of Labour or within the Vice-Ministry of Foreign Trade of the Ministry of Production, Foreign Trade, Investment and Fisheries or its legal successors, within six (6) months following the date of entry into force of this Agreement. Each Party shall notify the other Party of the designation of the contact point and, as soon as possible, of any change thereof.

2. The Parties may exchange information by any means of communication, including the Internet and videoconferencing.

3. The points of contact shall:

(a) facilitate frequent communication and coordination between the Parties;

(b) attend the Labor Committee established in paragraph 4;

(c) report to the Commission on the implementation of this Chapter, if necessary;

(d) act as a channel of communication with the public in their respective territories, and

(e) work together, including with other appropriate agencies of their governments, to develop and implement cooperative

activities.

4. The Parties establish the Labor Committee (hereinafter referred to as the "Committee"), which may meet to discuss matters of mutual interest, including potential areas of cooperation, review the implementation of this Chapter, and to address any issues that may arise between them. The Committee shall be composed of high-level government representatives, or their designees, responsible for labor and trade issues and, depending on the subject matter, may include representatives of other relevant public entities.

5. The Committee shall meet:

(a) in regular sessions at least every two (2) years, and

(b) at extraordinary sessions at the request of either Party.

Ordinary sessions shall be chaired alternately by each Party and extraordinary sessions by the Party that requested it. Sessions may be held in person or by virtual means if the Parties so agree.

6. The Committee may hold public meetings to report on relevant matters.

7. All decisions and recommendations of the Committee shall be made by mutual consent.

8. The functions of the Committee shall be

(a) monitor the implementation of this Chapter and make recommendations on its future development and, to this end, within three (3) years after the date of entry into force of this Agreement, the Committee shall review its operation and effectiveness in the light of experience gained;

(b) direct the work and activities established by the same;

(c) establish priorities for cooperative actions and adopt the mutual work plan on cooperation;

(d) approve for publication, under such terms and conditions as it may determine, reports and studies prepared by independent experts or working groups;

(e) facilitate consultations through the exchange of information;

(f) address questions arising between the Parties concerning the interpretation or application of this Chapter, and

(g) promote the collection and publication of comparable information on the application of laws, labour standards and labour market indicators.

9. The Committee may consider any other matter within the scope of this Chapter and take such other action in the exercise of its functions as the Parties may agree.

Article 16.14. Labor Consultations

1. The Parties shall at all times endeavour to agree on the interpretation and application of this Chapter, and shall make every effort through dialogue, consultation, exchange of information and, as appropriate, cooperation, to address any matter that may affect the operation of this Chapter.

2. A Party may request labor consultations with the other Party, at the level of their respective contact points, with respect to any matter arising under this Chapter by delivering a written request to the other Party's contact point. The consulting Party shall include information that is specific and sufficient to enable the consulted Party to respond, including identification of the matter at issue and an indication of the legal basis for the request under the provisions of this Chapter.

3. The requested Party, through its point of contact, shall acknowledge receipt of the request, in writing, no later than seven (7) days after the date of its receipt.

4. Unless the Parties agree otherwise, they shall enter into consultations, through their contact points, within ninety (90) days of the date of receipt of the request referred to in paragraph 2.

5. The Parties, through their contact points, shall make every effort to reach a mutually satisfactory resolution of the matter, which may include appropriate cooperative activities. The Parties, jointly, may seek advice or assistance from any person or body they deem appropriate for the purpose of considering the matter.

6. If the Parties, through their contact points, are able to resolve the matter, they shall document the outcome, including, if

appropriate, the specific steps and timelines agreed. The Parties, through their contact points, shall prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless they agree otherwise.

Article 16.15. Consultations In the Framework of the Works Council

1. If the Parties are unable to resolve the matter through point-of-contact consultations within ninety (90) days of the expiration of the time period set out in Article 16.14.4, either Party may request in writing that the Committee meet to consider the matter, including in its request a record of the point-of-contact discussions and the information exchanged.

2. The Committee shall meet no later than sixty (60) days from the date of receipt of the request, unless the Parties agree otherwise, and shall seek to resolve the matter, including, if appropriate, through consultation with independent experts mutually agreed by the Parties.

3. Consultations under this Article shall be confidential and shall take place in the capital of the consulted Party, unless the Parties agree otherwise.

4. If the Committee succeeds in resolving the matter, it shall document the outcome including, if appropriate, the specific steps and timelines agreed. The Committee shall prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless the Parties agree otherwise.

Article 16.16. Ministerial Consultations

If the Committee fails to resolve the matter within ninety (90) days from the date of the meeting referred to in Article 16.15.2, the Parties may refer the matter to the relevant Ministers, who shall seek to resolve the matter.

Article 16.17. Termination of Consultations

The Parties shall agree on a report reflecting the outcome of consultations held pursuant to Articles 16.14, 16.15 and 16.16, and undertake to implement within a reasonable time the conclusions and recommendations thereof.

Article 16.18. Non-Application of Dispute Resolution

No Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter. However, the Parties may at any time have recourse to procedures such as good offices, conciliation, and mediation, as set out in Article 22.5 (Alternative Dispute Resolution).

Chapter 17. TRADE AND THE ENVIRONMENT

Article 17.1. Definitions

For purposes of this Chapter:

environmental law means a law or regulation of a Party, or provisions thereof, the primary purpose of which is the protection of the environment, or the prevention of a danger to human life or health, through:

(a) the prevention, reduction or control of a leak, discharge or emission of environmental contaminants;

(b) the control of environmentally hazardous or toxic chemicals, substances, materials or wastes, and the dissemination of information relating thereto, or

(c) the protection or conservation of wild flora and fauna, including endangered species, their habitat, and natural areas under special protection (1) (2)

but does not include a law or regulation, or provisions thereof, directly related to worker safety and health, or a law or regulation, or provisions thereof, the primary purpose of which is the management of natural resources for subsistence or aboriginal (3) harvesting purposes, and

law or regulation means:

(a) in the case of Chile, a law of the National Congress or decree of the President of the Republic, enacted as indicated by the Political Constitution of the Republic of Chile, and

(b) in the case of Ecuador, a law passed by the National Assembly or an Executive Decree of the President of the Republic, enacted in accordance with the Constitution of the Republic of Ecuador.

(1) For the purposes of this Chapter, the term "natural areas under special protection" means those areas defined by each Party in its legislation.

(2) The Parties recognize that such protection or conservation may include the protection or conservation of biological diversity.

(3) For the purposes of this Chapter, Ecuador understands aboriginal harvesting as the traditional use of wildlife, which refers to the cultural, ancestral, festive, ritual or medicinal practices of indigenous communes, communities, peoples and nationalities, including activities involving the non-commercial use of wildlife or its constituent elements.

Article 17.2. Context and Objectives

1. The objectives of this Chapter are to promote mutually supportive trade and environmental policies; to promote high levels of environmental protection and effective enforcement of environmental laws; and to build the capacity of the Parties to address trade-related environmental issues, including through cooperation.

2. Taking into account their respective national priorities and circumstances, the Parties recognize that enhanced cooperation to protect and conserve the environment and sustainably manage their natural resources brings benefits that can contribute to sustainable development, strengthen their environmental governance and complement the objectives of this Agreement.

3. The Parties further recognize that it is inappropriate to apply their environmental measures in a manner that constitutes a disguised restriction on trade or investment between the Parties.

Article 17.3. General Commitments

1. The Parties recognize the sovereign right of each Party to establish its own levels of domestic environmental protection and its own environmental priorities, and to establish, adopt, or modify its environmental laws and policies accordingly.

2. Each Party shall endeavour to ensure that its environmental laws and policies provide for and encourage high levels of environmental protection and continue to improve their respective levels of environmental protection.

3. No Party shall fail to effectively enforce its environmental laws through a sustained or recurring course of action or inaction in a manner affecting trade or investment between the Parties after the date of entry into force of this Agreement.

4. Each Party retains the right to exercise reasonable discretion in implementing and making good faith decisions on the allocation of resources for the enforcement of environmental laws, regulations and policies, provided that the exercise of that discretion and those decisions are not inconsistent with its obligations in this Chapter.

5. The Parties recognize that it is inappropriate to promote trade or investment by weakening or reducing the protection afforded by their environmental laws. Accordingly, no Party shall waive, derogate from, or offer to waive or derogate from its environmental laws, in a manner that weakens or reduces the protection afforded in those laws, in order to encourage trade or investment between the Parties.

6. The Parties shall ensure that their environmental laws and policies shall not be established or applied for protectionist trade purposes.

7. The Parties shall seek to cooperate on matters of mutual interest in the WTO Committee on Trade and Environment.

8. Nothing in this Chapter shall be construed to empower the authorities of a Party to conduct environmental enforcement activities in the territory of the other Party.

Article 17.4. Multilateral Environmental Agreements

1. The Parties recognize that multilateral environmental agreements play an important role, at the global, regional and national levels, in protecting the environment, and that their respective implementation is critical to achieving the

environmental objectives of these agreements, as well as to achieving sustainable development. Accordingly, each Party affirms its commitment to implement the multilateral environmental agreements to which it is a party.

2. The Parties emphasize the need to foster mutual supportiveness between trade and environmental laws and policies, through dialogue between the Parties on trade and environment issues of mutual interest, particularly with respect to the negotiation and implementation of relevant multilateral environmental and trade agreements.

Article 17.5. Procedural Matters

1. Each Party shall promote public awareness of environmental laws and policies, including enforcement and compliance procedures, by ensuring that relevant information is publicly available.

2. Each Party shall ensure that an interested person residing or established in its territory may request that the Party's competent authorities investigate alleged violations of its environmental laws, and that the competent authorities give due consideration to such requests, in accordance with the Party's legal system.

3. Each Party shall ensure that judicial or administrative proceedings for the enforcement of its environmental laws are available under its legal system, and that such proceedings are fair, equitable, transparent and comply with due process. Any hearings in such proceedings shall be open to the public, except where the administration of justice requires otherwise in accordance with its legal system.

4. Each Party shall ensure that persons with a recognized interest in a particular matter under its legal system have appropriate access to the procedures referred to in paragraph 3.

5. Each Party shall have appropriate sanctions and remedies for violations of its environmental laws. Such sanctions or remedies may include the right to take action directly against the violator to seek damages or injunctive relief.

6. Each Party shall take into consideration the relevant factors in establishing the sanctions or remedies referred to in paragraph 5, which shall be proportionate to the type of violation committed.

Article 17.6. Public Communications

1. Each Party shall facilitate the receipt and consideration of written submissions from persons of that Party regarding the implementation of this Chapter. Each Party shall respond to such written submissions in a timely manner and in accordance with its domestic procedures, and shall make the submission and the results of its consideration available to the other Party.

2. Each Party shall make publicly available, in an accessible manner, its procedures for the receipt and consideration of written submissions, including the contact point that will receive such submissions. The Parties may decide on the most appropriate means to meet this objective. These procedures may provide that, to be eligible for consideration, the communication shall:

(a) be in writing in one of the official languages of the Party receiving the communication;

(b) clearly identify the person submitting the communication;

(c) provide sufficient information to permit review of the communication, including any documentary evidence on which the communication may be based;

(d) explain how, and to what extent, the issue raised affects trade or investment between the Parties, and

(e) indicate whether the matter has been communicated in writing to the competent authorities of the Party, and the response, if any, issued by the authority.

3. If a communication raises issues that are already the subject of judicial or administrative proceedings of the Party at the time of its receipt, the response of the Party concerned shall be limited to providing information identifying the pending case and its status.

4. A Party may request from the applicant that submitted the communication such additional information as may be necessary to examine the contents of the communication.

Article 17.7. Public Participation

1. Each Party shall seek to address requests for information regarding the implementation of this Chapter.

2. Each Party shall make its best efforts to respond favourably to requests for information made by persons or organisations in its territory in relation to the implementation of this Chapter.

3. Each Party shall make use of existing consultative mechanisms on environmental matters or establish new mechanisms, such as national advisory committees or a similar mechanism, to seek views on matters related to the implementation of this Chapter.

Article 17.8. Responsible Business Conduct

1. Each Party shall encourage enterprises operating within its territory or jurisdiction to voluntarily adopt, in their internal policies, practices and standards of responsible business conduct that contribute to achieving sustainable development in its environmental dimension, consistent with internationally recognized guidelines and principles that have been endorsed or are supported by that Party.

2. To this end, the Parties agree to exchange views and may consider bilateral cooperation in the various areas of responsible business conduct.

Article 17.9. Voluntary Mechanisms to Improve Environmental Performance

1. The Parties recognize that flexible and voluntary mechanisms, e.g., voluntary audits and reporting, market-based incentives, voluntary exchange of information and expertise, among others, can contribute to achieving and maintaining high levels of environmental protection and complement domestic regulatory measures. The Parties also recognize that such mechanisms should be designed in a manner that maximizes environmental benefits and avoids creating unnecessary barriers to trade.

2. Therefore, in accordance with its laws, regulations or policies and to the extent it considers appropriate, each Party shall encourage the use of flexible and voluntary mechanisms to protect natural resources and the environment in its territory.

3. In addition, if private sector entities or non-governmental organizations develop voluntary mechanisms for the promotion of products based on the environmental qualities, each Party should encourage such entities and organizations to develop voluntary mechanisms that, inter alia:

(a) are truthful, not misleading and take into account scientific and technical information;

(b) if applicable and available, are based on relevant international standards, guidelines or recommendations, and best practices;

(c) promote competition and innovation, and

(d) do not treat a product less favourably on the basis of its origin.

Article 17.10. Trade and Biodiversity

1. The Parties recognize the importance of the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising from the utilization of genetic resources, in accordance with their respective legal systems or domestic policies, and the key role of biological diversity in achieving sustainable development.

2. Each Party shall promote and encourage the conservation and sustainable use of biological diversity, as well as the fair and equitable sharing of benefits arising from the utilization of genetic resources, in accordance with its respective domestic laws or policies.

3. The Parties recognize the importance of respecting, preserving and maintaining the knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles that contribute to the conservation and sustainable use of biological diversity.

4. The Parties recognize the importance of facilitating access to genetic resources within their respective jurisdictions, in accordance with their international obligations. Each Party further recognizes that it may require, through domestic measures, prior informed consent for access to genetic resources in accordance with its respective domestic laws or policies and, where such access is granted, require the establishment of mutually agreed terms, including with respect to the sharing of benefits arising from the utilization of such genetic resources.

5. Pursuant to Article 17.18, the Parties shall cooperate to address matters of mutual interest. Cooperation may include, but is not limited to, the exchange of information and experiences in areas related to:

(a) conservation and sustainable use of biological diversity;

(b) the protection and preservation of ecosystems and ecosystem services;

(c) access to genetic resources and the sharing of benefits arising from their utilization; and

(d) the bioeconomy as an alternative for production and development based on the sustainable use of biodiversity.

Article 17.11. Indigenous Peoples and Local Communities

1. The Parties recognize the contribution of indigenous peoples and local communities, as defined in accordance with their respective legal systems, as well as traditional knowledge, to the promotion of sustainable development, including in the environmental field, and the importance of promoting trade that is inclusive and that can strengthen this contribution.

2. The Parties shall seek to exchange information and experiences and cooperate in areas of mutual interest, such as the participation of indigenous peoples and local communities and the consideration of their traditional knowledge in environmental management and trade, and the promotion of the contributions that these communities make to sustainable development.

Article 17.12. Invasive Alien Species

1. The Parties recognise that the transboundary movement of terrestrial and aquatic alien invasive species through trade-related pathways can adversely affect the environment, economic activities and development, and human health. The Parties also recognise that the prevention, detection, control and, where possible, eradication of alien invasive species are fundamental strategies for managing such adverse impacts.

2. The Committee on Trade and Environment shall coordinate with the Committee on Sanitary and Phytosanitary Measures established under Article 7.12 (Committee on Sanitary and Phytosanitary Measures) to identify opportunities for cooperation to exchange information and management experiences on the movement, prevention, detection, control and eradication of alien invasive species, with a view to enhancing efforts to assess and address the risks and adverse impacts of alien invasive species.

Article 17.13. Sustainable Forest Management and Associated Trade

1. The Parties recognize the importance of management and conservation, including sustainable management of forests, for sustainable development.

2. In accordance with their international obligations on forestry matters and their legal systems, the Parties undertake to:

(a) encourage trade in forest products to be legally sourced and to come from sustainably managed forests;

(b) implement measures to control illegal logging in their respective territories;

(c) promote the use of certification schemes for timber products from sustainably managed forests, in accordance with the provisions of Article 17.9.

(d) exchange information and, as appropriate, cooperate on initiatives to promote forest management, including initiatives aimed at combating illegal logging and promoting sustainable forest management, inter alia, through the development and use of technology and specialized machinery for the purpose; and

(e) cooperate, as appropriate, in international fora dealing with the conservation, restoration and sustainable management of forests, with a view to sustainable development.

Article 17.14. Sustainable Agriculture

1. The Parties recognize the increasing impact that global changes such as climate change, biodiversity loss, land degradation, droughts and the emergence of new pests and diseases have on the development of productive sectors such as agriculture, livestock and forestry.

2. Parties recognize the importance of strengthening policies and developing programmes that contribute to the

development of more productive, sustainable, inclusive and resilient agricultural systems.

3. The Parties shall share information and experiences in the development and implementation of integrated policies aimed at incorporating the pillars of sustainable agricultural development. In this sense, the Parties will seek to improve agricultural productivity considering the protection and sustainable use of ecosystems and natural resources, including water, soil and air, biodiversity and ecosystem services, enhancing their contribution to the well-being of society. All of the above in order to contribute to the effective adaptation and mitigation of the agricultural, forestry and food sector to global changes.

Article 17.15. Marine Capture Fisheries (4)

1. The Parties recognize their role as consumers, producers and traders of fishery products, and the importance of the marine fisheries sector for their development and for the livelihoods of their fishing communities, including artisanal and small-scale fisheries.

The Parties also recognize that ensuring the availability of fishery resources is a challenge facing the international community. Therefore, the Parties recognize the importance of taking measures aimed at the conservation and sustainable management of fisheries.

2. The Parties recognize that inadequate fisheries management, certain forms of fisheries subsidies that contribute to overfishing and overcapacity, as well as illegal, unreported and unregulated (5) fishing (hereinafter referred to as "IUU fishing"), can have significant negative impacts on trade, development and the environment, and recognize the need for individual and collective action to address the problems of overfishing and unsustainable use of fisheries resources.

3. In developing and implementing conservation and management measures, Parties shall take into account social, commercial, developmental and environmental concerns and the importance of artisanal or small-scale fisheries to the livelihoods of local fishing communities.

4. Each Party shall maintain a fisheries management system that regulates wild marine capture fisheries and is designed to:

(a) prevent overfishing and overcapacity;

(b) reduce bycatch of particularly vulnerable non-target species;

(c) promote the recovery of overfished stocks for all marine fisheries on which fishing activities are conducted, and

(d) promote fisheries management based on the precautionary principle and with an ecosystem approach, including through cooperation among Parties.

Such a management system shall be based on the best available scientific information and internationally recognized good practices for fisheries management and conservation, as reflected in the relevant provisions of international instruments in order to ensure the sustainable use and conservation of marine species (6).

5. Each Party shall promote the long-term conservation of sharks, sea turtles, seabirds and marine mammals, through the implementation and effective enforcement of conservation and management measures, including the collection of relevant information; use of bycatch mitigation measures, or prohibitions, as appropriate, in accordance with relevant international agreements to which the Party is a party.

6. In support of efforts to combat IUU fishing practices and to help deter trade in products of species harvested by such practices, each Party shall:

(a) cooperate to identify needs and build capacity to support the implementation of this Article;

(b) support systems for monitoring, control, surveillance, compliance and enforcement, including through the adoption or revision, as applicable, of measures to:

(i) deter vessels flying its flag and its nationals from engaging in IUU fishing activities, and

(ii) combat the transhipment at sea of fish or fishery products caught through IUU fishing activities, in accordance with their legal system;

(c) implement port State measures, and

(d) implement conservation and management measures established by regional fisheries management organizations of which the Parties are Cooperating Non-Members, including catch documentation schemes, as applicable under their current

rules of procedure.

7. Each Party shall, to the extent possible, provide the opportunity to comment on draft measures designed to prevent trade in fishery products resulting from IUU fishing.

(4) For greater certainty, this Article does not apply to aquaculture.

(5) The term "illegal, unreported and unregulated fishing" shall be understood to have the same meaning as paragraph 3 of the International Plan of Action to Prevent, Deter and Eliminate legal, Unreported and Unregulated Fishing (2001 Plan of Action for IUU Fishing) of the Food and Agriculture Organization of the United Nations (hereinafter referred to as "FAO"),

(6) These instruments include, inter alia and as applicable, the 1982 United Nations Convention on the Law of the Sea; the 1995 United Nations Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (UN Fish Stocks Agreement); el Código de Conducta de la FAO para la Pesca Responsable; el Acuerdo para Promover el Cumplimiento de las Medidas Internacionales de Conservación y Ordenación por los Buques Pesqueros que Pescan en Alta Mar de la FAO, de 1993 (Acuerdo de Cumplimiento); el Plan de Acción Internacional para prevenir, desalentar y eliminar la pesca ilegal, no

Article 17.16. Trade and Wildlife

1. The Parties affirm the importance of combating illegal trade in wildlife and recognize that such trade undermines efforts to conserve and sustainably manage these natural resources.

The 2001 Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing and the 2009 Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing.

2. Accordingly, each Party reaffirms its commitments to implement its obligations under the 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora (hereinafter referred to as "CITES").

3. The Parties undertake to promote the conservation of and combat illegal trade in wild fauna and flora. To this end:

(a) each Party shall promote the listing of species of wild flora and fauna in the CITES Appendices when the threat factor is international trade and their survival, and the other criteria defined by CITES for such purposes are met.

(b) the Parties shall exchange information and experiences on matters of mutual interest related to combating illegal trade in wild fauna and flora.

(c) Parties shall, as appropriate, undertake joint activities on conservation matters of mutual interest, including through relevant regional and international fora.

Article 17.17. Trade and Climate Change

1. The Parties recognize that climate change poses significant risks to communities, infrastructure, the economy, the environment and human health, with potential implications for international trade, and that efforts are required to build resilience. The Parties also reaffirm their respective commitments under the 1992 United Nations Framework Convention on Climate Change, the 1997 Kyoto Protocol and the 2016 Paris Agreement.

2. In accordance with the above, each Party shall:

(a) promote the contribution of trade to sustainable development and the transition to a sustainable low-emission economy and climate-resilient development, and

(b) promote actions on climate change mitigation and adaptation.

3. The Parties recognize, in the context of sustainable development, that different economic, social and environmental policy instruments are available to achieve national climate change adaptation and mitigation objectives and to support the achievement of their international climate change commitments. Parties may share information and experiences in the development and implementation of such instruments. In particular, the Parties recognize that there are important areas of

collaboration between them on climate change adaptation and mitigation.

4. Pursuant to Article 17.18, the Parties shall cooperate to address matters of common interest. Areas of cooperation may include, inter alia: climate governance and institutions; sustainable consumption and production and climate change; air quality co-benefits of greenhouse gas control measures; climate change mitigation and adaptation; resilient water management; sustainable agriculture; energy efficiency; research and development of cost- effective low-emission technologies; development of alternative, clean and renewable energy sources; solutions to deforestation and forest degradation; restoration of degraded areas; Measurement, Reporting and Verification (MRV) of greenhouse gas (GHG) emissions; methodologies for GHG emission reduction accounting under international agreements; control of pest and disease spread; preparedness and action for extreme events related to climate change, such as forest fires, drought and desertification.

Article 17.18. Cooperation

1. The Parties recognize the importance of cooperation as a mechanism to implement this Chapter, to enhance its benefits, and to strengthen the Parties' joint and individual capacities to protect the environment and to promote sustainable development, while strengthening their trade and investment relations.

2. Taking into account their priorities, national circumstances and available resources, the Parties shall cooperate to address matters of mutual interest related to the implementation of this Chapter and may include international bodies and organizations or non-governmental organizations in this cooperation.

3. Each Party may share its priorities for cooperation and propose cooperative activities related to the implementation of this Chapter.

4. Where possible and appropriate, Parties shall seek to complement and use their existing cooperative mechanisms and take into account the relevant work of regional and international organizations.

5. Cooperation may be carried out through various means, including dialogues, workshops, seminars, conferences, collaborative programs and projects, technical assistance to promote and facilitate cooperation and training, the exchange of best practices in policies and procedures, and the exchange of experts.

6. Each Party shall, as appropriate, promote public participation in the development and implementation of cooperative activities.

7. All cooperative activities under this Chapter are subject to the availability of funds and human and other resources, as well as to the legal system of the Parties. The Parties shall decide, on a case-by-case basis, on the financing of cooperative activities.

Article 17.19. Institutional Arrangements

1. In order to facilitate communication between the Parties for purposes of this Chapter, each Party shall designate and notify, within six (6) months of the date of entry into force of this Agreement, a contact point which, in the case of Chile, shall be within the Ministry of Environment and/or the Undersecretariat of International Economic Relations of the Ministry of Foreign Affairs or its legal successors and which, in the case of Ecuador, shall be within the Ministry of Environment and/or the Vice Ministry of Foreign Trade of the Ministry of Production, Foreign Trade, Investment and Fisheries, or its legal successors. Each Party shall notify the other, as soon as possible, of any change in the point of contact.

2. The Parties may exchange information by any means of communication, including the Internet and videoconferencing.

3. The Parties establish the Committee on Trade and Environment (hereinafter referred to as the "Committee"), which shall be composed of high-level government representatives of institutions in charge of environmental and foreign trade issues, or their designees. In addition, high-level representatives of other governmental entities related to the issues to be discussed, or by whom they may designate, may be invited to form part of the Committee. The Committee shall meet in person or by technological means, every two (2) years, unless the Parties agree otherwise.

4. The Committee shall have the following functions:

(a) dialogue on the implementation of this Chapter;

(b) identify potential areas of cooperation, consistent with the objectives of this Chapter;

(c) report to the Commission on the implementation of this Chapter, if necessary, and

(d) consider matters referred by Parties under Article 17.21. 5. All decisions and reports of the Committee shall be made by consensus, unless otherwise agreed by the Committee or provided in this Chapter.

Article 17.20. Trade and Environment Consultations

1. The Parties shall at all times endeavour to agree on the interpretation and application of this Chapter, and shall make every effort through dialogue, consultation, exchange of information and, as appropriate, cooperation, to address any matter that may affect the operation of this Chapter.

2. A Party may request consultations on trade and environment with the other Party, at the contact point level, on any matter arising under this Chapter by delivering a written request to the contact point of the other Party. The consulting Party shall include information that is specific and sufficient to enable the consulted Party to respond, including identification of the matter at issue and an indication of the legal basis for the request under the provisions of this Chapter.

3. The requested Party, through its point of contact, shall acknowledge receipt of the request, in writing, no later than seven (7) days after the date of its receipt.

4. Unless the Parties agree otherwise, they shall enter into consultations, through their contact points, within ninety (90) days from the date of receipt of the request referred to in paragraph 2.

5. The Parties, through their contact points, shall make every effort to reach a mutually satisfactory resolution of the matter, which may include appropriate cooperative activities. The Parties, jointly, may seek advice or assistance from any person or body they deem appropriate for the purpose of considering the matter.

6. If the Parties, through their contact points, are able to resolve the matter, they shall document the outcome, including, if appropriate, the specific steps and timelines agreed. The Parties, through their contact points, shall prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless they agree otherwise.

Article 17.21. Consultations In the Framework of the Committee on Trade and Environment

1. If the Parties are unable to resolve the matter through consultations at the level of contact points within ninety (90) days of the expiration of the time limit set out in Article 17.20.4, either Party may request in writing that the Committee meet to consider the matter, including in its request a record of the discussions held at the level of contact points and the information exchanged.

2. The Committee shall meet no later than sixty (60) days from the date of receipt of the request, unless the Parties agree otherwise, and shall seek to resolve the matter, including, if appropriate, through consultation with independent experts mutually agreed by the Parties.

3. Consultations under this Article shall be confidential and shall take place in the capital of the consulted Party, unless the Parties agree otherwise.

4. If the Committee succeeds in resolving the matter, it shall document the outcome, including, if appropriate, the specific steps and timelines agreed upon. The Committee shall prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless the Parties agree otherwise.

Article 17.22. Ministerial Consultations

If the Committee fails to resolve the matter within ninety (90) days of the date of the meeting referred to in Article 17.20.2, the Parties may refer the matter to the relevant Ministers, who shall seek to resolve the matter.

Article 17.23. Termination of Consultations

The Parties shall agree on a report reflecting the outcome of consultations held pursuant to Articles 17.20, 17.21 and 17.22, and undertake to implement within a reasonable time the conclusions and recommendations thereof.

Article 17.24. Non-Application of Dispute Resolution

No Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

However, the Parties may at any time have recourse to procedures such as good offices, conciliation, and mediation, as set out in Article 22.5 (Alternative Dispute Resolution).

Chapter 18. TRADE AND GENDER

Article 18.1. General Provisions

1, The Parties recognize the importance of gender mainstreaming in promoting inclusive economic growth, and the fundamental role that gender policies can play in achieving sustainable economic development, which aims, inter alia, to distribute the benefits among the entire population by providing equal opportunities for men and women in the labour market, business, trade and industry.

2. Parties recall Goal 5 of the Sustainable Development Goals of the United Nations 2030 Agenda for Sustainable Development, which is to achieve gender equality and empower all women and girls.

3. The Parties reaffirm the importance of promoting gender equality policies and practices and strengthening the capacity of Parties in this area, including in non-governmental sectors, to promote equal rights, treatment and opportunities for men and women and the elimination of all forms of discrimination and all forms of violence against women.

4. The Parties recognize that international trade and investment are engines of economic growth, and that improving women's access to opportunities and removing barriers in their countries enhances their participation in both the national and international economy and contributes to sustainable economic development.

5. The Parties recognize that increasing women's participation in the labour market and their economic empowerment, as well as facilitating their access to and ownership of economic resources, contribute to sustainable and inclusive economic growth, prosperity, competitiveness and the well-being of society as a whole.

6. The Parties reaffirm the commitments made in the Joint Declaration on Trade and Women's Economic Empowerment on the occasion of the WTO Ministerial Conference in Buenos Aires in December 2017, which aims to achieve the elimination of barriers to women's economic empowerment and increase women's participation in trade.

Article 18.2. Shared Commitments

1. The Parties affirm their commitment to adopt, maintain and implement their laws, regulations, policies and best practices on gender equality.

2. Each Party shall promote public awareness of its gender equality laws, regulations, policies and practices, as well as its activities under this Chapter.

3. Each Party, in accordance with its priorities and interests, reserves the right to establish, amend and enforce its laws, regulations and policies on gender equality.

Article 18.3. International Agreements

1. Each Party reaffirms its commitment to implement its obligations under the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), adopted by the United Nations General Assembly on 18 December 1979.

2. Each Party reaffirms its commitment to the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women (Convention of Belém do Para), adopted by the General Assembly of the Organization of American States on September 6, 1994.

3. Each Party reaffirms its commitment to implement the 1995 Beijing Declaration and Platform for Action on the Rights of Women and Girls and their Empowerment, in particular with regard to the area of Women and the Economy.

4. Each Party reaffirms its commitment to implement the obligations contained in other international agreements to which it is a party, which refer to gender equality or women's tights, in particular those related to equal pay for men and women, maternity protection, reconciliation of work and family life, among others.

Article 18.4. Cooperative Activities

1. The Parties recognize the benefit of sharing their respective experiences in designing, implementing, monitoring and strengthening policies and programs to encourage women's participation in the national and international economy.

2. The Parties shall undertake cooperative activities designed to enhance the capacities and conditions for women, including women workers, entrepreneurs and businesswomen, to access and fully benefit from the opportunities created by this Agreement. These activities shall be carried out with the inclusive participation of women.

3. Cooperative activities shall be carried out on issues and topics agreed upon by the Parties through interaction with their respective governmental institutions, private sector entities, educational or research institutions, other non-governmental bodies and their representatives, as appropriate.

4. Areas of cooperation may include:

(a) programmes and initiatives to maximize the positive impacts of increased participation of women in international trade;

(b) activities to promote, disseminate and raise awareness of the importance of gender equality for sustainable economic growth and its relevance for trade policy;

(c) joint programmes and activities developed or funded under the WTO and other international organizations, where appropriate, to promote the export of women-led enterprises and entrepreneurship, as well as to maximize the positive impacts of increasing women's participation in international trade;

(d) programmes to promote the full participation and advancement of women in society by building capacity and enhancing the skills of women in the workplace, in business and at senior levels in all sectors of society, including on corporate boards;

(e) activities aimed at promoting women's full participation in the economy, primarily by encouraging their participation, leadership and education in underrepresented fields such as Science, Technology, Engineering and Mathematics (STEM), as well as in innovation and business.

(f) programs to promote women's financial education and inclusion, as well as access to finance and financial assistance;

(g) programs to promote women's leadership, as well as the development of women's networks;

(h) development of best practices and standards to promote gender equality within companies and the inclusion of women in working life and business, including those aimed at promoting the reconciliation of family, personal and working life.

(i) promoting women's participation in decision-making positions in the public and private sectors;

(j) promotion of women's entrepreneurship including support for programmes to boost women-led exports;

(k) programmes aimed at greater inclusion of women in vulnerable situations in trade;

(l) a exchange of information on each Party's experiences with respect to the establishment and implementation of policies and programs that address gender issues, in order to achieve the greatest possible benefit under this Agreement;

(m) exchange of information on experiences and lessons learned by the Parties through cooperative activities carried out under this Article;

(n) sharing methods and procedures for the collection and analysis of trade- related sex-disaggregated data, and (fi)other matters agreed by the Parties.

5. The Parties may carry out activities in the areas of cooperation set out in paragraph 4 through:

(a) workshops, seminars, dialogues and forums to exchange knowledge, experiences and good practices;

(b) internships, visits and research studies to document and study policies and good practices;

(c) collaborative research and development of projects and best practices on issues of mutual interest;

(d) specific exchanges of technical expertise and technical assistance, where appropriate, and

(e) other activities agreed by the Parties.

6. Parties may invite and involve international donor institutions, private sector entities, non-governmental organizations or other relevant institutions, as appropriate, to assist in the development and implementation of specific activities.

7. Priorities for cooperative activities shall be decided by the Parties on the basis of their interests and available resources.

Article 18.5. Trade and Gender Committee

1. The Parties establish a Trade and Gender Committee (hereinafter referred to as the "Committee") composed of high-level government representatives within ministries or other government institutions responsible for trade and gender issues, as designated by each Party.

2. The Committee shall:

(a) identify, organize and facilitate cooperative activities under Article 18.4;

(b) report and make recommendations to the Commission on any matter related to this Chapter;

(c) discuss joint proposals to support policies on trade and gender;

(d) consider matters related to the implementation and operation of this Chapter;

(e) at the request of a Party, consider and discuss any matter that may arise regarding the interpretation and application of this Chapter;

(f) establish a work plan integrating the cooperative activities set out in Article 18.4.4, and

(g) carry out such other work as may be determined by the Parties.

3. The Committee shall meet every two (2) years or as otherwise agreed by the Parties, in person or by any available technological means, to consider any matter arising under this Chapter.

4. The Committee may exchange information and coordinate activities by e-mail, videoconference or other means of communication.

5. In carrying out its functions, the Committee may work with other committees, working groups and subsidiary bodies established under this Agreement. In the context of this work, the Committee shall encourage the efforts of these committees, working groups or subsidiary bodies to integrate gender-related commitments, considerations and activities into their work. However, this Chapter shall not be used to impose obligations or commitments with respect to other Chapters of this Agreement.

6. The Committee may request that the Commission refer work under this Article to any other committee, working group and other subsidiary bodies established under this Agreement.

7. The Committee may invite relevant experts or organizations to its meetings to provide information.

8. Within two (2) years of its first meeting, the Committee shall review the implementation of this Chapter and report to the Commission.

Article 18.6. Public Participation

1. In carrying out its activities, including meetings, the Committee shall provide a means of receiving and considering the views of persons or organizations with a legitimate interest in matters related to this Chapter.

2. Each Party shall establish or maintain, and consult with, a national advisory or consultative body, which also addresses the issues in this Chapter, or a similar ad-hoc mechanism, for members of its public, including representatives of its gender and business organizations, to provide views on matters related to this Chapter.

3. Each Party shall develop mechanisms for public reporting of activities under this Chapter.

Article 18.7. Institutional Arrangements

1. In order to facilitate communication between the Parties for the purposes of this Chapter, each Party shall designate a contact point within six (6) months of the date of entry into force of this Agreement:

(a) in the case of Chile will be within its Ministry of Women and Gender Equity and/or Undersecretariat of International Economic Relations or their successors, and

(b) in the case of Ecuador, will be within the Ministry of Foreign Affairs and Human Mobility and/or the Vice-Ministry of Foreign Trade of the Ministry of Production, Foreign Trade, Investment and Fisheries, or their successors.

2. Each Party shall notify the other Party of the designation of the contact point and, as soon as possible, of any changes thereto.

3. The points of contact shall:

(a) facilitate regular communication and coordination between the Parties;

(b) attend the Committee;

(c) report to the Committee, as appropriate;

(d) act as a channel of communication with the public in their respective territories, and

(f) work together, including with other appropriate agencies of their governments, to develop and implement activities and areas of cooperation.

4. Contact points may develop and implement specific co-operative activities.

5. The points of contact may communicate and coordinate activities in person or by electronic or other means of communication.

Article 18.8. Trade and Gender Consultations

1. The Parties shall make every effort, through cooperation and consultation based on the principle of mutual respect, to resolve any matter arising under this Chapter.

2. A Party may, at any time, through its designated contact point, request trade and gender consultations from the other Party with respect to any matter arising under this Chapter by delivering a written request to the requested Party's contact point. The requesting Party shall include specific and sufficient information to enable the requested Party to respond, including identification of the matter at issue and an indication of the legal basis for the request under this Chapter.

3. The requested Party shall, through its designated point of contact, acknowledge in writing receipt of the other Party's request no later than seven (7) days after the date of its receipt.

4. The Parties shall commence trade and gender consultations no later than ninety days after the date of entry into force of this Agreement. (90) days after the date of receipt of the request by the requested Party.

5. Trade and gender consultations may be conducted in person or by any available technological means. If the trade and gender consultations are conducted face-to-face, they shall be held in the capital of the requested Party, unless the Parties agree otherwise.

6. The Parties shall make every effort to reach a mutually satisfactory resolution of the matter through trade and gender consultations under this Article, taking into account opportunities for cooperation related to the matter. The Parties may seek the advice of an independent expert or experts chosen by the Parties to assist them. The Parties may have recourse to procedures such as good offices or conciliation.

7. In trade and gender consultations under this Article, a Party may request the other Party to make available personnel from its governmental agencies or other regulatory bodies with expertise in the subject matter of the trade and gender consultations.

8. If the Parties are unable to resolve the matter in the above manner, either Party may request that the Committee meet to consider the matter by delivering a written request to the other Party through its designated point of contact. The Party making such a request shall inform the other Party through its designated contact point. The Committee shall meet no later than sixty (60) days from the date of receipt of the request, unless the Parties agree otherwise, and shall seek to resolve the matter, including, if appropriate, through consultation with independent experts or by resorting to procedures such as good offices or conciliation.

9. If the Parties are able to resolve the matter, they shall document any outcome, including, if appropriate, the specific steps and timelines agreed. The Parties shall prepare a consensus report summarizing the results of the consultations held and make it publicly available, unless they agree otherwise.

10. If the Parties, after the instances referred to in the preceding paragraphs, have failed to resolve the matter within one hundred and fifty (150) days after the date of receipt of the request pursuant to paragraph 2, the requesting Party may refer the matter to the relevant Ministers of the Parties, who shall seek to resolve the matter.

11. Trade and gender consultations shall be confidential and without prejudice to the rights of any Party in any other proceeding.

Article 18.9. Non-Application of Dispute Settlement

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 19. ECONOMIC AND TRADE COOPERATION

Article 19.1. Objectives

1. The Parties agree to establish a framework for economic and trade cooperation activities in order to maximise the benefits of this Agreement through the exchange of knowledge, experience, best practices and relevant information, inter alia, available to the Parties. Neither Party shall be required to disclose information that is confidential under its laws.

2. The Parties, recognizing the historical accumulation of bilateral technical cooperation, establish that this Chapter does not replace the existing mechanisms of technical cooperation between them, but rather strengthens the global vision of the bilateral relationship.

3. The Parties recognise the important role of the business sector, academia and civil society in general, in order to promote and foster economic growth and development of both Parties.

4. The Parties establish close cooperation aimed, inter alia, at:

(a) to strengthen and expand existing bilateral economic and trade cooperation relations, and

(b) deepen and increase the level of cooperative activities between the Parties in the areas covered in this Agreement, as well as in areas of mutual interest that contribute to the objectives of this Agreement.

5. The Parties agree to make their best efforts to support the development of specific cooperation projects focused on trade facilitation, productive development of different sectors and institutional capacity building, in order to strengthen the trade capacity of both Parties and maximize the benefits of trade exchange, motivated by this Agreement.

Article 19.2. Scope of Application

1. The Parties reaffirm the importance of all forms of cooperation mentioned in the scope of this Agreement.

2. Cooperation between the Parties shall contribute to the fulfillment of the objectives of this Agreement, through the identification and development of cooperation programs and projects aimed at adding value to economic and trade relations.

3. Cooperative activities shall be agreed between the Parties.

4. The cooperation between the Parties provided for in this Chapter shall complement cooperative activities contained in other Chapters of this Agreement.

Article 19.3. Areas of Cooperation

1. The areas of cooperation shall consider all those matters covered in this Agreement.

2. The Parties may undertake initiatives and strengthen areas of cooperation to assist in:

(a) the implementation and dissemination of the provisions of this Agreement;

(b) the enhancement of each Party's capabilities to take advantage of the economic opportunities created by this Agreement;

(c) the promotion and facilitation of trade and investment between the Parties; and

(d) other areas of economic and trade cooperation to be agreed by the Parties.

Article 19.4. Cooperative Activities

To achieve the objectives set out in Article 19.1, the Parties shall encourage and facilitate, as appropriate, the following

economic and trade cooperation activities:

(a) the organization of dialogues, conferences, workshops, seminars and training programmes relating to the matters contained in this Agreement;

(b) facilitating the exchange of experts, information, documentation, success stories and experiences in the field of this Agreement;

(c) internships, visits and research studies to document and study policies and practices;

(d) the promotion of economic and trade cooperation in regional and multilateral fora, and

(e) the exchange of information, knowledge, experiences, good practices and other activities agreed by the Parties, in economic-trade matters.

Article 19.5. Cooperation In the Field of Micro, Small and Medium-Sized Enterprises

The Parties, within the framework of cooperation in the field of Micro, Small and Medium Enterprises, and Actors of the Popular and Solidarity Economy (hereinafter referred to as "MSMEs"), agree to contemplate the following activities:

(a) exchange of specialists between the Parties to provide collaboration, training, capacity building and project development;

(b) economic and trade cooperation for the design and implementation of existing and future MSME policies and practices;

(c) Strengthening the entrepreneurial culture and national entrepreneurship and innovation ecosystems, which guarantee the emergence and consolidation of a productive network of MSMEs with high growth potential in the Parties;

(d) promotion of events that allow MSMEs to promote themselves in order to access the market of the Parties, and

(e) other forms of cooperation concerning MSMEs agreed by the Parties.

Article 19.6. Implementation and Monitoring

1. The Parties designate the following Focal Points responsible for the implementation and follow-up of the issues related to this Chapter:

(a) in the case of Chile, the Directorate General for Bilateral Affairs of the Undersecretariat for International Economic Relations, or its successor, and

(b) in the case of Ecuador, the Directorate of International Cooperation of the Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor.

2. Each Party shall promptly notify the other Party of any changes to its Focal Point, as well as details of the relevant officials.

3. The responsibilities of the Focal Points will include:

(a) monitor the implementation of this Chapter and make recommendations on its future development and, to this end, shall, within three (3) years after the date of entry into force of this Agreement, review its operation and effectiveness in the light of experience gained;

(b) establish priorities for economic-trade cooperation activities defined between the Parties, which may be part of a plan of work;

(c) facilitate the discussions, requests, exchange of information and implementation of the cooperative activities set out in the different chapters of this Agreement;

(d) consult and, as appropriate, coordinate with the competent governmental authorities of the Parties on matters related to this Chapter, and

(e) others as may be agreed by the Parties. 4. The Focal Points may meet periodically and in parallel with the meetings of the Commission, in person or by any technological means, and shall prepare annual reports of their activities, unless otherwise agreed by the Parties.

Article 19.7. Appeals

The Parties shall make their best joint efforts to identify sources of funding for the successful achievement of the cooperative objectives set forth in this Agreement.

Article 19.8. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 22 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 20. TRANSPARENCY AND ANTI- CORRUPTION

Section A. Definitions

Article 20.1. Definitions

For the purposes of this Chapter:

acting or refraining from acting in connection with the performance of official duties includes any use of the public official's office, whether or not it is within the official's authorized competence;

official of a public international organization means an international civil servant or any person authorized by a public international organization to act on its behalf;

public official means:

(a) any person holding a legislative, executive, administrative or judicial office in a Party, whether appointed or elected, permanent or temporary, paid or unpaid, irrespective of seniority;

(b) any other person who performs a public function in a Party, including in a public agency or public enterprise, or provides a public service as defined under the laws of the Parties and as applied in the relevant area of the laws of that Party, or

(c) any other person defined as a public official under the laws of a Party.

foreign public official means any person holding a legislative, executive, administrative or judicial office of a foreign country, at any level of government, whether by appointment or election, whether permanent or temporary, whether paid or unpaid, irrespective of seniority; and any person exercising a public function for a foreign country, at any level of government, including for a public agency or enterprise; and

administrative ruling of general application means an administrative decision or interpretation that applies to all persons and matters generally within its scope and that establishes a standard of conduct, but does not include:

(a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to particular persons, goods or services of the other Party, in a specific case, or

(b) aresolution deciding with respect to a particular act or practice.

Section B. Transparency

Article 20.2. Points of Contact

1. Each Party establishes a contact point in Annex 12.1 to facilitate communications between the Parties on any matter covered by this Agreement.

2. At the request of the other Party, the contact point shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

Article 20.3. Publication

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application that relate to any matter covered by this Agreement are promptly published or otherwise made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. To the extent possible, each Party:

(a) publish in advance any measures referred to in paragraph 1 which it intends to take, and

(b) provide interested persons and the other Party with a reasonable opportunity to comment on the proposed measures.

3. With respect to a draft regulation of general application of a Party with respect to any matter covered by this Agreement that may affect trade between the Parties and that is published pursuant to paragraph 2(a), each Party shall, to the extent practicable, endeavor to:

(a) publish the draft regulation on an official website, sufficiently in advance for an interested person to evaluate the draft regulation, formulate and submit comments;

(b) include in the publication pursuant to subparagraph (a) an explanation of the purpose of, and the motivation for, the draft regulation, and

(c) consider comments received during the comment period, and is encouraged to explain any significant modifications made to the draft regulation, preferably on a website or in an official online journal.

4. Each Party shall promptly publish the regulations of general application referred to in paragraph 1 on an official website or in an official journal of national circulation once adopted by its government.

Article 20.4. Notification and Provision of Information

1. Each Party shall notify the other Party, to the fullest extent practicable, of any existing or proposed measures that the Party believes would substantially affect the operation of this Agreement, or otherwise substantially affect the interests of the other Party under this Agreement.

2. A Party shall, on request of the other Party, provide information and promptly respond to its questions concerning any measure in force or proposed, whether or not the other Party has previously been notified of that measure.

3. Any notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is compatible with this Agreement.

Article 20.5. Administrative Procedures

In order to administer in a consistent, impartial and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that, in its administrative procedures where measures referred to in Article 20.3 are applied with respect to particular persons, goods or services of the other Party in specific cases:

(a) whenever possible, persons of the other Party who are directly affected by a proceeding shall, in accordance with domestic provisions, be given reasonable notice of the institution of the proceeding, including a description of the nature of the proceeding, a statement of the legal basis under which the proceeding is being conducted and a general description of all issues in dispute;

(b) when time, the nature of the proceeding, and the public interest permit, such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action; and

(c) its procedures are in accordance with that Party's domestic law.

Article 20.6. Review and Challenge

1. Each Party shall establish or maintain courts or tribunals or procedures of a judicial or administrative nature for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. Such tribunals or proceedings shall be impartial and not connected with the administrative law enforcement agency or authority, and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such courts or in such proceedings, the Parties have the right to:

(a) a reasonable opportunity to support or defend their respective positions, and

(b) a decision or ruling based on the evidence and submissions or, in cases where required by its domestic law, on the record compiled by the administrative or judicial authority.

3. Each Party shall ensure, subject to challenge or further review as provided in its domestic law, that such rulings or decisions are enforced by, and govern the practice of, the agency or authority with respect to the administrative action that

is the subject of the decision.

Section C. Anti-corruption

Article 20.7. Scope of Application

1. The Parties affirm their determination to eliminate bribery and corruption in international trade and recognize the need to develop integrity within the public and private sectors and that each sector has complementary responsibilities in this regard.

2. The scope of this Section is limited to measures to eliminate bribery and corruption with respect to any matter covered by this Agreement.

3. The Parties recognize that the criminalization of the conduct referred to in this Section, and that the legal defenses or legal principles applicable to such conduct, are reserved to the legal system of each Party. The Parties further recognize that such conduct shall be prosecuted and punished as criminal offenses in accordance with the laws of each Party.

Article 20.8. Measures to Combat Corruption

1. Each Party shall adopt or maintain such legislative and other measures as may be necessary to establish as criminal offenses in its legal system, in matters affecting international trade, when the following conduct is committed intentionally by any person subject to its jurisdiction:

(a) the promise, offering or giving to a public official, directly or indirectly, of an undue advantage to the official or another person or entity, in order that the official act or refrain from acting in relation to the performance or exercise of his or her official duties;

(b) the solicitation or acceptance by a public official, directly or indirectly, of an undue advantage for the official or another person or entity, in order that the official act or refrain from acting in relation to the performance or exercise of his or her official duties;

(c) the promise, offering or giving to a foreign public official or an official of a public international organization, directly or indirectly, of an undue advantage to the official or other person or entity, in order that the official act or refrain from acting in relation to the performance or exercise of his or her official duties, in order to obtain or retain business or other improper advantage in connection with the conduct of international business, and

(d) aiding, abetting or procuring the commission of any of the conduct described in subparagraphs (a) (b) and (c).

2. Each Party shall criminalize the conduct described in paragraph 1 with penalties that take into account the gravity of such conduct.

3. No Party shall allow a person subject to its jurisdiction to deduct from taxation expenses incurred in connection with engaging in any of the conduct described in paragraph 1.

4. In order to prevent corruption, each Party shall adopt or maintain such measures as may be necessary, in accordance with its legal system, with respect to the maintenance of books and records of account, disclosure of financial statements, and accounting and auditing standards, to prohibit the following acts carried out for the purpose of engaging in any of the conduct described in paragraph 1:

(a) the establishment of off-balance sheet accounts;

(b) the carrying out of transactions not recorded in the accounting books or incorrectly recorded;

(c) the registration of non-existent expenses;

(d) the entry of expenses in the accounting books with incorrect identification of their object;

(e) the use of false documents, and

(f) the deliberate destruction of accounting documents before the time limit provided for by law.

5. Each Party shall consider adopting or maintaining measures to protect against any unjustified treatment any person who, in good faith and on reasonable grounds, reports to the competent authorities any fact regarding conduct described in paragraph 1.

Article 20.9. Promotion of Integrity of Public Officials

1. To combat corruption in matters affecting trade, each Party should promote, inter alia, integrity, honesty and accountability among its public officials. To this end, each Party shall endeavour, in accordance with the fundamental principles of its legal system, to adopt or maintain:

(a) measures establishing appropriate procedures for the selection and training of individuals for public office who are considered particularly vulnerable to corruption;

(b) measures to promote transparency in the conduct of public officials in the exercise of their public functions;

(c) appropriate policies and procedures to identify and manage actual or potential conflicts of interest of public officials;

(d) measures requiring public officials to make declarations to appropriate authorities regarding, inter alia, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may arise in connection with their functions as public officials, and

(e) measures to facilitate the reporting by public officials to the competent authorities of acts of corruption that come to their attention in the exercise of their functions.

2. Each Party shall endeavour to adopt or maintain codes or standards of conduct for the correct, honourable and proper performance of public functions, and disciplinary or other measures, if necessary, against public officials who violate the codes or standards established pursuant to this paragraph.

3. Each Party shall, to the extent consistent with the fundamental principles of its legal system, consider establishing procedures by which a public official accused of engaging in conduct described in Article 20.8.1 may, as appropriate, be removed, suspended, or reassigned by the appropriate authority, taking into account respect for the principle of the presumption of innocence.

4. Each Party shall, in accordance with the fundamental principles of its legal system and without prejudice to judicial independence, adopt or maintain measures to strengthen integrity and prevent opportunities for corruption among members of the judiciary in matters affecting international trade. Such measures may include rules with respect to the conduct of members of the judiciary.

Article 20.10. Implementation and Enforcement of Anti-Corruption Laws

1. Upon entry into force of this Agreement and as an incentive to trade, the Parties shall not fail to effectively implement their laws or other measures adopted or maintained to comply with Article 20.8.1, in accordance with the fundamental principles of their legal system, through sustained or recurring course of action or inaction.

2. In accordance with the fundamental principles of its legal system, each Party retains the right of its law enforcement, prosecutorial and judicial authorities to exercise discretion with respect to the application of its anti-corruption laws. Each Party retains the right to make good faith decisions regarding the allocation of its resources.

3. The Parties affirm their commitments under applicable international agreements or conventions to cooperate with each other, consistent with their respective legal systems, to enhance the effectiveness of law enforcement actions to combat the conduct described in Article 20.8.1.

Article 20.11. Participation of the Private Sector and Society

1. Each Party shall take appropriate measures, within its means and in accordance with the fundamental principles of its legal system, to promote the active participation of individuals and groups outside the public sector, such as business, civil society, non- governmental organizations and community-based organizations, in the prevention of and the fight against corruption in matters affecting international trade, and to increase public awareness of the existence, causes and gravity of and the threat posed by corruption. To this end, a Party may:

(a) conduct public information activities and public education programmes that contribute to the non-tolerance of corruption;

(b) adopt or maintain measures to promote professional associations and other non- governmental organizations, as appropriate, in their efforts to promote and assist enterprises, in particular micro, small and medium-sized enterprises, and actors in the popular and solidarity economy, in the development of internal controls, ethics and compliance programs or

measures to prevent and detect bribery and corruption in international trade;

(c) adopt or maintain measures to encourage management to make disclosures in their annual reports, or otherwise publicly disclose internal controls, ethics and compliance programs or measures, including those that contribute to the prevention and detection of bribery and corruption in international trade, and

(d) adopt or maintain measures that respect, promote and protect the freedom to seek, receive, publish and disseminate information concerning corruption.

2. Each Party shall endeavour to encourage private enterprises, taking into consideration their structure and size, to:

(a) develop and adopt internal audit controls sufficient to assist in the prevention and detection of acts of corruption in matters affecting international trade; and

(b) ensure that its accounting and required financial statements are subject to appropriate auditing and attestation procedures.

3. Each Party shall take appropriate measures to ensure that its relevant anti-corruption bodies are known to the public and shall provide access to those bodies, if appropriate, for the reporting, including anonymously, of any incident that may be considered to constitute conduct described in Article 20.8.1.

Article 20.12. Settlement of Disputes

1. Chapter 22 (Dispute Settlement) shall apply to this Section, as modified by this Article. 2. A Party may have recourse to the procedures set out in this Article and Chapter 22 (Dispute Settlement) only if it considers that a measure of the other Party is inconsistent with an obligation under this Section, or that the other Party has otherwise failed to fulfil an obligation under this Section, in a manner affecting trade between the Parties.

3. A Party may not have recourse to dispute settlement under this Article or Chapter 22 (Dispute Settlement) in connection with any matter arising under Article 20.10.

4. The consulting Parties shall involve officials of their relevant anti-corruption authorities in the consultations.

5. The consulting Parties shall make every effort to find a mutually satisfactory solution to the matter, which may include appropriate cooperative activities or a work plan.

Section D. Final Provisions

Article 20.13. Relation to other International Agreements

Nothing in this Agreement shall affect the rights and obligations of the Parties under the United Nations Convention against Corruption (UNCAC) of 31 October 2003, the United Nations Convention against Transnational Organized Crime of 15 November 2000, or the Inter-American Convention against Corruption of 29 March 1996.

Article 20.14. Relationship to other Chapters of this Agreement

The provisions of other Chapters of this Agreement dealing with matters covered by this Chapter shall prevail over the provisions of this Chapter.

Article 20.15. Relationship to the Legal System of the Parties

Nothing in this Chapter shall be construed to require a Party to provide or permit access to information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

Annex 20.1. Contact Points

For the purposes of Article 20.2, the points of contact shall be:

(a) in the case of Chile, the General Directorate for Bilateral Economic Affairs of the Undersecretariat for International Economic Relations, or its successor; and,

(b) in the case of Ecuador, the Undersecretariat for Trade Negotiations and Economic Integration of the Ministry of Production, Foreign Trade, Investment and Fisheries, or its successor.

Chapter 21. ADMINISTRATION OF THE AGREEMENT

Article 21.1. Economic and Trade Commission

The Parties hereby establish the Economic and Trade Commission (hereinafter the "Commission"), which shall be composed of the representatives referred to in Article 1 of Annex 21.1 of this Chapter, or their designees.

Article 21.2. Powers

1. The Commission shall have the following functions:

(a) ensure compliance with and proper implementation of the provisions of this Agreement;

(b) monitor the implementation of this Agreement and evaluate the results achieved in its application;

(c) monitor the work of all committees and working groups established under this Agreement and recommend appropriate action;

(d) periodically evaluate the progress of this Agreement in order to seek its improvement and ensure a bilateral integration process that consolidates and develops an expanded economic space, based on adequate reciprocity, the promotion of fair competition and an active participation of public and private economic agents, and

(e) consider any other matter that may affect or permit the better functioning of this Agreement.

2. The Commission may:

(a) establish and delegate responsibilities to committees;

(b) make decisions to:

(i) amend Annexes 2.1 (Chile Tariff Elimination Schedule) and 2.2 (Ecuador Tariff Elimination Schedule) with a view to improving tariff conditions for market access, 3.1 (Specific Rules of Origin) and 12.1 (Government Procurement);

(ii) amend Annexes 22.1 (Rules of Procedure of the Arbitral Tribunal) and 22.2 (Code of Conduct);

(iii) amend Annex 21.2;

(iv) approve the results of the agreements reached referred to in Article 8.4.8 (Regulatory Cooperation Mechanisms);

(v) implement other provisions of this Agreement, other than those mentioned above, which require development specifically provided for in this Agreement, and

(c) request the advice of persons or entities it deems appropriate;

(d) interpret the provisions of this Agreement, which shall be binding;

(e) recommend amendments to this Agreement to the Parties; and

(f) if agreed by the Parties, take any other action within the scope of their functions that will ensure the achievement of the purposes of this Agreement.

3. The decisions and any other action of the Commission referred to in paragraph 2 shall be implemented in accordance with the legal system of each Party, in accordance with the following procedure:

(a) with respect to Chile, by means of implementing agreements, in accordance with article 54, paragraph 1, subparagraph 4, of the Political Constitution of the Republic of Chile, and

(b) with respect to Ecuador, depending on the type of decisions of the Commission, by Executive Decree, Ministerial Agreement, Resolution of the Foreign Trade Committee or any other administrative act provided by the Organic Code of Production, Trade and Investment (COPCT).

Article 21.3. Agreement Coordinators

1. Each Party shall designate a Coordinator, who shall work jointly on preparations for the meetings of the Commission and shall give appropriate follow-up to the decisions of the Commission.

2. The Coordinating Bodies of each Party shall be:

(a) in the case of Chile, the unit designated by the Director General for Bilateral Economic Affairs of the Undersecretariat for International Economic Relations of the Ministry of Foreign Affairs or its successor, and

(b) in the case of Ecuador, the agency designated by the Vice-Ministry of Foreign Trade of the Ministry of Production, Foreign Trade, Investment and Fisheries or its successor.

Article 21.4. Committee on Rules of Origin and Trade Facilitation

1. The Parties hereby establish the Committee on Rules of Origin and Trade Facilitation (hereinafter referred to as the "Committee"), composed of representatives of each Party.

2. The Committee shall meet at the request of one of the Parties.

3. The Committee shall be responsible for the following functions:

(a) propose to the Commission the adoption of origin and customs practices and guidelines to facilitate trade between the Parties;

(b) propose solutions to the Commission on issues related to:

(i) the interpretation and application of Chapter 3 (Rules of Origin) and Chapter 4 (Trade Facilitation);

(ii) customs tariff classification matters, and

(iii) other matters relating to practices or procedures adopted by the Parties under Chapter 3 (Rules of Origin) and Chapter 4 (Trade Facilitation), and their respective annexes;

(c) ensure compliance with the provisions of Chapter 3 (Rules of Origin) and Chapter 4 (Trade Facilitation), and their respective annexes;

(d) propose to the Commission alternative solutions to the obstacles or inconveniences related to the issues addressed in Chapter 3 (Rules of Origin) and Chapter 4 (Trade Facilitation) that arise between the Parties;

(e) submit the report to the Commission, setting out its findings and recommendations, when, at the request of the Commission and upon the request of a Party, amendments to Chapter 3 (Rules of Origin) and Chapter 4 (Trade Facilitation) are proposed, and

(f) any other matter that the Commission considers relevant.

Annex 21.1. The Commission

For the purposes of Article 21.1, the Commission shall be composed of:

(a) in the case of Chile,the Under-Secretary for International Economic Relations of the Ministry of Foreign Affairs, or his or her representative, and

(b) in the case of Ecuador, the Vice-Minister of Foreign Trade of the Ministry of Production, Foreign Trade, Investment and Fisheries, or his or her representative.

Annex 21.2. Commission Rules and Procedures Composition of Delegations

1. Each Party shall determine the composition of its delegation for each meeting of the Commission.

2. Each Party shall inform the other Party of the composition of its delegation, as expeditiously as possible, at least five (5) days before the date of the meeting. Regular and Special Meetings

3. The meetings of the Commission may be held in person or by any technological means and shall be chaired successively by each Party.

4. The regular meetings of the Commission shall be held once a year and on a mutually agreed date, unless otherwise

agreed by the Parties.

5. When regular meetings are held in person, they shall be held alternately in the territory of each Party, unless otherwise agreed by the Parties.

6. Any Party may request that an extraordinary meeting of the Commission be convened. When such meetings are held in person, the Parties shall agree on the place and date at which the Commission shall meet.

7. Unless otherwise agreed by the Parties, the meetings of the Commission shall be closed to the public.

Agenda for Meetings

8. For meetings of the Commission, the host Party shall prepare an agenda.

9. The agenda shall be circulated to the other Party together with any other documents relevant or related to the issues to be addressed at the meeting, at least (10) ten days in advance of the date of the meeting, unless the Parties agree otherwise.

10. The Parties may agree to include any other item on the agenda prior to its adoption.

11. The agenda will be approved by the Commission at the beginning of its meeting.

Decisions and Recommendations

12. The decisions and recommendations of the Commission shall be adopted by consensus.

13. The decisions of the Commission shall:

(a) be titled according to the subject matter;

(b) have a sequential number assigned to them;

(c) specify the date of their adoption and the manner of their entry into force; and

(d) be signed in two original copies.

Minutes

14. At the conclusion of the meeting, the host Party shall take minutes, including a record of the meeting:

(a) the matters discussed at the meeting, with a brief description of the issues addressed;

(b) the results and agreements reached, and

(c) decisions, recommendations and other actions and measures taken.

15. They will be attached to the minutes of the meeting:

(a) the composition of the delegations of each Party;

(b) the texts of the decisions or recommendations adopted, and

(c) if applicable, any other documents relevant or related to the issues addressed.

16. The host Party shall submit the minutes with their annexes for consideration and approval by the other Party at the end of the meeting or, if this is not possible, no later than fifteen (15) days after the end of the meeting.

17. The minutes of the meeting shall be drawn up in two originals.

Meeting Costs

18. The costs of the meetings of the Commission (excluding travel and subsistence expenses of representatives) shall be borne by the host Party.

19. In the case of non-face-to-face meetings, each Party shall bear the costs of its participation in such meetings.

Chapter 22. DISPUTE RESOLUTION

Article 22.1. General Provisions

1. This Chapter seeks to provide an effective, efficient and transparent dispute settlement process between the Parties with respect to the rights and obligations under this Agreement.

2. The Parties shall at all times endeavour to reach agreement on the interpretation and implementation of this Agreement and shall make every effort, through cooperation and consultations, to reach a mutually satisfactory resolution of any matter that might affect its operation.

Article 22.2. Scope of Application

Except as otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply:

(a) to the prevention or settlement of disputes between the Parties concerning the interpretation or application of this Agreement;

(b) where a Party considers that an existing or proposed measure of the other Party is or may be inconsistent with the obligations of this Agreement or;

(c) a Party is otherwise in breach of its obligations under this Agreement; or,

(d) where a Party considers that a measure of the other Party causes nullification or impairment of benefits that it could reasonably have expected under the Chapters on National Treatment and Market Access, Rules of Origin, Trade Facilitation, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Trade in Services, and Government Procurement.

Article 22.3. Forum Option

1. Disputes arising with respect to the same subject matter that is covered by this Agreement, the WTO Agreement and any other trade agreement to which the Parties are parties may be resolved in any of those fora, at the option of the complaining Party.

2. Two proceedings are deemed to be dealing with the same matter when they relate to the same measure or the same claim of non-conformity or nullification or impairment.

3. Once the complaining Party has requested the establishment of an arbitral tribunal under this Chapter or under one of the agreements referred to in paragraph 1, or has requested the establishment of a panel under the Understanding on Rules and Procedures Governing the Settlement of Disputes, the forum selected shall be exclusive of the others.

4. Where there is more than one dispute concerning the same subject matter under this Agreement, they shall, to the extent possible, be heard by the same arbitral tribunal, if the Parties so agree.

5. Nothing in this Agreement shall be construed to prevent a Party from taking a measure consistent with the WTO Agreement, including a suspension of concessions and other obligations authorized by the WTO Dispute Settlement Body, or a measure authorized under a dispute settlement procedure of another trade agreement to which both Parties are parties.

Article 22.4. Consultations

1. Either Party may request in writing to the other Party consultations with respect to any matter referred to in Article 22.2.
2. All requests for consultations shall state the reasons for the request, including identification of the existing or proposed measure or matter at issue, and the legal basis for the request.

3. The Party to which the request for consultations was addressed shall respond in writing within ten (10) days from the date of its receipt, unless the Parties agree otherwise.

4. The Parties shall hold consultations within thirty (30) days from the date of receipt of the request, or within such other period as the Parties may agree.

5. During consultations, the Parties shall make every effort in good faith to reach a mutually satisfactory resolution of the matter submitted for consultations. To this end, the Parties shall:

(a) provide sufficient information to permit a full examination of how the existing or proposed measure, or any other matter, may affect the operation and implementation of this Agreement, and

(b) treat confidential information received in the course of the consultation with the same confidentiality treatment as that

accorded to it by the Party that provided it.

6. With a view to obtaining a mutually satisfactory resolution of the matter, the Party that requested the consultations may make proposals to the other Party, which shall give due consideration to such proposals.

7. The Parties shall make every effort to provide each other with the information requested during the consultations and to involve, at the request of a Party, specialized personnel from their governmental agencies or other regulatory bodies with competence in the subject matter of the consultations.

8. The consultation period shall not exceed sixty (60) days from the date of receipt of the request for consultations, unless the Parties agree on a different period.

9. Consultations may be held in person or by any available technological means, as agreed by the Parties. Unless otherwise agreed by the Parties, face-to-face consultations shall be held in the capital of the consulted Party.

10. Consultations will be confidential.

Article 22.5. Alternative Means of Dispute Resolution

1. The Parties may, at any time, agree to use alternative means of dispute resolution, such as good offices, conciliation or mediation.

2. Alternative means of dispute settlement shall be conducted in accordance with procedures agreed upon by the Parties.

3. Either Party may at any time initiate, suspend or terminate the procedures established under this Article.

4. Alternative means of dispute resolution are confidential and without prejudice to the rights of the Parties in any other proceedings.

Article 22.6. Establishment of an Arbitral Tribunal

1. If a mutually satisfactory solution has not been reached within the time period set out in Article 22.4.8, the complaining Party may request the establishment of an arbitral tribunal.

2. The request for the establishment of an arbitral tribunal shall be made in writing, stating the reasons for the request and identifying therein:

(a) the specific measure or other matter at issue, in accordance with Article 22.2;

(b) the legal basis of the complaint, including the provisions of this Agreement that may be violated and any other relevant provisions, and

(c) the factual basis of the claim;

3. Unless the Parties agree otherwise, the arbitral tribunal shall be constituted and perform its functions in accordance with the provisions of this Chapter and the Rules of Procedure referred to in Article 22.10.

4. No Party may request the establishment of an arbitral tribunal to examine a proposed measure.

Article 22.7. Composition of the Arbitral Tribunal

1. The arbitral tribunal shall consist of three (3) arbitrators.

2. Each Party shall designate, within twenty (20) days from the date of receipt of the request for the establishment of the arbitral tribunal, a sole arbitrator and an alternate arbitrator, who may be of its own nationality, and shall propose up to three (3) candidates to act as chairman of the arbitral tribunal, from among whom one sole arbitrator and one alternate shall be designated.

3. If a Party fails to appoint its arbitrator within the period of time provided for in paragraph 2, the arbitrator shall be appointed by the other Party in accordance with the Rules of Procedure.

4. The Parties shall make every effort to appoint by mutual agreement the chairman of the arbitral tribunal, from among the candidates proposed by the Parties, within twenty (20) days following the expiration of the period provided for in paragraph 2. If the Parties fail to reach an agreement on the chairman of the arbitral tribunal within the above-mentioned period, the

chairman and his alternate shall be appointed by lot by the Parties in accordance with the Rules of Procedure.

5. The president of the arbitral tribunal may not be a national of any Party, nor have his or her permanent residence in the territory of any Party, nor be or have been employed by any Party.

6. All arbitrators shall:

(a) have expertise or experience in law, international trade, other matters covered by this Agreement, or the settlement of disputes arising under international trade agreements;

(b) be chosen on the basis of their objectivity, reliability and sound judgment;

(c) be independent of, and not be affiliated with, and not receive instructions from, the Parties; and

(d) comply with the Code of Conduct set forth in Annex 22.2 of the Rules of Conduct for the Implementation of the Understanding on Rules and Procedures Governing the Settlement of Disputes under the WTO Agreement (document WT/DSB/RC/1).

7. The chairman of the arbitral tribunal, in addition to meeting the requirements of paragraph 6, shall be a jurist.

8. Individuals who have participated in the proceedings referred to in Article 22.5 may not be arbitrators in the same dispute.

9. In the event of death, challenge, inability or resignation of any of the arbitrators appointed pursuant to this Article, his or her alternate shall take over. If the alternate is unable to act for the same reasons, a successor shall be selected in accordance with the appointment procedure provided for in paragraphs 2, 3 and 4, which shall apply mutatis mutandis. The successor shall have all the authority and the same duties as the original arbitrator. The work of the arbitral tribunal shall be suspended as from the date of death, challenge, incapacity or resignation of the arbitrator or his or her alternate, and shall resume on the date on which the successor is appointed.

10. Any Party may challenge an arbitrator or a candidate in accordance with the provisions of the Rules of Procedure.

11. The members of the arbitral tribunal, by accepting appointment, shall undertake in writing to act in accordance with the provisions of this Chapter, the Rules of Procedure and this Agreement.

11. The date of establishment of the arbitral tribunal shall be the date on which its chairman is appointed.

Article 22.8. Role of the Arbitral Tribunal

1. The function of the arbitral tribunal is to make an objective assessment of the dispute submitted to it, including an objective assessment of the facts of the case, the applicability of and compliance with this Agreement. It shall also make findings, determinations and recommendations for the resolution of the dispute submitted to it.

2. The arbitral tribunal shall regularly consult with the Parties and afford them adequate opportunity to reach a mutually satisfactory solution.

3. The tribunal shall make its findings, determinations and recommendations on the basis of the provisions of this Agreement, its analysis of the facts of the case, the arguments and evidence presented by the Parties, the provisions of international law applicable in the matter, and in accordance with the rules of treaty interpretation as reflected in Articles 31 and 32 of the Vienna Convention on the Law of Treaties 1969. With respect to any provision of the WTO Agreement that has been incorporated into this Agreement, the arbitral tribunal shall also consider the relevant interpretations contained in the reports the WTO Dispute Settlement Body has adopted the WTO Panel and Appellate Body rules, adopted by the WTO Dispute Settlement Body.

Article 22.9. Terms of Reference of the Arbitral Tribunal

1. The terms of reference of the arbitral tribunal shall be as follows, unless, within fifteen (15) days from the date of dispatch of the request for the establishment of an arbitral tribunal, the Parties agree otherwise:

"Examine, in an objective manner and in the light of the relevant provisions of this Agreement, the matter set out in the request for the establishment of the arbitral tribunal and make findings, determinations and recommendations as provided in Articles 22.12 and 22.13.â

2. If the complaining Party contends in its request for the establishment of an arbitral tribunal that a measure has caused

nullification or impairment of benefits within the meaning of Article 22.2(d), the terms of reference shall so state.

3. Where a Party requests that the arbitral tribunal make findings as to the extent of the adverse trade effects that the non-conformity has generated or caused nullification or impairment within the meaning of Article 22.2(d), the terms of reference shall so state.

Article 22.10. Rules of Procedure of the Arbitral Tribunal

1. Unless the Parties agree otherwise, the proceedings of the arbitral tribunal shall be governed by the Rules of Procedure for Arbitral Tribunals contained in Annex 22.1. The arbitral tribunal may, in consultation with the Parties, establish supplementary rules of procedure that do not conflict with the provisions of this Agreement.

2. Unless otherwise agreed by the Parties, the hearings of the arbitral tribunal shall be held in the capital city of the Party complained against.

3. The Rules of Procedure shall guarantee each Party:

(a) the opportunity to submit at least initial and rebuttal written submissions;

(b) the right to at least one hearing before the arbitral tribunal; and

(c) the right to present oral arguments.

(d) The confidential treatment of information established as such by the Parties.

4. The deliberations of the arbitral tribunal shall be confidential, as shall any documents designated as confidential or privileged by a Party. Hearings before the arbitral tribunal shall be closed to the public, unless the Parties agree otherwise.

5. Notwithstanding paragraph 4, a Party may make public statements of its views on the dispute, but shall treat as confidential or privileged information and documents provided by the other Party to the arbitral tribunal that the latter has designated as confidential or privileged.

6. Where a Party has provided documents designated by the other Party as confidential or restricted, that Party shall, within thirty (30) days of the other Party's request, provide a non- confidential or non-restricted summary, which may be made public.

7. At the request of a Party or on its own initiative, and provided that both Parties agree, the arbitral tribunal may obtain information and technical advice from such experts as it deems appropriate. The information or advice obtained shall not bind the arbitral tribunal. The arbitral tribunal shall provide the Parties with a copy of any opinion or advice obtained and an opportunity to comment.

8. After consulting with the Parties, and unless they agree otherwise, the arbitral tribunal shall, within 10 days after its establishment, fix the timetable for its work, taking into account the provisions of Article 22.13.

9. The arbitral tribunal shall seek to reach its decisions by consensus, including its report. If this is not possible, it may adopt them by majority vote.

10. Written submissions, oral arguments or presentations at the hearing, the report of the arbitral tribunal, as well as other written or oral communications between the Parties and the arbitral tribunal relating to the arbitral tribunal proceedings, shall be conducted in Spanish, unless the Parties agree otherwise.

11. The expenses associated with the proceedings shall be borne equally by the Parties, unless the arbitral tribunal determines otherwise in view of the particular circumstances of the case.

12. Each Party shall bear the expenses and remuneration of the arbitrator appointed by it in accordance with Article 22.7. The expenses and remuneration of the presiding arbitrator shall be borne in equal shares.

Article 22.11. Suspension or Termination of the Proceeding

1. The Parties may agree that the arbitral tribunal may suspend its work at any time by a joint communication addressed to the chairman of the arbitral tribunal for a period not exceeding twelve (12) months from the date of such communication.

2. The arbitral tribunal shall resume its work if the Parties so agree within the twelve (12) month period referred to in paragraph 1.

3. If the work of the arbitral tribunal is suspended for more than twelve (12) months, the terms of reference of the arbitral tribunal shall lapse, unless the Parties agree otherwise. If the terms of reference of the arbitral tribunal lapse and the Parties have not reached an agreement on the settlement of the dispute, nothing in this Article shall prevent a Party from initiating new proceedings concerning the same subject matter.

4. At any stage of the proceedings, prior to the notification of the report, the Parties may agree to terminate the proceedings as a result of a mutually satisfactory resolution of the dispute. To this effect, the Parties shall send a joint communication addressed to the president of the arbitral tribunal.

Article 22.12. Preliminary Report

1. The report of the arbitral tribunal shall be drawn up in the absence of the Parties and shall be based on the relevant provisions of this Agreement, the submissions and arguments of the Parties, and any information and technical advice that the arbitral tribunal has obtained pursuant to Article 22.10.7.

2. Unless the Parties agree otherwise, within ninety (90) days of its establishment, or sixty (60) days in cases of urgency, the arbitral tribunal shall submit a preliminary report to the Parties.

3. In exceptional cases, where the arbitral tribunal considers that it cannot issue its preliminary report within ninety (90) days, or within sixty (60) days in cases of urgency, it shall inform the Parties in writing of the reasons for the delay and include an estimate of the period of time within which it will issue its report. In no case shall the period of delay exceed an additional thirty (30) days, unless otherwise agreed by the Parties.

4. The preliminary report shall contain: (a) a summary of the submissions and oral arguments of the Parties (b) the findings of fact and law; (c) a determination on the merits as to whether or not a Party is in breach of its obligations under this Agreement, or whether that Party's measure causes nullification or impairment within the meaning of Article 22.2(d), or any other determination requested in the terms of reference, and

(d) its recommendations, where applicable, that the Party complained against take action in accordance with this Agreement.

5. A Party may submit written observations on the preliminary report to the arbitral tribunal within fifteen (15) days after the notification of the preliminary report or any other time limit set by the arbitral tribunal.

6. After considering the written observations on the preliminary report, the arbitral tribunal may reconsider its report and conduct any further examination it deems appropriate.

Article 22.13. Final Report

1. The final report of the arbitral tribunal shall be final, unappealable and binding on the Parties upon receipt of the respective notification. It shall be made in accordance with Article 22.10.9, shall be reasoned, and shall be signed by the chairman of the arbitral tribunal and by the other arbitrators.

2. The arbitral tribunal shall notify the Parties of the final report within thirty (30) days of the date of the arbitration. (30) days after notification of the preliminary report, unless the Parties agree otherwise.

3. Unless otherwise agreed by the Parties, either Party may release the final report after thirty (30) days of being notified, subject to the protection of confidential information.

4. The findings, determinations and recommendations of the arbitral tribunal may not add to or diminish the rights and obligations of the Parties under this Agreement.

5. No arbitral tribunal may, either in its preliminary report or in its final report, disclose the identity of the arbitrators who are associated with the majority or minority vote.

Article 22.14. Implementation of the Final Report

1. Upon notification of the final report of the arbitral tribunal, the Parties shall agree on the implementation of the final report, in accordance with the findings, conclusions and recommendations of the arbitral tribunal.

2. Either Party may, within fifteen (15) days from the date of notification of the final report, request clarification of the final report. The arbitral tribunal shall rule on the request within fifteen (15) days of its submission. The period of time from the request to the decision of the arbitral tribunal shall not be counted for the purposes of the time limit referred to in Article

22.15.

3. If in its final report the arbitral tribunal determines that the measure at issue is inconsistent with the obligations of this Agreement, or that the measure causes nullification or impairment under Article 22.2(d), the Party complained against shall eliminate the non- conformity or the nullification or impairment, wherever possible.

4. Unless the Parties agree otherwise, the Party complained against shall have a reasonable period of time to remove the non-conformity or nullification or impairment if it is not practicable to do so immediately.

5. The Parties shall endeavour to agree on the reasonable period of time. If the Parties are unable to agree within forty-five (45) days after the notification of the final report, any Party may, no later than sixty (60) days after the notification of the final report, refer the request to the presiding arbitrator to determine the reasonable period of time.

6. The chairman of the arbitral tribunal shall take into consideration that the reasonable period of time shall not exceed six (6) months from the notification of the final report pursuant to Article 22.13. However, this period may be shorter or longer, depending on the particular circumstances of the dispute.

7. The presiding arbitrator shall determine the reasonable period of time not later than ninety (90) days after the date of receipt of the request pursuant to paragraph 5.

Article 22.15. Compensation and Suspension of Benefits

1. If:

(a) the Party complained against has notified the complaining Party that it does not intend to eliminate the nonconformity or the nullification or impairment, or

(b) after the expiration of the reasonable period of time established pursuant to Article 22.14.4, there is disagreement as to whether the Party complained against has eliminated the non-conformity or the nullification or impairment,

the Parties shall, at the request of the complaining Party, enter into negotiations with a view to establishing mutually acceptable compensation.

2. The compensation shall be temporary and in no case preferable to the implementation of the arbitral tribunal's decision to bring the measure into conformity with this Agreement. The compensation shall only apply until the measure found to be inconsistent with this Agreement has been removed, or the Parties have reached a mutually satisfactory solution.

3. If the Parties:

(a) do not agree to compensation in accordance with paragraph 1, within thirty (30) days after the filing of the request for compensation by the complaining Party, or

(b) have reached an agreement on compensation pursuant to this Article and the complaining Party considers that the Party complained against has failed to comply with the terms of the agreement reached,

the complaining Party may communicate to the Party complained against, in writing, its decision to suspend temporarily benefits and other equivalent obligations under this Agreement in order to obtain compliance with the report.

4. The communication shall specify:

(a) the date on which the suspension is to commence, in accordance with paragraph 6 .

(b) the level of benefits or other equivalent obligations it proposes to suspend, and

(c) the limits within which the suspension will apply including which benefits or obligations under this Agreement will be suspended.

5. Suspension of benefits and other obligations shall be temporary, and may be applied only until such time as the nonconformity or nullification or impairment has been eliminated. The level of suspension shall be equivalent to the level of nullification or impairment.

6. The claiming Party may initiate the suspension of benefits thirty (30) days after the later of the date on which:

(a) make the communication in accordance with paragraph 3, or

(b) the arbitral tribunal notifies the final report pursuant to Article 22.16.

7. In considering which benefits to suspend pursuant to this Article, the complaining Party shall apply the following principles and procedures:

(a) shall first seek to suspend benefits or other obligations in the same sector or sectors affected by the measure found by the arbitral tribunal to be inconsistent with this Agreement or to cause nullification or impairment under Article 22.2(d), and

(b) if it considers that it is not practicable or effective to suspend benefits or other obligations in the same sector or sectors, it may suspend benefits or other obligations in other sectors. The communication announcing such a decision shall state the reasons on which the decision is based.

Article 22.16. Review of Compliance and Suspension of Benefits

1. If the Party complained against:

(a) considers that it has eliminated the non-conformity or nullification or impairment found by the arbitral tribunal, or

(b) considers that the level of benefits or other obligations that the complaining Party proposes to suspend is excessive, or the complaining Party has failed to observe the principles and procedures of Article 22.15.7,

may, within thirty (30) days after the date of the communication by the complaining Party under Article 22.15.4, request that the arbitral tribunal established under Article 22.6 be reconvened to determine either (a) or (b).

2. The requesting Party shall indicate the specific measures or issues in dispute and provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly.

3. The arbitral tribunal shall be reconstituted within thirty (30) days of receipt of the request and shall notify the Parties of its preliminary report within thirty (30) days thereafter:

(a) forty-five (45) days after its reconstitution to consider the application under paragraph 1(a) or 1(b), or

(b) 60 days after its reconstitution to consider the application under paragraphs 1(a) and 1(b).

4. The Parties may submit observations on the preliminary report pursuant to Article 22.12.7. The arbitral tribunal may reconsider the preliminary report pursuant to Article 22.12.8.

5. The arbitral tribunal shall notify its final report to the Parties within:

(a) within fifteen (15) days after the filing of the preliminary report, in cases where it considers the request under paragraph 1(a) or 1(b), or

(b) within twenty (20) days of the submission of the preliminary report, in cases where it considers the request under paragraphs 1(a) and 1(b).

6. If any of the original arbitrators is unable to be a member of the arbitral tribunal, the provisions of Article 22.7 shall apply.

7. If the arbitral tribunal determines that the level of benefits or other obligations proposed to be suspended is excessive, or that the complaining Party has failed to observe the principles and procedures of Article 22.15.7, it shall establish the manner in which the complaining Party may suspend benefits or other obligations. The complaining Party may only suspend benefits or other obligations in a manner consistent with the arbitral tribunal's determination.

8. If the arbitral tribunal determines that the Party complained against has eliminated the non-conformity or the nullification or impairment, the complaining Party may not suspend benefits or other obligations.

Article 22.17. Emergency Cases

1. In cases of urgency, the time limits set out in this Chapter shall be reduced by half, unless otherwise provided.

2. For the purposes of this Chapter, cases of urgency shall be understood to include those involving perishable goods.

Annex 22.1. Rules of Procedure of Arbitral Tribunals

Application

1. These Rules of Procedure for Arbitral Tribunals (hereinafter referred to as the "Rules") are established pursuant to Article

22.10.

2. Unless the Parties agree otherwise, these Rules shall apply to the arbitration proceedings referred to in this Chapter.

Definitions

3. For the purposes of these Rules:

non-business day means any Saturday, Sunday, public holiday or any other day established by a Party as a non-business day and notified as such under Rule 14;

document means any submission or writing, in paper or electronic form, filed or delivered in the course of arbitral proceedings;

Contact Unit means the office that each Party designates pursuant to Rule 62 to provide administrative support to an arbitral tribunal;

Administrative Unit means the designated Unit of the responding party charged with performing the functions referred to in Rule 63;

Party complained against means the Party against which a claim is made and requests the establishment of an arbitral tribunal under Article 22.6;

Claimant Party means a Party that makes a claim and files a request for the establishment of an arbitral tribunal under Article 22.6;

representative of a Party means the person appointed by that Party to act on its behalf in the arbitration proceeding;

arbitral tribunal means an arbitral tribunal established in accordance with Article 22.6.

Terms of Reference

4. Within fifteen (15) days from the date of delivery of the request for the establishment of the arbitral tribunal, the Parties may agree on terms of reference other than those set forth in Article 22.9, which shall be communicated to the Administrative Unit within that period.

5. The Administrative Unit shall inform the arbitral tribunal and the Parties of the agreed terms of reference within two (2) days of the date of acceptance of the last arbitrator appointed.

Submission and delivery of documents

6. The Parties, through their Contact Units, or the arbitral tribunal, shall deliver any documents to the Administrative Unit, which shall forward them to the arbitral tribunal and the Parties' Contact Units.

7. No document shall be deemed to be delivered to the arbitral tribunal or to the Parties unless it is delivered in accordance with the foregoing Rule.

8. Any document shall be delivered to the Administrative Unit by any physical or electronic means of transmission that provides a record of the sending or receipt of the document. In the case of delivery of a physical document, an original and copies for each arbitrator and for the other Party shall be submitted to the Administrative Unit. The Administrative Unit shall acknowledge receipt and deliver such document, by the most expeditious means possible, to the arbitral tribunal and to the Contact Unit of the other Party.

9. Minor errors of form contained in any document may only be corrected by the Parties by delivery of a document clearly indicating such errors and the corresponding rectification, within seven (7) days from the date of delivery of the document containing such errors. Such corrections shall not affect the time limits set forth in the timetable for the arbitration proceedings referred to in Rule 10.

10. No later than ten (10) days after the date of acceptance of the last arbitrator appointed, the arbitral tribunal, in consultation with the Parties, shall establish a schedule of work containing the maximum time limits and dates by which submissions of documents and hearings shall be made. The timetable shall allow sufficient time for the Parties to complete all stages of the proceedings. The arbitral tribunal may modify the timetable, after consultation with the Parties, and shall notify the Parties, by the most expeditious means possible, of any such modification.

11. For the purpose of drawing up the timetable referred to in Rule 10, the arbitral tribunal shall take into account the following minimum periods of time:

(a) two (2) days after the establishment of the schedule of work, for the complaining Party to deliver its initial written submission;

(b) twenty-eight (28) days from the date of delivery of the initial written submission for the Party complained against to deliver its response.

12. Any delivery of documents to a Contact Unit under these Rules shall be made during its normal business hours.

13. If the last day for delivery of a document to a Contact Unit or Administrative Unit falls on a non-business day in that Party, or on any other day on which such Units are closed, the document shall be delivered on the next business day.

14. Each Party shall provide to the Administrative Unit a list of the non-business days in that Party, as well as the normal business hours of its Contact Units, no later than ten (10) days after the date of acceptance of the last arbitrator appointed.

Treatment of confidential information

15. Where a Party wishes to designate specific information as confidential, it shall enclose such information in double square brackets, include a cover page that clearly states that the document contains confidential information, and identify the relevant pages with a legend to that effect.

16. Pursuant to Article 22.10.6, where a Party submits to the arbitral tribunal a document containing information designated as confidential, it shall, at the request of the other Party, provide a non-confidential summary thereof within thirty (30) days of the request.

17. During and even after the arbitral proceedings, the Parties, their representatives, the arbitrators or any other person who has participated in the arbitral proceedings shall keep confidential the information qualified as such, as well as the deliberations of the arbitral tribunal, the draft award and any comments thereon.

18. The Administrative Unit shall take all reasonable measures necessary to ensure that experts, stenographers and other persons involved in arbitral proceedings safeguard the confidentiality of information qualified as such.

Functioning of arbitral tribunals

19, Once an arbitrator has been appointed pursuant to Article 22.7, the Administrative Unit shall notify the arbitrator by the most expeditious means possible. A copy of the Code of Conduct and a sworn statement of confidentiality and compliance with the Code of Conduct shall be provided to each person appointed to the arbitral tribunal, whether as an arbitrator or an alternate arbitrator, together with the notice. Each person appointed to the arbitral tribunal shall have three (3) days to communicate his or her acceptance, in which case he or she shall return the duly signed affidavit to the Administrative Unit. If the person designated does not communicate his or her acceptance to serve on the arbitral tribunal in writing to the Administrative Unit within the time period indicated, it shall be understood that he or she does not accept the position.

20. The Administrative Unit shall inform the Parties, by the most expeditious means possible, of the response of each person appointed to the arbitral tribunal or of the fact that no response has been received. Once the persons appointed to the arbitral tribunal as arbitrators and alternate arbitrators have communicated their acceptance, the Administrative Unit shall, by the most expeditious means possible, so inform the Parties.

21. Pursuant to Article 22.7.10, any Party may challenge an arbitrator or a prospective arbitrator if it considers that the arbitrator or prospective arbitrator does not meet the requirements set forth in Article 22.7.6.

21.1. Request for Challenge of an Arbitrator or Alternate Arbitrator Appointed by a Party

(a) Any Party that becomes aware of an alleged violation or breach by the arbitrator or alternate arbitrator appointed by the other Party of the requirements for appointment as arbitrator or of the obligations set forth in the Code of Conduct and in Article 22.7.6 may request his or her challenge. The request for challenge shall be reasoned and notified in writing to the other Party, the challenged arbitrator and the arbitral tribunal within fifteen (15) days after the appointment of the arbitrator or after the fact giving rise to the request for challenge has come to the knowledge of the other Party.

(b) The Parties shall attempt to reach an agreement on the challenge within fifteen (15) days following the notification of the request. The arbitrator may, after the challenge has been raised, resign from his or her function, without this implying acceptance of the validity of the reasons for the challenge.

(c) If the Parties are unable to reach an agreement or if the challenged arbitrator does not withdraw, the request for a challenge shall be decided by the chairman of the arbitral tribunal within fifteen (15) days after the expiration of the time limit set forth in (b). In the event that the chairman of the arbitral tribunal has not accepted his designation by the date of expiration of the time limit set forth in (b), the challenge shall be submitted once the chairman of the arbitral tribunal has

accepted his designation.

(d) If, pursuant to (b) or (c), the request for disqualification of the original arbitrator is granted or the original arbitrator withdraws, the substitute arbitrator appointed pursuant to Article 22.7 shall act as the original arbitrator. If the challenge concerns an incumbent arbitrator who was an alternate arbitrator, a successful challenge shall entitle the Party that appointed the incumbent arbitrator to appoint a new incumbent arbitrator in accordance with Article 22.7.

21.2. Challenge of the president of the arbitral tribunal

(a) Any Party that becomes aware of an alleged violation or breach by the chairman of the arbitral tribunal of the requirements for appointment as chairman of the arbitral tribunal or of the obligations set forth in the Code of Conduct and Article 22.7.6 may request the removal of the chairman of the arbitral tribunal. The request for disqualification shall be reasoned and notified in writing to the other Party, the chairman of the arbitral tribunal and the arbitral tribunal within fifteen (15) days after the appointment, drawing of lots or knowledge of the fact giving rise to the request for disqualification.

(b) The Parties shall attempt to reach an agreement on the request for a challenge of the chairman of the arbitral tribunal within fifteen (15) days after the notification of the challenge. The chairman of the arbitral tribunal may, after the challenge has been raised, resign from his or her position, without this implying acceptance of the validity of the reasons for the challenge.

(c) If it is not possible to reach agreement or if the challenged arbitrator does not withdraw, the request for challenge shall prevail and the alternate arbitrator shall take the place of the challenged arbitrator. Each Party may make a single request for a challenge of the chairman of the arbitral tribunal. However, a request for a challenge of the presiding arbitrator in which the presiding arbitrator has resigned pursuant to subparagraph (b) shall not be counted as a request for a challenge for purposes of this subsection.

22. The time limits provided for in this Chapter and in these Rules, which are counted from the appointment of the last arbitrator, shall start to run from the date on which the last arbitrator accepted his appointment.

23. The chairman of the arbitral tribunal shall preside at all its meetings. The arbitral tribunal may delegate to its chairman the power to take administrative and procedural decisions.

24. The arbitral tribunal shall conduct its proceedings in person or by any technological means.

25. Only the arbitrators may take part in the deliberations of the arbitral tribunal, unless, after notice to the Parties to the dispute, the arbitral tribunal permits the presence of their assistants,

26. For procedural matters not covered by these Rules, the arbitral tribunal, in consultation with the Parties, may establish supplementary rules of procedure, provided that they do not conflict with the provisions of the Agreement and these Rules. When supplementary rules of procedure are adopted, the presiding arbitrator shall immediately notify the Parties.

Hearings

27. The Parties shall designate their representatives before the arbitral tribunal, and may appoint counsel to defend their rights. Only representatives of the Parties may address the arbitral tribunal.

28. The presiding arbitrator shall fix the place, date and time of the hearing, in consultation with the Parties, subject to Rule 10. The date of the hearing shall be fixed after the Parties have filed their initial and rebuttal written submissions, respectively. The Administrative Unit shall notify the Parties, by the most expeditious means practicable, of the place, date and time of the hearing.

29. Unless the Parties agree otherwise, the hearing shall be held in the capital of the Party complained against.

30. When it considers it necessary, the arbitral tribunal may, with the agreement of the Parties, convene additional hearings.

31. All arbitrators must be present at the hearings, otherwise the hearings cannot take place. The hearings shall be held in person. However, the arbitral tribunal may, with the consent of the Parties, agree to hold the hearing by any other means.

32. All hearings shall be closed to the public. However, where a Party for justified reasons so tequests, and with the agreement of the other Party, such hearings may be open, except when information designated as confidential by one of the Parties is discussed. When hearings are open, unless the Parties agree otherwise, the presence of the public shall be ensured through simultaneous transmission by closed-circuit television or any other technological means.

33. Where a Party wishes to submit confidential information at the hearing, it shall so advise the Administrative Unit at least

ten (10) days prior to the hearing. The Administrative Unit shall take the necessary steps to ensure that the hearing is conducted in accordance with Rule 32.

34. Unless the Parties agree that the hearing shall be open, only those present at the hearings may be present:

(a) representatives of the Parties, officials and advisers designated by them, and

(b) referee assistants if required.

The presence of any person who could reasonably be expected to benefit from access to confidential information is excluded in all circumstances.

35. The Parties may object to the presence of any of the persons referred to in Rule 34 no later than two (2) days before the hearing, stating the reasons for such objection. The objection shall be decided by the arbitral tribunal prior to the commencement of the hearing.

36. No later than five (5) days before the date of the hearing, each Party shall submit to the Administrative Unit a list of the persons who will attend the hearing as representatives and other members of its delegation.

37. The hearing shall be conducted by the presiding arbitrator, who shall ensure that the Parties are given equal time to present their oral arguments.

38. The hearing will be conducted in the following order:

(a) pleadings

(i) the Complaining Party's pleading, and (ii) The Complained Party's pleading. (b) replies and rejoinders

(ii) reply of the complaining Party, and

(iii) rejoinder of the Party complained against.

39. The arbitral tribunal may put questions to any Party at any time during the hearing.

40. The Administrative Unit shall adopt the necessary measures to keep a system for recording oral presentations. Such record shall be made by any means, including transcription, that ensures the preservation and reproduction of its contents. At the request of either Party or the arbitral tribunal, the Administrative Unit shall provide a copy of the record.

Supplementary documents

41. The arbitral tribunal may put questions in writing to any Party at any time during the proceedings, and shall determine the time period within which it shall deliver its answers.

42. Each Party shall be given an opportunity to comment in writing on the answers referred to in Rule 41 within such period of time as the arbitral tribunal may prescribe.

43. Notwithstanding the provisions of Rule 10, within ten (10) days after the date of the conclusion of the hearing, the Parties may submit supplemental written submissions regarding any matter that arose during the hearing.

Burden of proof in respect of incompatible measures and defences

44. Where the complaining Party considers that a measure of the Party complained against is inconsistent with its obligations under the Agreement; or that the Party complained against has otherwise failed to comply with its obligations under the Agreement, it shall have the burden of proving such inconsistency or failure, as the case may be.

45. Where the Party complained against considers that a measure is justified by an exception under the Agreement, it shall have the burden of proving this.

46. The Parties shall offer or submit evidence with the initial and rebuttal submissions in support of the arguments made in those submissions. The Parties may also submit additional evidence at the time of their rebuttal and rejoinder submissions.

Ex parte contacts

47. The arbitral tribunal shall not meet or contact a Party in the absence of the other Party.

48. No arbitrator may discuss any matter relating to the arbitration proceedings with a Party in the absence of the other Party and the other arbitrators.

49. In the absence of the Parties, an arbitral tribunal may not meet or have discussions concerning the subject matter of the arbitral proceedings with a person or entity that provides information or technical advice.

Information and technical advice

50. The arbitral tribunal may not request information or technical advice pursuant to Article 22.10.7, whether at the request of a Party or on its own initiative, later than ten (10) days after the date of the hearing, unless the Parties agree otherwise.

51. Within five (5) days after the date of the arbitral tribunal's request to obtain the agreement of the Parties pursuant to Article 22.10.7 and, if there is such agreement, the arbitral tribunal shall select the person or entity to provide such information or technical advice.

52. The arbitral tribunal shall select experts or advisors strictly on the basis of their expertise, objectivity, impartiality, independence, reliability and sound judgment.

53. The arbitral tribunal may not select as an expert or advisor a person who has, or whose employers, partners, associates or relatives have, a financial, personal or other interest which may affect his or her independence and impartiality in the proceedings.

54. The arbitral tribunal shall deliver a copy of its request for information or technical advice to the Administrative Unit, which in turn shall deliver it by the most expeditious means possible to the Parties and to the persons or entities that are to provide the information or technical advice.

55. The persons or entities shall deliver the information or technical advice to the Administrative Unit within the time period established by the arbitral tribunal, which in no event shall exceed ten (10) days from the date of receipt of the arbitral tribunal's request. The Administrative Unit shall deliver to the Parties and to the arbitral tribunal, by the most expeditious means possible, the information provided by the experts or technical advisors.

56. Either Party may submit comments on the information provided by the experts or technical advisors within five (5) days from the date of delivery. Such comments shall be submitted to the Administrative Unit, which shall, no later than the following day, deliver them to the other Party and to the arbitral tribunal.

57. Where a request for information or technical advice is made, the Parties may agree to suspend the arbitral proceedings for a period of time to be determined by the arbitral tribunal in consultation with the Parties.

Calculation of deadlines

58. All time limits set forth in this Chapter, in these Rules or by the arbitral tribunal shall be calculated from the day after the notice, request or document relating to the arbitral proceedings has been received.

59. In the event that any action is required to be taken, before or after a date or event, the day of that date or event shall not be included in the computation of the time limit.

60. Where the period begins or expires on a non-business day, the provisions of Rule 13 shall apply.

61. All time limits set forth in this Chapter and these Rules may be modified by mutual agreement of the Parties.

Contact unit

62. Each Party shall designate a Contact Unit to provide administrative support to the arbitral tribunal. Once designated, its address shall be communicated to the Administrative Commission no later than sixty (60) days after the date of entry into force of this Agreement. Administrative Unit

63. The Administrative Unit shall have the following functions:

(a) provide administrative assistance to the arbitral tribunal, to the arbitrators and their assistants, to persons or entities selected by the arbitral tribunal to provide information or technical advice and to other persons involved in the arbitral proceedings;

(b) make available to the arbitrators, upon acceptance of their appointment, documents relevant to the arbitral proceedings;

(c) keep a copy of the complete file of each arbitration proceeding;

(d) inform the Parties of the amount of costs and other expenses associated with the arbitral proceedings that each Party will bear; and

(e) organize logistical issues related to the hearings.

Costs and other associated expenses

64. Each Party shall bear the cost of the arbitrator it appoints or should have appointed pursuant to Article 22.7, as well as the cost of any assistants, travel, lodging and other expenses associated with the conduct of the proceeding. Unless the Parties agree otherwise, the remuneration of the arbitrators shall be paid according to the WTO scale of payments for non-governmental arbitrators in a WTO dispute as of the date on which the complaining Party requests the establishment of the arbitral tribunal under Article 22.6.

65. The costs of the presiding arbitrator, his or her assistants, if any, travel, lodging and other expenses associated with the proceedings shall be borne by the Parties in equal proportions.

66. Each arbitrator shall keep a complete record of the expenses incurred and submit a settlement, together with supporting documents, for the purpose of determining their appropriateness and subsequent payment. The same shall apply to assistants and experts.

67. The amount of the fees of the arbitrators, their assistants and experts, as well as the expenses that may be authorized, shall be established by the Administrative Commission.

68. Where the chairman of the arbitral tribunal or an arbitrator requires one or more assistants for the conduct of the arbitral tribunal's work, this shall be agreed upon by both parties.

Compliance Review and Suspension of Benefits Arbitral Tribunal

69. Without prejudice to the foregoing rules, in the case of a proceeding conducted under Article 22.16 the following shall apply:

(a) where a Party requests the establishment of the arbitral tribunal, it shall deliver its initial written statement within five (5) days after the constitution of the arbitral tribunal pursuant to Article 22.16;

(b) the other Party shall deliver its written counter-submission within fifteen (15) days of the date of receipt of the initial written submission, and

(c) subject to the time limits set forth in the Agreement and these Rules, the arbitral tribunal shall establish the time limit for the delivery of any supplementary documents, ensuring that each Party has an equal opportunity to submit documents.

Procedure for selecting the chairman of the arbitral tribunal in the event of non-appointment

70. Unless the Parties agree otherwise, the following procedure shall apply for the purpose of selecting the presiding arbitrator pursuant to Article 22.7:

(a) the drawing of lots shall take place in the capital of the complaining Party;

(b) the complaining Party shall notify the Party complained against of the date of the drawing of lots at least five (5) days in advance. The Party complained against shall designate a representative to be present during the drawing of lots;

(c) the complaining Party shall provide a container with envelopes containing the names of the candidates for the presiding arbitrators of the arbitral tribunal, in accordance with Article 22.7. The Party complained against shall check each envelope before it is sealed for the drawing of lots;

(d) after all the envelopes have been sealed and placed in the container, the representative of the Party complained against shall draw one of the envelopes, at random and without any possibility of discerning the identity of the candidate whose name is on the envelope;

(e) the candidate whose name is on the envelope drawn shall be the chairman of the arbitral tribunal.

(f) after the selection of the chairman of the arbitral tribunal, the procedure set out in this Rule shall apply to the selection of his alternate.

71. If, after the notification referred to in Rule 70(b), the representative of the Party complained against fails to appear at the drawing of lots, or if such representative refuses to draw an envelope from the container in accordance with Rule 70(d), the complaining Party shall draw the envelope.

72. Ifa Party fails to submit its list of candidates, the president of the arbitral tribunal shall be appointed by drawing lots from the list submitted by the other Party.

Procedure for selecting an arbitrator in case of non-appointment

73. Ifa Party fails to appoint its arbitrator within the time period provided for in Article 22.7, the arbitrator shall be appointed by the other Party from the indicative list of WTO panelists for the Party that failed to appoint the arbitrator. In the event that candidates from that list are not available, the arbitrator shall be selected from the indicative list of WTO panelists for any Member other than a Party.

Annex 22.2. Code of Conduct for Arbitral Dispute Resolution

Preamble

PROCEEDINGS

Whereas the Parties attach paramount importance to the integrity and fairness of proceedings conducted pursuant to this Chapter, the Parties establish this Code of Conduct pursuant to Article 22.7.6(d).

1. Definitions

For purposes of this Code of Conduct:

(a) arbitrator means the person appointed by the Parties under Article 22.7 to serve on an arbitral tribunal and who has accepted his or her appointment;

(b) assistant means a person who provides support to the referee;

(c) Affidavit means the Affidavit of Confidentiality and Code of Conduct Compliance, which is set forth in the Appendix to this Code of Conduct;

(d) expert means a person who provides technical information or advice in accordance with Rules 50 to 57 of Annex 22.1;

(e) family member means the spouse or cohabitant of the arbitrator, his or her relatives by blood and by affinity, and the spouses of such persons;

(f) procedure means, unless otherwise specified, the procedure of an arbitral tribunal under this Chapter;

(g) arbitral tribunal means the arbitral tribunal established under Article 22.6;

(h) Contact Unit means the office that both Parties designate to provide administrative support to the arbitral tribunal, pursuant to Rule 62 of Annex 22.1, and

(i) Administrative Unit means the Designated Unit of the Party complained against, pursuant to Rule 63 of Annex 22.1.

2. Current Principles

(a) Arbitrators shall be independent and impartial and shall avoid direct or indirect conflicts of interest. They shall not receive instructions from any government or governmental or non-governmental organization.

(b) Arbitrators and former arbitrators shall respect the confidentiality of the proceedings of the arbitral tribunal.

(c) Arbitrators must disclose the existence of any interest, relationship or matter that could influence their independence or impartiality and that might reasonably create an appearance of impropriety or bias. An appearance of impropriety or bias exists when a reasonable person, with knowledge of all relevant circumstances that a reasonable inquiry might reveal, would conclude that an arbitrator's ability to perform his or her duties with integrity, impartiality and competence is impaired.

(d) This Code of Conduct does not state under what circumstances the Parties shall disqualify an arbitrator.

3. Responsibilities towards the Procedure

Arbitrators and former arbitrators shall avoid being or appearing improper and shall maintain high standards of conduct to preserve the integrity and impartiality of the dispute resolution process.

4. Disclosure Obligations

(a) Throughout the proceedings, arbitrators have a continuing obligation to disclose interests, relationships and matters that may be linked to the integrity or fairness of the arbitration dispute resolution proceedings,

(b) As expeditiously as possible, after it becomes known that a Party has appointed a person as an arbitrator to serve on the arbitral tribunal, the Administrative Unit shall provide such person with a copy of this Code of Conduct and the Affidavit.

(c) The person appointed to the arbitral tribunal shall have three (3) days to accept his or her appointment, in which case he or she shall return the duly signed Affidavit to the Administrative Unit. The person appointed to the arbitral tribunal shall disclose any interest, relationship or matter that might influence his or her independence or impartiality or that might reasonably create the appearance of impropriety or bias in the proceeding. To this end, the person appointed to the arbitral tribunal shall make all reasonable efforts to become aware of such interests, relationships and matters. For this purpose, he or she shall disclose, at a minimum, the following interests, relationships and matters:

(i) any financial or personal interest of yours in:

(A) the procedure or its outcome, and

(B) an administrative proceeding, a domestic judicial proceeding or other international dispute settlement proceeding involving issues that can be decided in the proceeding for which it is being considered;

(ii) any financial interest of your employer, partner, associate or family member in:

(A) the procedure or its outcome, and

(B) an administrative proceeding, domestic judicial proceeding or other international dispute settlement proceeding involving issues that can be decided in the proceeding for which it is being considered;

(iii) any current or former relationship of a financial, business, professional, family or social nature with any of the Parties to the proceeding or their counsel or any such relationship involving their employer, partner, associate or family member, and

(iv) public advocacy or legal or other representation on any matter in controversy in the proceeding or involving the same goods or services.

(d) Once appointed, the arbitrator shall continue to make every reasonable effort to become aware of any interest, relationship or matter referred to in subparagraph (c) and shall disclose them. The duty of disclosure is an ongoing duty requiring arbitrators to disclose any interests, personal relationships and matters that may arise at any stage of the proceeding.

(e) If there is any doubt as to whether an interest, personal relationship or matter should be disclosed under subparagraph (c) or (d), an arbitrator must choose in favour of disclosure. Disclosure of an interest, personal relationship or matter is without prejudice to whether the interest, personal relationship or matter is covered by subparagraphs (c) or (d), or whether it warrants cure under subsection 6(g) or disqualification.

(f) The disclosure obligations set forth in subparagraphs (a) through (e) should not be interpreted in such a way that the burden of a detailed disclosure makes that it is impractical to serve as arbitrators individuals from the legal or business community, thus depriving the Parties of the services of those who might be best qualified to serve as arbitrators.

5. Performance of duties by arbitrators

(a) Bearing in mind that the prompt settlement of disputes is essential to the effective functioning of this Agreement, the arbitrators shall perform their duties in a thorough and expeditious manner throughout the course of the proceedings.

(b) The arbitrators shall ensure that the Administrative Unit can, at all reasonable times, contact the arbitrators in order to carry out the work of the arbitral tribunal.

(c) Arbitrators shall perform their duties fairly and diligently.

(d) Arbitrators shall comply with the provisions of this Chapter.

(e) An arbitrator shall not deny the other arbitrators on the tribunal the opportunity to participate in all aspects of the proceedings.

(f) Arbitrators shall not make ex parte contacts in connection with the proceeding pursuant to Rule 47 of Schedule 22.1.

(g) Arbitrators shall consider only such matters presented in the proceedings as are necessary to make a decision and shall not delegate their decision making duty to any other person.

(h) Arbitrators shall take the necessary steps to ensure that their assistants comply with paragraphs 3, 4, 5(d), 5(f) and 8 of this Code of Conduct.

(i) Arbitrators shall be precluded from disclosing matters relating to actual or potential violations of this Code of Conduct unless the disclosure is with both Contact Units and serves the need to determine whether an arbitrator has violated or may violate this Code of Conduct.

6. Independence and impartiality of arbitrators

(a) Arbitrators must be independent and impartial. Arbitrators shall act fairly and shall not create the appearance of impropriety or bias.

(b) Arbitrators shall not be influenced by self-interest, outside pressure, political considerations, public pressure, loyalty to a Party or fear of criticism.

(c) Arbitrators may not, directly or indirectly, incur any obligation or accept any benefit that would in any way interfere, or appear to interfere, with the proper performance of their duties.

(d) Arbitrators shall not use their position on the arbitral tribunal to promote personal or private interests. Arbitrators shall avoid actions that may create the impression that others are in a special position to influence them. Arbitrators shall make every effort to prevent or discourage others from claiming to have such influence.

(e) Arbitrators shall not allow their past or present financial, business, professional, family or social relationships or responsibilities to influence their conduct or judgment.

(f) Arbitrators shall avoid establishing any relationship or acquiring any financial interest which is likely to influence their impartiality or which might reasonably create the appearance of impropriety or bias.

(g) If an arbitrator's interest, personal relationship or matter is incompatible with subparagraphs (a) through (f), the arbitrator may accept appointment to an arbitral tribunal or may continue to serve on an arbitral tribunal, as appropriate, if the Parties waive the violation or if, after the arbitrator has taken steps to cure the violation, the Parties determine that the incompatibility no longer exists.

7. Obligations of former arbitrators

Former arbitrators shall avoid any appearance that their actions may create the appearance that they were biased in the performance of their duties or that they might have benefited from the decisions of the arbitral tribunal.

8. Confidentiality

(a) Arbitrators and former arbitrators shall not at any time disclose or use any information relating to a proceeding or acquired during a proceeding except for the purposes of the proceeding itself, nor shall they disclose or use such information for personal gain or for the benefit of others, or to adversely affect the interests of others.

(b) The arbitrators shall not disclose a report of the arbitral tribunal issued under this Chapter before the Parties publish the final report. Arbitrators and former arbitrators shall not disclose at any time the identity of arbitrators who are associated with the majority or minority vote.

(c) Arbitrators and former arbitrators shall not at any time disclose the deliberations of an arbitral tribunal or the opinion of an arbitrator, except as required by law.

(d) Arbitrators shall not make public statements about the merits of a pending proceeding.

9. Responsibilities of assistants, advisors and experts

Paragraphs 3, 4, 5(d), 5(f), 7 and 8 also apply to assistants, advisers and experts.

Appendix. AFFIDAVIT OF CONFIDENTIALITY AND COMPLIANCE WITH THE CODE OF CONDUCT

1. I acknowledge having received a copy of the Code of Conduct for Dispute Settlement Arbitration Proceedings under Chapter 22 (Dispute Settlement) of the Trade Integration Agreement between the Republic of Chile and the Republic of Ecuador.

2. I acknowledge that I have read and understood the Code of Conduct.

3. I understand that I have a continuing obligation to disclose interests, personal relationships and matters that may be related to the integrity or fairness of the arbitration dispute resolution proceeding. As part of that obligation, I make the

following affidavit:

(a) My financial interest in the proceedings or their outcome is as follows:

(b) My pecuniary interest in any administrative proceedings, domestic judicial proceedings and other international dispute settlement proceedings relating to matters that may be decided in the proceeding for which I am under consideration is as follows:

(c) The economic interests that any employer, partner, associate or family member may have in the proceedings or their outcome are as follows:

(d) The economic interests that any employer, partner, associate or family member may have in any administrative proceeding, domestic judicial proceeding and other international dispute settlement proceedings involving matters that may be decided in the proceeding for which I am under consideration are as follows:

(e) My past or present financial, business, professional, family or social relationships with any party to the proceeding or its counsel are as follows:

(f) My past or present financial, business, professional, family or social relationships with any party to the proceeding or its counsel, involving any employer, partner, associate or family member, are as follows:

(g) My public advocacy or legal or other representation relating to any matter at issue in the proceeding or involving the same goods or services is as follows:

(h) My other interests, relationships and matters that may affect the integrity or fairness of the dispute resolution proceeding and that have not been disclosed in subparagraphs (a) through (g) in this opening statement are as follows:

Subscribed on the day _____ of the month _____of the year___.

By:

Name _____

Signature _____

Chapter 23. GENERAL EXCEPTIONS

Article 23.1. General Exceptions

1. For the purposes of Chapters 2 (National Treatment and Market Access), 3 (Rules of Origin), 4 (Trade Facilitation), 7 (Sanitary and Phytosanitary Measures), 8 (Technical Barriers to Trade) and 10 (Electronic Commerce) of this Agreement, Article XX of the GATT 1994 and its interpretative notes are incorporated into and made part of this instrument, mutatis mutandis. The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living or non-living exhaustible natural resources.

2. For the purposes of Chapter 9 (Trade in Services) and Chapter 10 (Electronic Commerce) (1), paragraphs (a), (b) and (c) of Article XIV of the GATS are hereby incorporated into and made part of this Agreement, mutatis mutandis. The Parties understand that the measures referred to in Article XIV(b) of the GATS include environmental measures necessary to protect human, animal or plant life or health.

(1) This paragraph does not prejudge whether digital products should be classified as a good or service.

Article 23.2. Essential Security

Nothing in this Agreement shall be construed to mean:

(a) oblige a Party to provide or give access to information the disclosure of which it considers contrary to its essential security interests or,

(b) prevent a Party from applying any measure it considers necessary for the protection of its essential security interests, as well as for the fulfilment of its obligations under the Charter of the United Nations with respect to the maintenance and restoration of international peace and security.

Article 23.3. Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to provide or permit access to information the disclosure of which would impede law enforcement or would be contrary to the Party's law protecting the personal privacy or financial affairs or accounts of individual customers of financial institutions.

Article 23.4. Balance of Payments

1. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures restricting transfers or payments for current account transactions in the event that it experiences serious difficulties in its balance of payments and external finances or the threat thereof.

2. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures restricting payments or transfers related to capital movements:

(a) in the event of serious difficulties in its balance of payments and external finances, or the threat thereof, or

(b) where, in exceptional circumstances, the payments or capital transfers cause or threaten to cause serious difficulties for macroeconomic management, in particular for the operation of monetary or exchange rate policy.

3. Any action taken or maintained pursuant to paragraphs 1 and 2 shall:

(a) be applied in a non-discriminatory manner such that the other Party is treated less favourably than any non-Party;

(b) be consistent with the Articles of Agreement of the International Monetary Fund;

(c) avoid unnecessary damage to the commercial, economic and financial interests of another Party;

(d) not go beyond what is necessary to overcome the circumstances set out in paragraph 1 or 2, and

(e) be temporary and phased out as soon as the situations referred to in paragraph 1 or 2 improve.

4. With respect to trade in goods, nothing in this Agreement shall be construed to prevent a Party from adopting restrictive measures on imports so as to enable it to safeguard its external financial position or balance of payments. Such import-restrictive measures shall be consistent with the GATT 1994, in particular Articles XI, XV and XVII, Section B, and the Understanding on Balance of Payments Provisions of the General Agreement on Tariffs and Trade 1994.

5. With respect to trade in services, nothing in this Agreement shall be construed to prevent a Party from adopting trade-restrictive measures in order to safeguard its external financial position or balance of payments. Such restrictive measures shall be consistent with the GATS.

6. A Party that adopts or maintains measures in accordance with paragraphs 1, 2, 4 or 5 shall:

(a) promptly notify the other Party of the measures adopted or maintained, including any amendments thereto, and

(b) promptly enter into consultations with the other Party with a view to reviewing measures previously maintained or adopted by it, provided that consultations regarding the adopted measures are not being conducted before the WTO.

7. Any statistical or other factual findings of fact presented by the International Monetary Fund on exchange, monetary reserves and balance of payments issues shall be accepted in the consultations and the conclusions shall be based on the Fund's assessment of the external financial and balance of payments situation of the Party subject to the consultations.

Article 23.5. Taxation Measures

1. For purposes of this Article:

designated authorities means:

(a) in the case of Chile, the Undersecretary of Finance, or his successor, and

(b) in the case of Ecuador, the Director-General of the Internal Revenue Service, or his successor;

The designation of a successor to any such authority and the date on which he or she assumes that capacity shall be notified in writing to the other Party.

tax treaty means a convention for the avoidance of double taxation or other international agreement or arrangement on tax matters, and

Taxes and tax measures include excise taxes, but do not include:

(a) any tariff or charge of any kind applied to or in connection with the importation of a good, and any form of surcharge or surtax applied in connection with such importation, or

(b) any duty or other charge related to the importation of proportionate cost of services rendered, or

(c) any anti-dumping duty or countervailing measure.

2. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

3. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax treaty. In the event of any inconsistency between this Agreement and any such tax treaty, such tax treaty shall prevail to the extent of the inconsistency.

4. In the case of a tax treaty between the Parties, if a dispute arises as to the existence of any inconsistency between this Agreement and the tax treaty, the dispute shall be referred to the Parties' designated authorities. The designated authorities of the Parties shall have six (6) months from the date of referral of the dispute to make a determination as to the existence of any inconsistency. If those designated authorities so agree, the period may be extended to twelve (12) months from the date of referral of the dispute. No proceeding relating to the measure giving rise to the dispute may be initiated under Chapter 22 (Dispute Settlement) until the expiration of the six-month period, or such other period as may be agreed upon by the designated authorities. An arbitral tribunal established to hear a dispute relating to a taxation measure shall accept as binding the determination made by the designated authorities of the Parties under this paragraph.

5. Notwithstanding paragraph 3:

(a) Article 2.1 (National Treatment) and such other provisions in this Agreement as are necessary to give effect to that Article shall apply to taxation measures to the same extent as Article I of GATT 1994, and

(b) Article 2.6 (Import and Export Restrictions) shall apply to taxation measures.

6. Subject to paragraph 3:

(a) Article 9.3 (National Treatment) shall apply to taxation measures on income, capital gains, on the taxable capital of corporations, or on the value of an investment or property (2) (but not on the transfer of such investment or property), that relate to the purchase or consumption of specified services, except that nothing in this subparagraph shall prevent a Party from conditioning the receipt or continued receipt of an advantage related to the purchase or consumption of specified services on requirements to supply the service in its territory, and

(b) Article 9.3 (National Treatment) shall apply to all tax measures, other than those on income, capital gains, on the taxable capital of corporations, on the value of an investment or property (3) (but not on the transfer of that investment or property), or estate, inheritance, gift, and generation-skipping transfer taxes;

but nothing in the Article referred to in subparagraphs (a) and (b) shall apply to:

(c) any most-favoured-nation obligation with respect to an advantage granted by a Party in accordance with a tax convention;

(d) a non-conforming provision of any existing tax measure;

(e) the continuation or prompt renewal of a non-conforming provision of any existing tax measure;

(f) an amendment of a non-conforming provision of any existing taxation measure, to the extent that such amendment does not reduce its degree of conformity, at the time the amendment is made, with any of those Articles (4);

(g) the adoption or application of any new taxation measure aimed at ensuring the equitable or effective application or collection of taxes, including any taxation measure that differentiates between persons based on their place of residence for tax purposes, provided that the taxation measure does not arbitrarily discriminate between persons, goods or services of the Parties (5);

(h) a provision that conditions the receipt or continued receipt of an advantage relating to contributions to, or income from, a pension fund, pension plan or other scheme to provide pension, retirement or similar benefits on a requirement that the Party maintain continuing jurisdiction, regulation or supervision over that fund, plan, or other arrangement.

(2) This is without prejudice to the methodology used to determine the value of such investment or property under the respective laws of the Parties.

(3) This is without prejudice to the methodology used to determine the value of such investment or property under the respective laws of the Parties.

(4) For greater certainty, the amendment of non-conforming provisions under this subparagraph may include the adoption of a specific tax in respect of insurance premiums in place of an income tax in respect of insurance premiums.

(5) The Parties understand that this subparagraph is to be interpreted by reference to the footnote to Article XIV(d) of the GATS as if the Article were not restricted to services or direct taxes

Chapter 24. FINAL PROVISIONS

Article 24.1. Annexes, Appendices and Footnotes

The annexes, appendices and footnotes to this Agreement constitute an integral part of this Agreement.

Article 24.2. Amendments and Additions

1. The Parties may agree on any amendments or additions to this Agreement.

2. The agreed amendments and additions shall enter into force in accordance with the provisions of Article 24.7, and shall constitute an integral part of this Agreement.

Article 24.3. Amendments to Incorporated or Referred Agreements

In the event that any agreement incorporated or referred to in this Agreement, including the WTO Agreement, is amended, the Parties shall consult with respect to the need to amend this Agreement.

Article 24.4. Accession

1. In compliance with the provisions of the Treaty of Montevideo 1980, this Agreement is open to the accession, through prior negotiation, of the other member countries of ALADI.

2. The accession shall be formalized once its terms have been negotiated between the Parties and the acceding country, through the conclusion of an Additional Protocol to this Agreement, which shall enter into force sixty (60) days after being deposited with the General Secretariat of LAIA.

Article 24.5. Convergence

The Parties shall promote the convergence of this Agreement with other integration agreements of Latin American countries, in accordance with the mechanisms established in the Treaty of Montevideo 1980.

Article 24.6. General Review and Future Negotiations

1. The Parties may undertake a general review of this Agreement with a view to its updating or extension after its entry into force.

2. Unless otherwise agreed, the Parties shall negotiate an investment chapter after the entry into force of this Agreement, as well as such other disciplines as the Parties may agree.

Article 24.7. Entry Into Force and Denunciation

1. This Agreement shall be of indefinite duration.

2. The entry into force of this Agreement is subject to the completion of the necessary internal legal procedures of each Party.

3. This Agreement shall enter into force ninety (90) days after the date on which the General Secretariat of ALADI notifies the Parties of having received the last communication from the Parties informing the compliance with the requirements established in their internal legislations.

4. Any of the Parties may denounce this Agreement by means of a written notification to the General Secretariat of ALADI. This Agreement shall cease to produce its effects one hundred and eighty (180) days after the date on which the General Secretariat of ALADI notifies the Parties of having received such notification.

5. The General Secretariat of ALADI shall be the depository of this Agreement, of which it shall send duly authenticated copies to the Parties.

Article 24.8. Repeals and Transitional Provisions

1. The Parties agree to terminate ECA No. 65, including its annexes, appendices, protocols, and other instruments signed thereunder. This provision shall operate automatically once the procedure established in Article 24.7.3 has been completed.

2. Notwithstanding the previous paragraph, the requirements and certifications demanded in the exercise of the commercial exchange of the Parties, agreed in ACE N°65, shall be admitted until sixty (60) days after the entry into force of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement in two equally authentic copies.

DONE at Guayaquil and Santiago, on the thirteenth day of the month of August 2020.

FOR THE GOVERNMENT OF THE REPUBLIC OF CHILE

ANDRES ALLAMAND

Minister of Foreign Affairs

FOR THE GOVERNMENT OF THE REPUBLIC OF ECUADOR

IVAN ONTANEDA

Minister of Production, Foreign Trade, Investment and Fishing