PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN UNION AND ITS MEMBER STATES, OF THE ONE PART, AND THE COMMON MARKET OF THE SOUTH, THE ARGENTINE REPUBLIC, THE FEDERATIVE REPUBLIC OF BRAZIL, THE REPUBLIC OF PARAGUAY AND THE ORIENTAL REPUBLIC OF URUGUAY, OF THE OTHER PART

THE KINGDOM OF BELGIUM,

THE REPUBLIC OF BULGARIA,

THE CZECH REPUBLIC,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE REPUBLIC OF ESTONIA,

IRELAND,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

THE REPUBLIC OF CROATIA,

THE ITALIAN REPUBLIC,

THE REPUBLIC OF CYPRUS,

THE REPUBLIC OF LATVIA,

THE REPUBLIC OF LITHUANIA,

THE GRAND DUCHY OF LUXEMBOURG,

HUNGARY,

THE REPUBLIC OF MALTA,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE REPUBLIC OF POLAND,

THE PORTUGUESE REPUBLIC,

ROMANIA,

THE REPUBLIC OF SLOVENIA,

THE SLOVAK REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SWEDEN,

Contracting Parties to the Treaty on European Union and the Treaty on the Functioning of the European Union, hereinafter referred to as "the Member States",

and

THE EUROPEAN UNION, hereinafter referred to as "the Union" or "the EU",

of the one part,

AND

THE ARGENTINE REPUBLIC,

THE FEDERATIVE REPUBLIC OF BRAZIL,

THE REPUBLIC OF PARAGUAY,

THE ORIENTAL REPUBLIC OF URUGUAY,

State Parties to the Common Market of the South signatories of this Agreement, hereinafter referred to as "Signatory MERCOSUR States",

and

THE COMMON MARKET OF THE SOUTH, hereinafter referred to as "MERCOSUR",

of the other part,

hereinafter jointly referred to as "the Parties",

for the purposes of this Agreement MERCOSUR refers to the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay,

CONSIDERING the deep historical, cultural, political and economic ties that unite their peoples and inspired by their common values;

CONSIDERING that MERCOSUR and the European Union wish to reinforce those ties and intensify their relations on the basis of dialogue and cooperation, with a view to establishing a strategic partnership;

RECALLING the Parties' firm commitment to the principles of international law, to the Charter of the United Nations ("UN"), to democracy, the rule of law and human rights and to fundamental freedoms;

CONSIDERING that respect for democratic principles and human rights as laid down in the Universal Declaration of Human Rights and other relevant international human rights instruments, for international humanitarian law, and for the principles of the rule of law underpins the internal and international policies of the Parties and constitutes an essential element of this Agreement;

REAFFIRMING their support for democratic institutions and values, which are indispensable for the development of their respective integration processes and their mutual relationship;

MOTIVATED to contribute to the reinforcement of multilateralism, to international peace and security and to the promotion of a fair and democratic international order;

RECOGNISING the important contribution to disarmament and non-proliferation of the proclamation of Latin America and the Caribbean as a zone of peace, free of nuclear weapons, in accordance to the Treaty of Tlatelolco and its additional protocols, and reaffirming their commitments to promote nuclear disarmament;

REAFFIRMING the values, purposes and principles of the Charter of the United Nations, signed on 26 June 1945, in San Francisco, at the conclusion of the United Nations Conference on International Organization ("the UN Charter");

REAFFIRMING the shared aim of promoting economic and social development which underpins this Agreement, and considering that market liberalisation should be complemented by the promotion of social development and the reduction of inequalities through adequate access to employment, education and health, and the elimination of extreme poverty;

REAFFIRMING their commitment to strengthen and develop the multilateral trading system through the application of transparent, equitable and non-discriminatory rules, with a view to the promotion of increasingly dynamic and open international trade which ensures the increased participation of developing countries in international trade, investment and

technology flows;

REAFFIRMING their commitment to promote international trade in such a way as to contribute to sustainable development in its economic, social and environment dimensions, involving all relevant stakeholders, including civil society and the private sector, and to implement this agreement in a manner consistent with their respective laws and international commitments on labour and environmental matters;

BUILDING UPON the rights and obligations assumed by the Parties as members of the World Trade Organization ("WTO");

DESIRING to improve the competitiveness of their enterprises, by providing them with a predictable legal framework for their trade and investment relations, with special attention to micro, small and medium enterprises;

REAFFIRMING the need to promote the respect of internationally recognised guidelines and principles of corporate social responsibility and responsible business conduct, including the Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises, amongst enterprises operating in their territories;

CONSIDERING that the strengthening of the multilateral trading system can be achieved through multilateral trade negotiations which aim at ambitious, comprehensive and balanced results, the promotion of economic development and the improvement of human welfare;

TAKING INTO ACCOUNT that the Parties consider regional integration and open regionalism to be important instruments for economic and social development which enhance the international integration of their economies, promote closer ties between their peoples and contribute to international stability;

WELCOMING the adoption of the 2030 Agenda for Sustainable Development document "Transforming our World: the 2030 Agenda for Sustainable Development" adopted by the United Nations General Assembly on 25 September 2015 (hereinafter referred to as "the 2030 Agenda") and the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, done at Paris on 12 December 2015 (hereinafter referred to as the "Paris Agreement") and calling for their swift implementation;

CONSCIOUS of the need to promote the growth and development of the Parties and to reduce existing disparities, giving special attention to the needs and difficulties faced by Paraguay as a landlocked country;

RECOGNISING the long history of migration between European Union and MERCOSUR countries, and its positive contribution to their relationship as well as to their social, cultural and economic development;

BEARING IN MIND the internationally agreed provisions on special and differential treatment for developing countries;

RECOGNISING that this Agreement preserves the right of the Parties to regulate within their territories in conformity with their internal laws and regulations as well as the Parties' flexibility to achieve legitimate policy objectives, such as those concerning public health, safety, the environment, education, public morals and the promotion and protection of cultural diversity;

REAFFIRMING the Parties' right to exploit their natural resources in accordance with their own environmental policies, and sustainable development goals;

BEARING IN MIND the Interregional Framework Cooperation Agreement between the European Community and its Member States, of the one part, and the Southern Common Market and its Party States, of the other part, signed in Madrid on 15 December 1995, as well as its annexed Joint Declaration on political dialogue and the purpose of establishing a partnership based on reinforced political dialogue, trade liberalisation, the promotion of investment and the deepening of cooperation;

CONSIDERING that cooperation between the European Union and MERCOSUR is implemented through a variety of instruments;

RECALLING the decision of the meeting of Heads of State and Government from MERCOSUR and the European Union in June 1999 in Rio de Janeiro to attach renewed priority to their relations in the political, economic, trade, cultural and cooperation fields, aiming at building a deeper and fuller partnership between both regions, which should be based on democracy, sustainable development and economic growth with social justice;

REAFFIRMING their commitment to further strengthen, liberalise and diversify their trade and investment relations;

LOOKING FORWARD, in this context, to increasing their trade and investment relations through the establishment of a free trade area in conformity with General Agreement on Tariffs and Trade 1994 and WTO rules;

WILLING to strengthen cooperation between the Parties, on the basis of an open and permanent dialogue in all areas of

mutual interest, in particular in the political, economic, commercial, financial, legal and judicial, freedom and security, scientific and technological, social and cultural fields;

CONSCIOUS of the importance of involving civil society in the context of the partnership between the Parties;

CONSCIOUS, that, in order to intensify their relationship in all areas of common interest, it is essential to bring the existing political dialogue between the Parties to a new stage;

CONSIDERING the specific regional integration experiences of the Parties, from which they can mutually benefit according to their own needs;

REAFFIRMING the importance of their shared principles and values in the field of social development;

CONSIDERING the importance of cultural dialogue as a means to achieve better mutual understanding between the Parties, to promote cultural diversity and to foster cultural links between their citizens;

NOTING that, in the event that the Parties decide, within the framework of this Agreement, to enter into specific agreements in the area of freedom, security and justice which may be concluded by the European Union pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, the provisions of such future agreements would not bind Ireland unless the European Union, simultaneously with Ireland as regards its respective previous bilateral relations, notifies MERCOSUR that Ireland has become bound by such agreements as part of the European Union in accordance with Protocol No 21 on the position of Ireland in respect of the area of freedom, security and justice, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union; noting that any subsequent internal measures of the European Union which may be adopted pursuant to Title V of Part three of the Treaty on the Functioning of the European Union to implement this Agreement would not bind Ireland, unless it has notified its wish to take part in such measures or accept them in accordance with Protocol No 21; also noting that such future agreements or subsequent internal measures of the European Union would fall within Protocol No 22 on the position of Denmark, annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union;

RECOGNISING the differences in economic and social development between and within the Parties;

HAVE AGREED AS FOLLOWS:

Part I. GENERAL PRINCIPLES AND INSTITUTIONAL FRAMEWORK

Chapter 1. INITIAL PROVISIONS

Article 1.1. General Definitions

For the purposes of this Agreement:

(a) "1995 Interregional Framework Cooperation Agreement" means the Interregional Framework Cooperation Agreement between the European Community and its Member States, of the one part, and the Southern Common Market and its Party States, of the other part, signed in Madrid on 15 December 1995;

(b) "Interim Trade Agreement" means the Interim Agreement on Trade between the European Union, of the one part, and the Common Market of the South, the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay, of the other part, to be concluded;

(c) "SMEs" means small and medium-sized enterprises, which includes micro, small and medium-sized enterprises and entrepreneurs;

(d) "third country" means a country or territory outside the territorial scope of application of this Agreement;

(e) "UNCLOS" means the United Nations Convention on the Law of the Sea, done at Montego Bay on 10 December 1982; and

(f) "WTO" means the World Trade Organization.

Article 1.2. General Principles

1. Respect for democratic principles, human rights and fundamental freedoms as laid down in the Universal Declaration of Human Rights and other international human rights instruments to which they are party, as well as for the principles of the rule of law underpins the internal and international policies of the Parties and constitutes an essential element of this Agreement.

2. The Parties confirm their strong commitment to the shared principles and objectives as expressed in the UN Charter. The promotion of sustainable economic and social development, as well as the equitable distribution of the benefits of this Agreement, are among the guiding principles for the implementation of this Agreement.

3. The Parties reaffirm their attachment to the principles of good governance, including principles such as governmental transparency and the fight against corruption, ethical and accountable government, independence of the judiciary and the protection of the rights of minorities.

Article 1.3. Scope

This Agreement establishes a partnership between the Parties based on shared values, including reciprocity, and common interest. It shall strengthen the partnership between the EU Party and the MERCOSUR Party and lead to a strategic relationship in the political, cooperation and trade fields, as well as other areas to be agreed upon.

Article 1.4. General Objectives

This Agreement provides for:

(a) an institutional framework which forms the basis of the partnership;

(b) the enhancement of political dialogue through new institutional mechanisms;

(c) cooperation between the Parties aiming at contributing to the achievement of the general objectives of this Agreement by taking advantage of existing or future innovative cooperation instruments that are capable of providing added value to the relationship; and

(d) the expansion and diversification of the Parties' biregional trade relations and the specific objectives and provisions set out in Part III of this Agreement, which should contribute to higher economic growth, the gradual improvement of the quality of life in both regions and to the better integration of both regions into the world economy.

Chapter 2. INSTITUTIONAL FRAMEWORK

Article 2.1. Summit

1. The highest level of political and policy dialogue between the EU Party and the MERCOSUR Party shall be at summit level. Summits shall be held as necessary and as mutually agreed.

2. The Summits shall provide the opportunity to evaluate progress in the implementation of this Agreement, set out the objectives for its future evolution and discuss other topics of common interest.

Article 2.2. Joint Council

1. A Joint Council is hereby established to oversee the fulfilment of the objectives of this Agreement and supervise its implementation. The Joint Council shall address the matters covered by this Agreement and shall examine any major issue arising within the framework of this Agreement, as well as interregional, multilateral or international questions of common interest.

2. The Joint Council shall meet at ministerial level at regular intervals, at least on a biennial basis or on an ad-hoc basis as mutually agreed. It may also meet via teleconference, video-conference or through other means, as mutually agreed by the Parties.

3. The Joint Council shall be composed of representatives of each of the Parties at ministerial level in accordance with the Parties' respective internal arrangements and taking into consideration the specific issues to be addressed. The Joint Council shall meet in all necessary configurations, by mutual agreement.

4. When the Joint Council addresses any matter related to Part III of this Agreement, it shall be composed of

representatives of each of the Parties with responsibility for trade-related matters (hereinafter referred to as "Joint Council in trade configuration").

5. The Joint Council shall adopt its own rules of procedure and the rules of procedure of the Joint Committee.

6. The Joint Council shall be co-chaired by one representative of the EU Party and one representative of the MERCOSUR Party in accordance with the provisions laid down in its rules of procedure and taking into consideration the specific issues to be addressed at any given session.

7. The Joint Council shall examine proposals and recommendations and have the power to take decisions, including on the interpretation of provisions, and make appropriate recommendations as provided for in this Agreement. Decisions and recommendations shall be adopted by agreement of the Parties and in accordance with the rules of procedure of the Joint Council. Decisions shall be binding on the Parties, which shall take all necessary measures, in accordance with their internal procedures, to implement them. Within the scope of Part II of this Agreement, the Joint Council shall also have the power to take decisions and make recommendations as mutually agreed by the Parties.

8. The Joint Council may delegate to the Joint Committee any of its functions, including the power to take binding decisions, in accordance with the Joint Council's rules of procedure.

Article 2.3. Joint Committee

1. A Joint Committee is hereby established.

2. The Joint Committee shall assist the Joint Council in the performance of its duties.

3. The Joint Committee shall prepare the meetings of the Joint Council and shall be responsible for the correct implementation of this Agreement.

4. The Joint Committee shall be composed of representatives of each of the Parties at senior official level or as otherwise designated by the Parties in accordance with their internal arrangements and taking into consideration the specific issues to be addressed at any given session.

5. When the Joint Committee addresses any matter related to Part III of this Agreement it shall be composed of representatives of each of the Parties with responsibility for trade-related matters (hereinafter referred to as "Joint Committee in trade configuration").

6. When the Joint Committee addresses any matter related to Part II of this Agreement it shall be composed of representatives of each of the Parties with responsibility for those matters, in accordance with the Parties' respective internal arrangements.

7. The Joint Committee shall have the power to take decisions as provided for in this Agreement or where such power has been delegated to it by the Joint Council. The Joint Committee shall adopt decisions by agreement of the Parties. The decisions shall be binding on the Parties, which shall take the measures necessary for the implementation of those decisions. When exercising delegated powers, the Joint Committee shall take its decisions in accordance with the rules of procedure of the Joint Council.

8. Without prejudice to the specific provisions in Chapter 29, any Party may refer any issue concerning the application or interpretation of the Agreement to the Joint Committee.

9. The Joint Committee shall be co-chaired by one representative of the MERCOSUR Party and one representative of the EU Party, taking into consideration the specific issues to be addressed in any given session.

10. The Joint Committee shall generally meet once a year to review the implementation of this Agreement, on a date and with an agenda agreed in advance by the Parties, alternately in Brussels and in a signatory MERCOSUR State. Additional meetings may also be convened by mutual agreement, at the request of either the EU Party or MERCOSUR. It may also meet via teleconference, video-conference or through other means, as mutually agreed by the Parties.

Article 2.4. Subcommittees and other Bodies

1. The Joint Committee may decide to set up subcommittees or other bodies to assist in the exercise of its functions and to address specific tasks or subjects. It may decide to change the tasks assigned to, or to dissolve, any subcommittees or other structure set up for these purposes.

2. The Joint Committee shall adopt rules of procedure which determine the composition, duties and functioning of the subcommittees and other bodies.

3. The creation or existence of any subcommittees shall not prevent the Parties from bringing any matter directly to the Joint Committee.

4. Except as otherwise provided for in this Agreement, subcommittees and other bodies established by this Agreement or by the Joint Committee shall report on their activities to the Joint Committee regularly or when requested.

5. The Subcommittees addressing trade and trade-related matters, which are established pursuant to Article 9.9(4) shall be governed by Article 9.9 and shall report to the Joint Committee in trade configuration.

6. A Subcommittee on International Cooperation and Development is hereby established to promote, coordinate and supervise the implementation of cooperation activities in the areas referred to in Part II of this Agreement, as well as the follow-up, monitoring and evaluation of those cooperation initiatives. It shall assist the Joint Committee in the performance of its functions regarding these matters.

Article 2.5. Joint Parliamentary Committee

1. A Joint Parliamentary Committee is hereby established to foster closer relations and ensure regular dialogue between the European Parliament and the Parliament of MERCOSUR.

2. The Joint Parliamentary Committee shall consist of members of the European Parliament, on the one hand, and of members of the Parliament of MERCOSUR on the other. It shall meet at intervals which it shall itself determine.

3. The Joint Parliamentary Committee shall establish its own rules of procedure.

4. The Joint Parliamentary Committee shall be presided in turn by the European Parliament and the Parliament of MERCOSUR.

5. The Joint Parliamentary Committee will be kept informed of progress made in the implementation of this Agreement.

6. The Joint Parliamentary Committee may make recommendations to the Joint Council.

Article 2.6. Relationship with Civil Society

1. In order to facilitate the implementation of this Agreement, the Parties shall promote consultations with civil society through the establishment of an appropriate consultation mechanism and the promotion of interaction between the representatives of their civil society.

2. The Parties shall promote dialogue between the Economic and Social Committee, for the European Union, and the Consultative Social and Economic Forum, for MERCOSUR, and encourage their contribution to the mechanisms set out in Articles 2.7 and 2.8.

Article 2.7. Domestic Advisory Groups

1. The EU Party and the MERCOSUR Party shall each designate a Domestic Advisory Group, established in accordance with each Party's internal arrangements, to advise the Party concerned on issues covered by this Agreement. It shall be composed of a balanced representation of independent civil society organisations including non-governmental organisations, business and employers' organisations and trade unions active on economic, development, social, human rights, environmental and other matters.

2. The Parties shall promote a regular dialogue with their Domestic Advisory Group and shall consider views or recommendations submitted by their respective Domestic Advisory Group on the implementation of this Agreement.

3. In order to promote public awareness of the Domestic Advisory Groups, the EU Party and the MERCOSUR Party shall each make available to the public the list of organisations participating in consultations as well as the contact point for that group.

Article 2.8. Civil Society Forum

1. The Parties shall facilitate the organisation of a Civil Society Forum to conduct a public dialogue on the implementation

of this Agreement and shall agree at the first meeting of the Joint Committee on operational guidelines for the conduct of the Civil Society Forum.

2. The Parties may facilitate participation in the Civil Society Forum by virtual means.

3. The Civil Society Forum shall be open to the participation of independent civil society organisations established in the territories of either the EU Party or the MERCOSUR Party, including members of the Domestic Advisory Groups referred to in Article 2.7. The Parties shall promote a balanced representation, including non-governmental organisations, business and employers' organisations and trade unions active on economic, development, social, human rights, environmental and other matters.

4. The representatives of the Parties participating in the Joint Council or the Joint Committee, as appropriate, shall take part in a session of the meeting of the Civil Society Forum in order to present information on the implementation of the Agreement and to engage in a dialogue with the Civil Society Forum.

Chapter 3. GENERAL PROVISIONS

Article 3.1. Security Clause

Nothing in this Agreement shall be construed:

(a) to require a Party to furnish or allow access to information the disclosure of which it considers to be contrary to its essential security interests; or

(b) to prevent a Party from taking an action that it considers necessary to protect its essential security interests:

(i) connected to the production of or traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods and materials, services and technology undertaken, and to economic activities carried out, directly or indirectly for the purpose of supplying a military establishment;

(ii) taken in time of war or other emergency in international relations; or

(iii) relating to fissionable and fusionable materials or the materials from which they are derived; or

(c) to prevent a Party from taking any action in pursuance of its international obligations under the UN Charter for the purpose of maintaining international peace and security.

Article 3.2. Other Agreements

1. The 1995 Interregional Framework Cooperation Agreement shall cease to have effect and be replaced by this Agreement, upon the entry into force of this Agreement.

2. This Agreement replaces the 1995 Interregional Framework Cooperation Agreement. References to the 1995 Interregional Framework Cooperation Agreement in all other agreements between the Parties shall be construed as references to this Agreement.

3. The Interim Trade Agreement shall cease to have effect and be replaced by this Agreement, upon the entry into force of this Agreement. References to the Interim Trade Agreement in all other agreements between the Parties shall be construed as referring to this Agreement.

4. Upon entry into force of this Agreement, any decisions adopted by the Trade Council established by the Interim Trade Agreement, shall be deemed to have been adopted by the Joint Council established by Article 2.2 of this Agreement. Any decisions adopted by the Trade Committee established by the Interim Trade Agreement shall be deemed to have been adopted by the Joint Committee established by Article 2.3 of this Agreement.

5. Notwithstanding paragraph 3 of this Article:

(a) temporary measures adopted pursuant to Articles 11.4 and 11.5 of the Interim Trade Agreement, which are in place on the date of entry into force of this Agreement, shall remain applicable until their natural expiration;

(b) bilateral safeguard measures adopted pursuant to Section C of Chapter 9 of the Interim Trade Agreement, which are in place on the date of entry into force of this Agreement, shall remain applicable until their natural expiration;

(c) dispute settlement procedures already initiated pursuant to Article 21.7 and 18.17 of the Interim Trade Agreement

shall, as from the date of entry into force of this Agreement, be deemed to be a dispute under this Agreement and shall continue until their completion; and

(d) the binding outcome of any dispute settlement procedure initiated pursuant to Article 21.7 and 18.17 of the Interim Trade Agreement shall remain binding on the Parties after the date of entry into force of this Agreement.

6. The Parties shall not be able to bring dispute settlement proceedings under this Agreement on matters that have been the subject of a final panel report under Chapter 18 and arbitral award under Chapter 21 of the Interim Trade Agreement.

7. Transition periods already completely or partially elapsed under the Interim Trade Agreement shall be taken into account when calculating transition periods provided for in equivalent provisions of this Agreement. Such transition periods under this Agreement shall be calculated starting from the date of entry into force of the Interim Trade Agreement.

Procedural periods already completely or partially elapsed under the Interim Trade Agreement shall be taken into account when calculating procedural periods provided for in equivalent provisions of this Agreement.

8. The Parties may complement this Agreement by concluding specific agreements in any area of cooperation falling within its scope. Such specific agreements may provide that they shall form an integral part of the overall interregional relations as governed by this Agreement and shall be subject to a common institutional framework.

Article 3.3. Territorial Application

1. This Agreement shall apply:

(a) to the territories in which the Treaty on European Union and the Treaty on the Functioning of the European Union are applicable, under the conditions laid down in those Treaties; and

(b) to the territories of the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay.

2. References to "territory" in this Agreement include air space and territorial sea as provided in UNCLOS.

3. References to territory in this Agreement shall be understood in this sense, save as otherwise expressly provided.

4. As regards those provisions concerning the tariff treatment of goods, including provisions on customs and trade facilitation, mutual administrative assistance in customs matters and rules of origin, as well as the temporary suspension of this treatment, this Agreement shall also apply to those areas of the customs territory of the European Union, as defined by Article 4 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code 1 , not covered by point 1(a) of this Article.

PART II

POLITICAL DIALOGUE AND COOPERATION

CHAPTER 4

OBJECTIVES OF THE POLITICAL DIALOGUE AND INTERNATIONAL COOPERATION

ARTICLE 4.1

Objectives of the political dialogue

1. The Parties agree that the political dimension is an essential part of the partnership established by this Agreement and shall strengthen and deepen the regular political dialogue between the Parties. The Parties agree to establish a political agenda, cooperate in areas of common interest and make efforts to coordinate their positions in order to undertake joint initiatives in the appropriate international fora.

2. The political dialogue between the Parties shall aim to:

(a) strengthen their ties in order to contribute to peace, stability, security and prosperity and consolidate their strategic partnership;

(b) promote international peace and security, preventive diplomacy, confidence-building measures and the peaceful resolution of disputes, including through the development of joint actions to strengthen the United Nations (hereinafter referred to as "UN") system and multilateralism;

(c) strengthen democracy, the rule of law and the promotion and protection of human rights and fundamental freedoms;

(d) promote human and social development, reaffirming their commitment to sustainable development, as expressed through the adoption of the 2030 Agenda. The Parties shall cooperate to implement and achieve the Sustainable Development Goals (hereinafter referred to as "SDGs"), recognising that their broad and ambitious nature calls for urgent action, follow-up and review;

(e) promote gender equality, and respect for all women and girl's rights, emphasising the gender perspective, and address discrimination and violence based on sexual orientation, in accordance with the internal law of each Party;

(f) contribute to disarmament and the non-proliferation of weapons of mass destruction and their means of delivery, in full compliance with and ensuring national implementation of the Parties' respective international obligations;

(g) enhance cooperation in the fight against racism, racial discrimination, xenophobia and related intolerances;

(h) develop joint actions to enhance cooperation in the fight against human trafficking, the smuggling of migrants, the illegal traffic in arms, drug trafficking and related crimes, cybercrime and other forms of transnational organised crime;

(i) promote and develop joint actions to eradicate child sexual abuse, including the production and dissemination of child abuse material and the fight against travelling sex offenders;

(j) enhance cooperation in fighting against corruption and, in preventing the use of their financial systems for laundering proceeds of criminal activities and for the financing of terrorism, and in identifying, recovering and returning illicit assets;

(k) act against impunity for the most serious crimes under international law that are of concern to the international community as a whole;

(l) enhance cooperation in the prevention and suppression of acts of terrorism, in accordance with international conventions to which Member States of the European Union and Signatory MERCOSUR States are party, the relevant UN resolutions and the Parties' respective laws and regulations;

(m) exchange views and improve dialogue on international tax matters, including global standards and transparency;

(n) act in favour of their respective regional integration, considered to be one of the means to achieve sustainable development, as well as an instrument for competitive integration in the world economy;

(o) develop mutual understanding and promote consensus on interregional and international issues, in particular through cooperation in multilateral fora and the development of joint initiatives;

(p) develop joint actions to strengthen the UN system and multilateralism in order to face effectively, efficiently and expeditiously the most important current and future challenges;

(q) build wide political coordination at international level to support and strengthen multilateral, transparent and democratic multi-stakeholder processes for internet governance, with the involvement of governments, the private sector, civil society, international organisations, technical and academic communities, and all other relevant stakeholders, in accordance with their respective roles, responsibilities and capabilities;

(r) discuss legal and judicial matters of mutual interest; and

(s) address other topics as agreed by the Parties.

ARTICLE 4.2

Objectives of international cooperation and development

1. The Parties, reaffirming the need to strengthen their partnership, highlight the importance of international cooperation and development and agree that interregional cooperation and its modalities shall have as one of its main purposes to facilitate the implementation of this Agreement.

2. The Parties shall carry out cooperation projects and joint activities through all existing and future instruments and methodologies and available means, including triangular cooperation. Such cooperation may include, inter alia:

(a) promoting investment and job creation through mobilising financial resources inter alia through the leveraging of grants and loans to achieve sustainable development outcomes;

(b) supporting capacity building through training courses, workshops and seminars and the exchange of experts, studies,

joint research and good practices;

(c) promoting institutional know-how in both regions through cooperation activities;

(d) promoting financing for development through all instruments available to each Party and other forms of innovative financial mechanisms;

(e) promoting access innovative technologies, as well as the enhancement of national capacities;

(f) developing specific actions to reduce poverty, fight hunger and promote social inclusion and cohesion;

(g) consolidating existing regional cooperation networks and platforms, and

(h) promoting cooperation between the public administrations and institutions of the Parties.

3. The Parties agree to promote the mobilisation of financial resources for the implementation of this Agreement, in close partnership with the European Investment Bank, European financial institutions and institutions from Signatory MERCOSUR States, as well as international and regional financial institutions.

ARTICLE 4.3

Resources

1. Within the aim of contributing to reaching the objectives of the cooperation established in this Agreement, the Parties commit themselves to providing, within the limits of their capacities and through their own channels, the appropriate resources, including financial resources, and encourage development-related public and private financial institutions in both regions to cooperate actively for that purpose.

2. The Parties shall encourage the European Investment Bank and other financial institutions to continue their operations in Signatory MERCOSUR States, in accordance with their procedures and financing criteria, according to their respective laws and regulations and without prejudice to the powers of their competent authorities.

CHAPTER 5

COOPERATION ON DEMOCRATIC PRINCIPLES,HUMAN RIGHTS, THE RULE OF LAWAND INTERNATIONAL PEACE AND SECURITY

ARTICLE 5.1

Cooperation on democratic principles, human rights and the rule of law

1. The Parties shall cooperate on the promotion and protection of human rights, including the ratification and implementation of international human rights instruments, and on the strengthening of democratic principles and the rule of law.

2. Such cooperation may include:

(a) the effective implementation of the international instruments of human rights to which they are Parties, as well as the recommendations emanating from the United Nations Human Rights Treaty Bodies, Special Procedures of the United Nations Human Rights Council and the Universal Periodic Review;

(b) the integration of human rights into national policies and development plans;

(c) the strengthening of the capacity to apply democratic principles and practices;

(d) the exchange of good practices on national action plans on democracy and human rights;

(e) awareness raising and education in human rights, democracy and the culture of peace;

(f) the strengthening of democratic and human-rights-related institutions, as well as the legal and institutional frameworks for the promotion and protection of human rights and the rule of law;

(g) the development of joint initiatives of mutual interest in the framework of relevant human- rights-related institutions of the UN and multilateral fora;

(h) the promotion of democracy, international law, including human rights, fundamental freedoms and the rule of law, including in multilateral fora;

(i) the collaboration and coordination, including in third countries, where appropriate, with regard to the practical advancement of democratic principles, human rights and the rule of law, in particular with regard to political rights and fundamental freedoms, including enhancing transparent, credible and inclusive electoral processes in line with international standards;

(j) the reinforcement of good governance at national, regional and local level, including the accountability and transparency of institutions, supporting the participation of citizens and involvement of civil society, and fighting against corruption; and

(k) the promotion of the prevention of genocide, crimes against humanity, war crimes and any other crimes under the jurisdiction of the International Criminal Court.

ARTICLE 5.2

Gender equality and women, peace and security

1. The Parties shall promote gender equality and the empowerment of all women and girls. They acknowledge the necessity of gender equality and the empowerment of women and girls as a precondition to fully achieve inclusive development, democracy and security. The Parties shall explore further schemes of cooperation and potential synergies between respective policies and initiatives, in line with international standards and commitments such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the 2030 Agenda and UN Security Council Resolution (UNSCR) 1325 on women, peace and security.

2. Such cooperation may include:

(a) fostering effective gender mainstreaming;

(b) promoting women's political participation and leadership, women's access to quality education, women's economic empowerment and women's increased participation in the workforce;

(c) strengthening national and regional institutions to address and handle issues related to violence against women, including the prevention of and protection from sexual and gender-based violence, investigation and accountability mechanisms, support to victims and the promotion of conditions of safety and security for women and girls;

(d) actively reinforcing women's human rights, including freedom from human rights violations and any type of violence against women, and women's access to justice;

(e) supporting the development and implementation of national action plans on UNSCR 1325; and

(f) enhancing cooperation with relevant bodies of the UN and other international organisations.

ARTICLE 5.3

Weapons of mass destruction

1. The Parties recognise the central role of the Treaty on the Non-Proliferation of Nuclear Weapons, done in London on 1 July 1968, and its three equally important and reinforcing pillars: the disarmament, non-proliferation and the peaceful use of nuclear energy.

2. The Parties consider that the proliferation of weapons of mass destruction (hereinafter referred to as "WMDs") and their means of delivery, both to State and non-State actors, represents one of the most serious threats to international stability and security. The Parties therefore agree to cooperate and to contribute to countering the proliferation of WMDs and their means of delivery through full compliance with and national implementation of their existing obligations under international disarmament and non-proliferation treaties and agreements and other relevant international obligations. The Parties agree that this paragraph constitutes an essential element of this Agreement.

3. The Parties agree to cooperate and to contribute to countering the proliferation of WMDs and their means of delivery by:

(a) taking steps to sign, ratify, or accede to, as appropriate, and fully implement all other relevant international instruments; and

(b) establishing an effective system of national export controls, controlling the export as well as transit of WMDs related to goods, including a WMD end-use control on dual-use technologies and containing effective sanctions for breaches of export controls.

4. The Parties shall establish a regular political dialogue to accompany and consolidate these elements.

ARTICLE 5.4

Serious crimes of international concern and the International Criminal Court

1. The Parties reaffirm that there must be no impunity for the most serious crimes of concern to the international community, such as the crimes falling within the jurisdiction of the International Criminal Court and that these crimes must be prosecuted by national and international means, as appropriate, in accordance with the principle of complementarity.

2. The Parties, considering that an effective International Criminal Court constitutes a significant development for international peace and justice, agree to cooperate in promoting universal accession to the Rome Statute of the International Criminal Court, done in Rome on 17 July 1998 (hereinafter referred to as "Rome Statute"), and to this end:

(a) continue to take steps to implement the Rome Statute and its amendments, and to ratify and implement the related instruments, such as the Agreement on the Privileges and Immunities of the International Criminal Court, adopted in New York on 9 September 2002;

(b) share, where appropriate, experience on the adoption of national legislation aiming at the effective implementation of the Rome Statute; and

(c) take measures to safeguard the integrity of the Rome Statute.

ARTICLE 5.5

Small arms and light weapons and other conventional weapons

1. The Parties undertake to cooperate and to ensure coordination and complementarity and to explore possible synergies in their efforts to regulate or improve the regulation of international trade in conventional arms and to prevent, combat and eradicate the illicit trade in arms, at global, regional and sub-regional level.

2. At global level, the Parties highlight the unique framework given by the Arms Trade Treaty, adopted in New York on 2 April 2013 (hereinafter referred to as "ATT"), in order to achieve this cooperation and complementarity between national control systems for transfers of conventional arms, including its provisions on cooperation and assistance. They also agree on the importance of promoting the universalisation and full implementation of the ATT by all UN member states.

3. The Parties recognise that the illicit manufacture, transfer and circulation of small arms and light weapons and their excessive accumulation and uncontrolled spread in many regions of the world have a wide range of humanitarian and socio-economic consequences and pose a serious threat to peace, reconciliation, safety, security, stability and sustainable development at individual, local, national, regional and international level.

4. The Parties agree to fully implement their respective obligations to deal with the illicit trade in small arms and light weapons, including their ammunition, under existing international agreements to which they are party and UN Security Council resolutions, as well as their commitments within the framework of other international instruments applicable in this area, such as the UN Programme of Action to prevent, combat and eradicate the illicit trade in small arms and light weapons in all its aspects.

5. The Parties recognise the importance of domestic control systems for the transfer of conventional arms in line with existing international standards. The Parties agree to apply such controls in a responsible manner, as a contribution to international and regional peace, security and stability, and to the reduction of human suffering, as well as to the prevention of diversion of conventional weapons.

ARTICLE 5.6

Cooperation in the field of counterterrorism

1. The Parties reaffirm their commitment in the fight against terrorism in all its forms and manifestations, in accordance with international law, human rights law and international humanitarian law, the relevant UN resolutions and their respective legislation.

2. The Parties agree to cooperate and where there is joint interest prevent, fight and criminalise all acts of terrorism in accordance with UN instruments to which they are parties.

3. The Parties agree not to provide assistance or refuge to the authors or instigators of any type of terrorist activity, or to any other participant therein, in accordance with Resolutions 1373 (2001) and 1624 (2005) of the UN Security Council. They

shall cooperate in particular:

(a) in the framework of the full implementation of Resolutions 1267 (1999), 1373 (2001), 1624 (2005), 1904 (2009), 2178 (2014), 2253 (2015), 2322 (2016) and 2331 (2016) of the UN Security Council and other relevant UN resolutions and international and regional conventions and instruments;

(b) by promoting cooperation among UN member states to effectively implement the UN Global Counter-Terrorism strategy;

(c) by exchanging experiences and good practices in the area of protection of human rights, humanitarian law and international law in the fight against terrorism;

(d) by exchanging views on means and methods used to counter terrorism, including cooperation in technical fields, and training, and by exchanging experiences and good practices in respect of preventing violent extremism that lead to terrorism, especially in the framework of implementation of sections I and IV of the UN Global Counter-Terrorism Strategy in respect of terrorism prevention; and

(e) by addressing the structural causes that are at the root of the phenomenon of terrorism and violent extremism.

ARTICLE 5.7

Cooperation on peacebuilding and peacekeeping

1. The Parties reaffirm their commitment to cooperate in promoting international peace and security under the aegis of the UN.

2. With regard to UN peacebuilding and peacekeeping, the Parties shall establish a dialogue on peace and security issues with a view to initiating cooperation in the field of capacity building and exchange of best practices, among others.

ARTICLE 5.8

Humanitarian assistance and disaster risk management

1. The Parties reaffirm their commitment to the UN Framework in the field of disaster risk reduction and response and agree to recognise the reduction of vulnerability and risk and the promotion of resilience as their priorities.

2. For the purposes set out in paragraph 1, the Parties shall explore possibilities to coordinate humanitarian assistance and disaster response activities.

ARTICLE 5.9

Cooperation in multilateral, regional and international fora and organisations

1. The Parties reaffirm their commitment to the principles of the UN Charter. The Parties share a commitment to multilateralism and efforts to improve the effectiveness of regional and international fora and organisations, such as the UN and its specialised organisations and agencies, and other multilateral fora.

2. The Parties shall maintain effective consultation mechanisms on the margins of multilateral fora. At the UN, the Parties shall establish appropriate consultation mechanisms at the General Assembly of the UN and UN Offices as appropriate and agreed by the Parties.

ARTICLE 5.10

Cybersecurity and information and communication technologies

The Parties recognise the importance of the cooperation and the exchange of views in the field of cybersecurity, regarding the use of information and communication technologies (hereinafter referred to as "ICTs"), in the context of international peace and security, including on norms, rules and principles of responsible behaviour of States, the application of international law to the use of ICTs, and the development of confidence-building measures and capacity building.

ARTICLE 5.11

Cybercrime

1. The Parties recognise that cybercrime is becoming a widespread global problem requiring multilateral, regional and national responses. The Parties shall strengthen cooperation to prevent and combat cybercrime through the exchange of

information and practical cooperation, in compliance with their respective legal frameworks and laws, and with applicable international instruments on cybercrime. The Parties shall endeavour to work together where appropriate in the development of effective laws, policies and practices to prevent and combat cybercrime wherever it occurs.

2. The Parties shall, as appropriate within their respective legal frameworks, exchange information including in the areas of education and training of cybercrime investigators, the conduct of cybercrime investigations and digital forensics.

CHAPTER 6

COOPERATION ON JUSTICE, FREEDOM AND SECURITY

ARTICLE 6.1

Migration and international protection of refugees

1. The Parties reaffirm the importance that they attach to dealing effectively with migration flows and agree to strengthen their cooperation on migration issues on the basis of the principle of national sovereignty, shared responsibility and related issues such as the potential economic, social and cultural contribution of migrants to countries of origin, transit and destination.

2. The Parties shall focus in particular on:

(a) the root causes of migration;

(b) facilitation of movement of their nationals between their territories in accordance with applicable law and respective competences;

(c) full respect for the human rights of all migrants and their families, as well as measures against racism and xenophobia;

(d) the mainstreaming of a gender perspective on migration;

(e) family reunification, in accordance with the applicable law, including international human rights law;

(f) the bi-regional cooperation for the prevention of and the fight against the smuggling of migrants and trafficking in persons, especially children and persons in vulnerable situations, including women at risk, and for the protection of victims, in accordance with the Convention against Transnational Organized Crime, adopted in New York on 15 November 2000, and its Additional Protocols on Trafficking in Persons and Smuggling of Migrants;

(g) regular exchanges of information on legislative and administrative measures applicable to migrants and experiences on migration issues;

(h) matters arising from the implementation of the relevant international instruments on the protection of refugees and asylum seekers;

(i) exploring opportunities for cooperation at a regional level on voluntary resettlement and other forms of humanitarian admission of refugees, as part of reaching collective solutions to the growing global phenomenon of large movements of refugees; and

(j) bi-regional cooperation for the prevention of irregular migration.

3. The Parties shall cooperate to ensure safe, orderly and regular migration, readmitting their own nationals irregularly staying in the territory of the other Party and fighting against trafficking in human beings and the smuggling of migrants. They shall also cooperate on the exchange of information, along with the sharing of data and statistics on migration.

4. Each Member State of the EU and each Signatory MERCOSUR State shall readmit its own nationals irregularly staying in the territory of the other Party at the latter's request. Appropriate travel documents ensuring effective return shall be provided for this purpose. The Parties shall ensure safe and dignified treatment to irregular staying migrants. The return of non-admitted persons shall be also ensured under human, dignified and fair conditions, in accordance with the applicable law, including remedies provided therein.

5. Upon the request of one of the Parties, Signatory MERCOSUR States individually and the EU or any of the Member States individually shall endeavour to negotiate and conclude specific agreements, in order to further facilitate the cooperation between competent authorities for the identification and documentation of nationals irregularly staying in the territory of the other Party to be readmitted. Such agreements would also address the readmission of persons who are not their nationals but who hold a valid residence authorisation issued by one of the Parties or who have entered the territory of one Party coming directly from the territory of the other Party.

6. The Parties shall promote the development and implementation of national legislation and practices as regards the international protection of refugees, with a view to satisfying the provisions of the United Nations Convention relating to the Status of Refugees, done at Geneva on 28 July 1951, and of its Protocol of 1967, and other relevant regional and international instruments to ensure respect for the principle of "non-refoulement". The Parties shall focus in particular on exploring opportunities for cooperation at a regional level on voluntary resettlement and other forms of humanitarian admission of refugees, as part of reaching collective solutions to the growing global phenomenon of large movements of refugees.

ARTICLE 6.2

Legal and judicial cooperation

1. The Parties agree to develop judicial cooperation in civil matters, in particular as regards the negotiation, ratification and implementation of multilateral conventions on civil judicial cooperation and, in particular, the Conventions of The Hague Conference on Private International Law in the field of international legal cooperation and litigation as well as the protection of children.

2. The Parties agree to strengthen judicial cooperation in criminal matters based on the relevant standards of the UN, international and regional organisations such as the Council of Europe and the Organization of American States, in particular in the area of mutual legal assistance, extradition and transfer of prisoners.

ARTICLE 6.3

Cooperation on countering the world drug problem

1. The Parties, based on the principle of common and shared responsibility, shall cooperate to ensure a balanced and integrated approach towards addressing all aspects of the world drug problem, including challenges such as new psychoactive substances. In this regard, drug policies and actions shall be aimed at reinforcing structures, reducing the supply of, trafficking in and the demand for illicit drugs, coping with the health and social consequences of drug abuse with a view to reducing harm, and more effective prevention of diversion of chemical precursors used for the illicit manufacture of narcotic drugs and psychotropic substances.

2. The Parties shall agree on the necessary methods of cooperation to attain the objectives referred to in paragraph 1. Actions shall be based on commonly agreed principles along the lines of, in particular, the three UN Drug Control Conventions of 1961, 1971 and 1988 and the Outcome Document of the UN General Assembly Special Session on the World Drugs Problem, adopted in New York on 19 April 2016.

3. The Parties agree to support and encourage the development of policies and measures to address the world drug problem.

ARTICLE 6.4

Cooperation on combating corruption and transnational organised crime,on anti-money-laundering and on countering the financing of terrorism

1. In accordance with their internal laws and regulations and applicable bilateral and international instruments, such as the UN Convention against Transnational Organized Crime, adopted in New York on 15 December 2000, and its protocols, and the UN Convention against corruption, adopted in New York on 31 October 2003, the Parties shall strengthen their cooperation in the fight against transnational organised crime and corruption, including prevention and investigation activities, the prosecution of offenders, and mutual legal assistance.

2. The Parties agree on the need to work towards preventing and combating in an effective way the use of their financial institutions and designated non-financial businesses and professions for the purpose of financing terrorism and laundering the proceeds of criminal activities, including drug trafficking, trafficking in persons, especially children, women at risk and other persons in vulnerable situations, arms trafficking and corruption, in accordance with the recommendations of the Financial Action Task Force (hereinafter referred to as "FATF") and taking into account the work of the Latin American Financial Action Group (hereinafter referred to as "GAFILAT").

3. The Parties agree to cooperate with a view to combating and preventing money laundering and terrorist financing and ensuring effective and full implementation of the FATF recommendations and taking into account the work of the GAFILAT. This cooperation extends to the tracing, identification, seizure, confiscation, recovery and return of assets or funds derived from the proceeds of crime.

4. The cooperation referred to in paragraph 3 shall allow exchanges of relevant information within the framework of the laws and regulations of each Party and in line with international standards to prevent and combat money laundering and the financing of terrorism, in compliance with the recommendations of FATF and taking into account the work of the GAFILAT.

5. The Parties agree, subject to and in accordance with their respective laws and regulations and applicable bilateral and international instruments, to undertake measures to support the identification, tracing, freezing, seizure and confiscation of the proceeds of criminal activities.

ARTICLE 6.5

Personal data

1. The Parties recognise the importance of promoting and protecting the fundamental rights to privacy and data protection, including security of personal data, as a central factor of consumer trust in the digital economy and an essential element for further developing commercial exchanges and law enforcement cooperation.

2. The Parties shall cooperate to ensure the effective protection of the rights referred to in paragraph 1, including in the context of the prevention and combatting of terrorism and of other transnational crimes. Cooperation at bilateral and multilateral level shall take into account existing international commitments and the Parties' respective laws and regulations where applicable. It may include capacity-building, technical assistance and the exchange of information and expertise.

ARTICLE 6.6

Consular protection

1. Each Signatory MERCOSUR State agrees that the diplomatic and consular authorities of any represented EU Member State shall provide protection to any national of an EU Member State which does not have a permanent representation in its territory in a position to provide consular protection in a given case, on the same conditions as to nationals of that EU Member State.

2. Each EU Member State agrees that the diplomatic and consular authorities of any represented Signatory MERCOSUR State shall provide protection to any national of a Signatory MERCOSUR State which does not have a permanent representation in its territory in a position to provide consular protection in a given case.

CHAPTER 7

COOPERATION ON SUSTAINABLE DEVELOPMENT

ARTICLE 7.1

Objectives and working methods

1. The Parties reaffirm their commitment to promote sustainable and inclusive economic development, contributing to the principles set forth in the Rio Declaration on Environment and Development adopted by the United Nations Conference on Environment and Development in 1992 (hereinafter referred to as "Rio Declaration on Environment and Development of 1992"), supported by the Outcome Document of the United Nations Conference on Sustainable Development of 2012 incorporated in Resolution 66/288 adopted by the United Nations General Assembly on 27 July 2012 entitled "The Future We Want" (hereinafter referred to as "the Outcome Document of the UN Conference on Sustainable Development of 2012 entitled "The Future We Want" ") and the 2030 Agenda. In that framework, the Parties shall cooperate to implement and achieve the SDGs, recognising that their broad and ambitious nature calls for urgent action.

2. The Parties recognise the importance of dialogue and cooperation as essential for addressing the challenges linked to achieving the SDGs and further recognise the importance of multi-stakeholder engagement, including the private sector and civil society, in international cooperation.

3. The Parties will work towards consolidating economic growth in a way that reduces inequalities and respects the principles of sustainable development.

4. The Parties should promote sustainable consumption and production patterns and raise awareness of the economic and social costs of environmental damage and its associated impact on human well-being.

5. The Parties shall promote sustainable development through dialogue, the sharing of good practices, good governance and sound financial management.

6. The Parties share a common goal of eradicating poverty and supporting inclusive economic development and shall work together whenever possible to achieve this aim.

7. The Parties shall work together to strengthen the implementation of the 2030 Agenda and the methodologies of follow-up, accountability to their citizens on the implementation of results related to the monitoring of the 2030 Agenda and evaluation of cooperation actions, including qualitative and quantitative data taking into account the impact on the ground.

8. Acknowledging gender equality and the empowerment of women and girls as essential for sustainable development, the Parties will explore further schemes of cooperation.

9. The Parties shall promote structures for South – South and triangular cooperation. Such cooperation will involve establishing joint initiatives with third countries with the aim of working together to support the design and implementation of multilevel strategies for the 2030 Agenda, as well as any other relevant future bi-regional and international agreements on sustainable development.

10. The Parties understand the comprehensive nature of the SDGs. In this context, the Parties should encourage innovative partnerships, which embrace a multi-stakeholder approach in order to promote and implement international development initiatives. These partnerships may include the private sector, organised civil society, philanthropic organisations and local and regional authorities.

11. The Parties recognise the importance of a comprehensive approach to social development, which must go hand in hand with economic development and environmental sustainability. They shall give priority to promote full employment, social inclusion and cohesion, as well as the participation of civil society. In line with the objectives of SDG 8, they shall promote decent work for all as provided by the International Labour Organisation (hereinafter referred to as "ILO") Declaration on Social Justice for a Fair Globalization, adopted by the International Labour Conference at its 97th Session in Geneva on 10 June 2008 (hereinafter referred to as "ILO Declaration on Social Justice for a Fair Globalization").

ARTICLE 7.2

Implementation of EU-MERCOSUR and bilateral cooperation

1. The provisions of this Agreement shall not affect the implementation of programmes, projects and activities under the 1995 Interregional Framework Cooperation Agreement, and shall not affect ongoing or future bilateral cooperation developed on the basis of bilateral programming instruments, such as indicative programmes or any other relevant instrument.

2. Cooperation shall be carried out in line with the relevant internationally agreed principles and policies to which both Parties have adhered, and in line with the relevant legislative framework of the EU on the one hand, and of MERCOSUR and its Signatory States, on the other hand.

ARTICLE 7.3

Facilitation arrangements

The Parties shall ensure, as appropriate, the customs and tax exemptions and visa facilities necessary to implement the cooperation initiatives agreed under this Part of the Agreement and under the Protocol on Cooperation.

ARTICLE 7.4

Cooperation on public administration

The Parties will introduce cooperation and dialogue to identify actions aimed at developing capacities for the design, effective implementation and evaluation of public policies. In this respect, the Parties shall cooperate in matters relating to public administration and institutions with a view to strengthening institutional capacities, including by promoting transfer of know-how and training of government personnel, improving management processes of public administrations as well as facilitating the modernisation of regulatory frameworks for the effective implementation of this Agreement.

ARTICLE 7.5

Environment

1. The aim of environmental cooperation should be to contribute to the protection, conservation, sustainable use of natural resources and to the promotion of sustainable development through coordination, integration and mutually supportive consideration of its three dimensions – economic, social and environmental – in accordance with the principles set out in the Rio Declaration on Environment and Development of 1992, supported by the Outcome Document of the

UN Conference on Sustainable Development of 2012 entitled "The Future We Want" and the 2030 Agenda, and taking into account different national realities, capacities and levels of development and respecting national policies and priorities.

2. Environmental cooperation should focus in particular on:

(a) exchanging of information, technical expertise, environmental practices and experiences on programmes, projects and regulations promoting the protection, conservation, restoration, and sustainable use of natural resources and sustainable development, in particular with respect to applicable legislation, international commitments and goals;

(b) implementing multilateral environment agreements and the outcomes of the UN Environment Assembly and promoting environmental goals;

(c) mainstreaming environmental consideration in all sectors of cooperation;

(d) the conservation and sustainable use of biological diversity, and the fair and equitable sharing of the benefits arising from the utilisation of genetic resources considering any format, by means of appropriate access to such resources, in accordance with national legislation, as well as cooperation on water, chemicals, waste and other mutually agreed priority areas;

(e) cooperation on and encouragement of the development, dissemination and diffusion and transfer of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed;

(f) increasing the availability in developing countries of the means of implementation towards the full achievement of national sustainable development strategies, recognising the urgency that dealing with their broad and ambitious nature requires and facilitating participatory stakeholder involvement as appropriate. Under this Agreement, environmental cooperation should also promote the development of environmentally sound infrastructure.

ARTICLE 7.6

Sustainable urban development

1. The Parties recognise the importance of policies to promote sustainable urban development and of the need to contribute to the effective implementation of the New Urban Agenda adopted by the UN Conference on Housing and Sustainable Urban Development (HABITAT III) and the aspects of the 2030 Agenda relevant to sustainable urban development.

2. The Parties shall promote cooperation and partnership involving all the key actors relevant to policy and practice in the field of sustainable urban development, in particular, on ways to address urban challenges in an integrated and comprehensive manner.

3. The Parties shall promote knowledge sharing and the exchange of experiences on, inter alia, disaster risk reduction and management policies aimed at strengthening the resilience of cities and human settlements. The Parties shall do so, inter alia, through the development of quality infrastructure and spatial planning and implementation of urban development plans. These plans should consider key topics such as the effective use of renewable energy sources, urban inclusion, taking into account the different levels of urbanisation within the global south, and financing mechanisms for urban development projects at the local, national and regional level.

4. To this end, the Parties shall commit to expanding, wherever possible, concrete opportunities for decentralised, city-to-city cooperation at regional and international level, with a view to improving urban governance and capacity building through exchanges of experience and practice, as well as mutual learning, on sustainable solutions to urban challenges.

ARTICLE 7.7

Climate change

1. The Parties recognise that the global threat of climate change calls for the widest possible cooperation of all countries to reduce global greenhouse gas emissions and to adapt to the adverse effects of climate change in a manner that does not threaten food production, with developed countries continuing to take the lead. The Parties reiterate their commitment to the implementation of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, done at New York on 9 May 1992, (hereinafter referred to as "UNFCCC"), reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances.

2. The Parties shall cooperate, as appropriate, on trade-related climate change issues bilaterally, regionally and in relevant international fora. In this context, recognizing the role of trade in contributing to the response to the urgent threat of

climate change, each Party shall remain a party, in good faith, of the UNFCCC and its Paris Agreement 2 .

3. The Parties agree that the second sentence of paragraph 2 constitutes an essential element of this Agreement.

4. Nothing in this Article prejudices to the rights of a Party to have recourse to dispute settlement procedures available under any other international agreement to which the Parties are party, including the WTO Agreement.

5. Within the scope of their respective competences, and based on the UNFCCC, and the Paris Agreement, the Parties should enhance cooperation and policy dialogue to drive the transformation to low greenhouse-gas (hereinafter referred to as "GHG") emissions development, in accordance with their responsibilities and capabilities, and exchange information and experiences on, inter alia:

(a) combating climate change, guided by equity and scientific evidence, in particular through the implementation of their respective nationally determined contributions and further collaboration on mitigation and adaptation action for the effective implementation of the Paris Agreement;

(b) enhancing public and private partnerships which could effectively support action to combat climate change and adapt to its adverse effects;

(c) promoting collaborative action on technology research, development, diffusion, deployment and transfer in order to improve resilience to climate change and to reduce GHG emissions, including through business-oriented dialogues;

(d) monitoring, reporting and verifying GHG emissions and developing and implementing mitigation and adaptation programmes;

(e) delivering on the Paris Agreement implementation and putting in place conditions to foster low GHG development, increasing the ability to adapt to the adverse impacts of climate change and fostering climate resilience in a manner that does not threaten food production, in accordance with Article 2 of the Paris Agreement;

(f) ensuring swift development of the Paris Agreement transparency framework for action and support provisions, including policy dialogue and cooperation in mutually agreed priority areas;

(g) promoting domestic climate policies and programmes in the framework of the Paris Agreement related to mitigation and adaptation, including in deforestation and forest degradation and restoration, as well as means to promote renewable energy, energy efficiency, sustainable transport and sustainable and climate-resilient infrastructure development; and

(h) enhancing other areas of bilateral dialogue on climate mitigation and adaptation policy or any other areas of mutual interest that may arise including in other related multilateral fora such as the International Civil Aviation Organization, the International Maritime Organization and the Montreal Protocol, concluded at Montreal on 16 September 1987, and its Kigali Amendment, when applicable.

6. To these ends, the Parties agree to improve cooperation and exchange information and experiences in this field, and to continue their existing obligations under the UNFCCC and the Paris Agreement. To this effect, developed countries will provide financial resources for mitigation and adaptation and mobilise climate finance from a wide variety of sources, instruments and channels, taking into account the needs and priorities of developing country parties, as well as other means of implementation for the achievement of the objectives set out in the Paris Agreement.

ARTICLE 7.8

Oceans and seas

1. The Parties recognise the importance of the conservation and sustainable use of marine resources, including the sustainable and responsible management of fisheries, aquaculture and other maritime activities and their contribution to providing environmental, economic and social opportunities for present and future generations, in the context of the sustainable use and conservation of the oceans, seas and marine resources with the long-term objective of improving the state of the oceans, including by strengthening the framework of international institutions and fora, where appropriate.

2. In a manner consistent with their obligations under international law, in particular UNCLOS, the Parties undertake to:

(a) cooperate to achieve SDG 14 – "Conserve and sustainably use the oceans, seas and marine resources" – of the 2030 Agenda;

(b) promote better cooperation and consultation, as appropriate, within and between competent international organisations, instruments and bodies, where applicable;

(c) adopt effective monitoring, control and surveillance measures to ensure the effective implementation of fisheries conservation measures;

(d) cooperate at the UN towards the development of an international legally binding instrument under UNCLOS on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction; and

(e) cooperate where appropriate in relevant sub-regional, regional and multilateral bodies in which the Parties are members, observers or cooperating non-contracting parties, towards achieving SDG 14 and other related SDGs.

3. The Parties agree to strengthen dialogue and cooperation with regard to:

(a) supporting sustainable fisheries production, fish-farming sectors and in particular the preservation of fishery resources, including possible interregional cooperation on several areas, depending on the interest of the coastal State, such as scientific, technological, industrial, economic and commercial cooperation, as well as institutional building and training;

(b) supporting the development of an environmentally responsible and economically competitive aquaculture industry;

(c) supporting marine scientific research and the development of research and technological capacity, as well as promoting science-based decisions;

(d) exchanging best practices on the sustainable development of maritime economic activities of interest to the Parties such as ocean energy, shipping, coastal and marine tourism or marine biotechnology;

(e) combatting illegal, unreported and unregulated (hereinafter referred to as IUU) fishing, including, where appropriate, the exchange of information on IUU activities and the support for the building-up of the technical and administrative capacity to deal with IUU fishing;

(f) developing area-based conservation measures and management tools, including marine protected areas, consistent with the national and international law and based on the best available scientific information to protect and restore coastal and marine areas and resources;

(g) reducing pressure on the oceans through, inter alia, the fight against marine litter and pollution, including from land-based sources and maritime human activities;

(h) promoting marine spatial planning and integrated coastal zone management; and

(i) addressing climate-related issues such as adaption and mitigation of GHG emissions, sea-level rise, ocean and coastal acidification and air pollution.

ARTICLE 7.9

Cooperation on energy

1. The Parties shall aim to facilitate the exchange of ideas, experiences and best practices on how to improve access to secure, sustainable and affordable energy, including through the fostering of new investments and the transfer of technology between public and private economic operators of the Parties, especially with regard to electricity, hydrocarbon, renewable energy, including sustainable production and use, biofuels and the efficient use of energy.

2. Cooperation under this Article, based on the principle of the sovereign right of States to manage their own natural resources, with a view to ensuring access to affordable, reliable, sustainable and modern energy for all, shall take the form of, inter alia:

(a) cooperation between institutions dealing with policy, planning and modelling issues in the energy sector;

(b) the exchange of scientific, technical and other energy research results, experiences, publications, information and data, including the development of joint databanks shared by the Parties' operators, in accordance with the laws and regulations of each Party;

(c) the promotion of joint conferences and technical training, including at post-graduate level;

(d) technology transfers, especially those related to renewable energy sources;

(e) the promotion of feasibility studies and the implementation of joint projects in the energy sector between public and private economic operators and research institutions of the Parties;

(f) the participation of economic operators from the two regions in technology, development and infrastructure joint

projects, including networks with other countries; and

(g) the rationalisation and phasing-out of inefficient fossil-fuel subsidies that encourage wasteful consumption, taking fully into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

ARTICLE 7.10

Cooperation on raw materials

The Parties shall cooperate in the area of raw materials with a view to, inter alia:

(a) promoting efficient, flexible, competitive and transparent international markets;

(b) fostering exchange of market information in the area of raw materials;

(d) promoting research, development and innovation in the area of raw materials;

(e) fostering exchange of information and best practices on domestic policy developments; and

(f) promoting standards of safety and environmental protection for offshore mining operations, by increasing transparency, sharing information, including on industry safety and environmental performance.

CHAPTER 8

SOCIAL, ECONOMIC AND CULTURAL PARTNERSHIP

ARTICLE 8.1

Objectives

1. In the framework of their cooperation, the Parties recognise that all peoples have the right to pursue their economic, social and cultural development. The Parties, acknowledging that social development should progress in parallel with economic development, agree to cooperate in enhancing social inclusion and cohesion through the reduction of poverty, injustice and inequality.

2. The main objectives of economic cooperation are to contribute to the expansion, diversification and deepening of economic and commercial ties between the Parties, strengthening the productive sector, with special attention to SMEs, the creation of new opportunities and an increase in international competitiveness and innovation, and to reinforce the process of regional economic integration.

3. Economic cooperation should be strengthened as a way of contributing to the easing of the economic implications that might arise from structural changes resulting from this Agreement.

4. Any measure that could contribute to the further development of regional integration or the reinforcement of the interregional relations in social, economic and cultural areas between the Parties should be encouraged.

ARTICLE 8.2

Corporate social responsibility

1. The Parties shall promote corporate social responsibility in accordance with international standards, such as the OECD Guidelines for Multinational Enterprises and Due Diligence Guidance.

2. The Parties support the dissemination and implementation, on a voluntary basis, of the UN Guiding Principles on Business and Human Rights, emphasising the importance of a comprehensive discussion with all relevant stakeholders.

3. The Parties shall promote the voluntary incorporation by companies in their internal policies of principles of corporate social responsibility or responsible business conduct, including by encouraging the uptake of relevant practices, consistent with the international instruments referred to in this Article.

ARTICLE 8.3

Industrial cooperation, business opportunitiesand micro, small and medium-sized enterprises and entrepreneurs

1. The Parties recognise the importance of promoting SMEs and strengthening industry to foster inclusive and sustainable economic growth across the regions, promote higher levels of social cohesion, and close territorial gaps, thereby improving

equity in lagging areas. The Parties recognise that the promotion of SMEs' competitiveness contributes positively to a strengthened social fabric, through job creation and poverty reduction, as well as reducing other economic implications that might arise from structural changes resulting from this Agreement.

2. The Parties shall support women's economic empowerment through entrepreneurship and business creation.

3. The Parties shall promote industrial cooperation and strengthen cooperation on SMEs, with a view to enhancing productivity and improving competitiveness in order to boost trade and investment between the Parties, while balancing the opportunities provided by this Agreement to both Parties.

4. The Parties shall promote an attractive and stable climate for greater mutually beneficial business opportunities, including for SMEs and undertake to strengthen cooperation with the purpose of contributing to the expansion, diversification and deepening of economic and commercial ties between the Parties.

5. The Parties agree to promote the development of SMEs, embracing both rural and urban firms, and encourage their introduction into international markets.

6. The implementation of this Article may include the following actions, which cover all kinds of businesses, including SMEs:

(a) supporting regular contacts between the Parties' business sectors through business-to-business and cluster-to-cluster events or missions, trade fairs, seminars and roundtables with a view to promoting the identification and dissemination of information of business opportunities for investment, industrial and technological cooperation in areas of mutual interest as well as promoting information networks and cooperation between economic operators, especially SMEs and clusters;

(b) exchanging best practices that support industrial development, innovation processes and industrial policies including the strengthening of the regional industrial policies to enhance competitiveness in industrial sectors of mutual interest;

(c) promoting industrial cooperation projects, including technology development and innovation, in sectors of mutual interest;

(d) promoting reciprocal and joint investments and encouraging joint ventures and clusters and the establishment of associative processes in strategic sectors;

(e) developing mechanisms to support private-sector development, facilitating access to innovative finance in accordance with the laws and regulations of each Party and industrial cooperation to boost productivity, innovation and competitiveness, including providing up-to-date information about available financing instruments for SMEs;

(f) supporting enterprises to adapt to the current trend of automation and data exchange in manufacturing technologies;

(g) promoting joint projects among technology-, industrial- and application-oriented research centres from the EU and MERCOSUR; and

(h) strengthening bi-regional and global value and supply chains, including the development of suppliers for the industry.

7. In addition to the cooperation referred to in paragraph 4, the Parties agree that cooperation with regard to SMEs may involve, inter alia:

(a) facilitating the exchange of best practices on public policies and programmes, regulatory frameworks, experiences, relevant information and know-how to promote and support entrepreneurship and SMEs' creation, development and innovation;

(b) promoting SMEs' participation in fairs, commercial missions and other mechanisms at local and international level;

(c) exchanging best practices that support SMEs' access to government procurement markets;

(d) building on existing successful partnerships and developing new strategic partnerships and contacts between economic operators and business networks through existing or new EU or MERCOSUR horizontal programmes dedicated to SMEs;

(e) supporting internationalisation of SMEs, including cooperation for the development of specialised websites;

(f) promoting SMEs' participation in joint programmes and pilot projects, in particular in sectors such as digital economy; and

(g) providing support and expertise on business development services, including quality management systems, and

promoting e-commerce to strengthen SMEs.

ARTICLE 8.4

Tax matters

The Parties agree to cooperate bi-regionally in tax matters and commit to implement the global standards on transparency and exchange of information, as well as the minimum standards against base erosion and profit shifting (BEPS).

ARTICLE 8.5

Macroeconomic dialogue

The Parties shall promote the exchange of information on their respective macroeconomic trends and policies as well as the sharing of their experiences with coordination of macroeconomic policies. To this end, the Parties will aim to deepen the dialogue among their authorities on macroeconomic matters. Cooperation in this area may include the organisation of seminars and conferences.

ARTICLE 8.6

Cooperation on consumer rights

The Parties recognise the importance of ensuring a high level of consumer protection and, to that end, shall endeavour to cooperate in the field of consumer policy. The Parties agree that cooperation in this field may involve, to the extent possible:

(a) exchanging information on their respective consumer protection frameworks, including on consumer laws, consumer product safety, consumer redress and the enforcement of consumer legislation;

(b) encouraging the development of independent consumer associations and contacts between consumer representatives; and

(c) exchanging information and promoting joint activities between both Parties' consumer bodies upon mutual agreement.

ARTICLE 8.7

Cooperation in statistics

The Parties shall cooperate in the area of statistics with a view to ensuring comparability of statistical data among Signatory MERCOSUR States and between MERCOSUR and the European Union. The activities could be developed in the form of, inter alia:

(a) support for the strengthening of a statistical system, established on the basis of administrative structures and legal bases which would be able to meet the necessary statistical information requirements;

(b) support for the implementation of statistical good practices based on internationally recognised standards;

(c) the development of comparable statistical information, mainly focused on the fields of trade in goods and services and foreign direct investment, as well as the development of comparable macro-economic indicators; and

(d) exchange of good practices and experiences through, inter alia, training, workshops and study visits.

ARTICLE 8.8

Research and innovation

1. The Parties shall cooperate in the areas of scientific research, technological development and innovation on the basis of common interest and mutual benefit and in accordance with their respective legislation. Such cooperation shall aim to promote sustainable development, tackle global challenges, achieve scientific excellence, improve regional competitiveness and strengthen the relations between the Parties, taking into account their research and innovation capacities and specific priorities. The Parties shall foster policy dialogue at regional level and use their different instruments, including agreements for science, technology and innovation (hereinafter referred to as "STI") cooperation, in complementary ways.

2. In order to improve the conditions for cooperation, the Parties shall also seek to:

(a) increase the mobility of researchers, scientists, experts, students and entrepreneurs as well as the movement of scientific equipment across borders;

(b) facilitate reciprocal access to each other's STI programmes, research infrastructures and facilities, publication and scientific data;

(c) increase cooperation in pre-normative research and standardisation; and

(d) promote intellectual property rights in research and innovation projects.

3. The Parties shall promote, inter alia, the following activities to be undertaken by government organisations, public and private research centres, higher-education institutions, innovation agencies and networks, as well as other stakeholders, including SMEs:

(a) joint initiatives to raise awareness of STI and capacity-building programmes and opportunities for participating in each other's programmes;

(b) joint meetings and workshops aiming at exchanging information and best practices and identifying areas for joint research;

(c) joint research actions in areas of common interest; and

(d) mutually recognised assessment and evaluation of scientific cooperation and dissemination of the corresponding results.

ARTICLE 8.9

Cooperation on competition matters

1. The Parties shall engage in capacity-building activities in the area of competition policy, subject to the availability of funding for such activities under the Parties' cooperation instruments and programmes.

2. Technical assistance shall focus on institutional capacity-building and training of human resources of the competition authorities, to support them in the establishment of their respective competition regimes and effective enforcement. The aim shall be to strengthen and effectively enforce competition law in the areas of anti-competitive practices and concentrations between undertakings, including competition advocacy.

ARTICLE 8.10

Cooperation on digital economy

1. Cooperation activities in this area shall aim in particular to promote:

(a) exchanges of ideas, experiences and practices on information and communication technology (hereinafter referred to as "ICT") policies with a view to building an inclusive information society, in order to bridge the digital divide by exchanging policy principles, information, experiences and good practices to strengthen our cooperation both in shaping digital policies and regulatory frameworks, opening up markets and discuss research cooperation;

(b) the use of ICTs as tools to promote social, cultural and economic development, social inclusion and cultural diversity, emphasising the entrepreneurial spirit and participatory collaborative work;

(c) cooperation on regulatory aspects of telecommunications and audio-visual policies, including e-commerce and exchanges of information on standards, conformity assessment and type approval, involving civil society and the private sector in the process where appropriate;

(d) the development of e-commerce as a means to contribute to economic growth;

(e) the efficient management of spectrum, in order to maximise its availability and optimise its allocation and use;

(f) policies and joint actions for the dissemination, use and transfer of new ICTs, including, where appropriate, with the participation of civil society and private sector in the process;

(g) research and innovation collaboration on ICTs within the applicable research and innovation framework;

(h) the development of digital skills at all ages in formal and informal learning settings and identification of training needs for digital economy, including ICT professionals;

(i) the joint formulation of actions to promote jobs and investment in SMEs and for the self-employed, as well as to meet the particular needs of vulnerable social groups, using the opportunities offered by ICTs;

(j) cooperation in the area of e-government and trust services such as electronic signature and eID, with a focus on exchanging policy principles, information and good practices on the use of ICT to modernise public administration, promote high-quality public services and improve organisational efficiency and the transparent management of public resources; and

(k) wide political coordination at international level to ensure that the global internet governance continues to support the continuation and development of a highly robust, dynamic and geographically diverse Internet regime, building on the WSIS+10 outcome document "Implementing World Summit on the Information Society outcomes: a 10-year review".

2. The Parties consider that the global management of the internet should be based on a transparent and democratic multi-stakeholder model, with the full involvement of, inter alia, governments, the private sector, civil society, academia, the scientific and technological community and international organisations, according to their respective roles and responsibilities. It should ensure the equitable management of resources and the free flow of information, facilitate access for all and ensure the resilient, stable and secure functioning of the internet, taking into account multilingualism.

3. The Parties reaffirm their commitment to working together towards a people-centred, inclusive and development-oriented information society and their agreement to continue to coordinate positions for the World Summit on the Information Society (WSIS) follow-up mechanisms, as well as in the other fora or organisations related to internet governance.

4. The Parties stress that every effort should be made in internet governance fora to mobilise and ensure the meaningful and effective participation of all countries, in particular developing countries, including all stakeholders, within their own roles, such as governments, the private sector, civil society, academia, the scientific and technological community and international organisations.

ARTICLE 8.11

Civil space activities

Considering the positive impact that space activities can have on economic and social development and industrial competitiveness, the Parties agree to promote cooperation on matters of common interest in the area of civil space activities according to the observance and fulfilment of the international conventions and their respective legislation and in particular in the following areas:

(a) Earth observation and Earth science, including cooperation in multilateral fora and in particular, the intergovernmental Group on Earth Observations and the Committee on Earth Observation Satellites; with a view to addressing societal challenges and to facilitate business and innovation partnerships on Earth observation in the framework of Copernicus by identifying areas of common interest;

(b) satellite communications; and

(c) other peaceful uses of outer space, including space science, space exploration and space sustainability.

ARTICLE 8.12

Transport

1. The Parties agree to cooperate in relevant areas of transport policy, including integrated transport policy, with a view to developing and supporting an efficient, sustainable, safe and secure and environmentally friendly transport system for both passengers and goods.

2. Cooperation between the Parties shall aim to promote, inter alia:

(a) dialogue and exchange of information on their respective transport policies, standards and good practices and other subjects of mutual interest;

(b) expert dialogue and cooperation within international transport fora;

(c) interconnection and interoperability of networks;

(d) a multimodal transport system approach;

(e) environmentally friendly, safe and secure transport systems;

(f) low carbon and carbon-free transport solutions, research and innovation, and smart and digital solutions;

(g) sustainable transport solutions, including in relation to urban mobility; and

(h) the facilitation and increased efficiency of cargo movements in all transport modes through digitalisation, the simplification of reporting requirements and the optimisation of transport operations.

ARTICLE 8.13

Cooperation on tourism

1. Cooperation between the Parties shall primarily aim to improve the exchange of information and establish best practices in order to ensure the balanced and sustainable development of tourism and to support the creation of jobs, economic development and the improvement of quality of life.

2. For the purposes of paragraph 1, the Parties shall focus on, inter alia:

(a) supporting the creation and consolidation of tourism products and services, as well as tourism promotion channels;

(b) safeguarding and maximising the potential of natural and cultural heritage;

(c) respecting the integrity and interests of local communities;

(d) improving training and education in tourism services, including in the hotel industry; and

(e) promoting information exchange and cooperation for creative industries and innovation in the tourism sector.

ARTICLE 8.14

Cooperation on social development

1. The Parties, acknowledging that social development goes hand in hand with economic development, agree to give priority to enhancing social cohesion through poverty eradication, inequality reduction and the promotion of social inclusion, in particular with a view to the fulfilment of the 2030 Agenda and its SDGs.

2. The Parties agree to enhance cooperation in the field of social affairs with the aim of contributing to sustainable and inclusive economic growth and development and to promote cooperation and exchanges of information with regard to, inter alia:

(a) the promotion of social rights;

(b) the development of innovative and sustainable projects involving vulnerable social groups, such as low-income families, people of African and indigenous descent and other minorities as well as persons with disabilities, including through labour market integration;

(c) the promotion of gender equality and the full empowerment of women in all spheres;

(d) promoting the protection of mothers and children as well as accessible and inclusive childcare facilities;

(e) the promotion of specific programmes for youths, especially for those in vulnerable social sectors; and

(f) improving working and living conditions in densely populated areas in less-favoured regions.

ARTICLE 8.15

Cooperation on labour and employment

1. In line with the internationally agreed objective of promoting fair globalisation and considering the aims of SDG 8, the Parties shall promote full employment, decent work for all, and the respect for the fundamental principles and rights at work identified by the ILO Conventions (the elimination of discrimination, abolition of all forms of forced labour, sustained eradication of child labour, and freedom of association and collective bargaining) in accordance with the 2008 ILO Declaration on Social Justice for a Fair Globalisation and other international commitments.

2. The Parties agree to enhance cooperation in the area of employment and to promote cooperation and exchanges of information, in particular with regard to:

(a) the promotion of decent work for all, social welfare and employment security and respect for the principles concerning the fundamental rights at work, as per the ILO Declaration on Fundamental Principles and Rights at Work of 1998, and of internationally recognised labour standards and of other relevant ILO standards as well as sustained and continued efforts towards ratifying other ILO instruments not yet ratified;

(b) the development and modernisation of labour relations, working conditions, and health and safety at work, and the promotion of programmes in the field of labour inspection, professional education, training and employment promotion;

(c) the development and modernisation of working relations and processes, with emphasis on the promotion of social dialogue;

(d) the promotion of matching skills development and labour market needs;

(e) giving priority to education and training programmes aimed at vulnerable social groups, in respect of employment and work retraining;

(f) the creation of employment in SMEs;

(g) the development and modernisation of social protection systems and programmes;

(h) the promotion of non-discrimination between women and men, and the mainstreaming of a gender perspective in the development of labour policy; and

(i) the coordination, in the relevant international fora, to achieve international commitments.

ARTICLE 8.16

Cooperation on education, training, youth and sport

1. The Parties agree to cooperate on formal and non-formal education, including vocational education and training with a lifelong learning perspective. Within these fields, special attention shall be paid to promoting inclusive and quality education and training for women and vulnerable social groups.

2. In order to build capacities and expertise, the Parties shall promote mobility and cooperation of their relevant stakeholders in higher education and research, and foster links between universities, research and businesses.

3. The Parties shall promote people-to-people contact and mutual understanding through cooperation in the field of education, youth and sport, including financial support for the mobility of students, PhD candidates, academic and administrative staff from higher-education institutions and researchers, and capacity-building actions.

ARTICLE 8.17

Cultural, audio visual and media cooperation

1. The Parties shall undertake to promote cooperation in the field of culture, including cultural heritage, with due respect for their diversity. In conformity with the Parties' respective laws and regulations, such cooperation shall aim to enhance mutual understanding and intercultural dialogue and foster balanced cultural exchanges and contact with relevant actors.

2. The Parties agree to cooperate in relevant international fora, such as the UN Educational, Scientific and Cultural Organisation (hereinafter referred to as UNESCO), in order to pursue common objectives and to foster cultural diversity, in particular through the implementation of the UNESCO Convention on the Protection and Promotion of Diversity of Cultural Expressions.

3. The Parties shall encourage exchanges of information and experiences and shall support and facilitate cooperation and dialogue between their relevant institutions and operators in the areas of culture, audio-visual and media.

ARTICLE 8.18

Regional integration

1. The Parties agree to promote the exchange of experience between both regions, with a view to reinforcing their respective integration processes.

2. The Parties agree in particular to promote closer cooperation on integration issues between the institutions of the Parties, as well as the sharing of expertise through meetings between staff of the European Union and MERCOSUR institutions, regular exchanges of information, studies, joint projects and training.

3. In order to encourage cooperation on regional and local development, priority shall be given to:

(a) the exchange of information, and the sharing of knowledge and experiences on, inter alia, methodologies for the formulation of regional and local development policies, on multi-level governance and on participative governance;

(b) the implementation of regional and local development policies, particularly concerning disadvantaged regions and areas, especially border areas;

(c) the encouragement of the development of regional infrastructure and interconnectivity.

4. Cooperation on regional and local development may include:

(a) the organisation of seminars and conferences;

(b) training and technical assistance in the design and implementation of regional development projects;

(c) the preparation of studies on subjects of common interest related to integration; and

(d) joint action between institutes and centres for education and training in the field of integration.

ARTICLE 8.19

Increasing participation of Signatory MERCOSUR Statesin exports of services to the European Union

Subject to the provisions of Chapter 4, the Parties agree to cooperate, including by providing support for technical assistance, training and capacity building, with regard to, inter alia:

(a) improving the ability of service suppliers of Signatory MERCOSUR States to gather information on and to meet regulations and standards of the EU Party at EU, national and subnational level;

(b) improving the export capacity of service suppliers of Signatory MERCOSUR States, with particular attention to the needs of SMEs; and

(c) establishing mechanisms for promoting investment and joint ventures between service suppliers of the EU Party and Signatory MERCOSUR States.

PART III

TRADE AND TRADE RELATED MATTERS

CHAPTER 9

TRADE SPECIFIC INITIAL AND INSTITUTIONAL PROVISIONS

SECTION A

TRADE SPECIFIC INITIAL PROVISIONS

ARTICLE 9.1

Establishment of a free trade area and relation to the WTO Agreement

1. The Parties to this Agreement hereby establish a free trade area, in conformity with Article XXIV of the GATT 1994 and Article V of the GATS.

2. The Parties affirm their rights and obligations with respect to each other under the WTO Agreement.

3. Nothing in this Part of this Agreement shall be construed as requiring a Party to act in a manner inconsistent with its obligations under the WTO Agreement.

ARTICLE 9.2

Objectives

The provisions of this Part of this Agreement aim at:

(a) a modern and mutually advantageous trade agreement which creates a predictable framework to boost trade and economic activity, while promoting and protecting our shared values and perspectives on the role of government in society, and retaining the right of the Parties to regulate at all levels of government to achieve public policy objectives;

(b) the development of international trade and of trade between the Parties in a way as to contribute to sustainable development in its economic, social and environmental dimensions, consistent with, and supportive of, their respective international obligations, in these fields;

(c) the promotion of a more sustainable, equitable and inclusive economy so as to raise standards of living, reduce poverty and create new employment opportunities;

(d) the consolidation, increase and diversification of trade in agricultural and non-agricultural goods between the Parties, through the reduction or the elimination of tariff and non-tariff barriers to trade and the further integration in the global value chains;

(e) the facilitation of trade in goods through, in particular, the application of the agreed provisions regarding customs and trade facilitation, standards, technical regulations and conformity assessment procedures as well as sanitary and phytosanitary measures;

(f) the liberalisation and facilitation of trade in services, and the development of an environment conducive to an increase in investment flows, competitiveness, and economic growth and, in particular, to the improvement of conditions of establishment of businesses between the Parties;

(g) the free movement of capital relating to direct investment and of current payments in accordance with Chapter 18;

(h) the effective, transparent and competitive opening of government procurement markets of the Parties;

(i) the promotion of innovation and creativity by ensuring an adequate and effective level of protection and of enforcement of intellectual property rights, in accordance with international rules in force between the Parties, so as to ensure the balance between the rights of the right-holders and the public interest;

(j) the conduct of economic activities, in particular those regarding the relations between the Parties, in conformity with the principle of free and undistorted competition;

(k) the establishment of a framework for the participation of civil society, including employers, unions, labour and business organisations and environmental groups to support the effective implementation of this Part of this Agreement;

(l) the establishment of an expeditious and effective dispute settlement mechanism; and

(m) a transparent and predictable regulatory environment and efficient procedures for economic operators, especially SMEs, while preserving the ability of the Parties to adopt and apply their own laws and regulations that regulate economic activity in the public interest, and to achieve legitimate public policy objectives such as the protection and promotion of public health, social services, public education, safety, the environment, public morals, social or consumer protection, privacy and data protection and the promotion and protection of cultural diversity.

ARTICLE 9.3

General definitions

Unless otherwise specified, for the purposes of this Part of this Agreement:

(a) "agricultural good" means a product listed in Annex 1 to the Agreement on Agriculture;

(b) "customs duty" means any duty or charge of any kind imposed on or in connection with the importation of a good, including any form of surtax or surcharge imposed on or in connection with such importation 3 , but does not include any:

(i) internal taxes or other internal charges imposed consistently with Article III of GATT 1994;

(ii) antidumping or countervailing duties applied in accordance with Articles VI and XVI of GATT 1994 and the WTO Agreement on the Implementation of Article VI of GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures in conformity with Chapter 16;

(iii) measures applied in accordance with Article XIX of GATT 1994 and with the WTO Safeguards Agreement, or other safeguard measures applied pursuant to Chapter 16;

(iv) measures authorised by the WTO Dispute Settlement Body or under Chapter 29;

(v) fee or other charge, imposed consistently with Article VIII of GATT 1994; or

(vi) measures adopted to safeguard a Party's external financial position and its balance of payments, in conformity with Article XII of GATT 1994 and the Understanding on Balance of Payments Provisions of GATT 1994.

(c) "CPC" means the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);

(d) "days" means calendar days, including weekends and holidays;

(e) "existing" means in effect on the date of entry into force of this Agreement;

(f) "good of a Party" means a domestic good as that is understood in the GATT 1994, and includes originating goods of that Party;

(g) "Harmonized System" or "HS" means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, and Chapter Notes, done at Brussels on 14 June 1983;

(h) "heading" means the first four digits in the tariff classification number under the Harmonized System;

(i) "juridical person" means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;

(j) "measure" includes any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, requirement or practice 4 ;

(k) "natural person of a Party" means, for the European Union, a national of a Member State of the European Union, and for MERCOSUR, a national of a Signatory MERCOSUR State, in accordance with their respective applicable legislation;

(l) "person" means a natural person or a juridical person; and

(m) "sanitary or phytosanitary measure" means any measure as defined in Annex A to the SPS Agreement.

ARTICLE 9.4

WTO Agreements

(a) "ADA" means the Agreement on Implementation of Article VI of GATT 1994;

(b) "Agreement on Agriculture" means the Agreement on Agriculture, contained in Annex 1A to the WTO Agreement;

(c) "DSU" means the Understanding on Rules and Procedures Governing the Settlement of Disputes, contained in Annex 2 of the WTO Agreement;

(d) "GATS" means the General Agreement on Trade in Services, contained in Annex 1B to the WTO Agreement;

(e) "GATT 1994" means the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement;

(f) "Safeguards Agreement" means the Agreement on Safeguards, contained in Annex 1A to the WTO Agreement;

(g) "SCM Agreement" means the Agreement on Subsidies and Countervailing Measures, contained in Annex 1A to the WTO Agreement;

(h) "SPS Agreement" means the Agreement on the Application of Sanitary and Phytosanitary Measures, contained in Annex 1A to the WTO Agreement;

(i) "TBT Agreement" means the Agreement on Technical Barriers to Trade, contained in Annex 1 to the WTO Agreement;

(j) "TRIPS Agreement" means the Agreement on Trade-Related Aspects of Intellectual Property Rights, contained in Annex 1C to the WTO Agreement; and

(k) "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done on 15 April 1994.

ARTICLE 9.5

Parties

1. The European Union shall be responsible for the fulfilment of the commitments in this Part of this Agreement.

2. Save where otherwise provided, each of the Signatory MERCOSUR States of this Agreement shall be responsible for the fulfilment of the commitments in this Part of this Agreement.

ARTICLE 9.6

Regional integration

1. While recognising the differences in their respective regional integration processes, and without prejudice to the commitments undertaken under this Part of this Agreement, the Parties shall foster conditions which facilitate the movement of goods and services between and within the two regions.

2. With respect to movement of goods, pursuant to paragraph 1:

(a) goods originating in a Signatory MERCOSUR State that are released for free circulation in the European Union shall benefit from free movement of goods within the territory of the European Union under the conditions established by the Treaty on the Functioning of the European Union;

(b) the Signatory MERCOSUR States shall apply to goods originating in the European Union that are imported in its territory from another Signatory MERCOSUR State, customs procedures that are no less favourable than those applicable to goods originating in that Signatory MERCOSUR State.

The treatment referred to under points (a) and (b) of this paragraph does not include tariff treatment for goods, which is governed by Chapter 10;

(c) the Signatory MERCOSUR States shall periodically review their customs procedures with a view to facilitating the movement of goods of the European Union between their territories and to avoiding duplication of procedures and controls when practicable and in accordance with the evolution of their integration process; and

(d) the benefits of MERCOSUR's harmonisation of technical regulations and conformity assessment procedures, SPS requirements and approval procedures, including import certificates and controls, shall be extended under non-discriminatory conditions to goods originating in the European Union if they have been imported in compliance with the laws and regulations of the importing Signatory MERCOSUR State.

3. With respect to movement of services, pursuant to paragraph 1:

(a) Member States of the European Union shall endeavour to facilitate, as appropriate, the freedom to provide services within the territory of the European Union to enterprises owned or controlled by natural or juridical persons of a Signatory MERCOSUR State and established in a Member State of the European Union; and

(b) the Signatory MERCOSUR States shall endeavour to facilitate, as appropriate, the freedom to provide services between their territories to enterprises owned or controlled by natural or juridical persons of a Member State of the European Union and established in a Signatory MERCOSUR State.

SECTION B

TRADE SPECIFIC INSTITUTIONAL PROVISIONS

ARTICLE 9.7

Specific functions of the Joint Council acting in trade configuration

1. When the Joint Council established pursuant to Article 2.2 addresses issues related to this

Part of the Agreement, it shall have the power to:

(a) oversee the fulfilment of the objectives of this Part of the Agreement and supervise its implementation;

(b) discuss any matter covered by this Part of the Agreement and without prejudice to Chapter 29 address any major issue arising from its implementation;

(c) take decisions and make appropriate recommendations to the Parties as provided for in this Part of the Agreement;

(d) adopt, through decisions, interpretations of the provisions of this Part of the Agreement which shall be binding on the Parties and all subcommittees and other bodies set up under this Part of the Agreement, including panels established under Chapter 29;

(e) take such other action in the exercise of its functions as the Parties may agree; and

(f) adopt decisions to amend, in fulfilment of the objectives of this Part of the Agreement:

(i) Annex 10-A in accordance with Article 10.4(9);

(ii) Appendix 10-D-1 in accordance with Article 10(6) of Annex 10-D;

(iii) Appendix 10-D-2 in accordance with Article 4(3) of Annex 10-D;

(iv) Appendix 10-D-3 in accordance with Article 5(4) of Annex 10-D;

(v) Chapter 11 in accordance with Article 11.34;

(vi) Section A of Annex 13-A in accordance with Article 13.8(9);

(vii) Annex 14-A in accordance with Article 14.18;

(viii) Annexes 20-A to 20-E in accordance with Article 20.26

(ix) Annexes 20-F to 20-J in accordance with Article 20.12;

(x) Annex 21-A in accordance with Article 21.39;

(xi) Annex 21-B in accordance with Article 21.39;

(xii) Annex 21-C in accordance with Article 21.39;

(xiii) Annex 21-E, in accordance with Article 21.39;

(xiv) Annex 25-A, in accordance with Article 25.7;

(xv) Annexes 29-A and 29-B in accordance with Article 29.22; and

(xvi) any other provision, Annex, Appendix or Protocol, for which the possibility of such decision is explicitly foreseen in this Part of the Agreement.

2. The decisions referred to in point (f) of paragraph 1 shall be subject to Article 30.5(2).

3. Unless the Parties agree otherwise, 3 (three) years after the entry into force of this Agreement, and every 5 (five) years thereafter, the Joint Council in trade configuration shall initiate a review process of Part III of this Agreement. Based on the outcome of each review, the Joint Council in trade configuration shall deliberate on the need to amend Part III of this Agreement.

ARTICLE 9.8

Specific functions of the Joint Committee acting in trade configuration

1. When the Joint Committee established pursuant to Article 2.3 addresses issues related to this Part of the Agreement, it shall have the power to:

(a) supervise the work of all subcommittees established in accordance with this Part of the Agreement;

(b) explore the most appropriate way to prevent or solve any difficulty that may arise in relation to the interpretation and application of this Part of the Agreement without prejudice to Chapter 29;

(c) establish additional subcommittees, to allocate responsibilities within its competence to subcommittees, to decide to modify the functions of the subcommittees it establishes, including by assigning new ones, or to dissolve the subcommittees;

(d) prepare decisions for adoption by the Joint Council in trade configuration, in compliance with the specific objectives of this Part of the Agreement, including the modifications referred to in Article 9.7(1)(f), or adopt such decisions in the intervals between the meetings of the Joint Council in trade configuration, or when the Joint Council in trade configuration cannot meet; and

(e) take any other action in the exercise of its functions as the Parties may agree or as instructed by the Joint Council in trade configuration;

(f) review the implementation of Part III of this Agreement including with a view to appraising its impacts on employment, investment and trade between the Parties; the review shall consider views or recommendations of civil society actors, including non-governmental organizations, business and employers' organizations, social movements and trade unions, taking into account in particular the provisions of Articles 2.6 to 2.8, consistent with each Party's laws and regulations;

2. The decisions referred to in Article 2.3(7) and point (d) of paragraph 1 of this Article that introduce amendments to this Agreement shall be subject to Article 30.5(2).

ARTICLE 9.9

Subcommittees

1. The Subcommittees established pursuant to paragraph 4 shall be composed of representatives of the European Union, on the one part, and of each of the Signatory MERCOSUR States, on the other part.

2. The subcommittees shall meet at an appropriate level at the request of a Party, and, in any event, at least once a year. If in person, meetings shall be held alternately in Brussels and in one of the Signatory MERCOSUR States. The subcommittees may also meet via teleconference, video-conference or through other means, as mutually agreed by the Parties. The subcommittees shall be co-chaired by a representative of the European Union and a representative of MERCOSUR.

3. Each subcommittee shall agree on its meeting schedule and set its agenda by mutual consent.

4. The following subcommittees are hereby established under the auspices of the Joint Committee in trade configuration:

(a) the Subcommittee on trade in goods;

(b) the Subcommittee on trade in wine products and spirits;

(c) the Subcommittee on customs, trade facilitation and rules of origin;

(d) the Subcommittee on SPS matters;

(e) the Subcommittee on dialogues on issues related to the agri-food chain;

(f) the Subcommittee on trade in services and establishment;

(g) the Subcommittee on government procurement;

(h) the Subcommittee on intellectual property rights; and

(i) the Subcommittee on trade and sustainable development.

5. With respect to issues related to their area of competence, the subcommittees shall have the power to:

(a) monitor the implementation and ensure the proper functioning of this Part of the Agreement;

(b) adopt by agreement of the Parties decisions and recommendations in respect of all matters where this Part of the Agreement so provides;

(c) discuss issues arising from the implementation of this Part of the Agreement or of any supplementing agreement with a view to resolving them, without prejudice to Chapter 29; and

(d) provide a forum for the Parties to exchange information, including discussing best practices and sharing implementation experience.

6. The tasks of the subcommittees are further defined as appropriate in the relevant Chapters of this Part of the Agreement and can be modified, if necessary, by decision of the Joint Committee in trade configuration.

7. The subcommittees shall conduct the preparatory technical work necessary to support the functions of the Joint Council in trade configuration and the Joint Committee in trade configuration, including when those bodies have to adopt decisions or recommendations.

ARTICLE 9.10

Coordinators for this Part of the Agreement

1. The European Union and each Signatory MERCOSUR State shall each appoint a coordinator for this Part of the Agreement and notify the other Party thereof within 30 (thirty) days following the entry into force of this Agreement.

2. The coordinators shall:

(a) prepare the agenda and coordinate the preparation of the meetings of the Joint Council in trade configuration and the Joint Committee in trade configuration meetings in accordance with Articles 9.7 and 9.8;

(b) follow up on the decisions adopted by the Joint Council in trade configuration or the Joint Committee in trade configuration, as appropriate;

(c) act as contact points to facilitate communication between the Parties on any matter covered by this Part of the Agreement, unless otherwise provided in this Part of the Agreement;

(d) receive any notifications and information submitted under this Part of the Agreement, including any notification or information submitted to the Joint Council in trade configuration or the Joint Committee in trade configuration, unless otherwise provided in this Part of the Agreement; and

(e) fulfil any other tasks as requested by the Joint Council in trade configuration or the Joint Committee in trade configuration.

CHAPTER 10

TRADE IN GOODS

ARTICLE 10.1

Objective and scope

1 The Parties shall establish a free trade area for goods over a transitional period starting on the date of entry into force of this Agreement.

2. Except as otherwise provided in this Part of the Agreement, the provisions of this Chapter apply to trade in goods of a Party.

SECTION A

CUSTOM DUTIES

ARTICLE 10.2

National treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its Notes and Supplementary Provisions. To that end, Article III of GATT 1994 and its Notes and Supplementary Provisions are incorporated into and made part of this Agreement, mutatis mutandis.

ARTICLE 10.3

Definitions

For the purposes of this Chapter, "originating good" means a good qualifying as originating in a Party under the rules of origin set out in Chapter 11.

ARTICLE 10.4

Reduction and elimination of customs duties

1. Except as otherwise provided for in this Part of the Agreement, each Party shall reduce or eliminate its customs duties on originating goods in accordance with Annex 10-A.

2. The classification of goods in trade between the Parties shall be in accordance with each Party's respective tariff nomenclature in conformity with the Harmonized System. Each Party shall specify in its respective Appendix to Annex 10-A the version of the Harmonized System used to this end.

3. A Party may create a new tariff line. In that event and in so far as trade between the Parties is concerned, the customs duty applicable to the corresponding goods under the new tariff line shall be equal to or lower than the customs duty applicable to the corresponding goods under the original tariff line specified in Annex 10-A and the agreed tariff concession shall remain unchanged.

4. For each good originating in the other Party, the base rate of customs duties on imports to which the successive reductions apply under paragraph 1 is specified in Annex 10-A.

5. Without prejudice to paragraphs 1 and 3, for a period of 2 (two) years from the date of entry into force of this Agreement, the European Union shall not increase the customs duties applied on 31 December 2017 on goods originating in Paraguay that are classified under the following tariff lines set out in Appendix 10-A-1 as "PY" goods: 20019030, 21012098, 21069098 and, 33021029. For the purposes of this paragraph, "goods originating in Paraguay" means goods that conform to

the origin requirements under Subsections 2 and 3 of Section 2 of Chapter 1 of Title II of Commission Delegated Regulation (EU) No 2015/2446 of 28 July of 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code 5 and Subsections 3 to 9 of Section 2 of Chapter 2 of Title II of Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code 6 .

6. Except as otherwise provided for in this Part of the Agreement, a Party shall not introduce new customs duties or increase customs duties which are already applied in accordance with the base rates set out in Annex 10-A on trade in originating goods between the Parties as from the date of entry into force of this Agreement. For greater certainty, a Party may increase a customs duty applicable to trade between the Parties as set out in Annex 10-A that has been unilaterally reduced to the level set out in that Annex for the respective year following that unilateral reduction.

7. If a Party reduces its most-favoured-nation applied rate of customs duty to a level below the base rate for a particular tariff line specified in Annex 10-A, that duty rate shall be deemed to replace the base rate in Annex 10-A, if, and for as long as it is lower than the base rate, for the purposes of the calculation of the preferential rate for that tariff line. In this regard, the Party shall apply the tariff reduction to the most-favoured-nation applied rate to calculate the applicable rate of customs duty, maintaining at all times the relative margin of preference for any tariff line. Such relative margin of preference for a tariff line shall correspond to the difference between the base rate set out in Annex 10-A and the applied duty rate for that tariff line in accordance with Annex 10-A divided by that base rate and shall be expressed as a percentage.

8. Each Party may accelerate the elimination of customs duties on originating goods of the other Party, or otherwise improve the conditions of market access for originating goods of the other Party, if its general economic situation and the situation of the economic sector concerned so permit.

9. As from 3 (three) years after the date of entry into force of this Agreement, on request of either Party, the Subcommittee on trade in goods, referred to in Article 10.14, shall consider measures providing for improved market access. The Joint Council in trade configuration shall have the power to adopt decisions to amend Annex 10-A. Such decisions shall supersede any duty rate or staging category determined in Annex 10-A for such originating goods.

ARTICLE 10.5

Goods re-entered after repair

1. For the purposes of this Article, "repair" means any processing operation undertaken on a good to remedy operating defects or material damage and entailing the re-establishment of the good to its original function or to ensure its compliance with technical requirements for its use, without which the good could no longer be used in the normal way for the purposes for which it was intended. Repair of a good includes restoration and maintenance but does not include an operation or process that:

(a) destroys the essential characteristics of a good or creates a new or commercially different good;

(b) transforms an unfinished good into a finished good; or

(c) is used to improve the technical performance of a good.

2. A Party shall not apply customs duties to a good, regardless of its origin, that re-enters that Party's customs territory after hat good has been temporarily exported from its customs territory to the customs territory of the other Party for repair, regardless of whether such repair could have been performed in the customs territory of the Party from which the goods were exported for repair as defined in paragraph 1.

3. Paragraph 2 does not apply to a good imported in bond into free-trade zones or zones of similar status, that is exported for repair and is not re-imported in bond into free-trade zones or zones of similar status.

4. A Party shall not apply customs duties to a good, regardless of its origin, imported temporarily from the customs territory of the other Party for repair.

SECTION B

NON-TARIFF MEASURES

ARTICLE 10.6

Fees and other charges on imports and exports

1. Each Party shall ensure, in accordance with Article VIII of GATT 1994, including its Notes and Supplementary Provisions, that all fees and other charges of whatever character 7 , other than import and export duties imposed on or in connection with importation or exportation, are limited in amount to the approximate cost of services rendered, shall not be calculated on an ad valorem basis and shall not represent an indirect protection for domestic goods or a taxation of imports or exports for fiscal purposes.

2. Each Party may impose charges or recover costs only if specific services are rendered, in particular for the following:

(a) attendance, if requested, by customs staff outside official office hours or at premises other than customs premises;

(b) analyses or expert reports on goods and postal fees for the return of goods to an applicant, particularly in respect of decisions relating to binding information or the provision of information concerning the application of customs laws and regulations;

(c) the examination or sampling of goods for verification purposes, or the destruction of goods, if costs other than the cost of using customs staff are involved; or

(d) exceptional control measures, where these are necessary due to the nature of the goods or to a potential risk.

3. A Party shall not require consular transactions, including related fees and charges, in connection with the importation of goods from the other Party. The Parties shall have a transitional period of 3 (three) years from the date of entry into force of this Agreement to fulfil the requirements of this paragraph 8 .

4. Each Party shall publish a list of the fees and charges it imposes in connection with the importation or exportation of goods.

ARTICLE 10.7

Import and export licensing procedures

1. The Parties shall ensure that all import and export licensing procedures applicable to trade in goods between the Parties are neutral in application and administered in a fair, equitable, non-discriminatory and transparent manner.

2. Each Party shall only adopt or maintain licensing procedures as a condition for importation into its territory from that of the other Party or exportation from its territory to that of the other Party if other appropriate procedures to achieve an administrative purpose are not reasonably available.

3. The Parties shall not adopt or maintain non-automatic import or export licensing procedures 9 unless it is necessary to implement a measure that is consistent with this Part of the Agreement. A Party adopting non-automatic import or export licensing procedures shall indicate clearly the measure being implemented through such licensing procedure.

4. The Parties shall introduce and administer any licensing procedures in accordance with Articles 1 to 3 of the WTO Import Licensing Agreement (hereinafter referred to as "Import Licensing Agreement"). To that end, Articles 1 to 3 of the Import Licensing Agreement are incorporated into and made part of this Agreement, mutatis mutandis, and shall apply to any export licensing procedures.

5. Any Party introducing or modifying any import and export licensing procedures shall make the relevant information available on an official website. This information shall be made available, whenever practicable, 21 (twenty-one) days prior to the date of the application of the introduction of, or modification to, licensing procedures but in any event no later than such date. The information available on the Internet shall contain the data required under Article 5 of the Import Licensing Agreement. Each Party shall notify the other Party of any introduction or modification of export licensing procedures and such notification shall contain the same information as referred to in Article 5 of the Import Licensing Agreement.

6. On request of a Party, the other Party shall promptly provide any relevant information regarding any import and or export licensing procedures that the Party to which the request is addressed intends to adopt or has adopted or maintained, including the information referred to in Articles 1 to 3 of the Import Licensing Agreement, mutatis mutandis.

ARTICLE 10.8

Export competition

1. The Parties affirm their commitments expressed in the Export Competition Ministerial Decision of 19 December 2015 (WT/MIN(15)/45, WT/L/980) of the WTO (hereinafter referred to as the "Export Competition Ministerial Decision").

2. For the purposes of this Article, "export subsidies" means subsidies within the meaning of Articles 1 and 3 of the SCM

Agreement that are contingent upon export performance, including the subsidies listed in Annex I to the SCM Agreement and the subsidies listed in Article 9 of the Agreement on Agriculture.

3. A Party shall not maintain, introduce or reintroduce export subsidies on an agricultural good that is exported or incorporated in a product that is exported.

4. A Party shall not maintain, introduce or reintroduce export credits, export credit guarantees, insurance programmes, state trading enterprises or international food aid, or other measures that have an effect equivalent to an export subsidy, on an agricultural good that is exported or incorporated in a good that is exported to the territory of the other Party, unless those measures comply with the obligations of the exporting Party under the WTO Agreements and Decisions of the Ministerial Conference and the General Council of the WTO, including in particular the Export Competition Ministerial Decision.

5. The Parties affirm their commitment in the Bali Ministerial Declaration adopted on 7 December 2013 (WT/MIN(13)/DEC) of the WTO, strengthened by the Export Competition Ministerial Decision, to enhance transparency and to improve monitoring in relation to all forms of export subsidies and export credits, export credit guarantees, insurance programmes, state trading enterprises and international food aid, as well as other measures that have an effect equivalent to an export subsidy.

6. The Parties affirm the commitments taken under the Export Competition Ministerial Decision with regard to international food aid and shall work together to encourage the best practice in the delivery of food aid in the relevant international fora by seeking to limit the monetisation of food aid and the delivery of in-kind food aid only to emergency situations.

ARTICLE 10.9

Duties, taxes and other fees and charges on exports

A Party shall not introduce or maintain any duties or charges of any kind on or in connection with the exportation of a good to the other Party, other than in accordance with Annex 10-B, 3 (three) years from the date of entry into force of this Agreement.

ARTICLE 10.10

State trading enterprises

1. Nothing in this Part of the Agreement shall prevent a Party from maintaining or establishing a state trading enterprise in accordance with Article XVII of GATT 1994, including its Notes and Supplementary Provisions and the WTO Understanding on the Interpretation of Article XVII of GATT 1994, which are incorporated into and made part of this Part of the Agreement, mutatis mutandis.

2. If a Party requests information from the other Party on individual cases of state trading enterprises, their operation or the effect of their operations on bilateral trade, the requested Party shall ensure full transparency in accordance with Article XVII of GATT 1994.

3. Notwithstanding paragraph 1, a Party shall not designate or maintain a designated import or export monopoly, except for those already established by a Party or prescribed by in its Constitution as listed in Annex 10-C. For the purposes of this paragraph, an import or export monopoly means the exclusive right or grant of authority by a Party to an entity to import a good from, or to export a good to, the other Party.

ARTICLE 10.11

Prohibition of quantitative restrictions

1. A Party may not adopt or maintain any prohibition or restriction on the importation of any good from the other Party or on the exportation or sale for export of any good destined for the other Party, whether applied by quotas, licences or other measures, except in accordance with Article XI of GATT 1994, including its Notes and Supplementary Provisions. To that end, Article XI of GATT 1994 and its Notes and Supplementary Provisions are incorporated into and made part of this Part of the Agreement, mutatis mutandis.

2. A Party may not adopt or maintain export or import price requirements, except as permitted in the enforcement of antidumping and countervailing duty orders or price undertakings.

ARTICLE 10.12

Preference utilisation

1. For the purpose of monitoring the functioning of this Part of the Agreement and calculating preference utilisation rates, the Parties shall annually exchange import statistics for a period starting 1 (one) year after the date of entry into force of this Agreement and ending 10 (ten) years after the tariff elimination is completed for all goods in accordance with Annex 10-A. Unless the Joint Committee in trade configuration decides otherwise, this period shall be automatically extended for 5 (five) years, and the Joint Committee in trade configuration may decide to further extend it.

2. The exchange of import statistics referred to in paragraph 1 shall cover data pertaining to the most recent year available, including value and, if applicable, volume, at the tariff line level for imports of goods of the other Party benefitting from preferential duty treatment under this Part of the Agreement and those that received non-preferential treatment.

3. Without prejudice to paragraph 2 and subject to confidentiality requirements under each Party's laws and regulations a Party shall not be obliged to exchange import statistics.

ARTICLE 10.13

Specific measures concerning the management of preferential treatment

1. The Parties shall cooperate in preventing, detecting and combating breaches of their laws and regulations, irregularities and fraud related to the preferential treatment granted under this Chapter, in accordance with Chapter 11 and Annex 12-A.

2. A Party may, in accordance with the procedure laid down in paragraph 4, decide to temporarily suspend the relevant preferential treatment of the products concerned, if that Party makes a finding, based on objective, compelling and verifiable information, that:

(a) large-scale systematic breaches in the relevant laws and regulations, irregularities or fraud have been committed in order to obtain preferential tariff treatment granted under this Chapter; and

(b) the other Party systematically refuses or otherwise fails to comply with its obligations referred to in paragraph 1, in accordance with Chapter 11 and Annex 12-A.

3. For the purposes of this Article, a failure to comply with the obligations referred to in paragraph 1 means, among others, a clearly demonstrated and systematic:

(a) failure to fulfil the obligation to verify the originating status of the products concerned, in accordance with the procedures established in Articles 11.24 and 11.25 and;

(b) refusal or unjustifiable delay in communicating the result of a verification of origin carried out in accordance with Articles 11.25 and 11.26; or

(c) lack of administrative cooperation pursuant to Annex 12-A.

4. The Party which has made a finding referred to in paragraph 2 shall, without undue delay, notify the Joint Committee in trade configuration thereof and provide it with the information that constitutes the basis for its finding.

5. When the requirements of paragraph 4 are fulfilled, the Party which has made a finding shall enter into consultations with the other Party, in the Joint Committee in trade configuration, with a view to reaching a solution that is acceptable to both Parties. If the Parties fail to agree on a mutually acceptable solution within 3 (three) months after the date of notification, the Party which has made the finding may decide to suspend temporarily the relevant preferential treatment of the products concerned. In such cases, the Party which has made the finding shall notify the temporary suspension to the Joint Committee in trade configuration without undue delay.

6. A decision to suspend temporarily the relevant preferential treatment of the product concerned pursuant to paragraph 4 shall apply only for a period commensurate with the impact on the financial interests of the Party concerned and not for longer than 3 (three) months. If it can be objectively and verifiably ascertained that the conditions that gave rise to that decision to suspend persist at the expiry of the suspension period, the Party concerned may decide to renew that decision to suspend for an equal period of time. Any suspension shall be subject to periodic consultations in the Joint Committee in trade configuration. In case of renewal, consultations shall take place in the Joint Committee in trade configuration at least 15 (fifteen) days prior to the expiry of the suspension period.

7. Each Party shall publish, in accordance with its internal procedures, notices to importers about any notification of a finding pursuant to paragraph 4 and decision to suspend temporarily referred to in paragraphs 5 and 6.

SECTION C

INSTITUTIONAL PROVISIONS

ARTICLE 10.14

Subcommittee on trade in goods

1. The Subcommittee on trade in goods, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4, 9.9 and 13.14:

(a) promote trade in goods between the Parties;

(b) evaluate annually the use and the administration of quotas and of preferences granted by this Part of the Agreement; and

(c) discuss, clarify and address any technical issues that may arise between the Parties on matters related to the application of each Party's tariff nomenclature as defined in paragraphs 3 and 4 of Annex 10-A.

ARTICLE 10.15

Subcommittee on trade in wine products and spirits

1. The Subcommittee on trade in wine products and spirits, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4 and 9.9:

(a) ensure the timely notification of amendments to laws and regulations on matters covered by Annex 10-D that have an impact on wine products and spirits traded between the Parties; and

(b) adopt decisions to determine the details of the rules set out in paragraph 2 of Appendix 10-D-3, in particular the forms to be used and the details of the information to be provided in the analysis report.

ARTICLE 10.16

Cooperation on trade in wine products and spirits and focal points

1. The Parties shall cooperate on and address issues related to trade in wine products and spirits, in particular:

(a) product definitions, certification and labelling of wine products;

(b) the use of vine varieties in winemaking and the labelling thereof; and

(c) product definitions, certification and labelling of spirits.

2. The Parties shall closely cooperate and seek ways to improve assistance to each other in the application of Annex 10-D, in particular in order to combat fraudulent practices.

3. To facilitate mutual assistance between the enforcement bodies and authorities of the Parties as regards matters covered by this Annex, each Party shall designate the bodies and authorities responsible for the application and enforcement of Annex 10-D. If a Party designates more than one competent body or authority, it shall ensure that the work of those bodies and authorities is coordinated. In such cases, a Party shall also designate a single liaison body or authority that serves as the single focal point for the body or authority of the other Party.

4 The Parties shall, via the Subcommittee on trade in wine products and spirits, inform each other of the contact details of the bodies, authorities and focal points referred to in in paragraph 3 no later than 6 (six) months after the date of entry into force of this Agreement. The Parties shall inform each other of any changes of the contact details to such bodies, authorities and focal points.

CHAPTER 11

RULES OF ORIGIN AND ORIGIN PROCEDURES

SECTION A

RULES OF ORIGIN

ARTICLE 11.1

Definitions

For the purposes of this Chapter:

(a) "classified" refers to the classification of a product or material under a particular section, Chapter, heading or subheading of the Harmonized System;

(b) "consignment" means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;

(c) "customs authority or competent governmental authority" refers to:

(i) in the European Union, the services of the European Commission responsible for customs matters, and the customs administrations and any other authorities of the Member States of the European Union responsible for the application and enforcement of customs legislation; and

(ii) in MERCOSUR, the competent authorities of the Signatory MERCOSUR States or their successors, as listed below:

(A) Argentina: Secretaría de Industria y Gestión Comercio of the Ministerio de Economía;

(B) Brazil: Secretaria de Comércio Exterior do Ministério do Desenvolvimento, Indústria, Comércio e Serviços and Secretaria Especial da Receita Federal do Brasil of the Ministério da Fazenda;

(C) Paraguay: Subsecretaría de Estado de Comercio y Servicios of the Ministerio de Industria y Comercio; and

(D) Uruguay: Asesoría de Política Comercial of the Ministerio de Economía y Finanzas;

(d) "exporter" means a person located in a Party who exports the originating product and makes out a statement on origin;

(e) "fungible materials" means materials that are of the same kind and commercial quality, with the same technical and physical characteristics, and which cannot be distinguished from one another once they are incorporated into the product;

(f) "goods" means both materials and products;

(g) "importer" means a person who imports the originating product and claims preferential tariff treatment for it;

(h) "manufacture" means any kind of working or processing, including assembly or specific operations;

(i) "material" means any ingredient, raw material, component or part used in the manufacture of a product; and

(j) "product" means the product being manufactured, even if it is intended for later use in another manufacturing operation.

ARTICLE 11.2

General requirements

1. For the purposes of applying the preferential tariff treatment by a Party to the originating goods of the other Party in accordance with this Part of the Agreement, the following products shall be considered as originating in the European Union, provided that they satisfy all other applicable requirements in this Chapter:

(a) products wholly obtained in the European Union pursuant to Article 11.4;

(b) products obtained in the European Union exclusively from originating materials; or

(c) products obtained in the European Union incorporating non-originating materials, provided that they have fulfilled the conditions set out in Annex 11-B.

2. For the purposes of applying the preferential tariff treatment by a Party to the originating goods of the other Party in accordance with this Part of the Agreement, the following products shall be considered as originating in MERCOSUR, provided that they satisfy all other applicable requirements in this Chapter:

(a) products wholly obtained in MERCOSUR pursuant to Article 11.4;

(b) products obtained in MERCOSUR exclusively from originating materials; or

(c) products obtained in MERCOSUR incorporating non-originating materials, provided that they have fulfilled the conditions set out in Annex 11-B.

3. If a product has acquired originating status, the non-originating materials used in the manufacture of that product shall not be considered non-originating if that product is incorporated into another product as a material.

ARTICLE 11.3

Bilateral cumulation of origin

1. Products originating in the European Union shall be considered as materials originating in MERCOSUR when incorporated into a product obtained there, provided that they have undergone working or processing going beyond the operations referred to in Article 11.6.

2. Products originating in MERCOSUR shall be considered as materials originating in the European Union when incorporated into a product obtained there, provided that they have undergone working or processing going beyond the operations referred to in Article 11.6.

ARTICLE 11.4

Wholly obtained products

1. The following shall be considered as wholly obtained products in the European Union or in MERCOSUR:

(a) mineral products and other natural substances extracted from their soil or from their seabed;

(b) plants and vegetable products grown or harvested there;

(c) live animals born and raised there;

(d) products from live animals raised there;

(e) products from slaughtered animals born and raised there;

(f) products obtained through hunting or fishing conducted there;

(g) products of aquaculture where the fish, crustaceans, molluscs and other aquatic invertebrates are born and raised there;

(h) products of fishing and other products taken from the sea by their vessels 10 ;

(i) products made aboard their factory ships exclusively from products referred to in point (h);

(j) mineral products and other non-living natural resources, taken or extracted from the seabed, subsoil or ocean floor of:

(i) the exclusive economic zone of Signatory MERCOSUR States or of Member States of the European Union, as determined by their laws and regulations and in accordance with Part V of UNCLOS;

(ii) the continental shelf of Signatory MERCOSUR States or of Member States of the European Union, as determined by their laws and regulations and in accordance with Part VI of UNCLOS; or

(iii) the Area, as defined in Article 1(1) of UNCLOS, where a Party or a person of a Party has exclusive exploitation rights, in accordance with Part XI of UNCLOS and the Agreement relating to the implementation of Part XI of UNCLOS;

(k) used articles collected there fit only for the recovery of raw materials;

(l) waste and scrap resulting from manufacturing operations conducted there 11 ; or

(m) goods produced there exclusively from the products specified in points (a) to (l).

2. The terms "their vessels" and "their factory ships" in points (h) and (i) of paragraph 1 apply only to vessels and factory ships which:

(a) are registered in a Member State of the European Union or in a Signatory MERCOSUR State and, where appropriate, have fishing licences issued by a Signatory MERCOSUR State or the European Union in the name of fishing companies duly registered to operate in that Member State of the European Union or that Signatory MERCOSUR State;

(b) sail under the flag of the same registering Member State of the European Union or Signatory MERCOSUR State 12 ; and

(c) meet one of the following conditions:

(i) they are at least 50 % (fifty per cent) owned by one or more natural persons 13 of the Parties;

(ii) they are owned by juridical persons 14 :

(A) which have their head office and their main place of business in a Party; and

(B) in which at least 50 % (fifty per cent) of the ownership belongs to natural persons or juridical persons of the Parties; or

(iii) at least a minimum of two thirds of the crew are natural persons of the Parties.

ARTICLE 11.5

Tolerances

1. If a non-originating material used in the manufacture of a product does not satisfy the requirements set out in Annex 11-B, such product shall nonetheless be considered as originating in a Party if:

(a) the total value of non-originating materials does not exceed 10 % (ten per cent) of the ex-works price of the product; and

(b) any of the percentages for the maximum value or weight of non-originating materials set out in Annex 3-B are not exceeded through the application of this paragraph.

2. Paragraph 1 does not apply to products falling within Chapters 50 to 63 of the Harmonized System, for which the tolerances set out in Notes 6 and 7 of Annex 11-A apply.

ARTICLE 11.6

Insufficient working or processing operations

1. Notwithstanding point (c) of Article 11.2(1) and point (c) of Article 11.2(2), a product shall not be considered as originating in a Party if the manufacture of that product consists only of the following operations conducted on non-originating materials in that Party:

(a) preserving operations to ensure that the products remain in good condition during transport and storage;

(b) changes of packaging and breaking-up and assembly of packages;

(c) washing, cleaning or removing dust, oxide, oil, paint or other coverings;

(d) ironing or pressing of textiles;

(e) simple painting and polishing operations;

(f) husking, partial or total bleaching, polishing and glazing of cereals and rice;

(g) operations to colour or flavour sugar or form sugar lumps, and partial or total milling of crystal sugar;

(h) peeling, stoning and shelling of fruits, nuts and vegetables;

(i) sharpening, simple grinding, separating or simple cutting;

(j) sifting, screening, sorting, classifying, grading and matching, including the making-up of sets of articles;

(k) simple placing in bottles, cans, flasks, bags, cases or boxes, fixing on cards or boards and all other simple packaging operations;

(l) affixing or printing marks, labels, logos and other similar signs on products or their packaging;

(m) simple mixing of products, whether or not of different kinds, and simple mixing of sugar with any material;

(n) simple assembly of non-originating parts to constitute a complete product, or disassembly of products into parts;

(o) simple addition of water, dilution, dehydration or denaturation of products;

(p) a combination of two or more operations specified in points (a) to (o); or

(q) slaughter of animals.

2. For the purposes of paragraph 1, operations shall be considered simple if neither special skills nor machines, apparatus or tools specially produced or installed for those operations are required for their performance.

ARTICLE 11.7

Unit of qualification

1. The unit of qualification for the application of this Chapter shall be the particular product as classified in accordance with the Harmonized System.

2. For a product composed of a group or assembly of articles which is classified under a single heading of the Harmonized System, the whole constitutes the unit of qualification.

3. For a consignment consisting of a number of identical products classified under the same heading of the Harmonized System, each product shall be taken individually when applying this Chapter.

ARTICLE 11.8

Packaging materials, packing materials and containers

1. If, under General Rule 5 for the Interpretation of the Harmonized System, packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin.

2. Packing materials and containers for shipment that are used to protect products during transportation shall be disregarded in determining the origin of such products.

ARTICLE 11.9

Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle which are customary for that product and included in the price thereof or which are not separately invoiced shall be regarded as one product with the piece of equipment, machine, apparatus or vehicle in question.

ARTICLE 11.10

Accounting segregation

1. If originating and non-originating fungible materials are used in the manufacture of a product, those materials shall be physically segregated, according to their origin, during storage in order for the originating materials to maintain their originating status.

2. Notwithstanding paragraph 1, physical segregation of originating and non-originating fungible materials is not needed in the manufacture of a product if the origin of such product is determined pursuant to the accounting segregation method for managing stocks.

3. The accounting segregation shall be recorded and applied in accordance with the generally accepted accounting principles applicable in the Party in which the product is manufactured.

4. The accounting segregation method may be used only if it can be ensured that, at any time, no more products receive originating status than would be the case if the materials had been physically segregated.

5. A Party may require that the application of the accounting segregation method be subject to prior authorisation by the relevant competent authorities. The competent authorities may grant authorisation subject to any conditions deemed appropriate and, in such cases, they shall monitor the use of the authorisation. Those authorities may withdraw the authorisation at any time if the beneficiary of the authorisation makes improper use of the accounting segregation method in any manner or fails to fulfil any of the other conditions laid down in this Chapter.

ARTICLE 11.11

Sets

Sets, as defined in General Rule 3 for the Interpretation of the Harmonized System, shall be regarded as originating if all their component products are originating. Nevertheless, if a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15 % (fifteen per cent) of the ex-works price of the set.

ARTICLE 11.12

Neutral elements

In order to determine whether a product is originating, it is not necessary to determine the origin of the following elements used in its manufacture:

(a) energy and fuel;

(b) plant and equipment;

(c) machines and tools; or

(d) goods which do not enter and which are not intended to enter into the final composition of the product.

ARTICLE 11.13

Principle of territoriality

1. The conditions set out in this Chapter relating to the acquisition of originating status shall be fulfilled without interruption in the European Union or MERCOSUR.

2. If originating goods exported from the European Union or MERCOSUR to a third country are returned, they shall be considered to be non-originating unless it can be demonstrated to the satisfaction of the customs authorities that the goods returned:

(a) are the same as those exported; and

(b) have not undergone any operation beyond that necessary to preserve them in good condition while in that third country or while being exported.

ARTICLE 11.14

Transport conditions

1. The products declared for importation into a Party shall be the same products as exported from the Party in which they are considered originating. They shall not have been altered, transformed in any way or subjected to operations other than those to preserve them in good condition or to add or affix marks, labels, seals or any other distinguishing signs, in order to ensure compliance with specific domestic requirements of the importing Party, prior to being declared for import.

2. Storage of products or consignments and splitting of consignments may take place if carried out under the responsibility of the exporter or of a subsequent holder of the goods, and if the products remain under customs supervision in the country or countries of transit.

3. In case of doubt as to whether the requirements provided for in paragraphs 1 and 2 are complied with, the customs authorities of the importing Party may request the importer to provide evidence of compliance, which may be given by any means, including contractual transport documents such as bills of lading, factual or concrete evidence based on marking or numbering of packages or any evidence related to the product itself.

ARTICLE 11.15

Exhibitions

1. Originating products sent for exhibition in a third country and sold after the exhibition for importation into the European Union or MERCOSUR shall benefit on importation from the provisions of this Part of the Agreement if it is shown to the satisfaction of the customs authorities of the importing Party that:

(a) an exporter has consigned the products from the European Union or MERCOSUR to the third country in which the exhibition is held and has exhibited them there;

(b) the products have been sold or otherwise disposed of by that exporter to a person in the European Union or MERCOSUR;

(c) the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition; and

(d) the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration

at the exhibition.

2. A statement on origin shall be made out pursuant to Section B and submitted to the customs authorities of the importing Party. The name and address of the exhibition shall be indicated thereon.

3. Paragraph 1 applies to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is organised for purposes other than private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

SECTION B

ORIGIN PROCEDURES

ARTICLE 11.16

General requirements

Products originating in the European Union on importation into MERCOSUR, and products originating in MERCOSUR on importation into the European Union, shall benefit from preferential tariff treatment under this Part of the Agreement upon submission of a statement on origin in accordance with Article 11.17 and each Party's laws and regulations 15 .

ARTICLE 11.17

Conditions for making out a statement on origin

1. A statement on origin as referred to in Article 11.16 may be made out by:

(a) an exporter in accordance with the relevant laws and regulations of the Party of export; or

(b) any exporter for any small consignment consisting of one or more packages containing originating products whose total value does not exceed the threshold stipulated in the relevant laws and regulations of the Party of export.

2. The Parties shall exchange information on the relevant laws and regulations as referred to in paragraph 1:

(a) on the date of entry into force of this Agreement;

(b) if there are any modifications to such laws and regulations, prior to the entry into force of such modifications; and

(c) on request of either Party, at any time after the entry into force of this Agreement.

3. A statement on origin may be made out if the products concerned are products originating in the European Union or MERCOSUR and fulfil the other requirements of this Chapter.

4. The exporter making out a statement on origin shall be prepared to submit at any time, at the request of the customs authorities or competent governmental authorities of the Party of export, all appropriate documents proving the originating status of the products concerned and the fulfilment of the other requirements of this Chapter.

5. The exporter shall make out a statement on origin on the invoice, the delivery note, or any other commercial document that describes the originating product in sufficient detail to enable its identification using one of the language versions set out in Annex 11-C and in accordance with the laws and regulations of the Party of export.

6. A statement on origin shall bear the original, handwritten signature of the exporter unless otherwise provided in the relevant laws and regulations of the Party of export.

7. A statement on origin may be made out by the exporter when the products to which it relates are exported, or after exportation provided that it is presented in the Party of import no later than 2 (two) years after the importation of the products to which it relates.

ARTICLE 11.18

Validity of a statement on origin

1. A statement on origin shall be valid for 12 (twelve) months from the date on which it was made out by the exporter, and shall be submitted within that time period to the customs authorities of the Party of import.

2. Statements on origin submitted after the time period specified in paragraph 1 may be accepted for the purposes of applying preferential treatment only if the failure to submit them within that time period was due to exceptional

circumstances.

3. In other cases of belated submission, the customs authorities of the Party of import may accept the statement on origin if the products have been submitted before the final date.

ARTICLE 11.19

Importation by instalments

If, at the request of the importer and subject to the conditions set by the customs authorities of the Party of import, dismantled or non-assembled products within the meaning of General Rule 2(a) for the Interpretation of the Harmonized System that are classified within Sections XV to XXI of the Harmonized System are imported by instalments, a single statement on origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

ARTICLE 11.20

Exemptions from a statement on origin

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a statement on origin if such products are not imported by way of trade and have been declared as meeting the requirements of this Chapter, and if there is no doubt as to the veracity of the declaration. In the case of products sent by post, the declaration can be made on the customs declaration CN22/CN23 or on a sheet of paper annexed to that document.

2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered to be imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is intended.

3. The total value of the products referred to in paragraph 1 shall not exceed the values stipulated in the laws and regulations of the Party of import. The Parties shall exchange information on those values.

ARTICLE 11.21

Supporting documents

The documents referred to in Article 11.17(4) may include:

(a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained, for example, in their accounts or internal book-keeping;

(b) documents proving the originating status of materials used, issued or made out in the European Union or MERCOSUR, if those documents are used, issued or made out in accordance with that Party's laws and regulations;

(c) documents proving the working or processing of materials in the European Union or MERCOSUR, issued or made out in the European Union or MERCOSUR, if those documents are used, issued or made out in accordance with that Party's laws and regulations; and

(d) a statement on origin proving the originating status of materials used made out in the European Union or MERCOSUR in accordance with this Chapter.

ARTICLE 11.22

Record-keeping requirements

The exporter making out a statement on origin shall keep, for at least 3 (three) years as of the date of making out the statement on origin, a copy of that statement on origin and of the documents referred to in Article 11.17(4). The importer shall keep that statement of origin, or a copy thereof if the original is held by the customs authority or competent governmental authority, for at least 3 (three) years as of the date of importation of the products to which that statement on origin refers.

ARTICLE 11.23

Discrepancies and formal errors

1. Slight discrepancies between the statements on origin and the documents submitted to the customs office for the

purposes of carrying out the formalities for importing the products shall not render the statement on origin null and void if it is duly established that the statement on origin corresponds to the products submitted.

2. Obvious formal errors on a statement on origin shall not cause the statement on origin to be rejected if such errors do not create doubts concerning the correctness of the information contained in the statement on origin.

ARTICLE 11.24

Cooperation between customs authorities and competent governmental authorities

1. The customs authorities or competent governmental authorities of the Member States of the European Union and of the Signatory MERCOSUR State shall provide each other, by means of communication between the European Commission and the Secretariat of MERCOSUR, with the addresses of the customs authorities or competent governmental authorities responsible for verifying statements on origin.

2. In order to ensure the proper application of this Chapter, the European Union and MERCOSUR shall assist each other, through their customs authorities or competent governmental authorities, in checking the authenticity of statements on origin and the correctness of the information given in these statements.

3. To prevent, investigate and combat breaches of customs legislation, Annex 12-A provides for cooperation between customs authorities or competent governmental authorities, including the presence of duly authorised officials of one Party in the territory of the other, subject to the agreement of and the conditions set by the Party in whose territory the assistance is being given.

ARTICLE 11.25

Verification of statements on origin

1. Verifications of statements on origin shall be carried out at random or whenever the customs authorities or competent governmental authorities of the Party of import have reasonable doubts as to the authenticity of such statements, the originating status of the products concerned or the fulfilment of the other requirements of this Chapter.

2. For the purposes of implementing paragraph 1, the customs authorities or competent governmental authorities of the Party of import shall return the statement on origin, or a copy thereof, to the customs authorities or competent governmental authorities of the Party of export, providing the reasons for the request of verification. Any documents or information obtained suggesting that the information provided on the statement on origin is incorrect shall be included in support of the request for verification.

3. The request for verification and the subsequent reply shall be submitted in an official language of the customs authority or competent governmental authority of the Party of import requesting the verification, in a language acceptable to that Party or in accordance with Article 5(3) of Annex 12-A.

4. The verification shall be carried out by the customs authorities or competent governmental authorities of the Party of export. For this purpose, they have the authority to call for any evidence and to carry out any inspections of the exporter's accounts or any other check that they consider appropriate.

5. If the customs authorities or competent governmental authorities of the Party of import decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, they shall offer to release the products to the importer subject to any precautionary measures that the customs authorities or competent governmental authorities deem necessary. Any suspension of preferential treatment shall be terminated as soon as possible after the Party of import has determined the origin of the products.

6. The customs authorities or competent governmental authorities of the Party of export shall inform the authorities of the Party of import requesting the verification of the results thereof as soon as possible. The Party of export shall provide to the customs authorities or competent governmental authorities of the Party of import the following information:

(a) the results of the verification;

(b) a description of the product subject to verification and the tariff classification relevant for the application of the rules of origin;

(c) a description and explanation of the manufacture sufficient to support the rationale concerning the originating status of the product;

(d) information on the manner in which the verification was conducted; and

(e) if appropriate, supporting documentation.

7. If there is no reply within 10 (ten) months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the statement in question or the origin of the products, the requesting customs authorities or competent governmental authorities shall, except in exceptional circumstances, refuse preferential tariff treatment to the products covered by the statement on origin. The period of 10 (ten) months may be extended by mutual agreement between the Parties, taking into account the number of verification requests and the complexity of the verifications.

8. The customs authorities or competent governmental authorities of the Party of import requesting the verification shall, at the request of the customs authorities or competent governmental authorities of the Party of export, notify those authorities of their decision on the verification process.

ARTICLE 11.26

Consultations

1. If, in relation to the verification procedures set out in Article 11.25, the customs authorities or competent governmental authorities of the Party of import intend to make a determination of origin that is not consistent with the reply provided by the customs authorities or competent governmental authorities of the Party of export in accordance with Article 11.25(6), the Party of import shall notify this intention to the Party of export within 60 (sixty) days of receiving the reply in accordance with Article 11.25(6).

2. At the request of either Party, the Parties shall hold consultations within 90 (ninety) days of the date of the notification referred to in paragraph 1 or within an agreed period of time, with a view to resolving differences in relation to the verification procedures. The period for consultation may be extended on a case-by-case basis by mutual written agreement between the Parties.

3. If there are differences in relation to the verification procedures which cannot be settled between the customs authorities or competent governmental authorities of the Party of import requesting a verification and the customs authorities or competent governmental authorities of the Party of export responsible for carrying out this verification, or if such differences raise questions as to the interpretation of this Chapter, such differences or questions shall be submitted to the Subcommittee on customs, trade facilitation and rules of origin, referred to in Article 11.32.

4. The customs authorities or competent governmental authorities of the Party of import requesting a verification may make the determination on origin after consultations in the Subcommittee on customs, trade facilitation and rules of origin and only on the basis of sufficient justification, after having granted the importer the right to be heard. The determination shall be notified to the Party of export.

5. Nothing in this Article shall affect the procedures or the rights of the Parties under Chapter 29.

6. In all cases, disputes between the importer and the customs authorities or competent governmental authorities of the Party of import shall be settled under the law of that Party.

ARTICLE 11.27

Confidentiality

1. Each Party shall maintain, in conformity with its law, the confidentiality of the information collected pursuant to this Chapter and shall protect that information from disclosure.

2. Information obtained by the authorities of the importing Party may only be used by those authorities for the purposes of this Chapter. Each Party shall ensure that the confidential information collected pursuant to this Chapter is not used for purposes other than the administration and enforcement of determination of origin and of customs matters, except with the permission of the person or Party that provided such confidential information.

3. Notwithstanding paragraph 2, the importing Party may allow information collected pursuant to this Chapter to be used or disclosed in any administrative, judicial or jurisdictional proceedings instituted for failure to comply with customs related laws implementing this Chapter. In such a case the importing Party shall notify the exporting Party of the use or disclosure of the information.

ARTICLE 11.28

Administrative measures and sanctions

A Party shall impose, in accordance with its laws and regulations, administrative measures and sanctions on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purposes of obtaining a preferential treatment for products.

SECTION C

FINAL PROVISIONS

ARTICLE 11.29

Ceuta and Melilla

1. For the purposes of this Chapter, in the case of the European Union, the term "Party" does not include Ceuta and Melilla.

2. Products originating in MERCOSUR, when imported into Ceuta and Melilla, shall in all respects be subject to the same customs treatment under this Agreement as that which is applied to products originating in the customs territory of the European Union under Protocol 2 of the Act of Accession of the Kingdom of Spain and the Portuguese Republic to the European Union. MERCOSUR shall grant to imports of products covered by this Agreement and originating in Ceuta and Melilla the same customs treatment as that which is granted to products imported from and originating in the European Union.

3. The rules of origin and origin procedures referred to in this Chapter shall apply, mutatis mutandis, to products exported from MERCOSUR to Ceuta and Melilla and to products exported from Ceuta and Melilla to MERCOSUR.

4. Ceuta and Melilla shall be considered to be a single territory.

5. The exporter shall indicate "MERCOSUR" or "Ceuta and Melilla" in field 2 of the text of the statement on origin, depending on the origin of the product.

6. The customs authorities of the Kingdom of Spain shall be responsible for the application and implementation of this Chapter in Ceuta and Melilla.

ARTICLE 11.30

Tariff rate quotas

Products exported under tariff rate quotas granted by the European Union shall be accompanied by an official document issued by the Signatory MERCOSUR States, the model of which should be communicated to the European Union by MERCOSUR no later than the date of entry into force of this Agreement 16 .

ARTICLE 11.31

Goods in transit or storage

This Agreement may be applied to goods which comply with this Chapter and which, on the date of entry into force of this Agreement, are either in transit or in temporary storage in bonded warehouses or in free zones in the European Union or in MERCOSUR, subject to the submission to the customs authorities of the importing Party, within 6 (six) months of said date, of a statement on origin and, if appropriate, the documents showing that the goods comply with Article 11.14.

ARTICLE 11.32

Subcommittee on customs, trade facilitation and rules of origin

1. The Subcommittee on customs, trade facilitation and rules of origin established pursuant to Article 9.9(4) shall have the following functions, in addition to those listed in Articles 2.4, 9.9, 12.6(10) and 12.21:

(a) conduct the preparatory internal work necessary for the Joint Committee in trade configuration on:

(i) the implementation and operation of this Chapter; and

(ii) any amendments to this Chapter proposed by a Party;

(b) adopt explanatory notes to facilitate the implementation of this Chapter; and

(c) conduct, where necessary, the consultations provided for in Article 11.26.

ARTICLE 11.33

Explanatory notes

The Subcommittee on customs, trade facilitation and rules of origin shall adopt, as appropriate, explanatory notes regarding the interpretation, application and administration of this Chapter.

ARTICLE 11.34

Amendments to this Chapter

The Joint Council in trade configuration may amend this Chapter pursuant to point (f) of Article 9.7(1).

CHAPTER 12

CUSTOMS AND TRADE FACILITATION

ARTICLE 12.1

Objectives and scope

1. The Parties recognise the importance of customs and trade-facilitation matters in the evolving global trading environment.

2. The Parties recognise that international trade and customs instruments and standards are the basis for import, export and transit requirements and procedures.

3. The Parties recognise that their legislation should be non-discriminatory and that customs and other trade-related procedures should be based upon the use of modern methods and effective controls to combat fraud, protect consumer health and safety and promote legitimate trade. Each Party should periodically review its legislation and customs procedures. The Parties also recognise that their customs and other trade-related procedures should not be more administratively burdensome or trade-restrictive than necessary to achieve legitimate objectives and that they should be applied in a predictable, consistent and transparent manner.

4. The Parties shall reinforce their cooperation with a view to ensuring that the relevant laws and regulations, as well as the administrative capacity of the relevant administrations, fulfil the objectives of promoting trade-facilitation while ensuring effective control of import, export and transit of goods at the border.

5. The Parties shall cooperate with a view to support the development of regional integration within both the European Union and MERCOSUR.

ARTICLE 12.2

Customs cooperation

1. The Parties, through their respective authorities, shall cooperate on customs and other trade-related matters in order to ensure that the objectives set out in Article 12.1 are attained.

2. Cooperation may include:

(a) exchanging information concerning customs and other trade-related legislation, the implementation of such legislation and customs procedures, particularly in the following areas:

(i) simplification and modernisation of customs procedures;

(ii) enforcement of intellectual property rights by the customs authorities;

(iii) free circulation of goods and regional integration;

(iv) facilitation of transit movements and transhipment;

(v) interagency coordination at the border;

(vi) relations with the business community;

(vii) supply chain security and risk management; and

(viii) use of information technology, data and documentation requirements and single window systems, including work

towards their future interoperability;

(b) exchanging information concerning international trade and customs instruments and standards;

(c) collaborating on the customs-related aspects of securing and facilitating the international trade supply chain in accordance with the Framework of Standards to Secure and Facilitate Global Trade (hereinafter referred to as the "SAFE Framework" of the World Customs Organization (hereinafter referred to as the "WCO");

(d) developing joint initiatives related to import and export procedures, including technical assistance, capacity building and measures aimed at providing an effective service to the business community;

(e) strengthening cooperation between the Parties in the fields of customs and trade-facilitation in international organisations such as the WTO, the WCO and the United Nations Conference on Trade and Development (hereinafter referred to as "UNCTAD");

(f) establishing, if relevant and appropriate, mutual recognition of trade partnership programmes and customs controls, including equivalent trade-facilitation measures;

(g) fostering cooperation between customs and other government authorities or agencies in relation to authorized economic operator programmes for example by aligning requirements, facilitating access to benefits and minimising unnecessary duplication;

(h) working together with a view to reaching a common approach to issues relating to customs valuation; and

(i) working together to further reduce release times and to release goods without undue delay, in particular perishable goods.

3. The Parties shall provide each other with mutual administrative assistance in customs matters in accordance with the provisions of Annex 12-A.

ARTICLE 12.3

Customs and other trade-related laws and regulations

1. Each Party's customs and trade-related laws and regulations 17 shall be based upon:

(a) international instruments and standards applicable in the area of customs and trade, including: the WTO Trade Facilitation Agreement done at Bali on 7 December 2013 (hereinafter referred to as "WTO Trade Facilitation Agreement"); the International Convention on the Harmonized Commodity Description and Coding System, done at Brussels on 14 June 1983; the Safe Framework and the WCO data model, adopted in June 2005, and, to the extent possible, the substantive elements of the Revised Kyoto Convention on the Simplification and Harmonisation of Customs Procedures, done at Kyoto on the 18 May 1973;

(b) the common objective of facilitating legitimate trade through effective enforcement of and compliance with legislative requirements; and

(c) legislation that is proportionate and non-discriminatory, avoids unnecessary burdens on economic operators, provides for further facilitation for operators with high levels of compliance, including favourable treatment with respect to customs controls prior to the release of goods, and ensures safeguards against fraud and illicit or damaging activities.

2. In order to improve working methods, as well as to ensure non-discrimination, transparency, efficiency, integrity and accountability of operations, each Party shall:

(a) simplify and review requirements and formalities wherever possible with a view to the rapid release and clearance of goods;

(b) work towards the further simplification and standardisation of data and documentation required by customs authorities and other agencies; and

(c) ensure that the highest standards of integrity be maintained, through the application of measures reflecting the principles of the relevant international conventions and instruments in this field.

ARTICLE 12.4

Release of goods

1. Each Party shall adopt or maintain requirements and procedures that:

(a) provide for the prompt release of goods within a period no greater than that required to ensure compliance with its customs and other trade-related laws and formalities;

(b) provide for advance electronic submission and processing of documentation and any other required information prior to the arrival of the goods, to enable the release of goods on arrival 18 ; and

(c) allow for the release of goods prior to the final determination of customs duties, taxes, fees and charges, if such a determination is not done prior to, upon, or as rapidly as possible after arrival, and if all other regulatory requirements have been met.

2. For the purposes of point (c) of paragraph 1, as a condition for such release, each Party may require a guarantee for any amount not yet determined in the form of a surety, a deposit or another appropriate instrument provided for in its laws and regulations. Such guarantee shall not be greater than the amount the Party requires to ensure payment of customs duties, taxes, fees and charges ultimately due for the goods covered by the guarantee. The guarantee shall be discharged when it is no longer required 19 .

3. Each Party shall strive to further reduce release-times and release the goods without undue delay.

ARTICLE 12.5

Perishable goods

1. For the purposes of this provision, perishable goods are goods that rapidly decay due to their natural characteristics, in particular in the absence of appropriate storage conditions.

2. Each Party shall give appropriate priority to perishable goods when scheduling and performing any examinations that may be required.

3. On request of an economic operator, each Party shall, if practicable and consistent with its laws and regulations:

(a) provide for the clearance of a consignment of perishable goods outside the business hours of customs and other relevant authorities; and

(b) allow consignments of perishable goods to be cleared at the premises of the economic operator.

ARTICLE 12.6

Advance rulings

1. For the purposes of this Article, "advance ruling" means a written decision provided to an applicant prior to the importation of a good covered by the application that sets forth the treatment that the Party shall provide to the good at the time of importation with regard to:

(a) the good's tariff classification; and

(b) the origin of the good.

2. Each Party shall issue, through its customs authorities, an advance ruling that sets forth the treatment to be provided to the goods concerned. If an applicant submits a written request, including in electronic format, containing all necessary information in accordance with the laws and regulations of the issuing Party, that ruling shall be issued in a reasonable, time-bound manner.

3. The advance ruling shall be valid for a period of at least 3 (three) years after its issuance unless the law, facts or circumstances supporting the original advance ruling change.

4. A Party may decline to issue an advance ruling if the question raised is the subject of administrative or judicial review or if the application does not relate to any intended use of the advance ruling. If a Party declines to issue an advance ruling, it shall promptly notify the applicant in writing, setting out the relevant facts and the basis for its decision.

5. Each Party shall publish, at least:

(a) the requirements for the application for an advance ruling, including the information to be provided and the format;

(b) the time period by which it will issue an advance ruling; and

(c) the length of time for which the advance ruling is valid.

6. If a Party revokes, modifies or invalidates an advance ruling, it shall provide written notice to the applicant setting out the relevant facts and the basis for its decision. A Party may revoke, modify or invalidate an advance ruling with retroactive effect, only if the ruling was based on incomplete, incorrect, false or misleading information.

7. An advance ruling issued by a Party shall be binding on that Party in respect of the applicant that sought it. The Party may provide that the advance ruling be binding on the applicant.

8. Each Party shall provide, upon written request of an applicant, a review of the advance ruling or of the decision to revoke, modify or invalidate it 20 .

9. Subject to any confidentiality requirements, substantive elements of these rulings shall be published, online or in other appropriate formats.

10. To facilitate trade, the Subcommittee on customs, trade facilitation and rules of origin, referred to in Article 12.21, shall regularly discuss updates on changes in the respective laws and regulations of the Parties on the matters listed in this Article.

11. The Parties may agree upon advance rulings on any other matter.

ARTICLE 12.7

Transit and transhipment

1. Each Party shall ensure freedom of transit through its territory via the route most convenient for transit.

2. Without prejudice to legitimate control, each Party shall accord to traffic in transit to or from the territory of the other Party, treatment no less favourable than that accorded to its own like goods and their movement, including imports and exports, when such goods are transported on the same route under like conditions.

3. Each Party shall, to the extent possible, apply to transhipped goods customs procedures that are less burdensome than those applied to traffic in transit.

4. Each Party shall operate bonded transport regimes that allow the transit of goods without payment of customs duties or other charges subject to the provision of an appropriate guarantee.

5. Each Party shall promote and implement regional transit arrangements with a view to facilitating traffic in transit and reducing trade barriers.

6. Each Party shall draw upon and use international standards and instruments relevant to transit.

7. Customs transit procedures may be used also if the transit of goods begins or ends in the territory of a Party (inland transit).

8. The Parties shall ensure that all concerned authorities and agencies in their respective territories cooperate and coordinate on customs matters with a view to facilitating traffic in transit.

ARTICLE 12.8

Authorized economic operator

1. Each Party shall establish or maintain a trade-facilitation partnership programme for operators who meet specified criteria, hereinafter referred to as authorized economic operators (hereinafter referred to as "AEO").

2. The specified criteria that operators need to meet in order to qualify as authorized economic operators, hereinafter referred to as "the specified criteria", shall be related to compliance, or the risk of non-compliance, with requirements specified in each Party's laws and regulations. The specified criteria, which shall be published, may include:

(a) the absence of any serious infringement or repeated infringements of customs and taxation laws and regulations, including no record of serious criminal offences relating to the economic activity of the applicant;

(b) the demonstration by the applicant of a high level of control of his or her operations and of the flow of goods, by means of a system of managing commercial and, where appropriate, transport records which allows appropriate customs controls;

(c) financial solvency, which shall be deemed to be proven if the applicant has good financial standing, which enables him or her to fulfil his or her commitments, with due regard to the characteristics of the type of business activity concerned;

(d) proven competences or professional qualifications directly related to the activity carried out; and

(e) appropriate security and safety standards.

3. The specified criteria shall not be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between operators where the same conditions prevail and shall allow the participation of SMEs.

4. The trade-facilitation partnership programme shall include at least four of the following benefits:

(a) fewer documentary and data requirements, as appropriate;

(b) low rate of physical inspections and examinations, as appropriate;

(c) rapid release time, as appropriate;

(d) deferred payment of duties, taxes, fees and charges;

(e) use of comprehensive guarantees or reduced guarantees;

(f) a single customs declaration for all imports or exports in a given period; and

(g) clearance of goods at the premises of the authorized economic operator or another place authorised by the customs authorities.

5. The Parties should ensure coordination between customs authorities and other border agencies in the development of their respective authorized economic operator programmes through means such as the alignment of requirements, the minimisation of unnecessary duplication and the access to benefits related to controls and requirements administered by agencies other than customs authorities.

ARTICLE 12.9

Single window

Each Party shall endeavour to establish single window systems, enabling traders to submit through a single entry point documentation and data requirements for importation, exportation or transit of goods to the participating authorities or agencies.

ARTICLE 12.10

Transparency

1. The Parties recognise the importance of timely consultations with trade representatives on a Party's proposed laws and procedures related to customs and trade facilitation matters.

2. Each Party shall ensure that its respective customs and other trade-related requirements and procedures continue to meet the needs of the trading community, follow best practices and remain as less trade-restrictive as possible.

3. Each Party shall, as appropriate, provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

4. Each Party shall promptly publish, in a non-discriminatory and easily accessible manner, and as far as possible through electronic means, new laws, regulations and general procedures related to customs and trade-facilitation matters prior to the application of any such laws, regulations or general procedures, as well as changes to and interpretations of such laws, regulations and general procedures. This shall include:

(a) importation, exportation and transit procedures, including port, airport, and other entry-point procedures and hours of operation, and required forms and documents;

(b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;

(c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;

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

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

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

(g) penalty provisions against breaches of import, export or transit formalities;

(h) appeal procedures;

(i) agreements or parts thereof with any country or countries relating to importation, exportation or transit;

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

(k) points of contact for information enquiries; and

(l) other relevant notices of an administrative nature in relation to the above.

5. Each Party shall ensure there is a reasonable time period between the publication of new or amended laws, regulations and general procedures and fees or charges and their entry into force.

6. Each Party shall make available online and update, as appropriate, the following:

(a) a description of its importation, exportation and transit procedures, including appeal procedures, informing of the practical steps needed to import and export and for transit;

(b) the forms and documents required for importation into, exportation from, or transit through the territory of that Party; and

(c) contact information on enquiry points.

7. Each Party shall establish or maintain one or more enquiry points to answer within a reasonable time enquiries from governments, traders and other interested parties on customs and other trade-related matters. The Parties shall not require the payment of a fee for answering enquiries or providing required forms and documents. The enquiry points shall answer enquiries and provide the forms and documents within a reasonable time period set by each Party, which may vary depending on the nature or complexity of the enquiry.

ARTICLE 12.11

Customs valuation

The Agreement on the Implementation of Article VII of GATT (1994) shall govern customs valuation rules applied to reciprocal trade between the Parties. Its provisions are hereby incorporated into and made an integral part of this Agreement.

ARTICLE 12.12

Risk management

1. Each Party shall adopt or maintain a risk management system for customs control.

2. Each Party shall design and apply risk management in such a manner as to avoid arbitrary or unjustifiable discrimination, or disguised restrictions on international trade.

3. Each Party shall concentrate customs control and other relevant border controls on high-risk consignments and expedite the release of low-risk consignments. Each Party may also select, on a random basis, consignments for such controls as part of its risk management.

4. Each Party shall base risk management on assessment of risk through appropriate selectivity criteria.

5. The provisions of this Article are, whenever possible, applicable to procedures administered by other border agencies.

ARTICLE 12.13

Post-clearance audit

1. With a view to expediting the release of goods, each Party shall adopt or maintain post-clearance audit to ensure compliance with customs and other related laws and regulations.

2. Each Party shall conduct post-clearance audits in a risk-based manner.

3. Each Party shall conduct post-clearance audits in a transparent manner. If an audit is performed and conclusive results have been achieved, the Party shall, without delay, notify the person whose record is audited of the results, the person's rights and obligations and the reasons for the results.

4. The Parties acknowledge that the information obtained in a post-clearance audit may be used in further administrative or judicial proceedings.

5. The Parties shall, wherever practicable, use the results of a post-clearance audit in applying risk management.

ARTICLE 12.14

Customs brokers

Each Party shall publish its measures on the use of customs brokers. Each Party shall apply transparent, non-discriminatory and proportionate rules if and when licensing customs brokers. A Party shall not adopt new measures introducing the mandatory use of customs brokers.

ARTICLE 12.15

Pre-shipment Inspections

A Party shall not require the mandatory use of pre-shipment inspections as defined in the WTO Agreement on Pre-shipment Inspection or any other inspection activity performed at destination, before customs clearance, by private companies.

ARTICLE 12.16

Appeals

1. Each Party shall provide effective, prompt, non-discriminatory and easily accessible procedures to guarantee the right of appeal against the administrative actions, rulings and decisions of customs or other competent authorities affecting import or export of goods or goods in transit.

2. Appeal procedures may include administrative review by the supervising authority and judicial review of decisions taken at the administrative level according to each Party's laws and regulations.

3. Any person who has applied to the customs authorities for a decision and has not obtained a decision on that application within the applicable time-limits shall also be entitled to exercise the right of appeal.

4. Each Party shall provide a person to whom it issues an administrative decision with the reasons for that decision, so as to enable that person to have recourse to appeal procedures if necessary.

ARTICLE 12.17

Import, export and transit formalities and data and documentation requirements

1. Each Party shall ensure that import, export and transit formalities and data and documentation requirements are:

(a) adopted or applied with a view to a rapid release of goods, in particular perishable goods, provided the conditions for the release are fulfilled;

(b) adopted or applied in a manner that aims to reduce the time and cost of compliance for traders and operators;

(c) the least trade-restrictive measure chosen, if two or more alternative measures are reasonably available for fulfilling the policy objective or objectives in question; and

(d) not maintained, including parts thereof, if they, or parts of them are no longer required.

2. MERCOSUR shall work towards applying common customs procedures and uniform customs data requirements for the release of goods.

ARTICLE 12.18

Use of information technology

1. Each Party shall use information technologies that expedite procedures for the release of goods in order to facilitate trade between the Parties.

2. Each Party shall:

(a) make available by electronic means customs declarations and, whenever possible, other documents required for the import, transit or export of goods;

(b) allow a customs declaration and, whenever possible, any other data requirements for the import and export of goods to be submitted in electronic format;

(c) establish means of providing for the electronic exchange of customs information with its trading community;

(d) promote the electronic exchange of data between its respective traders, customs administrations and other trade-related agencies; and

(e) use electronic risk management systems for assessment and targeting that enable its customs authorities and, whenever possible, other border agencies to focus their inspections on high-risk goods and that facilitate the release and movement of low-risk goods.

3. Each Party shall adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees and charges incurred upon importation and exportation collected by customs authorities and, whenever possible and applicable, by other border agencies.

ARTICLE 12.19

Penalties

1. Each Party shall ensure that its customs laws and regulations provide that any penalties imposed for breaches of customs regulations or procedural requirements be proportionate and non-discriminatory.

2. Penalties for a breach of a Party's customs law, regulation or procedural requirement are imposed only on the person responsible under that Party's law for such breach.

3. Penalties imposed shall depend on the facts and circumstances of the case and shall be commensurate with the degree and severity of the breach. Each Party shall avoid incentives for the assessment or collection of a penalty or conflicts of interest in the assessment and collection of penalties.

4. In the event of voluntary prior disclosure to a customs administration of the circumstances of a breach of a customs law, regulation or procedural requirement, each Party is encouraged to consider this as a potential mitigating factor when establishing a penalty.

5. When a penalty is imposed for a breach of a customs law, regulation or procedural requirement, an explanation in writing is provided to the person upon whom the penalty is imposed specifying the nature of the breach and the applicable law, regulation or procedure under which the amount or range of penalty for the breach has been prescribed.

ARTICLE 12.20

Temporary admission

1. For the purposes of this Article, the term "temporary admission" means the customs procedure under which certain goods, including their means of transport, that are brought into a customs territory for a specific purpose are conditionally relieved from payment of import duties and taxes, without application of import prohibitions or restrictions of economic character. Such goods must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them.

2. Nothing in this Article should be construed as to relieve imported goods from meeting trade-related requirements of non-economic character, in particular sanitary and phytosanitary measures.

3. Each Party shall, in accordance with its law, grant temporary admission, with total conditional relief from import duties and taxes and without application of import restrictions or prohibitions of economic character to the following goods:

(a) goods for display or use at exhibitions, fairs, meetings or similar events;

(b) professional equipment for the press or for sound or television broadcasting; cinematographic equipment; any other equipment necessary for the exercise of the calling, trade or profession of a person visiting the territory of another country to perform a specified task;

(c) goods imported in connection with a commercial operation but whose importation does not in itself constitute a

commercial operation;

(d) goods imported in connection with a manufacturing operation (such as plates, drawings, moulds, plans and models, for use during a manufacturing process); replacement means of production;

(e) goods imported exclusively for educational, scientific or cultural purposes;

(f) personal effects of passengers and goods imported for sports purposes;

(g) tourist publicity material;

(h) goods imported for humanitarian purposes; and

(i) animals imported for specific purposes.

3. Each Party shall, for the temporary admission of the goods referred to in paragraph 2 and regardless of their origin, accept A.T.A. carnets issued and endorsed by the other Party in accordance with the Customs Convention on the A.T.A. Carnet for the temporary admission of goods done at Brussels on 6 December 1961, and guaranteed by an association forming part of the international guarantee chain, certified by the competent authorities and valid in the territory of the importing Party 21 .

ARTICLE 12.21

Subcommittee on customs, trade facilitation and rules of origin

The Subcommittee on customs, trade facilitation and rules of origin, established pursuant to Article 9.9(4) shall, in addition to the functions listed in Articles 2.4, 9.9, 11.32 and 12.6(10), have the function to enhance cooperation on the development, application and enforcement of customs and trade-related procedures, mutual administrative assistance in customs matters, rules of origin and administrative cooperation.

ARTICLE 12.22

Joint Council in trade configuration

With a view to implementing the relevant provisions in this Chapter, the Joint Council in trade configuration shall have the power to adopt decisions relating to AEO programmes and their mutual recognition as well as to joint initiatives relating to customs procedures and trade-facilitation.

CHAPTER 13

TECHNICAL BARRIERS TO TRADE

ARTICLE 13.1

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 (hereinafter referred to as "TBT") and to enhance cooperation between the Parties in matters covered by this Chapter.

ARTICLE 13.2

Relation to the TBT Agreement

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

2. References to "this Agreement" in the TBT Agreement are to be read, as appropriate, as references to the Partnership Agreement between the European Union and its Member States, of the one part, and the Common Market of the South, the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay, of the other part.

3. The term "Members" in the TBT Agreement means the Parties to this Agreement.

ARTICLE 13.3

Scope

1. This Chapter applies to the preparation, adoption and application of standards, technical regulations and conformity assessment procedures that may affect trade in goods between the Parties.

2. This Chapter does not apply to:

(a) purchasing specifications prepared by governmental bodies for production or consumption requirements of governmental bodies; and

(b) sanitary and phytosanitary measures as defined in Annex A to the SPS Agreement.

ARTICLE 13.4

Definitions

For the purposes of this Chapter, the following definitions apply:

(a) the definitions set out in Annex 1 to the TBT Agreement;

(b) "supplier's declaration of conformity" means a first-party attestation issued by the manufacturer on his sole responsibility based on the results of an appropriate type of conformity assessment activity and excluding mandatory third-party assessment;

(c) "ISO" means the International Organization for Standardization;

(d) "IEC" means the International Electrotechnical Commission;

(e) "ITU" means the International Telecommunication Union;

(f) "Codex Alimentarius" means the Codex Alimentarius Commission (hereinafter referred to as "Codex Alimentarius");

(g) "ILAC" means the International Laboratory Accreditation Cooperation;

(h) "IAF" means the International Accreditation Forum; and

(i) "IECEE CB Scheme" means the Scheme of the IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components for Mutual Recognition of Test Certificates for Electrical Equipment.

ARTICLE 13.5

Joint cooperation on trade-facilitating initiatives

1. The Parties recognise the importance of intensifying their cooperation with a view to increasing mutual understanding of their respective systems and helping to eliminate or avoid the creation of TBT. In this regard, the Parties shall work towards the identification, promotion, development and implementation, as appropriate, of trade-facilitating initiatives, on a case-by-case basis.

2. A Party may propose to the other Party sector-specific initiatives in matters covered by this Chapter. Those proposals shall be transmitted to the TBT Chapter coordinator, nominated pursuant to Article 13.13, and may include:

(a) information exchange on regulatory approaches and practices;

(b) joint analysis of a sector or group of products;

(c) initiatives to further align technical regulations and conformity assessment procedures with relevant international standards;

(d) the promotion of the use of accreditation to assess the competence of conformity assessment bodies; and

(e) the consideration of mutual or unilateral recognition of conformity assessment results.

3. Whenever one of the Parties proposes a specific trade-facilitating initiative, the other Party shall duly consider such proposal and reply within a reasonable period of time. If the other Party rejects the proposed initiative, it shall explain the reasons for its decision to the proposing Party.

4. The terms of the work envisaged in this Article shall be defined by, of the one hand, the European Union and, of the other hand, MERCOSUR or the Signatory MERCOSUR States engaged in each trade-facilitating activity, if needed, and may include establishing ad hoc working groups. In order to benefit from non-governmental perspectives on matters related to

this Article, each Party may, as appropriate and in accordance with its rules and procedures, consult with stakeholders and other interested parties.

5. The Subcommittee on trade in goods, established pursuant to Article 9.9(4), shall discuss the results of the work carried out pursuant to this Article and may consider appropriate actions.

6. Nothing in this Article shall be construed as obliging a Party to:

(a) deviate from domestic procedures for preparing and adopting regulatory measures;

(b) take actions that would undermine or impede the timely adoption of regulatory measures to achieve its public policy objectives; or

(c) adopt any particular regulatory outcome.

7. If initiatives referred to in this Article are agreed and if that is necessary for their implementation, each Party shall facilitate the interaction of technical teams to demonstrate their conformity assessment schemes and systems in order to increase mutual understanding.

8. For the purposes of this Article, the European Union shall act through the European Commission.

ARTICLE 13.6

Technical regulations

1. Each Party shall make best use of good regulatory practices with regard to the preparation, adoption and application of technical regulations, as provided for in the TBT Agreement, including, for example, preference for performance-based technical regulations, use of impact assessments or stakeholder consultation.

2. In particular, the Parties shall:

(a) use relevant international standards as a basis for their technical regulations, including any conformity assessment elements therein, except if such international standards would be an ineffective or inappropriate means for the fulfilment of the legitimate objectives pursued; if international standards are not used as a basis for a technical regulation which may have a significant effect on trade, a Party shall, upon request of the other Party, explain the reasons why such standards are considered inappropriate or ineffective for the fulfilment of the legitimate objective pursued;

(b) when reviewing their respective technical regulations, in addition to Article 2.3 of the TBT Agreement and without prejudice to Articles 2.4 and 12.4 of the TBT Agreement, increase the alignment of those regulations with relevant international standards; a Party shall consider among others any new development in the relevant international standards and whether the circumstances that have given rise to any divergence from any relevant international standards continue to exist;

(c) promote the development of regional technical regulations and encourage that these are adopted at national level and replace existing ones, in order to facilitate trade between the Parties;

(d) allow a reasonable interval between the publication of technical regulations and their entry into force for economic operators of the other Party to adapt 22 ;

(e) carry out the impact analysis of planned technical regulations in accordance with their respective rules and procedures; and

(f) when preparing technical regulations, take due account of the characteristics and special needs of SMEs.

ARTICLE 13.7

Standards

1. The Parties reaffirm their obligations under Article 4.1 of the TBT Agreement, particularly in respect of taking all reasonable measures to ensure that all standardising bodies within their territories accept and comply with the Code of Good Practice for the Preparation Adoption and Application of Standards in Annex 3 to the TBT Agreement.

2. International standards developed by ISO, IEC, ITU or the Codex Alimentarius shall be considered as the relevant international standards within the meaning of Articles 2 and 5 and Annex 3 to the TBT Agreement.

3. A standard developed by other international organisations may also be considered a relevant international standard

within the meaning of Articles 2 and 5 and Annex 3 to the TBT Agreement, if:

(a) it has been developed by a standardising body which seeks to establish consensus either:

(i) among national delegations of the participating WTO Members representing all the national standardising bodies in their territory that have adopted, or expect to adopt, standards for the subject matter to which the international standardisation activity relates; or

(ii) among governmental bodies of participating WTO Members; and

(b) it has been developed in accordance with the WTO TBT Committee Decision on Principles for the Development of International Standards, Guides and Recommendations with relation to Articles 2 and 5 and Annex 3 to the TBT Agreement.

4. With a view to harmonising standards on a basis as wide as possible each Party shall encourage, within the limits of its competence and resources, the standardising bodies within its territory, as well as the regional standardising bodies of which that Party or the standardising bodies within its territory are members, to:

(a) participate, within the limits of their resources, in the preparation of international standards by relevant international standardising bodies;

(b) cooperate with the relevant national and regional standardising bodies of the other Party in international standardisation activities;

(c) use relevant international standards as a basis for the standards they develop, except where such international standards would be ineffective or inappropriate, for instance because of an insufficient level of protection or fundamental climatic or geographical factors or fundamental technological problems;

(d) avoid duplication of, or overlap with, the work of international standardising bodies;

(e) promote the development of standards at regional level and the adoption of such standards by national standardising bodies, thereby replacing existing national standards;

(f) review national and regional standards not based on relevant international standards at regular intervals, with a view to increasing their alignment with relevant international standards; and

(g) foster bilateral cooperation with the standardising bodies of the other Party.

5. The Parties should exchange information through the TBT Chapter coordinators, nominated pursuant to Article 13.13, on:

(a) their use of standards as a basis for, or in support of, technical regulations;

(b) cooperation agreements implemented by either Party on standardisation, for example on standardisation issues in free trade agreements with third countries; and

(c) their respective standardisation processes, and the use of international, regional or sub-regional standards as a basis for their national standards.

ARTICLE 13.8

Conformity assessment procedures and accreditation

1. The provisions set out in Article 13.6 with respect to the preparation, adoption and application of technical regulations also apply to conformity assessment procedures.

2. If a Party requires conformity assessment as a positive assurance that a product conforms with a technical regulation, it shall:

(a) select conformity assessment procedures proportionate to the risks involved;

(b) consider, in the regulatory process, the use of the supplier's declaration of conformity as assurance of conformity, among other options, for showing compliance with technical regulations; and

(c) if requested, provide information to the other Party on the reasons for selecting a particular conformity assessment procedure for specific products.

3. If a Party requires third-party conformity assessment as a positive assurance that a product conforms with a technical

regulation, and it has not reserved this task to a governmental body as specified in paragraph 4, it shall:

(a) preferentially use accreditation to qualify conformity assessment bodies;

(b) make best use of international standards for accreditation and conformity assessment, as well as international agreements involving the Parties' accreditation bodies, for example, through the mechanisms of ILAC and IAF;

(c) consider to join or, as applicable, encourage its testing, inspection and certification bodies to join any functioning international agreements or arrangements for harmonisation or facilitation of acceptance of conformity assessment results;

(d) within its territory, promote competition between conformity assessment bodies designated by the authorities for a particular product or set of products with a view to enabling economic operators to choose amongst them;

(e) ensure that conformity assessment bodies are independent of manufacturers, importers and distributors, in the sense that they carry out their activities with objectivity and independence of judgment;

(f) ensure that there are no conflicts of interest between accreditation bodies and conformity assessment bodies, or between activities of market surveillance authorities and activities of conformity assessment bodies;

(g) allow, to the extent possible, conformity assessment bodies to use subcontractors to perform testing or inspections in relation to the conformity assessment, including subcontractors located in the territory of the other Party; and

(h) publish online a list of the bodies that it has designated to perform such conformity assessment and relevant information on the scope of each such body's designation.

4. Nothing in point (g) of paragraph 3 shall be construed as prohibiting a Party from requiring subcontractors to meet the requirements that the conformity assessment body to which it is contracted would be required to meet in order to perform the contracted tests or inspection itself.

5. Nothing in this Article shall preclude a Party from requesting that conformity assessment in relation to specific products is performed by specified government authorities of that Party. In such cases, that Party shall:

(a) establish the conformity assessment fees in accordance with the approximate cost of the services rendered and, upon request of an applicant for conformity assessment, provide the different elements included in those fees; and

(b) in principle, make the conformity assessment fees publicly available or, publicly available or, when such information is not publicly available, provide it upon request.

6. Notwithstanding paragraphs 3 to 5 of this Article, in the fields which are listed in Annex 13-A, in which the European Union accepts supplier's declaration of conformity as assurance that a product conforms to a technical regulation, and in which a Signatory MERCOSUR State requires mandatory third-party testing or certification for these fields, the Signatory MERCOSUR State shall, as an assurance that a product conforms with the requirements of a Signatory MERCOSUR State's technical regulations, accept certificates or, in cases where such acceptance is not provided for under its relevant laws and regulations, accept test reports issued by conformity assessment bodies that are located in the territory of the European Union and which have been accredited for the relevant scopes by an accreditation body member of the international arrangements for mutual recognition of the ILAC and the IAF; or accept certificates that have been issued under the IECEE CB Scheme. In order to accept such certificates or test reports, a Signatory MERCOSUR State may require in its relevant laws and regulations that bilateral arrangements, including memoranda of understanding, exist between the conformity assessment body located in the territory of the European Union and the conformity assessment body located in the territory of the Signatory MERCOSUR State.

7. If supplier's declarations of conformity are considered a valid conformity assessment procedure in the European Union, test reports issued by conformity assessment bodies that are located in the territory of the Signatory MERCOSUR State, shall be accepted as a valid document in the process of demonstrating that a product conforms with the European Union's technical regulation requirements. The manufacturer shall remain responsible in all cases for the conformity of the product.

8. Paragraph 6 also applies where a Signatory MERCOSUR State introduces new mandatory third-party testing or certification requirements for the fields specified in Annex 13-A, in accordance with paragraph 10 of this Article. If the European Union introduces mandatory third-party testing or certification requirements for the fields specified in Annex 13-A, in accordance with paragraph 10 of this Article, the Parties shall discuss in the Subcommittee on trade in goods, referred to in Article 13.14, whether any steps need to be taken to ensure reciprocity as regards the acceptance of tests reports or certificates issued by conformity assessment bodies that are located in the territory of the Signatory MERCOSUR State.

9. The Joint Council in trade configuration may adopt a decision to amend Section A of Annex 13-A.

10. Notwithstanding paragraph 6 of this Article, either Party may introduce requirements for mandatory third-party testing or certification for the fields specified in Annex 13-A, for products falling within the scope of that Annex under the following conditions:

(a) the introduction of such requirements or procedures are justified under the legitimate objectives referred to in Article 2.2 of the TBT Agreement;

(b) the reasons for the introduction of any such requirements or procedures are supported by substantiated technical or scientific information regarding the performance of the products in question;

(c) any such requirements or procedures are not more trade-restrictive than necessary to fulfil the Party's legitimate objective, taking account of the risks that non-fulfilment would create; and

(d) the Party could not have reasonably foreseen the need for introducing any such requirements or procedures at the date of entry into force of this Agreement.

11. Paragraph 6 is without prejudice to the exercise, on a non-discriminatory basis, of market surveillance competences by the authorities of a Party, including additional testing on samples at the point of entry.

ARTICLE 13.9

Transparency

1. With regard to the preparation, adoption and application of standards, technical regulations and conformity assessment procedures, each Party shall:

(a) take the other Party's views into account if the process of developing a technical regulation is open to public consultation, wholly or partially;

(b) when developing major technical regulations and conformity assessment procedures which may have a significant effect on trade ensure in accordance with its respective laws and regulations that transparency procedures are in place that allow persons of the Parties to provide input through a formal public consultation process, except when urgent problems of safety, health, environmental protection or national security arise or threaten to arise;

(c) allow persons of the other Party to participate in the consultation process referred to in point (b) on terms no less favourable than those accorded to its own persons and, whenever possible, make the results of that consultation process public;

(d) allow, in principle, a period of at least 60 (sixty) days for the other Party to provide written comments on the proposed technical regulations and conformity assessment procedures, and consider a reasonable request to extend the comment period;

(e) provide, in cases where the notified text is not in one of the official WTO languages, a clear and comprehensive description of the content of the measure in the WTO notification format;

(f) if it receives written comments on its proposed technical regulation or conformity assessment procedure from the other Party:

(i) discuss, upon request by the other Party, the written comments, whenever possible with the participation of its competent regulatory authority and at a time when they can be taken into account; and

(ii) reply in writing to the comments, whenever possible no later than the date of publication of the technical regulation or conformity assessment procedure;

(g) provide, if requested by the other Party, information regarding the objectives of, legal basis and rationale for, a technical regulation or conformity assessment procedure that the Party has adopted or is proposing to adopt;

(h) provide information on the adoption and the entry into force of the technical regulation or conformity assessment procedure and the adopted final text through an addendum to the original notification to the WTO;

(i) consider a reasonable request from the other Party, received prior to the end of the comment time period following the transmission of a proposed technical regulation, to extend the time period between the adoption of the technical regulation and its entry into force, except when the delay would be ineffective in fulfilling the legitimate objectives pursued; and

(j) provide free of charge access to the electronic version of the notified text with the notification.

2. For the purposes of point (d) of paragraph 1, where urgent problems of safety, health, environmental protection or national security arise or threaten to arise, Articles 2.10 and 5.7 of the TBT Agreement shall apply.

3. If standards are made mandatory through incorporation or referencing in a draft technical regulation or conformity assessment procedure, the transparency obligations related to TBT notification set out in this Article and in Article 2 or 5 of the TBT Agreement shall be fulfilled.

4. Each Party shall ensure that all technical regulations and mandatory conformity assessment procedures adopted and in force are publicly available on an official website free of charge. Each Party shall always provide unrestricted access to all information relevant to the achievement of conformity with a technical regulation. If standards provide a presumption of conformity with technical regulations and these standards are not referred to in those technical regulations, each Party shall ensure access to the information on corresponding standards.

5. Each Party shall, upon a reasonable request of the other Party or its economic operators, provide information on technical regulations in force and, as appropriate and available, written guidance on compliance with the technical regulations, without undue delay.

ARTICLE 13.10

Marking and labelling

1. The Parties' technical regulations including or dealing exclusively with mandatory marking or labelling shall observe the principles of Article 2 of the TBT Agreement.

2. In particular, if a Party requires mandatory marking or labelling of products:

(a) it shall only require information which is relevant for consumers or users of the product or authorities to indicate the product's conformity with the mandatory technical requirements;

(b) and if a Party requires any prior approval, registration or certification of the labels or markings of the products, as a precondition for placing on the market products that otherwise comply with its mandatory technical requirements, it shall ensure that the requests submitted by the economic operators of the other Party are decided without undue delay and on a non-discriminatory basis;

(c) and if a Party requires the use of a unique identification number, the Party shall issue such number to the economic operators of the other Party without undue delay and on a non-discriminatory basis;

(d) and provided that it is not misleading, contradictory or confusing in relation to the importing Party's regulatory requirements and the legitimate objectives under the TBT Agreement are not compromised thereby, the Party shall permit:

(i) information in other languages in addition to the language required in the importing Party of the products; and

(ii) nomenclatures, pictograms, symbols or graphics adopted in international standards;

(e) it shall accept, whenever possible, that supplementary labelling and corrections to labelling take place in customs warehouses or other designated areas at the point of import as an alternative to labelling in the country of origin;

(f) if it considers that the protection of public health and the environment, the protection against deceptive practices and any other legitimate objectives under the TBT Agreement are not compromised thereby, it shall endeavour to accept non-permanent or detachable labels, rather than labels physically attached to the product, or inclusion of relevant information in the accompanying documentation.

3. Paragraph 2 shall not apply to marking or labelling of medicinal products.

4. If a Party considers that marking or labelling requirements for a product or a sector in the other Party could be improved, it may propose a trade-facilitating initiative to address its concerns in conformity with Article 13.5.

ARTICLE 13.11

Cooperation and technical assistance

1. To contribute to the fulfilment of the objectives of this Chapter, each Party shall, inter alia:

(a) promote cooperation and joint activities and projects between their respective organisations, public or private, national or regional, in the fields of technical regulations, standardisation, conformity assessment, metrology and accreditation;

(b) promote good regulatory practices through the exchange of information, experiences and best practices about, inter alia, regulatory impact assessment, regulatory stock management and risk assessment and public consultation;

(c) exchange views on market surveillance;

(d) strengthen the technical and institutional capacity of the national regulatory, metrology, standardisation, conformity assessment and accreditation bodies, supporting the development of their technical infrastructure, including laboratories and testing equipment, and sustaining the continuous training of human resources;

(e) promote, facilitate and, whenever possible, coordinate their participation in international organisations and other fora related to technical regulations, conformity assessment, standards, accreditation and metrology;

(f) support technical assistance activities by national, regional and international organisations in the areas of technical regulations, standardisation, conformity assessment, metrology and accreditation; and

(g) endeavour to share available scientific evidence and technical information among regulatory authorities of the Parties, to the extent necessary to cooperate or pursue technical discussions under this Chapter, with the exception of confidential or other sensitive information.

2. A Party shall give appropriate consideration to proposals of the other Party for cooperation under this Chapter.

ARTICLE 13.12

Technical discussions

1. Each Party may request to discuss any concern that arises under this Chapter, including any draft or proposed technical regulation or conformity assessment procedure of the other Party that the Party considers might significantly adversely affect trade between the Parties. The requesting Party shall deliver its request to the TBT Chapter coordinator of the other Party nominated pursuant to Article 13.13 and shall identify:

(a) the issue;

(b) the provisions of this Chapter to which the concerns relate; and

(c) the reasons for the request, including a description of the requesting Party's concerns.

2. Any information or explanation requested in accordance with paragraph 1 shall be provided no later than 60 (sixty) days after the date of the request of a Party in accordance with paragraph 1. The deadline may be extended with prior justification by the requested Party.

3. If an issue has been previously addressed between the Parties in any forum, a Party may request directly a discussion, in person or via video or teleconference, no later than 60 (sixty) days after the date of such request. In such cases, the requested Party shall make every effort to be available for such discussion.

4. If the Parties have not had a discussion under this Article in the previous 12-month period, the request may not be refused by the other Party. If the requesting Party believes that the matter is urgent, it may request that a meeting take place within a shorter timeframe. In such cases, the responding Party shall give positive consideration to such a request. The Parties shall make every attempt to arrive at a mutually satisfactory resolution of the matter.

5. For greater certainty, a Party may request technical discussions with the other Party pursuant to paragraph 2 also with regard to technical regulations or conformity assessment procedures of national, regional or local governments, as the case may be, on the level directly below that of the central government that may have a significant effect on trade.

6. Following the technical discussion, the Parties may conclude that the issue could be better addressed through a trade-facilitating initiative, in accordance with Article 13.5.

7. This Article is without prejudice to a Party's rights and obligations under Chapter 29.

ARTICLE 13.13

TBT Chapter coordinator

1. Each Party shall nominate a TBT Chapter coordinator and notify the other Party in the event of any changes. The TBT Chapter coordinators shall work jointly to facilitate the implementation of this Chapter and cooperation between the Parties in all TBT matters.

2. The functions of the TBT Chapter coordinators include:

(a) supporting the Subcommittee on trade in goods, referred to in Article 13.14, in the exercise of the functions;

(b) supporting trade-facilitating initiatives and technical discussions, as appropriate, in accordance with Articles 13.5 and 13.12 respectively;

(c) exchanging information on work undertaken in non-governmental, regional and multilateral fora related to standards, technical regulations and conformity assessment procedures; and

(d) reporting any relevant development related to the implementation of this Chapter to the Subcommittee on trade in goods, referred to in Article 13.14, whenever appropriate.

3. The TBT Chapter coordinators shall communicate with one another by any agreed method that is appropriate to carry out their functions, which may include email, teleconferences, video conferences and meetings.

ARTICLE 13.14

Subcommittee on trade in goods

The Subcommittee on trade in goods, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4, 9.9 and 10.14:

(a) discuss the results of the work carried out pursuant to Article 13.5 and consider appropriate actions;

(b) provide a forum for the Parties to discuss the need to take steps to ensure reciprocity in accordance with Article 13.8(8);

(c) foster cooperation in accordance with Article 13.11 and support technical discussions, as appropriate, in accordance with Article 13.12;

(d) endeavour to discuss at least annually the issues covered under paragraph 2 of Section C of Annex 13-B; and

(e) provide a forum for the Parties to cooperate and exchange information on any issues relevant for the implementation of Annex 13-B.

CHAPTER 14

SANITARY AND PHYTOSANITARY MEASURES

ARTICLE 14.1

Objectives

The objectives of this Chapter are to:

(a) protect human, animal or plant life or health in the territory of the Parties while facilitating trade between the Parties in so far as sanitary and phytosanitary (hereinafter referred to as "SPS") measures are concerned;

(b) establish cooperation on the implementation of SPS Agreement;

(c) ensure that SPS measures do not create unjustified barriers to trade between the Parties;

(d) enhance cooperation on technical and scientific issues related to the adoption and application of SPS measures;

(e) improve the exchange of information and consultations between the Parties on SPS matters; and

(f) establish cooperation concerning multilateral fora dealing with SPS matters.

ARTICLE 14.2

Scope

1. This Chapter applies to all SPS measures 23 that may, directly or indirectly, affect trade between the Parties.

2. This Chapter applies to cooperation concerning multilateral fora dealing with SPS matters.

ARTICLE 14.3

Definitions

1. For the purposes of this Chapter, the following definitions apply:

(a) the definitions set out in Annex A of the SPS Agreement;

(b) the definitions adopted by the Codex Alimentarius;

(c) the definitions adopted by the World Organisation for Animal Health (hereinafter referred to as the "OIE");

(d) the definitions adopted by the International Plant Protection Convention (hereinafter referred to as the "IPPC"); and

(e) "protected zone" means an officially defined geographical part of the territory of the European Union in which a specific regulated pest is known not to be established in spite of favourable conditions and its presence in other parts of the territory of the European Union.

Protected zones are pest-free areas under European Union control in the European Union territory. They are recognised by Regulation (EU) 2016/2031 of the European Parliament of the Council of 26 October 2016 on protective measures against pests of plants, amending Regulations (EU) No 228/2013, (EU) No 652/2014 and (EU) No 1143/2014 of the European Parliament and of the Council and repealing Council Directives 69/464/EEC, 74/647/EEC, 93/85/EEC, 98/57/EC, 2000/29/EC, 2006/91/EC and 2007/33/EC 24 . This concept is not applied outside the European Union territory. For trade purposes, the European Union shall not require the other Party to establish protected zones in its territory. In such cases, the conditions of pest-free areas shall apply. For the purposes of Chapter 6 and for the recognition of protected zones, the same conditions as for pest-free areas shall apply.

2. In the event of any inconsistency between the definitions in Annex A to the SPS Agreement and the definitions agreed by the Parties or the definitions adopted by the Codex Alimentarius, OIE and IPPC, the definitions set out in Annex A of the SPS Agreement shall prevail.

ARTICLE 14.4

Rights and obligations

The Parties affirm their rights and obligations under the SPS Agreement. Nothing in this Chapter shall affect the rights and obligations of each Party under the SPS Agreement.

ARTICLE 14.5

Competent authorities

1. For the purposes of this Chapter, the official competent authority of a Party is the authority that, in accordance with a Party's law, is empowered to enforce its laws and regulations falling within the scope of this Chapter to ensure compliance with its requirements, or any other authority to which those authorities have delegated that power (hereinafter referred to as "competent authorities").

2. Upon the date of entry into force of this Agreement, each Party shall provide in writing to the other Party the name of the competent authorities referred to in paragraph 1, specifying where this information is made publicly available and a description of the distribution of competences between the respective competent authorities.

3. The Parties shall, in accordance with paragraph 4 of Article 14.11, inform each other of any change to these competent authorities.

ARTICLE 14.6

General obligations

1. Products exported from a Party shall meet the applicable SPS requirements of the importing Party.

2. The SPS requirements of the importing Party shall be the same for the entire territory of the exporting Party, as long as the same sanitary and phytosanitary conditions prevail throughout that territory, without prejudice to decisions and measures adopted in accordance with Article 14.10. Each Party shall ensure that their SPS measures are applied in a proportionate manner and do not arbitrarily or unjustifiably discriminate between Member States of the European Union or Signatory MERCOSUR States where identical or similar conditions prevail, including between its own territory and that of the other Party. SPS measures shall not be applied in a manner which would constitute a disguised restriction on trade between the Parties.

3. The procedures referred to in this Chapter shall be applied without undue delay and in a transparent manner, and information requested shall be limited to what is necessary for appropriate approval, control, inspection and verification

purposes.

4. Each Party shall ensure that any fees imposed for import procedures to check and ensure the fulfilment of SPS requirements are equitable in relation to any fees charged on like domestic products or products originating in any other WTO Member and shall not be higher than the actual cost of the service.

5. Except as provided for in Article 14.14, when modifying SPS import requirements, each Party, and where appropriate MERCOSUR, shall allow for a transitional period, taking into account the nature of the modification, in order to avoid the unnecessary interruption or disruption of trade flows of products and to allow the exporting Party to adjust its export procedures accordingly to such modification.

6. The implementation of this Chapter shall not jeopardise the SPS requirements for trade between the Parties existing at the date of entry into force of this Agreement.

7. Without prejudice to similar provisions in other Chapters of this Part of the Agreement, nothing in this Chapter shall affect the rights and obligations of each Party to protect confidential information, in accordance with each Party's relevant laws and regulations. Each Party shall ensure that procedures are in place to prevent the disclosure of confidential information that is acquired during procedures referred to in this Chapter.

8. Each Party shall ensure that the necessary resources are available for the effective implementation of this Chapter.

ARTICLE 14.7

Trade-facilitation measures

Approval of establishments for the import of animals, animal products, products of animal origin and animal by-products

1. The importing Party may require the approval of establishments situated in the territory of the exporting Party for the import of animals, animal products, products of animal origin and animal by-products from such establishments.

2. Such approval shall be granted without prior inspection of individual establishments by the importing Party if:

(a) the importing Party has recognised the official control system of the competent authority of the exporting Party;

(b) the importing Party has authorised the import of the concerned products; and

(c) the competent authority of the exporting Party has provided sufficient guarantees that such establishments comply with the sanitary requirements of the importing Party.

3. The exporting Party shall only authorise exports from approved establishments as referred to in paragraph 1. The exporting Party shall suspend or withdraw its approval of establishments that do not comply with the sanitary requirements of the importing Party and shall notify such suspension or withdrawal to the importing Party.

4. The exporting Party shall propose to the importing Party a list of establishments to be approved. This list shall be accompanied by guarantees of the competent authority of the exporting Party that the establishments comply with the guarantees referred in to point (c) of paragraph 2.

5. The importing Party shall authorise imports from approved establishments no later than 40 (forty) working days after the receipt of the list and guarantees referred to in in paragraph 4 of the exporting Party. If additional information is requested and as a result an authorisation cannot be granted within the deadline of 40 (forty) working days, the importing Party shall inform the exporting Party and establish a new deadline for such authorisation. That deadline shall not exceed 40 (forty) working days after the receipt of the additional information.

6. The importing Party shall draw up lists of approved establishments and shall make those lists publicly available.

7. The importing Party may refuse the approval of establishments that are not compliant with its sanitary requirements. In such cases, the importing Party shall inform the exporting Party about such refusal, including the justification therefor.

8. The importing Party may carry out verifications of the official control system in accordance with Article 14.15. Based on the results of these verifications, the importing Party may amend the lists of approved establishments.

SPS import checks

9. Each Party shall adopt or maintain procedures relating to SPS import checks allowing for the expedited release of products for import without undue delay.

10. Each Party shall, where appropriate, simplify controls and verifications and reduce the frequency of the SPS import checks made by the importing Party on products of the exporting Party. Each Party shall base its decision on the following:

(a) the risks involved;

(b) the controls carried out by the producers or importers which are validated by the competent authorities of the Parties;

(c) the guarantees given by the competent authority of the exporting Party that the establishments comply with the sanitary requirements of the importing Party; and

(d) the international guidelines, standards and recommendations of the Codex Alimentarius, OIE or IPPC, as applicable.

11. Each Party may apply other criteria to simplify the controls and verifications pursuant to paragraph 10 if they do not undermine the commonly agreed criteria that are listed therein.

12. If import checks reveal non-compliance with SPS import requirements and products or consignments are rejected, the importing Party shall notify the exporting Party thereof in accordance with the procedure referred to in Article 14.12, as soon as possible and no later than 5 (five) working days after the date of the rejection.

13. If import checks reveal non-compliance with the relevant SPS import requirements, the action taken by the importing Party shall be justified, based on the identified non-compliance, and not more trade-restrictive than required to achieve the Party's appropriate level of sanitary or phytosanitary protection.

Simplification of the import and approval procedures of MERCOSUR

14. The Parties recognise the different levels reached by regional integration processes within the European Union, on the one hand, and MERCOSUR on the other. With a view to facilitating trade between their respective territories, MERCOSUR shall make its best efforts to gradually adopt for import and approval procedures for products and establishments of the European Union, if applicable:

(a) one single questionnaire;

(b) one single certificate; and

(c) one list of approved establishments.

15. MERCOSUR will make its best efforts to harmonise the SPS import requirements, certificates and import checks of the individual Signatory MERCOSUR States.

ARTICLE 14.8

Alternative measures

1. Upon request of the exporting Party, the importing Party shall examine whether exceptionally an alternative SPS measure to the SPS measure of the importing Party ensures the appropriate level of protection of the importing Party. The alternative measure may be based on international guidelines, standards and recommendations of the Codex Alimentarius, OIE or IPPC or on SPS measures of the exporting Party.

2. Article 14.9 shall not apply to alternative SPS measures.

ARTICLE 14.9

Equivalence

1. An exporting Party may request a determination of equivalence from the importing Party that a specific SPS measure or specific SPS measures related to a product or group of products or on a system-wide basis is equivalent to its own SPS measures.

2. In order to implement this Article, the Subcommittee, referred to in Article 14.18, shall make recommendations to establish a procedure for the recognition of equivalence based on the Decision on the implementation of Article 4 of the Agreement on Sanitary and Phytosanitary Measures of the WTO Committee on Sanitary and Phytosanitary Measures 25 and any subsequent updates thereof, and international guidelines, standards and recommendations adopted in the framework of the Codex Alimentarius, OIE and IPPC. This procedure should include a process whereby the Parties hold consultations in order to determine the equivalence of SPS measures, the information to be required from the Parties, the responsibilities of the Parties and the deadlines for the recognition of equivalence.

3. Upon receipt of a specific request, the Parties shall enter into consultations based on the procedure to be established pursuant to paragraph 2, with the aim of achieving an agreement on recognition of equivalence.

4. Upon request of the exporting Party, the importing Party shall inform the exporting Party of the stage of the procedure for the assessment of equivalence.

ARTICLE 14.10

Recognition of animal health and plant pest status and regional conditions

1. The Parties recognise the concept of zoning and compartmentalisation, including pest free areas or disease free areas and areas of low pest or low disease prevalence and shall apply it in the trade between the Parties, in accordance with the SPS Agreement, including the Guidelines to further the practical implementation of Article 6 of the Agreement on the Application of Sanitary and Phytosanitary measures adopted by the WTO Committee on Sanitary and Phytosanitary Measures 26 and the relevant guidelines, recommendations and standards of the OIE or IPPC.

2. At the request of the exporting Party, the importing Party shall decide whether to recognise pest and disease free areas, areas of low pest and low disease prevalence and compartments of the exporting Party, whether for the first time or after an outbreak of an animal disease or a plant pest. The importing Party shall base this decision on the information provided by the exporting Party in accordance with the SPS Agreement and OIE and IPPC standards, and take into account the establishment of pest and disease free areas, areas of low pest and low disease prevalence and compartments by the exporting Party. The Parties shall follow the procedures set out in Annex 14-A.

3. The decision of the importing Party pursuant to paragraph 2 shall be taken without undue delay. If, without prejudice to Article 14.14, the importing Party decides to recognise pest and disease free areas, areas of low pest and low disease prevalence and compartments of the exporting Party, it shall allow trade from those areas or compartments without undue delay.

4. The Subcommittee, referred to in Article 14.18, may define further details for the procedure for the recognition of pest and disease free areas, areas of low pest and low disease prevalence and compartments set out in paragraph 2, taking into account the SPS Agreement and the guidelines, standards and recommendations of the IPPC and OIE.

Animals, animal products, products of animal origin and animal by-products

5. The procedure for the recognition of the disease free zones or compartments for animals, animal products, products of animal origin and animal by-products is set out in paragraphs 7 to 9 and in Annex 14-A.

6. When establishing or maintaining the zones or compartments referred to in paragraph 2 for animals, animal products, products of animal origin and animal by-products, the Parties shall consider factors such as geographical location, ecosystems, epidemiological surveillance and the effectiveness of sanitary controls.

7. No later than 60 (sixty) working days after the receipt of the information referred to in paragraph 2 from the exporting Party, the importing Party may:

(a) explicitly object to the request for recognition of disease-free zones or compartments for animals, animal products, products of animal origin and animal by-products;

(b) request additional information from the exporting Party; or

(c) request verifications pursuant to Article 14.15.

The importing Party shall assess any additional information no later than 30 (thirty) working days after its receipt. If verifications are required by the importing Party, the deadline for assessing the additional information shall be interrupted.

8. The importing Party shall expedite the procedure established in paragraph 7 if the zones or compartments for which recognition is sought by the exporting Party are officially recognised by the OIE as having disease free status or if disease-free status has been recovered after an outbreak.

9. If after following the procedure in paragraph 7, the importing Party decides not to recognise the zones or compartments for which recognition was sought by the exporting Party, it shall notify its decision to the exporting Party and explain the reasons for not recognising the zones or compartments concerned and, upon request, hold consultations in accordance with Article 14.13.

Plants and plant products

10. Each Party shall establish a list of regulated pests and regulated plants and plant products for which phytosanitary requirements exist. The importing Party shall make available to the other Party its list of regulated pests, and regulated plants and plant products and the phytosanitary import requirements that apply thereto. The phytosanitary import requirements for regulated plants and plant products shall be limited to what is necessary to protect plant health or safeguard the intended use of the plants and plant products. The importing Party shall inform the other Party about any required additional declaration.

11. The phytosanitary requirements of the importing Party shall be established taking into account the phytosanitary status in the exporting Party and, if required by the importing Party, the result of a pest risk analysis (hereinafter referred to as "PRA"). The PRA shall be carried out in accordance with the relevant International Standards for Phytosanitary Measures (hereinafter referred to as "ISPM") of the IPPC. Such risk analysis shall take into account available scientific and technical information as well as the intended use of the plants and plant products under consideration.

12. The importing Party shall update the lists referred to in paragraph 10 when the exporting Party makes a request to export new products to the other Party. When the importing Party requires a PRA to authorise the import of a certain product, in order to expedite the process, a PRA already carried out for the same or similar products may be used as a basis, together with any additional information that the importing Party considers necessary to be analysed.

13. The importing Party, when conducting the process for the determination of the pest status of the exporting Party, shall take into account paragraphs 10 to 17 of this Article, Annex 14-A and the recommendations of the ISPM of the IPPC.

14. The Parties recognise the concepts of pest free areas, pest free places of production and pest free production sites, as well as areas of low pest prevalence as specified in the ISPM of the IPPC, and of protected zones which they shall apply in trade between them.

15. When establishing or maintaining phytosanitary measures, the importing Party shall take into account pest free areas, pest free places of production, pest free production sites and areas of low pest prevalence, as well as protected zones if they are established by the exporting Party.

16. The exporting Party shall communicate pest free areas, pest free places of production, pest free production sites or areas of low pest prevalence to the other Party and provide, upon request, an explanation and supporting information as provided for in the relevant ISPM or as otherwise deemed appropriate. Unless the importing Party:

(a) explicitly objects to the request for approval of pest free areas, pest free places of production, pest free production sites or areas of low pest prevalence to the other Party or protected zones if they are established by the exporting Party;

(b) requests additional information from the exporting Party;

(c) requests verifications pursuant to Article 14.15; or

(d) initiates consultations pursuant to Article 14.13 no later than 150 (one hundred and fifty) working days after receiving such information, the status of the exporting Party shall be recognised by the importing Party.

17. The importing Party shall assess any additional information requested pursuant to paragraph 16 no later than 90 (ninety) days after its receipt. Any verifications requested by the importing Party pursuant to paragraph 16 shall be carried out in accordance with Article 14.15 taking into account the biology of the pest and the plant concerned. If the importing Party requests such verifications, the deadline for assessing additional information shall be interrupted.

18. If, after following the procedure in paragraph 16, the importing Party decides not to approve pest free areas, pest free places of production, pest free production sites or areas of low pest prevalence or protected zones if they are established by the exporting Party for which recognition was sought by the exporting Party, it shall notify its decision to the exporting Party and explain the reasons for not approving them and, upon request, hold consultations in accordance with Article 14.13.

ARTICLE 14.11

Transparency and exchange of information

1. Upon request of a Party and no later than 15 (fifteen) working days after the date of such request, the Parties shall exchange information on:

(a) procedures for the authorisation to import a product, including, if possible, the expected timeframe;

(b) requirements for the import of specific products, including the model for a certificate, as appropriate;

(c) their pest status, including surveillance, eradication and containment programmes and the results thereof in order to

support such pest status and import phytosanitary measures;

(d) the stage of progress of the procedure for import approval of specific products; and

(e) the relationship between a SPS measure and the international guidelines, standards and recommendations and, if an SPS measure is not based on international guidelines, standards and recommendations, the scientific information as to how the SPS measure is not in conformity with international guidelines, standards and recommendations and an explanation of the reasons for such measure.

2. In cases where the relevant scientific evidence is insufficient, a Party adopting a provisional SPS measure shall provide the available pertinent information on which the measure is based and, if available, additional information for a more objective assessment of the risk, and shall review the SPS measure within a reasonable period of time.

3. The Parties shall make publicly available, by any means, updated information about their:

(a) SPS import requirements and approval procedures; and

(b) a list of regulated pests.

4. The Parties shall inform each other of:

(a) any change in the sanitary and phytosanitary status that may affect trade between the Parties;

(b) matters related to the development and application of SPS measures that may affect trade between the Parties; and

(c) any other information relevant for the effective implementation of this Chapter.

5. Without prejudice to paragraph 1, if the information referred to in this Article has been made available by the Parties through a notification to the WTO or to the relevant international standard-setting body in accordance with its relevant rules, or on publicly accessible and free of charge websites of the Parties, the exchange of information pursuant to paragraph 1 shall not be required.

6. Each Party shall designate a contact point for communication on all matters covered by this Chapter and inform the other Party thereof no later than 1 (one) month after the date of entry into force of this Agreement. Each Party shall promptly notify the other Party of any change to its contact point.

ARTICLE 14.12

Notifications

1. Any serious or significant risk to human, animal or plant life or health, including any food or feed control emergencies, shall be notified to the contact points of the other Party designated in Article 14.11, within 2 (two) working days from the identification of that risk.

2. Risks to human, animal or plant life or health which are not serious shall also be notified to the contact points of the other Party within a reasonable period of time that is sufficient to avoid threatening human, animal or plant life or health or jeopardising existing trade between the Parties.

3. Notifications referred to in paragraphs 1 and 2 shall be done through an established system of notifications or through specific ad hoc notifications, in accordance with the legislation of the notifying Party. In both cases, the notification shall be sent to the competent authorities of the concerned Parties.

4. If the notifying Party adopts or maintains any SPS measure in relation to the notification (including the rejection of a product or consignment), that notification shall be accompanied by an explanation of the reasons justifying such measure.

5. The notifying Party shall withdraw any notification based upon information which is subsequently found to be unsubstantiated or which was transmitted erroneously. Such withdrawal shall take place as soon as possible, and be notified to the exporting Party, in order to avoid a negative impact on trade between the Parties.

6. The Parties shall identify contact points for the notifications under this Article and inform the other Party thereof, if they are not the same as the contact points identified pursuant to paragraph 6 of Article 14.11.

ARTICLE 14.13

Consultations

1. Without prejudice to Chapter 29, if the SPS measures or draft measures of the importing Party, or the implementation thereof, are considered to be inconsistent with this Chapter, the Parties shall enter into consultations no later than 60 (sixty) days after the exporting Party has introduced a reasoned request for such consultations.

2. Notwithstanding paragraph 1, if a notification has been made by a Party pursuant to Article 14.12 or if a Party has serious concerns regarding a risk to public, animal or plant health, affecting products traded between the Parties consultations shall, upon request of a Party, be held as soon as possible. Each Party shall endeavour, in such conditions, to provide the information necessary to avoid a disruption in trade, including a limitation thereof.

3. At the request of the exporting Party, the importing Party shall provide the information necessary to avoid a disruption in trade, including a limitation thereof. Such information includes the information referred to in Article 14.11(1).

4. Consultations may be held for a reasonable period of time that allows the Parties to reach a mutually satisfactory solution.

5. Consultations may be held by e-mail, video, audio conference or any other means of communication which are available to both Parties. The Party which requested consultations shall be responsible for preparing the minutes. The minutes shall be formally approved by the parties to the consultations.

6. If the parties to the consultations do not reach a mutually satisfactory solution, the matter may be submitted to the Subcommittee, referred to in Article 14.18.

ARTICLE 14.14

Emergency measures

1. If a Party adopts any measure to control any serious risks to human, animal and plant life or health, such measure shall, without prejudice to paragraph 2, also aim to prevent the introduction of any sanitary and phytosanitary risk into the territory of the other Party.

2. The importing Party may, in the event of serious risks to human, animal or plant life or health, adopt emergency measures against such risks.

3. For products in transit between the Parties, the importing Party shall consider the most suitable and proportional solution in order to avoid unnecessary disruptions to trade.

4. Measures referred to in paragraph 2 may be adopted without prior notification pursuant to Article 14.12. The Party adopting emergency measures shall notify the other Party as soon as possible of the adoption of these measures and, in any case, no later than 48 (forty-eight) hours thereafter.

5. Each Party may request any information related to the sanitary and phytosanitary situation and the emergency measures adopted. Each Party shall answer such requests as soon as the requested information is available.

6. Upon request of either Party and in accordance with Article 14.13, the Parties shall hold consultations regarding the emergency measure no later than 15 (fifteen) working days of the notification of the emergency measures. The Parties may consider options to facilitate the implementation, or the replacement, of the emergency measures.

ARTICLE 14.15

Verifications of the official control system

1. Each Party, within the scope of this Chapter, has the right to:

(a) carry out verifications, including audits, of the official control system of the other Party, including verification visits; and

(b) receive information about the official control system of the other Party and the results of the controls carried out under that system.

2. The nature and frequency of verifications, including audits, shall be determined by the importing Party, taking into account the import requirements, the inherent characteristics of the product concerned, the track record of past import checks and other available information, such as audits and inspections undertaken by the competent authority of the exporting Party.

3. The objective of the verifications shall be to evaluate the capacity of the competent authorities of the exporting Party to ensure that the products exported or to be exported meet the SPS requirements of the importing Party.

4. Verification visits shall be carried out without undue delay and be notified to the exporting Party at least 60 (sixty) working days before such verifications are carried out, except in cases of emergency or if the Parties decide otherwise. Any modification to the date of the visit shall be agreed by the Parties.

5. Verifications shall be conducted in accordance with the audit plan agreed by the Parties concerned, based on the Guidelines for the Design, Operation, Assessment and Accreditation of Food Import and Export Inspection and Certification Systems 27 . The importing Party shall provide to the other Party the reasons for any modification to the audit plan of the visit.

6. The expenses incurred by the Party carrying out the verification shall be borne by that Party.

7. The Party carrying out the verification shall send a draft report on the verification to the Party subject to the verification no later than 60 (sixty) working days after the end of the verification visit. The Party subject to the verification may comment on the draft report no later than 60 (sixty) working days after its receipt. Comments and an action plan, if required, shall be attached to the final report. The Party carrying out the verification shall send the final report to the Party subject to the verification no later than 30 (thirty) working days after the receipt of the comments on the draft report.

8. Any measure taken as a consequence of verifications shall be proportionate to shortcomings or risks identified. If requested, technical consultations regarding the matter shall be held in accordance with Article 14.13.

9. If a significant public, animal or plant health risk has been identified during the verification, the Party subject to the verification shall be informed as quickly as possible and, in any case, no later than 10 (ten) working days after the end of the verification.

ARTICLE 14.16

Cooperation on multilateral fora

1. The Parties shall promote cooperation between them on all the multilateral fora relevant for SPS issues, in particular in international standard-setting bodies recognised in the framework of the SPS Agreement and shall exchange information to that end.

2. The Subcommittee on SPS matters, referred to in Article 14.18, shall be the forum for promoting cooperation as referred to in paragraph 1.

ARTICLE 14.17

Cooperation

1. The Parties shall endeavour to cooperate in implementing this Chapter and to optimise the results thereof with a view to expanding opportunities and obtaining the greatest benefits for the Parties. Such cooperation shall be developed within the legal and institutional framework governing cooperation relations between the Parties.

2. To achieve the objectives referred to in paragraph 1, the Parties shall give consideration to the cooperation needs identified by the Subcommittee on SPS matters, referred to in Article 6.18.

ARTICLE 4.18

Subcommittee on SPS matters

1. The Subcommittee on SPS matters, established pursuant to Article 9.9(4), shall meet for the first time no later than 1 (one) year after the entry into force of this Agreement.

2. The Subcommittee shall have the following functions, in addition to those listed in Articles 2.4 and 9.9:

(a) provide a forum to discuss problems arising from the application of the SPS measures with a view to reaching mutually acceptable solutions provided that the Parties have first attempted to address them through technical consultations pursuant to Article 14.13 and the matter has then been referred to the Subcommittee.

(b) provide a forum to discuss the information exchanged in accordance with Article 14.11;

(c) promote exchange of information and cooperation on multilateral fora pursuant to Article 14.16;

(d) exchange the lists of contact points pursuant to Article 14.11(6) to share information related to this Chapter;

(e) conduct the preparatory internal work necessary for the amendment of Annex 14-A by the Joint Council in trade

configuration;

(f) make recommendations to establish a procedure for the recognition of equivalence in accordance with Article 14.9(2);

(g) may define further details for the procedure for the recognition of pest and disease free areas, areas of low pest and low disease prevalence and compartments in accordance with Article 14.10(4); and

(h) identify cooperation needs in implementing this Chapter, pursuant to Article 14.17(2).

ARTICLE 14.19

Special and differential treatment

In accordance with Article 10 of the SPS Agreement, if Paraguay identifies difficulties with a proposed measure notified by the European Union, Paraguay may request, in its comments submitted to the European Union, pursuant to Annex B to the SPS Agreement, an opportunity to discuss the issue. The European Union and Paraguay shall, without prejudice to Article 14.13, enter into consultations in order to agree on:

(a) alternative import conditions to be applied by the importing Party in accordance with Article 14.8 of this Chapter;

(b) the provision of technical assistance in accordance with Article 14.17 of this Chapter; or

(c) a transitional period of 6 (six) months for proposed measures to apply to products from Paraguay, which could be exceptionally extended for another period of no longer than 6 (six) months.

CHAPTER 15

DIALOGUES ON ISSUES RELATED TO THE AGRI-FOOD CHAIN

ARTICLE 15.1

Objectives

With a view to strengthen their mutual trust and respective understanding, the Parties shall establish dialogues and exchange information on the following subjects:

(a) animal welfare;

(b) application of agricultural biotechnology;

(c) combating antimicrobial resistance (hereinafter referred to as "AMR"); and

(d) scientific matters related to food safety, animal and plant health.

ARTICLE 15. 2

Subcommittee on dialogues on issues related to the agri-food chain

The Subcommittee on dialogues on issues related to the agri-food chain, established pursuant to Article 9.9(4), shall in addition to functions listed in Articles 2.4, 9.9 and 15.7, meet at expert level to conduct the dialogues referred to in Article 15.1.

ARTICLE 15.3

Animal welfare

Recognising that animals are sentient beings, the Subcommittee on dialogues on issues related to the agri-food chain shall conduct a dialogue covering, inter alia, the following matters:

(a) specific topics on animal welfare that may affect mutual trade;

(b) exchange of information, expertise and experiences in the field of animal welfare to improve, to the benefit of the Parties, their respective approaches on regulatory standards related to the breeding, holding, handling, transportation and slaughter of animals;

(c) strengthening of their research collaboration; and

(d) collaboration in international fora with a view to promoting the further development of international standards on

animal welfare by the OIE and best animal welfare practices and their implementation.

ARTICLE 15.4

Agricultural biotechnology

The Subcommittee on dialogues on issues related to the agri-food chain shall conduct a dialogue on agricultural biotechnology that will cover, among others, the following matters:

(a) exchange of information on policies, legislation, guidelines, good practices and projects on biotechnology products;

(b) discussions on specific topics related to biotechnology that may affect mutual trade, including cooperation on genetically modified organisms (hereinafter referred to as "GMOs") testing;

(c) exchange of information on topics related to asynchronous authorisations of GMOs in order to minimise the possible impact on trade;

(d) exchange of information on the economic and trade outlook for authorisations of GMOs; and

(e) exchange of information on cases of low-level presence of GMOs non-authorised by the importing Party but authorised by the exporting Party.

ARTICLE 15.5

Combating antimicrobial resistance

The Subcommittee on dialogues on issues related to the agri-food chain shall conduct a dialogue on combatting antimicrobial resistance that will cover, among others, the following matters:

(a) collaboration to follow up on existing and future guidelines, standards, recommendations and actions developed in relevant international organisations, initiatives and national plans aiming to promote the prudent and responsible use of antibiotics and in relation to animal production and veterinary practices;

(b) collaboration in the implementation of the recommendations of the OIE, World Health Organisation (hereinafter referred to as "WHO") and Codex Alimentarius, in particular the Code of Practice to Minimize and Contain Foodborne Antimicrobial Resistance (CAC/RCP 61-2005);

(c) exchange of information on good farming practices;

(d) the promotion of research, innovation and development; and

(e) the promotion of multidisciplinary approaches to combat AMR, including the "One Health" approach of the WHO, OIE and Codex Alimentarius.

ARTICLE 15.6

Scientific matters related to food safety, animal and plant health

1. The Parties should foster cooperation between their respective official scientific bodies responsible for food safety, animal and plant health science. Such cooperation shall aim to deepen the scientific information available to the Parties in order to support their respective approaches on regulatory standards that may affect mutual trade.

2. The Subcommittee shall conduct a dialogue on scientific matters related to food safety, animal and plant health that will cover, among others, the following matters:

(a) exchange of scientific and technical information on food and feed safety, animal and plant health areas, including risk assessment and the scientific information supporting the establishment of maximum residue levels;

(b) collection of data; and

(c) collaboration in the building of a common understanding regarding OIE, IPPC and the Codex Alimentarius standards.

ARTICLE 15.7

Additional provisions

1. The Parties shall ensure that the activities of the Subcommittee, referred to in Article 15.2, do not endanger the

independence of their respective national or regional agencies. The Subcommittee on dialogues on issues related to the agri-food chain shall establish the rules on conflicts of interest for the participants of its meetings.

2. Nothing in this Chapter shall affect the rights and obligations of each Party to protect confidential information, in accordance with each Party's relevant legislation. Each Party shall ensure that procedures are in place to prevent the disclosure of confidential information that is acquired during the process established in this Chapter.

3. Fully respecting the Parties' right to regulate, nothing in this Chapter shall be construed to oblige a Party to:

(a) deviate from domestic procedures for preparing and adopting regulatory measures;

(b) take action that would undermine or impede the timely adoption of regulatory measures to achieve its public policy objectives; or

(c) adopt any particular regulatory outcome.

CHAPTER 16

TRADE DEFENCE AND GLOBAL SAFEGUARDS

SECTION A

GENERAL PRINCIPLES

ARTICLE 16.1

Relationship with the WTO Agreements

1. This Chapter applies without prejudice to the rights and obligations of the Parties under the ADA, the SCM Agreement, the Safeguards Agreement and the DSU.

2. The Parties shall exempt bilateral trade subject to preferential treatment from the application of the Special Agricultural Safeguard of the Agreement on Agriculture.

3. The preferential rules of origin under this Part of the Agreement do not apply to trade defence and global safeguard investigations conducted in accordance with this Chapter.

ARTICLE 16.2

Transparency

1. Trade defence and safeguard measures should be used in full compliance with the relevant WTO requirements and be based on a fair and transparent system.

2. As soon as possible after the imposition of a provisional measure, a Party shall give to the interested parties full access to the facts that are the basis for the determinations, the injury assessment, calculations of the dumping and subsidies margins and causality. In addition, before the final determination, a Party shall fully and meaningfully disclose all essential facts and considerations which form the basis for the decision to apply a measure. This paragraph is without prejudice to Article 6.5 of the ADA, Article 12.4 of the SCM Agreement and Article 3.2 of the Safeguards Agreement.

3. A Party shall send all of the information referred to in paragraph 2 in writing, preferably in electronic format, and the interested parties should be given enough time to make comments. For Parties whose investigating authorities keep electronic case files, all the information referred to in paragraph 2 may be made available online.

SECTION B

ANTI-DUMPING AND COUNTERVAILING MEASURES

ARTICLE 16.3

Considerations concerning anti-dumping and countervailing measures

Each Party shall:

(a) analyse with special care proposals of price undertakings made by exporters of the other Party;

(b) favour the imposition of a duty that is lower than the margin of dumping or subsidy, if that level is sufficient to remove

the injury to the domestic industry;

(c) analyse with special care requests for the extension of measures in force against exporters of the other Party; and

(d) take into consideration the information provided by industrial users of the product under investigation, importers and, if applicable, representative consumer organisations in the context of Article 6.12 of the ADA and Article 12.10 of the SCM Agreement.

SECTION C

GLOBAL SAFEGUARDS

ARTICLE 16.4

Transparency on global safeguards

1. Upon request of the exporting Party, and provided that it has a substantial interest in exporting the product concerned as defined in paragraph 3 of this Article, the Party initiating a safeguard investigation or intending to adopt provisional or definitive safeguard measures shall immediately provide:

(a) the information referred to in Article 12.2 of the Safeguards Agreement, in the format prescribed by the WTO Committee on Safeguards;

(b) the public version of the complaint filed by the domestic industry, if relevant; and

(c) the public report setting forth the findings and reasoned conclusions on all pertinent issues of fact and law considered in the safeguard investigation.

The public report referred to in point (c) of this paragraph shall include an analysis that attributes injury to the factors causing it and shall set out the method used in defining the safeguard measures.

2. If information is provided under this Article, the importing Party shall offer to hold informal consultations with the exporting Party in order to review the information provided.

3. For the purposes of this Article, it is considered that a Party has a substantial interest if it is among the 5 (five) largest suppliers of the imported products concerned during the most recent period of 3 (three) years, measured in terms of either absolute volume or value.

ARTICLE 16.5

Application of definitive measures

1. A Party adopting safeguard measures shall endeavour to apply them in the way that least affects bilateral trade.

2. The importing Party shall offer to hold informal consultations with the exporting Party in order to review the matter referred to in paragraph 1. The importing Party shall not adopt measures within 30 (thirty) days of the date on which the offer to hold informal consultations was made.

SECTION D

DISPUTE SETTLEMENT

ARTICLE 16.6

Non-application of dispute settlement

No Party shall have recourse to dispute settlement under Chapter 29 for any matter arising under this Chapter.

CHAPTER 17

BILATERAL SAFEGUARD MEASURES

SECTION A

SCOPE

ARTICLE 17.1

Scope

1. Sections B to I of this Chapter apply to any goods other than vehicles classified under HS headings 8703 and 8704.

2. The provisions applicable to vehicles classified under HS headings 8703 and 8704 are detailed in Annex 17-A.

SECTION B

DEFINITIONS

ARTICLE 17.2

Definitions

For the purposes of this Chapter the following definitions apply:

(a) "competent investigating authority" means:

(i) for the European Union, the European Commission; and

(ii) for MERCOSUR, the Ministerio de Economía or its successor in Argentina, the Secretaria de Comércio Exterior of the Ministério do Desenvolvimento, Indústria, Comércio e Serviços or its successor in Brazil, the Ministerio de Industria y Comercio or its successor in Paraguay, and the Asesoría de Política Comercial del Ministerio de Economía y Finanzas or its successor in Uruguay;

(b) "domestic industry" means the producers as a whole of the like or directly competitive products operating in the territory of a Party or, failing that, those whose collective output of the like or directly competitive products normally constitutes more than 50 % (fifty per cent) and in exceptional circumstances not less than 25 % (twenty-five per cent) of the total production of such products;

(c) "interested parties" includes:

(i) exporters or foreign producers or importers of a product subject to investigation, or a trade or business association a majority of whose members are producers, exporters or importers of such product;

(ii) the government of the exporting Party; and

(iii) producers of the like or directly competitive product in the importing Party or a trade and business association a majority of whose members produces the like or directly competitive product in the territory of the importing Party;

this list does not preclude the Parties from allowing domestic or foreign parties other than those mentioned above to be included as interested parties;

(d) "like or directly competitive product" means:

(i) a product which is identical, meaning alike in all aspects, to the product under consideration;

(ii) another product which, although not alike in all aspects, has characteristics closely resembling those of the product under consideration; or

(iii) a product which directly competes within the internal market of the importing Party, given its degree of substitutability, basic physical characteristics and technical specifications, final uses and channels of distribution;

this list of factors is not exhaustive nor can one or several of these factors necessarily give decisive guidance;

(e) "serious injury" means a significant overall impairment in the position of a domestic industry;

(f) "threat of serious injury" means a serious injury that is clearly imminent, based on facts and not merely on allegation, conjecture or remote possibility; and

(g) "transition period" means:

(i) 12 (twelve) years from the date of entry into force of this Agreement; or

(ii) for goods other than vehicles classified under HS headings 8703 and 8704 for which the Tariff Elimination Schedule of the Party applying the measures provides for tariff elimination in 10 (ten) years or more, 18 (eighteen) years from the date of entry into force of this Agreement.

SECTION C

CONDITIONS FOR APPLICATION OF BILATERAL SAFEGUARD MEASURES

ARTICLE 17.3

Application of bilateral safeguard measures

1. Without prejudice to the rights and obligations referred to in Chapter 16, a Party may, in exceptional circumstances, for goods other than vehicles classified under HS headings 8703 and 8704, apply bilateral safeguard measures under the conditions established in this Section if, after the date of entry into force of this Agreement, imports from the other Party of a product under preferential terms have increased in such quantities, absolute or relative to domestic production or consumption and under such conditions as to cause or threaten to cause serious injury to its domestic industry of the like or directly competitive products.

2. For goods listed in paragraph 1, bilateral safeguard measures shall be applied only to the extent necessary to prevent or remedy serious injury or the threat of serious injury.

3. Bilateral safeguard measures shall be applied following an investigation by the competent investigating authorities of the importing Party under the procedures established in this Chapter.

ARTICLE 17.4

Timeframe for the application of bilateral safeguard measures

A Party shall not apply, extend or maintain in force a bilateral safeguard measure beyond the expiration of the transition period.

ARTICLE 17.5

Conditions and limitations

1. MERCOSUR may adopt bilateral safeguard measures to imports from the European Union:

(a) as a sole entity, provided that all requirements to determine the existence of serious injury or the threat of serious injury being caused by the imports of a product under preferential terms have been fulfilled, on the basis of conditions applied to MERCOSUR; or

(b) on behalf of one or more of the Signatory MERCOSUR States, in which case the requirements for the determination of the existence of serious injury or the threat of serious injury being caused by the imports of a product under preferential terms shall be based on the conditions prevailing in the relevant Signatory MERCOSUR State or Signatory MERCOSUR States of the customs union; and the measure shall be limited to that Signatory MERCOSUR State or those Signatory MERCOSUR States. The adoption of a bilateral safeguard measure by MERCOSUR on behalf of one or more Signatory MERCOSUR States shall not prevent another Signatory MERCOSUR State from adopting a measure regarding the same product afterwards.

2. The European Union may apply bilateral safeguard measures to imports from MERCOSUR as a sole entity or from one or more Signatory MERCOSUR States if the serious injury or threat of serious injury is being caused by imports of products under preferential terms.

3. In case the European Union determines that a measure shall apply to MERCOSUR as a sole entity, Paraguay shall be exempted from the application of the measure, unless the result of an investigation demonstrates that the existence of serious injury or the threat of serious injury is also being caused by imports of products from Paraguay under preferential terms.

SECTION D

FORM AND DURATION OF BILATERAL SAFEGUARD MEASURES

ARTICLE 17.6

Form of bilateral safeguard measures

For goods other than vehicles classified under HS headings 8703 and 8704, bilateral safeguard measures adopted pursuant to this Chapter shall consist of:

(a) a temporary suspension of Annex 10-A for the product concerned as provided for under this Agreement; or

(b) a temporary reduction of the tariff preference for the product concerned so that the rate of customs duty does not exceed the lesser of:

(i) the most-favoured-nation applied rate of customs duty on the product in effect at the time the measure is taken; and

(ii) the base rate of customs duty on the product referred to in Annex 10-A.

ARTICLE 17.7

Margin of preference

Upon termination of the bilateral safeguard measure, the margin of preference shall be the one that would be applied to the product in the absence of the measure under Annex 10-A.

ARTICLE 17.8

Duration of bilateral safeguard measures

Bilateral safeguard measures shall be applied only for the period necessary to prevent or remedy the serious injury and to facilitate adjustment of the domestic industry. That period, including the period of application of any provisional measure, shall not exceed 2 (two) years.

ARTICLE 17.9

Extension of bilateral safeguard measures

1. Bilateral safeguard measures may be extended once for a maximum period equal to the initially foreseen period of application, if it has been determined, in accordance with the procedures set out in this Chapter, that the measure continues to be necessary to prevent or remedy serious injury and if the domestic industry provides evidence that it is adjusting. The extended measure shall not be more restrictive than it was at the end of the initial period.

2. No safeguard measure shall be applied again to the import of a product under Annex 10-A which has been subject to such a measure, unless a period of time equal to half of the total duration of the previous safeguard measure has elapsed.

SECTION E

INVESTIGATION AND TRANSPARENCY PROCEDURES

ARTICLE 17.10

Investigation

1. In conducting the investigation to determine whether increased imports have caused or are threatening to cause serious injury to a domestic industry as referred to in Article 17.3, the competent investigating authority shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry, in particular the rate and amount of the increase in imports of the product concerned in absolute and relative terms; the share of the domestic market taken by increased imports; and changes in the level of sales, including prices, production, productivity, capacity utilisation, profits and losses, and employment.

2. The competent investigating authority shall demonstrate, on the basis of objective evidence, the existence of a causal link between increased imports of the product concerned and serious injury or the threat of serious injury. The competent investigating authority shall also evaluate all known factors other than increased imports under preferential terms of this Agreement that might be at the same time causing injury to the domestic industry. The effects of an increase in imports of the products concerned from other countries shall not be attributed to the imports under preferential terms.

3. In conducting an injury investigation as referred to in paragraph 1, a competent investigating authority should collect data over a period of at least 36 (thirty-six) months ending as close to the date of the presentation of a request to initiate an investigation as is practicable.

ARTICLE 17.11

Initiation of an investigation

1. If there is sufficient prima facie evidence to justify such initiation, a bilateral safeguard investigation may be initiated

upon request of:

(a) the domestic industry or a trade and business association acting on behalf of domestic producers of the like or directly competitive products in the importing Party; or

(b) one or more importing Member States of the European Union or Signatory MERCOSUR States.

2. The request to initiate an investigation shall contain at least the following information:

(a) the name and description of the imported product concerned, its tariff heading and the tariff treatment in force, as well as the name and description of the like or directly competitive product;

(b) the names and addresses of the producers or association that submit the request, if applicable;

(c) if reasonably available, a list of all known producers of the like or directly competitive product; and

(d) evidence that the conditions for imposing the safeguard measure set out in Article 17.3(1) are met.

For the purposes of point (d) of this paragraph, the request to initiate an investigation shall contain the following information:

(i) the production volume of producers submitting or represented in the application and an estimation of the production of other known producers of the like or directly competitive product;

(ii) the rate and amount of the increase in total and bilateral imports of the product concerned in absolute and relative terms, for at least over the 36 (thirty-six) months prior to the date of the presentation of a request to initiate an investigation, for which information is available;

(iii) the level of import prices during the same period; and

(iv) if information is available, objective and quantifiable data regarding the like or directly competitive product, on the volume of total production and of total sales in the internal market, inventories, prices for the internal market, productivity, capacity utilisation, employment, profits and losses, and market share of the requesting firms or of those represented in the request, for at least the last 36 (thirty-six) months previous to the presentation of the request, for which information is available.

ARTICLE 17.12

Confidential information

1. The competent investigating authorities shall, upon cause being shown, treat any information which is by nature confidential or which is provided on a confidential basis, as such. Such information shall not be disclosed without the permission of the interested party submitting it. An interested party providing confidential information may be requested to furnish non-confidential summaries thereof or, if such interested party indicates that such information cannot be summarised, the reasons why a summary cannot be provided.

2. Notwithstanding paragraph 1, if the competent authorities find that a request for confidentiality is not warranted and if the interested party is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, the authorities may disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

3. If information regarding production, production capacity, employment, wages, volume and value of domestic sales or average price is presented on a confidential basis, the competent investigating authorities shall ensure that meaningful non-confidential summaries disclosing at least aggregated data or, in cases in which the disclosure of aggregated data would endanger the confidentiality of the company's data, indexes for each period of 12 (twelve) months under investigation are submitted, so as to ensure the appropriate right of defence of the interested parties. In this regard, requests for confidentiality should be considered in situations in which particular market or domestic industry structures so justify it. This provision does not prevent the presentation of more detailed non-confidential summaries.

4. Requests for confidentiality shall not be warranted in respect of information regarding basic technical and quality standards or uses of the product concerned. Requests for confidentiality in respect of information regarding the identity of the applicants and other known manufacturing companies not part of the petition shall be warranted only in exceptional circumstances, which shall be duly justified by the competent investigating authorities. In this regard, mere allegations shall not suffice for justifying confidentiality requests. If the identity of the applicants cannot be disclosed, competent investigating authorities shall disclose the total number of producers included in the domestic industry and the proportion

of the production that the applicants represent in relation to the total production of the domestic industry.

ARTICLE 17.13

Timeframe for the investigation

The period between the date of publication of the decision to initiate the investigation and the publication of the final decision should not exceed 1 (one) year. Under exceptional circumstances this period may be extended, but, in any case, shall not exceed 18 (eighteen) months. A Party shall not apply safeguard measures if this timeframe has not been observed by the competent investigating authorities.

ARTICLE 17.14

Transparency

Each Party shall establish or maintain transparent, effective and equitable procedures for the impartial and reasonable application of safeguard measures, in accordance with this Chapter.

SECTION F

PROVISIONAL SAFEGUARD MEASURES

ARTICLE 17.15

Provisional safeguard measures

1. In critical circumstances where delay may cause damage which would be difficult to repair, a Party, after due notification, may take a provisional safeguard measure pursuant to a preliminary determination that there is clear evidence that imports under preferential terms have increased and that such imports have caused or are threatening to cause serious injury. The duration of the provisional measure shall not exceed 200 (two hundred) days, during which period the requirements of this Chapter shall be met. If the final determination concludes that there was no serious injury or threat to the domestic industry caused by imports under preferential terms, the increased tariff or provisional guarantee, if collected or imposed under provisional measures, shall be promptly refunded, in accordance with the domestic regulation of the relevant Party.

2. Provisional safeguard measures shall not be taken against Paraguay, unless the result of the preliminary determination pursuant to paragraph 1 demonstrates that the existence of serious injury or the threat of serious injury is also being caused by imports of products from Paraguay under preferential terms.

SECTION G

PUBLIC NOTICE

ARTICLE 17.16

Public notice on the initiation of an investigation

The public notice of the initiation of a safeguard investigation shall include the following information:

(a) the name of the applicant;

(b) the complete description of the imported product under investigation and its classification under the Harmonized System;

(c) the deadline for the request for hearings;

(d) the deadlines to register as an interested party and for the submission of information, statements and other documents;

(e) the address where the application and other documents related to the investigation can be examined;

(f) the name, address and email address or telephone or fax number of the institution which can provide further information; and

(g) a summary of the facts on which the initiation of the investigation was based, including data on imports that have allegedly increased in absolute or relative terms to total production and an analysis of the domestic industry situation based on all the elements conveyed in the application.

ARTICLE 17.17

Public notice on the application of bilateral safeguard measures

The public notice of the decision to apply a provisional safeguard measure and to apply or not apply a definitive safeguard measure shall include the following information:

(a) the complete description of the products subject to the safeguard measure and their tariff classification under the Harmonized System;

(b) information and evidence leading to the decision, such as:

(i) the increasing or increased preferential imports, where applicable;

(ii) the situation of the domestic industry;

(iii) the existence of a causal link between the increased preferential imports of the products concerned and the serious injury or threat of serious injury to the domestic industry, where applicable; and

(iv) in the case of preliminary determination, the existence of critical circumstances;

(c) other reasoned findings and conclusions on all relevant issues of fact and law;

(d) a description of the measure to be adopted, where applicable; and

(e) the date of entry into force of the measure and its duration, where applicable.

SECTION H

NOTIFICATIONS AND CONSULTATIONS

ARTICLE 17.18

Notifications

1. The importing Party shall notify the exporting Party in writing of the decision to:

(a) initiate the investigation under this Chapter;

(b) apply a provisional safeguard measure; and

(c) apply or not apply a definitive safeguard measure.

2. The decision shall be notified by the importing Party no later than 10 (ten) days after its publication and shall be accompanied by the appropriate public notice. In the case of a decision to initiate an investigation, a copy of the request to initiate the investigation shall be included in the notification.

ARTICLE 17.19

Consultations

1. If a Party determines that the conditions to impose a definitive measure are met, it shall notify in writing and at the same time invite the other Party for consultations.

2. The notification and the invitation for consultations referred to in paragraph 1 shall be made at least 30 (thirty) days before a definitive measure is expected to enter into force. A Party shall not apply a definitive measure in the absence of such notification.

3. The notification referred to in paragraph 1 shall include:

(a) the data and objective information demonstrating the existence of serious injury or the threat of serious injury to the domestic industry caused by the increased imports under preferential terms;

(b) a complete description of the imported product subject to the measure and its classification under the Harmonized System;

(c) a description of the measure proposed;

(d) the date of entry into force of the measure and its duration; and

(e) the invitation for consultations.

4. The objective of the consultations referred to in paragraph 1 shall be to acquire a mutual understanding of the publicly known facts and to exchange opinions, with a view to reaching a mutually satisfactory solution. If no satisfactory solution is reached within 30 (thirty) days of the notification referred to in paragraph 1, the Party may apply the measure at the end of the period of 30 (thirty) days.

5. At any stage of the investigation, the notified Party may request consultations with the other Party or any additional information that it considers necessary.

SECTION I

OUTERMOST REGIONS OF THE EUROPEAN UNION 28

ARTICLE 17.20

Outermost Regions of the European Union

1. Notwithstanding Article 17.3, if a product originating in one or more Signatory MERCOSUR States is imported under preferential terms into the territory of one or several of the European Union's outermost regions in such increased quantities and under such conditions as to cause or threaten to cause serious deterioration in the economic situation of the European Union's outermost region(s), the European Union may exceptionally take safeguard measures limited to the territory of the region(s) concerned, unless a mutually satisfactory solution is reached.

2. Without prejudice to paragraph 1, other rules laid down in this Chapter applicable to bilateral safeguards also apply to any safeguard adopted under this Article.

3. For the purposes of paragraph 1, serious deterioration means major difficulties in a sector of the economy producing like or directly competitive products. The determination of serious deterioration shall be based on objective factors, including the following elements:

(a) the increase in the volume of imports in absolute or relative terms to domestic production and to imports from other countries; and

(b) the effect of such imports on the situation of the relevant industry or the economic sector concerned, including on the level of sales, production, financial situation and employment.

Chapter 18. TRADE IN SERVICES AND ESTABLISHMENT

Section A. GENERAL PROVISIONS

Article 18.1. Objective and Scope

1. The Parties, reaffirming their respective commitments under the WTO Agreement, hereby lay down the necessary arrangements for the liberalisation of trade in services and establishment.

2. Nothing in this Chapter shall be construed as requiring the privatisation of public services or imposing any obligation with respect to government procurement.

3. The provisions of this Chapter shall not apply to subsidies granted or grants provided by a Party, including government-supported loans, guarantees and insurance.

4. Consistent with the provisions of this Chapter, each Party retains the right to regulate, to introduce new regulations or to supply services to meet its policy objectives.

5. The provisions of this Chapter shall not apply to each Party's social security systems.

6. The provisions of this Chapter do not apply to services supplied or activities carried out in the exercise of governmental authority, namely any service which is supplied or any activity which is carried out neither on a commercial basis, nor in competition with one or more service suppliers or investors.

7. This Chapter applies to measures of each Party affecting trade in services and establishment, with the exception of:

(a) national maritime cabotage (1);

(1) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, national maritime cabotage under this Chapter covers transportation of passengers or goods between a port or point located in a Signatory MERCOSUR State or a Member State of the European Union and another port or point located in the same Signatory MERCOSUR State or Member State of the European Union, including on its continental shelf, as provided in UNCLOS, as well as traffic originating and terminating in the same port or point located in the Signatory MERCOSUR State or Member State of the European Union.

(b) domestic and international air transport services, whether scheduled or non-scheduled, and services directly related to the exercise of traffic rights, other than:

(i) aircraft repair and maintenance services during which an aircraft is withdrawn from service;

(ii) the selling and marketing of air transport services;

(iii) computer reservation system (CRS) services; and

(iv) ground handling services;

(c) inland navigation; and

(d) audio-visual services.

Article 18.2. Definitions

For the purposes of this Chapter:

(a) "consumption abroad" means the supply of a service in the territory of a Party to the service consumer of the other Party (mode 2);

(b) "cross-border supply of services" means the supply of a service from the territory of a Party into the territory of the other Party (mode 1);

(c) "economic activity" includes any activity of an economic nature, irrespective of whether it is related to services or non-services sectors, subject to the provisions of Article 18.1;

(d) "enterprise" means a juridical person of a Party, or a branch or a representative office of such juridical person of a Party, set up through establishment, as defined pursuant to this Article;

(e) "temporary entry and stay of natural persons" means the entry and temporary stay of key personnel, graduate trainees, business sellers, contractual service suppliers and independent professionals of a Party in the territory of the other Party, in accordance with Section B of this Chapter;

(f) "establishment" means:

(i) the constitution, acquisition or maintenance of a juridical person (1) ; or

(1) The terms "constitution" and"acquisition" of a juridical person shall be understood as including capital participation in a juridical person with a view to establishing or maintaining lasting economic links.

(ii) the creation or maintenance of a branch or representative office of a juridical person, within the territory of a Party for the purpose of performing an economic activity;

(g) "investor" of a Party means any person that seeks to perform or performs an economic activity through establishment in the territory of the other Party (2) ;

(2) If the economic activity is not performed directly by a juridical person but through other forms of establishment such as a branch or a representative office, the investor (namely, the juridical person) shall, nonetheless, through such establishment, be accorded the treatment provided for investors under Part III of the Agreement. Such treatment shall be extended to the establishment through which the economic activity is performed and does not need to be extended to any other parts of the investor located outside the territory where the economic activity is performed.

(h) "juridical person" means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;

(i) a juridical person is:

(i) "owned" by natural or juridical persons of a Party if more than 50 % of the equity interest in it is beneficially owned by natural or juridical persons of that Party; and

(ii) "controlled" by natural or juridical persons of a Party if those natural or juridical persons have the power to name a majority of its directors or to legally direct its actions;

(j) "juridical person of a Party" means a juridical person which is either:

(i) constituted or otherwise organised under the law of that Party, and is engaged in substantive business operations in the territory of that Party or the other Party; or

(ii) in the case of establishment, owned or controlled by:

(A) natural persons of that Party; or

(B) juridical persons of that Party identified under point (j) (i);

Notwithstanding point (ii), shipping companies established outside the European Union or MERCOSUR and controlled by natural persons having the nationality of a Member State of the European Union or of a Signatory MERCOSUR State, respectively, shall also be beneficiaries of the provisions of this Chapter, if their vessels are registered in accordance with the laws and regulations in that Member State of the European Union or Signatory MERCOSUR State and fly the flag of a Member State of the European Union or of a Signatory MERCOSUR State (1) ;

(1) Point (j) of this Article shall not, under any circumstances, be interpreted in such a way as to allow a shipping company constituted or established in, or incorporated, established or otherwise organized under the laws applicable to a territory subject to a sovereignty dispute involving the Argentine Republic to benefit from the provisions of this Chapter. This provision shall not be interpreted as implying the legitimacy of the laws applied to such territories.

(k) "measure" means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;

(l) "measures adopted or maintained by a Party" means measures taken by:

(i) central, regional or local governments and authorities; and

(ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;

(m) "measures by Parties affecting establishment, the cross-border supply of services, consumption abroad, and the entry and temporary stay of natural persons" include measures in respect of:

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

(ii) the access to and use of, in connection with the performance of an economic activity, services which are required by those Parties to be offered to the public generally; and

(iii) the access, including through establishment, of persons of a Party to the territory of the other Party to perform an economic activity in that territory;

(n) "natural person" means a person having the nationality, or a permanent resident (1), of one of the Signatory MERCOSUR States or one of the Member States of the European Union according to their respective legislation;

(1) If a Party accords substantially the same treatment to its permanent residents as it does to natural persons having the nationality of that Party, its permanent residents shall be covered by the definition of natural persons, in respect of measures affecting the cross-border trade in services, consumption abroad and establishment.

(o) "sector" of an economic activity means:

(i) with reference to a specific commitment, one or more, or all, subsectors of that service or non-service, as specified in the specific commitments contained in Annexes 18-A to18-E; or

(ii) otherwise, the whole of that service or non-service sector, including all of its subsectors;

(p) "service supplier" means any person that seeks to supply or supplies a service (2); and

(2) If the service is not supplied directly by a juridical person, the treatment provided under this Chapter shall be extended to the branch or representative office through which the service is supplied and need not be extended to any parts of the supplier located outside the territory where the service is supplied.

(q) "supply of a service" includes the production, distribution, marketing, sale and delivery of a service.

Article 18.3. Market Access

1. With respect to market access through establishment, the cross-border supply of services, consumption abroad, and the entry and temporary stay of natural persons as provided in Section B, each Party shall accord to enterprises, investors, services and services suppliers of the other Party treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in the specific commitments contained in Annexes 18-A to 18-E.

2. In sectors where market access commitments are undertaken, the measures which a Party shall not maintain or adopt, either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in Annexes 18-A to 18-E, are defined as:

(a) limitations on the number of services suppliers or enterprises in the form of numerical quotas, monopolies, exclusive rights or the requirements of an economic needs test;

(b) limitations on the total value of transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

(c) limitations on the total number of operations or on the total quantity of output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;

(d) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment;

(e) measures which restrict or require specific types of legal entity or joint ventures through which an investor or service supplier of the other Party may perform an economic activity; or

(f) limitations on the total number of natural persons that may be employed in a particular sector or that an enterprise may employ and who are necessary for, and directly related to, the performance of the economic activity in the form of numerical quotas or the requirement of an economic needs test.

3. Economic needs tests shall be described concisely and clearly, indicating the elements that render them inconsistent with this Article and specifying the criteria on which the test is based.

Article 18.4. National Treatment

1. In the sectors listed in Annexes 18-A to 18-E, and subject to any conditions and qualifications set out therein, with respect to all measures affecting establishment (1), the cross-border supply of services, consumption abroad and the entry and temporary stay of natural persons as provided in Section B, each Party shall accord to enterprises, investors, services and service suppliers of the other Party treatment no less favourable than that it accords to its own like enterprises, investors, services and service suppliers.

(1) The obligation in this paragraph applies also to measures governing the composition of boards of directors of an enterprise, such as nationality and residency requirements.

2. A Party may meet the requirement of paragraph 1 by according to enterprises, investors, services and services suppliers of the other Party either formally identical treatment or formally different treatment to that which it accords to its own like enterprises, investors, services and services suppliers.

3. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of enterprises, investors, services or services suppliers of the Party compared to like enterprises, investors, services and services suppliers of the other Party.

4. Specific commitments assumed under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant enterprises, investors, services or services suppliers.

Article 18.5. List of Specific Commitments

1. The sectors liberalised by each Party pursuant to this Chapter and, by means of reservations, the market access and national treatment limitations applicable to services, services suppliers, enterprises and investors of the other Party in those sectors are set out in Annexes 18-A to 18-E.

2. The Parties shall not apply any market access or national treatment restrictions other than those contained in Annexes 18-A to 18-E.

Section B. ENTRY AND TEMPORARY STAY OF NATURAL PERSONS SUPPLYING SERVICES AND FOR BUSINESS PURPOSES

Article 18.6. Scope

1. This Section applies to measures of a Party concerning the entry and temporary stay in its territory of key personnel, graduate trainees, business sellers, contractual service suppliers and independent professionals of the other Party in accordance with paragraphs 2 and 3.

2. The provisions of this Section do not apply to measures affecting natural persons seeking access to the employment market of a Party, nor to measures of a Party regarding citizenship, residence or employment on a permanent basis.

3. The provisions of this Section do not prevent either Party from applying measures necessary to regulate the entry, temporary stay and orderly movement of natural persons in its territory or to protect the integrity of its borders, if such measures do not nullify or impair the benefits accruing to either Party under the terms of a specific commitment (1).

(1) The sole fact of requiring a visa for a natural person of certain countries and not for those of other countries shall not be regarded as nullifying or impairing benefits under a specific commitment.

4. Subject to Articles 18.17 and 18.18, nothing in this Section shall prevent a Party from requiring that natural persons possess the necessary qualifications or professional experience in the territory where the service is supplied, for the sector of activity concerned.

Article 18.7. Definitions

1. For the purposes of this Section, the following definitions apply:

(a) "business sellers" means natural persons who are representatives of a juridical person of a Party seeking entry and temporary stay in the territory of the other Party for the purpose of negotiating the sale of services or goods or entering into agreements to sell services or goods for that supplier. They do not engage in making direct sales to the general public, do not receive remuneration from a source located within the host Party and are not a commission agent;

(b) "contractual service suppliers" means natural persons employed by a juridical person of a Party which is not established in the territory of the other Party and which has concluded a contract to supply services with a final consumer in the latter Party requiring the presence on a temporary basis of its employees in that Party in order to fulfil the contract to provide services (1);

(1) The service contract referred to in point (b) shall be a bona fide contract and comply with the laws and regulations of the Party where the contract is executed.

(c) "graduate trainees" means natural persons who have been employed by a juridical person of a Party for at least 1 (one) year, who possess a university degree and who are temporarily transferred to an enterprise in the territory of the other

Party for career development purposes or to obtain training in business techniques or methods (1) ;

(1) The recipient enterprise may be required to submit a training programme covering the duration of stay for prior approval, demonstrating that the purpose of the stay is for training. The competent authorities may require that training be linked to the university degree which has been obtained.

(d) "independent professionals" means natural persons engaged in the supply of a service and settled as self-employed in the territory of a Party who have not established in the territory of the other Party and who have concluded a contract to supply services with a final consumer in the territory of the other Party, requiring their presence on a temporary basis in that Party in order to fulfil the contract to provide services (2) ;

(2) The service contract referred to in point (d) shall be a bona fide contract and comply with the laws and regulations of the Party where the contract is executed.

(e) "key personnel" means natural persons employed within a juridical person of a Party, other than a non-profit organisation, and who are responsible for the establishment or the proper control, administration and operation of an enterprise, and consists of:

(i) "business visitors": natural persons working in a senior position who are responsible for establishing an enterprise; they do not engage in direct transactions with the general public and do not receive remuneration from a source located within the host Party; and

(ii) "intra-corporate transferees": natural persons who have been employed by a juridical person of a Party, or have been partners in it, for at least 1 (one) year, who are temporarily transferred to an enterprise or a head office of that juridical person in the territory of the other Party and who belong to one of the following categories:

(A) managers:

Natural persons working in a senior position within a juridical person, who primarily direct the management of the enterprise receiving general supervision or direction principally from the board of directors or stockholders of the business or their equivalent, including:

– directing the enterprise or a department or sub-division thereof;

– supervising and controlling the work of other supervisory, professional or managerial employees; or

– having the authority personally to recruit and dismiss or to recommend recruiting, dismissing or other personnel actions;

(B) specialists:

Natural persons working within a juridical person who possess specialised knowledge essential to the enterprise's economic activity, techniques or management.

Article 18.8. Key Personnel and Graduate Trainees

For each sector for which commitments have been undertaken for establishment as listed in Annexes 18-B and 18-E, and subject to any reservations listed in Annexes 18-C and 18-E, each Party shall allow investors of the other Party to employ in their enterprise natural persons of that other Party, if such employees are key personnel or graduate trainees as defined in Article 18.7. The temporary entry and stay of key personnel and graduate trainees shall be:

(a) for the period of time necessary for the fulfilment of the contract or up to 3 (three) years for intra-corporate transferees, whichever is less;

(b) up to 60 (sixty) days in any period of 12 (twelve) months for business visitors; and

(c) up to 1 (one) year for graduate trainees.

Article 18.9. Business Sellers

For each sector for which commitments have been undertaken for the cross-border supply of services and for establishment, listed in Annexes 18-A, 18-B and 18-E, and subject to any reservations listed in Annexes 18-C and 18-E, each

Party shall allow the temporary entry and stay of business sellers for a period of up to 90 (ninety) days in any period of 12 (twelve) months (1).

(1) This Article is without prejudice to the rights and obligations deriving from bilateral visa waiver agreements between individual Signatory MERCOSUR States and individual Member States of the European Union.

Article 18.10. Contractual Service Suppliers and Independent Professionals

1. For the sectors specified in Annexes 18-D and 18-E and subject to any reservations listed therein, each Party shall allow the supply of services into its territory by contractual service suppliers of the other Party, through the presence of natural persons, subject to the following conditions:

(a) the juridical person employing the natural person must have obtained a service contract for a period not exceeding 12 (twelve) months;

(b) the natural persons entering the other Party must have an appropriate education or experience relevant to the service to be provided;

(c) the natural person shall not receive remuneration for the supply of a service other than the remuneration paid by the contractual service supplier during the stay of the natural person in the other Party;

(d) the temporary entry and stay of natural persons in the territory of the Party concerned shall be for a cumulative period of not more than 6 (six) months in any period of 12 (twelve) months or for the duration of the contract, whichever is less; and

(e) access accorded pursuant to the provisions of this Article relates only to the service activity which is the subject of the contract and it does not confer entitlement on to natural persons to exercise the professional title of the Party where the service is provided.

2. For the sectors specified in Annexes 18-D and 18-E, and subject to any reservations listed therein, each Party shall allow the supply of services into its territory by independent professionals of the other Party, through the presence of natural persons, subject to the following conditions:

(a) the natural persons must have obtained a service contract for a period not exceeding 12 (twelve) months;

(b) the natural persons entering the other Party must have an appropriate education and professional qualifications relevant to the service to be provided;

(c) the temporary entry and stay of natural persons within the Party concerned shall be for a cumulative period of not more than 6 (six) months in any period of 12 (twelve) months or for the duration of the contract, whichever is less; and

(d) access accorded pursuant to the provisions of this Article relates only to the service activity which is the subject of the contract and it does not confer entitlement to the natural person to exercise the professional title of the Party where the service is provided.

Section C. REGULATORY FRAMEWORK

Subsection 1. PROVISIONS OF GENERAL APPLICATION

Article 18.11. Mutual Recognition

1. Nothing in this Chapter shall prevent a Party from requiring that natural persons possess the necessary qualifications or professional experience specified in the territory where the service is supplied, for the sector of activity concerned.

2. For the purposes of the fulfilment, in whole or in part, of its standards or criteria for the authorisation, licensing or certification of investors and services suppliers, a Party may recognise the education or experience obtained, requirements met, or licences or certifications granted in the other Party. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement or may be accorded autonomously.

Article 18.12. Transparency

1. Each Party shall publish promptly, and except in emergency situations, at the latest by the time of their entry into force, all relevant measures of general application which pertain to or affect this Chapter.

2. The measures referred to in paragraph 1 shall include measures applying to all modes of supply, including on the process of entry and temporary stay of the categories of natural persons defined in Article 18.7. Information about these measures shall be kept up to date. Each Party shall facilitate access to relevant information by indicating to the other Party where relevant publications and websites can be found.

3. If publication of the measures referred to in paragraph 1 is not practicable, such measures shall be made otherwise publicly available.

4. Each Party shall respond promptly to all requests by the other Party for specific information on any of its relevant measures of general application referred to in paragraph 1, including measures regarding the entry and temporary stay of services suppliers as referred to in paragraph 2.

5. Each Party shall establish one or more enquiry points to provide specific information to services providers of the other Party, upon request, on any of its measures of general application referred to in paragraph 1. The Parties shall notify each other of these enquiry points no later than one year after the entry into force of this Agreement. Enquiry points need not be depositories of laws and regulations.

6. Nothing in this Chapter shall require any Party to provide confidential information, the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

Subsection 2. DOMESTIC REGULATION

Article 18.13. Scope

1. This Sub-Section only applies to sectors for which a Party has undertaken specific commitments as listed in Annexes 18-A to 18 E and to the extent that these specific commitments apply.

2. This Sub-Section does not apply to measures to the extent that they constitute limitations pursuant to Articles 18.3 and 18.4.

3. In sectors where specific commitments are undertaken as listed in Annexes 18-A to 18-E, each Party shall ensure that all measures of general application affecting trade in services and establishment are administered in a reasonable, objective and impartial manner.

4. Each Party shall comply with this Sub-Section with regard to measures relating to licensing requirements and procedures and qualification requirements and procedures.

5. This Sub-Section applies to measures of each Party relating to licensing and qualification requirements and procedures that affect:

(a) the cross-border supply of services;

(b) the establishment in their territory of an enterprise defined in Article 18.2; or

(c) the temporary stay in their territory of categories of natural persons defined in Article 18.2.

Article 18.14. Definitions

For the purposes of this Sub-Section:

(a) "competent authority" means any central, regional or local government or authority, or any non-governmental body in the exercise of powers delegated by central, regional or local governments or authorities and which is entitled to take a decision concerning the authorisation to supply a service, or concerning the authorisation to establish an enterprise in order to perform an economic activity;

(b) "licensing procedures" means administrative and procedural rules that a service supplier or an investor seeking authorisation to supply a service or to establish an enterprise must adhere to in order to demonstrate compliance with licensing requirements;

(c) "licensing requirements" means substantive requirements other than qualification requirements with which a services

supplier or investor is required to comply in order to obtain, from a competent authority, a decision concerning the authorisation to supply a service or concerning the authorisation to establish an enterprise in order to perform an economic activity, including a decision to amend or renew such authorisation;

(d) "qualification procedures" means administrative or procedural rules that a natural person must adhere to in order to demonstrate compliance with qualification requirements, for the purpose of obtaining authorisation to supply a service; and

(e) "qualification requirements" means substantive requirements relating to the competence of a natural person to supply a service and which are required to be demonstrated for the purpose of obtaining authorisation to supply a service.

Article 18.15. Conditions for Licensing

1. Measures of each Party relating to licensing requirements shall be based on criteria which are:

(a) proportionate to a public policy objective;

(b) clear and unambiguous;

(c) objective; and

(d) made public in advance.

2. A licence should be granted by the competent authority as soon as it is established, in the light of an appropriate examination, that the conditions for obtaining a licence have been met.

3. If the number of licences available for a given activity is limited because of the scarcity of available natural resources or technical capacity, each Party shall select candidates through an impartial and transparent selection procedure which provides, in particular, adequate publicity about the launch, conduct and completion of the procedure. Subject to the provisions specified by this Article, each Party may take into account public policy objectives when establishing the rules for the selection procedures.

Article 18.16. Licensing Procedures

1. Licensing procedures shall be clear and made public in advance. Each Party shall ensure that the licensing procedures used by, and the related decisions of, their competent authorities are objective and impartial with respect to all applicants.

2. Licensing procedures shall not be dissuasive and shall not unduly complicate or delay the provision of the service.

3. Any licensing fees (1) which applicants may incur from their application shall be reasonable and shall not in themselves restrict the supply of the service. To the extent practicable, those fees should be proportionate to the cost of the licensing procedures in question.

(1) Licensing fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to the provision of universal services.

4. The competent authorities of a Party shall, to the extent practicable, provide an indicative timeframe for processing an application. Applications shall be processed within a reasonable period of time. The period shall run only from the time when all documentation has been received by the competent authorities. If justified by the complexity of the issue, the time period may be extended, by the competent authority, for a reasonable time. The extension and its duration shall be duly motivated and shall be notified to the applicant, to the extent practicable, before the original period has expired.

5. In the case of an incomplete application, the applicant shall be informed as quickly as possible of the need to supply any additional documentation. In such a case, the period referred to in paragraph 4 may be suspended by the competent authorities until they have received all documentation.

6. If a request is rejected because it fails to comply with the required procedures or formalities, the applicant shall be informed of the rejection and of the available means of redress as quickly as possible.

Article 18.17. Qualification Requirements

1. Qualification requirements shall be based on criteria which are:

(a) proportionate to a public policy objective;

(b) clear and unambiguous;

(c) objective; and

(d) made public in advance.

2. If a Party imposes qualification requirements for the supply of a service, it shall ensure that adequate procedures exist for the verification and assessment of qualifications held by service suppliers of the other Party. If the competent authority of a Party considers that membership in a relevant professional association in the territory of another Party is indicative of the level of competence or extent of experience of the applicant, such membership shall be given due consideration.

3. For the supply of professional services, the scope of examinations and of any other qualification requirements by a competent authority shall be related to the rights to practise a profession for which authorisation is being sought, so as to avoid unduly restricting persons of the other Party from applying.

4. Provided that an applicant has presented all necessary supporting evidence of his or her qualifications, the competent authority, in verifying and assessing such qualifications, shall identify any deficiency and inform the applicant of requirements to meet this deficiency. Such requirements may include course work, examinations and training. The presentation by an applicant of a Party of evidence of qualifications obtained in the territory of a third country shall not in itself constitute an a priori reason for the competent authority of the other Party to reject the application and refrain from making an assessment of the qualifications presented.

5. If examinations are required, each Party shall ensure that they are scheduled at reasonably frequent intervals. Applicants for examinations shall be allowed a reasonable period to submit applications.

6. Once qualification requirements and any other applicable regulatory requirements have been fulfilled, each Party should ensure that a service supplier is allowed to supply the service without undue delay.

Article 18.18. Qualification Procedures

1. Qualification procedures shall be based on criteria which are:

(a) clear and unambiguous;

(b) objective; and

(c) made public in advance.

2. Each Party shall ensure that the qualification procedures used by, and the related decisions of, their competent authorities are impartial with respect to all applicants.

3. An applicant shall, in principle, not be required to approach more than 1 (one) competent authority for qualification procedures.

4. If specific time periods for applications exist, an applicant shall be allowed a reasonable period for the submission of an application. The competent authority shall initiate the processing of an application without undue delay. To the extent practicable, the competent authority shall accept applications in electronic format under the same conditions of authenticity as an application submitted in paper format.

5. Authenticated copies should be accepted by the competent authority, if possible, in place of original documents.

6. If the competent authority rejects an application, it shall inform the applicant, to the extent practicable in writing, without undue delay. It shall inform the applicant, upon request, of the reasons for the rejection of the application and identify any deficiencies and ways in which those deficiencies can be addressed. It shall inform the applicant of the timeframe for an appeal against the decision, if available. It shall permit an applicant to resubmit an application within a reasonable time limit.

7. Each Party shall ensure that the processing of an application, including the verification and assessment of a qualification, is completed within a reasonable timeframe from the date of the submission of a complete application. Each Party shall endeavour to establish a normal timeframe for the processing of an application.

8. Each Party shall ensure that any fees relating to qualification procedures are commensurate with the costs incurred by the competent authorities and do not in themselves restrict the supply of the service.

Article 18.19. Review of Administrative Decisions

Each Party shall maintain or institute judicial, arbitral or administrative tribunals or procedures which provide, on request of an affected investor or service supplier of the other Party, for the prompt review of, and if justified, appropriate remedies for, administrative decisions affecting establishment, cross border supply of services or the temporary stay of natural persons supplying services. If such procedures are not independent of the agency entrusted with the administrative decision concerned, each Party shall ensure that the procedures in fact provide for an objective and impartial review.

Subsection 3. POSTAL SERVICES

Article 18.20. Scope

1. This Sub-Section sets out the principles of the regulatory framework for postal services regarding which each Party has undertaken specific commitments, as listed in Annexes 18-A and 18-E, in accordance with this Sub-Section.

2. This Sub-Section does not require a Party to liberalise services reserved to 1 (one) or more designated operators as listed in Annexes 18-A and 18-E.

Article 18.21. Definitions

For the purposes of this Sub-Section:

(a) "essential requirements" means general non-economic reasons for imposing conditions on the supply of postal services and may include the confidentiality of correspondence, the security of the network as regards the transport of dangerous goods, data protection, environmental protection and regional planning;

(b) "licence" means any form of authorisation or permission (1) setting out rights and obligations specific to the postal sector, granted to an individual supplier by a regulatory authority, or any other competent body, and which is required before supplying a given service;

(1) For greater certainty, this includes the grant of a concession, registration, declaration, notification or individual licences.

(c) "postal item" means an item addressed in the final form in which it is to be carried by a postal service provider, whether public or private, and may include items such as a letter, parcel, newspaper, catalogue and others;

(d) "postal service" (2) means services involving the collection, sorting, transport and delivery of postal items, irrespective of the destination (domestic or foreign), the speed of the service, (priority, non-priority, urgent, express or others), or the operator (public or private);

(2) "Postal services" covers the CPC, CPC 7511 and CPC 7512.

(e) "regulatory authority" means the independent body or bodies charged with the regulation of postal services mentioned in this Sub-Section; and

(f) "universal service" means the permanent provision of a postal service of specified quality at all points in the territory of a Party at affordable prices for all users.

Article 18.22. Prevention of Anti-competitive Practices In the Postal Sector

Each Party shall ensure that a supplier of postal services subject to a universal service obligation or a postal monopoly does not engage in anti-competitive practices such as:

(a) using revenues derived from the supply of such service to cross-subsidise the supply of an express postal service or any non-universal postal service, and

(b) differentiating among customers such as businesses, large volume mailers or consolidators with respect to tariffs or other terms and conditions for the supply of a service subject to a universal service obligation or a postal monopoly, if such differentiation is not based on objective or impartial criteria.

Article 18.23. Universal Services

Each Party has the right to define the kind of universal service obligation it wishes to maintain and to decide on its scope and implementation. Each Party may adopt the necessary measures in order to safeguard the implementation, development and maintenance of the universal postal service. Such measures and obligations shall not be regarded as anti-competitive per se if they are applied in a transparent, non-discriminatory and proportionate way.

Article 18.24. Licences to Provide Postal Services

1. Each Party may require licences for the supply of postal services. A licence should be granted wherever possible, by means of a simplified authorisation procedure in accordance with national laws and regulations.

2. A licence may require compliance with essential requirements, including quality standards and respect for the exclusive and special rights of designated operators of reserved services or of universal postal services.

3. If a Party requires a licence:

(a) it shall make publicly available in an easily accessible form:

(i) the rights and obligations resulting from such a licence;

(ii) the criteria, terms and conditions for licensing; and

(iii) to the extent possible, the period of time normally required to reach a decision concerning an application for a licence.

(b) the procedures for granting a licence shall be transparent, non-discriminatory, proportionate and based on objective criteria; and

(c) any licensing fees (1) which the applicants may incur from their application shall be reasonable and shall not in themselves restrict the supply of the service.

(1) Licensing fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions or mandated contributions to the provision of universal services.

4. The status of an application for a licence and the reasons for the refusal to grant a licence shall be made known to the applicant upon request. Each Party shall, in accordance with its laws and regulations, maintain or establish a procedure for applicants to appeal against the refusal to grant a licence to a domestic independent body. Such a procedure shall be transparent, non-discriminatory and based on objective criteria.

Article 18.25. Independence of the Regulatory Body

Each Party may designate a regulatory body, whether specific to the postal service sector or not. The regulatory body shall be legally separate from, and not accountable to, any supplier of postal services. The decisions of, and the procedures used by, the regulatory bodies shall be impartial with respect to all market participants.

Subsection 4. TELECOMMUNICATIONS SERVICES

Article 18.26. Scope

1. This Sub-Section sets out principles of the regulatory framework for telecommunications services, other than broadcasting (1) , regarding which each Party has undertaken specific commitments in accordance with this Chapter.

(1) "Broadcasting" means radiocommunication in which transmissions are intended for direct reception by the general public, and may include sound transmission and television transmission. Suppliers of broadcasting services shall be considered as suppliers of public telecommunications transport services, and their networks, as public telecommunications transport networks, if and to the extent that such networks are also used for providing public telecommunications transport services.

2. Nothing in this Sub-Section shall be construed:

(a) as requiring a Party to authorise a supplier of telecommunications services of the other Party to establish, construct,

acquire, lease, operate, or supply telecommunications transport networks or services, other than as provided for in Annexes 18-A, 18-B, 18-C and 18-E; or

(b) as requiring a Party to oblige service suppliers under its jurisdiction, to establish, construct, acquire, lease, operate or supply telecommunications transport networks or services not offered to the public generally.

Article 18.27. Definitions

For the purposes of this Sub-Section:

(a) "essential telecommunications facilities" (1) means facilities of a public telecommunications transport network and public telecommunications transport service that:

(1) For the Republic of Paraguay and the Oriental Republic of Uruguay, "essential telecommunications facilities" means facilities of a public telecommunications transport network and a public telecommunications transport service in accordance with the definition provided in their national law.

(i) are exclusively or predominantly provided by a single or limited number of suppliers; and

(ii) cannot feasibly be economically or technically substituted in order to provide a service;

(b) "interconnection" means linking with suppliers of telecommunications transport networks or telecommunications transport services in order to allow the users of one supplier of telecommunications services to communicate with users of another supplier of telecommunications services and to access telecommunications services provided by another supplier of telecommunications services;

(c) "licence" means any form of authorisation, including registration, declaration or notification procedures or others as defined in the laws and regulations of a Party, setting out rights and obligations specific to the telecommunications sector granted to an individual service supplier of telecommunications services by a regulatory authority which is required for the provision of a telecommunications service;

(d) "major supplier" in the telecommunications sector is a supplier of telecommunications transport networks or services which has the ability to materially affect the terms of participation, having regard to price and supply, in a relevant market for telecommunications services as a result of control over essential facilities or the use of its position in that market;

(e) "public telecommunications transport network" means the public telecommunications infrastructure which permits telecommunications between and among defined network termination points;

(f) "public telecommunications transport service" means any telecommunications transport service required, explicitly or in effect, by a Party to be offered to the public generally;

(g) "regulatory authority" means the body or bodies charged with the regulation of telecommunications mentioned in this Sub-Section;

(h) "service supplier" means a person that has been granted a licence to supply telecommunications services;

(i) "telecommunications services" means all services which consist in the transmission and reception of electro-magnetic signals and excludes services providing, or exercising editorial control over, the content transmitted; and

(j) "universal service" means the set of services of specified quality that must be made available to all users in the territory of a Party regardless of their geographical location and at an affordable price.

Article 18.28. Regulatory Authority

1. Each Party shall ensure that its regulatory authority for telecommunications services is legally distinct and functionally independent from any supplier of telecommunications services.

2. The regulatory authority shall be sufficiently empowered and resourced to regulate the sector. The competences of regulatory authority shall be made public in an easily accessible and clear form, in particular if those tasks are assigned to more than one body.

3. The decisions of, and the procedures used by, the regulatory authority shall be impartial with respect to all market participants.

4. A supplier of telecommunications services affected by a decision of a regulatory authority shall have the right to appeal against that decision to a domestic appeal body that is independent of the parties involved and of the regulatory authority. If the appeal body is not judicial in character, written reasons for its decision shall be given and its decisions shall also be subject to review by an impartial and independent domestic judicial or administrative authority.

Article 18.29. Licences to Provide Telecommunication Services

1. Each Party shall ensure that a licence is granted, by means of a simplified procedure wherever possible.

2. Each Party shall ensure that the terms and conditions for the granting of rights of use of numbers and frequencies are made publicly available.

3. If a licence is required by a Party:

(a) all the licensing criteria shall be made publicly available;

(b) the reasonable period of time normally required to reach the decision on whether to grant a licence, after the submission of the complete application, shall be public;

(c) if the grant of a licence is refused, the reasons for such a refusal shall be made known in writing to the applicant on request; and

(d) the applicant for a licence shall be able to seek recourse to a domestic appeal body to establish whether a licence has been unduly refused.

Article 18.30. Anti-competitive Practices

Each Party shall adopt or maintain appropriate measures for the purpose of preventing all suppliers of telecommunications services who, alone or together, are a major (1) supplier, from engaging in or continuing anti-competitive practices. These anti-competitive practices may include an abuse of a dominant position, and all individual or concerted practices, conduct or recommendations which have the effect of restricting, limiting, hindering, distorting or preventing current or future competition in the relevant market.

(1) For the Oriental Republic of Uruguay, the scope of this Article applies to all suppliers of telecommunications services

Article 18.31. Access to Essential Telecommunications Facilities

Each Party shall ensure that a major supplier 48 in its territory grants access to its essential telecommunications facilities to suppliers on reasonable and non-discriminatory 49 terms and conditions, including in relation to rates, technical standards, specifications, quality and maintenance.

(2) For the Oriental Republic of Uruguay, the scope of this Article applies to all suppliers.

(3) For the purposes of this Subsection, "non-discrimination" is understood to refer to national treatment as defined in Article 18.4, as well as to reflect sector-specific usage of the term to mean terms and conditions no less favourable than those accorded to any other user of like public telecommunication transport networks or public telecommunications transport services under like circumstances.

Article 18.32. Interconnection

1. Each Party shall ensure that any supplier authorised to provide telecommunications services in its territory shall have the right to negotiate interconnection with other suppliers of public telecommunications transport networks and public telecommunications transport services. Interconnection should in principle be agreed on the basis of commercial negotiation between the suppliers concerned.

2. Each Party shall ensure that suppliers of telecommunications services that acquire information from another supplier of telecommunications services during the process of negotiating interconnection arrangements use that information solely for the purpose for which it was supplied and respect, at all times, the confidentiality of information transmitted or stored.

3. Interconnection with a major supplier (1) shall be ensured at any technically feasible point in the network. Such interconnection shall be provided:

(1) For the Oriental Republic of Uruguay, the scope of this Article applies to all suppliers of telecommunications services.

(a) under non-discriminatory terms, conditions, including technical standards and specifications, and rates, and of a quality no less favourable than that provided for their own like services of such a major supplier, or for like services of non-affiliated service suppliers, or for its subsidiaries or other affiliates;

(b) in a timely fashion, on terms and conditions, including technical standards and specifications, that are transparent, reasonable having regard to economic feasibility and sufficiently detailed, so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and

(c) on request by another supplier of telecommunication services, and subject to an assessment by the regulatory authority if appropriate, at any technically feasible points in addition to the network termination points offered to the majority of users, subject to reasonable charges.

4. The rules applicable for interconnection to a major supplier shall be made publicly available.

5. Major suppliers shall make publicly available either their interconnection agreements or their reference interconnection offers, as appropriate.

6. Each Party shall ensure that a supplier of telecommunications services requesting interconnection with a major supplier has a right of recourse, either at any time or after a reasonable period of time which has been made publicly known, to an independent domestic body to resolve disputes regarding appropriate terms, conditions and rates for interconnection. Such an independent domestic body may be the regulatory authority referred to in Article 18.28.

Article 18.33. Scarce Resources

Each Party shall conduct its procedures for granting rights of use of scarce resources including frequencies, numbers and rights of way, in an objective, timely, transparent and non-discriminatory manner. To the extent possible, each Party shall make publicly available the current state of allocated frequency bands, but detailed identification of frequencies for specific government uses is not required.

Article 18.34. Universal Service

1. Each Party has the right to define the kind of universal service obligations it wishes to maintain and to decide on their scope and implementation. Each Party shall administer the universal service obligations in a transparent, objective, non-discriminatory and proportionate manner.

2. If the designation of a universal service provider is open to multiple service suppliers of telecommunications networks or services, such procedures shall be open to all service suppliers. The designation shall be made through an efficient, transparent and non-discriminatory mechanism.

Article 18.35. Confidentiality of Information

Each Party shall ensure the confidentiality of telecommunications and related traffic data transmitted by means of public telecommunications transport networks and public telecommunications transport services, subject to the requirement that measures applied to that end do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade in services.

Article 18.36. Disputes between Suppliers

Each Party shall ensure that, in the event of a dispute arising between suppliers, the regulatory authority (1) concerned issues, on request of either party to the dispute, a binding decision to resolve the dispute in the shortest possible timeframe.

(1) For greater certainty, in the case of MERCOSUR, this refers to the regulatory authority of each Signatory MERCOSUR State

Article 18.37. International Mobile Roaming Services

1. Each Party shall endeavour to cooperate on promoting transparent and reasonable rates for international roaming services with a view to promoting the growth of trade between the Parties and enhancing consumer welfare.

2. Each Party shall ensure that suppliers of telecommunications services providing international mobile roaming services for voice, text messaging and data provide those services:

(a) with a similar quality to that provided to their own retail customers in their country of establishment; and

(b) with clear and readily available information in respect of access to the services and the prices thereof.

3. The Parties shall cooperate on monitoring the achievement of paragraphs 1 and 2 as well as on other issues related to international mobile roaming services that may be identified.

4. This Article does not oblige a Party to regulate rates or conditions for international mobile roaming services.

Subsection 5. FINANCIAL SERVICES

Article 18.38. Scope

This Sub-Section applies to measures by a Party affecting the supply of financial services.

Article 18.39. Definitions

1. For the purposes of this Sub-Section, the following definitions apply:

(a) "financial service" means any service of a financial nature offered by a financial service supplier of a Party; financial services comprise the following activities:

(i) insurance and insurance-related services:

(A) direct insurance (including co-insurance):

(1) life; and

(2) non-life;

(B) reinsurance and retrocession;

(C) insurance inter-mediation, such as brokerage and agency; and

(D) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services; and

(ii) banking and other financial services (excluding insurance):

(A) acceptance of deposits and other repayable funds from the public;

(B) lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction;

(C) financial leasing;

(D) all payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts;

(E) guarantees and commitments;

(F) trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:

(1) money market instruments (including cheques, bills, certificates of deposits);

(2) foreign exchange;

(3) derivative products including, but not limited to, futures and options;

(4) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements;

(5) transferable securities; and

(6) other negotiable instruments and financial assets, including bullion;

(G) participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and the provision of services related to such issues;

(H) money broking;

(I) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;

(J) settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

(K) provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and

(L) advisory, intermediation and other auxiliary financial services on all the activities listed in points (A) to (K), including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy;

(b) "financial service supplier" means any natural or juridical person of a Party, except public entities, wishing to supply or supplying financial services;

(c) "new financial service" means a service of a financial nature, including services related to existing and new products or the manner in which a product is delivered, that is not supplied by any financial service supplier in the territory of a Party but which is supplied in the territory of the other Party;

(d) "self-regulatory organisation" means a non-governmental body, including any organisation or association, that exercises regulatory or supervisory authority over financial service suppliers by delegation from a Party;

(e) "public entity" means:

(i) a government, a central bank or a monetary authority of a Party, or an entity owned or controlled by a Party, that is principally engaged in carrying out governmental functions or activities for governmental purposes, not including an entity principally engaged in supplying financial services on commercial terms; or

(ii) a private entity, performing functions normally performed by a central bank or monetary authority, when exercising those functions.

2. For the purposes of this Sub-Section and only in relation to services covered by this Sub-Section "services supplied in the exercise of governmental authority" means:

(a) activities conducted by a central bank or monetary authority or by any other public entity in pursuit of monetary or exchange rate policies;

(b) activities forming part of a statutory system of social security or public retirement plans; and

(c) other activities conducted by a public entity for the account of, with the guarantee of, or using the financial resources of, the government.

If a Party allows any of the activities referred to in points (b) or (c) to be conducted by its financial service suppliers in competition with a public entity or a financial service supplier, "financial services" shall include such activities, which will then fall within the scope of this Chapter.

3. The general definition of "services supplied in the exercise of governmental authority" included in Article 18.1(6) of this Chapter shall not apply to services covered by this Sub-Section.

Article 18.40. Prudential Carve-out

1. Nothing in this Part of the Agreement shall be construed as preventing a Party from taking measures for prudential reasons, including:

(a) the protection of investors, depositors, financial market participants, policyholders or persons to whom a fiduciary duty is owed by a financial service supplier; or

(b) ensuring the integrity and stability of a Party's financial system.

2. If such measures do not conform with the provisions of this Sub-Section, they shall not be used as a means of avoiding the Party's commitments or obligations under this Sub-Section.

3. Nothing in this Part of the Agreement shall be construed as requiring a Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

Article 18.41. Effective and Transparent Regulation In the Financial Services Sector

1. Each Party shall make its best endeavours to provide in advance to all interested persons any measure of general application that the Party proposes to adopt. Such a measure shall be provided:

(a) by means of an official publication; or

(b) in other written or electronic form.

2. Each Party's appropriate financial authority shall make available to interested persons its requirements for completing applications relating to the supply of financial services.

3. On the request of an applicant, the appropriate financial authority shall inform the applicant of the status of its application. If such authority requires additional information from the applicant, it shall notify the applicant without undue delay.

4. Each Party shall make its best endeavours to ensure that internationally agreed standards for regulation and supervision in the financial services sector and for the fight against tax evasion and avoidance are implemented and applied in its territory. Such internationally agreed standards include those adopted by the G20, the Financial Stability Board, the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organisation of Securities Commissions, the Financial Action Task Force on Money Laundering, the Global Forum on Transparency and Exchange of Information for Tax Purposes of the OECD and the International Financial Reporting Standards. To this end, the Parties shall cooperate and exchange information and experience on these matters.

Article 18.42. New Financial Services

1. Each Party shall permit a financial services supplier of the other Party, established in its territory, to provide in its territory any new financial services within the scope of the sub-sectors of financial services committed in Annexes 18-A, 18-B, 18-C and 18-E and subject to the terms, limitations, conditions and qualifications established therein.

2. A new financial service shall be provided in accordance with the laws and regulations of the Party in whose territory it is intended to be supplied and is subject to the approval, regulation and supervision of the competent authorities of that Party.

Article 18.43. Recognition of Prudential Measures

1. A Party may recognise prudential measures of the other Party in determining how the Party's measures relating to financial services shall be applied. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement or may be accorded autonomously.

2. A Party that is party to an agreement or arrangement with a third country such as those referred to in paragraph 1, whether future or existing, shall afford adequate opportunity for the other Party to negotiate its accession to such agreements or arrangements, or to negotiate comparable ones with it, under circumstances in which there would be equivalent regulation, oversight, implementation of such regulation, and, if appropriate, procedures concerning the sharing of information between the Parties to the agreement or arrangement. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that such circumstances exist.

Article 18.44. Self-regulatory Organisations

1. If a Party requires membership or participation in, or access to, any self-regulatory organisation, in order for financial

service suppliers of the other Party to supply financial services on an equal basis with financial service suppliers of the Party, or if a Party provides directly or indirectly to a self-regulatory organisation privileges or advantages in supplying financial services, that Party shall ensure that such self-regulatory organisations observe the application of Article 18.4 to financial service suppliers established in the territory of that Party.

2. For greater certainty, nothing in this Article prevents a self-regulatory organisation referred to in paragraph 1 from adopting its own non-discriminatory requirements or procedures. Insofar as such measures are taken by non-governmental bodies and are not taken in relation to the exercise of powers delegated by central, regional, or local governments or authorities, they are not considered to be measures of a Party and do not fall within the scope of this Chapter.

Article 18.45. Payment and Clearing Systems

On the basis of regulatory requirements and in accordance with Article 18.4, each Party shall grant to financial services suppliers of the other Party established in its territory access to payment and clearing facilities operated by public entities and to official funding and refinancing available in the normal course of ordinary business. This Article is not intended to confer access to a Party's lender-of-last-resort facilities (the national central bank or any other monetary authority).

Subsection 6. E-COMMERCE

Article 18.46. Objective and Scope

1. The Parties, recognising that electronic commerce increases trade opportunities in many economic activities, agree to promote the development of electronic commerce between them, including by co-operating on the issues raised by electronic commerce under the provisions of this Sub-Section.

2. This Sub-Section applies to measures that affect trade by electronic means.

3. The Parties recognise the principle of technological neutrality in electronic commerce.

4. The provisions of this Sub-Section shall not apply to gambling services, broadcasting services, audio-visual services, services of notaries or equivalent professions and legal representation services.

Article 18.47. Definitions

For the purposes of this Sub-Section:

(a) "consumer " means any natural person, or juridical person if provided for in national laws and regulations of each Party, using or requesting a public telecommunications transport service, defined in point (e) of Article 18.27, for purposes outside their trade, business or profession;

(b) "direct marketing communication" means any form of advertising by which a person communicates marketing messages directly to end-users via a public telecommunications network and, for the purposes of this Agreement, covers at least electronic mail, text and multimedia messages (SMS and MMS);

(c) "electronic authentication service" means a service that enables the confirmation of:

(i) the electronic identification of a person; or

(ii) the origin and integrity of data in electronic form;

(d) "electronic signature" means data in electronic form which is attached to or logically associated with other electronic data and fulfils the following requirements:

(i) it is used by a natural person to agree on the electronic data to which it relates;

(ii) it is linked to the electronic data to which it relates in such a way that any subsequent alteration in the data is detectable; and

(iii) it is used by a juridical person to ensure the origin and integrity of the electronic data to which it relates; and

(e) "end-user" means any person using or requesting a publicly available telecommunications service, either as a consumer or for trade, business or professional purposes.

Article 18.48. Customs Duties on Electronic Transmissions

1. A Party shall not impose custom 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 preclude a Party from imposing internal taxes, fees, or other charges on electronic transmissions, provided that such taxes, fees, or charges are imposed in a manner consistent with this Part of the Agreement.

Article 18.49. Principle of No Prior Authorisation

1. The Parties shall endeavour not to require prior authorisation of the supply of a service by electronic means solely on the ground that the service is provided by electronic means or to adopt or maintain any other requirement having equivalent effect.

2. Paragraph 1 does not apply to telecommunications services as defined in point (i) of Article 18.27 and financial services as defined in point (a) of Article 18.39(1).

3. For greater certainty, nothing shall prevent a Party from adopting or maintaining measures inconsistent with paragraph 1 to achieve a legitimate public policy objective in accordance with:

(a) Article 18.1(4);

(b) Article 18.40;

(c) Article 28.1; and

(d) Article 28.2.

Article 18.50. Conclusion of Contracts by Electronic Means

Each Party shall ensure that their legal system allows contracts to be concluded by electronic means and that its laws and regulations regarding contractual processes neither create obstacles for the use of electronic contracts nor result in such contracts being deprived of legal effect and validity on the ground that they have been made by electronic means, unless provided for in their laws and regulations (1).

(1) This Article shall not apply to contracts that create or transfer rights in real estate; contracts requiring by law the involvement of courts, public authorities or professions exercising public authority; contracts of suretyship granted or collateral securities furnished by persons acting for purposes outside their trade, business or profession; and contracts governed by family law or by the law of succession.

Article 18.51. Electronic Signature and Authentication Services

1. A Party shall not deny the legal effect and admissibility as evidence in legal proceedings of an electronic signature and electronic authentication service solely on the basis that it is in electronic form.

2. A Party shall not adopt or maintain measures regulating electronic signature and electronic authentication services that would:

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

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

Article 18.52. Unsolicited Direct Marketing Communications

1. Each Party shall endeavour to effectively protect end-users against unsolicited direct marketing communications.

2. Each Party shall endeavour to ensure that persons do not send direct marketing communications to consumers who have not given their consent (1) to receive such communications.

(1) Consent shall be defined in accordance with each Party's own laws and regulations.

3. Notwithstanding paragraph 2, each Party shall allow persons which have collected, in accordance with its laws and regulations, a consumer's contact details in the context of the sale of a product or a service, to send direct marketing communications to that consumer for their own similar products or services.

4. Each Party shall endeavour to ensure that direct marketing communications are clearly identifiable as such, clearly disclose on whose behalf they are made and contain the necessary information to enable end-users to request cessation free of charge and at any moment.

Article 18.53. Consumer Protection

1. The Parties recognise the importance of adopting and maintaining transparent and effective measures to protect consumers, including from fraudulent and misleading commercial practices, when they engage in electronic commerce transactions.

2. For the purposes of paragraph 1, the Parties shall adopt or maintain measures that contribute to consumer trust, including measures that proscribe fraudulent and deceptive commercial practices. Such measures shall provide for, among others:

(a) the right of consumers to clear and thorough information regarding the service and its provider;

(b) the obligation of traders to act in good faith and abide by honest market practices, including in response to questions by consumers;

(c) the prohibition of charging consumers for services not requested or for a period in time not authorised by the consumer; and

(d) access to redress for consumers to claim their rights, including as regards their right to remedies for services paid and not provided as agreed.

3. The Parties recognise the importance of cooperation between their respective agencies in charge of consumer protection or other relevant bodies on activities related to electronic commerce, in order to protect consumers and enhance consumer trust.

Article 18.54. Regulatory Cooperation on E-commerce

1. The Parties shall maintain cooperation and dialogue on the regulatory issues raised by electronic commerce on the basis of mutually agreed terms and conditions, which shall address the following issues, among others:

(a) the recognition and facilitation of interoperable cross-border electronic signature and authentication services;

(b) the liability of intermediary service providers with respect to the transmission or storage of information;

(c) the treatment of direct marketing communications;

(d) the protection of consumers in the ambit of electronic commerce;

(e) the promotion of paperless trading; and

(f) any other issue relevant to the development of electronic commerce.

2. The cooperation referred to in paragraph 1 shall focus on exchange of information on the Parties' respective laws and regulations on these issues as well as on the implementation of such laws and regulations.

Article 18.55. Understanding on Computer Services

1. The Parties agree that, for the purposes of liberalising trade in services in accordance with Articles 18.3 and 18.4, the following shall be considered as computer and related services, regardless of whether they are delivered via a network, including the Internet:

(a) consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, support, technical assistance, or management of or for computers or computer systems;

(b) computer programmes defined as the sets of instructions required to make computers work and communicate (in and of themselves), plus consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, adaptation, maintenance, support, technical assistance, management or use of or for computer programmes;

(c) data processing, data storage, data hosting or database services;

(d) maintenance and repair services for office machinery and equipment, including computers; and

(e) training services for staff of clients, related to computer programmes, computers or computer systems, and not elsewhere classified.

2. For greater certainty, services enabled by computer and related services shall not necessarily be regarded as computer and related services in themselves.

Section D. FINAL PROVISIONS AND EXCEPTIONS

Article 18.56. Contact Points

1. No later than one 1 (one) year after the date of entry into force of the Agreement, each Party shall designate contact points and notify the other Party of their contact details with a view to:

(a) facilitate the provision of information to the other Party regarding the implementation of this Chapter, such as:

(i) commercial and technical aspects of the supply of services; and

(ii) the registration, recognition and obtaining of professional qualifications; and

(b) consider any other issues regarding the implementation of this Chapter that are referred by a Party.

2. Each Party shall promptly notify the other Party of any changes to these contact points.

Article 18.57. Subcommittee on Trade In Services and Establishment

1. The Subcommittee on trade in services and establishment, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4 and 9.9:

(a) conduct the preparatory technical work in the event of a revision of this Chapter in accordance with Article 18.58; and

(b) discuss relevant subjects for trade in services and establishment, including opportunities for the expansion of mutual investment in services and non-services sectors.

2. The Subcommittee may invite, on an ad hoc basis, representatives of relevant entities, with the necessary expertise relevant to the issues to be addressed.

Article 18.58. Review Clause

In light of its objectives, this Chapter may be reviewed no earlier than 3 (three) years after the date of entry into force of this Agreement, or in the context of an overall review of this Agreement.

Article 18.59. Denial of Benefits

A Party may deny the benefits of this Chapter to:

(a) the supply of a service, if it establishes that the service is supplied from or in the territory of a third country; or

(b) a juridical person, if it establishes that it is a juridical person of a third country.

Chapter 19. TRANSFERS OR PAYMENTS FOR CURRENT ACCOUNT TRANSACTIONS, CAPITAL MOVEMENTS AND TEMPORARY SAFEGUARD MEASURES

Article 19.1. Capital Account

With regard to transactions on the capital and financial account of the balance of payments, each Party shall allow the free movement of capital for the purposes of establishment of direct investments as provided for in Chapter 18. Such movements shall include the liquidation or repatriation of such capital.

Article 19.2. Current Account

Each Party shall allow, in a freely convertible currency and in accordance with the Articles of Agreement of the International Monetary Fund adopted at the United Nations Monetary and Financial Conference, in Bretton Woods, New Hampshire, on 22 July 1944 (hereinafter referred to as "Agreement of the International Monetary Fund"), any payments and transfers with respect to transactions on the current account of the balance of payments that fall within the scope of this Agreement.

Article 19.3. Application of Laws and Regulations Relating to Transfersor Payments for Current Account Transactions and Capital Movements

Nothing in Articles 19.1 and 19.2 shall be construed as preventing a Party from applying in an equitable and non-discriminatory manner, and in a way that would not constitute a disguised restriction on transfers or payments for current account transactions or on capital movements its laws and regulations relating to:

(a) bankruptcy, insolvency or the protection of the rights of creditors;

(b) issuing, trading or dealing in securities;

(c) criminal or penal offences (1) ;

(1) For greater certainty, this includes laws and regulations on anti-money laundering and combating the financing of terrorism.

(d) financial reporting or record keeping of transfers if necessary to assist law enforcement or financial regulatory authorities; or

(e) the satisfaction of judgments in adjudicatory proceedings.

Article 19.4. Temporary Safeguard Measures

If, in exceptional circumstances, transfers or payments for current account transactions or capital movements cause or threaten to cause serious difficulties for the operation of the Economic and Monetary Union of the European Union, the European Union may adopt safeguard measures that are strictly necessary to address those difficulties or the threat thereof for a period not exceeding 6 (six) months.

Article 19.5. Restrictions to Safeguard the Balance of Payments

1. If, in exceptional circumstances, a Party experiences serious balance-of-payments difficulties including with regard to the operation of monetary policy or exchange rate policy, or external financial difficulties or the threat thereof, it may adopt or maintain restrictive measures with regard to transfers or payments for current account transactions or capital movements.

2. The measures referred to in paragraph 1 shall:

(a) be non-discriminatory compared to those applied to a third country in like situations;

(b) be consistent with the Articles of Agreement of the International Monetary Fund, as applicable;

(c) avoid unnecessary damage to the commercial, economic and financial interests of the other Party; and

(d) be temporary, proportional and strictly necessary to address the difficulties and be phased out progressively as the situation referred to in paragraph 1 improves. If extremely exceptional circumstances arise such that a Party seeks to extend those measures beyond a period of 1 (one) year, it shall notify the other Party that it will introduce such an extension.

Article 19.6. Final Provisions

1. Nothing in this Chapter shall be construed as limiting the rights of economic operators of the Parties to benefit from any more favourable treatment that may be provided for in any existing bilateral or multilateral agreement to which a Party is party.

2. The Parties shall consult each other with a view to facilitating the movement of capital falling within the scope of this Agreement between them in order to promote the objectives of this Agreement.

CHAPTER 20

GOVERNMENT PROCUREMENT

ARTICLE 20.1

Objectives

The Parties recognise the contribution of transparent, competitive and open tendering to economic development and set as their objective the effective opening of their respective procurement markets.

ARTICLE 20.2

Definitions

For the purposes of this Chapter, the following definitions apply:

(a) "commercial goods or services" means goods or services of a type generally sold or offered for sale in the commercial marketplace to, and customarily purchased by, non-governmental buyers for non-governmental purposes;

(b) "construction service" means a service that has as its objective the realisation by whatever means of civil or building works, based on Division 51 of the CPC;

(c) "electronic auction" means an iterative process that involves the use of electronic means for the presentation by suppliers of either new prices, or new values for quantifiable non-price elements of the tender related to the evaluation criteria, or both, resulting in a ranking or re-ranking of tenders;

(d) "in writing" or "written" means any worded or numbered expression that can be read, reproduced and later communicated, which may include electronically transmitted and stored information;

(e) "limited tendering" means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice;

(f) "measure" means any law, regulation, procedure, administrative guidance or practice, or any action of a procuring entity relating to a covered procurement;

(g) "multi-use list" means a list of suppliers that a procuring entity has determined satisfy the conditions for participation in that list, and that the procuring entity intends to use more than once;

(h) "negotiation" means a way of conducting the procurement procedure subject to the principles of transparency and non-discrimination, that is limited to specific situations in which procuring entities are allowed to negotiate with suppliers when certain conditions are met;

(i) "notice of intended procurement" means a notice published by a procuring entity inviting interested suppliers to submit a request for participation, a tender, or both;

(j) "offsets" means measures used to encourage local development or improve the balance-of-payments accounts by means of the use of domestic content, the licensing of technology, investment requirements, counter-trade or similar requirements;

(k) "open tendering" means a procurement method whereby all interested suppliers may submit a tender;

(l) "procuring entity" means an entity covered under the Appendices to Annexes 20-A to 20-E;

(m) "qualified supplier" means a supplier that a procuring entity recognises as having satisfied the conditions for participation;

(n) "selective tendering" means a procurement method whereby only qualified suppliers are invited by the procuring entity to submit a tender;

(o) "services" includes construction services, unless otherwise specified;

(p) "standard" means a document approved by a recognised body that provides for common and repeated use, rules, guidelines or characteristics for goods or services, or related processes and production methods, with which compliance is not mandatory; it may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a good, service, process or production method;

(q) "supplier" means a person or persons that provides or could provide goods or services; and

(r) "technical specification" means a tendering requirement that:

(i) lays down the characteristics of goods or services to be procured, including quality, performance, safety and dimensions, or the processes and methods for their production or provision; or

(ii) addresses terminology, symbols, packaging, marking or labelling requirements, as they apply to a good or a service.

ARTICLE 20.3

Scope

1. This Chapter applies to covered procurement. Covered procurement means procurement for governmental purposes:

(a) of goods, services, or any combination thereof:

(i) as specified in each Party's Appendices to Annexes 20-A to 20-E; and

(ii) not procured with a view to commercial sale or resale, or for use in the production or supply of goods or services for commercial sale or resale;

(b) by any contractual means, including: purchase; lease; and rental or hire purchase, with or without an option to buy;

(c) for which the value equals or exceeds the relevant threshold specified in each Party's Appendices to Annex 20-A to 20-E, at the time of publication of a notice in accordance with Article 20.13;

(d) by a procuring entity as specified in each Party's Appendices to Annexes 20-A to 20-E; and

(e) that is not otherwise excluded from coverage.

2. Except where provided otherwise in each Party's Appendices to Annexes 20-A to 20-E, this Chapter does not apply to:

(a) the acquisition or rental of land, existing buildings or other immovable property or the rights thereon;

(b) non-contractual agreements or any form of assistance that a Party provides, including cooperative agreements, grants, loans, equity infusions, guarantees and fiscal incentives, government provision of goods and services to state, regional, or local government entities;

(c) the procurement or acquisition of fiscal agency or depositary services, liquidation and management services for regulated financial institutions or services related to the sale, redemption and distribution of public debt, including loans and government bonds, notes and other securities;

(d) public employment contracts; or

(e) procurement conducted:

(i) for the specific purpose of providing international assistance, including development aid;

(ii) under the particular procedure or condition of an international agreement relating to the stationing of troops;

(iii) under the particular procedure or condition of an international agreement relating to the joint implementation by the signatory countries of a project; or

(iv) under the particular procedure or condition of an international organisation, or funded by international grants, loans or other assistance where the applicable procedure or condition would be inconsistent with this Chapter.

3. Each Party shall specify in each of the Appendices to Annexes 20-A to 20-E the following information:

(a) in Appendices 20-A-1, 20-B-1, 20-C-1, 20-D-1 and 20-E-1, the central government entities whose procurement is covered by this Chapter;

(b) in Appendices 20-A-2, 20-B-2, 20-C-2, 20-D-2 and 20-E-2, the sub-central government entities whose procurement is covered by this Chapter;

(c) in Appendices 20-A-3, 20-B-3, 20-C-3, 20-D-3 and 20-E-3, all other entities whose procurement is covered by this Chapter;

(d) in Appendices 20-A-4, 20-B-4, 20-C-4, 20-D-4 and 20-E-4, the goods covered by this Chapter;

(e) in Appendices 20-A-5, 20-B-5, 20-C-5, 20-D-5 and 20-E-5, the services, other than construction services, covered by this Chapter;

(f) in Appendices 20-A-6, 20-B-6, 20-C-6, 20-D-6 and 20-E-6, the construction services covered by this Chapter; and

(g) in Appendices 20-A-7, 20-B-7, 20-C-7, 20-D-7 and 20-E-7, any General Notes.

4. Where a procuring entity, in the context of covered procurement, requires persons not covered under a Party's Appendices to Annex 20-A to 20-E to procure on its behalf, Article 20.6 shall apply mutatis mutandis.

ARTICLE 20.4

Valuation of contracts

1. In estimating the value of a procurement for the purpose of ascertaining whether it is a covered procurement, a procuring entity shall:

(a) neither divide a procurement into separate procurements nor select or use a particular valuation method for estimating the value of a procurement with the intention of totally or partially excluding it from the application of this Part of the Agreement; and

(b) include the estimated maximum total value of the procurement over its entire duration, whether awarded to one or more suppliers, taking into account all forms of remuneration, including:

(i) premiums, fees, commissions, and interest; and

(ii) if the procurement provides for the possibility of options, the total value of such options.

2. If an individual requirement for a procurement results in the award of more than one contract or in the award of contracts in separate parts (both hereinafter referred to as "recurring procurements"), the calculation of the estimated maximum total value shall be based on

(a) the value of recurring procurements of the same type of good or service awarded during the preceding 12 (twelve) months or the procuring entity's preceding fiscal year, adjusted, where possible, to take into account anticipated changes in the quantity or value of the good or service being procured over the subsequent 12 (twelve) months; or

(b) the estimated value of recurring procurements of the same type of good or service to be awarded during the 12 (twelve) months subsequent to the initial contract award or the procuring entity's fiscal year.

3. In the case of procurement by lease, rental, or hire purchase of goods or services, or procurement for which a total price is not specified, the basis for valuation shall be:

(a) in the case of a fixed-term contract

(i) where the term of the contract is 12 (twelve) months or less, the total estimated maximum value for its duration; or

(ii) where the term of the contract exceeds 12 (twelve) months, the total estimated maximum value, including any estimated residual value;

(b) if the contract is of an indefinite duration, the estimated monthly instalment multiplied by 48 (forty-eight); and

(c) if it is not certain whether the contract is of indefinite duration or a fixed-term contract, point (b) shall apply.

ARTICLE 20.5

Security and general exceptions

1. Nothing in this Chapter shall be construed as preventing a Party from taking any action or not disclosing any information that it considers necessary for the protection of its essential security interests relating to the procurement of

arms, ammunition, defence products or war materials, or to procurement indispensable for national security or for national defence purposes.

2. Subject to the requirement that such measures not be applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between the Parties where the same conditions prevail, or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent a Party from adopting or maintaining measures:

(a) relating to goods or services of natural persons with disabilities, of philanthropic institutions or of prison labour;

(b) necessary to protect public morals, order or safety;

(c) necessary to protect human, animal, or plant life or health, including environmental measures; or

(d) necessary to protect intellectual property.

ARTICLE 20.6

Non-discrimination

1. With respect to any measure related to covered procurement:

(a) the European Union, including its procuring entities, shall accord immediately and unconditionally to the goods and services of the Signatory MERCOSUR States and to the suppliers of the Signatory MERCOSUR States offering those goods and services, treatment no less favourable than the treatment accorded to its domestic goods, services and suppliers;

(b) each Signatory MERCOSUR State, including its procuring entities, shall accord immediately and unconditionally to the goods and services of the European Union and to the suppliers of the European Union offering those goods and services, treatment no less favourable than the treatment accorded to its domestic goods, services and suppliers.

2. With respect to any measure concerning covered procurement, the European Union and each Signatory MERCOSUR State, including their respective procuring entities, shall not:

(a) treat a locally established supplier less favourably than another locally established supplier on the basis of the degree of foreign affiliation to, or ownership by persons of the other Party 55 56 ; or

(b) discriminate against a locally established supplier on the basis that the 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 customs duties or any other measure of an equivalent nature which have an impact on foreign trade, or to other import regulations and measures affecting trade in services, different from the ones which specifically regulate public procurement covered under this Chapter.

ARTICLE 20.7

Use of electronic means

1. Each Party shall conduct covered procurement by electronic means to the widest extent possible and shall cooperate in developing and expanding the use of electronic means in government procurement systems.

2. If a procuring entity conducts a covered procurement by electronic means, it shall:

(a) ensure that the procurement is conducted using information technology systems and software, including those related to authentication and encryption of information, that are generally available and interoperable with other generally available information technology systems and software; and

(b) maintain mechanisms that ensure the integrity of requests for participation and tenders, including establishment of the time and receipt and the prevention of inappropriate access.

ARTICLE 20.8

Conduct of procurement

A procuring entity shall conduct covered procurement in a transparent and impartial manner that avoids conflicts of interest, prevents corrupt practices and that is consistent with this Chapter, using the following methods: open tendering, selective tendering or limited tendering. Each Party shall adopt or maintain sanctions against corrupt practices according to its law.

ARTICLE 20.9

Rules of origin

For the purposes of Article 20.6, determination of the origin of goods shall be made on a non-preferential basis.

ARTICLE 20.10

Denial of benefits

Without prejudice to the time-periods of the procurement procedure, and subject to prior notification to a service supplier of the other Party and, if requested, consultations with a service supplier of the other Party, a Party may deny the benefits of this Chapter to that supplier, if such supplier is a juridical person of the other Party not engaged in substantial business operation in the territory of that other Party.

ARTICLE 20.11

Offsets

With regard to covered procurement, a Party shall not seek, take account of, impose or enforce offsets.

ARTICLE 20.12

Publication of procurement information

1. Each Party shall:

(a) promptly publish any law, regulation, judicial decision or administrative ruling of general application, standard contract clauses that are mandated by law or regulation and incorporated by reference in notices and tender documentation and procedure regarding covered procurement, and any modifications thereof, in officially designated electronic or paper media that are widely disseminated and remain readily accessible to the public;

(b) provide, if so requested by the other Party, further information concerning the application of such provisions;

(c) list, in Appendices 20-F-1, 20-G-1, 20-H-1, 20-I-1 and 20-J-1, the electronic or paper media in which the Party publishes the information described in point (a);

(d) list, where available in Appendices 20-F-2, 20-G-2, 20-H-2, 20-I-2 and 20-J-2, the electronic media, in which the Party publishes the notices required by Articles 20.13, 20.15(4) and 20.23(2).

2. Each Party shall promptly notify the other Party of any modification to the information listed in its Appendices to Annexes 20-F to 20-J. The Joint Council in trade configuration shall amend Annexes 20-F to 20-J accordingly, pursuant to point (f) of Article 9.7(1).

ARTICLE 20.13

Publication of notices

Notice of intended procurement

1. For each covered procurement, except in the circumstances described in Article 20.20, a procuring entity shall publish a notice of intended procurement, which shall be directly accessible by electronic means, free of charge, through a single point of access, for the European Union at European level and for Signatory MERCOSUR States at national level or once such single point of access is established at the MERCOSUR level. The notice of intended procurement shall remain readily accessible to the public, at least until the expiration of the time-period indicated in the notice. The electronic medium shall be listed by each Party in its Appendices to Annexes 20-F to 20-J. Each such notice shall include the information set out in Annex 20-O.

Summary notice

2. For each case of intended procurement, a procuring entity shall publish a summary notice that is readily accessible, at the same time as the publication of the notice of intended procurement, in one of the WTO languages in which the WTO Agreement is authentic. Each such notice shall include the information set out in Annex 20-K.

Notice of planned procurement

3. Procuring entities are encouraged to publish in the appropriate paper or electronic medium listed in Appendices to

Annexes 20-F to 20-J as early as possible in each fiscal year a notice regarding their future procurement plans. Such notice should include the subject-matter of the procurement and the planned date of the publication of the notice of intended procurement.

4. A procuring entity in Appendices 12-A-2, 12-A-3, 12-B-2, 12-B-3, 12-C-2, 12-C-3, 12-D-2, 12-D-3, 12-E-2 and 12-E-3 to Annexes 20-A to 20-E may use a notice of planned procurement as a notice of intended procurement, provided that it includes as much of the information referred to in Annex 20-O as is available and a statement that interested suppliers should express their interest in the procurement to the procuring entity.

ARTICLE 20.14

Conditions for participation

1. A procuring entity shall limit any conditions for participation in a procurement to those that are essential to ensure that a supplier has the legal and financial capacities and the commercial and technical abilities to undertake the relevant procurement.

2. In assessing whether a supplier satisfies the conditions for participation, a procuring entity shall evaluate the financial capacities and commercial and technical abilities of a supplier on the basis of that supplier's business activities inside and outside the territory of the Party of the procuring entity.

3. The procuring entity may require a supplier to demonstrate relevant prior experience; it may not, however, impose the condition that, in order for a supplier to participate in a procurement, the supplier has previously been awarded one or more contracts by a procuring entity of a given Party or that the supplier has prior work experience in the territory of a given Party.

4. In making this assessment, the procuring entity shall base its evaluation on the conditions that it has specified in advance in notices or tender documentation.

5. A procuring entity may exclude a supplier on the following grounds:

(a) bankruptcy;

(b) false declarations;

(c) significant deficiencies in performance of any substantive requirement or obligation under a prior contract or contracts;

(d) final judgments in respect of crime or serious public offences;

(e) other sanctions that disqualify the supplier to contract with entities of a Party;

(f) grave professional misconduct which renders the suppliers' integrity questionable; or

(g) failure to pay taxes.

6. The conditions for participation established by a procuring entity as set out in paragraphs 1, 2 and 3 shall be fulfilled by the suppliers of the Parties through the presentation of the documentation required by the tender or through equivalent documentation.

ARTICLE 20.15

Qualification of suppliers

Selective tendering

1. Where a procuring entity intends to use selective tendering, the entity shall:

(a) include in the notice of intended procurement at least the information specified in points (a), (b), (c), (i), (j) and (k) of: Annex 20-O and invite suppliers to submit a request for participation; and

(b) provide, by the commencement of the time period for tendering, at least the information specified in points (d) to (h) of Annex 20-O to the qualified suppliers.

2. A procuring entity shall recognise as qualified suppliers any domestic supplier and any supplier of the other Party that meets the conditions for participation in a particular procurement, unless the procuring entity states in the notice of intended procurement any limitation regarding the number of suppliers permitted to tender and the criteria for selecting

the limited number of suppliers.

3. Where the tender documentation is not made publicly available on the date of publication of the notice referred to in paragraph 1, a procuring entity shall ensure that those documents are made available at the same time to all qualified suppliers selected in accordance with paragraph 2.

Multi-use lists

4. If a Party's law provides that procuring entities may maintain a multi-use list of suppliers, it shall ensure that a notice inviting interested suppliers to apply for inclusion on the list is:

(a) published annually; and

(b) where published by electronic means, made available continuously, in the appropriate medium listed in Appendices to Annexes 20-F to 20-J. Such a notice shall include the information set out in Annex 20-L.

5. Notwithstanding paragraph 4, if a multi-use list is valid for 3 (three) years or less, a procuring entity may publish the notice referred to in paragraph 4 only once, at the beginning of the period of validity of the list, provided that the notice:

(a) states the period of validity and that further notices will not be published; and

(b) is published by electronic means and is made available continuously during the period of its validity.

6. A procuring entity shall allow suppliers to apply at any time for inclusion on a multi-use list and shall include on the list all qualified suppliers within a reasonably short time.

7. Where a supplier that is not included on a multi-use list submits a request for participation in a procurement based on a multi-use list and all the required documents relating thereto, within the time period provided for in Annex 20-M, a procuring entity shall examine the request. The procuring entity shall not exclude the supplier from consideration in respect of the procurement on the grounds that it has insufficient time to examine the request, unless, in exceptional cases, due to the complexity of the procurement, the entity is not able to complete the examination of the request within the time period allowed for the submission of tenders.

Entities listed in Appendices to Annexes 20-A to 20-F

8. A procuring entity listed in Appendices to Annexes 20-A to 20-F may use a notice inviting suppliers to apply for inclusion on a multi-use list as a notice of intended procurement, provided that:

(a) the notice is published in accordance with paragraph 4 and includes the information listed in Annex 20-L, as much of the information listed in Annex 20-O as is available and a statement that it constitutes a notice of intended procurement or that only the suppliers on the multi-use list will receive further notices of procurement covered by the multi-use list; and

(b) the procuring entity promptly provides to suppliers that have expressed to it an interest in a given procurement information sufficient to allow them to assess their interest in the procurement, including all remaining information required in Annex 20-D, to the extent such information is available.

9. A supplier having applied for inclusion on a multi-use list in accordance with paragraph 6 may be allowed by a procuring entity covered under Appendices to Annexes 20-A to 20-F to tender in a given procurement, if there is sufficient time for the procuring entity to examine whether it satisfies the conditions for participation.

Information on procuring entity decisions

10. A procuring entity shall promptly inform any supplier that submits a request for participation in a procurement or an application for inclusion on a multi-use list of the procuring entity's decision with respect to the request or application.

11. The procuring entity shall promptly inform the supplier and, on request of the supplier, promptly provide the supplier with a written explanation of the reasons for its decision, if the entity:

(a) rejects a supplier's request for participation in a procurement or its application for inclusion on a multi-use list;

(b) ceases to recognise a supplier as qualified; or

(c) removes a supplier from a multi-use list.

ARTICLE 20.16

Technical specifications

1. A procuring entity shall not prepare, adopt or apply any technical specification or prescribe any conformity assessment procedure with the purpose or the effect of limiting competition, creating unnecessary obstacles to international trade, or discriminating between suppliers.

2. In prescribing the technical specifications for the goods or services being procured, a procuring entity shall, where appropriate:

(a) set out the technical specifications in terms of performance and functional requirements, rather than design or descriptive characteristics; and

(b) base the technical specifications on international standards, where these exist; otherwise on national technical regulations, recognized national standards or building codes; each reference shall be accompanied by the words "or equivalent".

3. Where design or descriptive characteristics are used in the technical specifications, a procuring entity should indicate, where appropriate, that it will consider tenders of equivalent goods or services that demonstrably fulfil the requirements of the procurement by including words such as "or equivalent" in the tender documentation.

4. A procuring entity shall not prescribe technical specifications that require or refer to a particular trademark or trade name, patent, copyright, design, 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 words such as "or equivalent" in the tender documentation.

5. A procuring entity shall not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation of adoption of any technical specification for a specific procurement from a person that may have a commercial interest in the procurement.

6. For greater certainty, a Party, including its procuring 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 20.17

Tender documentation

1. A procuring entity shall make available to suppliers tender documentation that includes all information necessary to permit suppliers to prepare and submit responsive tenders. Unless already provided in the notice of intended procurement, such documentation shall include a complete description of the following issues:

(a) the procurement, including the nature and quantity of the goods or services to be procured or, where the quantity is not known, the estimated quantity and any requirements to be fulfilled, including any technical specifications, conformity assessment certification, plans, drawings or instructional materials;

(b) any conditions for participation of suppliers, including a list of information and documents that suppliers are required to submit in connection therewith;

(c) all evaluation criteria to be considered in the awarding of the contract and, except where the price is the sole criterion, the relative importance of such criteria;

(d) where the procuring entity conducts the procurement by electronic means, any authentication and encryption requirements or other requirements related to the submission of information by electronic means;

(e) where the procuring entity holds an electronic auction, the rules, including identification of the elements of the tender related to the evaluation criteria, on which the auction will be conducted;

(f) where there is a public opening of tenders, the date, time and place for the opening and, where appropriate, the persons authorised to be present;

(g) any other terms or conditions, including terms of payment and any limitation to the means by which tenders may be submitted, for instance on paper or by electronic means; and

(h) any dates for the delivery of goods or the supply of services.

2. In establishing in the tender documentation any delivery date for the goods or services being procured, a procuring entity shall take into account such factors as the complexity of the procurement, the extent of subcontracting anticipated

and the realistic time required for production, de-stocking and transport of goods from the point of supply or for supply of services.

3. The evaluation criteria set out in the notice of intended procurement or tender documentation may include, among others, price and other cost factors, quality, technical merit, environmental characteristics and terms of delivery.

4. A procuring entity shall promptly provide the tender documentation to any supplier participating in the procurement, if so requested by such supplier, and reply to any reasonable request for relevant information by a supplier participating in the procurement, provided that such information does not give that supplier an advantage over its competitors in the procurement and that the request was presented within the applicable time limits.

5. Where, prior to the assessment of tenders in accordance with Article 20.22, a procuring entity modifies or amends the criteria or requirements set out in the notice of intended procurement or tender documentation provided to participating suppliers, it shall transmit in writing all such modifications:

(a) to all suppliers that are participating at the time the information is amended, if such suppliers are known, and in all other cases, in the same manner as the original information; and

(b) at a time that allows such suppliers to modify and re-submit amended tenders, as appropriate.

6. Procuring entities may require the participating suppliers to provide guarantees for maintaining the offer, and the successful supplier to provide a guarantee for the execution.

ARTICLE 20.18

Time periods

A procuring entity shall, in accordance with its own needs, provide sufficient time for suppliers to prepare and submit requests for participation and responsive tenders, taking into account such factors as the nature and complexity of the procurement, the extent of subcontracting anticipated, and the time for transmitting tenders from foreign as well as domestic points where electronic means are not used. Such time periods, including any extension thereof, shall be the same for all interested or participating suppliers. The applicable time periods are set out in Annex 20-M.

ARTICLE 20.19

Negotiations

1. If a Party's law provides that procuring entities may conduct procurement through negotiations, the procuring entities may do so in the following cases:

(a) in the context of procurements in which they have indicated such intent in the notice of intended procurement; or

(b) where it appears from the evaluation that no tender is obviously the most advantageous in terms of the specific evaluation criteria set forth in the notices or tender documentation.

2. A procuring entity shall:

(a) ensure that any elimination of suppliers participating in negotiations is carried out in accordance with the evaluation criteria set out in the notices or tender documentation; and

(b) when negotiations are concluded, provide a common deadline for the remaining suppliers to submit any new or revised tenders.

ARTICLE 20.20

Limited tendering

1. Provided that the tendering procedure is not used to avoid competition or to protect domestic suppliers, a procuring entity may award contracts by limited tendering, in the following circumstances:

(a) where:

(i) no tenders were submitted, or no suppliers requested participation;

(ii) no tenders that conform to the essential requirements of the tender documentation were submitted;

(iii) no suppliers satisfied the conditions for participation; or

(iv) the tenders submitted have involved collusion,

provided that the requirements of the tender documentation are not substantially modified;

(b) where, for works of art, or for reasons connected with the protection of exclusive intellectual property rights, such as patents or copyrights, or proprietary information, or where there is an absence of competition for technical reasons, the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists;

(c) for additional deliveries by the original supplier of goods and services that were not included in the initial procurement where a change of supplier for such additional goods or services:

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement; and

(ii) would cause significant inconvenience or substantial duplication of costs for the procuring entity;

(d) for goods purchased on a commodity market;

(e) where a procuring entity procures a prototype or a first good or service that is developed at its request in the course of, and for, a particular contract for research, experiment, study, or original development; when such contracts have been fulfilled, subsequent procurements of goods or services shall be subject to this Chapter;

(f) insofar as is strictly necessary where for reasons of urgency brought about by events unforeseeable by the procuring entity, the goods or services could not be obtained in time by means of an open tendering procedure or selective tendering;

(g) where a contract is awarded to a winner of a design contest provided that the contest has been organised in a manner that is consistent with the principles of this Chapter, and the participants are judged by an independent jury with a view to awarding a design contract to a winner; or

(h) for purchases made under exceptionally advantageous conditions that only arise in the very short term, such as unusual disposals by juridical persons that normally are not suppliers, or disposals of assets of businesses in liquidation or receivership.

2. A procuring entity shall maintain records or prepare written reports providing specific justification for any contract awarded under paragraph 1.

ARTICLE 20.21

Electronic auctions

Where a procuring entity intends to conduct a covered procurement using an electronic auction, the entity shall provide each participant, before commencing the electronic auction, with:

(a) the automatic evaluation method, including the mathematical formula, that is based on the evaluation criteria set out in the tender documentation and that are to be used in the automatic ranking or re-ranking during the auction;

(b) the results of any initial evaluation of the elements of its tender where the contract is to be awarded on the basis of the most advantageous tender; and

(c) any other relevant information relating to the conduct of the auction.

ARTICLE 20.22

Treatment of tenders and award of contracts

1. A procuring entity shall receive, open and treat all tenders under procedures that guarantee the fairness and impartiality of the procurement process and the confidentiality of tenders.

2. A procuring entity shall not penalise any supplier whose tender is received after the time specified for receiving tenders if the delay is due solely to mishandling on the part of the procuring entity.

3. To be considered for an award, a tender shall be submitted in writing and shall, at the time of opening, comply with the essential requirements set out in the tender documentation and, where applicable, in the notices, and it shall be from a supplier that satisfies the conditions for participation.

4. Unless a procuring entity determines that it is not in the public interest to award a contract, the entity shall award the

contract to the supplier that the entity has determined to be capable of fulfilling the terms of the contract and that, based solely on the evaluation criteria specified in the notices and tender documentation, has submitted the most advantageous tender or, where price is the sole criterion, the lowest price.

5. Where a procuring entity receives a tender with a price that is abnormally lower than the prices in other tenders submitted, it may verify with the supplier that it satisfies the conditions for participation and is capable of fulfilling the terms of the contract.

6. A procuring entity shall not use options, cancel a procurement, or modify awarded contracts in a manner that circumvents the obligations under this Chapter.

7. Each Party may provide that if, for reasons imputable to the successful supplier, the contract is not concluded within a reasonable time, or the successful supplier does not fulfil the guarantee for the execution of the contract referred to in Article 20.17 or does not comply with the contract terms, the contract may be awarded to the supplier that has submitted the next most advantageous tender.

ARTICLE 20.23

Transparency of procurement information

1. A procuring entity shall promptly inform participating suppliers of the entity's contract award decisions and, on the request of a supplier, shall do so in writing. Subject to paragraphs 2 and 3 of Article 20.24, a procuring entity shall, on request, provide an unsuccessful supplier with an explanation of the reasons why the entity did not select its tender and the relative advantages of the successful supplier's tender.

2. After the award of each contract covered by this Chapter, a procuring entity shall as early as possible according to the time limits established in each Party's law, publish a notice in the appropriate paper or electronic media listed in Appendices to Annexes 20-F to 20-J. Where only an electronic medium is used, the information shall remain readily available for a reasonable period of time. The notice shall include at least the following information:

(a) a description of the goods or services procured which may include the nature and the quantity of the goods procured and the nature and the extent of the services procured;

(b) the name and address of the procuring entity;

(c) the name of the successful supplier;

(d) the value of the successful tender or the highest and lowest offers taken into account in the award of the contract;

(e) the date of the award; and

(f) the type of procurement method used, and if limited tendering was used a description of the circumstances justifying the use of limited tendering.

3. Each Party shall communicate to the other Party the available and comparable statistical data relevant to the procurement covered by this Chapter.

ARTICLE 20.24

Disclosure of information

1. On request of a Party, the other Party shall promptly provide all relevant information about the adjudication of a covered procurement, in order to determine if the procurement was conducted in accordance with the rules of this Chapter. In cases where release of this information would prejudice competition in future tenders, the Party that receives that information shall not disclose it to any supplier, except after consultation with, and agreement of, the Party that provided the information.

2. Notwithstanding any other provision of this Chapter, a Party, including its procuring entities, shall not provide to any supplier information that might prejudice fair competition between suppliers.

3. Nothing in this Chapter shall be construed as requiring a Party, including its procuring entities, authorities and review bodies, to disclose confidential information where such disclosure:

(a) would impede law enforcement;

(b) might prejudice fair competition between suppliers;

(c) would prejudice the legitimate commercial interests of particular persons, including the protection of intellectual property; or

(d) would otherwise be contrary to the public interest.

ARTICLE 20.25

Domestic review procedures

1. Each Party shall establish or maintain timely, effective, transparent and non-discriminatory administrative or judicial review procedures through which a supplier may challenge:

(a) a breach of the Chapter; or

(b) a failure to comply with a Party's measures implementing this Chapter, if the supplier does not have a right to challenge directly a breach of the Chapter under the law of a Party,

arising in the context of a covered procurement, in which the supplier has, or has had, an interest. The procedural rules for all challenges shall be in writing and made publicly available.

2. Each Party may foresee in its law that, in the event of a complaint by a supplier arising in the context of covered procurement, the Party concerned shall encourage its procuring entity and the supplier to seek resolution of the complaint through consultations. The procuring entity shall accord impartial and timely consideration to any such complaint in a manner that is not prejudicial to the supplier's participation in ongoing or future procurement or its right to seek corrective measures under the administrative or judicial review procedure.

3. Each supplier shall be allowed a sufficient period of time to prepare and submit a challenge, which may in no case be less than 10 (ten) days from the time when the basis of the challenge became known or reasonably should have become known to the supplier.

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 by a supplier arising in the context of a covered procurement.

5. Where a body other than an 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. A review body that is not a court shall either be subject to judicial review or have procedural guarantees which shall provide that:

(a) the procuring entity responds in writing to the challenge and discloses all relevant documents to the review body;

(b) the participants to the proceedings have the right to be heard prior to a decision of the review body being made on the challenge;

(c) the participants to the proceedings have the right to be represented and accompanied;

(d) the participants to the proceedings have access to all proceedings;

(e) the participants to the proceedings have the right to request that the proceedings take place in public and that witnesses may be presented; and

(f) decisions or recommendations relating to challenges by suppliers be provided, within a reasonable time, in writing, with an explanation of the basis for each decision or recommendation.

6. Each Party shall adopt or maintain procedures that provide for:

(a) rapid interim measures to preserve the supplier's opportunity to participate in the procurement. Such interim measures may result in suspension of the procurement process. The procedures may provide that overriding adverse consequences for the interests concerned, including the public interest, may be taken into account when deciding whether such measures should be applied. Just cause for not acting shall be provided in writing; and

(b) corrective action or compensation for the loss or damages suffered, which may be limited to either the costs for the preparation of the tender or the costs relating to the challenge, or both, if a review body determines that there has been a breach or a failure as referred to in paragraph 1.

ARTICLE 20.26

Amendments and rectifications of coverage

1. A Party may propose to amend or rectify its respective Annexes 20-A to 20-E.

Amendments

2. If a Party intends to amend its Annexes referred to in paragraph 1, the Party shall:

(a) notify the other Party in writing; and

(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 amendment.

3. Notwithstanding point (b) of paragraph 2, a Party does not need to provide compensatory adjustments if the amendment covers an entity over which the Party has effectively eliminated its control or influence.

4. The other Party may object to the amendment if:

(a) an adjustment proposed under point (b) of paragraph 2 is not adequate to maintain a comparable level of mutually agreed coverage; or

(b) the amendment covers an entity over which the Party has not effectively eliminated its control or influence under paragraph 3.

The other Party shall object in writing within 45 (forty-five) days of receipt of the notification referred to in point (a) of paragraph 2. If no such objection is submitted within 45 (forty-five) days after having received the notification, the Party shall be deemed to have agreed to the proposed amendment.

Rectifications

5. The following changes to a Party's Annexes shall be considered a rectification of a purely formal nature, provided that they do not affect the mutually agreed coverage provided for in the Chapter:

(a) a change in the name of an entity;

(b) a merger of two or more entities listed within an Appendix; and

(c) the separation of an entity listed in an Appendix into 2 (two) or more entities that are all added to the entities listed in the same Appendix.

The Party making such rectification of a purely formal nature shall not be obliged to provide for compensatory adjustments.

6. In the case of proposed rectifications to a Party's Annexes, that Party shall notify the proposed rectifications to the other Party every 2 (two) years following the date of entry into force of this Agreement.

7. A Party may notify the other Party of an objection to a proposed rectification within 45 (forty-five) days after the receipt of the notification. If a Party submits an objection, it shall set out the reasons why it believes the proposed rectification is not a change provided for in paragraph 5, and describe the effect of the proposed rectification on the mutually agreed coverage provided for in this Chapter. If no such objection is submitted in writing within 45 (forty-five) days after the receipt of the notification, the Party shall be deemed to have agreed to the proposed rectification.

Consultations and Dispute resolution

8. If the other Party objects to the proposed amendment or rectification, the Parties shall seek to resolve the issue through consultations. If no agreement is found within 60 (sixty) days of receipt of the objection, the Party seeking to modify or rectify its Annexes may refer the matter to the dispute settlement procedure established in Chapter 29 unless the Parties agree to extend the deadline.

9. The consultation procedure under paragraph 8 is without prejudice to the consultations provided for in Chapter 29.

10. If a Party does not object to the proposed amendment pursuant to paragraphs 2 and 3 or to the proposed rectification pursuant to paragraph 5, or the amendment or rectifications are agreed between the Parties through consultations or there is a final settlement of the matter under Chapter 29, the Joint Council in trade configuration shall amend the relevant Annex to reflect the agreed amendment or rectifications or the agreed compensatory adjustments.

ARTICLE 20.27

Subcommittee on government procurement

1. The Subcommittee on government procurement, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4 and 9.9:

(a) review the mutual opening of procurement markets;

(b) exchange information relating to the government procurement opportunities in each Party including exchanges on procurement statistical data; and

(c) discuss the extent and the means of cooperation in government procurement between the Parties as referred to in Article 20.28.

ARTICLE 20.28

Cooperation in government procurement

1. The Parties shall cooperate to ensure the effective implementation of this Chapter. The Parties shall use the available and existing instruments, resources and mechanisms.

2. In particular, cooperation activities in this area shall be carried out, among other activities, through:

(a) exchange of information, good practices, statistical data, experts, experiences and policies in areas of mutual interest;

(b) exchange of good practices regarding the use of sustainable procurement practices and other areas of mutual interest;

(c) promotion of networks, seminars and workshops in topics of mutual interest;

(d) transfer of knowledge, including contacts between experts from the European Union and Signatory MERCOSUR States; and

(e) sharing of information between the European Union and Signatory MERCOSUR States, with a view to facilitate access to the government procurement markets of the Parties' suppliers, in particular for SMEs.

CHAPTER 21

INTELLECTUAL PROPERTY

SECTION A

GENERAL PROVISIONS AND PRINCIPLES

ARTICLE 21.1

General provisions

1. Each Party affirms the rights and obligations to each other under the WTO, the TRIPS Agreement and any other multilateral agreement related to intellectual property to which it is a Party.

2. Each Party shall be free to determine the appropriate method of implementing the provisions of this Chapter within its own legal system and practice, in a manner consistent with the objectives and principles of the TRIPS Agreement and this Chapter.

ARTICLE 21.2

Objectives

The objectives of this Chapter are to:

(a) facilitate access, production and commercialisation of innovative and creative products and foster trade and investment between the Parties, contributing to a more sustainable, equitable and inclusive economy for the Parties;

(b) achieve an adequate and effective level of protection and enforcement of intellectual property rights that provides incentives and rewards to innovation while contributing to the effective transfer and dissemination of technology and favouring social and economic welfare and the balance between the rights of the holders and the public interest; and

(c) foster measures that will help the Parties to promote research and development, and access to knowledge, including to a rich public domain.

ARTICLE 21.3

Nature and scope of obligations

1. For the purposes of this Part of the Agreement, "intellectual property rights" refer to all categories of intellectual property that are the subject of Sections 1 to 7 of Part II of the TRIPS Agreement and Articles 21.9 to 21.43 of this Agreement.

2. Protection of intellectual property includes protection against unfair competition as referred to in Article 10bis of the Paris Convention for the Protection of Industrial Property, done in Paris on 20 March 1883, as last revised at Stockholm on 14 July 1967 (hereinafter referred to as "Paris Convention").

3. Nothing in this Chapter shall prevent a Party from adopting measures necessary to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology, provided that such measures are consistent with this Chapter.

4. A Party shall not be obliged to afford through its law more extensive protection than is required by this Chapter. This Chapter does not preclude a Party from applying, through its law, higher standards for the protection and enforcement of intellectual property rights, provided that they do not violate this Chapter.

ARTICLE 21.4

Principles

1. Each Party recognises that the protection and enforcement of intellectual property rights can and must be done in a manner conducive to economic, social and scientific progress. Each Party shall ensure the enforcement of intellectual property rights within its own legal system and practice.

2. In formulating or amending its laws and regulations, each Party may establish exceptions and flexibilities permitted by the multilateral instruments to which the Parties are signatories.

3. The Parties reaffirm the provisions in the TRIPS Agreement regarding competition.

4. The Parties support the attainment of the United Nations SDGs.

5. The Parties support the World Health Assembly Resolution WHA 60.28 and the Pandemic Influenza Preparedness Framework adopted at the sixty-fourth World Health Assembly.

6. The Parties recognise the importance of promoting the implementation of Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property, adopted by the World Health Assembly on 24 of May 2008 (Resolution WHA 61.21 as amended by Resolution WHA 62.16).

7. The Parties affirm the Development Agenda recommendations, adopted in 2007 by the General Assembly of the World Intellectual Property Organization (hereinafter referred to as "WIPO").

8. Where the acquisition of an intellectual property right is subject to the right being granted or registered, each Party shall make best efforts to ensure that the procedures for grant or registration of the right are conducive to granting or registration within a reasonable period of time so as to avoid unwarranted curtailment of the period of protection.

ARTICLE 21.5

National treatment

Each Party shall accord to the nationals 57 of the other Party treatment no less favourable than that it accords to its own nationals with regard to the protection 58 of intellectual property rights covered by this Chapter, subject to the exceptions provided for in Articles 3 and 5 of the TRIPS Agreement 59 .

ARTICLE 21.6

Protection of biodiversity and traditional knowledge

1. The Parties recognise the importance and value of biological diversity and its components and of the associated traditional knowledge, innovations and practices of indigenous and local communities 60 . The Parties furthermore affirm their sovereign rights over their natural resources and their rights and obligations as established by the Convention of Biological Diversity of 1992, done in Rio de Janeiro on 5 June 1992 (hereinafter referred to as "CBD") with respect to access to genetic resources, and to the fair and equitable sharing of benefits arising out of the utilisation of these genetic resources.

2. The Parties affirm, recognising the special nature of agricultural biodiversity, its distinctive features and problems needing distinctive solutions, that access to genetic resources for food and agriculture shall be subject to specific treatment in accordance with the International Treaty on Plant Genetic Resources for Food and Agriculture, done in Rome on 3 November 2001 (hereinafter referred to as "International Treaty on Plant Genetic Resources for Food and Agriculture").

3. The Parties may, by mutual agreement, review this Article subject to the results and conclusions of multilateral discussions.

ARTICLE 21.7

Exhaustion

Each Party shall be free to establish its own regime for exhaustion of intellectual property rights subject to the TRIPS Agreement.

ARTICLE 21.8

TRIPS Agreement and public health

1. The Parties recognise the importance of the Declaration on the TRIPS Agreement and Public Health, adopted on 14 November 2001 (hereinafter referred to as the "Doha Declaration") by the Ministerial Conference of the WTO. In interpreting and implementing the rights and obligations under this Chapter, the Parties shall ensure consistency with the Doha Declaration.

2. Each Party shall implement Article 31bis of the TRIPS Agreement, as well as the Annex and Appendix to the Annex thereto, which entered into force on 23 January 2017.

SECTION B

STANDARDS CONCERNING INTELLECTUAL PROPERTY RIGHTS

SUB-SECTION 1

COPYRIGHT AND RELATED RIGHTS 61

ARTICLE 21.9

International agreements

Each Party affirms its rights and obligations under the following international agreements, taking into consideration that agreements are not binding on those that are not parties to them:

(a) the Berne Convention for the Protection of Literary and Artistic Works, done in Berne on 9 September 1886 as amended on 28 September 1979 (hereinafter referred to as "the Berne Convention");

(b) the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, done at Rome on 18 May 1964 (hereinafter referred to as the "Rome Convention");

(c) the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled, adopted at Marrakesh on 27 June 2013;

(d) the WIPO Copyright Treaty, done in Geneva on 20 December 1996;

(e) the WIPO Performances and Phonograms Treaty, done in Geneva on 20 December 1996; and

(f) the Beijing Treaty on Audiovisual Performances, done in Beijing on 24 June 2012.

ARTICLE 21.10

Authors

Each Party shall provide authors with the exclusive right to authorise or prohibit:

(a) direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part, of their works;

(b) any form of distribution to the public by sale or otherwise of the original of their works or of copies thereof;

(c) any communication to the public of their works, by wire or wireless means; and

(d) the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.

ARTICLE 21.11

Performers

Each Party shall provide performers with the exclusive right to authorise or prohibit:

(a) the fixation of their performances;

(b) the direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part of fixations of their performances;

(c) the distribution to the public, by sale or otherwise, of the fixations of their performances;

(d) the broadcasting by wireless means or by wire means if the laws and regulations of a Party provides for it, and the communication to the public of their performances, except if the performance is itself already a broadcast performance or is made from a fixation; and

(e) the making available to the public of fixations of their performances in such a way that members of the public may access them from a place and at a time individually chosen by them.

ARTICLE 21.12

Producers of phonograms

Each Party shall provide phonogram producers with the exclusive right to authorise or prohibit:

(a) the direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part, of their phonograms;

(b) the distribution to the public, by sale or otherwise, of their phonograms, including copies thereof; and

(c) the making available to the public of their phonograms in such a way that members of the public may access them from a place and at a time individually chosen by them.

ARTICLE 21.13

Broadcasting organisations

Each Party may stipulate the legal requirements in its laws and regulations as to what is to be considered a broadcasting organisation and shall provide broadcasting organisations with the exclusive right to authorise or prohibit:

(a) the fixation of their broadcasts;

(b) the direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part, of fixations of their broadcasts;

(c) the making available to the public, by wire or wireless means, of fixations of their broadcasts, whether these broadcasts are transmitted by wire or over the air, including by cable or satellite in such a way that members of the public may access them from a place and at a time individually chosen by them;

(d) the distribution to the public, by sale or otherwise, of fixations of their broadcasts 62 ; and

(e) the rebroadcasting of their broadcasts by wireless means, or if the Party's laws and regulations so provide, retransmission by wire means, as well as the communication to the public of their broadcasts if such communication is made in places accessible to the public against payment of an entrance fee 63 .

ARTICLE 21.14

Right to remuneration for broadcasting and communicationto the public of phonograms published for commercial purposes

1. Each Party shall provide a right in order to ensure that remuneration is paid by the user to the performers and

producers of phonograms, if a phonogram published for commercial purposes, or a reproduction of such a phonogram, is used for broadcasting by wireless means or for any communication to the public 64 .

2. Each Party shall provide that the remuneration referred to in paragraph 1 be claimed from the user by the performer or by the producer of a phonogram or by both. Each Party may enact legislation that, in the absence of an agreement between performers and producers of phonograms, sets the terms according to which performers and producers of phonograms are to share such remuneration.

ARTICLE 21.15

Term of protection

1. The rights of the author of a literary or artistic work within the meaning of Article 2 of the Berne Convention shall run for the life of the author and for at least 50 (fifty) years after the author's death or, if the Party's laws and regulations so provide, for 70 (seventy) years after the author's death. With respect to photographic and cinematographic works, each Party shall establish the term of protection in accordance with its laws and regulations.

2. In the case of a work of joint authorship, the terms referred to in paragraph 1 shall be calculated from the death of the last surviving author.

3. In the case of anonymous or pseudonymous works, the term of protection shall run for at least 50 (fifty) years after the work is lawfully made available to the public or, if the Party's laws and regulations so provide, for 70 (seventy) years after the work is lawfully made available to the public. Notwithstanding the first sentence, if the pseudonym adopted by the author leaves no doubt as to the author's identity, or if the author discloses his or her identity during the period referred to in the first sentence, the term of protection applicable shall be that laid down in paragraph 1.

4. The rights of performers in a performance other than fixed in a phonogram shall expire not less than 50 (fifty) years after the date of the performance.

5. The rights of performers and producers of phonograms shall not expire for at least 50 (fifty) years after the fixation is lawfully published or lawfully communicated to the public or, if the Party's laws and regulations so provide, 70 (seventy) years after the fixation is lawfully published or lawfully communicated to the public 65 . Each Party may, in accordance with its laws and regulations, adopt effective measures to ensure that the profits generated during the 20 (twenty) years of protection beyond 50 (fifty) years are fairly shared between performers and producers.

6. The term of protection of the rights of the broadcasting organisations shall be at least 20 (twenty) years from the first broadcast or, if a Party's laws and regulations so provide, 50 (fifty) years from the first broadcast.

7. The terms laid down in this Article shall be calculated from the 1st (first) of January of the year following the event which gives rise to them.

8. Each Party may provide for longer terms of protection than those provided for in this Article.

ARTICLE 21.16

Resale right

1. Each Party may provide, for the benefit of the author of graphic or plastic art, a resale right, defined as an inalienable right, which cannot be waived, even in advance, to receive a percentage of the price obtained from any resale of that work, after the first transfer of that work by the author.

2. The right referred to in paragraph 1 applies to all acts of resale involving as sellers, buyers or intermediaries art market professionals, such as salesrooms, art galleries and, in general, any dealers in works of art.

3. Each Party may provide that the right referred to in paragraph 1 does not apply to acts of resale if the seller has acquired the work directly from the author less than 3 (three) years before that resale and if the resale price does not exceed a minimum amount.

4. Each Party may provide that authors who are nationals of the other Party and their successors in title enjoy the resale right in accordance with this Article and the laws and regulations of the Party concerned provided that the laws and regulations of the country of which the author or the author's successor in title is a national permits resale right protection in that country for authors from the Party concerned and their successors in title.

ARTICLE 21.17

Cooperation on collective management of rights

1. The Parties shall promote cooperation, transparency and non-discrimination of collective management organisations, in particular as regards the revenues they collect, the deductions they apply to such revenues, the use of the royalties collected, the distribution policy and their repertoire, including in the digital environment.

2. If a collective management organisation established in the territory of a Party represents a collective management organisation established in the territory of another Party by way of a representation agreement, the former Party shall seek to ensure that the representing collective management organisation:

(a) does not discriminate against entitled members of the represented organisation; and

(b) pays the amounts owed to the represented organisation accurately, regularly, diligently and in a fully transparent manner and provides the represented organisation with information on the amounts of revenues collected on its behalf and the deductions made.

ARTICLE 21.18

Exceptions and limitations

1. Each Party shall confine exceptions and limitations to the rights in this Sub-Section to certain special cases which do not conflict with a normal exploitation of the work or other subject matter and do not unreasonably prejudice the legitimate interests of the right holders.

2. Each Party shall exempt from the reproduction right temporary acts of reproduction which are transient or incidental, which are an integral and essential part of a technological process and the sole purpose of which is to enable:

(a) a transmission in a network between third parties by an intermediary; or

(b) a lawful use of a work or other subject matter to be made, and which have no independent economic significance.

ARTICLE 21.19

Protection of technological measures

1. Each Party shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by right holders in connection with the exercise of their rights under this Sub-Section and that restrict acts which are not authorised by the right holders concerned or permitted by law.

2. Each Party may, if permissible under its law, ensure that right holders make available to the beneficiary of an exception or limitation the means for benefiting, to the extent necessary, from that exception or limitation.

ARTICLE 21.20

Obligations concerning rights management information

1. For the purposes of this Article, "rights-management information" means any information provided by right holders which identifies the work or other subject-matter referred to in this Sub-Section, the author or any other right holder, or information about the terms and conditions of use of the work or other subject matter, and any numbers or codes that represent such information.

2. Each Party shall provide adequate legal protection against any person knowingly performing without authority any of the following acts, if that person knows, or has reasonable grounds to know, that by so doing that person is inducing, enabling, facilitating or concealing an infringement of any copyright or any related rights:

(a) the removal or alteration of any electronic rights-management information; and

(b) the distribution, importation for distribution, broadcasting, communication or making available to the public of works or other subject matter protected under this Sub-Section from which electronic rights-management information has been removed or altered without authorisation.

3. Paragraph 1 applies when any of the items of information referred to in that paragraph is associated with a copy of, or appears in connection with the communication to the public of, a work or other subject matter referred to in this Sub-Section.

4. The Parties shall ensure that the obligations set out in this Article do not harm non-infringing uses.

SUB-SECTION 2

TRADEMARKS

ARTICLE 21.21

International agreements

Each Party shall:

(a) comply with the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, done at Nice on 15 June 1957 (hereinafter referred to as "Nice Classification") 66 ; and

(b) make best efforts to accede to the Protocol relating to the Madrid Agreement concerning the International Registration of Marks, done in Madrid on 27 June 1989, as last amended on 12 November 2007.

ARTICLE 21.22

Registration procedure

1. Each Party shall establish a system for the registration of trademarks in which each final negative decision, including the partial refusal of registration, issued by the relevant trademark administration, shall be notified in writing, duly reasoned and open to challenge.

2. Each Party shall provide for the possibility to oppose applications to register trademarks or, if appropriate, the registration of trademarks. Such opposition proceedings shall be adversarial.

3. Each Party shall provide a publicly available electronic database of applications and registrations of trademarks.

ARTICLE 21.23

Rights conferred by a trademark

A registered trademark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having the proprietor's consent from using in the course of trade:

(a) any sign which is identical to the trademark in relation to goods or services which are identical to those for which the trademark is registered; and

(b) any sign which is identical to, or similar to, the trademark and is used in relation to goods or services which are identical to, or similar to, the goods or services for which the trademark is registered, if there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trademark.

ARTICLE 21.24

Well-known trademarks

1. Article 6bis of the Paris Convention shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, each Party shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Party concerned which has been obtained as a result of the promotion of the trademark.

2. Article 6bis of the Paris Convention shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

3. For the purpose of giving effect to protection of well-known trademarks, as referred to in Article 6bis of the Paris Convention and paragraphs 2 and 3 of Article 16 of the TRIPS Agreement, each Party shall take into due consideration the principles established in the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the WIPO at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO on 20 to 29 September 1999.

ARTICLE 21.25

Bad faith applications

Each Party shall provide that a trademark may be declared invalid if the application for the registration thereof was made in

bad faith by the applicant. Each Party may also provide that such a trademark shall not be registered.

ARTICLE 21.26

Exceptions to the rights conferred by a trademark

1. Each Party shall provide for limited exceptions to the rights conferred by a trademark such as the fair use of descriptive terms including in the case of geographical indications, and may provide other limited exceptions if such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

2. The trademark shall not entitle the owner to prohibit a third party from using the following when used in accordance with honest practices in industrial and commercial matters:

(a) his or her own name or address if that third party is a natural person;

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services; or

(c) the trademark, if it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

SUB-SECTION 3

DESIGNS

ARTICLE 21.27

International agreements

Each Party shall make best efforts to accede to the Geneva (1999) Act of the Hague Agreement Concerning the International Registration of Industrial Designs, done at Geneva on 2 July 1999.

ARTICLE 21.28

Protection of registered designs

1. Each Party shall provide for the protection of independently created designs that are new and original 67 68 . This protection shall be provided by registration and shall confer an exclusive right upon their holders in accordance with this Sub-Section.

2. The holder of a registered design shall have the right to prevent third parties not having the holder's consent from making, offering for sale, selling, putting on the market, importing, exporting, stocking such a product or using articles bearing or embodying the protected design if such acts are undertaken for commercial purposes.

ARTICLE 21.29

Term of protection

The duration of protection available, including renewals, shall amount to at least 15 (fifteen) years from the date of filing the application.

ARTICLE 21.30

Protection of unregistered designs

Each Party may establish legal means to prevent the use of unregistered designs.

ARTICLE 21.31

Exceptions and exclusions

1. Each Party may establish limited exceptions to the protection of designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected designs and do not unreasonably prejudice the legitimate interests of the holder of the protected design, taking account of the legitimate interests of third parties.

2. The protection of designs shall not extend to designs dictated essentially by technical or functional considerations.

ARTICLE 1.32

Relation to copyright

Each Party shall, to the extent that it is provided for in its laws and regulations, ensure that a design shall also be eligible for protection under its law of copyright as from the date on which the design was created or fixed in any form. Each Party shall determine the extent and conditions of such protection, including the level of originality required.

SUB-SECTION 4

GEOGRAPHICAL INDICATIONS

ARTICLE 21.33

Protection of geographical indications

1. This Sub-Section applies to the recognition and protection of geographical indications originating in the territory of the Parties.

2. The Parties shall take the necessary measures to implement the protection of geographical indications referred to in paragraph 1 in their territories, determining the appropriate method for such implementation within their own legal system and practice.

3. Geographical indications of a Party shall only be subject to this Article if they are protected as geographical indications in the territory of the Party of origin under its system of registration and protection of geographical indications.

4. Each Party, having examined the legislation of the other Party in Annex 21-A and the geographical indications in Annex 21-B, and having completed an objection procedure or public consultation related to the geographical indications in Annex 21-B, undertake to protect since the date of entry into force of this Agreement those geographical indications in accordance with the level of protection laid down in this Sub-Section including the specific level of protection, notably as set out in Article 21.35(8) and Appendix 21-B-1.

5. Each Party may protect geographical indications for products other than agricultural foodstuffs, wines, spirit drinks or aromatised wines in its laws and regulations. The Parties acknowledge that geographical indications listed in Annex 21-D are protected as geographical indications in the country of origin.

ARTICLE 21.34

Addition of new geographical indications

By request of a Party, and once completed the steps described in Article 21.33(4), the Subcommittee on intellectual property rights referred to under Article 21.59 may recommend to the Joint Council in trade configuration to adopt a decision, pursuant to point (f) of Article 9.7(1) to add new geographical indications to Annex 21-B, including in order to transfer the geographical indications listed in Annex 21-C to Annex 21-B.

ARTICLE 21.35

Scope of protection of geographical indications

1. Each Party shall provide, according to its laws and regulations, the legal means for interested parties to prevent:

(a) the use of a geographical indication of the other Party listed in Parts 1 and 2 of Annex 21-B for any product that falls within the relevant product class, as specified in Section 3 of Annex 1-B and that either:

(i) does not originate in the country of origin specified in Annex 21-B for that geographical indication; or

(ii) originates in the country of origin specified in Annex 21-B for that geographical indication but was not produced or manufactured in accordance with the laws and regulations of the other Party that would apply if the product was for consumption in the other Party;

(b) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin, in a manner which misleads the public as to the geographical origin of the good;

(c) any other use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention;

(d) any direct or indirect commercial use of a protected name for comparable products not complying with the product

specification of the protected name, or that exploits the reputation of a geographical indication;

(e) the use of a geographical indication not originating in the place indicated by the geographical indication, even if the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like; and

(f) any misuse, imitation or deceiving use of a protected name of a geographical indication; or any false or misleading indication of a protected name of a geographical indication; or any practice liable to mislead the consumer as to the true origin, provenance and nature of the product.

2. Regarding the relationship between trademarks and geographical indications:

(a) if a geographical indication is protected under this Sub-Section, each Party shall refuse the registration of a trademark for the same or a similar product the use of which would contravene this Sub-Section, provided that an application for registration of the trademark was submitted after the date of application for protection of the geographical indication on the territory concerned; trademarks registered in breach of this paragraph shall be invalidated in accordance with the law of the Parties;

(b) for geographical indications listed in Annex 21-B at the date of entry into force of this Agreement, the date of submission of the application for protection referred to in point (a) shall be the date of the publication of the opposition procedure or public consultation in the respective territories;

(c) for geographical indications referred to in Article 21.34, the date of submission of the application for protection shall be the date of the transmission of a request to another Party to protect a geographical indication;

(d) without prejudice to point (e), each Party shall protect the geographical indications referred to in Annex 21-B also if a prior trademark exists; a prior trademark shall mean a trademark which has been applied for, registered or established by use, if that possibility is provided for by the laws and regulations of the Party concerned, in good faith in the territory of one Party before the date of application for protection of the geographical indication, as referred to in paragraph 1 is submitted by the other Party under this Agreement;

such prior trademark may continue to be used, renewed and be subject to variations which may require the filing of new trademark applications, notwithstanding the protection of the geographical indication, provided that no grounds for the trademark's invalidity or revocation exist in the trademark law under which the trademark has been registered or established;

neither the prior trademark nor the geographical indication shall be used in a way that would mislead the consumer as to the nature of the intellectual property right concerned; and

(e) a Party shall not be obliged to protect a geographical indication in light of a famous, reputed or well-known trademark, if the protection is liable to mislead the consumer as to the true identity of the product.

3. Nothing in this Sub-Section shall prevent the use by a Party, with respect to any product, of a customary name of a plant variety or an animal breed, existing in the territory of that Party 69 .

4. Nothing in this Sub-Section shall prevent the use by a Party of an individual component of a multi-component term that is protected as a geographical indication in the territory of that Party if such individual component is a term customary in the common language as the common name for the associated good 70 .

5 Nothing in this Sub-Section shall require a Party to protect a geographical indication which is identical to the term customary in common language as the common name for the associated good in the territory of that Party.

6. If a translation of a geographical indication is identical with or contains within it a term customary in common language as the common name for a product in the territory of a Party, or if a geographical indication is not identical with but contains within it such a term, this Sub-Section shall not prejudice the right of any person to use that term in association with that product.

7. With regard to homonymous geographical indications:

(a) in the case of existing or future homonymous geographical indications of the Parties for products falling within the same product category 71 , both shall coexist per se, and each Party shall determine the practical conditions under which the homonymous indications in question shall be differentiated from each other, taking into account the need to ensure equitable treatment of the producers concerned and that consumers are not misled; and

(b) if a Party, in the context of negotiations with a third country proposes to protect a geographical indication from that

third country, and the name is homonymous with a geographical indication of the other Party, the latter shall be informed and be given the opportunity to comment before the name is protected.

8. Without prejudice to Articles 21.35(1) to 21.35(7), a specific level of protection is defined for the following cases of geographical indications listed in Annex 21-B 72 :

(a) "Genièvre", "Jenever" or "Genever": the protection of the geographical indication "Genièvre", "Jenever" or "Genever" shall not prevent prior users of the term "Ginebra" in the territory of Argentina that have used the term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Genièvre", "Jenever" or "Genever" in Argentina, and prior users of the term "Genebra" in the territory of Brazil that have used the term in good faith and in a continuous manner prior to the publication for opposition of the geographical indication "Genièvre", "Jenever" or "Genever" in Brazil, to continue using the term, provided these products are not commercialised using graphics, names, pictures or flags as references to the genuine origin of the geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards to the origin of the product;

(b) "Queso Manchego": the protection of the geographical indication "Queso Manchego" for cheeses elaborated in Spain in accordance with the applicable technical specifications, using sheep's milk, shall not prevent prior users of the term "Queso Manchego" in the territory of Uruguay that have used the term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Queso Manchego", if related to cheeses elaborated with cow's milk, to continue using this term provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name, and is differentiated from it in a non-ambiguous manner as regards the origin and the composition of the product;

(c) "Grappa": the protection of the geographical indication "Grappa" shall not prevent prior users of the term "Grappamiel" or "Grapamiel" in the territory of Uruguay that have used the term in good faith and in a continuous manner prior to the publication for opposition of the geographical indication "Grappa" to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(d) "Steinhäger": the protection of the geographical indication "Steinhäger" shall not prevent prior users of the term "Steinhäger" in the territory of Brazil that have used the term in good faith and in a continuous manner prior to the publication for opposition of the geographical indication "Steinhäger" to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(e) "Parmigiano Reggiano":

(i) the protection of the geographical indication "Parmigiano Reggiano" shall not prevent prior users of the term "Parmesão" in the territory of Brazil and of the term "Parmesano" in the territories of Argentina, Paraguay and Uruguay that have used these terms in good faith and in a continuous manner prior to the publication for opposition of the geographical indication "Parmigiano Reggiano" to continue using these terms, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(ii) the protection of the geographical indication "Parmigiano Reggiano" shall not prevent prior users of the term "Reggianito" in the territory of Argentina that have used this term in good faith and in a continuous manner prior to the publication for opposition of the geographical indication "Parmigiano Reggiano", and in the territories of Paraguay and Uruguay that have used this term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Parmigiano Reggiano", to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(f) "Fontina": the protection of the geographical indication "Fontina" shall not prevent prior users of the term "Fontina" in the territories of Argentina, Brazil, Paraguay and Uruguay that have used the term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Fontina", to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the

protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(g) "Gruyère" (France):

(i) the protection of the geographical indication "Gruyère" (France) shall not prevent prior users of the terms "Gruyère" and "Gruyere" in the territories of Argentina, Brazil, Paraguay and Uruguay that have used the term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Gruyère" (France), to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(ii) the protection of the geographical indication "Gruyère" (France) shall not prevent prior users of the terms "Gruyerito" and "Gruyer" in the territory of Uruguay that have used the term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Gruyère" (France) to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product;

(h) "Grana Padano": the protection of the geographical indication "Grana Padano" shall not prevent prior users of the term "Grana" in the territory of Brazil that have used the term in good faith and in a continuous manner for at least 5 (five) years prior to the publication for opposition of the geographical indication "Grana Padano" to continue using this term, provided these products are not commercialised using graphics, names, pictures or flags as references to the protected European geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards the origin of the product; and

(i) "Gorgonzola": the protection of the geographical indication "Gorgonzola" shall not prevent prior users of the term "Gorgonzola" in the territory of Brazil that have used the term in good faith prior to the publication for opposition to continue using the term, provided these products are not commercialised using graphics, names, pictures or flags as references to the genuine origin of the geographical indication and provided the term is displayed in a font character substantially smaller, while readable, than the brand name and is differentiated from it in a non-ambiguous manner as regards to the origin of the product.

9. Prior users as referred to in points (a) to (i) of paragraph 8 are listed in Annex 21-E. Succession of prior users and the effects thereof shall be determined by the domestic laws and regulations of each Signatory MERCOSUR State.

10. Protected geographical indications listed in Annex 21-B shall not become generic in the territories of the Parties.

11. Nothing in this Chapter shall create an obligation for the Parties to protect geographical indications which are not or cease to be protected in their place of origin.

12. This Chapter shall not prejudice the right of any person to make commercial use of that person's name or the name of that person's predecessor in business, except if such name is used in such a manner as to mislead the public.

ARTICLE 21.36

Right of use of geographical indications

1. Any operator marketing agricultural products, foodstuffs, wines, aromatised wines or spirit drinks which conform to the corresponding specification may use a geographical indication under this Part of the Agreement.

2. Once a geographical indication is protected under this Part of the Agreement, the use of such protected name shall not be subject to any registration of users or further charges.

ARTICLE 21.37

Enforcement of protection

Each Party shall provide the legal means for interested parties to seek enforcement of the protection provided for in Article 21.35 via appropriate administrative and judicial action within its own legal system and practice.

ARTICLE 21.38

Import, export and marketing

Import, export and marketing of products carrying the names listed in Annex 21-B shall comply with the laws and regulations applying in the territory of the Party in which the products are placed on the market.

ARTICLE 21.39

Cooperation and transparency on geographical indications

1. The Subcommittee on intellectual property rights, referred to in Article 21.59, shall monitor the proper functioning of this Sub-Section and may consider any matter related to its implementation and operation. It shall be responsible for:

(a) exchanging information on legislative and policy developments on geographical indications and any other matter of mutual interest in the area of geographical indications; and

(b) cooperating on the development of alternative names for products that were once marketed by producers of a Party with terms corresponding to geographical indications of the other Party, especially in cases subject to a phasing-out.

2. The Subcommittee on intellectual property rights may recommend to the Joint Council in trade configuration to amend, pursuant to point (f) of Article 9.7(1):

(a) Annex 21-A as regards the references to the law applicable in the Parties;

(b) Annex 21-B as regards geographical indications and exchanging information for that purpose;

(c) Annex 21-C as regards the geographical indication; and

(d) Annex 21-E as regards prior users.

3. Each Party shall notify the other if a geographical indication listed in Annex 21-B ceases to be protected in its territory. Following such notification, the Joint Council in trade configuration shall amend Annex 21-B in accordance with point (f) of Article 9.7(1) to end the protection under this Part of the Agreement. Only the Party in which the product originates is entitled to request the end of the protection under this Sub-Section of a geographical indication listed in Annex 21-B.

4. MERCOSUR shall notify the European Union if, following the entry into force of this Agreement, it identifies additional prior users that comply with the specific requirements set forth in points (a) to (i) of Article 21.35(8). Following such a notification and provided that the Parties agree that the proposed additional prior users meet the aforementioned requirements, the Joint Council in trade configuration shall amend Annex 21-E pursuant to point (f) of Article 9.7(1) by adding such additional prior users.

5. The Parties shall, either directly or through the Subcommittee on intellectual property rights, remain in contact directly on all matters relating to the implementation and the functioning of this Sub-Section. In particular, a Party may request from the other Party information relating to product specifications and amendments thereto, and contact points for control.

6. A product specification referred to in this Sub-Section shall be the one approved, including any amendments also approved, by the authorities of the Party in the territory from which the product originates.

7. The Parties may make publicly available the product specifications or a summary thereof corresponding to the geographical indications of the other Party protected pursuant to this Sub-Section, in Portuguese, Spanish or English.

SUB-SECTION 5

PATENTS

ARTICLE 21.40

International treaties

Each Party shall make best efforts to accede to the Patent Cooperation Treaty, done in Washington on 19 June 1970 73 .

SUB-SECTION 6

PLANT VARIETIES

ARTICLE 21.41

International agreements

Each Party shall protect plant varieties rights, in accordance with the International Convention for the Protection of New Varieties of Plants done in Paris on 2 December 1961, as revised in Geneva on 10 November 1972, and on 23 October 1978 (1978 UPOV ACT) or on 19 March 1991 (1991 UPOV ACT), and shall cooperate to promote the protection of plant varieties.

SUB-SECTION 7

PROTECTION OF UNDISCLOSED INFORMATION

ARTICLE 21.42

Scope of protection of trade secrets

1. In fulfilling its obligation under Article 21.1(1) to comply with the TRIPS Agreement, and in particular with paragraphs 1 and 2 of Article 39 of the TRIPS Agreement, each Party shall provide for appropriate civil judicial procedures and remedies for any trade secret holder to prevent, and obtain redress for, the acquisition, use or disclosure of a trade secret whenever carried out in a manner contrary to honest commercial practices.

2. For the purposes of this Sub-Section:

(a) "trade secret" means information that:

(i) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;

(ii) has commercial value because it is secret; and

(iii) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret; and

(b) "trade secret holder" means any natural or legal person lawfully controlling a trade secret.

3. For the purposes of this Sub-Section, a Party shall consider at least the following conducts to be contrary to honest commercial practices:

(a) the acquisition of a trade secret without the consent of the trade secret holder, whenever carried out by unauthorised access to, appropriation of, or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;

(b) the use or disclosure of a trade secret whenever carried out without the consent of the trade secret holder by a person who:

(i) acquired the trade secret unlawfully;

(ii) was in breach of a confidentiality agreement or any other duty not to disclose the trade secret; or

(iii) was in breach of a contractual or any other duty to limit the use of the trade secret; and

(c) the acquisition, use or disclosure of a trade secret whenever carried out by a person who, at the time of the acquisition, use or disclosure, knew or ought to have known, under the circumstances, that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning of point (b).

4. A Party shall not be required to consider any of the following conducts to be contrary to honest commercial practices under this Sub-Section:

(a) independent discovery or creation by a person of the relevant information;

(b) reverse engineering of a product by a person who is lawfully in possession of that product and who is free from any legally valid duty to limit the acquisition of the relevant information;

(c) acquisition, use or disclosure of information required or allowed by the relevant Party's law; or

(d) use by employees of their experience and skills honestly acquired in the normal course of their employment.

5. Nothing in this Sub-Section shall be understood as restricting freedom of expression and information, including media freedom as protected in the jurisdiction of each of the Parties.

ARTICLE 21.43

Civil judicial procedures and remedies of trade secrets

1. Each Party shall ensure that any person participating in the civil judicial proceedings referred to in Article 21.42 or having access to documents which form part of those legal proceedings is not permitted to use or disclose any trade secret or alleged trade secret which the competent judicial authorities have, in response to a duly reasoned application by an interested party, identified as confidential and of which they have become aware as a result of such participation or access.

2. In the civil judicial proceedings referred to in Article 21.42, each Party shall provide that its judicial authorities have the authority to, at least:

(a) order provisional measures, as set out in its laws and regulations, to prevent the acquisition, use or disclosure of the trade secret in a manner contrary to honest commercial practices;

(b) order injunctive relief to prevent the acquisition, use or disclosure of the trade secret in a manner contrary to honest commercial practices;

(c) order the person that knew or ought to have known that he or she was acquiring, using or disclosing a trade secret in a manner contrary to honest commercial practices to pay the trade secret holder damages appropriate to the actual prejudice suffered as a result of the unlawful acquisition, use or disclosure of the trade secret;

(d) take specific measures to preserve the confidentiality of any trade secret or alleged trade secret produced in civil proceedings relating to the alleged acquisition, use and disclosure of a trade secret in a manner contrary to honest commercial practices; such specific measures may include, in accordance with the Party's law, restricting access to certain documents in whole or in part, restricting access to hearings and the corresponding records or transcript and making available a non-confidential version of judicial decision in which the passages containing trade secrets have been removed or redacted; and

(e) impose sanctions on parties, or other persons subject to the court's jurisdiction, for violation of judicial orders concerning the protection of a trade secret or alleged trade secret produced in those proceedings.

3. A Party shall not be required to provide for the judicial procedures and remedies referred to in Article 21.42 if the conduct contrary to honest commercial practices is carried out, in accordance with that Party's law, to reveal misconduct, wrongdoing or illegal activity or for the purpose of protecting a legitimate interest recognised by law.

SECTION C

ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

SUB-SECTION 1

CIVIL AND ADMINISTRATIVE ENFORCEMENT

ARTICLE 21.44

General obligations

1. Each Party reaffirms its commitments under the TRIPS Agreement and in particular under Part III thereof, and shall ensure the enforcement of intellectual property rights in accordance with its law and within its own legal system and practice.

2. For the purposes of this Section, "intellectual property rights" means, unless otherwise provided, intellectual property rights as defined in Article 21.3(1) with the exception of the rights referred to in Articles 21.42 and 21.43.

3. Procedures 74 adopted, maintained or applied to implement this Section shall be effective, fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays, and shall act as a deterrent to further infringements. Each Party shall take into account the need for proportionality among the infringement, the rights of all parties involved, the interests of third parties, and the applicable measures, remedies and penalties.

4. The Parties shall apply the procedures referred to in paragraph 3 concerning the enforcement of intellectual property rights in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

5. Articles 21.44 to 21.58 do not create any obligation for a Party to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general in accordance with that Party's law, nor does it affect the capacity of the Parties to enforce their law in general.

ARTICLE 21.45

Persons entitled to apply for procedures

Each Party shall recognise at least the following persons as entitled to seek application of the procedures concerning the enforcement of intellectual property rights referred to in this Section and in Part III of the TRIPS Agreement, in accordance with the law where the procedure takes place:

(a) the holders of intellectual property rights;

(b) exclusive licensees provided they are authorised by the right holders; and

(c) intellectual property collective rights management bodies which are legally and expressly recognised as having a right to represent holders of intellectual property rights.

ARTICLE 21.46

Evidence

1. Each Party shall ensure that the competent judicial authorities have the authority to order, on application by a party which has presented reasonably available evidence to support the Party's claims that that party's intellectual property right has been infringed or is about to be infringed, prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement, subject to the protection of confidential information 75 .

2. The provisional measures referred to in paragraph 1 may include the detailed description, with or without the taking of samples, or the physical seizure, of the alleged infringing goods, and in appropriate cases the documents relating thereto.

3. Each Party shall take the measures necessary to, in cases of trademark counterfeiting or copyright piracy on a commercial scale 76 , enable the competent judicial authorities to order, if appropriate, on application by a party, and if necessary to determine the existence and extent of an infringement, the communication of relevant banking, financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.

4. Each Party shall ensure that the judicial authorities have the competence to subject the measures to preserve evidence to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant.

5. If the measures to preserve evidence are revoked, if they lapse due to any act or omission by the applicant, or if it is subsequently found that there was no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon the request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.

ARTICLE 21.47

Right of information

1. Each Party shall ensure that, in cases of an infringement of intellectual property rights and in response to a justified and proportionate request of the claimant, the competent judicial authorities may order the infringer or any other person to provide relevant information on the origin and distribution networks of the infringing goods or services.

2. For the purposes of this Article:

(a) "any other person" means a person who was:

(i) found in possession of the infringing goods on a commercial scale;

(ii) found to be using the infringing services on a commercial scale;

(iii) found to be providing on a commercial scale services used in infringing activities; or

(iv) indicated by the person referred to in points (i) to (iii) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

(b) "relevant information" may include information regarding any person involved on a commercial scale in the infringement or alleged infringement and regarding the means of production and distribution networks of the goods or services.

3. This Article applies without prejudice to other statutory provisions which:

(a) grant the right holder rights to receive fuller information;

(b) govern the use in civil proceedings of the information communicated pursuant to this Article;

(c) govern responsibility for misuse of the right of information;

(d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit their own involvement or that of their close relatives; or

(e) govern the protection of confidentiality of information sources or the processing of personal data.

ARTICLE 21.48

Provisional and precautionary measures

1. Each Party shall provide that its judicial authorities have the authority to order prompt and effective provisional and precautionary measures, including an interlocutory injunction, against a party or, if appropriate, against a third party over whom the relevant judicial authority exercises jurisdiction, to prevent an infringement of an intellectual property right from occurring and, in particular, to prevent infringing goods from entering into the channels of commerce.

2. An interlocutory injunction may also be issued to order the seizure or delivery up of goods suspected of infringing an intellectual property right, so as to prevent their entry into or movement within the channels of commerce.

3. Each Party shall ensure that, in the case of an alleged infringement committed on a commercial scale, if the applicant demonstrates circumstances likely to endanger the recovery of damages, the judicial authorities are able to order the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of the alleged infringer's bank accounts and other assets. To that end, each Party shall ensure that the competent authorities are able to order the communication of bank, financial or commercial documents, or appropriate access to the relevant information.

4. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

ARTICLE 21.49

Remedies

1. Each Party shall ensure that the competent judicial authorities are able to order, on the request of the applicant and without prejudice to any damages due to the right holder by reason of the infringement, and without compensation of any sort, the destruction, or at least the definitive removal from the channels of commerce, of goods that they have found to infringe an intellectual property right. Such goods may be used for the public interest. The judicial authorities shall also have the authority to order that materials and implements predominantly used in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimise the risks of further infringements. In considering such requests, the competent judicial authorities shall take the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties into account.

2. The competent judicial authorities of each Party shall have the authority to order that those measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.

ARTICLE 21.50

Injunctions

Each Party shall ensure that, if a judicial decision finds an infringement of an intellectual property right, the competent judicial authorities are able to issue against the infringer or, if appropriate, against a third party over whom the relevant judicial authority exercises jurisdiction, an injunction aimed at prohibiting the continuation of the infringement.

ARTICLE 21.51

Alternative measures

Each Party may provide that the judicial authorities, in appropriate cases and upon the request of the person liable to be

subject to the measures provided for in Article 21.49 or 21.50, may order pecuniary compensation to be paid to the injured party instead of applying the measures provided for in Article 21.49 or 21.50, if it is found that the former acted unintentionally and without negligence, or if execution of the measures in question would cause them disproportionate harm or if pecuniary compensation to the injured party appears reasonably satisfactory 77 .

ARTICLE 21.52

Damages

1. Each Party shall ensure that the judicial authorities have the authority, upon the request of the injured party, to order an infringer who knowingly, or with reasonable grounds to know, engaged in an activity infringing intellectual property rights to pay the right holder damages appropriate to compensate for the actual prejudice suffered as a result of the infringement of the intellectual property right. In setting the damages, the competent judicial authorities:

(a) shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits 78 made by the infringer and, if applicable, elements other than economic factors, such as the moral prejudice caused to the right holder by the infringement; or

(b) as an alternative to point (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

ARTICLE 21.53

Legal costs

Each Party shall provide that its judicial authorities, if appropriate, have the authority to order, at the conclusion of civil judicial proceedings concerning the enforcement of intellectual property rights, that the prevailing party be awarded payment by the losing party of legal costs and other expenses, as provided for under that Party's law.

ARTICLE 21.54

Publication of judicial decisions

Each Party shall ensure that its judicial authorities are able to order the publication of the decision in cases of infringement of an intellectual property right, unless this would not be proportionate to the seriousness of the infringement.

ARTICLE 21.55

Presumption of authorship or ownership

Each Party shall, at least in provisional measures requested in civil proceedings involving copyright and related rights, provide for a presumption that, in the absence of proof to the contrary, the person or entity whose name is indicated as the author or related right holder of the work or subject matter in the usual manner is the designated right holder in such work or subject matter.

ARTICLE 21.56

Public awareness

The Parties shall take the necessary measures to enhance public awareness of protection of intellectual property including educational and dissemination projects on the use of intellectual property rights as well as on the enforcement thereof.

SUB-SECTION 2

BORDER ENFORCEMENT

ARTICLE 21.57

Consistency with GATT and the TRIPS Agreement

In implementing border measures for the enforcement of intellectual property rights by customs authorities, whether or not covered by this Chapter, each Party shall ensure consistency with its obligations under the GATT and the TRIPS Agreement and, in particular, with Article V of GATT and Article 41 and Section 4 of Part III of the TRIPS Agreement.

ARTICLE 21.58

Border measures

1. With respect to goods under customs control, each Party shall adopt or maintain procedures under which a right holder may submit applications requesting customs authorities to suspend the release or detain goods suspected of, at least, trademark counterfeiting, copyright and related rights piracy on a commercial scale or infringing of geographical indications (hereinafter referred to as "suspect goods").

2. The Parties shall not be obliged to apply the procedures in this Sub-Section to goods in transit.

3. Each Party shall encourage the use of electronic systems for the management by customs authorities of the applications granted or recorded.

4. Each Party shall ensure that customs authorities inform the applicant within a reasonable period of time whether they have granted or recorded the application.

5. Each Party shall provide for such application or recordation to apply to multiple shipments when so allowed in accordance with the provisions of the Party's law.

6. Each Party may provide that its customs authorities have the authority, with respect to goods under customs control, to suspend the release of or detain suspect goods on their own initiative.

7. Each Party shall ensure that customs authorities are able to use risk analysis to identify suspect goods.

8. Each Party may have in place administrative or judicial procedures, in accordance with the Party's law, allowing for the destruction of suspect goods, if the persons concerned accept or do not oppose to the destruction thereof. If such goods are not destroyed, each Party shall ensure that they are disposed of outside commercial channels in such a manner as to avoid any harm to the right holder.

9. The Parties shall not be obliged to apply this Article to imports of goods put on the market in another country by or with the consent of the right holders. A Party may exclude from the application of this Article goods of a non-commercial nature contained in travellers' personal luggage.

10. The Parties shall ensure that the customs authorities of each Party maintain a regular dialogue and promote cooperation with the relevant stakeholders and with other authorities involved in the enforcement of the intellectual property rights referred to in paragraph 1.

11. The Parties shall cooperate with respect to international trade in suspect goods and, in particular, to share information on such trade.

12. Without prejudice to other forms of cooperation, Annex 12-A applies to breaches of legislation on intellectual property rights the enforcement of which falls within the competence of the customs authorities in accordance with this Article.

SECTION D

FINAL PROVISIONS

ARTICLE 21.59

Subcommittee on intellectual property rights

1. The Subcommittee on intellectual property rights, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4, 9.9 and 21.39:

(a) to exchange information:

(i) on the legal framework concerning intellectual property rights and relevant rules of protection and enforcement; and

(ii) related to public domain in the territories of the Parties; and

(b) to exchange experiences on:

(i) legislative progress;

(ii) the enforcement of intellectual property rights; and

(iii) enforcement at central and sub-central level by customs, police, administrative and judiciary bodies.

ARTICLE 21.60

Cooperation

1. With a view to facilitating the implementation of this Chapter the Parties shall cooperate:

(a) within the Subcommittee on intellectual property rights;

(b) in international fora;

(c) via various agencies; or

(d) as otherwise deemed appropriate.

2. The areas of cooperation include the following activities:

(a) coordination to prevent exports of counterfeit goods, including with other countries;

(b) technical assistance, capacity-building, exchange and training of personnel;

(c) protection and enforcement of intellectual property rights and the dissemination of information in this regard in, inter alia, business circles and civil society;

(d) public awareness of consumers and right holders and enhancement of institutional cooperation, particularly between intellectual property offices;

(e) actively promoting awareness and education of the general public on policies concerning intellectual property rights;

(f) engaging with SMEs, including at SME-focused events or gatherings, regarding the use, protection and enforcement of intellectual property rights;

(g) the application of the CBD and related instruments and the domestic frameworks on access to genetic resources and associated traditional knowledge, innovations and practices; and

(h) facilitation of voluntary stakeholder initiatives to reduce intellectual property rights infringement, including over the internet and in other marketplaces.

CHAPTER 22

SMALL AND MEDIUM-SIZED ENTERPRISES

ARTICLE 22.1

General principles

1. The Parties recognise that SMEs contribute significantly to trade, economic growth, employment and innovation. The Parties affirm their intention to support the growth and development of SMEs by enhancing their ability to participate in, and benefit from, the opportunities created by this Agreement.

2. The Parties acknowledge the importance of reducing non-tariff barriers which place a disproportionate burden on SMEs. They also acknowledge that, in addition to the provisions in this Chapter, there are other provisions in this Agreement that seek to enhance cooperation between the Parties on issues of relevance to SMEs or that otherwise may be of particular benefit to SMEs.

ARTICLE 22.2

Information sharing

1. Each Party shall establish or maintain its own publicly accessible website containing information regarding this Part of the Agreement, including:

(a) the text of this Part of the Agreement, including all Annexes, tariff schedules and product specific rules of origin;

(b) a summary of this Part of the Agreement; and

(c) information designed for SMEs containing:

(i) a description of the provisions in this Part of the Agreement that such Party considers to be relevant to SMEs; and

(ii) any additional information that such Party considers to be useful for SMEs interested in benefitting from the opportunities provided by this Part of the Agreement.

2. Each Party shall include links on the website referred to in paragraph 1 to:

(a) the equivalent website of the other Party;

(b) the websites of its own government authorities and other appropriate entities that the Party considers would provide useful information to persons interested in trading, investing or otherwise doing business in the territory of that Party, including available information related to the following:

(i) rates of most-favoured-nation and preferential customs duties and quotas, rules of origin and customs or other fees imposed at the border;

(ii) customs regulations and procedures for importation, exportation and transit as well as other required forms and documents therefor;

(iii) regulations and procedures concerning intellectual property rights;

(iv) technical regulations including, where necessary, obligatory conformity assessment procedures;

(v) links to lists of conformity assessment bodies, as provided for in Chapter 13;

(vi) sanitary and phytosanitary measures relating to importation and exportation as provided for in Chapter 14;

(vii) government procurement, transparency rules and publication of procurement notices as well as other relevant provisions contained in Chapter 20;

(viii) business registration procedures; and

(ix) other information which the SMEs coordinators agree may be of assistance to SMEs.

(c) a database that is electronically searchable by tariff nomenclature code and that includes the information referred to in point (b)(i) as well as the following information:

(i) excise duties;

(ii) taxes (value added tax or sales tax);

(iii) other tariff measures;

(iv) deferral or other types of relief that result in the reduction, refund or waiver of customs duties;

(v) criteria used to determine the customs value of the good;

(vi) if applicable, country of origin marking requirements, including placement and method of marking;

(vii) information needed for import procedures; and

(viii) information related to non-tariff measures.

3. Each Signatory MERCOSUR State shall make its best efforts to ensure that no later than 3 (three) years after the entry into force of this Agreement, the websites and the database referred to in paragraphs 1 and 2 are put into place, containing as much information as possible with respect to access to its markets.

4. Each Party shall regularly, or if requested by the other Party, update the information and links referred to in paragraphs 1 and 2.

5. Each Party shall ensure that information set out in this Article is presented in a manner that is easy to use for SMEs. If possible, each Party shall endeavour to make the information available in English.

6. A Party shall not apply any fee for access to the information provided pursuant to paragraphs 1 and 2 to any person of a Party.

ARTICLE 22.3

SMEs coordinators

1. Each Party shall communicate through the SMEs coordinators to the other Party its SME coordinator responsible for carrying out the functions listed in this Article as well as any change in the contact details of its SMEs coordinator. The SMEs coordinators shall:

(a) develop a work plan to carry out the tasks referred to in this Article;

(b) carry out their work through the communication channels agreed by the SMEs coordinators, which may include email, meeting in person, meeting or communicating by telephone conference or by video conference or communicating by other means; and

(c) report periodically on their activities to the Joint Committee in trade configuration for its consideration.

2. The tasks of the SMEs coordinators shall be to:

(a) ensure that SME needs are taken into account in the implementation of this Part of the Agreement;

(b) monitor the implementation of Article 22.2 with a view to ensuring that it remains up to date and relevant for SMEs;

(c) recommend additional information that may be included in the Parties' websites referred to in Article 22.2;

(d) cooperate and exchange information so that SMEs of the European Union and of MERCOSUR take advantage of new opportunities under this Part of the Agreement to increase trade and investment;

(e) address any other matters of relevance to SMEs in connection with the implementation of this Part of the Agreement;

(f) participate in, if appropriate, the work of subcommittees established pursuant to Article 9.9, when those subcommittees consider matters of relevance to SMEs;

(g) exchange information to assist the Joint Committee in trade configuration in monitoring and implementing this Part of the Agreement as it relates to SMEs; and

(h) consider any other matter arising under this Part of the Agreement pertaining to SMEs.

3. SMEs coordinators may cooperate with experts and external organisations, as appropriate, in carrying out their activities.

ARTICLE 22.4

Non-application of dispute settlement

No Party shall have recourse to dispute settlement under Chapter 29 for any matter arising under this Chapter.

CHAPTER 23

COMPETITION

ARTICLE 23.1

Definitions

For the purposes of this Chapter, the following definitions apply:

(a) "anti-competitive practices" means any conduct or act defined under the competition law of a Party which is subject to the imposition of penalties;

(b) "competition authority" means:

(i) for the European Union, the European Commission; and

(ii) for MERCOSUR, the competent authorities of each of the Signatory MERCOSUR States;

(c) "competition law" means:

(i) for the European Union, Articles 101, 102 and 106 of the Treaty on the Functioning of the European Union, Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings 79 and implementing regulations 80 concerning those Articles and that Regulation; and

(ii) for MERCOSUR, the competition law of each of the Signatory MERCOSUR States and the respective implementing

regulations;

(d) "concentrations between undertakings" means any transaction or act as defined under the competition law of a Party; and

(e) "enforcement activities" means any application of competition law by way of investigation or proceeding conducted by the competition authorities of a Party.

ARTICLE 23.2

Principles

1. The Parties recognise the importance of free and undistorted competition in their trade relations. The Parties acknowledge that anti-competitive practices and concentrations between undertakings which significantly impede effective competition have the potential to affect the proper functioning of markets and the benefits of trade liberalisation.

2. The following are incompatible with this Part of the Agreement, in so far as they may affect trade between the Parties:

(a) agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition 81 as defined under the respective competition law of each Party;

(b) any abuse by one or more undertakings of a dominant position as defined under the respective competition law of each Party; and

(c) concentrations between undertakings, which significantly impede effective competition, as defined under the respective competition law of each Party.

3. The Parties recognise the importance of applying competition law in a transparent, timely and non-discriminatory manner, respecting the principles of procedural fairness towards all interested parties including the rights of defence of the parties under investigation.

ARTICLE 23.3

Implementation

1. Each Party shall adopt or maintain in force comprehensive competition law which effectively addresses the anti-competitive practices and concentrations between undertakings referred to in Article 23.2(2) and respects the principles set out in Article 23.2(3). Each Party shall establish or maintain competition authorities designated and appropriately equipped for the transparent and effective implementation of their competition law.

2. The competition authorities of each Party shall designate a focal point and inform each other thereof. The focal points may communicate and exchange information with regard to the implementation of Articles 23.5, 23.6 and 23.7.

ARTICLE 23.4

State-owned enterprises and enterprises granted exclusive or special privileges

1. Nothing in this Chapter prevents a Party from designating or maintaining state-owned enterprises, enterprises granted exclusive or special privileges or monopolies according to their respective law.

2. The entities referred to in paragraph 1 shall be subject to competition law provided that the application of such law does not obstruct the performance, in law or in fact, of the particular tasks of public interest assigned to them by a Party.

ARTICLE 23.5

Exchange of non-confidential information and enforcement cooperation

1. With a view to facilitating the effective application of the competition law of each Party, the competition authorities may exchange non-confidential information.

2. The competition authority of one Party may request the other Party's competition authority to provide cooperation with respect to enforcement activities. Such cooperation shall not prevent the Parties from taking autonomous decisions.

3. A Party shall not be required to communicate information to the other Party pursuant to this Article. Notwithstanding the previous sentence, if a Party provides information to the other Party pursuant to this Article, it may require that such

information is used subject to the terms and conditions it specifies.

ARTICLE 23.6

Consultations

1. A competition authority of a Party may request consultations with a competition authority of the other Party if it considers that its interests are being substantially and adversely affected by:

(a) anti-competitive practices that are or have been engaged in by one or more undertakings situated in the territory of the other Party;

(b) concentrations between undertakings as referred to in Article 23.2(2); or

(c) the enforcement activities of the competition authority of the other Party.

2. Entering into the consultations referred to in paragraph 1 is without prejudice to any action by a competition authority of a Party under its competition law or to the autonomy of its decision-making.

3. A competition authority consulted pursuant to paragraph 1 may take whatever corrective measures it deems appropriate, consistent with its laws and regulations, and without prejudice to its discretion to enforce competition law.

ARTICLE 23.7

Non-application of dispute settlement

No Party shall have recourse to dispute settlement under Chapter 29 for any matter arising under this Chapter.

CHAPTER 24

SUBSIDIES

ARTICLE 24.1

Principles

Each Party may grant subsidies if they are necessary to achieve a public policy objective. Nevertheless, the Parties acknowledge that certain subsidies have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation.

ARTICLE 24.2

Cooperation

1. The Parties recognise the need to cooperate, both at multilateral and regional level, in order to:

(a) seek effective ways to coordinate their positions and proposals regarding subsidies in the framework of the WTO;

(b) explore ways to improve transparency regarding subsidies; and

(c) exchange information on the functioning of their subsidy control systems.

2. The Joint Council in trade configuration may consider ways to further enhance the Parties' understanding of the impact of subsidisation on trade.

3. The Parties shall review the functioning of their cooperation no later than 3 (three) years after the date of entry into force of this Agreement and at regular intervals thereafter. The Parties shall consult each other on ways to improve their cooperation, in light of experience gained and any initiative on subsidy rules developed in the context of the WTO.

4. Details of such cooperation may be set out in an administrative agreement.

CHAPTER 25

STATE-OWNED ENTERPRISES,ENTERPRISES GRANTED EXCLUSIVE OR SPECIAL PRIVILEGES

ARTICLE 25.1

Definitions

For the purposes of this Chapter, the following definitions apply:

(a) "commercial activities" means activities undertaken by an enterprise with a view to making a profit, the end result of which is the production of a good or supply of a service which will be sold in the relevant market in quantities and at prices determined by the enterprise 82 ;

(b) "commercial considerations" means price, quality, availability, marketability, transportation and other terms and conditions of purchase or sale; or other factors that would normally be taken into account in the commercial decisions of a privately owned enterprise operating according to market-economy principles in the relevant business or industry;

(c) "enterprise granted exclusive or special privileges" means an enterprise, public or private, including a subsidiary, to which a Party has granted, formally or in effect, exclusive or special privileges;

(d) "exclusive or special privileges" means rights or privileges granted by a Party to a sole enterprise or to a limited number of enterprises authorised to supply a good or a service, that are not granted according to objective, proportional and non-discriminatory criteria, taking into account the specific sectoral regulation under which the granting of the right or privilege has taken place, thereby substantially affecting the ability of any other enterprise to supply the same good or service in the same geographical area under substantially equivalent conditions 83 ;

(e) "service supplied in the exercise of governmental authority" means a service supplied in the exercise of governmental authority as defined in Article I:3(c) of GATS and, where applicable, Articles 1 (b), (c) and (d) of the Annex on Financial Services to GATS; and

(f) "state-owned enterprise" means an enterprise owned or controlled by a Party 84 .

ARTICLE 25.2

Scope

1. This Chapter applies to state-owned enterprises and to enterprises engaged in commercial activities to which a Party has granted, formally or in effect, exclusive or special privileges. If an enterprise combines commercial and non-commercial activities, only the commercial activities of that enterprise are covered by this Chapter.

2. This Chapter does not apply to the procurement by a Party of a good or service purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production or the supply of a good or service for commercial sale, irrespective of whether that procurement is a "covered procurement" within the meaning of Article 20.3.

3. This Chapter does not apply to a service supplied in the exercise of governmental authority.

4. This Chapter does not apply to state-owned enterprises or to enterprises granted exclusive or special privileges, if in any one of the 3 (three) previous consecutive fiscal years the annual revenue derived from the commercial activities covered by this Chapter of the enterprise concerned was less than 200 (two hundred) million special drawing rights.

5. This Chapter does not apply to the commercial activities of state-owned enterprises and enterprises granted exclusive or special privileges with respect to sectors or subsectors for which specific commitments are not made pursuant to Appendices 25-A-1 and 25-A-2 or to sectors or subsectors for which specific commitments are made subject to limitations pursuant to Appendices 25-A-1 and 25-A-2, to the extent of those limitations and subject to the terms and conditions set out therein.

6. This Chapter does not apply to state-owned enterprises in the defence sector.

7. This Chapter does not apply to state-owned enterprises or enterprises granted exclusive or special privileges referred to in Appendices 25-A-1 and 25-A-2. Article 25.4 does not apply to state-owned enterprises listed in Appendix 25-A-1.

ARTICLE 25.3

General provisions

1. Each Party affirms its rights and obligations under Article XVII of GATT 1994, the Understanding on the Interpretation of Article XVII of GATT 1994, as well as under Article VIII of GATS.

2. Nothing in this Chapter prevents a Party from establishing or maintaining state-owned enterprises, designating or maintaining monopolies, or granting enterprises exclusive or special privileges.

ARTICLE 25.4

Commercial considerations

1. Each Party shall ensure that its state-owned enterprises and enterprises granted exclusive or special privileges, when engaging in commercial activities in the territory of a Party, act in accordance with commercial considerations in their purchases or sales of goods or services, except to fulfil their public mandate or purpose 85 as provided for in a Party's law.

2. Paragraph 1 does not preclude these enterprises from:

(a) purchasing or supplying goods or services on different terms or conditions, including those relating to price, if such different terms or conditions are made in accordance with commercial considerations; or

(b) refusing to purchase or supply goods or services, if such refusal is made in accordance with commercial considerations.

ARTICLE 25.5

Transparency

1. A Party which has reason to believe that its interests are being adversely affected by the commercial activities of a state-owned enterprise or of an enterprise granted exclusive or special privileges of the other Party may request the other Party to provide information in writing about the commercial activities of that enterprise which are subject to the provisions of this Chapter. The requested Party shall, to the extent possible, provide an answer in a timely manner.

2. Requests for information referred to in paragraph 1 shall indicate the enterprise, the goods services and markets concerned and indicate the interests under this Chapter that the requesting Party believes to be adversely affected.

ARTICLE 25.6

Cooperation

The Parties shall cooperate by:

(a) exploring the possibility to make additional commitments on state-owned enterprises and enterprises granted exclusive or special privileges; and

(b) exchanging experiences in the development of best practices on the corporate governance of state-owned enterprises.

ARTICLE 25.7

Amendment of Annex 25-A

Annex 25-A shall be subject to review by the Joint Council in trade configuration 5 (five) years after the date of entry into force of this Agreement with a view to exploring the possibility of making additional commitments. The Joint Council in trade configuration may adopt a decision to amend Annex 25-A as appropriate.

CHAPTER 26

TRADE AND SUSTAINABLE DEVELOPMENT

ARTICLE 26.1

Objectives and scope

1. The objective of this Chapter is to enhance the integration of sustainable development in the Parties' trade and investment relationship, notably by establishing principles and actions concerning labour 86 and environmental aspects of sustainable development of specific relevance in a trade and investment context.

2. The Parties recall the Agenda 21 on Environment and Development, adopted at the UN Conference on Environment and Development, held in Rio de Janeiro, on 3 to 14 June 1992 and the Rio Declaration on Environment and Development of 1992, the Johannesburg Declaration on Sustainable Development and the Johannesburg Plan of Implementation of the World Summit on Sustainable Development of 2002, the Ministerial Declaration of the United Nations Economic and Social Council on creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development of 2006, the ILO Declaration on Social Justice for a Fair Globalization, and the Outcome Document of the UN Conference on Sustainable Development of 2012 entitled "The Future We Want" and the SDGs of the 2030 Agenda.

3. The Parties recognise that the economic, social and environmental dimensions of sustainable development are

interdependent and mutually reinforcing, and affirm their commitment to promoting the development of international trade in such a way as to contribute to the objective of sustainable development, for the welfare of present and future generations.

4. Consistent with the instruments referred to in paragraph 2, the Parties shall promote sustainable development through:

(a) the development of trade and economic relations in a manner that contributes to the objective of achieving the SDGs and supports their respective labour and environmental standards and objectives in a context of trade relations that are free, open, transparent and respectful of multilateral agreements to which they are party;

(b) the respect of their multilateral commitments in the fields of labour and of the environment; and

(c) enhanced cooperation and understanding of their respective labour and environmental trade-related policies and measures, taking into account the different national realities, capacities, needs and levels of development and respecting national policies and priorities.

5. Recognising the differences in their levels of development, the Parties agree that this Chapter embodies a cooperative approach based on common values and interests.

ARTICLE 26.2

Right to regulate and levels of protection

1. The Parties recognise the right of each Party to determine its sustainable development policies and priorities, to establish the levels of domestic environmental and labour protection it deems appropriate and to adopt or modify its laws, regulations and policies. Such levels, laws, regulations and policies shall be consistent with each Party's commitment to the international agreements and labour standards referred to in Articles 26.4 and 26.5.

2. Each Party shall strive to improve its relevant laws, regulations and policies so as to ensure high and effective levels of environmental and labour protection.

3. A Party should not weaken the levels of protection afforded in its environmental or labour laws and regulations with the intention of encouraging trade or investment.

4. A Party shall not waive or derogate from, or offer to waive or derogate from, its environmental or labour laws and regulations in order to encourage trade or investment.

5. A Party shall not, through a sustained or recurring course of action or inaction, fail to effectively enforce its environmental or labour laws and regulations in order to encourage trade or investment.

6. A Party shall not apply its environmental and labour laws and regulations in a manner that would constitute a disguised restriction on trade or an unjustifiable or arbitrary discrimination.

ARTICLE 26.3

Transparency

1. Each Party shall, in accordance with Chapter 27, ensure that the development, enactment and implementation of the following is done in a transparent manner, ensuring awareness and encouraging public participation, in accordance with its rules and procedures:

(a) measures aimed at protecting the environment and labour conditions that may affect trade or investment; and

(b) trade or investment measures that may affect the protection of the environment or labour conditions.

ARTICLE 26.4

Multilateral labour standards and agreements

1. The Parties affirm the value of greater policy coherence in decent work, encompassing core labour standards, and high levels of labour protection, coupled with their effective enforcement, and recognise the beneficial role that those areas can have on economic efficiency, innovation and productivity, including export performance. In this context, they also recognise the importance of social dialogue on labour matters among workers and employers, and their respective organisations and governments, and commit to the promotion of such dialogue.

2. The Parties reaffirm their commitment to promote the development of international trade in a way that is conducive to

decent work for all, including for women and young people. In this context, each Party reaffirms its commitment to promote and effectively implement the ILO Conventions and Protocols ratified by the signatory MERCOSUR States and by the Member States of the European Union and classified as up to date by the ILO.

3. In accordance with the ILO Constitution and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted in Geneva on 18 June 1998 (hereinafter referred to as "ILO Declaration on Fundamental Principles and Rights at Work"), each Party shall respect, promote and effectively implement the internationally recognised core labour standards, as defined in the fundamental ILO Conventions, which are:

(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

(d) the elimination of discrimination in respect of employment and occupation.

4. Each Party shall make continued and sustained efforts towards ratifying the fundamental ILO Conventions, Protocols and other relevant ILO Conventions to which it is not yet a party and that are classified as up to date by the ILO. The Parties shall regularly exchange information on their respective progress in this regard.

5. The Parties recall that among the objectives of the 2030 Agenda is the elimination of forced labour and underline the importance of ratification and effective implementation of the 2014 Protocol to the Forced Labour Convention.

6. The Parties shall consult and cooperate, as appropriate, on trade-related labour issues of mutual interest, including in the context of the ILO.

7. Recalling the ILO Declaration on Fundamental Principles and Rights at Work and the ILO Declaration on Social Justice for a Fair Globalization, the Parties note that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes.

8. Each Party shall promote decent work as provided by the ILO Declaration on Social Justice for a Fair Globalization. Each Party shall pay particular attention to:

(a) developing and enhancing measures for occupational safety and health, including compensation in case of occupational injury or illness, as defined in the relevant ILO Conventions and other international commitments;

(b) decent working conditions for all, with regard to, among others, wages and earnings, working hours and other conditions of work;

(c) labour inspection, in particular through effective implementation of relevant ILO standards on labour inspections; and

(d) non-discrimination in respect of working conditions, including for migrant workers.

9. Each Party shall ensure that administrative and judicial proceedings are available and accessible in order to permit effective action to be taken against infringements of labour rights referred to in this Chapter.

ARTICLE 26.5

Multilateral environmental agreements

1. The Parties recognise that the environment is one of the three dimensions of sustainable development – economic, social and environmental – and that those three should be addressed in a balanced and integrated manner. Additionally, the Parties recognise the contribution that trade can make to sustainable development.

2. The Parties recognise the importance of the United Nations Environment Assembly of the United Nations Environment Programme (hereinafter referred to as "UNEP") and of multilateral environmental agreements (hereinafter referred to as "MEAs") as a response of the international community to global or regional environmental challenges, and stress the need to enhance the mutual supportiveness between trade and environment policies.

3. Each Party affirms its commitments to promote and effectively implement MEAs, protocols and amendments thereto to which it is a party.

4. The Parties shall regularly exchange information on their respective progress as regards the ratification of MEAs, including their protocols and amendments.

5. The Parties shall consult and cooperate, as appropriate, on trade-related environmental matters of mutual interest in the context of MEAs.

6. The Parties acknowledge their right to invoke Article 28.2 in relation to environmental measures.

7. Nothing in this agreement shall prevent a Party from adopting or maintaining measures to implement the MEAs to which it is a party if such measures are consistent with Article 26.2(6).

ARTICLE 26.6

Trade and climate change

1. The Parties recognise the importance of pursuing the ultimate objective of the UNFCCC, in order to address the urgent threat of climate change and recognise the role of trade to this end.

2. Pursuant to paragraph 1, each Party shall:

(a) effectively implement the UNFCCC and the Paris Agreement, established thereunder; and

(b) consistent with Article 2 of the Paris Agreement, promote the positive contribution of trade to a pathway towards low greenhouse gas emissions and climate-resilient development and to increasing the ability to adapt to the adverse impacts of climate change in a manner that does not threaten food production.

3. The Parties shall cooperate, as appropriate, on trade-related climate change issues bilaterally, regionally and in international fora, particularly in the UNFCCC.

ARTICLE 26.7

Trade and biodiversity

1. The Parties recognise the importance of the conservation and sustainable use of biological diversity in accordance with the Convention on Biological Diversity done at Rio de Janeiro on 5 June 1992, the Convention on International Trade in Endangered Species of Wild Fauna and Flora signed at Washington D. C. on 3 March 1973 (hereinafter referred to as "CITES"), the International Treaty on Plant Genetic Resources for Food and Agriculture, and the decisions adopted thereunder, and the role that trade can play in contributing to the objectives of those Conventions and that Treaty.

2. Pursuant to paragraph 1, each Party shall:

(a) promote the use of CITES as an instrument for conservation and sustainable use of biodiversity, including through the inclusion of animal and plant species in the Appendices to CITES where the conservation status of those species is considered at risk because of international trade;

(b) implement effective measures leading to a reduction in illegal trade in wildlife, consistent with international agreements to which it is a party;

(c) encourage trade in natural resource-based products obtained through sustainable use of biological resources or which contribute to the conservation of biodiversity, in accordance with its laws and regulations; and

(d) promote the fair and equitable sharing of benefits arising from the use of genetic resources and, if appropriate, measures for access to such resources and prior informed consent.

3. The Parties shall also exchange information on initiatives and good practices on trade in natural resource-based products with the aim of conserving biological diversity and cooperate, as appropriate, bilaterally, regionally and in international fora on issues covered by this Article.

ARTICLE 26.8

Trade and sustainable management of forests

1. The Parties recognise the importance of sustainable forest management and the role of trade in pursuing this objective and of forest restoration for conservation and sustainable use.

2. Pursuant to paragraph 1, each Party shall:

(a) encourage trade in products from sustainably managed forests harvested in accordance with the laws and regulations of the country of harvest;

(b) promote, as appropriate and with their prior informed consent, the inclusion of forest-based local communities and indigenous peoples in sustainable supply chains of timber and non-timber forest products, as a means of enhancing their livelihoods and of promoting the conservation and sustainable use of forests;

(c) implement measures to combat illegal logging and related trade;

(d) exchange information concerning trade-related initiatives on sustainable forest management, forest governance and on the conservation of forest cover and cooperate to maximise the impact and ensure the mutual supportiveness of their respective policies of mutual interest; and

(e) cooperate, as appropriate, bilaterally, regionally and in international fora on issues concerning trade and the conservation of forest cover as well as sustainable forest management, consistent with the 2030 Agenda.

ARTICLE 26.9

Trade and sustainable management of fisheries and aquaculture

1. The Parties recognise the importance of conserving and sustainably managing marine biological resources and marine ecosystems as well as of promoting responsible and sustainable aquaculture, and the role of trade in pursuing these objectives and their shared commitment to achieving SDG 14 of the 2030 Agenda, particularly targets 4 and 6 thereof.

2. Pursuant to paragraph 1 and in a manner consistent with its international commitments, each Party shall:

(a) implement long-term conservation and management measures and sustainable exploitation of marine living resources in accordance with international law as enshrined in the UNCLOS and other relevant United Nations and Food and Agriculture Organization of the United Nations (hereinafter referred to as "FAO") instruments to which it is a party;

(b) act in accordance with the principles of the FAO Code of Conduct for Responsible Fisheries adopted by Resolution 4/95 of 31 October 1995 (hereinafter referred to as "the FAO Code of Conduct for Responsible Fisheries");

(c) participate and cooperate actively within the regional fisheries management organisations and other relevant international fora to which it is a member, observer or cooperating non-contracting party, with the aim of achieving good fisheries governance and sustainable fisheries, including through effective control, monitoring and enforcement of management measures and, if applicable, the implementation of catch documentation or certification schemes;

(d) implement, in accordance with its international commitments, comprehensive, effective and transparent measures to combat illegal, unreported and unregulated fishing, and exclude from international trade products that do not comply with such measures, and cooperate to this end, including by facilitating the exchange of information;

(e) work with a view to coordinating the measures necessary for the conservation and sustainable use of straddling fish stocks in areas of common interest; and

(f) promote the development of sustainable and responsible aquaculture, taking into account its economic, social and environmental aspects, including with regard to the implementation of the objectives and principles contained in the FAO Code of Conduct for Responsible Fisheries.

ARTICLE 26.10

Scientific and technical information

1. When establishing or implementing measures aimed at protecting the environment or labour conditions that may affect trade or investment, each Party shall ensure that the scientific and technical evidence on which they are based is from recognised technical and scientific bodies and that the measures are based on relevant international standards, guidelines or recommendations where they exist.

2. In cases when scientific evidence or information is insufficient or inconclusive and there is a risk of serious environmental degradation or to occupational health and safety in its territory, a Party may adopt measures based on the precautionary principle. Such measures shall be based upon available pertinent information and be subject to periodic review. The Party adopting such measures shall seek to obtain new or additional scientific information necessary for a more conclusive assessment and shall review such measures as appropriate.

3. If a measure adopted in accordance with paragraph 2 has an impact on trade or investment, a Party may request the Party adopting the measure to provide information indicating that scientific evidence or information is insufficient or inconclusive in relation to the matter at stake and that the measure adopted is consistent with its own level of protection, and may request discussion of the matter in the Subcommittee on trade and sustainable development referred to in Article

26.14.

4. The measures referred to in this Article shall not be applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

ARTICLE 26.11

Trade and responsible management of supply chains

1. The Parties recognise the importance of responsible management of supply chains through responsible business conduct and corporate social responsibility practices based on internationally agreed guidance.

2. Pursuant to paragraph 1, each Party shall:

(a) support the dissemination and use of relevant international instruments that it has endorsed or supported, such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy adopted in Geneva in November 1977, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in its resolution 17/4 of 16 June of 2011 and the OECD Guidelines for Multinational Enterprises: Recommendations for Responsible Business Conduct in a Global Context annexed to the OECD Declaration on International Investment and Multinational Enterprises done in Paris on 21 June 1976.

(b) promote the voluntary uptake by enterprises of corporate social responsibility or responsible business practices, consistent with the guidelines and principles referred to in point (a); and

(c) provide a supportive policy framework for the effective implementation of the principles and guidelines referred to in point (a).

3. The Parties recognise the utility of international sector-specific guidelines in the areas of corporate social responsibility and responsible business conduct and shall promote joint work in this regard. In respect of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and its supplements, the Parties adhering to or supporting that Guidance shall also promote the uptake thereof.

4. The Parties shall exchange information as well as best practices and, if

appropriate, cooperate on issues covered by this Article, including in relevant regional and international fora.

ARTICLE 26.12

Other trade and investment-related initiatives favouring sustainable development

1. The Parties confirm their commitment to enhance the contribution of trade and investment to the objective of sustainable development in its economic, social and environmental dimensions.

2. Pursuant to paragraph 1, the Parties shall:

(a) promote the objectives of the Decent Work Agenda, in accordance with the ILO Declaration on Social Justice for a Fair Globalization, including the minimum living wage, inclusive social protection, health and safety at work, and other aspects related to working conditions;

(b) encourage trade and investment in goods and services as well as the voluntary exchange of practices and technologies that contribute to enhanced social and environmental conditions, including those of particular relevance for climate change mitigation and adaptation, in a manner consistent with this Part of the Agreement; and

(c) cooperate, as appropriate, bilaterally, regionally and in international fora on matters covered by this Article.

ARTICLE 26.13

Working together on trade and sustainable development

1. The Parties recognise the importance of working together in order to achieve the objectives of this Chapter. They may work together on, among others:

(a) labour and environmental aspects of trade and sustainable development in international fora, including in particular the WTO, the ILO, the UNEP, the UNCTAD, the United Nations High-level Political Forum for Sustainable Development and MEAs;

(b) the impact of labour and environmental law and standards on trade and investment;

(c) the impact of trade and investment law on labour and the environment; and

(d) voluntary sustainability assurance schemes, such as fair and ethical trade schemes and eco-labels, through the sharing of experience and information on such schemes.

2. In order to achieve the objectives of this Chapter, the Parties may also work together on the trade-related aspects of:

(a) the implementation of fundamental, priority and other up to date ILO Conventions;

(b) the ILO Decent Work Agenda, including on the interlinkages between trade and full and productive employment, labour market adjustment, core labour standards, decent work in global supply chains, social protection and social inclusion, social dialogue, skills development and gender equality;

(c) the implementation of MEAs and support for each other's participation in such MEAs;

(d) the dynamic international climate change regime under the UNFCCC, in particular the implementation of the Paris Agreement;

(e) the Montreal Protocol on Substances that Deplete the Ozone Layer done at Montreal on 16 September 1987 and any Amendments to it ratified by the Parties, in particular measures to control the production and consumption of and trade in Ozone Depleting Substances (ODS) and Hydrofluorocarbons (HFCs), and the promotion of environmentally friendly alternatives to them, and measures to address illegal trade of substances regulated by that Protocol;

(f) corporate social responsibility, responsible business conduct, responsible management of global supply chains and accountability, including with regard to implementation, follow-up and dissemination of relevant international instruments;

(g) the sound management of chemicals and waste;

(h) the conservation and sustainable use of biological diversity, and the fair and equitable sharing of the benefits arising from the utilisation of genetic resources, including by appropriate access to such resources, as referred to in Article 26.7;

(i) combatting wildlife trafficking, as referred to in Article 26.7;

(j) the promotion of the conservation and sustainable management of forests with a view to reducing deforestation and illegal logging, as referred to in Article 26.8;

(k) private and public initiatives contributing to the objective of halting deforestation, including those linking production and consumption through supply chains, consistent with SDGs 12 and 15 of the 2030 Agenda;

(l) the promotion of sustainable fishing practices and trade in sustainably managed fish products, as referred to in Article 26.9; and

(m) sustainable consumption and production initiatives consistent with SDG 12 of the 2030 Agenda, including, but not limited to, circular economy and other sustainable economic models aimed at increasing resource efficiency and reducing waste generation.

ARTICLE 26.14

Subcommittee on trade and sustainable development and contact points

1. The Subcommittee on trade and sustainable development, established pursuant to Article 9.9(4), shall have the following functions, in addition to those listed in Articles 2.4 and 9.9:

(a) facilitate and monitor cooperation activities undertaken under this Chapter;

(b) carry out the tasks referred to in Articles 26.16 to 26.18; and

(c) conduct the preparatory internal work necessary for the Joint Committee in trade configuration, including with regard to topics for discussion with Domestic Advisory Groups referred to in Article 2.7.

2. The Subcommittee shall publish a report after each of its meetings.

3. Each Party shall designate a contact point within its administration to facilitate communication and coordination between the Parties on any matter relating to the implementation of this Chapter.

ARTICLE 26.15

Dispute resolution

1. The Parties shall make all efforts through dialogue, consultation, exchange of information and cooperation to address any disagreement on the interpretation or application of this Chapter.

2. Any time period mentioned in Articles 26.16 and 26.17 may be extended by mutual agreement of the Parties.

3. All time periods established under this Chapter shall be counted in calendar days from the day following the act or fact to which they refer.

4. For the purposes of this Chapter, Parties to a dispute under this Chapter shall be as set out in Article 29.3.

5. No Party shall have recourse to dispute settlement under Chapter 29 for any matter arising under this Chapter.

ARTICLE 26.16

Consultations

1. A Party may request consultations with the other Party regarding the interpretation or application of this Chapter by delivering a written request to the contact point of the other Party designated pursuant to Article 26.14(3). The request shall present the matter at issue clearly and provide a brief summary of the claims under this Chapter, including an indication of the relevant provisions thereof and explaining how it affects the objectives of this Chapter, as well as any other information the Party deems relevant. Consultations shall start promptly after a Party delivers a request for consultations, and in any event no later than 30 (thirty) days after the date of receipt of the request.

2. Consultations shall be held in person or, if so agreed by the Parties, by videoconference or other electronic means. If the consultations are held in person, they shall be held in the territory of the Party to whom the request is made, unless the Parties agree otherwise.

3. The Parties shall enter into consultations with the aim of reaching a mutually satisfactory resolution of the matter. In matters related to the multilateral agreements referred to in this Chapter, the Parties shall take into account information from the ILO or from relevant organisations or bodies responsible for MEAs ratified by both Parties, in order to promote coherence between the work of the Parties and these organisations. If relevant, the Parties may agree to seek advice from such organisations or bodies, or any other expert or body they deem appropriate.

4. If a Party considers that the matter needs further discussion, it may request in writing that the Subcommittee on trade and sustainable development be convened and notify that request to the contact point designated pursuant to Article 26.14(3). Such a request shall be made no earlier than 60 (sixty) days from the date of the receipt of the request under paragraph 1. The Subcommittee on trade and sustainable development shall meet promptly and endeavour to reach a mutually satisfactory resolution of the matter.

5. The Subcommittee on trade and sustainable development shall take into account any views on the matter provided by the Domestic Advisory Groups referred to in Article 2.7 as well as any expert advice.

6. Any resolution reached by the Parties shall be made publicly available.

ARTICLE 26.17

Panel of experts

1. If, within 120 (one hundred and twenty) days after a request for consultations under Article 18.16, no mutually satisfactory resolution has been reached, a Party may request the establishment of a panel of experts to examine the matter. Any such request shall be made in writing to the contact point of the other Party designated pursuant to Article 26.14(3) and shall identify the reasons for requesting the establishment of a panel of experts, including a description of the measures at issue and the relevant provisions of this Chapter that it considers applicable.

2. Except as otherwise provided for in this Article, Articles 29.9, 29.11, 29.12, 29.26 and 29.27, as well as the Rules of Procedure in Annex 29-A and the Code of Conduct in Annex 29-B, apply.

3. The Subcommittee on trade and sustainable development shall, at its first meeting after the date of entry into force of this Agreement, establish a list of at least 15 (fifteen) individuals who are willing and able to serve on a panel of experts. The list shall be composed of 3 (three) sub-lists: 1 (one) sub-list proposed by the EU, 1 (one) sub-list proposed by MERCOSUR and 1 (one) sub-list of individuals that are not nationals of either Party. Each Party shall propose at least 5 (five) individuals

for its sub-list. The Parties shall also select at least 5 (five) individuals for the list of individuals that are not nationals of either Party. The Subcommittee on trade and sustainable development shall ensure that the list is kept up to date and that the number of experts is maintained at least at 15 (fifteen) individuals.

4. The individuals referred to in paragraph 3 shall have specialised knowledge of, or expertise in, matters addressed in this Chapter, including labour, environmental or trade law, or in the resolution of disputes arising under international agreements. They shall serve in their individual capacities, be independent and not take instructions from any organisation or government with regard to issues related to the disagreement, or be affiliated with the government of any Party. They shall also comply with Annex 29-B.

5. A panel of experts shall be composed of 3 (three) members, unless the Parties agree otherwise. The chairperson shall be from the sub-list of individuals that are not nationals of either Party. A panel of experts shall be established according to the procedures set out in paragraphs 1 to 4 of Article 21.9. The experts shall be selected from the relevant individuals on the sub-lists referred to in paragraph 3 of this Article, in accordance with the relevant provisions of paragraphs 2, 3 and 4 of Article 29.9.

6. Unless the Parties agree otherwise within 7 (seven) days after the date of establishment of the panel of experts, as defined in Article 29.9(5), the terms of reference shall be:

"to examine, in the light of the relevant provisions of Chapter 26 of the Partnership Agreement between the European Union and its Member States, of the one part, and the Common Market of the South, the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay, of the other part, the matter referred to in the request for the establishment of the panel of experts, and to issue a report, in accordance with Article 26.17, making recommendations for the resolution of the matter".

7. With regard to matters related to the respect of multilateral agreements referred to in this Chapter, the opinions of experts or information requested by the panel of experts in accordance with Article 29.12 should include information and advice from the relevant ILO or MEA bodies. Any information obtained under this paragraph shall be provided to both Parties for their comments.

8. The panel of experts shall interpret the provisions of this Chapter in accordance with the customary rules of interpretation of public international law.

9. The panel of experts shall issue to the Parties an interim report within 90 (ninety) days after the establishment of the panel of experts, and a final report no later than 60 (sixty) days after issuing the interim report. Those reports shall set out the findings of fact, the applicability of the relevant provisions and the basic rationale behind any findings and recommendations. Either of the involved Parties may submit written comments on the interim report to the panel of experts within 45 (forty-five) days after the date of issue of the interim report. After considering any such written comments, the panel of experts may modify the report and make any further examination it considers appropriate. If it considers that the deadlines set in this paragraph cannot be met, the chairperson of the panel of experts shall notify the Parties in writing, stating the reasons for the delay and the date on which the panel plans to issue its interim or final report.

10. The Parties shall make the final report publicly available within 15 (fifteen) days after its submission by the panel of experts.

11. The Parties shall discuss appropriate measures to be implemented, taking into account the report and recommendations of the panel of experts. The Party complained against shall inform its Domestic Advisory Group referred to in Article 2.7 and the other Party of its decisions on any actions or measures to be implemented no later than 90 (ninety) days after the report has been made publicly available. The Subcommittee on trade and sustainable development shall monitor the follow-up to the report of the panel of experts and its recommendations. The Domestic Advisory Group referred to in Article 2.7 may submit observations to the Subcommittee on trade and sustainable development in this regard.

ARTICLE 26.18

Review

1. For the purposes of facilitating the achievement of the objectives of this Chapter, the Parties shall discuss through the meetings of the Subcommittee on trade and sustainable development its effective implementation, including a possible review of its provisions, taking into account, among others, the experience gained, policy developments in each Party, developments in international agreements and views presented by stakeholders.

2. The Subcommittee on trade and sustainable development may recommend to the Parties amendments to the relevant

provisions of this Chapter reflecting the outcome of the discussions referred to in paragraph 1.

CHAPTER 27

TRANSPARENCY

ARTICLE 27.1

Definitions

For the purposes of this Chapter the following definitions apply:

(a) "administrative decision" means a decision that affects the rights or obligations of a person in an individual case and covers an administrative action or failure to take an administrative action or decision as provided for in a Party's laws and regulations;

(b) "interested person" means any natural or juridical person that may be affected by a measure of general application; and

(c) "measure of general application" means a law, regulation, judicial decision, procedure or administrative ruling of general application that may have an impact on any matter covered by this Part of the Agreement.

ARTICLE 27. 2

Objectives

Recognising the impact which its regulatory environment may have on trade and investment between the Parties, each Party shall aim to promote a transparent and predictable regulatory environment and efficient procedures for economic operators, especially SMEs, in accordance with the provisions of this Chapter.

ARTICLE 27.3

Publication

1. Each Party shall ensure that a measure of general application with respect to any matter covered by this Part of the Agreement:

(a) is promptly published via an officially designated medium and, if feasible, by electronic means or is otherwise made available in such a manner as to enable any person to become acquainted with it;

(b) provides an explanation of its objective and rationale; and

(c) allows for sufficient time between its publication and entry into force, except when this is not possible for reasons of urgency.

2. To the extent possible, when adopting or amending major laws or regulations of general application with respect to any matter covered by this Part of the Agreement, each Party shall, in accordance with its respective rules and procedures:

(a) publish in advance the draft law or regulation or consultation documents providing details of the objective of, and rationale for, such law or regulation;

(b) provide interested persons and the other Party a reasonable opportunity to comment on such draft law or regulation or consultation documents; and

(c) endeavour to take into consideration the comments received on such draft law or regulation or consultation documents.

ARTICLE 27.4

Enquiries

1. No later than 3 (three) years after the date of entry into force of this Agreement, each Party shall establish or maintain appropriate mechanisms for receiving and responding to enquiries from any person regarding any measure of general application which is proposed or in force and how it would be applied with respect to any matter covered by this Part of the Agreement.

2. Upon request of a Party, the other Party shall promptly provide information and respond to enquiries pertaining to any

measure of general application or any proposal to adopt or amend any measure of general application with respect to any matter covered by this Part of the Agreement that the requesting Party considers may affect the operation of this Part of the Agreement.

ARTICLE 27.5

Administration of measures of general application

1. Each Party shall administer in an objective, impartial and reasonable manner all measures of general application with respect to any matter covered by this Part of the Agreement.

2. Each Party, when applying measures of general application to persons, goods or services of the other Party in specific cases, shall:

(a) endeavour to provide persons that are directly affected by administrative proceedings 87 with reasonable notice, in accordance with its laws and regulations, when administrative proceedings are initiated, including a description of the nature of the proceedings, a statement of the legal authority under which the proceedings are initiated and a general description of any issues in question; and

(b) afford such interested persons a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative decision, in so far as time, the nature of the proceedings and the public interest permit.

ARTICLE 27.6

Review and appeal

1. Each Party shall establish or maintain judicial, arbitral or administrative tribunals or procedures for the purpose of the prompt review or appeal and, if warranted, the correction of an administrative decision with respect to any matter covered by this Part of the Agreement. Each Party shall ensure that its procedures for review or appeal are carried out in a non-discriminatory and impartial manner by tribunals that are impartial and independent of the authority entrusted with administrative enforcement, and composed by individuals with no substantial interest in the outcome of the matter.

2. Each Party shall ensure that the parties to the procedures referred to in paragraph 1 are provided with the right to:

(a) a reasonable opportunity to support or defend their respective positions; and

(b) a decision based on the evidence and submissions of record or, if required by its law, the record compiled by the administrative authority.

3. Each Party shall ensure that the decision referred to in point (b) of paragraph 2 shall, subject to appeal or further review as provided for in its law, be implemented by, and govern the practice of the authority entrusted with administrative enforcement with respect to the administrative decision concerned.

ARTICLE 27.7

Regulatory quality and performance and good regulatory practices

1. The Parties recognise the principles of good regulatory practices and shall promote regulatory quality and performance. In particular, the Parties shall endeavour to:

(a) encourage the use of regulatory impact assessments when developing major initiatives; and

(b) establish or maintain procedures to promote the regular retrospective evaluation of measures of general interest.

2. The Parties shall endeavour to cooperate in regional and multilateral fora to promote good regulatory practices and transparency in respect of international trade and investment in areas covered by this Part of the Agreement.

ARTICLE 27.8

Relation to other Chapters

This Chapter applies without prejudice to any specific rules in other Chapters of this Part of the Agreement.

CHAPTER 28

EXCEPTIONS

ARTICLE 28.1

Security Exceptions

Nothing in this Part of the Agreement shall be construed:

(a) to require a Party to furnish or allow access to any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent a Party from taking an action which it considers necessary for the protection of its essential security interests:

(i) connected to the production of or traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods and materials, services and technology, and to economic activities, carried out directly or indirectly for the purpose of supplying a military establishment;

(ii) relating to fissionable and fusionable materials or the materials from which they are derived; or

(iii) taken in time of war or other emergency in international relations; or

(c) to prevent a Party from taking any action in pursuance of its international obligations under the UN Charter for the purpose of maintaining international peace and security.

ARTICLE 28.2

General exceptions

1. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in Chapters 10, 12 and 25 shall be construed to prevent the adoption or enforcement by a Party of measures referred to in Article XX of the GATT 1994. To that end, Article XX of the GATT 1994, including its Notes and Supplementary Provisions, is incorporated into and made part of this Part of the Agreement, mutatis mutandis.

2. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on investment liberalization or trade in services, nothing in Chapters 18 and 25 shall be construed to prevent the adoption or enforcement by either Party of measures:

(a) necessary to protect public security or public morals or to maintain public order 88 ;

(b) necessary to protect human, animal or plant life or health;

(c) relating to the conservation of exhaustible natural resources, if such measures are applied in conjunction with restrictions on domestic investors or on the domestic supply or consumption of services;

(d) necessary for the protection of national treasures of artistic, historic or archaeological value;

(e) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Part of the Agreement including those relating to:

(i) the prevention of deceptive and fraudulent practices 89 or to deal with the effects of a default on contracts;

(ii) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts; or

(iii) safety.

3. Nothing in Chapter 18 shall be construed to prevent the adoption or enforcement of a measure which implements a requirement imposed or enforced by a court, administrative tribunal or competition authority to remedy a violation of competition laws and regulations.

4. For greater certainty, the Parties understand that, to the extent that such measures are otherwise inconsistent with the provisions of Chapters 10, 12 and 25:

(a) the measures referred to in point (b) of Article XX of GATT 1994 include environmental measures, which are necessary to protect human, animal or plant life or health;

(b) point (g) of Article XX of GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources; and

(c) measures taken to implement multilateral environmental agreements can fall under points (b) or (g) of Article XX of GATT 1994.

5. Before a Party takes any measures in accordance with points (i) and (j) of Article XX of GATT 1994, it shall provide the other Party with all relevant information, with a view to seeking a solution acceptable to the Parties. If an agreement is not reached within 30 (thirty) days of providing such information, the Party may apply the relevant measures. Whenever exceptional and critical circumstances require immediate action, the Party intending to take the measures may apply the measure necessary to deal with the circumstances without prior notification and shall inform the other Party immediately thereof.

ARTICLE 28.3

Taxation

1. Nothing in this Part of the Agreement shall affect the rights and obligations of the European Union or its Member States or of the Signatory MERCOSUR States under any tax convention. In the event of any inconsistency between this Part of the Agreement and any such tax convention, the tax convention shall prevail to the extent of the inconsistency.

2. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries, where like conditions prevail, or a disguised restriction on trade or investment, nothing in this Part of the Agreement shall be construed to prevent the adoption, maintenance or enforcement by a Party of any measure aimed at ensuring the equitable or effective imposition or collection of direct taxes 90 that:

(a) distinguishes between taxpayers, who are not in the same situation, in particular with regard to their place of residence or with regard to the place where their capital is invested; or

(b) aims at preventing the avoidance or evasion of taxes pursuant to the provisions of any tax convention or domestic fiscal legislation.

3. For the purpose of this Article:

(a) "residence" means residence for tax purposes; and

(b) "tax convention" means a convention for the avoidance of double taxation or any other international agreement or arrangement relating wholly or mainly to taxation that the European Union or its Member States or a Signatory MERCOSUR State is party to.

ARTICLE 28.4

Disclosure of information

1. Nothing in this Part of the Agreement shall be construed to require a Party to make available confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of particular enterprises, public or private, except where a panel requires such confidential information in dispute settlement proceedings under Chapter 29. In such cases, the panel shall ensure that confidentiality is fully protected.

2. When a Party provides information which is considered as confidential under its laws and regulations, the other Party shall treat that information as confidential, unless the submitting Party agrees otherwise.

ARTICLE 28.5

WTO Waivers

If an obligation in this Part of the Agreement is substantially equivalent to an obligation contained in the WTO Agreement, any measure taken in conformity with a waiver adopted pursuant to paragraphs 3 and 4 of Article IX of the WTO Agreement is deemed to be in conformity with the substantively equivalent provision in this Part of the Agreement.

CHAPTER 29

DISPUTE SETTLEMENT

SECTION A

OBJECTIVE, DEFINITIONS AND SCOPE

ARTICLE 29.1

Objective

The objective of this Chapter is to establish an effective and efficient mechanism to:

(a) avoid and settle disputes between the Parties regarding the interpretation and application of Part III of this Agreement with a view to reaching, if possible, a mutually agreed solution; and

(b) preserve the balance of concessions accorded by Part III of this Agreement, when applicable.

ARTICLE 29.2

Definitions

For the purposes of this Chapter and Annexes 29-A, 29-B and 29-C:

(a) "adviser" means an individual retained by a party to advise or assist that party in connection with the arbitration proceedings;

(b) "arbitration panel" means a panel established pursuant to Article 29.9;

(c) "arbitrator" means an individual who is a member of an arbitration panel;

(d) "assistant" means an individual who, under the terms of appointment of an arbitrator, conducts researches or provides assistance to that arbitrator;

(e) "candidate" means an individual whose name is on the list of arbitrators referred to in Article 29.8(3) and who is under consideration for selection as a member of an arbitration panel established pursuant to Article 29.9;

(f) "complaining party" means a party that requests the establishment of an arbitration panel pursuant to Article 29.7;

(g) "expert" means an individual with specialised and recognised knowledge and experience in a certain field that is requested by an arbitration panel or mediator to provide an opinion, or whose opinion in that field is submitted to or requested by any of the parties;

(h) "mediator" means an individual who conducts a mediation pursuant to Article 29.6;

(i) "representative of a party" means an employee or any person appointed by a government department or agency or any other public entity of a Party who represents that Party for the purposes of a dispute under this Chapter; and

(j) "staff" means, in respect of an arbitrator, individuals under the direction and control of an arbitrator, other than assistants.

ARTICLE 29.3

Parties to the dispute

1. For the purposes of this Chapter, the European Union and MERCOSUR or one or more of the Signatory MERCOSUR States, may be parties to a dispute. The parties to the dispute shall be hereinafter referred to as "party" or "parties".

2. The European Union may initiate dispute settlement proceedings against MERCOSUR regarding a measure that concerns the European Union or one or more of its Member States, if the measure at issue is a measure of MERCOSUR.

3. The European Union may initiate dispute settlement proceedings against one or more of the Signatory MERCOSUR States regarding a measure that concerns the European Union or one or more of its Member States, if the measure at issue is a measure of such Signatory MERCOSUR States.

4. MERCOSUR may initiate dispute settlement proceedings against the European Union regarding a measure that concerns MERCOSUR or all of the Signatory MERCOSUR States, if the measure at issue is a measure of the European Union 91 or of one or more of the European Union's Member States.

5. One or more Signatory MERCOSUR States may individually initiate dispute settlement proceedings against the European Union regarding a measure that concerns such Signatory MERCOSUR State or Signatory MERCOSUR States, if the measure is a measure of the European Union or of one or more of the European Union's Member States.

6. If more than one Signatory MERCOSUR State initiate dispute settlement proceedings against the European Union on the same matter, Article 9 of the DSU shall apply mutatis mutandis 92 .

ARTICLE 29.4

Scope

The provisions of this Chapter apply with respect to any dispute:

(a) concerning the interpretation and application of the provisions of Part III of this Agreement (hereinafter referred to as "covered provisions"), except if otherwise expressly provided; or

(b) concerning an allegation by a party that a measure applied by the other party nullifies or substantially impairs any benefit accruing to it under the covered provisions in a manner adversely affecting trade between the parties, whether or not such measure conflicts with the provisions of Part III of this Agreement, except if otherwise expressly provided.

SECTION B

CONSULTATIONS AND MEDIATION

ARTICLE 29.5

Consultations

1. The parties shall endeavour to resolve any dispute regarding the alleged non-compliance with the covered provisions referred to in point (a) of Article 29.4 or regarding the alleged nullification or substantial impairment referred to in point (b) of Article 29.4 by entering into consultations in good faith with the aim of reaching a mutually agreed solution. In this context, additional consideration shall be given to the specific challenges of landlocked developing countries.

2. A party shall seek consultations through a written request delivered to the other party and to the Joint Committee in trade configuration, giving the reason for the request, including identification of the measure at issue and, in the case of a dispute referred to in point (a) of Article 29.4, the covered provisions that it considers applicable and not complied with by the other party, or, in the case of a dispute referred to in point (b) of Article 29.4, the benefits it considers to have been, as a result of the measure at issue, nullified or substantially impaired in a manner adversely affecting trade between the parties.

3. Consultations shall be held no later than 15 (fifteen) days after the date of receipt of the request, and shall, unless the parties agree otherwise, be held in the territory of the consulted party. Consultations shall be deemed to have been concluded no later than 30 (thirty) days after the date of receipt of the request, unless both parties agree to continue consultations. Consultations, and in particular the positions taken by the parties therein, shall be confidential and without prejudice to the rights of a party in any further proceedings.

4. Consultations on matters of urgency, including those regarding perishable goods or other goods or services that rapidly lose their quality, current condition or commercial value in a short period of time, shall be held no later than 15 (fifteen) days after the date of receipt of the request and shall be deemed to have been concluded within those 15 (fifteen) days, unless both parties agree to continue consultations.

5. During consultations, each party shall provide factual information, so as to allow a complete examination of the manner in which the measure at issue could, in the case of a dispute referred to in point (a) of Article 29.4, affect the application of Part III of this Agreement, or, in the case of a dispute referred to in point (b) of Article 29.4, nullify or substantially impair the benefits accruing to the requesting party under Part III of this Agreement in a manner adversely affecting trade between the parties.

6. If consultations are not held within the time period laid down in paragraphs 3 or 4, as the case may be, or if consultations are concluded and a mutually agreed solution is not reached, the party which has requested consultations may have recourse to the establishment of an arbitration panel in accordance with Article 29.7.

7. A request for consultations concerning a dispute referred to in point (a) of Article 29.4 shall be without prejudice to the right of the requesting party to request, concurrently or subsequently, consultations concerning a dispute referred to in point (b) of Article 29.4 in respect of the same measure, and vice versa.

ARTICLE 29.6

Mediation

A party may request pursuant to Annex 29-C to enter into mediation with respect to any measure by a party adversely

affecting trade between the parties. Mediation may only be initiated by mutual consensus of the parties.

SECTION C

ARBITRATION

ARTICLE 29.7

Initiation of arbitration panel proceedings

1. If the parties have failed to resolve the dispute through consultations in accordance with Article 29.5, or if the complaining party considers that the defending party has failed to comply with a solution mutually agreed during consultations, the complaining party may seek the establishment of an arbitration panel by means of a written request delivered to the defending party and to the Joint Committee in trade configuration.

2. The complaining party shall give the reasons for the request, including identification of the measure at issue and explain, in the case of a dispute referred to in point (a) of Article 29.4, how that measure constitutes a breach of the covered provisions in a manner that clearly presents the legal basis for the complaint, or, in the case of a dispute referred to in point (b) of Article 29.4, how the measure at issue nullifies or substantially impairs the benefits accruing to the complaining party under Part III of this Agreement.

3. A request for establishment of an arbitration panel concerning a dispute referred to in point (a) of Article 29.4 shall be without prejudice to the right of the complaining party to request, concurrently or subsequently, the establishment of an arbitration panel concerning a dispute referred to in point (b) of Article 29.4 in respect of the same measure, and vice versa.

4. If the complaining party has, at the same time and in respect of the same measure, requested the establishment of an arbitration panel both concerning a dispute referred to in point (a) of Article 29.4 and a dispute referred to in point (b) of Article 29.4, a single arbitration panel shall be established conducting a single arbitration in respect of both disputes. In case of subsequent arbitrations concerning the same measure, the latter arbitration shall be referred to the same panel as the preceding dispute, wherever possible.

ARTICLE 29.8

Appointment of arbitrators

1. Arbitrators must have specialised knowledge or experience in law and international trade. Arbitrators that are not nationals of a party shall be jurists.

2. Arbitrators shall:

(a) be independent;

(b) serve in their individual capacity;

(c) not take instructions from any organisation or government or be affiliated to any government or governmental organisation of a Party to this Agreement; and

(d) comply with Annex 29-B.

3. The Joint Committee in trade configuration shall, no later than 6 (six) months after the date of entry into force of this Agreement, establish a list of 32 (thirty-two) individuals who are willing and able to serve as arbitrators. That list shall be composed of the following 3 (three) sub-lists:

(a) one sub-list of 12 (twelve) individuals proposed by the European Union;

(b) one sub-list of 12 (twelve) individuals proposed by MERCOSUR; and

(c) one sub-list of 8 (eight) individuals, proposed by both Parties, who are not nationals of either Party and who shall act as chairperson of the arbitration panel.

4. The Joint Committee in trade configuration shall ensure that the list referred to in paragraph 3 of this Article contains the number of individuals therein required. The Joint Committee in trade configuration may amend the list of arbitrators, in accordance with Rule 25 of the Rules of Procedure as set out in Annex 29-A.

5. If, at the moment of the establishment of a particular arbitration panel pursuant to Article 29.9, the list provided for in paragraph 3 of this Article has not been established or, once established, not all individuals included in a particular sub-list

are able to serve as arbitrator in a dispute, the co-chair of the Joint Committee in trade configuration of the complaining party shall draw by lot the arbitrators in accordance with Rules 10, 26 and 28 to 31 of the Rules of Procedure as set out in Annex 29-A.

ARTICLE 29.9

Establishment of the arbitration panel

1. An arbitration panel shall be composed of 3 (three) arbitrators.

2. No later than 10 (ten) days after the date of receipt of the written request for the establishment of an arbitration panel pursuant to Article 29.7(1), the parties shall consult one another with a view to agreeing on its composition 93 . Expertise relevant to the subject matter of the dispute may be taken into consideration by the parties for the selection of arbitrators. The arbitration panel shall always be chaired by a non-national of either Party.

3. If there is no agreement on the composition of the arbitration panel within the time period set out in paragraph 2 of this Article, each party shall appoint one member of the arbitration panel from the sub-list of that party referred to in Article 29.8(3) no later than 10 (ten) days after the expiry of the time period referred to in paragraph 2 of this Article. If a party fails to appoint an arbitrator within that time period the co-chair of the Joint Committee in trade configuration of the complaining party or his or her designee shall, no later than 5 (five) days after the expiry of the time period referred to in the previous sentence, select the arbitrator by lot from the sub-list of that party.

4. During the time period referred to in paragraph 2 of this Article, the parties shall endeavour to agree on the chairperson of the arbitration panel. If they are unable to agree, either party shall request the co-chair of the Joint Committee in trade configuration of the complaining party to select the chairperson of the arbitration panel by lot from the sub-list referred to in Article 29.8(3) no later than 5 (five) days after that request.

5. The date of the establishment of the arbitration panel shall be that on which all selected arbitrators have accepted the appointment in accordance with the Rules of Procedure set out in Annex 29-A.

6. If a party considers that an arbitrator does not comply with Annex 29-B, the procedures provided for in Annex 29-A apply.

7. If an arbitrator is unable to participate in the proceedings, withdraws or needs to be replaced, a new arbitrator shall be selected in accordance with the selection procedures set out in this Article and the Rules of Procedure set out in Annex 29-A. The arbitration proceedings shall be suspended during that period for up to a maximum of 25 (twenty-five) days.

8. The parties shall accept as binding, ipso facto and with no need for a special agreement, the authority of any arbitration panel established in accordance with this Chapter.

ARTICLE 29.10

Decision on urgency

If a party so requests, the arbitration panel shall decide, within 10 (ten) days of its establishment, whether the case concerns matters of urgency.

ARTICLE 29.11

Hearings

The hearings of the arbitration panel shall be open to the public, unless the parties to the dispute decide otherwise. The hearings of the arbitration panel shall be partially or completely closed to the public when the submission or arguments of a party contain information which that party has designated as confidential.

ARTICLE 29.12

Information and technical advice

1. The arbitration panel may request, in accordance with Annex 29-A, the opinion of experts or obtain information from any source deemed relevant.

2. The opinions of experts as well as information obtained from any relevant source shall be non-binding.

3. Experts must be persons of professional standing and experience in the relevant field. The arbitration panel shall consult the parties before choosing such experts.

4. The arbitration panel shall set a reasonable time period for the submission of information or the report of the experts.

5. Persons of the Parties shall be authorised to submit amicus curiae briefs to the arbitration panels in accordance with the conditions set out in Annex 29-A. Those conditions shall ensure that the amicus curiae briefs do not create an undue burden for the parties to the dispute or unduly delay or complicate the arbitration panel proceedings.

6. Any information obtained under this Article shall be disclosed to each of the parties and submitted for their comments.

ARTICLE 29.13

Applicable law and rules of interpretation

1. In the case of a dispute referred to in point (a) of Article 29.4, the arbitration panel shall resolve the dispute in accordance with the covered provisions.

2. In all disputes referred to in Article 29.4, the arbitration panel shall interpret the covered provisions in accordance with customary rules of interpretation of public international law. When interpreting an obligation under this Agreement which is identical to an obligation under the WTO Agreement, the arbitration panel shall take into consideration any relevant interpretation established in the rulings of the WTO Dispute Settlement Body.

ARTICLE 29.14

Arbitral award

1. The arbitration panel shall deliver an interim arbitral report to the parties no later than 90 (ninety) days after the date of establishment of the arbitration panel. The interim arbitral report shall set out the findings of fact, the applicability of covered provisions where relevant, and the basic rationale behind any findings and recommendations that the arbitration panel makes.

2. When the arbitration panel considers that the deadline referred to in paragraph 1 cannot be met, the chairperson of the arbitration panel shall notify the parties and the Joint Committee in trade configuration in writing, stating the reasons for the delay and the date on which the arbitration panel plans to deliver its interim arbitral report. Under no circumstances shall the interim arbitral report be delivered later than 120 (one hundred and twenty) days after the date of establishment of the arbitration panel.

3. In cases of urgency, including those regarding perishable goods or other goods or services that rapidly lose their quality, current condition or commercial value in a short period of time, the arbitration panel shall make every effort to deliver its interim arbitral report within 45 (forty-five) days and, in any case, no later than 60 (sixty) days after the date of establishment of the arbitration panel.

4. A party may deliver a written request to the arbitration panel to review precise aspects of the interim arbitral report no later than 14 (fourteen) days after its receipt or, in cases of urgency, including those involving perishable goods or seasonal goods or services, no later than 7 (seven) days after its receipt. After considering any written comments by the parties on the interim arbitral report, the arbitration panel may modify it and make any further examination it considers appropriate.

5. If no written request to review precise aspects of the interim arbitral report are delivered within the time period referred to in paragraph 4, the interim arbitral report shall become the arbitral award.

6. The arbitration panel shall deliver its arbitral award to the parties and the Joint Committee in trade configuration no later than 120 (one hundred and twenty) days after the establishment of the arbitration panel. If the arbitration panel considers that that deadline cannot be met, the chairperson of the arbitration panel shall notify the parties and the Joint Committee in trade configuration in writing, stating the reasons for the delay. Under no circumstances shall the arbitral award be delivered later than 150 (one hundred and fifty) days after the establishment of the arbitration panel.

7. In cases of urgency, including those regarding perishable goods or other goods or services that rapidly lose their quality, current condition or commercial value in a short period of time, the arbitration panel shall make every effort to deliver its arbitral award no later than 60 (sixty) days after the date of its establishment. Under no circumstances shall the arbitral award be delivered later than 75 (seventy-five) days after such date.

8. The arbitral award shall set out the findings of fact, the applicability of covered provisions where relevant, and the basic rationale behind the findings and recommendations. The arbitral award shall include sufficient analysis of the arguments made by the parties, and shall clearly respond to the questions and observations of both parties, including those made to the interim arbitral report.

9. The arbitration panel shall make an objective assessment of the matter before it, including an objective assessment of

the facts of the case and of the arguments and evidence presented by both parties and:

(a) in the case of a dispute referred to in point (a) of Article 29.4, the applicability of and conformity with the covered provisions; or

(b) in the case of a dispute referred to in point (b) of Article 29.4, the existence of a nullification or substantial impairment of any benefit accruing to the complaining party under the covered provisions in a manner adversely affecting trade between the parties.

10. In the case of a dispute referred to in point (b) of Article 29.4, unless the parties agree otherwise, the arbitration panel shall:

(a) determine if the measure at issue nullifies or substantially impairs any benefit accruing to the complaining party under the covered provisions, in a manner adversely affecting trade between the parties;

(b) if applicable, determine the level of benefits accruing to the complaining party under the covered provisions which have been nullified or substantially impaired in a manner adversely affecting trade between the parties;

(c) if it has found that the measure at issue nullifies or substantially impairs any benefit accruing to the complaining party under the covered provisions, in a manner adversely affecting trade between the parties, recommend that the defending party make a mutually satisfactory adjustment; the defending party is not obliged to withdraw the measure at issue; and

(d) if applicable, and if so requested by both parties, suggest ways and means of reaching a mutually satisfactory adjustment, including by means of compensation; such suggestions shall not be binding on the parties.

11. The arbitration panel shall make every effort to take any decision by consensus. If, nevertheless, a decision cannot be reached by consensus, the matter at issue shall be decided by majority vote. The arbitrators shall not issue dissenting or separate opinions and shall maintain confidentiality as regards the voting.

12. The Joint Committee in trade configuration shall make the arbitral award of the arbitration panel publicly available in its entirety, unless the parties decide, by mutual agreement, not to make public parts thereof which contain confidential information.

13. The arbitral award shall be binding on the parties from the date on which it is delivered and shall not be subject to appeal.

14. The arbitral award cannot add to or diminish the rights and obligations provided for in the covered provisions. The arbitral award shall not be construed as conferring rights on or imposing obligations for persons.

15. Paragraphs 2, 4, 6, 8 and 11 shall be applicable to the rulings of the arbitration panel referred to in Articles 29.18, 29.19, 29.20 and 29.21.

ARTICLE 29.15

Withdrawal, mutually agreed solution or suspension of a dispute

1. The complaining party may, subject to the consent of the defending party, withdraw its complaint before the arbitral award has been issued.

2. If the parties reach a mutually agreed solution at any time either before or following the issuance of the arbitral award, the Joint Committee in trade configuration shall be notified in writing by both parties.

3. The arbitration panel shall, at the request of both parties, suspend its work at any time, before the arbitral award has been issued, for a period agreed by the parties and not exceeding 12 (twelve) consecutive months. Within that period, the arbitration panel shall resume its work only at the written request of both parties. The request shall be notified to the Joint Committee in trade configuration. The proceedings shall be resumed from the stage at which they were suspended 20 (twenty) days after the date of receipt of the request. If the work of the arbitration panel has been suspended for more than 12 (twelve) months, the authority of the arbitration panel shall lapse, without prejudice to the right of the complaining party to request at a later point in time the establishment of an arbitration panel on the same subject matter.

ARTICLE 29.16

Request for clarification

No later than 10 (ten) days the after the receipt of the arbitral award, a party may submit to the arbitration panel, with the

other party and the Joint Committee in trade configuration in copy, a written request for clarification with regard to specific aspects of any finding or recommendation in the arbitral award that the requesting party considers ambiguous. The other party to the dispute may submit comments on that request to the arbitration panel no later than 5 (five) days after its receipt. The arbitration panel shall respond to the request for clarification of the arbitral award no later than 15 (fifteen) days after its receipt. Requests for clarification shall not be used as a means to review the arbitral award.

ARTICLE 29.17

Compliance with the arbitral award

1. The defending party shall take any measure necessary to comply promptly and in good faith with the arbitral award.

2. In the event that the arbitration panel concludes that the measure at issue nullifies or substantially impairs any benefit accruing to the complaining party under the covered provisions, in a manner adversely affecting trade between the parties, the parties shall engage in consultations with the purpose of agreeing a mutually agreed solution. The parties shall endeavor to privilege a solution which effectively expands market access by means of measures including the reduction of tariffs or the elimination of non-tariff barriers.

ARTICLE 29.18

Reasonable period of time for compliance

1. If it is impracticable to comply immediately with the arbitral award, the defending party shall have a reasonable period of time in which to do so. In that case, the defending party shall, no later than 30 (thirty) days after the receipt of the arbitral award, notify the complaining party and the Joint Committee in trade configuration of the length of the reasonable period of time it will require for compliance.

2. If the parties have not agreed on the length of the reasonable period of time to comply with the arbitral award, the complaining party shall, no later than 20 (twenty) days after the receipt of the notification made under paragraph 1 by the defending party, request in writing the original arbitration panel to determine the length of the reasonable period of time. Such request shall be notified to the other party and to the Joint Committee in trade configuration. The arbitration panel shall deliver its ruling to the parties and to the Joint Committee in trade configuration no later than 20 (twenty) days after the date of the submission of the request.

3. The defending party shall inform the complaining party in writing of its progress in complying with the arbitral award at least 1 (one) month before the expiry of the reasonable period of time.

4. The reasonable period of time may be extended by mutual agreement between the parties.

ARTICLE 29.19

Review of any measure taken to comply with the arbitral award

1. Before the expiry of the reasonable period of time referred to in Article 29.18, the defending party shall notify the other party and the Joint Committee in trade configuration of any measure it has taken to comply with the arbitral award.

2. If the parties disagree on the existence or the conformity of the measure notified by the defending party pursuant to paragraph 1 with the arbitral award or with the covered provisions, the complaining party may deliver a request to the original arbitration panel to decide on the matter. Such request shall identify the specific measure at issue and explain how that measure does not comply with the arbitral award or is inconsistent with the covered provisions in a manner to present the legal basis for the complaint clearly. The arbitration panel shall deliver its ruling to the parties no later than 45 (forty-five) days after the date of delivery of the request.

ARTICLE 29.20

Temporary remedies in the event of non-compliance

1. If the defending party has not notified the measure it has taken to comply with the arbitral award or with the covered provisions within the reasonable period of time determined according to Article 29.18, or if the arbitration panel makes a ruling pursuant to Article 29.19(2) to the effect that no measure taken to comply exists or that the measure notified pursuant to Article 29.19(1) is inconsistent with the arbitral award or with the defending party's obligations under the covered provisions, the defending party shall, if so requested by the complaining party, present an offer for temporary compensation.

2. The complaining party may, upon notification to the defending party and the Joint Committee in trade configuration,

suspend concessions or other obligations under the covered provisions if:

(a) the complaining party decides not to request an offer for temporary compensation under paragraph 1; or

(b) such request is made and no agreement on compensation is reached within 30 (thirty) days after:

(i) the end of the reasonable period of time determined pursuant to Article 29.18; or

(ii) the delivery of an arbitral award pursuant to Article 29.19(2) finding that no measure taken to comply exists or that the measure notified pursuant to Article 29.19(1) is inconsistent with the arbitral award or with the covered provisions.

3. The suspension of concessions or other obligations shall not exceed the level equivalent to the nullification or impairment suffered as a result of the failure of the defending party to comply with the arbitral award. The complaining party shall notify the other party of the concessions or other obligations it intends to suspend 30 (thirty) days before the date on which the suspension is due to enter into force.

4. In considering which concessions or other obligations to suspend, a complaining party should first seek to suspend concessions or other obligations within the same sector or sectors as that or those affected by the measure found not to be in conformity with the covered provisions or to have nullified or substantially impaired benefits accruing to the complaining party under Part III of this Agreement in a manner adversely affecting trade between the parties.

5. In the case of a dispute referred to in point (a) of Article 29.4, the suspension of concessions may be applied to sectors other than the sector or sectors in which the arbitration panel has found nullification or impairment, in particular if the complaining party is of the view that such suspension is effective in inducing compliance.

6. In the case of a dispute referred to in point (b) of Article 29.4, if the complaining party considers that suspension of concessions within the same sector or sectors as that or those adversely affected by the measure at issue are not practicable or effective, it may seek to apply those to other sectors. In such case, the complaining party shall take into account:

(a) the trade in the sector adversely affected by the measure at issue and the importance of such trade to that party;

(b) the broader economic elements related to the nullification or substantial impairment; and

(c) the broader economic consequences of the application of the suspension of concessions, including spreading the adoption of temporary remedies across multiple sectors in order to account for the different economic size of the sectors involved.

7. In the case of a dispute referred to in point (b) of Article 29.4, the complaining party shall continue to accord to the defending party, in the sector which is subject to the remedies in question, treatment that is meaningfully more favourable than the treatment it accorded to that party prior to the entry into force of this Agreement.

In particular, when a temporary remedy is adopted through the suspension of tariff concessions, the complaining party shall prioritize goods that are subject to full tariff liberalization.

For goods subject to tariff rate quotas, any temporary remedies shall be applied in such a manner that at least 50 (fifty) per cent of the quota volume specified in Annex 10-A, pertaining to the defending party, remains unaffected and fully accessible under the terms of Part III of this Agreement.

For goods subject to staged liberalization and for which the staging period until full liberalization is longer than 11 (eleven) years, any temporary remedies in the form of suspension of tariff concessions shall not exceed 50 (fifty) per cent of the difference between, on the one hand, the rate set out in Annex 10-A applicable at the relevant time and, on the other hand, the suspending party's applied non-preferential tariff rate, until trade in the goods concerned is fully liberalized.

8. In the case of a dispute referred to in point (b) of Article 29.4 involving a landlocked developing country, the complaining party shall consider what further action it might take which would be appropriate to the circumstances of that landlocked developing country, taking into account not only the trade coverage of measures complained about, but also the impact of any temporary remedies on the specific economic challenges of that landlocked developing country.

9. If the defending party considers that the notified level of suspension of concessions or other obligations exceeds the level equivalent to the nullification or impairment caused as a result of the failure of the defending party to comply with the arbitral award, it may deliver a written request to the original arbitration panel to rule on the matter. Such a request shall be notified to the complaining party and to the Joint Committee in trade configuration no later than 30 (thirty) days after the date of receipt of the notification referred to in paragraph 2. Within 10 (ten) days of the date of receipt of the request for the arbitration panel, the complaining party shall present a document indicating the methodology used to calculate the level of

the suspension of concessions or other obligations. The arbitration panel shall deliver its ruling no later than 30 (thirty) days after the date of the receipt of the request. During that time period, the complaining party shall not suspend any concessions or other obligations.

10. The suspension of concessions or other obligations shall be temporary, and shall not replace the objective of full compliance with the arbitral award and the covered provisions. Concessions or other obligations shall only be suspended until:

(a) in the case of a dispute referred to in point (a) of Article 29.4, any measure that the arbitration panel has found to be inconsistent with the covered provisions has been withdrawn or amended so as to bring the defending Party into compliance with those provisions;

(b) in the case of a dispute referred to in point (b) of Article 29.4, any measure that the arbitration panel has found to nullify or substantially impair a benefit accruing to the complaining party under the covered provisions, in a manner adversely affecting trade between the parties, has been withdrawn or amended so as to eliminate that nullification or substantial impairment;

(c) the parties have agreed that the measure notified pursuant to Article 29.19(1) brings the defending party into compliance with the arbitral award or with the covered provisions; or

(d) the parties have reached a mutually agreed solution pursuant to Article 29.24.

11. Notwithstanding paragraph 1, in the case of a dispute referred to in point (b) of Article 29.4, compensation may be part of a mutually satisfactory adjustment as final settlement of the dispute.

ARTICLE 29.21

Review of any measure taken to comply after the adoptionof temporary remedies for non-compliance

1. The defending party shall deliver a notification to the complaining party and the Joint Committee in trade configuration of any measure it has taken to comply with the arbitral award following the suspension of concessions or other obligations or following the application of temporary compensation, as the case may be. With the exception of cases under paragraph 2, the complaining party shall terminate the suspension of concessions or other obligations no later than 30 (thirty) days after the delivery of the notification. If compensation has been applied, and with the exception of cases under paragraph 2, the defending party may terminate the application of such compensation no later than 30 (thirty) days after its notification that it has complied with the arbitral award.

2. If the parties disagree on whether the notified measure brings the defending party into compliance with the arbitral award or the covered provisions, any of the parties may, no later than 30 (thirty) days after delivery of the notification of the measure, request in writing the arbitration panel to rule on the matter. Such request shall be notified to the other party and to the Joint Committee in trade configuration. The arbitration panel shall notify its ruling to the parties and to the Joint Committee in trade configuration no later than 45 (forty-five) days after the receipt of the request. If the arbitration panel rules that the measure taken to comply is in conformity with the arbitral award and with the covered provisions, the suspension of concessions or other obligations or compensation, as the case may be, shall be terminated. If relevant, the complaining party shall adjust the level of suspension of concessions or other obligations to the level determined by the arbitration panel.

3. The suspension of concessions or other obligations or the compensation, as the case may be, shall also be terminated if no request to the arbitration panel is made in accordance with paragraph 2.

ARTICLE 29.22

Annexes

1. Annexes 29-A, 29-B and 29-C shall form an integral part of this Chapter.

2. Disputes under this Chapter shall be conducted in accordance with Annexes 29-A and 29-B.

3. The Joint Committee in trade configuration may amend Annexes 29-A and 29-B.

SECTION D

GENERAL PROVISIONS

ARTICLE 29.23

Choice of forum

1. Disputes related to the same matter arising under the covered provisions and under the WTO Agreement or under any other agreement to which the relevant parties are party may be settled under this Chapter, under the DSU or under the dispute settlement procedures of that other agreement at the discretion of the complaining party.

2. For the purposes of this Article:

(a) dispute settlement procedures under the WTO Agreement are deemed to be initiated by a party's request for the establishment of an arbitration panel under Article 6 of the DSU;

(b) dispute settlement procedures under any other agreement are deemed to be initiated by a party's request for the establishment of a dispute settlement panel or tribunal in accordance with the provisions of that agreement; and

(c) dispute settlement procedures under this Chapter are deemed to be initiated by a party's request for the establishment of an arbitration panel under Article29.7.

3. Notwithstanding paragraph 1 and subject to paragraph 4, when the European Union or MERCOSUR or one or more of the Signatory MERCOSUR States has or have requested the establishment of a panel under Article 6 of the DSU or under the relevant provisions of another agreement to which the relevant parties are party, or an arbitration panel pursuant to Article 29.7, that party may not initiate another set of proceedings on the same matter in any of the other fora, except in cases where the competent body in the forum chosen has not taken a decision on the substance of the matter due to jurisdictional or procedural reasons other than termination of the proceedings following a request for withdrawal or suspension of the proceedings.

4. Once MERCOSUR has requested the establishment of an arbitration panel under Article 29.7, a Signatory MERCOSUR State shall not initiate another proceeding on the same matter in any other forum. Once the European Union has requested the establishment of an arbitration panel under Article 29.7 against MERCOSUR, the European Union shall not initiate another proceeding against one or more Signatory MERCOSUR States in any other forum, if the contested measure of that or those Signatory MERCOSUR State s is a measure implementing the contested measure of MERCOSUR and the European Union alleges the violation of a substantially equivalent obligation.

5. Two or more disputes concern the same matter when they involve the same parties to the dispute, refer to the same measure and deal with the alleged violation of a substantially equivalent obligation 94 .

6. Without prejudice to paragraph 3, nothing in this Agreement shall preclude a Party from suspending obligations authorised by the Dispute Settlement Body of the WTO or authorised under the dispute settlement procedures of another international agreement to which the disputing parties are party. The WTO Agreement or the other international agreement between the parties shall not be invoked to preclude a Party from suspending obligations under this Chapter.

ARTICLE 29.24

Mutually agreed solution

1. The parties may reach a mutually agreed solution at any time with respect to any dispute referred to in Article 29.4. The parties shall agree upon a time period for the implementation of such a solution.

2. If a mutually agreed solution is reached during the arbitration panel proceedings, the parties shall jointly notify that solution to the chairperson of the arbitration panel. Upon such notification, the arbitration panel proceedings shall be terminated.

3. Each party shall adopt the measures necessary to implement the mutually agreed solution within the agreed time period.

4. The solution may be adopted by means of a decision of the Joint Council in trade configuration. The conclusion of the mutually agreed solution between the parties may be subject to the completion of any necessary internal procedures. Mutually agreed solutions shall be made publicly available without containing information that a party has designated as confidential.

5. The implementing party shall, within the agreed time period, inform the other party, in writing, of any measure that it has taken to implement the mutually agreed solution.

ARTICLE 29.25

Time periods

1. The arbitration panel or the mediator may at any time propose to the parties to modify any time period referred to in this Chapter, stating the reasons for the proposal.

2. Any time period mentioned in this Chapter may be extended by mutual agreement of the parties.

ARTICLE 29.26

Confidentiality

The deliberations of the arbitration panel shall be confidential. The arbitration panel and the parties shall treat as confidential any information submitted by a party to the arbitration panel which that party has designated as confidential. Where that party submits a confidential version of its written submissions to the arbitration panel, it shall also, upon request of the other party, provide a non-confidential summary of the information contained in its submissions that may be disclosed to the public.

ARTICLE 29.27

Costs

1. Each party shall bear its own expenses in relation to the participation in an arbitration panel or mediation proceedings.

2. The parties 95 shall share jointly and equally the expenses in relation to organisational matters, including the remuneration and expenses of the arbitrators and of the mediator in accordance with Annex 29-A.

PART IV

FINAL PROVISIONS

CHAPTER 30

FINAL PROVISIONS

ARTICLE 30.1

Entry into force

1. This Agreement shall enter into force between the EU Party and the MERCOSUR Party on the first day of the month following the date on which they have notified each other in writing of the completion of their respective internal procedures required for this purpose.

2. Notifications shall be sent to the Secretary General of the Council of the European Union and the Government of the Republic of Paraguay, or its successors, who are the Depositories of this Agreement.

ARTICLE 30.2

Application before entry into force

1. This Agreement may be provisionally applied. Such provisional application may take place between, on the one part, the European Union and, on the other part, MERCOSUR and/or one or more of the signatory MERCOSUR States in accordance with their respective internal procedures.

2 The provisional application of this Agreement or of parts thereof shall begin on the first day of the second month following the date on which:

(a) the European Union has notified the completion of its internal procedures, indicating the parts of this Agreement that shall be provisionally applied; and

(b) following a notification by the European Union, MERCOSUR and/or the relevant signatory MERCOSUR State or States, as applicable, has notified the completion of its internal procedures or ratification of this Agreement and confirmed its agreement to provisionally apply the parts of this Agreement proposed by the European Union.

3. Notifications shall be sent to the Depositaries of this Agreement.

4. The Joint Council and other bodies established under this Agreement may exercise their functions during the period in which this Agreement or part thereof is being provisionally applied. Any decisions adopted during this period in the exercise of their functions shall apply exclusively between the Parties applying this Agreement provisionally and shall cease to be effective between the Party or Parties that cease to apply this Agreement provisionally and the remaining Party or Parties.

5. Where, in accordance with this Article, this Agreement or certain provisions of this Agreement are provisionally applied, any reference to the date of entry into force shall be understood to refer to the date from which that application takes place.

6. Where, in accordance with this Article, this Agreement or certain provisions of this Agreement are provisionally applied by the European Union and one or more signatory MERCOSUR States, any reference to MERCOSUR shall be understood to refer to such signatory MERCOSUR State or States that have agreed to apply this Agreement provisionally.

7. Amendments to this Agreement or parts thereof may also provisionally apply in accordance with this Article. If such amendments are adopted during the provisional application of this Agreement, they shall apply to MERCOSUR and/or any signatory MERCOSUR State upon their agreement to provisionally apply this Agreement or parts thereof in accordance with paragraph 2 and shall remain valid after the entry into force of this Agreement.

ARTICLE 30.3

References to laws and other Agreements

1. Unless otherwise specified, where reference is made to laws and regulations of a Party, those laws and regulations shall be understood to include amendments thereto.

2. Unless otherwise specified, any reference, or incorporation by means of a reference in this Agreement to other agreements or legal instruments in whole or in part shall be construed as including related annexes, protocols, footnotes, interpretative notes and explanatory notes.

3. Unless otherwise specified, where international agreements are referred to or incorporated into this Agreement, in whole or in part, they shall be understood to include amendments thereto or their successor agreements entering into force for both Parties on or after the date of signature of this Agreement. If any matter arises regarding the implementation or application of the provisions of this Agreement as a result of such amendments or successor agreements, the Parties may, on request of either Party, consult with each other via the Joint Council with a view to finding a mutually satisfactory solution to this matter as necessary. As a result of such consultation, the Parties may, by decision in the Joint Council, amend this Agreement accordingly.

4. Paragraph 3 applies mutatis mutandis, if the amendment or successor agreement of an international agreement referred to or incorporated into this Agreement in whole or in part, has entered into force for the European Union and one or more Signatory MERCOSUR States.

ARTICLE 30.4

Fulfilment of obligations

1. Based on the principles of mutual respect, equal partnership and respect for international law, each Party shall take any general or specific measures required to fulfil their obligations under this Agreement.

2. If either Party considers that the other Party has failed to fulfil any of the obligations under Part III of this Agreement, the specific mechanisms provided for in that Part of the Agreement shall apply.

3. If either Party considers, on the basis of the factual situation, that the other Party has committed a violation of the obligations that are described as essential elements in Article 1.2(1), Article 5.2(2) and Article 7.7(3), it may take appropriate measures.

It shall immediately notify the other Party of this fact and of the measures taken. A Party may request to hold urgent consultations on the matter with a view to seeking a mutually agreed solution. The Parties concerned shall endeavour to hold consultations before the appropriate measures are taken. The notifying Party adopting the measures shall submit all relevant information required for a thorough examination of the situation.

For the purpose of this paragraph, "appropriate measures" may include the suspension, in part or in full, of this Agreement. Suspension of this Agreement is a measure of last resort and can be imposed only in the event of particularly serious and substantial violations of the essential elements set out in Article 1.2(1), Article 5.2(2) and Article 7.7(3). In such an event, the Parties shall be released from the obligation to perform this Agreement, in full or in part, in their mutual relations during the period of the suspension. Such suspension shall apply for the minimum period necessary to resolve the issue in a manner acceptable to the Parties.

4. If either Party considers, on the basis of the factual situation, that the other Party has failed to fulfil any obligation in this Agreement, save those falling within the scope of paragraphs 2 and 3, it shall notify the other Party. The Parties shall intensify their efforts to consult and cooperate in order to resolve the issues in a timely and amicable manner and shall hold

consultations under the auspices of the Joint Council with a view to reaching a mutually acceptable solution. The Joint Council may ask the Joint Committee to convene within 15 days to hold urgent consultations. Each Party shall provide the relevant information required for a thorough examination. Where the Joint Council is unable to reach a mutually acceptable solution within 90 days of the date of notification, the notifying Party may take appropriate measures. For the purpose of this paragraph, "appropriate measures" may include the suspension only of Parts I, II and IV of this Agreement. In such an event, the notifying and the notified Party shall be released from the obligation to perform the suspended parts of this Agreement in their mutual relations during the period of the suspension.

5. "Appropriate measures", as referred to in paragraphs 3 and 4 shall be taken in full respect of international law and shall be proportionate to the failure to fulfil the obligations under this Agreement. Priority must be given to those appropriate measures which least disturb the functioning of this Agreement.

6. The suspension of the operation of any part of this Agreement in relation to a Signatory MERCOSUR State shall not entail the suspension of the operation of this Agreement in relation to the other Signatory MERCOSUR States, save where the full suspension of this Agreement pursuant to paragraph 3 is appropriate to redress a breach of the essential elements set out in Article 1.2(1) and Article 5.2(2). When determining whether to suspend this Agreement in full, the EU Party shall take into account any measures taken by MERCOSUR against the Signatory MERCOSUR State that has committed the breach.

7. The suspension of this Agreement in the event of a violation of the essential element set out in Article 7.7(3) committed by a Signatory MERCOSUR State shall not entail the suspension of the operation of this Agreement in relation to the other Signatory MERCOSUR States.

ARTICLE 30.5

Amendments

1. The Parties may agree, in writing, to amend this Agreement. An amendment shall enter into force after the Parties exchange written notifications certifying that they have completed their respective applicable internal requirements and procedures necessary for the entry into force of the amendment, or on such other date as they may agree.

2. Notwithstanding paragraph 1, the Joint Council in trade configuration or the Joint Committee in trade configuration, as appropriate, may decide to amend the Annexes to or other parts of Part III of this Agreement if the Agreement so provides. Such decision may provide that such amendments apply as of the date agreed by the Parties or upon the notification of the completion of legal requirements of a Party or Parties, if applicable.

ARTICLE 30.6

Accession of new Member States to the European Union

1. The European Union shall notify the MERCOSUR Party of any request for the accession of a third country to the European Union.

2. During the negotiations between the European Union and the candidate country seeking accession, the European Union shall:

(a) provide, upon the request of the MERCOSUR Party, and to the extent possible, any information regarding any matter covered by this Agreement; and

(b) take into account any concerns expressed by the MERCOSUR Party.

3. The Joint Committee shall examine any effects of the accession of a third country to the European Union on this Agreement sufficiently in advance of the date of such accession.

4. To the extent necessary, the Parties shall, before the entry into force of the agreement on the accession of a third country to the European Union, put in place by decision of the Joint Council the necessary adjustments or transitional arrangements regarding this Agreement.

5. Without prejudice to paragraph 4, Part III of this Agreement shall apply between the new Member State of the European Union and the MERCOSUR Party from the date of accession of that new Member State to the European Union.

ARTICLE 30.7

Accession of State Parties to MERCOSUR

1. MERCOSUR shall notify the EU Party of any request for the accession of a third country to MERCOSUR.

2. During the negotiations between MERCOSUR and the candidate country seeking accession, MERCOSUR shall:

(a) provide, upon the request of the EU Party, and to the extent possible, any information regarding any matter covered by this Agreement; and

(b) take into account any concerns expressed by the EU.

3. Any State Party of MERCOSUR that is not a Party to this Agreement on the date of its signature ("applicant MERCOSUR State Party") may accede to this Agreement by means of a protocol of accession concluded by the EU Party and the applicant MERCOSUR State Party. The protocol of accession shall incorporate the results of the accession negotiations and, if necessary, any adjustments recommended by the Joint Committee pursuant to paragraph 4. This Agreement shall be amended, pursuant to Article 30.5(1), to reflect the terms of accession as agreed in the protocol of accession between the EU Party and the applicant MERCOSUR State Party.

4. During the negotiations on the protocol of accession referred to in paragraph 3, MERCOSUR may accompany the delegation of the applicant MERCOSUR State Party and, before the conclusion of the negotiations, either Party may request a meeting of the Joint Committee to examine the possible effects on this Agreement of the accession of the applicant MERCOSUR State Party and, if necessary, recommend adjustments.

ARTICLE 30.8

Annexes, Appendices and Protocols

The Annexes, Appendices and Protocols to this Agreement shall form an integral part thereof.

ARTICLE 30.9

Private rights

1. Nothing in this Agreement shall be construed as conferring rights or imposing obligations on persons, other than those created between the Parties under public international law.

2. Nothing in this Agreement shall be construed as permitting this Agreement to be directly invoked in the domestic legal systems of the Parties. A State Party to MERCOSUR signatory of this Agreement may provide otherwise under its domestic law.

ARTICLE 30.10

Duration of validity

This Agreement is valid indefinitely.

ARTICLE 30.11

Denunciation

1. Either the EU Party or the MERCOSUR Party may give written notice to the other of its intention to denounce this Agreement.

2. Denunciation shall take effect nine months after notification referred to in paragraph 1.

ARTICLE 30.12

Authentic languages

This Agreement is drawn up in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Irish, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each of these texts being equally authentic.

(1) OJ EU L 343, 29.12.2015, p. 1.(2) The international instruments herein referred to do not include amendments thereto or their successor agreements, nor decisions, interpretations or any acts adopted by the bodies governing such instruments, unless the Parties agree otherwise.(3) Among other measures of equivalent effect, this includes ad valorem import duties,

agricultural components, additional duties on sugar content, additional duties on flour content, specific duties, mixed duties, seasonal duties and additional duties from entry price systems.(4) For greater certainty, the term "measure" includes omissions and legislation that has not been fully implemented at the conclusions of the negotiations of this Agreement as well as its implementing acts.(5) OJ EU L 343, 29.12.2015, p. 1.(6) OJ EU L 343, 29.12.2015, p. 558.(7) For greater certainty, "tasa consular" of the Oriental Republic of Uruguay and "tasa estadística" of the Argentine Republic are governed by paragraph 3.(8) Notwithstanding this paragraph, for the Republic of Paraguay the transitional period will be 10 (ten) years after the date of entry into force of this Agreement.(9) For the purposes of this Article, "non-automatic import or export licensing procedures" is defined as licensing procedures where approval of the application is not granted for all legal and natural persons who fulfil the requirements of the Party concerned for engaging in the importation or exportation of goods subject to licensing procedures.(10) This point is without prejudice to the sovereign rights and obligations of the Parties under UNCLOS in particular within the exclusive economic zone and continental shelf.(11) Points (k) and (l) are without prejudice to each Party's laws and regulations regarding the import of the goods mentioned therein.(12) Products of fishing or other products taken from the sea by chartered vessels sailing under the flag of a Member State of the European Union or a Signatory MERCOSUR State are considered to originate in the Member State of the European Union or the Signatory MERCOSUR State in which the vessel is chartered and the license is issued, provided that they fulfil all criteria in this paragraph.(13) For the purposes of this Article, the definition of point (m) of Article 18.2 applies.(14) For the purposes of this Article, the definition of point (h) of Article 18.2 applies.(15) A certificate of origin will be valid in accordance with the transitional measures contained in Annex 11-D, for the time period specified therein.(16) This provision applies without prejudice to the other provisions in this Chapter.(17) For greater certainty, reference to laws and regulations covers procedures enshrined therein.(18) Signatory MERCOSUR States shall comply with the commitments in this paragraph in accordance with Article 16 (Notification of definitive dates for implementation of Category B and Category C) of the WTO Trade Facilitation Agreement.(19) Signatory MERCOSUR States shall comply with the commitments in this paragraph in accordance with Article 16 (Notification of definitive dates for implementation of Category B and Category C) of the WTO Trade Facilitation Agreement.(20) Under this paragraph, a review may, either before or after the ruling has been acted upon, be provided by the official, office, or authority that issued the ruling, a higher or independent administrative authority, or a judicial authority.(21) This provision shall apply only in respect of the European Union and of those Signatory MERCOSUR States that are Contracting parties to the Convention on Temporary Admission done at Istanbul on 26 June 1990 and according to the commitments undertaken in that Convention.(22) "Reasonable interval" shall be understood to mean normally a period of not less than 6 (six) months, except when this would be ineffective in fulfilling the legitimate objectives pursued.(23) In case of conflict, this Chapter prevails over other Chapters of this Part of the Agreement when applied to SPS measures, including when such measures are part of a measure.(24) OJ EU L 317, 23.11.2016, p. 4.(25) WTO Document G/SPS/19/Rev.2, dated 13 July 2004.(26) WTO Document G/SPS/48, dated 16 May 2008.(27) FAO, CAC/GL 26-1997.(28) At the entry into force of this Agreement, the outermost regions of the European Union are: Guadeloupe, French Guiana, Martinique, Mayotte, Reunion, St. Martin, the Azores, Madeira and the Canary Islands. This Article shall also apply to a country or an overseas territory that changes its status to an outermost region by a decision of the European Council in accordance with the procedure set out in Article 355(6) of the Treaty on the Functioning of the European Union following the entry into force of that decision. In the event that an outermost region of the European Union changes its status by the same procedure, this Article shall cease to be applicable following the entry into force of the European Council's decision. The European Union shall notify in writing the other Party of any change in the territories considered as outermost regions of the European Union.(29) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, national maritime cabotage under this Chapter covers transportation of passengers or goods between a port or point located in a Signatory MERCOSUR State or a Member State of the European Union and another port or point located in the same Signatory MERCOSUR State or Member State of the European Union, including on its continental shelf, as provided in UNCLOS, as well as traffic originating and terminating in the same port or point located in the Signatory MERCOSUR State or Member State of the European Union.(30) The terms "constitution" and"acquisition" of a juridical person shall be understood as including capital participation in a juridical person with a view to establishing or maintaining lasting economic links.(31) If the economic activity is not performed directly by a juridical person but through other forms of establishment such as a branch or a representative office, the investor (namely, the juridical person) shall, nonetheless, through such establishment, be accorded the treatment provided for investors under Part III of the Agreement. Such treatment shall be extended to the establishment through which the economic activity is performed and does not need to be extended to any other parts of the investor located outside the territory where the economic activity is performed.(32) Point (j) of this Article shall not, under any circumstances, be interpreted in such a way as to allow a shipping company constituted or established in, or incorporated, established or otherwise organized under the laws applicable to a territory subject to a sovereignty dispute involving the Argentine Republic to benefit from the provisions of this Chapter. This provision shall not be interpreted as implying the legitimacy of the laws applied to such territories.(33) If a Party accords substantially the same treatment to its permanent residents as it does to natural persons having the nationality of that Party, its permanent residents shall be covered by the definition of natural persons, in respect of measures affecting the cross-border trade in services, consumption abroad and establishment.(34) If the service is not supplied directly by a juridical person, the treatment provided under this Chapter shall be extended to the branch or

representative office through which the service is supplied and need not be extended to any parts of the supplier located outside the territory where the service is supplied.(35) The obligation in this paragraph applies also to measures governing the composition of boards of directors of an enterprise, such as nationality and residency requirements.(36) The sole fact of requiring a visa for a natural person of certain countries and not for those of other countries shall not be regarded as nullifying or impairing benefits under a specific commitment.(37) The service contract referred to in point (b) shall be a bona fide contract and comply with the laws and regulations of the Party where the contract is executed.(38) The recipient enterprise may be required to submit a training programme covering the duration of stay for prior approval, demonstrating that the purpose of the stay is for training. The competent authorities may require that training be linked to the university degree which has been obtained.(39) The service contract referred to in point (d) shall be a bona fide contract and comply with the laws and regulations of the Party where the contract is executed.(40) This Article is without prejudice to the rights and obligations deriving from bilateral visa waiver agreements between individual Signatory MERCOSUR States and individual Member States of the European Union.(41) Licensing fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to the provision of universal services.(42) For greater certainty, this includes the grant of a concession, registration, declaration, notification or individual licences.(43) "Postal services" covers the CPC, CPC 7511 and CPC 7512.(44) Licensing fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions or mandated contributions to the provision of universal services.(45) "Broadcasting" means radiocommunication in which transmissions are intended for direct reception by the general public, and may include sound transmission and television transmission. Suppliers of broadcasting services shall be considered as suppliers of public telecommunications transport services, and their networks, as public telecommunications transport networks, if and to the extent that such networks are also used for providing public telecommunications transport services.(46) For the Republic of Paraguay and the Oriental Republic of Uruguay, "essential telecommunications facilities" means facilities of a public telecommunications transport network and a public telecommunications transport service in accordance with the definition provided in their national law.(47) For the Oriental Republic of Uruguay, the scope of this Article applies to all suppliers of telecommunications services.(48) For the Oriental Republic of Uruguay, the scope of this Article applies to all suppliers.(49) For the purposes of this Subsection, "non-discrimination" is understood to refer to national treatment as defined in Article 18.4, as well as to reflect sector-specific usage of the term to mean terms and conditions no less favourable than those accorded to any other user of like public telecommunication transport networks or public telecommunications transport services under like circumstances.(50) For the Oriental Republic of Uruguay, the scope of this Article applies to all suppliers of telecommunications services.(51) For greater certainty, in the case of MERCOSUR, this refers to the regulatory authority of each Signatory MERCOSUR State.(52) This Article shall not apply to contracts that create or transfer rights in real estate; contracts requiring by law the involvement of courts, public authorities or professions exercising public authority; contracts of suretyship granted or collateral securities furnished by persons acting for purposes outside their trade, business or profession; and contracts governed by family law or by the law of succession.(53) Consent shall be defined in accordance with each Party's own laws and regulations.(54) For greater certainty, this includes laws and regulations on anti-money laundering and combating the financing of terrorism.(55) Notwithstanding Article 20.3(1), in the case the European Union and Argentina, paragraph 2(a) shall apply to all procurement in Argentina with regard to suppliers of the European Union which are juridical persons established in Argentina, and in the European Union with regard to suppliers of Argentina which are juridical persons established in the European Union. This remains subject to security and general exceptions as defined in Article 20.5.(56) Notwithstanding Article 20.3(1), in the case of the European Union and Brazil, paragraph 2(a) shall apply to all procurement in Brazil with regard to suppliers of the European Union which are juridical persons established in Brazil, and in the European Union with regard to suppliers of Brazil which are juridical persons established in the European Union. This remains subject to security and general exceptions as defined in Article 20.5.(57) For the purposes of this Chapter, "national" means, in respect of the relevant intellectual property right, a person of a Party that would meet the criteria for eligibility for protection provided for in the TRIPS Agreement or multilateral agreements concluded and administered under the auspices of WIPO, as appropriate, to which a Party is a contracting party.(58) For the purposes of Article 21.5, "protection" includes matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Chapter.(59) In respect of performers, producers of phonograms and broadcasting organisations, this obligation only applies in respect of the rights provided under this Chapter.(60) For the purposes of Article 21.6, "indigenous and local communities" may include descendants of enslaved Africans and small-scale farmers.(61) The Parties shall be free, in their laws and regulations, to use different names for the rights set out in this Sub-section, provided the agreed level of protection is ensured.(62) Points (c) and (d) of Article 21.13 shall not apply to a Party to the extent that that Party does not provide in its laws and regulations for the rights set out therein. In such case, the other Parties may exclude broadcasting organisations of that Party from the protection granted in points (c) and (d) of Article 21.13, and the obligation under Article 21.5 shall not apply in respect of the rights provided for in points (c) and (d) of Article 21.13.(63) Each Party may grant more extensive rights as regards the communication to the public by broadcasting organisations.(64) Each Party may grant more extensive rights, in place of the right to remuneration or in addition to this right, as regards the broadcasting and communication to the public of phonograms published for commercial purposes, to

performers and producers of phonograms.(65) Each Party may provide that the publication or lawful communication to the public of the fixation of the performance or of the phonogram must occur within a defined period of time of the date of the performance (in the case of the performers) or the date of the fixation (in the case of producers of phonograms).(66) This obligation only applies to trademarks registered after the date of adoption of the Nice Classification criteria or of accession to the instrument.(67) For the purposes of this Article, a Party may consider that a design having individual character is original.(68) Argentina shall provide for the protection of independently created designs that are new or original.(69) The Parties define in Appendix 21-B-1 the plant varieties and animal breeds the use of which shall not be prevented.(70) The Parties define in Appendix 21-B-1 the terms for which protection is not sought or granted.(71) In accordance with the Nice Classification and its amendments.(72) For greater certainty, the specific level of protection by each Signatory MERCOSUR State as defined in Article 21.35(8) applies only in favour of those prior users that are part of the prior users' list of that particular Signatory MERCOSUR State.(73) For the European Union this provision can be fulfilled through adherence of its Member States.(74) For the purposes of this Section, "procedures" includes measures and remedies.(75) For the purposes of this Article, "confidential information" may include personal data.(76) A Party may extend the application of this paragraph to other intellectual property rights.(77) In deciding what is "reasonably satisfactory", the judge may take into consideration the public interest.(78) "Unfair profits" are those derived from the infringement, in accordance with a Party's law.(79) OJ EC L 24, 29.1.2004, p. 1.(80) For greater certainty, competition law in the European Union applies to the agricultural sector in accordance with Regulation (EU) 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ EU L 347, 20.12.2013, p. 671).(81) For greater certainty, this point shall not be construed as limiting the scope of the analysis to be carried out in the case of agreements between undertakings, decisions by associations of undertaking and concerted practices between undertakings under the respective competition law of each Party.(82) For greater certainty, this excludes activities undertaken by an enterprise that operates: (a) on a not-for-profit basis; or (b) on a cost recovery basis.(83) For greater certainty, the granting of a licence to a limited number of enterprises in allocating a scarce resource through objective, proportional and non-discriminatory criteria is not in and of itself an exclusive or special privilege.(84) For the purposes of this definition, the term "owned or controlled" refers to situations in which a Party owns more than 50 % of the share capital or controls the exercise of more than 50 % of the voting rights, or otherwise exercises an equivalent degree of control over the enterprise according to the governance rules of that enterprise.(85) For greater certainty, the concept of "public mandate or purpose" includes, among others, the activities of national banks regarding the purchase of goods and services under federal procurement laws, and lending policies in support of affordable housing, exports or imports, micro, small and medium-sized enterprises and farmers or any tasks assigned by a Party to its state-owned enterprises and enterprises granted exclusive or special privileges by a Party. The concept of "public mandate or purpose" also includes activities carried out by a public entity or trust relating to social security or public retirement plans.(86) For the purposes of this Chapter, the term "labour" means the strategic objectives of the International Labour Organization under the Decent Work Agenda, which is expressed in the ILO Declaration on Social Justice for a Fair Globalization.(87) For greater certainty, in the case of matters covered by Chapter 23 such persons are the addressees of a decision by a Party's competition authority.(88) The public security and public order exceptions may be invoked only where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.(89) For greater certainty, this includes anti-money laundering and counter-terrorism financing regulations.(90) For greater certainty, the Parties understand that such measures include measures inconsistent with Article 18.4 aimed at ensuring the equitable or effective imposition or collection of direct taxes, taken by a Party under its taxation system which:(i) apply to non-resident investors and services suppliers in recognition of the fact that the tax obligation of non-residents is determined with respect to taxable items sourced or located in the Party's territory;(ii) apply to non-residents in order to ensure the imposition or collection of taxes in the Party's territory;(iii) apply to non-residents or residents in order to prevent the avoidance or evasion of taxes, including compliance measures;(iv) apply to consumers of services supplied in or from the territory of another Party in order to ensure the imposition or collection of taxes on such consumers derived from sources in the Party's territory;(v) distinguish investors and service suppliers subject to tax on worldwide taxable items from other investors and service suppliers, in recognition of the difference in the nature of the tax base between them; or(vi) determine, allocate or apportion income, profit, gain, loss, deduction or credit of resident persons or branches, or between related persons or branches of the same person, in order to safeguard the Party's tax base.Tax terms or concepts in this footnote are determined according to tax definitions and concepts, or equivalent or similar definitions and concepts, under the domestic law of the Party taking the measure.(91) For greater certainty, a measure of the European Union referred to in this Article would also cover a measure of one or more of the European Union's Member States.(92) For greater certainty, paragraph 3 of article 9 of the DSU shall not prevent a Signatory MERCOSUR State to appoint a member of the arbitration panel from the sub-list referred to in point (b) of Article 29.8(3) of this Chapter different from the one that served or is serving as arbitrator in a panel established to examine a complaint of another Signatory MERCOSUR State on the same matter.(93) For greater certainty, when agreeing on the composition of the arbitration panel pursuant to this paragraph, the parties may agree to select as arbitrators persons who are not included in the list of arbitrators established pursuant to Article 29.8(3).(94) For greater certainty, two or more disputes which involve the same parties to the dispute and refer to the same measure, but do not concern an

alleged violation of the covered provisions or the WTO Agreement or any other agreement to which the relevant parties are party, shall not be considered as concerning the same matter for the purpose of this Article.(95) For greater certainty, such costs are to be shared jointly and equally between, on the one part, the European Union and, on the other part, the Signatory MERCOSUR States that are parties to the dispute and MERCOSUR, if the latter is also party to the dispute.

ANNEX 18-A. EUROPEAN UNION. LIST OF COMMITMENTS ON CROSS-BORDER SUPPLY OF SERVICES IN CONFORMITY WITH ARTICLES 18.3 AND 18.4

1. The list of commitments below indicates the service sectors liberalised pursuant to Articles 18.3 and 18.4 and specifies, by means of reservations, the market access and national treatment limitations that apply to services and service suppliers of Signatory MERCOSUR States in those sectors. The list below is composed of two columns containing the following elements, respectively:

(a) the sector or subsector in which the commitment is undertaken by the European Union, and the scope of liberalisation to which the reservations apply; and

(b) a description of the applicable reservations.

2. The European Union does not undertake any commitment for cross-border supply of services in sectors or subsectors covered by Part III of this Agreement and not mentioned in this Annex.

3. For the purposes of this Annex, when identifying individual sectors and subsectors:

(a) "CPC" means the Provisional Central Products Classification as defined in Article 9.3(c); and

(b) "CPC ver. 1.0" means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 77, CPC ver. 1.0, 1998.

4. The list in this Annex does not include measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures that do not constitute a limitation within the meaning of Articles 18.3 or 18.4 respectively. Those measures (for example, the need to obtain a licence, universal service obligations, need to obtain recognition of qualifications in regulated sectors and need to pass specific examinations, including language examinations), even if not listed, apply in any case to services and service suppliers of a Signatory MERCOSUR State.

5. The list below is without prejudice to the feasibility of the cross-border supply of services as defined in point (b) of Article 18.2 in certain service sectors and subsectors and without prejudice to the existence of public monopolies and exclusive rights as described in the list of commitments on establishment.

6. The European Union takes commitments with respect to market access as set out in Article 18.3, differentiated by its Member States, if applicable.

7. For greater certainty, for the European Union, the obligation to grant national treatment does not entail the requirement to extend to natural or juridical persons of a Signatory MERCOSUR State the treatment granted in a Member State of the European Union, pursuant to the Treaty on the Functioning of the European Union, or to any measure adopted pursuant to that Treaty, including the implementation of that Treaty or measures in the Member States of the European Union, to:

(a) natural persons or residents of a Member State of the European Union; or

(b) juridical persons constituted or organised under the law of another Member State of the European Union or that of the European Union and having their registered office, central administration or principal place of business in one of its Member State.

Such national treatment is granted to juridical persons which are constituted or organised under the law of a Member State or the European Union and have their registered office, central administration or principal place of business in a Member State of the European Union, including those which are owned or controlled by natural or juridical persons of a Signatory MERCOSUR State.

8. The following abbreviations are used in the list below:

– EU European Union, including all its Member States

– EEA European Economic Area

– AT Austria

– BE Belgium

– BG Bulgaria

– CY Cyprus

– CZ Czechia

– DE Germany

– DK Denmark

– EE Estonia

– EL Greece

– ES Spain

– FI Finland

– FR France

– HR Croatia

– HU Hungary

– IE Ireland

– IT Italy

– LT Lithuania

– LU Luxembourg

– LV Latvia

– MT Malta

– NL Netherlands

– OECD Organisation for Economic Co–operation and Development

– PL Poland

– PT Portugal

– RO Romania

– SE Sweden

– SI Slovenia

– SK Slovak Republic

Sector or subsector

Description of reservations

All sectors

Real estate

For Modes 1 and 2

In all Member States of the European Union except AT, BG, CY, CZ, DE, DK, EL, FI, HU, IE, IT, LT, MT, PL, RO, SI, SK: None.

In AT: The acquisition, purchase, rent or lease of real estate by foreign natural persons and juridical persons requires an authorisation by the competent regional authorities ("Länder") which shall consider whether important economic, social or cultural interests are affected or not.

In BG: Foreign juridical persons and foreign citizens with permanent residence abroad can acquire ownership of buildings and limited property rights 1 of real estate subject to the permission of the Ministry of Finance. The permission requirement does not apply to persons who have made investments in BG.

Foreign citizens with permanent residence abroad, foreign juridical persons and companies in which foreign participation ensures a majority in adopting decisions or blocks the adoption of decisions, can acquire real estate property rights in specific geographic regions designated by the Council of Ministers subject to permission.

In CY: Unbound.

In CZ: Agricultural and forest land can be acquired by foreign natural and juridical persons with permanent residence in CZ. Specific rules apply to the agricultural and forest land in the state ownership.

In DK: Limitations on real estate purchase by non-resident physical and legal entities apply. Limitations on agricultural estate purchased by foreign physical and legal entities apply.

In DE: Certain conditions of reciprocity may apply.

In EL: According to Law No. 1892/90, permission from the Minister of Defence is needed for a citizen to acquire land in areas near borders.

In FI (Åland Islands): Restrictions apply on the right for natural persons who do not enjoy regional citizenship in Åland and for juridical persons to acquire and hold real property on the Åland Islands without permission from the competent authorities of the islands. Restrictions apply on the right of establishment and the right to provide services by natural persons who do not enjoy regional citizenship in Åland or by any juridical person, without permission from the competent authorities of the Åland Islands.

In HU: Unbound for the acquisition of state-owned properties. Limitations on acquisition of land and real estate by foreign investors apply 2 .

In IE: Prior written consent of the Land Commission is necessary for the acquisition of any interest in Irish land by domestic or foreign companies or foreign nationals. If that land is for industrial use (other than agricultural industry), this requirement is waived subject to certification to this effect from the Minister for Business, Enterprise and Innovation. This requirement does not apply to land within the boundaries of cities and towns.

In IT: The purchase of real estate by foreign natural and juridical persons is subject to a condition of reciprocity.

In LT: Unbound for the acquisition of land.

In MT: The requirements of Maltese laws and regulations regarding acquisition of real property apply.

In PL: Acquisition of real estate, direct or indirect, by foreigners (natural or juridical persons) requires permission. Unbound for acquisition of state-owned property (for example, the regulations governing the privatisation process).

In RO: Natural persons not having Romanian citizenship or residence in Romania, as well as juridical persons not having Romanian nationality or their headquarters in Romania, may not acquire ownership over any kind of land plots through inter vivos acts.

In SI: Juridical persons established in SI with foreign capital participation may acquire real estate in the territory of SI. Branches 3 established in SI by foreign persons may only acquire real estate, except land, necessary for the conduct of the economic activities for which they are established.

In SK: Limitations on real estate acquisition by foreign natural and legal entities apply. Foreign entities may acquire real estate property through establishment of Slovak legal entities or participation in joint ventures. Unbound for land, including natural resources, lakes, rivers and public roads.

1. Business services

A. Professional services

a) Legal services

(CPC 861) 4

excluding legal advisory and legal documentations and certification services provided by legal professionals entrusted with public functions, such as notaries, "huissiers de justice" or other "officiers publics et ministériels."

For Modes 1 and 2

In AT, EL, LT, MT, PL, SK: Full admission to the Bar, required for the practice of domestic (EU and Member State) law, is subject to a nationality requirement. In SK, coupled with residency requirement in SK.

In FI: Full admission to the Bar, required for legal representation services, is subject to a nationality requirement, coupled with a residency requirement.

In CY: Nationality requirement and residency requirements apply. Full admission to the Bar is required for the provision of legal services in CY. Full admission to the Bar is subject to a nationality requirement, coupled with a residency requirement. Only advocates enrolled in the Bar may be partners or shareholders or members of the Board of Directors in a law company in CY.

In BE: Full admission to the Bar, required for legal representation services, is subject to a nationality requirement. Exemptions can be granted under specific conditions (for example, residency requirement and reciprocity). Quotas apply for representation before the "Cour de cassation" in non-criminal cases.

In BG: Foreign lawyers can only provide legal representation services for a national of their home country subject to reciprocity and cooperation with a Bulgarian lawyer. For legal mediation services, permanent residence is required.

In CZ: Full admission to the Bar is required for the practice of legal services, including representation before courts. Non-discriminatory legal form requirements apply. For the practice of legal services in respect of domestic (EU and Member State) law, including representation before courts, EEA or Swiss nationality and residency in CZ is required.

In DK: The performing of legal services under the title "Advokat" is only permitted for lawyers with a Danish licence to practise. Representation before the courts is mainly reserved for lawyers with a Danish licence to practise. Other persons than lawyers with a Danish licence to practise may perform legal services in accordance with the Danish Act on Legal Services, but are not allowed to use the title "Advokat". In order to obtain a licence to practise, a person must have a Danish Bachelor and Master degree in law and must have worked as an assistant attorney-at-law for 3 (three) years.

In ES: Full admission to the Bar is required for the practice of legal services in respect of EU and Member State law, including representation before courts. EEA or Swiss nationality is required for the practice of legal services in respect of domestic (EU and Member State) law, including representation before courts. The competent authorities may grant nationality waivers. Non-discriminatory legal form requirements apply. EEA nationality is required for the practice of industrial property agent services.

In FR: Full admission to the Bar is required for the practice of legal services in respect of French law, including representation before courts. Residency (commercial presence) is required in order to obtain full admission to the Bar. To provide legal services in respect of domestic (EU and Member State) law, commercial presence may be required to take one of the legal forms which are allowed under national law on a non-discriminatory basis. Some types of legal form may be reserved exclusively to lawyers admitted to the Bar, also on a non-discriminatory basis. Representation before the "Cour de Cassation" and "Conseil d'Etat" is subject to quotas. In a law firm providing services in respect of French or EU law, shareholding and voting rights may be subject to quantitative restrictions related to the professional activity of the partners.

In FI: A patent agent must be resident in the EEA in order to be recorded in the Patent Agents Register, which is necessary for the practice of the profession.

In HR: Unbound for the practice of Croatian law.

In HU: Full admission to the Bar is subject to a nationality requirement, coupled with a residency requirement. For foreign lawyers, the scope of legal activities is limited to the provision of legal advice.

In IE: Full admission to the Bar is required for the practice of legal services in respect of Irish law, including representation before courts. Residency (commercial presence) is required in order to obtain full admission to the Bar. Lawyers in IE are divided into 2 (two) distinct categories: solicitors and barristers. The Law Society of Ireland is the statutory legal professional body that governs admission of solicitors in IE. The Honourable Society of King's Inns governs the admission of barristers in IE.

In LV: Nationality requirement for sworn solicitors, to whom legal representation in criminal proceedings is reserved,

applies.

In PT: The recognition of qualifications to practise Portuguese Law is subject to a condition of reciprocity. Nationality requirement for the access to the profession of notaries "solicitadores" and for industrial property agent applies.

In SI: Representing clients before the court against payment is conditioned by commercial presence in SI. A foreign lawyer who has the right to practise law in a foreign country may perform legal services or practise law under the conditions laid down in Article 34a of the Attorneys Act, provided that the condition of actual reciprocity is fulfilled. Compliance with the condition of reciprocity is verified by the Ministry of Justice. Commercial presence for appointed attorneys by the Slovene Bar Association is restricted to sole proprietorship, law firm with limited liability (partnership) or to a law firm with unlimited liability (partnership) only. The activities of a law firm shall be restricted to the practice of law. Only attorneys may be partners in a law firm.

In SE: Admission to the Bar, necessary only for the use of the Swedish title "advokat", is subject to a residency requirement.

b) 1. Accounting and bookkeeping services

(CPC 86212 other than auditing services, 86213, 86219 and 86220)

For Mode 1

In HU, IT, MT, RO, SI, CY: Unbound.

In AT: Representation before competent authorities is subject to nationality requirement.

In FR: Provision by a foreign service supplier is conditional on a decision of the Minister of Economics, Finance and Industry, in agreement with the Minister of Foreign Affairs.

For Mode 2

None.

b) 2. Auditing services

(CPC 86211 and 86212 other than accounting services)

For Mode 1

In BE, BG, CY, DE, ES, FI, FR, EL, HU, IE, IT, LU, MT, NL, PT, RO, SI: Unbound.

In AT: Nationality requirement for representation before competent authorities and for performing audits provided for in specific Austrian laws (for example, joint stock companies law, stock exchange law and banking law).

In HR: Foreign audit firms may provide audit services on the Croatian territory where they have established a branch.

In SE: Only auditors approved in SE, authorised auditors and registered auditing firms may perform statutory auditing services in certain legal entities, including in all limited liability companies, as well as natural persons. Only auditors approved in SE and registered public accounting firms may be shareholders or form partnerships in companies which practise qualified auditing (for official purposes). Residency within the EEA is required for authorisation or approval. The titles of “approved auditor” and “authorised auditor” may only be used by auditors approved or authorised in SE. Auditors of co-operative economic associations and certain other enterprises who are not authorised or approved accountants must be resident within the EEA. The competent authority may grant exemptions from this requirement.

In LT: An auditor’s report must be prepared in conjunction with an auditor accredited to practise in LT.

For Mode 2

None.

CY: Unbound.

c) Taxation advisory services

(CPC 863) 5

For Mode 1

In AT: Nationality requirement for representation before competent authorities applies.

In CY: Authorisation is subject to an economic needs test. Main criterion is the employment situation in the subsector.

In BG, CY, MT, RO, SI: Unbound.

For Mode 2

None.

d) Architectural services;

and

e) Urban planning and landscape architectural services

(CPC 8671 and 8674)

For Mode 1

In AT: Unbound, except for pure planning services.

In BE, BG, CY, CZ, EL, IT, MT, PL, PT, SI: Unbound.

In HU, RO: Unbound for landscape architectural services.

In HR: Natural and juridical persons may supply architectural services upon approval of the Croatian Chamber of Architects. A design or project elaborated abroad must be validated by an authorised natural or juridical person in HR with regard to its compliance with Croatian Law. Unbound for urban planning.

For Mode 2

None.

f) Engineering services; and

g) Integrated engineering services

(CPC 8672 and 8673)

For Mode 1

In AT, SI: Unbound, except for pure planning services.

In BG, CY, EL, IT, MT, PT: Unbound.

In HR: Natural and juridical persons may supply engineering services upon approval of the Croatian Chamber of Engineers. A design or project elaborated abroad must be validated by an authorised natural or juridical person in HR with regard to its compliance with Croatian Law.

For Mode 2

None.

h) Medical (including psychologists) and dental services

(CPC 9312 and part of 85201)

For Mode 1

In AT, BE, BG, CY, DE, DK, EE, EL, ES, FI, FR, IE, IT, LU, MT, NL, PT, RO, SK: Unbound.

In SI: All persons providing services directly to patients or treating patients need a licence and authorisation for the provision of health services from the Ministry of Health or Medical Chamber. Unbound for social medicine services, sanitary services, epidemiological services, medical or ecological services, the supply of blood, blood preparations, transplants and autopsy.

In CZ: Access is restricted to natural persons only.

In HR: Unbound, except for telemedicine.

For Mode 2

None.

i) Veterinary services

(CPC 932)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FR, HU, IE, IT, LV, MT, NL, PT, RO, SI, SK: Unbound.

For Mode 2

None.

j) 1. Midwives services

(part of CPC 93191)

j) 2. Services provided by nurses, physiotherapists and paramedical personnel

(part of CPC 93191)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FR, HU, IE, IT, LV, LT, LU, MT, NL, PT, RO, SI, SK: Unbound.

In FI, PL: Unbound, except for nurses.

In HR: Unbound, except for telemedicine.

For Mode 2

None.

k) Retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods

(CPC 63211)

and other services supplied by pharmacists 6

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, MT, NL, PL, PT, RO, SE, SK, SI: Unbound.

In LV: Unbound, except for mail order.

In LT: Authorisation by the competent authorities is required. Mail order of pharmaceuticals is prohibited.

For Mode 2

None.

B. Computer and related services

(CPC 84)

For Modes 1 and 2

None.

C. Research and development (R&D) services

R&D services on social sciences and humanities

(CPC 852 excluding psychologists services) 7

None.

R&D services on natural sciences

(CPC 851)

Interdisciplinary R&D services

(CPC 853)

EU: For publicly funded R&D services, exclusive rights or authorisations can only be granted to nationals of the Member States of the European Union and to juridical persons of the EU having their headquarters in the EU.

D. Real Estate Services 8

a) Involving own or leased property

(CPC 821)

For Mode 1

In BG, CY, CZ, EE, HU, IE, LV, LT, MT, PL, RO, SK, SI: Unbound.

In HR: Commercial presence required.

For Mode 2

None.

b) On a fee or contract basis

(CPC 822)

For Mode 1

In BG, CY, CZ, EE, HU, IE, LV, LT, MT, PL, RO, SK, SI: Unbound.

In HR: Commercial presence required.

For Mode 2

None.

E. Rental/Leasing services without operators

a) Relating to ships

(CPC 83103)

For Mode 1

In BG, CY, HU, MT, RO: Unbound.

For Mode 2

None.

b) Relating to aircraft

(CPC 83104)

For Mode 1 and 2

EU: For rental or leasing of aircraft without crew (dry lease), aircraft used by an air carrier of the EU are subject to applicable aircraft registration requirements. A dry lease agreement to which an EU carrier is a party shall be subject to requirements in EU or national law on aviation safety, such as prior approval and other conditions applicable to the use of third countries' registered aircraft. To be registered, aircraft may be required to be owned either by natural persons meeting specific nationality criteria or by enterprises meeting specific criteria regarding ownership of capital and control.

c) Relating to other transport equipment

(CPC 83101, 83102 and 83105)

For Mode 1

In BG, CY, HU, LV, MT, PL, RO, SI: Unbound.

In SE: Suppliers of rental or leasing services of cars and certain off-road vehicles ("terraengmotorfordon") without a driver, rented or leased for a period of less than 1 (one) year, are obliged to appoint someone to be responsible for ensuring, for example, that the business is conducted in accordance with applicable laws and regulations and that the road traffic safety rules are followed. The responsible person must reside in SE.

For Mode 2

None.

d) Relating to other machinery and equipment

(CPC 83106, 83107, 83108 and 83109)

For Mode 1

In BG, CY, CZ, HU, MT, PL, RO, SK: Unbound.

For Mode 2

None.

e) Relating to personal and household goods

(CPC 832)

For Modes 1 and 2

In BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

In EE: Unbound, except for leasing or rental services concerning pre-recorded video-cassettes for use in home entertainment equipment.

f) Telecommunications equipment rental

(CPC 7541)

For Modes 1 and 2

None.

F. Other business services

a) Advertising

(CPC 871)

For Modes 1 and 2

None.

b) Market research and opinion Polling

(CPC 864)

For Modes 1 and 2

None.

c) Management consulting services

(CPC 865)

For Modes 1 and 2

None.

d) Services related to management consulting

(CPC 866)

For Modes 1 and 2

In HU: Unbound for arbitration and conciliation services (CPC 86602).

e) Technical testing and analysis services

(CPC 8676)

For Mode 1

In IT: Unbound for the profession of biologists and chemical analysts.

In HR: Unbound for services related to issuance of mandatory certificates and similar official document.

In BG, CY, CZ, MT, PL, RO, SE, SK: Unbound.

For Mode 2

In BG, CY, CZ, MT, PL, RO, SK, SE: Unbound.

In HR: Unbound for services related to issuance of mandatory certificates and similar official documents.

f) Advisory and consulting services incidental to agriculture, hunting and forestry

(part of CPC 881)

For Mode 1

In IT: Unbound for activities reserved to agronomists "periti agrari".

In RO, SI: Unbound.

For Mode 2

None.

g) Advisory and consulting services relating to fishing

(part of CPC 882)

For Mode 1

In LT, LV, MT, RO, SI: Unbound.

For Mode 2

None.

h) Advisory and consulting services incidental to manufacturing

(part of CPC 884 and part of 885)

For Modes 1 and 2

None.

i) Placement and supply services of personnel

i) 1. Executive search

(CPC 87201)

For Mode 1

In AT, BG, CY, CZ, DE, EE, ES, FI, HR, IE, LT LV, MT, PL, PT, RO, SK, SE, SI: Unbound.

For Mode 2

In AT, BG, CY, CZ, EE, FI, HR, LV, LT, MT, PL, RO, SK, SI: Unbound.

i) 2. Placement services

(CPC 87202)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

In AT, BG, CY, CZ, EE, FI, HR, LT, LV, MT, PL, RO, SI, SK: Unbound.

i) 3. Supply services of office support personnel

(CPC 87203)

For Mode 1

In AT, BG, CY, CZ, DE, EE, FI, FR, HR, IT, IE, LT, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

In AT, BG, CY, CZ, EE, FI, HR, LT, LV, MT, PL, RO, SK, SI: Unbound.

i) 4. Supply services of domestic help personnel, other commercial or industrial workers, nursing and other personnel

(CPCs 87204, 87205, 87206, 87209)

For Modes 1 and 2

In all Member States of the European Union except HU: Unbound.

In HU: None.

j) 1. Investigation services

(CPC 87301)

For Modes 1 and 2

In BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SI, SK: Unbound.

j) 2. Security services

(CPC 87302, 87303, 87304 and 87305)

For Mode 1

In HU: Unbound for CPC 87304, 87305.

In BE, BG, CY, CZ, EE, ES, FI, FR, HR, IT, LT, LV, MT, PT, PL, RO, SI, SK: Unbound.

For Mode 2

In HU: Unbound for CPC 87304, 87305.

In BG, CY, CZ, EE, HR, LT, LV, MT, PL, RO, SI, SK: Unbound.

k) Related scientific and technical consulting services

(CPC 8675)

For Mode 1

In BE, BG, CY, DE, DK, EL, ES, FR, IE, IT, LU, MT, NL, PL, PT, RO: Unbound for exploration (in FR: and prospecting) services.

In SI: The exploration for and exploitation of mineral resources, including regulated mining services, are subject to establishment in or citizenship of the EEA, the Swiss Confederation or an OECD Member, or of a third country on condition of material reciprocity. Compliance with the condition of reciprocity is verified by the Ministry responsible for mining.

In HR: Basic geological, geodetic and mining consulting services as well as related environmental protection consulting services on the territory of HR can be carried out only jointly with or through domestic juridical persons.

For Mode 2

None.

l) 1. Maintenance and repair of vessels

(part of CPC 8868)

For Mode 1

For maritime transport vessels: In BE, BG, CY, DE, DK, EL, ES, FI, FR, HR, IE, IT, LT, MT, NL, PL, PT, RO, SE, SI: Unbound.

For internal waterways transport vessels: In all Member States of the European Union except in EE, HU, LV: Unbound.

For Mode 2

None.

l) 2. Maintenance and repair of rail transport equipment

(part of CPC 8868)

For Mode 1

In AT, BE, BG, DE, CY, CZ, DK, EL, ES, FI, FR, HR, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

None.

l) 3. Maintenance and repair of motor vehicles, motorcycles, snowmobiles and road transport equipment

(CPC 6112, 6122, part of 8867 and part of 8868)

For Modes 1 and 2

None.

l) 4. Maintenance and repair of aircraft and parts thereof

(part of CPC 8868)

For Mode 1

In BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, LT, LU, MT, NL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

None.

l) 5. Maintenance and repair services of metal products, of (non-office) machinery, of (non-transport and non-office) equipment and of personal and household goods 9

(CPC 633, 7545, 8861, 8862, 8864, 8865 and 8866)

For Modes 1 and 2

None.

m) Building cleaning services

(CPC 874)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, IE, IT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

None.

n) Photographic services

(CPC 875)

For Mode 1

In BG, EE, MT, PL: Unbound for the supply of aerial photographic services.

In HR, LV: Unbound for specialty photographic services (CPC 87504).

For Mode 2

None.

o) Packaging services

(CPC 876)

For Modes 1 and 2

None.

p) Printing and publishing

(CPC 88442)

For Modes 1 and 2

In SE: Residency requirement for publisher and owner of publishing or printing company applies.

q) Convention services

(part of CPC 87909)

For Modes 1 and 2

None.

r) 1. Translation and interpretation services

(CPC 87905)

For Mode 1

In FI: Residency in the EEA is required for certified translators.

In PL: Unbound for services of sworn interpreters.

In HU, SK: Unbound for official translation and interpretation.

In HR: Unbound for official documents.

In CY: Unbound.

For Mode 2

None.

r) 2. Interior design and other specialty design services

(CPC 87907)

For Mode 1

In DE: Application of the domestic rules on fees and emoluments to all services which are performed from abroad.

For Mode 2

None.

r) 3. Collection agency services

(CPC 87902)

For Modes 1 and 2

In BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, MT, NL, PL, PT, RO, SK, SI, SE: Unbound.

r) 4. Credit reporting services

(CPC 87901)

For Modes 1 and 2

In BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, MT, NL, PL, PT, RO, SK, SI, SE: Unbound.

r) 5. Duplicating services

(CPC 87904) 10

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, MT, NL, PL, PT, RO, SI, SE, SK: Unbound.

For Mode 2

None.

r) 6. Telecommunications consulting services

(CPC 7544)

For Modes 1 and 2

None.

r) 7. Telephone answering services

(CPC 87903)

For Modes 1 and 2

None.

s) Sales and marketing

t) Computer reservations system (CRS) services

For Modes 1 and 2

EU: Where EU air carriers are not accorded, by CRS services suppliers operating outside EU, equivalent (meaning non-discriminatory) treatment to that provided in the EU, or where EU CRS services suppliers are not accorded, by non-EU air carriers, equivalent treatment to that provided in the EU, measures may be taken to accord equivalent treatment, respectively, to the non-EU air carriers by the CRS services suppliers operating in the EU, or to the non-EU CRS services suppliers by EU air carriers.

2. Communication services

A. Postal and courier services

(Services relating to the handling 11 of postal items 12 according to the following list of subsectors, whether for domestic or foreign destinations: (i) Handling of addressed written communications on any kind of physical medium 13 , including Hybrid mail service and Direct mail; (ii) Handling of addressed parcels and packages 14 ; (iii) Handling of addressed press products 15 ; (iv) Handling of items referred to in (i) to (iii) above as registered or insured mail; (v) Express delivery services 16 for items referred to in (i) to (iii) above; (vi) Handling of non-addressed items; and (vii) Document exchange 17 .

For Modes 1 and 2

None (conditioned upon comparable binding of existing autonomous liberalisation by Signatory MERCOSUR States).

Subsectors (i), (iv) and (v) are however excluded if they fall into the scope of the services which may be reserved for items of correspondence the price of which is less than 5 (five) times the public basic tariff, if they weigh less than 50 (fifty) grams 18 , and for the registered mail service used in the course of judicial or administrative procedures.)

(part of CPC 751, part of 71235 19 and part of 73210 20)

B. Telecommunications services

Telecommunications services exclude services providing, or exercising editorial control over, the content transmitted.

a) All services which consist in the transmission and reception of electro-magnetic signals by any electromagnetic means 21 , excluding broadcasting 22

For Modes 1 and 2

None.

3. Construction and Related Engineering Services

(CPC 511, 512, 513, 514, 515, 516, 517 and 518)

For Mode 1

LT: Authorisation required.

CY: Specific conditions apply and authorisation is required.

For Mode 2

None.

4. Distribution services

(excluding distribution of arms, munitions, explosives and other war material)

A. Commission agents' services

a) Commission agents' services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof

(part of CPC 61111, part of 6113 and part of 6121)

b) Other commission agents' services

(CPC 621)

For Modes 1 and 2

In all Member States of the European Union except in AT, FI, HR, SE, SI: Unbound for distribution of chemical products and of precious metals and stones.

In AT: Unbound for distribution of pyrotechnical goods, of ignitable articles and blasting devices and of toxic substances.

In AT, BG: Unbound for distribution of products for medical use such as medical and surgical devices, pharmaceutical products, medical substances or objects.

In HR: Unbound for the distribution of tobacco products.

B. Wholesale trade services

a) Wholesale trade services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof

(part of CPC 61111, part of 6113 and part of 6121)

b) Wholesale trade services of telecommunications terminal equipment

(part of CPC 7542)

c) Other wholesale trade services

(CPC 622 excluding wholesale trade services of energy products 23)

For Mode 1

In AT, BG, FR, PL, RO: Unbound for distribution of tobacco and tobacco products.

In IT: For wholesale trade services, state monopoly on tobacco.

In BG, FI, PL, RO: Unbound for distribution of alcoholic beverages.

In SE: Unbound for retail distribution of alcoholic beverages.

In CY, CZ, FI, FR, RO, SI, SK: Unbound for distribution of pharmaceuticals.

In BG, HU, PL: Unbound for commodity brokers' services.

In FR: For commission agents' services, unbound for traders and brokers working in 17 (seventeen) markets of national interest on fresh food products.

In MT: Unbound for commission agents' services.

In BE, BG, CY, DE, DK, EL, ES, FR, IE, IT, LU, MT, NL, PL, PT, SK: For retailing services, unbound, except for mail order.

In LT: Distribution of pyrotechnics is subject to licensing. Only juridical persons established in the EU may obtain a licence.

In ES: State monopoly for retail sale or supply of tobacco.

C. Retailing services 24

Retailing services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof

(CPC 61112, part of 6113 and part of 6121)

Retailing services of telecommunications terminal equipment

(part of CPC 7542)

Food retailing services

(CPC 631)

Retailing services of other (non-energy) goods, except retail sales of pharmaceutical, medical and orthopaedic goods 25

(CPC 632 excluding 63211 (except for HU) and 63297)

D. Franchising

(CPC 8929)

5. Educational services (only privately-funded services)

A. Primary education services

(CPC 921)

For Mode 1

In BG, CY, FI, FR, HR, IT, MT, RO, SE, SI: Unbound.

For Mode 2

In CY, FI, HR, MT, RO, SE, SI: Unbound.

B. Secondary education services

(CPC 922)

For Mode 1

In BG, CY, FI, FR, HR, IT, MT, RO, SE: Unbound.

For Mode 2

In CY, FI, MT, RO, SE: Unbound.

For Modes 1 and 2

In LV: Unbound for education services relating to technical and vocational secondary school-type education services for handicapped students (CPC 9224).

C. Higher education services

(CPC 923)

For Mode 1

In AT, BG, CY, FI, MT, RO, SE: Unbound.

In FR: French or another EU nationality is required to teach in a privately funded educational institution. However, foreign nationals may obtain an authorisation from the relevant competent authorities to teach in higher-level educational institutions. Foreign nationals may also obtain an authorisation from the relevant competent authorities in order to establish and operate or manage higher-level educational institutions. Such authorisation is granted on a discretionary basis.

In IT: Nationality requirement for service providers to be authorised to issue diplomas recognised by the State.

For Mode 2

In AT, BG, CY, FI, MT, RO, SE: Unbound.

For Modes 1 and 2

In CZ, SK: Unbound for higher education services, except post-secondary technical and vocational education services (CPC 92310).

D. Adult education services

(CPC 924)

For Modes 1 and 2

In CY, FI, MT, RO, SE: Unbound.

For Mode 1

In AT: Unbound for adult education services by means of radio or television broadcasting.

E. Other education services

(CPC 929)

For Modes 1 and 2

In AT, BE, BG, CY, DE, DK, EE, EL, ES, FI, FR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI: Unbound.

For Mode 1

In HR: None for correspondence education or education via telecommunications.

6. Environmental services

A. Waste water services

(CPC 9401) 26

B. Solid or hazardous waste management, excluding cross-border transport of hazardous waste

a) Refuse disposal services

(CPC 9402)

b) Sanitation and similar services

(CPC 9403)

C. Protection of ambient air and climate

(CPC 9404) 27

For Mode 1

EU: Unbound, except for consulting services.

For Mode 2

None.

D. Remediation and clean-up of soil and waters

a) Treatment, remediation of contaminated or polluted soil and water

(part of CPC 94060) 28

E. Noise and vibration abatement

(CPC 9405)

F. Protection of biodiversity and landscape

a) Nature and landscape protection services

(part of CPC 9406)

G. Other environmental and ancillary services

(CPC 94090)

7. Financial services

A. Insurance and insurance-related services

For Modes 1 and 2

In AT, BE, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, NL, PL, PT, RO, SK, SE, SI: Unbound for direct insurance services, except for insurance of risks relating to:

(a) maritime shipping, commercial aviation and space launching and freight (including satellites), with insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; or

(b) goods in international transit.

In AT: Promotional activity and intermediation on behalf of a subsidiary not established in the EU or of a branch not established in AT (except for reinsurance and retrocession) are prohibited. Compulsory air insurance, except for insurance of international commercial air transport, can be underwritten only by a subsidiary established in the EU or by a branch established in AT.

In DK: Compulsory air transport insurance can be underwritten only by firms established in the EU. Persons or companies (including insurance companies) may not, for business purposes in DK, assist in effecting direct insurance for persons resident in DK, for Danish ships or for property in DK, other than insurance companies licensed by Danish law or by Danish

competent authorities.

In DE: Compulsory air insurance policies can be underwritten only by a subsidiary established in the EU or by a branch established in DE. If a foreign insurance company has established a branch in DE, it may conclude insurance contracts in DE relating to international transport only through the branch established in DE.

In FR: Insurance of risks relating to ground transport may be underwritten only by insurance firms established in the EU.

In PL: Unbound, except for reinsurance, retrocession and insurance of goods in international trade.

In PT: Air and maritime transport insurance, covering goods, aircraft, hull and liability, can be underwritten only by firms established in the EU. Only persons or companies established in the EU may act as intermediaries for such insurance business in PT.

In RO: Reinsurance on international market is allowed only if the reinsured risk cannot be placed on the Romanian market.

SK: Air and maritime transport insurance, covering the aircraft or vessel and responsibility, can be underwritten only by insurance companies established in the EU or by the branch office of the insurance companies not established in the EU authorised in SK.

For Mode 1

In AT, BE, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, NL, PT, RO, SK, SE, SI: Unbound for direct insurance intermediation services, except for insurance of risks relating to:

(a) maritime shipping, commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; or

(b) goods in international transit.

In BG: Unbound for direct insurance, except for services supplied by foreign suppliers to foreign persons in the territory of BG. Transport insurance covering goods, insurance of vehicles as such and liability insurance regarding risks located in BG may not be underwritten by foreign insurance companies directly. A foreign insurance company may conclude insurance contracts only through a branch in the EU. Unbound for deposit insurance and similar compensations schemes, as well as mandatory insurance schemes.

In CY, LV, MT: Unbound for direct insurance services except for insurance of risks relating to:

(a) maritime shipping, commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; or

(b) goods in international transit.

In LT: Unbound for direct insurance services, except for insurance of risks relating to:

(a) maritime shipping, commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; or

(b) goods in international transit, except if related to land transport where the risk is located in LT.

In BG, LT, LV, PL: Unbound for insurance intermediation.

In FI: Only insurers having their head office in the EU or having their branch in FI may offer direct insurance (including co-insurance) services. The supply of insurance broker services is subject to a permanent place of business in the EU. At least ½ (one half) of the members of the board of directors and the supervisory board, and the managing director of an insurance company providing statutory pension insurance shall have their place of residence in the EEA, unless the competent authorities have granted an exemption. At least 1 (one) auditor shall have their permanent residence in the EEA. The general agent of an insurance company of Signatory MERCOSUR States must have their place of residence in FI, unless the company has its head office in the EU.

In HR: Unbound for direct insurance and direct insurance intermediation services, except:

(a) for the supply of life insurance to foreign persons residing in HR;

(b) for the supply of non-life insurance HR other than automobile liability to foreign persons residing in HR; and

(c) for the supply of non-life insurance for marine, aviation, transport.

In HU: The supply of direct insurance in the territory of HU by insurance companies not established in the EU is allowed only through a branch office registered in HU.

In IT: Unbound for the actuarial profession. Transport insurance of goods, insurance of vehicles as such and liability insurance regarding risks located in IT may be underwritten only by insurance companies established in the EU. This reservation does not apply to international transport involving imports into IT.

In SE: The supply of direct insurance is allowed only through an insurance service supplier authorised in SE, provided that the foreign service supplier and the Swedish insurance company belong to the same group of companies or have an agreement of cooperation between them.

In ES: Residence or 2 (two) years of experience is required for the actuarial profession.

For Mode 2

In AT, BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, MT, NL, PL, PT, RO, SK, SE, SI: Unbound for intermediation.

In BG: For direct insurance, Bulgarian natural and juridical persons, as well as foreign persons who conduct business activity in the territory of BG, may conclude insurance contracts only with suppliers which are licensed to conduct insurance activity in BG with respect to their activity in BG. Insurance compensation resulting from these contracts shall be paid in BG. Unbound for deposit insurance and similar compensations schemes, as well as mandatory insurance schemes, apply.

In HR: Unbound for direct insurance and direct insurance intermediation services, except:

(a) regarding life insurance, for the ability of foreign persons residing in HR to obtain life insurance;

(b) regarding non-life insurance, for the ability of foreign persons residing in HR to obtain non-life insurance other than automobile liability and for personal or property risk insurance that is not available in HR; companies purchasing insurance abroad in connection with investment works abroad including the equipment for those works; for ensuring the return of foreign loans (collateral insurance); personal and property insurance of wholly-owned enterprises and joint ventures which perform an economic activity in a foreign country, if it is in accordance with the regulations of that country or it is required by its registration; ships under construction and overhaul if it is stipulated by the contract concluded with the foreign client (buyer); and

(c) for the supply of non-life insurance for marine, aviation and transport.

In IT: Transport insurance of goods, insurance of vehicles as such and liability insurance regarding risks located in IT may be underwritten only by insurance companies established in the EU. This reservation does not apply to international transport involving imports into IT.

B. Banking and other financial services (excluding insurance)

For Mode 1

In AT, BE, BG, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, LU, NL, PL, PT, SE, SK: Unbound, except for the provision of financial information and financial data processing and for advisory and other auxiliary services excluding intermediation.

In BE: Establishment in BE is required for the provision of investment advisory services.

In BG: Limitations and conditions relating to the use of telecommunications network may apply.

In CY: Unbound, except for trading of transferable securities, for provision of financial information and financial data processing and for advisory and other auxiliary services excluding intermediation.

In EE: For acceptance of deposits, authorisation by the Estonian Financial Supervision Authority and registration under Estonian Law as a joint-stock company, a subsidiary or a branch, apply is required.

The establishment of a specialised management company is required to perform the activities of management of investment funds and only firms having their registered office in the EU may act as depositories of the assets of investment funds.

In HR: Unbound, except for lending, financial leasing, payment and money transmission services, guarantees and

commitments, money broking, provision and transfer of financial information and advisory and other auxiliary financial services, excluding intermediation.

In LT: The establishment of a specialised management company is required to perform the activities of management of unit trusts and investment companies and only firms having their registered office in the EU may act as depositories of the assets of investment funds.

In IE: The provision of investment services or investment advice requires either (a) authorisation in IE, which normally requires that the entity be incorporated or be a partnership or a sole trader, in each case with a head or registered office in IE (authorisation may not be required in certain cases, for example, if a foreign service supplier has no commercial presence in IE and the service is not provided for private individuals); or (b) authorisation in another Member State of the European Union in accordance with Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, OJ L 173, 12.6.2014, p. 349.

In IT: Unbound for financial salespersons "promotori di servizi finanziari".

In LV: Unbound, except for participation in issue of all kinds of securities, for provision of financial information and financial data processing and for advisory and other auxiliary services, excluding intermediation.

In LT: Commercial presence is required for pension fund management.

In MT: Unbound, except for acceptance of deposits, for lending of all types, for provision of financial information and financial data processing and for advisory and other auxiliary services excluding intermediation.

In PL: For the provision and transfer of financial information and financial data processing and related software, requirement to use the public telecommunications network or the network of another authorised operator applies.

In RO: Unbound for financial leasing, for trading of money market instruments, foreign exchange, derivative products, exchange rate and interest rate instruments, transferable securities and other negotiable instruments and financial assets, for the participation in issuing of all kinds of securities, for asset management and for settlement and clearing services for financial assets. Payments and money transmission services are allowed only through a bank established in RO.

In SI:

(a) Participation in issue of Treasury bonds, pension fund management: Unbound.

(b) Unbound, except for: lending of all types; the acceptance of guarantees and commitments from foreign credit institutions by domestic legal entities and sole proprietors; the provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and advisory and other auxiliary financial services relating to banking and other financial services.

Members of the Slovenian Stock Exchange must be incorporated in SI or be branches of foreign investment firms or banks.

A pension scheme may be provided by a mutual pension fund (which is not a legal entity and is therefore managed by an insurance company, a bank or a pension company), a pension company or an insurance company. Additionally, a pension scheme may also be offered by pension scheme providers established in accordance with the regulations applicable in a Member State of the European Union.

For Mode 2

In BG: Limitations and conditions relating to the use of telecommunications network may apply.

In PL: For the provision and transfer of financial information and financial data processing and related software, a requirement to use the public telecommunications network or the network of other authorised operator applies.

8. Health services and social services

(only privately-funded services)

EU: Unbound with respect to activities or services forming part of a public retirement plan or statutory system of social security.

A. Hospital services

(CPC 9311)

C. Residential health facilities other than hospital services

(CPC 93193)

For Mode 1

In AT, BE, BG, DE, CY, CZ, DK, EE, EL, ES, FI, FR, HR, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

None.

D. Social services

(CPC 933)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, HR, HU, IE, IT, LU, MT, PL, PT, RO, SE, SI, SK: Unbound.

In FR: Unbound for social services other than services relating to convalescent and rest houses and old people's homes.

For Mode 2

In BE: Unbound except for convalescent and rest houses and old people's homes.

9. Tourism and travel related service

A. Hotel, restaurants and Catering

(CPC 641, 642 and 643)

excluding catering in air transport services 29

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EL, ES, FR, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SK, SE, SI: Unbound except for catering.

In HR: Unbound.

For Mode 2

None.

B. Travel agencies and tour operators services

(including tour managers)

(CPC 7471)

For Mode 1

In BG, CY, HU: Unbound.

For Mode 2

None.

C. Tourist guides services

(CPC 7472)

For Mode 1

In BG, CY, CZ, HU, IT, LT, MT, PL, SI, SK: Unbound.

In FR: Nationality of a Member State of the European Union for the provision of tourist guide services in its territory.

In ES: Nationality requirement applies.

For Mode 2

None.

10. Recreational, cultural and sporting services (other than audio-visual services)

A. Entertainment services (including theatre, live bands, circus and discotheque services)

(CPC 9619)

For Mode 1

In BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SI, SK: Unbound.

For Mode 2

In CY, CZ, FI, HR, MT, PL, RO, SI, SK: Unbound.

In BG: Unbound, except for theatrical producer, singer group, band and orchestra entertainment services (CPC 96191); services provided by authors, composers, sculptors, entertainers and other individual artists (CPC 96192); and ancillary theatrical services (CPC 96193).

In EE: Unbound for other entertainment services (CPC 96199), except for cinema theatre services.

In LT, LV: Unbound, except for cinema theatre operation services (part of CPC 96199).

B. News and press agencies services

(CPC 962)

For Mode 1

In BG, CY, CZ, HU, LT, PL, RO, SK: Unbound.

For Mode 2

In BG, CY, CZ, HU, LT, MT, PL, RO, SI, SK: Unbound.

C. Libraries, archives museums and other cultural services

(CPC 963)

For Mode 1

In BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

In BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HR, HU, IE, IT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

D. Sporting services

(CPC 9641)

For Modes 1 and 2

In AT: Unbound for ski school services and mountain guide services.

In BG, CZ, HR, LV, MT, PL, RO, SK: Unbound.

For Mode 1

In CY, EE: Unbound.

E. Recreation park and beach services

(CPC 96491)

For Modes 1 and 2

None.

11. Transport services

A. Maritime transport

a) International passenger transportation

(CPC 7211 except national cabotage transport 30).

b) International freight transportation

(CPC 7212 except national cabotage transport 31)

For Modes 1 and 2

EU: None.

D. Road transport

a) Passenger transportation

(CPC 7121 and 7122)

b) Freight transportation

(CPC 7123, excluding transportation of postal and courier items on own account 32)

For Mode 1

EU: Unbound.

For Mode 2

None.

E. Pipeline transport of goods other than fuel 33

(CPC 7139)

For Mode 1

EU: Unbound.

For Mode 2

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, IE, IT, LU, LV, MT, NL, PL, PT, RO, SK, SE, SI: Unbound.

12. Services auxiliary to transport 34

A. Services auxiliary to maritime transport

a) Maritime cargo handling services

b) Storage and warehousing services

(part of CPC 742)

c) Customs clearance services

d) Container station and depot Services

e) Maritime agency services

f) Maritime freight forwarding services

g) Rental of vessels with crew

(CPC 7213)

For Mode 1

EU: Unbound for maritime cargo handling services and pushing and towing services.

EU: None, except residency requirement for customs clearance services.

In AT, BG, CY, CZ, DE, EE, HU, LT, MT, PL, RO, SE, SI, SK: Unbound for rental of vessels with crew.

In HR: Unbound, except for freight transport agency services.

For Mode 2

None.

h) Pushing and towing services

(CPC 7214)

i) Supporting services for maritime transport

(part of CPC 745)

j) Other supporting and auxiliary services

(part of CPC 749)

C. Services auxiliary to rail transport

a) Cargo-handling services

(part of CPC 741)

b) Storage and warehouse services

(part of CPC 742)

c) Freight transport agency services

(part of CPC 748)

d) Pushing and towing services

(CPC 7113)

e) Supporting services for rail transport services

(CPC 743)

f) Other supporting and auxiliary services

(part of CPC 749)

For Mode 1

EU: Unbound for pushing and towing services.

In HR: Unbound, except for freight transport agency services.

For Mode 2

None.

D. Services auxiliary to road transport

a) Cargo-handling services

(part of CPC 741)

b) Storage and warehouse services

(part of CPC 742)

c) Freight transport agency services

(part of CPC 748)

d) Rental of commercial road vehicles with operators

(CPC 7124)

e) Supporting services for road transport

(CPC 744)

f) Other supporting and auxiliary services

(part of CPC 749)

For Mode 1

In AT, BG, CY, CZ, EE, HU, LT, LV, MT, PL, RO, SE, SI, SK: Unbound for rental of commercial road vehicles with operators.

In HR: Unbound, except for freight transport agency services and supporting services for road transport.

For Mode 2

None.

E. Services auxiliary to air transport services

a) Ground-handling services (including catering services)

For Mode 1

EU: Unbound, except for catering.

For Mode 2

In BG, CY, CZ, HR, HU, MT, PL, RO, SI, SK: Unbound.

b) Storage and warehouse services

(part of CPC 742)

For Modes 1 and 2

None.

c) Freight transport agency services

(part of CPC 748)

For Modes 1 and 2

None.

F. Services auxiliary to pipeline transport of goods other than fuel 35

a) Storage and warehouse services of goods other than fuel transported by pipelines

(part of CPC 742)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, LT, LU, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

None.

13. Other transport services

Provision of combined transport service

In all Member States of the European Union except AT, BG, CY, CZ, EE, HU, LT, LV, MT, PL, RO, SE, SI, SK: None, without prejudice to the limitations inscribed in this list affecting any given mode of transport.

In AT, BG, CY, CZ, EE, HR, HU, LT, LV, MT, PL, RO, SE, SI, SK: Unbound.

14. Energy services

A. Services incidental to mining

(CPC 883) 36

For Modes 1 and 2

None.

In SI: The exploration for and exploitation of mineral resources, including regulated mining services, are subject to establishment in or citizenship of the EEA, the Swiss Confederation or an OECD Member or of a third country on condition of material reciprocity. Compliance with the condition of reciprocity is verified by the Ministry responsible for mining.

In SK: For mining, activities related to mining and geological activity, incorporation is required (no branching).

B. Pipeline transportation of fuels

(CPC 7131)

For Mode 1

EU: Unbound.

For Mode 2

In AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, IE, IT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

C. Storage and warehouse services of fuels transported through pipelines

(part of CPC 742)

For Mode 1

In AT, BE, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, LT, LU, MT, NL, PL, PT, RO, SE, SI, SK: Unbound.

For Mode 2

None.

D. Wholesale trade services of solid, liquid and gaseous fuels and related products

(CPC 62271)

and wholesale trade services of electricity, steam and hot water

For Mode 1

EU: Unbound for wholesale trade services of electricity, steam and hot water.

In SK: Unbound for direct branching (incorporation is required) for liquid and gaseous fuels.

For Mode 2

None.

E. Retailing services of motor fuel

(CPC 613)

For Mode 1

EU: Unbound.

For Mode 2

None.

F. Retail sales of fuel oil, bottled gas, coal and wood

(CPC 63297)

and retailing services of electricity, (non-bottled) gas, steam and hot water

For Mode 1

EU: Unbound for retailing services of electricity, (non-bottled) gas, steam and hot water.

In BE, BG, CY, CZ, DE, DK, EL, ES, FR, IE, IT, LU, MT, NL, PL, PT, SK: For retail sales of fuel oil, bottled gas, coal and wood, unbound except for mail order (none for mail order).

For Mode 2

None.

G. Services incidental to energy distribution

(CPC 887)

For Mode 1

EU: Unbound, except for consultancy services (none for consultancy services).

For Mode 2

None.

15. Other services not included elsewhere

a) Washing, cleaning and dyeing services

(CPC 9701)

For Mode 1

EU: Unbound.

For Mode 2

None.

b) Hairdressing services

(CPC 97021)

For Mode 1

EU: Unbound.

For Mode 2

None.

c) Cosmetic treatment, manicuring and pedicuring services

(CPC 97022)

For Mode 1

EU: Unbound.

For Mode 2

None.

d) Other beauty treatment services not elsewhere classified

(CPC 97029)

For Mode 1

EU: Unbound.

For Mode 2

None.

e) Spa services and non therapeutical massages, to the extent that they are provided as relaxation physical well-being services and not for medical or rehabilitation purposes 37

(CPC ver. 1.0 97230)

For Mode 1

EU: Unbound.

For Mode 2

None.

g) Telecommunications connection services

(CPC 7543)

For Modes 1 and 2

None.

ANNEX 18-B. EUROPEAN UNION. LIST OF COMMITMENTS ON ESTABLISHMENT IN CONFORMITY WITH ARTICLES 18.3 AND 18.4

1. The list of commitments in this Annex indicates the economic activities liberalised pursuant to Articles 18.3 and 18.4 and specifies the market access and national treatment limitations that apply to enterprises and investors of MERCOSUR in those activities by means of reservations. The list in this Annex is composed of two columns containing the following elements, respectively:

(a) the sector or subsector in which the commitment is undertaken by the European Union, and the scope of liberalisation to which the reservations apply; and

(b) a description of the applicable reservations.

2. Establishment in sectors or subsectors covered by Part III of this Agreement and not mentioned in the list in this Annex is not committed.

3. For the purposes of this Annex, when identifying individual sectors and subsectors:

(a) "CPC" means the Provisional Central Products Classification as defined in Article 9.3(c);

(b) "CPC ver. 1.0" means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 77, CPC ver 1.0, 1998; and

(c) "ISIC rev 3.1" means the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 4, ISIC REV 3.1, 2002.

4. The list in this Annex does not include measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures if they do not constitute a market access or a national treatment limitation within the meaning of Article 18.3 or Article 18.4 respectively. Those measures (for example, need to obtain a licence, universal service obligations, need to obtain recognition of qualifications in regulated sectors, need to pass specific examinations, including language examinations, and non-discriminatory requirement that certain activities may not be carried out in environmental protected zones or areas of particular historic and artistic interest), even if not listed, apply in

any case to enterprises and investors of a Signatory MERCOSUR State.

5. The European Union takes commitments with respect to market access commitments as set out in Article 18.3(1), differentiated by its Member States, if applicable.

6. For greater certainty, for the European Union, the obligation to grant national treatment does not entail the requirement to extend to natural or juridical persons of a Signatory MERCOSUR State the treatment granted in a Member State of the European Union, pursuant to the Treaty on the Functioning of the European Union, or to any measure adopted pursuant to that Treaty, including the implementation of that Treaty or measures in the Member States of the European Union, to:

(a) natural persons or residents of a Member State of the European Union; or

(b) juridical persons constituted or organised under the law of another Member State of the European Union or that of the European Union and having their registered office, central administration or principal place of business in a Member State of the European Union.

Such national treatment is granted to juridical persons which are constituted or organised under the law of a Member State of the European Union or that of the European Union and have their registered office, central administration or principal place of business in a Member State of the European Union, including those which are owned or controlled by natural or juridical persons of a Signatory MERCOSUR State.

7. The following abbreviations are used in the list in this Annex:

– EU European Union, including all its Member States

– EEA European Economic Area

– AT Austria

– BE Belgium

– BG Bulgaria

– CY Cyprus

– CZ Czechia

– DE Germany

– DK Denmark

– EE Estonia

– EL Greece

– ES Spain

– FI Finland

– FR France

– HR Croatia

– HU Hungary

– IE Ireland

– IT Italy

– LV Latvia

– LT Lithuania

– LU Luxembourg

– MT Malta

– NL The Netherlands

– PL Poland

– PT Portugal

– RO Romania

– SK Slovak Republic

– SI Slovenia

– SE Sweden

Sector or subsector

Description of reservations

ALL SECTORS

Real estate

In all Member States of the European Union except AT, BG, CY, CZ, DE, DK, EE, EL, FI, HU, IE, IT, LV, LT, MT, PL, RO, SI, SK, ES: None.

In AT: The acquisition, purchase as well as rent or lease of real estate by foreign natural persons and juridical persons requires an authorisation by the competent regional authorities ("Länder") which will consider whether important economic, social or cultural interests are affected or not.

In BG: Foreign natural and juridical persons (including branches thereof) cannot acquire ownership of land. Bulgarian juridical persons with foreign participation cannot acquire ownership of agricultural land. Foreign juridical persons and foreign citizens with permanent residence abroad can acquire ownership of buildings and limited property rights 38 of real estate, subject to the permission of the Ministry of Finance. The permission requirement does not apply to persons who have made investments in Bulgaria. Foreign citizens with permanent residence abroad, foreign juridical persons and enterprises in which foreign participation ensures a majority in adopting decisions or blocks the adoption of decisions, can acquire real estate property rights in specific geographic regions designated by the Council of Ministers, subject to permission.

In CY: Unbound.

In CZ: Agricultural and forest land can be acquired by foreign natural and juridical persons with permanent residence in Czechia. Specific rules apply to the agricultural and forest land in state ownership.

In DE: Certain conditions of reciprocity may apply.

In DK: Limitations on real estate purchase by non-resident physical and legal entities. Limitations on agricultural estate purchased by foreign physical and legal entities.

In EE: Unbound for acquisition of agricultural and forest land 39 .

In EL: According to Law No. 1892/90, permission from the Minister of Defence is needed for a citizen to acquire land in areas near borders.

In FI: (Åland Islands): Restrictions on the right of natural persons who do not enjoy regional citizenship in Åland, and of juridical persons, to acquire and hold real property on the Åland Islands without permission by the competent authorities of the islands. Restrictions on the right of establishment and the right to provide services by natural persons who do not enjoy regional citizenship in Åland, or by any juridical person, without permission by the competent authorities of the Åland Islands.

In HR: Unbound for acquisition of real estate by service suppliers not established and incorporated in Croatia. Acquisition of real estate necessary for the supply of services by companies established and incorporated in Croatia as legal persons is allowed. Acquisition of real estate necessary for the supply of services by branches requires the approval of the Ministry of Justice. Agricultural land cannot be acquired by foreigners.

In HU: Limitations on acquisition of land and real estate by foreign investors 40 .

In IE: Prior written consent of the Land Commission is necessary for the acquisition of any interest in Irish land by domestic or foreign companies or foreign nationals. Where such land is for industrial use (other than agricultural industry), this requirement is waived subject to certification to this effect from the Minister for Enterprise, Trade and Employment. This law does not apply to land within the boundaries of cities and towns.

In IT: The purchase of real estate by foreign natural and juridical persons is subject to a condition of reciprocity.

In LV: Acquisition of land is unbound; land lease not exceeding 99 (ninety-nine) years is permitted.

In LT: Acquisition of land is unbound 41 .

In MT: The requirements of Maltese laws and regulations regarding acquisition of real property shall continue to apply.

In PL: Acquisition of real estate, direct or indirect, by foreigners (a natural or foreign legal person) requires permission. Acquisition of state-owned property is unbound (for example the regulations governing the privatisation process).

In RO: Natural persons not having Romanian citizenship and residence in Romania, as well as legal persons not having Romanian nationality and their headquarters in Romania, cannot acquire ownership over any kind of land plots, through inter vivos acts.

In SI: Juridical persons, established Slovenia with foreign capital participation, may acquire real estate in the territory of Slovenia. Branches 42 established in Slovenia by foreign persons may only acquire real estate, except land, necessary for the conduct of the economic activities for which they are established.

In SK: Limitations on real estate acquisition by foreign physical and legal entities. Foreign entities may acquire real property through establishment of Slovak legal entities or participation in joint ventures. Unbound for land, including for example natural resources, lakes, rivers, public roads.

In ES: foreign investment in activities directly related to real estate investments of diplomatic missions by States that are not members of the EU require an administrative authorisation from the Spanish Council of Ministers, unless there is a reciprocal liberalisation agreement in place.

ALL SECTORS

Public utilities

EU: Services considered as public utilities at a national or local level may be subject to public monopolies or to exclusive rights granted to private operators 43 44 .

ALL SECTORS

Types of establishment

EU: Treatment accorded to subsidiaries (of juridical persons of a Signatory MERCOSUR State) formed in accordance with the law of the Member States of the European Union and having their registered office, central administration or principal place of business within the Union is not extended to branches or agencies established in the Member States of the European Union by juridical persons of a Signatory MERCOSUR State 45 .

In BG: The establishment of foreign service suppliers, including joint ventures, may only take the form of limited liability company or joint stock company with at least two shareholders. Establishment of branches is subject to authorisation. Unbound for representative offices. Representative offices may not engage in economic activity. In enterprises where the public (state or municipal) share in the equity capital exceeds 30 % (thirty per cent), the transfer of these shares to third parties needs authorisation.

In CY: full admission to the Bar is required for the practice of legal services in respect of domestic (EU and Member States of the European Union) law, including representation before courts. Residency (commercial presence) and EU nationality is required in order to obtain full admission to the Bar. Only advocates enrolled in the Bar may be partners or shareholders or members of the Board of Directors in a law company in Cyprus.

In EE: At least half of the members of the management board shall have their residence in the EU.

In FI: A national of a Signatory MERCOSUR State carrying out trade as a partner in a Finnish limited or general partnership needs a trade permit and has to be permanently resident in the EU. For all sectors except telecommunications services, nationality and residency are required for at least half of the ordinary and deputy members of the board of directors and for the managing director; however, exemptions may be granted to certain companies. For telecommunications services,

permanent residency is required for half of the founders and half of the members of the board of directors and for the managing director. If the founder is a juridical person, that juridical person is also subject to a residency requirement. If an organisation of a Signtory MECOSUR State intends to carry on business or trade by establishing a branch in Finland, a trade permit is required. A permission to act as a founder of a limited company is required for an organisation of a Signatory MERCOSUR State or a natural person who is not a citizen of the EU.

In FR: The managing director of an industrial, commercial or artisanal activity, if not a holder of a residency permit, needs a specific authorisation.

In HU: Commercial presence should take the form of limited liability company, joint-stock company or representative office. Initial entry as branch is not permitted, except for financial services.

In IT: Access to industrial, commercial and artisanal activities is subject to a residence permit and specific authorisation to pursue the activities.

In BG, PL: The scope of operations of a representative office may only encompass advertising and promotion of the foreign parent company represented by the office.

In PL: With the exception of financial services, unbound for branches. Investors of a Signatory MERCOSUR State can undertake and conduct economic activity only in the form of a limited partnership, limited joint-stock partnership, limited liability company and joint-stock company (in the case of legal services, only in the form of registered partnership and limited partnership). Foreign service suppliers may set up representative offices with their seat in Poland. The scope of action of a representative office may only encompass carrying out activity to advertise and promote the foreign service suppliers.

In RO: The sole administrator or the chairman of the board of administration as well as half of the total number of administrators of the commercial companies shall be Romanian citizens unless otherwise stipulated in the company contract or its statutes. The majority of the commercial companies' auditors and their deputies shall be Romanian citizens.

In SE: A foreign company, which has not established a legal entity in Sweden or is conducting its business through a commercial agent, shall conduct its commercial operations through a branch, registered in Sweden, with independent management and separate accounts. The managing director and the vice-managing director, of the branch, must reside in the EEA. A natural person not resident in the EEA, who conducts commercial operations in Sweden, shall appoint and register a resident representative responsible for the operations in Sweden. Separate accounts shall be kept for the operations in Sweden. The competent authority may in individual cases grant exemptions from the branch and residency requirements. Building projects with duration of less than 1 (one) year, conducted by a company located or a natural person residing outside the EEA, are exempted from the requirements of establishing a branch or appointing a resident representative. A limited liability company may be established in Sweden by a natural person resident within the EEA, by a Swedish legal person or by a legal person that has been formed according to the law in a state within the EEA and that has its registered office, headquarters or principal place of business within the EEA. A partnership may be a founder only if all owners with unlimited personal liability are resident within the EEA. Founders outside the EEA may apply for permission from the competent authority. For limited liability companies and co-operative economic associations, at least 50 % (fifty per cent) of the members of the board of directors, at least 50 % (fifty per cent) of the deputy board members, the managing director, the vice-managing director, and at least one of the persons authorised to sign for the company, if any, must reside within the EEA. The competent authority may grant exemptions from this requirement. If none of the company's or society's representatives reside in Sweden, the board must appoint and register a person resident in Sweden, who has been authorised to act as an address for service on behalf of the company or society. Corresponding conditions apply to the establishment of all other types of legal entities.

In SK: A natural person of a Signatory MERCOSUR State whose name is to be registered in the Commercial Register as a person authorised to act on behalf of the entrepreneur is required to submit residence permit for the Slovak Republic.

ALL SECTORS

Investment

EU: Unbound with respect to activities or services forming part of a public retirement plan or statutory system of social security.

In BG: In enterprises where the public (state or municipal) share in the equity capital exceeds 30 % (thirty per cent), the transfer of these shares to third parties needs authorisation. Certain economic activities related to the exploitation or use of state or public property are subject to concessions granted under the provisions of the Concessions Act. Foreign investors cannot participate in privatisation. Foreign investors and Bulgarian juridical persons with controlling foreign participation

require permission for: a) prospecting, development or extraction of natural resources from the territorial seas, the continental shelf or the exclusive economic zone; and b) acquisition of a controlling equity interest in companies engaged in any of the activities specified under "a)".

In CY: Entities with foreign participation must have paid up capital commensurate with their finance requirements and non-residents must finance their contribution through the importation of foreign exchange. If the non-resident participation exceeds 24 % (twenty-four per cent), any additional financing for working capital requirements or otherwise should be raised from local and foreign sources in proportion to the participation of residents and non-residents in the entity's equity. In the case of branches of foreign companies, all capital for the initial investment must be provided from foreign sources. Borrowing from local sources is only permitted after the initial implementation of the project, for financing working capital requirements.

In FI: Acquisition of shares by foreign owners giving more than one third of the voting rights of a major Finnish company or a major business undertaking (with more than 1 000 (one thousand) employees, with a turnover exceeding 168 (one hundred and sixty eight) million Euros or with a balance sheet total 46 exceeding 168 (one hundred and sixty eight million Euros is subject to confirmation by the Finnish authorities. This confirmation may be denied only if an important national interest would be jeopardised. These limitations do not apply to telecommunications services.

In FR: Pursuant to articles L151-1 and R153-1 sec of the financial and monetary code, foreign investments in France in sectors listed in article R153-2 of the financial and monetary code are subject to prior approval from the Minister for the Economy. France reserves the right to limit foreign participation in newly privatised companies to a variable amount, determined by the government of France on a case by case basis, of the equity offered to the public.

In HU: Unbound for foreign participation in newly privatised companies.

In IT: Exclusive rights may be granted to or maintained in respect of newly privatised companies. Voting rights in newly privatised companies may be restricted in some cases. For a period of 5 (five) years from the date of entry into force of this Agreement, the acquisition of large equity stakes of companies operating in the fields of defence, transport services, telecommunications and energy may be subject to the approval of the competent authorities.

In LT: Enterprises of strategic importance to national security which must belong to the State by the right of ownership (proportion of capital which may be held by private national or foreign persons conforming to national security interests, with respect to investment in enterprises, sectors and facilities of strategic importance to national security and procedures and criteria for determination of conformity of potential national investors and potential enterprise participants, among others).

In MT: Companies with the participation of non-resident juridical or natural persons require a minimum share capital of which 50 % (fifty per cent) has to be paid up. The non-resident percentage of the equity is to be paid for with funds emanating from abroad. In terms of the Section 17 of the Exchange Control Act, non-residents of Malta, wishing to supply any service through commercial presence in Malta, may do so only by registering a local company with the prior permission of the Central Bank of Malta.

In PT: Foreign participation in newly privatised companies may be limited to a variable amount, determined by the Government of Portugal on a case by case basis, of the equity offered to the public.

In SI: For financial services, authorisation is issued by the authorities indicated in sector specific commitments and according to conditions indicated in sector specific commitments. There are no limitations on establishment of a new business establishment ("greenfield" investments).

ALL SECTORS

Geographical zones

In FI: In the Åland Islands, limitations on the right of establishment by natural persons who do not enjoy regional citizenship in Åland or by any juridical person.

1. AGRICULTURE, HUNTING, FORESTRY

A. Agriculture, hunting

(ISIC rev 3.1: 011, 012, 013, 014, 015) excluding advisory and consultancy services 47

EU: Quantitative restrictions apply to the production of agricultural products.

In AT, HR, HU, MT, RO: Unbound for agricultural activities.

In CY: The participation of investors of a Signatory MERCOSUR State is allowed only up to 49 % (forty-nine per cent).

In FI: Only EEA nationals residing in the reindeer herding area may own reindeer and exercise reindeer husbandry. Exclusive rights may be granted.

In FR: The establishment of farms and agricultural co-operatives by non-EU investors is subject to authorisation.

In IE: Establishment by residents of a Signatory MERCOSUR State in flour milling activities is subject to authorisation.

In SE: Only Sami people may own and exercise reindeer husbandry.

B. Forestry and logging

(ISIC rev 3.1: 020) excluding advisory and consultancy services 48

In BG: Unbound for logging activities.

2. FISHING AND AQUACULTURE

(ISIC rev. 3.1: 0501, 0502) excluding advisory and consultancy services 49

EU: Unbound.

3. MINING AND QUARRYING

A. Mining of coal and lignite; extraction of peat

(ISIC rev 3.1: 10)

B. Extraction of crude petroleum and natural gas 50

(ISIC rev 3.1: 1110)

C. Mining of metal ores

(ISIC rev 3.1: 13)

D. Other mining and quarrying

(ISIC rev 3.1: 14)

EU: Unbound for juridical persons controlled by natural or juridical persons of a non-EU country which accounts for more than 5 % (five per cent) of the EU's oil or natural gas imports. Unbound for direct branching (incorporation is required).

EU: Reservation on prospection, exploration and exploitation of hydrocarbons: in accordance with Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons, OJ L 164, 30.6.1994, p. 3, whenever it appears that a third country is not granting EU entities as regards access to and exercise of these activities treatment comparable to that which the EU grants to entities from that country, the Council could, on a proposal of the Commission, authorise a Member State of the European Union to refuse authorisation to an entity which is effectively controlled by the third country concerned or by nationals of that country (reciprocity).

EU: Unbound for extraction of crude petroleum and natural gas.

In BG, HU, LT, MT, CZ, SK, CY: Unbound.

In ES: Reservation on investment originating in non-EU countries in strategic minerals.

In DK: The right of exploration and production of hydrocarbons and geothermal potential is subject to a concession by the Danish Minister for Economic and Business Affairs. State participation is required in exploration for production of hydrocarbons. The state can require a licence holder to enter into an unitisation agreement with other licence-holders, who have a concession for an adjacent area. An operator applying for a licence with residence outside Denmark must have a registered office within the territory of the EU.

In EL: The right of exploration and exploitation of all minerals, except hydrocarbons, solid fuels, radioactive minerals and geothermal potential is subject to a concession by Greece, after approval of the Council of Ministers.

In FR: Establishment by a non-resident in extractive industries must be carried out in the form of a French or European

subsidiary, whose manager must be resident in France or other Member States of the European Union and declare his or her place of residence to the local prefect authorities.

In NL: State participation is required in the production of hydrocarbons. This includes participation in production facilities. The state can require a licence holder to enter into a unitisation agreement with another licence holder who has a concession for an adjacent area.

In SI: The exploration for and exploitation of mineral resources, including regulated mining services, are subject to establishment in or citizenship of the EEA, the Swiss Confederation or an OECD Member or of a third country on condition of material reciprocity. Compliance with the condition of reciprocity is verified by the Ministry responsible for mining.

4. MANUFACTURING 51

A. Manufacture of food products and beverages

(ISIC rev 3.1: 15)

None.

B. Manufacture of tobacco products

(ISIC rev 3.1: 16)

None.

C. Manufacture of textiles

(ISIC rev 3.1: 17)

None.

D. Manufacture of wearing apparel; dressing and dyeing of fur

(ISIC rev 3.1: 18)

None.

E. Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear

(ISIC rev 3.1: 19)

None.

F. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

(ISIC rev 3.1: 20)

None.

G. Manufacture of paper and paper products

(ISIC rev 3.1: 21)

None.

H. Publishing, printing and reproduction of recorded media 52

(ISIC rev 3.1: 22, excluding publishing and printing on a fee or contract basis 53)

In IT: Nationality requirement for owners of publishing and printing companies.

In SE: Residency requirement for publisher and owner of publishing or printing company.

In HR: Residency requirement.

I. Manufacture of coke oven products

(ISIC rev 3.1: 231)

None.

J. Manufacture of refined petroleum products

(ISIC rev 3.1: 232)

EU: Unbound for juridical persons controlled by natural or juridical persons of a non-EU country which accounts for more than 5 % (five per cent) of the EU's oil or natural gas imports. Unbound for direct branching (incorporation is required).

K. Manufacture of chemicals and chemical products other than explosives

(ISIC rev 3.1: 24 excluding manufacturing of explosives)

None.

L. Manufacture of rubber and plastics products

(ISIC rev 3.1: 25)

None.

M. Manufacture of other non-metallic mineral products

(ISIC rev 3.1: 26)

None.

N. Manufacture of basic metals

(ISIC rev 3.1: 27)

None.

O. Manufacture of fabricated metal products, except machinery and equipment

(ISIC rev 3.1: 28)

None.

P. Manufacture of machinery

a) Manufacture of general purpose machinery

(ISIC rev 3.1: 291)

None.

b) Manufacture of special purpose machinery other than weapons and munitions

(ISIC rev 3.1: 2921, 2922, 2923, 2924, 2925, 2926, 2929)

None.

c) Manufacture of domestic appliances n.e.c.

(ISIC rev 3.1: 293)

None.

d) Manufacture of office, accounting and computing machinery

(ISIC rev 3.1: 30)

None.

e) Manufacture of electrical machinery and apparatus n.e.c.

(ISIC rev 3.1: 31)

None.

f) Manufacture of radio, television and communication equipment and apparatus

(ISIC rev 3.1: 32)

None.

Q. Manufacture of medical, precision and optical instruments, watches and clocks

(ISIC rev 3.1: 33)

None.

R. Manufacture of motor vehicles, trailers and semi-trailers

(ISIC rev 3.1: 34)

None.

S. Manufacture of other (non-military) transport equipment

(ISIC rev 3.1: 35 excluding manufacturing of warships, warplanes and other transport equipment for military use)

None.

T. Manufacture of furniture; manufacturing n.e.c.

(ISIC rev 3.1: 361, 369)

None.

U. Recycling

(ISIC rev 3.1: 37)

None.

5. PRODUCTION; TRANSMISSION AND DISTRIBUTION ON OWN ACCOUNT OF ELECTRICITY, GAS, STEAM AND HOT WATER

(EXCLUDING NUCLEAR BASED ELECTRICITY GENERATION)

A. Production of electricity; transmission and distribution of electricity on own account

(part of ISIC rev 3.1: 4010) 54

EU: Unbound.

B. Manufacture of gas; distribution of gaseous fuels through mains on own account

(part of ISIC rev 3.1: 4020) 55

EU: Unbound.

C. Production of steam and hot water; distribution of steam and hot water on own account

(part of ISIC rev 3.1: 4030) 56

EU: Unbound for juridical persons controlled by natural or juridical persons of a non-EU country which accounts for more than 5 % (five per cent) of the EU's oil or natural gas imports. Unbound for direct branching (incorporation is required).

In BG, DE, CZ, HU, LT, MT, SK: Unbound.

In AT: Unbound for national treatment.

In EL: For solid fuels, radioactive minerals and geothermal energy, an exploration licence may not be granted to non-EU natural or legal persons. The right of exploitation is subject to a concession by Greece, after approval by the Council of Ministers.

In FI: Reservation on investment in an enterprise engaged in activities involving nuclear energy or nuclear matter. Unbound for transmission and distribution networks and systems of energy and of steam and hot water.

In FR: Unbound with respect to the production of electricity.

In LV: State monopoly in the sector of electro energy.

6. BUSINESS SERVICES

A. Professional services

a) Legal services

(CPC 861) 57

excluding legal advisory and legal documentations and certification services provided by legal professionals entrusted with public functions, such as notaries, "huissiers de justice" or other "officiers publics et ministériels".

In AT, ES, EL, LT, MT, PL, SK: Full admission to the Bar, required for the practice of domestic (EU and Member State of the European Union) law, is subject to a nationality requirement. In SK coupled with residency requirement in SK.

In AT: Lawyers from a Signatory MERCOSUR State (who must be fully qualified in a Signatory MERCOSUR State) equity participation and shares in the operating results of any law firm may not exceed 25 % (twenty-five per cent). They may not have decisive influence in decision-making.

In BE: Full admission to the Bar required for legal representation services, is subject to a nationality requirement. Exemption can be granted under specific conditions (among others residency requirement and reciprocity). Quotas apply for representation before the "Cour de cassation" in non-criminal cases.

In CY: Nationality requirement and residency requirement applies for the provision of legal services and full admission to Bar is required. Full admission to the Bar, is subject to a nationality requirement, coupled with a residency requirement. Only advocates enrolled in the Bar may be partners or shareholders or members of the Board of Directors in a law company in Cyprus.

In HR: Representation of parties before courts can be practised only by the members of the Bar Council of Croatia (Croatian title: "odvjetnici"). Citizenship requirement for membership in the Bar Council.

In DK: Only lawyers with a Danish licence to practise and law firms registered in Denmark may own shares in a Danish law firm. Only lawyers with a Danish licence to practise may sit on the board or be part of the management of a Danish law firm. Requirement of a Danish legal examination in order to obtain a Danish licence.

In FR: Full admission to the Bar is required for the practice of legal services in respect of French domestic law, including representation before courts. Residency (commercial presence) is required in order to obtain full admission to the Bar. To provide legal services in respect of domestic (EU and Member States of the European Union) law, commercial presence may be required to take one of the legal forms which are allowed under national law on a non-discriminatory basis. Some types of legal form ("association d'avocats" and "société en participation d'avocat") may be reserved exclusively to lawyers fully admitted to the Bar in France, also on a non-discriminatory basis. Representation before the "Cour de Cassation" and "Conseil d'Etat" is subject to quotas. In a law firm providing services in respect of French or EU law, shareholding and voting rights may be subject to quantitative restrictions related to the professional activity of the partners.

In HU: Commercial presence should take the form of partnership with a Hungarian barrister ("ügyvéd") or a barrister's office ("ügyvédi iroda"), or a representative office.

In IE: Full admission to the Bar is required for the practice of legal services in respect of Irish domestic law, including representation before courts. Residency (commercial presence) is required in order to obtain full admission to the Bar. Lawyers in Ireland are divided into two distinct categories: solicitors and barristers. The Law Society of Ireland is the statutory legal professional body that governs admission of solicitors in Ireland. The Honourable Society of King's Inns governs the admission of barristers in Ireland.

In PL: While other types of legal form are available for EU lawyers, foreign lawyers only have access to the legal forms of registered partnership and limited partnership.

In PT: The recognition of qualifications to practise Portuguese Law is subject to a condition of reciprocity. Nationality requirement for access to the profession of "solicitadores" and for industrial property agent. Only law firms where the shares belong exclusively to lawyers admitted to the Portuguese Bar can practise in Portugal.

In SI: Representing clients before the court against payment is conditioned by commercial presence in Slovenia. A foreign lawyer who has the right to practise law in a foreign country may perform legal services or practise law under the conditions

laid down in Article 34a of the Attorneys Act, provided the condition of actual reciprocity is fulfilled. Compliance with the condition of reciprocity is verified by the Ministry of Justice. Commercial presence for appointed attorneys by the Slovene Bar Association is restricted to sole proprietorship, law firm with limited liability (partnership) or to a law firm with unlimited liability (partnership) only. The activities of a law firm shall be restricted to the practice of law. Only attorneys may be partners in a law firm.

In SE: Admission to the Bar, necessary only for the use of the Swedish title "advokat", is subject to a residency requirement.

b) 1. Accounting and bookkeeping services

(CPC 86212 other than "auditing services", CPC 86213, CPC 86219 and CPC 86220)

In AT: Accountants from a Signatory MERCOSUR State (who must be authorised according to the law of a Signatory MERCOSUR State) equity participation and shares in the operating results of any Austrian legal entity may not exceed 25 % (twenty-five per cent), if they are not members of the Austrian Professional Body.

In CY: Access is subject to an economic needs test. Main criteria: the employment situation in the subsector.

In DK: In order to enter into partnerships with Danish authorised accountants, foreign accountants have to obtain permission from the Danish Business Authority.

In FR: Provision through SEL ("société anonyme, à responsabilité limitée ou en commandite par actions"), AGC ("Association de gestion et comptabilité") or SCP ("société en commandite par actions") only.

b) 2. Auditing services

(CPC 86211 and 86212 other than accounting services)

In AT: Auditors from a Signatory MERCOSUR State (who must be authorised according to the law of a Signatory MERCOSUR State) equity participation and shares in the operating results of any Austrian legal entity may not exceed 25 % (twenty-five per cent) if they are not members of the Austrian Professional Body.

In CY: Special licence is granted to third-country auditors, subject to certain conditions.

In CZ and SK: At least 60 % (sixty per cent) of capital share or voting rights are reserved to nationals.

In DK: In order to enter into partnerships with Danish authorised accountants, foreign accountants have to obtain permission from the Danish Commerce and Companies Agency.

In FI: Residency requirement for at least one of the auditors of a Finnish limited liability company and of companies which are under the obligation to carry out an audit. An auditor must be a locally-licensed auditor or a locally-licensed audit firm.

In FR: For statutory audits, provision through any company form except SNC ("société en noms collectifs") and SCS ("société en commandite simple").

In HR: None, except that auditing can be performed only by legal persons.

In LV: The owner of shares or the head of a firm should be qualified as a sworn auditor in Latvia. In a commercial company of sworn auditors more than 50 % (fifty per cent) of the voting capital shares shall be owned by sworn auditors or commercial companies of sworn auditors of the EU.

In LT: Not less than 75 % (seventy-five per cent) of shares should belong to auditors or auditing companies of the EU.

In PL: Audit firms may be established only in certain Polish legal forms with a seat in the EU.

In RO: Unbound.

In SE: Only auditors approved in Sweden, authorised auditors and registered auditing firms may perform statutory auditing services in certain legal entities, including in all limited companies, as well as natural persons. Only auditors approved in Sweden and registered public accounting firms may be shareholders or form partnerships in companies which practise qualified auditing (for official purposes). Residency within the EEA is required for authorisation or approval. The titles of "approved auditor" and "authorised auditor" may only be used by auditors approved or authorised in Sweden. Auditors of co-operative economic associations and certain other enterprises who are not authorised or approved accountants must be resident within the EEA. The competent authority may grant exemptions from this requirement.

In SI: Commercial presence should take the form of a juridical person. A third-country audit entity may hold shares or form

partnerships in Slovenian audit companies if, under the law of the country in which the third-country audit entity is incorporated, Slovenian audit companies may hold shares or form partnership in an audit entity in that country. A permanent residency in Slovenia is required for at least one member of the management board of an audit company established in Slovenia.

In ES: Nationality requirement for statutory auditors and for administrators, directors and partners of companies other than those covered by Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, OJ L 157, 9.6.2006, p. 87.

c) Taxation advisory services

(CPC 863) 58

In AT: Tax advisors from a Signatory MERCOSUR State (who must be authorised according to the law of a Signatory MERCOSUR State) equity participation and shares in the operating results of any Austrian legal entity may not exceed 25 % (twenty-five per cent), if they are not members of the Austrian Professional Body.

In CY: Access is subject to an economic needs test. Main criteria: the employment situation in the subsector.

In FR: Provision through SEL ("société anonyme, à responsabilité limitée ou en commandite par actions") or SCP ("société anonyme, à responsabilité limitée ou en commandite par actions") only.

In BG, PL, SI, RO: Unbound.

d) Architectural services

and

e) Urban planning and landscape architectural services

(CPC 8671 and CPC 8674)

In BG: For projects of national or regional significance, investors from a Signatory MERCOSUR State have to act in partnership with, or, as subcontractors of, local investors.

In CY: Nationality requirement.

In FR: An architect may only establish in France in order to provide architectural services using one of the following legal forms (on a non-discriminatory basis): SA ("sociétés anonymes") et SARL ("sociétés anonymes, à responsabilité limitée"), EURL ("enterprise unipersonelle à responsabilité limitée"), SCP ("en commandite par actions"), SCOP ("société coopérative ouvrière de production"), SELARL ("société d'exercice liberal à responsabilité limitée"), SELAFA ("société d'exercice liberal à forme anonyme"), SELAS ("société d'exercice libéral par actions simplifiée") or SAS ("Société par actions simplifiée") or as individual or as a partner in an architectural firm.

In LV: For architectural services, in order to receive a licence to engage in business activity with full range of legal responsibilities and rights to sign a project, 3 (three) years of practice in Latvia in the field of projecting and university degree is required.

In SK: For the provision of these services by a natural person present in the territory of the Slovak Republic, membership in the Slovak Chamber of Architects or Slovak Chamber of Engineers is obligatory. Slovak residency is required for membership.

f) Engineering services

and

g) Integrated engineering services

(CPC 8672 and CPC 8673)

In BG: For projects of national or regional significance, investors from a Signatory MERCOSUR State have to act in partnership with, or as subcontractors of, local investors.

In CY: Nationality requirement.

h) Medical (including psychologists) and dental services

(CPC 9312 and part of CPC 85201)

In CY, EE, FI, MT: Unbound.

In AT: Unbound except for psychologists and psychotherapists.

In DE: An economic needs test if medical doctors and dentists are authorised to treat members of public insurance schemes. Main criteria: shortage of doctors and dentists in the given region.

In FR: While other types of legal form are available for EU investors, foreign investors only have access to the legal forms of "société d'exercice liberal" and "société civile professionnelle". Nationality is required. However, access by foreigners is possible within annually established quotas.

In HR: All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In LV: For medical and dental services, nationality requirement. Economic needs test. Main criteria: shortage of doctors and dentists in the given region.

In BG, LT: The supply of service is subject to authorisation which is based on a health services plan established in function of needs, taking into account population and existing medical and dental services.

In PL: Nationality requirement.

In RO: Unbound.

In SE: An economics needs test is applied to decide the number of private practices to be subsidised through public funding.

In SI: All persons providing services directly to patients or treating patients need a licence and authorisation for the provision of health services from the Ministry of Health or Medical Chamber. Unbound for social medicine, sanitary, epidemiological, medical or ecological services; the supply of blood, blood preparations and transplants and autopsy.

i) Veterinary services

(CPC 932)

In AT, CY, EE, HU, MT, SI: Unbound.

In BG: Economic needs test. Main criteria: population and density of existing business. Unbound for all services related to border veterinary controls, prevention, localisation, curing and others of infectious and parasitic epizootic diseases and diagnostic analysis related thereto and controls exercised over animal products.

In FR: Nationality requirement limited to EU and EEA citizens. Insofar as MERCOSUR allows French citizens to provide veterinary services then France shall allow MERCOSUR service suppliers to provide veterinary services under the same conditions. The legal forms available to a company providing veterinary services are limited to three types of companies (SEP ("société en participation"); SCP ("société en commandite par actions"); SEL ("société anonyme, à responsabilité limitée ou en commandite par actions")).

In SK: Access is restricted to natural persons only. Authorisation by veterinary administration is required.

In SE: An economic needs test is applied to decide the number of private practices to be subsidised through public funding.

In ES: Access is restricted to natural persons.

j) 1. Midwives services

(part of CPC 93191)

In BG, CY, CZ, EE, FI, HU, MT, RO, SK: Unbound.

In FR: While other types of legal form are available for EU investors, foreign investors only have access to the legal forms of "société d'exercice liberal" and "société civile professionnelle". Nationality is required. However, access by foreigners is possible within an annually established quota.

In HR: All persons providing services directly to patients/treating patients need a licence from the professional chamber.

In LT: An economic needs test may be applied. Main criteria: employment situation in the subsector.

In SI: All persons providing services directly to patients or treating patients need a licence and authorisation for the provision of health services from the Ministry of Health or Medical Chamber.

In SE: An economics needs test applied to decide the number of private practices to be subsidised through public funding.

j) 2. Services provided by nurses, physiotherapists and paramedical personnel

(part of CPC 93191)

In BG, CY, CZ, EE, HU, MT, SI, SK: Unbound.

In AT: Foreign investors are only allowed in the following activities: nurses, physiotherapists, occupational therapists, logotherapists, dieticians and nutricians.

In FI, SI: Unbound for physiotherapists and paramedical personnel.

In FR: While other types of legal form are available for EU investors, foreign investors only have access to the legal forms of "société d'exercice liberal" and "société civile professionnelle". Nationality is required. However, access by foreigners is possible within an annually established quota.

In HR: All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In LT: An economic needs test may be applied. Main criteria: employment situation in the subsector.

In PL: Nationality requirement.

In SE: An economics needs test applied to decide the number of private practices to be subsidised through public funding.

k) Retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods

(CPC 63211)

and other services supplied by pharmacists 59

In AT, BG, CY, CZ, EE, FI, HU, LV, MT, PL, RO, SE, SI, SK: Unbound.

In BE, DE, DK, ES, FR, IT, HR, IE, PT: Authorisation is subject to an economic needs test. Main criteria: population and geographical density of existing pharmacies.

In DE: Only natural persons are permitted to provide retail services of pharmaceuticals and specific medical goods to the public. Persons who have not passed the German pharmacy exam may only obtain a licence to take over a pharmacy which has already existed during the preceding three years. Nationals of non-EEA countries cannot obtain a licence to establish a pharmacy. The total number of pharmacies per person is restricted to one pharmacy and up to 3 (three) branch pharmacies.

In FR: EEA or Swiss nationality is required in order to operate a pharmacy. Foreign pharmacists may be permitted to establish within annually established quotas. Commercial presence must take one of the legal forms which are allowed under national law on a non-discriminatory basis: SEL ("sociétè anonyme, à responsabilité limitée ou en commandite par actions"), SNC ("société en noms collectifs"), "société de participations financières de profession libérale de pharmaciens d'officine" and SARL ("sociétés anonymes, à responsabilité limitée") only.

In ES: only natural persons, who are licenced pharmacists, can be owners of a pharmacy and are permitted to provide retail services of pharmaceuticals and specific medical goods (CPC 63211) to the public. Each pharmacist cannot obtain more than one licence.

B. Computer and related services

(CPC 84)

None.

C. Research and development services

a) R&D services on natural sciences

(CPC 851)

In AT, BG, EE, HU, LV, SE, SI: For R&D services, which receive public funding or State support in any form and are therefore not considered to be privately funded, exclusive rights or authorisations can only be granted to nationals of a Member State of the European Union.

In BE, HR, CY, CZ, DE, DK, ES, FI, FR, EL, IE, IT, LT, LU, MT, NL, PL, PT, RO, SK: Unbound.

b) R&D services on social sciences and humanities

(CPC 852 excluding psychologists services) 60

None.

c) Interdisciplinary R&D services

(CPC 853)

In AT, BG, EE, HU, LV, SE, SI: For publicly funded R&D services, exclusive rights or authorisations can only be granted to nationals of a Member State of the European Union and to juridical persons of the EU having their headquarters in the EU.

In BE, CY, CZ, DE, DK, ES, FI, FR, EL, IE, IT, LT, LU, MT, NL, PL, PT, RO, SK: Unbound.

D. Real estate services 61

a) Involving own or leased property

(CPC 821)

In BG, CY, CZ, EE, HU, LV, LT, MT, PL, RO, SK, SI: Unbound.

b) On a fee or contract basis

(CPC 822)

In BG, CY, CZ, EE, HU, LV, LT, MT, PL, RO, SK, SI: Unbound.

In DK: Authorisation for authorised estate agent may limit scope of activity.

E. Rental/leasing services without operators

a) Relating to ships

(CPC 83103)

In AT, BE, DE, DK, ES, EE, FI, FR, EL, HU, IE, IT, LT, LV LU, NL, PT, SI, SE: Unbound for the establishment of a registered company for the purpose of operating with a fleet under the national flag of the State of establishment.

In LT: Ships must be owned by Lithuanian natural persons or companies established in Lithuania.

In SE: To fly the Swedish flag, proof of dominating Swedish operating influence must be shown in case of foreign ownership interests in ships. "Dominating Swedish influence" means a proportionally large share of Swedish ownership in the ship and that the operation of the ship is located in Sweden.

In BG, CY, CZ, MT, PL, RO, SK: Unbound.

b) Relating to aircraft

(CPC 83104)

In AT, BE, DE, DK, ES, EE, FI, FR, EL, HU, IE, IT, LT, LV LU, NL, PT, SI, SE: For rental or leasing of aircraft without crew (dry lease) aircraft used by an air carrier of the EU are subject to applicable aircraft registration requirements. A dry lease agreement to which an EU carrier is a party shall be subject to requirements in EU or national law on aviation safety, such as prior approval and other conditions applicable to the use of third countries' registered aircraft. To be registered, aircraft may be required to be owned either by natural persons meeting specific nationality criteria or by enterprises meeting specific criteria regarding ownership of capital and control.

In BG, CY, CZ, MT, PL, RO, SK: Unbound.

c) Relating to other transport equipment

(CPC 83101, CPC 83102 and CPC 83105)

In BG, CY, CZ, LV, LT, MT, PL, RO, SK: Unbound.

d) Relating to other machinery and equipment

(CPC 83106, CPC 83107, CPC 83108 and CPC 83109)

In BG, CY, CZ, MT, PL, RO, SK: Unbound.

e) Relating to personal and household goods

(CPC 832)

In AT, BE, BG, CY, CZ, DE, DK, ES, FI, FR, EL, IE, IT, LU, MT, NL, PL, PT, RO, SK, SI: Unbound.

f) Telecommunications equipment rental

(CPC 7541)

None.

F. Other business services

a) Advertising

(CPC 871)

In RO: Unbound.

b) Market research and opinion polling

(CPC 864)

In RO, PL: Unbound.

c) Management consulting services

(CPC 865)

None.

d) Services related to management consulting

(CPC 866)

In HU: Unbound for arbitration and conciliation services (CPC 86602).

In BG: Unbound.

e) Technical testing and analysis services

(CPC 8676)

In BG, CY, CZ, MT, PL, RO, SK: Unbound.

f) Advisory and consulting services incidental to agriculture, hunting and forestry

(part of CPC 881)

In RO, SI: Unbound.

In CZ: Bound only for consulting services concerning the methods for improving productivity, reducing production costs and improving the quality of production in the areas of agriculture, hunting and forestry.

g) Advisory and consulting services relating to fishing

(part of CPC 882)

In CY, CZ, EE, LV, LT, MT, PL, RO, SK, SI: Unbound.

h) Advisory and consulting services incidental to manufacturing

(part of CPC 884 and part of CPC 885)

In AT, BE, CY, CZ, DE, DK, ES, FI, FR, EL, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SI: Unbound.

i) Placement and supply services of personnel

i) 1. Executive search

(CPC 87201)

In AT, BG, CY, CZ, DE, EE, FI, HR, LV, LT, MT, PL, PT, RO, SK, SI: Unbound.

In ES: State monopoly.

i) 2. Placement services

(CPC 87202)

In AT, BG, CY, CZ, DE, EE, FI, HR, LV, LT, MT, PL, PT, RO, SI, SK: Unbound.

In BE, ES, FR, IT: State monopoly.

i) 3. Supply services of office support personnel

(CPC 87203)

In AT, BG, CY, CZ, DE, EE, FI, FR, HR, LV, LT, MT, PL, PT, RO, SK, SI: Unbound.

In IT: State monopoly.

i) 5. Supply services of domestic help personnel, other commercial or industrial workers, nursing and other personnel

(CPCs 87204, 87205, 87206, 87209)

In all Member States of the European Union except HU: Unbound.

In HU: None.

j) 1. Investigation services

(CPC 87301)

In BE, BG, CY, CZ, DE, ES, EE, FR, EL, HR, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SI: Unbound.

j) 2. Security services

(CPC 87302, CPC 87303, CPC 87304 and CPC 87305)

In DK: Nationality and residency requirements for members of the board. Unbound for the supply of airport guard services.

In BG, CZ, EE, LV, LT, MT, PL, RO, SI, SK: Licence may be granted only to nationals and to national registered organisations.

In ES: Access is subject to prior authorisation. In granting the authorisation, the Council of Ministers takes into account conditions such as competence, professional integrity and independence, adequacy of the protection provided for the security of the population and public order.

In FI: Licences to provide security services may be granted only to natural persons resident in the EEA or juridical persons established in the EEA.

In HR, CY: Unbound.

k) Related scientific and technical consulting services

(CPC 8675)

In FR: For surveying, access through a SEL ("société anonyme, à responsabilité limitée ou en commandite par actions"), SCP

("société en commandite par actions"), SA ("sociétés anonymes") and SARL ("sociétés anonymes, à responsabilité limitée") only. Foreign investors are required to have a specific authorisation for exploration and prospecting services.

In CY: Unbound.

In SI: The exploration for and exploitation of mineral resources, including regulated mining services, are subject to establishment in or citizenship of the EEA, the Swiss Confederation or an OECD Member or of a third country on condition of material reciprocity. Compliance with the condition of reciprocity is verified by the Ministry responsible for mining.

l) 1. Maintenance and repair of vessels

(part of CPC 8868)

None.

l) 2. Maintenance and repair of rail transport equipment

(part of CPC 8868)

In LT: State monopoly.

In SE: An economic needs test applies if an investor intends to establish its own terminal infrastructure facilities. Main criteria: space and capacity constraints.

l) 3. Maintenance and repair of motor vehicles, motorcycles, snowmobiles and road transport equipment

(CPC 6112, CPC 6122, part of CPC 8867 and part of CPC 8868)

In SE: An economic needs test applies if an investor intends to establish its own terminal infrastructure facilities. Main criteria: space and capacity constraints.

l) 4. Maintenance and repair of aircraft and parts thereof

(part of CPC 8868)

None.

l) 5. Maintenance and repair services of metal products, of (non-office) machinery, of (non-transport and non-office) equipment and of personal and household goods 62

(CPC 633, CPC 7545, CPC 8861, CPC 8862, CPC 8864, CPC 8865 and CPC 8866)

None.

m) Building-cleaning services

(CPC 874)

None.

n) Photographic services

(CPC 875)

None.

o) Packaging services

(CPC 876)

None.

p) Printing and publishing

(CPC 88442)

In HR: Residency requirement for publisher and editorial board.

In LT, LV: Establishment rights in the publishing sector are granted only to nationally incorporated juridical persons (no

branches).

In PL: Nationality requirement for the editor-in-chief of newspapers and journals.

In SE: Residency requirement for publisher and owner of publishing and printing companies.

q) Convention services

(part of CPC 87909)

None.

r) 1. Translation and interpretation services

(CPC 87905)

In DK: Authorisation for authorised public translators and interpreters may limit the scope of their activity.

In HR: Unbound for translation and interpretation services for or before Croatian courts.

In PL: Unbound for the supply of sworn interpretation services.

In BG, HU, SK: Unbound for official translation and interpretation.

In CY: Unbound for translation and interpretation services.

r) 2. Interior design and other specialty design services

(CPC 87907)

None.

r) 3. Collection agency services

(CPC 87902)

In IT, PT: Nationality requirement for investors.

r) 4. Credit reporting services

(CPC 87901)

In BE: For consumer credit databanks, nationality requirement for investors.

In IT, PT: Nationality requirement for investors.

r) 5. Duplicating services

(CPC 87904) 63

None.

r) 6. Telecommunications consulting services

(CPC 7544)

None.

r) 7. Telephone answering services

(CPC 87903)

None.

r) Sales and Marketing

r) Computer reservations system (CRS) services

EU: Where EU air carriers are not accorded, by CRS service suppliers operating outside the EU, equivalent (meaning non-discriminatory) treatment to that provided in the EU or where EU CRS service suppliers are not accorded, by non-EU air

carriers, equivalent treatment to that provided in the EU, measures may be taken to accord equivalent treatment, respectively, to the non-EU air carriers by the CRS service suppliers operating in the EU or to the non-EU CRS service suppliers by EU air carriers.

In BG: Unbound for direct branching (incorporation is required).

7. COMMUNICATION SERVICES

A. Postal and courier services

(Services relating to the handling 64 of postal items 65 according to the following list of subsectors, whether for domestic or foreign destinations: (i) handling of addressed written communications on any kind of physical medium 66 , including hybrid mail service and Direct mail, (ii) handling of addressed parcels and packages 67 , (iii) handling of addressed press products 68 , (iv) handling of items referred to in (i) to (iii) above as registered or insured mail, (v) express delivery services 69 for items referred to in (i) to (iii) above, (vi) handling of non-addressed items and (vii) document exchange 70 .

None.

Subsectors (i), (iv) and (v) are however excluded if they fall into the scope of the services which may be reserved for items of correspondence the price of which is less than five times the public basic tariff, if they weigh less than 50 grams 71 , and for the registered mail service used in the course of judicial or administrative procedures.)

(part of CPC 751, part of CPC 71235 72 and part of CPC 73210 73)

B. Telecommunications services

Telecommunications services exclude services providing, or exercising editorial control over, the content transmitted.

In CY: Nationality requirement for broadcasting transmission services.

a) All services which consist in the transmission and reception of electro-magnetic signals by any electromagnetic means 74 , excluding broadcasting 75

None.

In CY: Nationality requirement for broadcasting transmission services.

8. CONSTRUCTION AND RELATED ENGINEERING SERVICES

(CPC 511, CPC 512, CPC 513, CPC 514, CPC 515, CPC 516, CPC 517 and CPC 518)

In CY: Specific conditions apply and authorisation is required for third country nationals.

9. DISTRIBUTION SERVICES

(excluding distribution of arms, munitions, explosives and other war material)

All subsector mentioned below

In AT: Unbound for distribution of pyrotechnical goods, of ignitable articles and blasting devices and of toxic substances. For the distribution of pharmaceutical products and tobacco products, exclusive rights or authorisations can only be granted to nationals of a Member State of the European Union and to juridical persons of the EU having their headquarters in the EU.

In FI: Unbound for distribution of alcoholic beverages and pharmaceutical products.

In HR: Unbound for distribution of tobacco products.

A. Commission agents' services

a) Commission agents' services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof

(part of CPC 61111, part of CPC 6113 and part of CPC 6121)

None.

b) Other Commission agents' services

(CPC 621)

None.

B. Wholesale trade services

a) Wholesale trade services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof

(part of CPC 61111, part of CPC 6113 and part of CPC 6121)

None.

b) Wholesale trade services of telecommunications terminal equipment

(part of CPC 7542)

None.

c) Other wholesale trade services

(CPC 622 excluding wholesale trade services of energy products 76)

In FR, IT: State monopoly on tobacco.

In FR: Authorisation of wholesale pharmacies is subject to an economic needs test. Main criteria: population and geographical density of existing pharmacies.

C. Retailing services 77

Retailing services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof

(CPC 61112, part of CPC 6113 and part of CPC 6121)

Retailing services of telecommunications terminal equipment

(part of CPC 7542)

Food retailing services

(CPC 631)

Retailing services of other (non-energy) goods, except retail sales of pharmaceutical, medical and orthopaedic goods 78

(CPC 632 excluding CPC 63211 and 63297)

In ES, FR, IT: State monopoly on tobacco.

In FR: Nationality requirement for tobacconists ("buraliste").

In BE, BG, DK, FR, IT, MT, PT: Authorisation for department stores (for FR and PT only for large department stores) is subject to an economic needs test. Main criteria: number of and impact on existing stores, population density, geographic spread, impact on traffic conditions and creation of new employment.

In IE, SE: Unbound for the retail sale of alcoholic beverages.

D. Franchising

(CPC 8929)

None.

10. EDUCATIONAL SERVICES (only privately funded services)

A. Primary education services

(CPC 921)

B. Secondary education services

(CPC 922)

C. Higher education services

(CPC 923)

D. Adult education services

(CPC 924)

EU: Where the supply of privately funded education services by a foreign provider is permitted, the participation of private operators in the education system may be subject to concession allocated on a non-discriminatory basis.

In AT: Unbound for higher education services and for adult schools by means of radio or television broadcasting.

In BG: Unbound for the supply of primary or secondary education services by foreign natural persons and associations, and for the supply of higher education services.

In CZ, SK: Nationality requirement for the majority of members of the board. Unbound for the supply of higher education services except for post-secondary technical and vocational education services (CPC 92310).

In CY, FI, MT, RO, SE: Unbound.

In HR: Unbound for primary education services (CPC 921). For secondary education services: none for legal persons.

In EL: Nationality requirement for the majority of members of the board in primary and secondary schools. Unbound for higher education institutions granting recognised state diplomas.

In ES, IT: Economic needs test for establishing private universities authorised to issue recognised diplomas or degrees. The relevant procedure involves an advice of the Parliament. Main criteria: population and density of existing establishments.

In FR: French or EU nationality is required in order to teach in a privately funded educational institution. However, foreign nationals may obtain an authorisation from the relevant competent authorities in order to teach in primary, secondary and higher level educational institutions. Foreign nationals may also obtain an authorisation from the relevant competent authorities in order to establish and operate or manage primary, secondary and higher level educational institutions. Such authorisation is granted on a discretionary basis.

In HU: The number of schools being established may be limited by local authorities (or in the case of high schools and other higher education institutions by central authorities) in charge of granting licences.

In SK: The number of schools being established may be limited by the authorities.

In LV: Unbound for the supply of education services relating to technical and vocational secondary school-type education services for handicapped students (CPC 9224).

In SI: Unbound for primary schools. Nationality requirement for the majority of members of the board in secondary and high schools.

E. Other education services

(CPC 929)

In AT, BE, BG, CY, DE, DK, ES, EE, FI, FR, EL, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SI, SE: Unbound.

In CZ, SK: Participation of private operators in the education network is subject to concession. Nationality requirement for majority of members of the board.

11. ENVIRONMENTAL SERVICES

A. Waste water services

(CPC 9401) 79

B. Solid/hazardous waste management, excluding cross-border transport of hazardous waste

a) Refuse disposal services

(CPC 9402)

b) Sanitation and similar services

(CPC 9403)

C. Protection of ambient air and climate

(CPC 9404) 80

None.

D. Remediation and clean up of soil and waters

a) Treatment, remediation of contaminated/polluted soil and water

(part of CPC 9406) 81

E. Noise and vibration abatement

(CPC 9405)

F. Protection of biodiversity and landscape

a) Nature and landscape protection services

(part of CPC 9406)

G. Other environmental and ancillary services

(CPC 9409)

12. FINANCIAL SERVICES

A. Insurance and insurance-related services

In AT: The licence for branch offices of insurers from a Signatory MERCOSUR State shall be denied if the insurer in MERCOSUR does not have a legal form corresponding or comparable to a joint stock company or a mutual insurance association.

In BG, ES: Before establishing a branch or agency in Bulgaria or Spain to provide certain classes of insurance, an insurer from a Signatory MERCOSUR State must have been authorised to operate in the same classes of insurance in a Signatory MERCOSUR State for at least 5 (five) years. In ES: direct branching is not permitted for insurance intermediation, which is reserved to companies formed in accordance with the law of a Member State of the European Union. In ES: For actuarial services, residence requirement and 3 (three) years relevant experience.

In EL: The right of establishment does not cover the creation of representative offices or other permanent presence of insurance companies, except if such offices are established as agencies, branches or head offices.

In FI: At least one half of the promoters and members of the board of directors and the supervisory board, the managing director of an insurance company providing statutory pension insurance shall have their place of residence in the EEA, unless the competent authorities have granted an exemption. Foreign insurers cannot obtain a licence in Finland as a branch to carry on statutory pension insurance. At least one auditor shall have his or her permanent residence in the EEA.

In IT: The authorisation of the establishment of branches is ultimately subject to the evaluation of supervisory authorities.

In BG, PL: Local incorporation (no branches) is required for insurance intermediaries.

In PT: In order to establish a branch in Portugal, insurance juridical persons from a Signatory MERCOSUR State need to demonstrate prior operational experience of at least 5 (five) years. Direct branching is not permitted for insurance intermediation, which is reserved to companies formed in accordance with the law of a Member State of the European Union.

In SK: Nationals of a Signatory MERCOSUR State may establish an insurance company in the form of a joint stock company or may conduct insurance business through their subsidiaries with registered office in the Slovak Republic (no branches). The authorisation in both cases is subject to the evaluation of supervisory authority.

In SI: Foreign investors cannot participate in insurance companies under privatisation. Membership of the mutual insurance institution is limited to companies established in Slovenia (no branches) and domestic natural persons. For providing consultancy and claim settlement services, incorporation is required as a legal entity (no branches).

In SE: Insurance undertakings not incorporated in Sweden may be established only through a branch.

B. Banking and other financial services (excluding insurance)

EU: Only firms having their registered office in the EU can act as depositories of the assets of investment funds. The establishment of a specialised management company, having its head office and registered office in the same Member State of the European Union, is required to perform the activities of management of unit trusts and investment companies.

In BG: Pension insurance shall be implemented through participation in incorporated pension insurance companies (no branches). Permanent residency in Bulgaria is required for the chairperson of the management board and the chairperson of the board of directors.

In HR: None, except for settlement and clearing services where the Central Depositary Agency (hereinafter referred to as "CDA") is the sole supplier in Croatia. Access to the services of the CDA shall be granted to non-residents on a non-discriminatory basis.

In HU: Branches of institutions from Signatory MERCOSUR State are not allowed to provide asset management services for private pension funds or management of venture capital. The board of a financial institution should include at least 2 (two) members, who are Hungarian citizens, residents in the meaning of the relevant foreign exchange regulations and have permanent residency in Hungary for at least 1 (one) year.

In IE: In the case of collective investment schemes constituted as unit trusts and variable capital companies (other than undertakings for collective investment in transferable securities, hereinafter referred to as "UCITS"), the trustee/depository and management company is required to be incorporated in Ireland or in another Member State of the European Union (no branches). In the case of an investment limited partnership, at least one general partner must be incorporated in Ireland. To become a member of a stock exchange in Ireland, an entity must either: (a) be authorised in Ireland, which requires that it be incorporated or be a partnership, with a head or registered office in Ireland; or (b) be authorised in another Member State of the European Union in accordance with Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, OJ L 145, 30.4.2004, p. 1.

In IT: In order to be authorised to manage the securities settlement system with an establishment in Italy, a company is required to be incorporated in Italy (no branches). In order to be authorised to manage central securities depository services with an establishment in Italy, companies are required to be incorporated in Italy (no branches). In the case of collective investment schemes other than UCITS harmonised under the legislations of the EU, the trustee or depository is required to be incorporated in Italy or in another Member State of the European Union and established through a branch in Italy. Management companies of UCITS not harmonised under the legislations of the EU are also required to be incorporated in Italy (no branches). Only banks, insurance companies, investment firms and companies managing UCITS harmonised under the legislations of the European Union, having their legal head office in the EU, as well as UCITS incorporated in Italy, may carry out activity of pension fund resources management. In providing the activity of door-to-door selling, intermediaries must utilise authorised financial salesmen resident within the territory of a Member State of the European Union. Representative offices of foreign intermediaries cannot carry out activities aimed at providing investment services.

In LT: For the purpose of asset management, incorporation as a specialised management company is required (no branches). Only firms having their registered office in Lithuania can act as the depositories of the assets. At least one head of a bank's administration must speak the Lithuanian language.

In PT: Pension fund management may be provided only by companies incorporated in Portugal and specialised for that purpose and by insurance companies established in Portugal and authorised to take up life insurance business or by entities authorised for pension fund management in other Member States of the European Union (unbound for direct branching from non-EU countries).

In RO: Branches of foreign institutions are not allowed to provide asset management services.

In SK: Investment services in the Slovak Republic can be provided by banks, investment companies, investment funds and security dealers which have legal form of joint-stock company with equity capital according to the law (no branches).

In SI: Unbound for participation in banks under privatisation and for private pension funds (non-compulsory pension funds).

In SE: A founder of a savings bank shall be a natural person resident in the EU.

13. HEALTH SERVICES AND SOCIAL SERVICES

(only privately funded services)

A. Hospital services

(CPC 9311)

B. Ambulance services

(CPC 93192)

C. Residential health facilities other than hospital services

(CPC 93193)

D. Social services

(CPC 933)

EU: Participation of private operators in the health and social network is subject to concession. An economic needs test may apply. Main criteria: number of and impact on existing establishments, transport infrastructure, population density, geographic spread and creation of new employment.

In AT: Unbound for ambulance services.

In SI: All persons providing services directly to patients or treating patients need a licence and authorisation for the provision of health services from the Ministry of Health or Medical Chamber.

In BG: Unbound for hospital services, for ambulance services and for residential health facilities other than hospital services.

In CY, CZ, FI, MT, SE, SK, SI: Unbound.

In FR: Unbound for social services other than services relating to convalescent and rest houses and old people's homes.

In HR: None, except that establishment of some social care facilities may be subject to needs based limits in particular geographical areas. All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In HU: Unbound for social services.

In PL: Unbound for ambulance services, for residential health facilities other than hospital services, and for social services.

In BE, DE, ES: Unbound for ambulance services, for residential health facilities other than hospital services, and for social services other than convalescent and rest houses and old people's homes.

In DE: Rescue services and "qualified ambulance services" might be reserved for non-profit operators. The number of ICT-services providers may be limited to guarantee interoperability, compatibility and necessary safety standards.

14. TOURISM AND TRAVEL RELATED SERVICES

A. Hotel, restaurants and catering

(CPC 641, CPC 642 and CPC 643)

excluding catering in air transport services 82

In BG: Incorporation is required (no branches).

In IT: An economic needs test applies to bars, cafes and restaurants. Main criteria: population and density of existing establishments.

In HR: Location in the protected areas of particular historic and artistic interest and within national or landscape parks is subject to approval by the Government of the Republic of Croatia which can be denied.

B. Travel agencies and tour operators services (including tour managers)

(CPC 7471)

In BG: Unbound for direct branching (incorporation is required).

In CY: Unbound.

C. Tourist guides services

(CPC 7472)

None.

In CY: Unbound.

15. RECREATIONAL, CULTURAL AND SPORTING SERVICES (other than audio-visual services)

A. Entertainment services (including theatre, live bands, circus and: discotheque services)

(CPC 9619)

In CY, CZ, FI, MT, PL, RO, SI, SK: Unbound.

In BG: Unbound except for theatrical producer, singer group, band and orchestra entertainment services (CPC 96191), services provided by authors, composers, sculptors, entertainers and other individual artists (CPC 96192) and ancillary theatrical services (CPC 96193).

In EE: Unbound for other entertainment services (CPC 96199) except for cinema theatre services.

In LV: Unbound except for cinema theatre operation services (part of CPC 96199).

B. News and press agencies services

(CPC 962)

In FR: Foreign participation in existing companies publishing publications in the French language may not exceed 20 % (twenty per cent) of the capital or of voting rights in the company. Establishment of foreign press agencies is subject to conditions set out in domestic regulation. Establishment of press agencies by foreign investors is subject to reciprocity.

In BG, CY, CZ, HU, LT, RO, PL, SK: Unbound.

In PT: News companies, incorporated in Portugal in the juridical form of "Sociedade Anónima", must have the social capital in the form of nominal stocks.

C. Libraries, archives, museums and other cultural services

In BE, BG, CY, CZ, DE, DK, ES, EE, FI, FR, EL, HR, HU, IE, IT, LV, LU, MT, NL, PL, PT, RO, SK, SI, SE: Unbound.

In AT, LT: Participation of private operators in libraries, archives, museums and other cultural services' network is subject to concession or licence.

D. Sporting services

(CPC 9641)

In AT, SI: Unbound for ski school services and mountain guide services.

In BG, CY, CZ, EE, LV, MT, PL, RO, SK: Unbound.

E. Recreation park and beach services

(CPC 96491)

None.

16. TRANSPORT SERVICES

A. Maritime transport

a) International passenger transportation

(CPC 7211 less national cabotage transport 83)

b) International freight transportation

(CPC 7212 less national cabotage transport 84)

In AT, BE, BG, CY, CZ, DE, DK, ES, EE, FI, FR, EL, HU, IE, IT, LT, LU, NL, PL, PT, RO, SK, SI, SE: Unbound for the establishment of a registered company for the purpose of operating a fleet under the national flag of the State of establishment.

D. Road transport

a) Passenger transportation

(CPC 7121 and CPC 7122)

EU: Foreign investors cannot provide transport services within a Member State of the European Union (cabotage), except for rental of non-listed services of buses with operator.

EU: Economic needs test for taxi services. Main criteria: number of and impact on existing establishments, population density, geographic spread, impact on traffic conditions and creation of new employment.

In AT, BG: Exclusive rights or authorisation can only be granted to nationals of a Member State of the European Union and to juridical persons of the EU having their headquarters in the EU.

In BG, CZ: Unbound for direct branching (incorporation is required).

In FI, LV: Authorisation is required, not extended to foreign registered vehicles.

In LV and SE: Requirement for established entities to use vehicles with national registration.

In ES: Economic needs test for CPC 7122. Main criteria: local demand.

In IT, PT: Economic needs test for limousine services. Main criteria: number of and impact on existing establishments, population density, geographic spread, impact on traffic conditions and creation of new employment.

In ES, IE, IT: Economic needs test for intercity bussing services. Main criteria: number of and impact on existing establishments, population density, geographic spread, impact on traffic conditions and creation of new employment.

In FR: Unbound for intercity bussing services.

b) Freight transportation

(CPC 7123, excluding transportation of postal and courier items on own account 85)

In AT, BG: Exclusive rights or authorisation can only be granted to nationals of a Member State of the European Union and to juridical persons of the EU having their headquarters in the EU.

In ES: Authorisation for the establishment of a commercial presence in Spain may be refused to service suppliers, whose country of origin does not accord effective market access to service suppliers of Spain (CPC 7123).

In BG, CZ: Unbound for direct branching (incorporation is required).

In FI, LV: Authorisation is required, not extended to foreign registered vehicles.

In LV and SE: Requirement for established entities to use vehicles with national registration.

In IT, SK: Economic needs test. Main criteria: local demand.

E. Pipeline transport of goods other than fuel 86

(CPC 7139)

In AT: Exclusive rights can only be granted to nationals of a Member State of the European Union and to juridical persons of the EU having their headquarters in the EU.

17. SERVICES AUXILIARY TO TRANSPORT 87

A. Services auxiliary to maritime transport

a) maritime cargo handling services

b) Storage and warehousing services

(part of CPC 742)

c) Customs clearance services

d) Container station and depot Services

e) Maritime agency services

In AT, BE, BG, CY, CZ, DE, DK, ES, EE, FI, FR, EL, HU, IE, IT, LT, LU, MT, NL, PL, PT, RO, SK, SI, SE: Unbound for the establishment of a registered company for the purpose of operating a fleet under the national flag of the state of establishment.

In IT: Economic needs test 88 for maritime cargo-handling services. Main criteria: number of and impact on existing establishments, population density, geographic spread and creation of new employment.

In BG: Unbound for direct branching (incorporation is required). Services auxiliary to maritime transport that require the use of vessels can be provided only by vessels operating under the Bulgarian flag.

f) Maritime freight forwarding services

g) Rental of vessels with crew

(CPC 7213)

h) Pushing and towing services

(CPC 7214)

i) Supporting services for maritime transport

(part of CPC 745)

j) Other supporting and auxiliary services (including catering)

(part of CPC 749)

In SI: Only juridical persons established in Slovenia (no branches) can perform customs clearance.

In FI: Services can be provided only by ships operating under the Finnish flag.

In HR: Unbound for c) Customs clearance services, d) Container station and depot services, e) Maritime agency services and f) Maritime freight forwarding services. For a) Maritime cargo handling services, b) Storage and warehousing services, j) Other supporting and auxiliary services (including catering), h) Pushing and towing services and i) Supporting services for maritime transport: None, except that foreign legal person is required to establish a company in Croatia which should be granted a concession by the port authority, following a public tendering procedure. The number of service suppliers may be limited reflecting limitations in port capacity.

C. Services auxiliary to rail transport

a) Cargo-handling services

(part of CPC 741)

b) Storage and warehouse services

(part of CPC 742)

c) Freight transport agency services

(part of CPC 748)

d) Pushing and towing services

(CPC 7113)

e) Supporting services for rail transport services

(CPC 743)

f) Other supporting and auxiliary services

(part of CPC 749)

In BG: Unbound for direct branching (incorporation is required). Participation in a Bulgarian company is limited to 49 % (forty-nine per cent).

In CZ: Unbound for direct branching (incorporation is required).

In SI: Only juridical persons established in Slovenia (no branches) can perform customs clearance.

In HR: Unbound for pushing and towing services.

D. Services auxiliary to road transport

a) Cargo-handling services

(part of CPC 741)

b) Storage and warehouse services

(part of CPC 742)

c) Freight transport agency services

(part of CPC 748)

d) Rental of Commercial Road Vehicles with Operators

(CPC 7124)

e) Supporting services for road transport equipment

(CPC 744)

f) Other supporting and auxiliary services

(part of CPC 749)

In AT: For rental of commercial road vehicles with operators, authorisation can only be granted to nationals of a Member State of the European Union and to juridical persons of the EU having their headquarters in the EU.

In BG: Unbound for direct branching (incorporation is required). Participation in a Bulgarian company is limited to 49 % (forty-nine per cent).

In CZ: Unbound for direct branching (incorporation is required).

In FI: For rental of commercial road vehicles with operators, authorisation is required, but not extended to foreign registered vehicles.

In SI: Only juridical persons established in Slovenia (no branches) can perform customs clearance.

In HR, CY: Unbound for rental of commercial road vehicles with operators.

E. Services auxiliary to air transport services

a) Ground-handling services (including catering)

In EU: Unbound, except for market access. Categories of activities depend on the size of the airport. The number of service suppliers in each airport can be limited, due to available-space constraints and to not less than 2 (two) suppliers for other reasons.

In BG: Unbound for direct branching (incorporation is required).

b) Storage and warehouse services

(part of CPC 742)

In BG: Unbound for direct branching (incorporation is required).

In PL: For storage services of frozen or refrigerated goods and bulk storage services of liquids or gases, categories of activities depend on the size of the airport. The number of service suppliers in each airport can be limited, due to available-space constraints and for other reasons, to not less than two suppliers.

c) Freight transport agency services

(part of CPC 748)

In CY, CZ, HU, MT, PL, RO, SK: Unbound.

In BG: Foreign persons can supply services only through participation in Bulgarian companies with 49 % (forty-nine per cent) limitation on equity participation and through branches.

In SI: Only juridical persons established in Slovenia (no branches) can perform customs clearance.

F. Services auxiliary to pipeline transport of goods other than fuel 89

a) Storage and warehouse services of goods other than fuel transported by pipelines

(part of CPC 742)

None.

18. OTHER TRANSPORT SERVICES

Provision of combined transport service

In all Member States of the European Union except AT, BG, CY, CZ, EE, HR, HU, LT, LV, MT, PL, RO, SE, SI, SK: None, without prejudice to the limitations inscribed in this list affecting any given mode of transport.

In AT, BG, CY, CZ, EE, HR, HU, LT, LV, MT, PL, RO, SE, SI, SK: Unbound.

19. ENERGY SERVICES

A. Services incidental to mining

(CPC 883) 90

In CY: Unbound.

In SI: The exploration for and exploitation of mineral resources, including regulated mining services, are subject to establishment in or citizenship of the EEA, the Swiss Confederation or an OECD Member or of a third country on condition of material reciprocity. Compliance with the condition of reciprocity is verified by the Ministry responsible for mining.

B. Pipeline transportation of fuels

(CPC 7131)

In AT, BE, BG, CY, CZ, DE, DK, ES, EE, FI, FR, EL, IE, IT, LV, LU, MT, NL, PL, PT, RO, SK, SI, SE: Unbound.

C. Storage and warehouse services of fuels transported through pipelines

(part of CPC 742)

In CY, CZ, MT, PL, SK: Investors from countries which are energy suppliers may be prohibited to obtain the control of the activity. Unbound for direct branching (incorporation is required).

In FI: Unbound for control or ownership of a liquefied natural gas (hereinafter referred to as "LNG") terminal (including those parts of the LNG terminal used for storage or re-gasification of LNG) by foreign persons or enterprises for energy security reasons.

D. Wholesale trade services of solid, liquid and gaseous fuels and related products

(CPC 62271)

and wholesale trade services of electricity, steam and hot water

EU: Unbound for wholesale trade services of electricity, steam and hot water.

In FI: Unbound for the importation, wholesale and retail of electricity. Quantitative restrictions apply in the form of monopolies or exclusive rights for the importation of natural gas and for the production and distribution of steam and hot water.

In SK: Unbound for direct branching (incorporation is required) for liquid and gaseous fuels.

E. Retailing services of motor fuel

(CPC 613)

F. Retail sales of fuel oil, bottled gas, coal and wood

(CPC 63297)

and retailing services of electricity, (non-bottled) gas, steam and hot water

EU: Unbound for retailing services of motor fuel, electricity, (non-bottled) gas, steam and hot water.

In BE, BG, DK, FR, IT, MT, PT: For retail sales of fuel oil, bottled gas, coal and wood, authorisation for department stores (for FR and PT only for large stores) is subject to an economic needs test. Main criteria: number of and impact on existing stores, population density, geographic spread, impact on traffic conditions and creation of new employment.

G. Services incidental to energy distribution

(CPC 887)

In AT, BE, BG, CY, CZ, DE, DK, ES, EE, FI, FR, EL, IE, HU, IT, LU, LT, MT, NL, PL, PT, RO, SK, SE: Unbound except for consultancy services and none for consultancy services.

In SI: Unbound except for services incidental to the distribution of gas and none for the distribution of gas.

20. OTHER SERVICES NOT INCLUDED ELSEWHERE

a) Washing, cleaning and dyeing services

(CPC 9701)

None.

b) Hairdressing services

(CPC 97021)

In CY: Unbound.

In IT: An economic needs test applies on a national treatment basis. Main criteria: population and density of existing business.

c) Cosmetic treatment, manicuring and pedicuring services

(CPC 97022)

In IT: An economic needs test applies on a national treatment basis. Main criteria: population and density of existing business.

In CY: Nationality requirement.

d) Other beauty treatment services n.e.c.

(CPC 97029)

In IT: An economic needs test applies on a national treatment basis. Main criteria: population and density of existing business.

In CY: Nationality requirement applies.

e) Spa services and non therapeutical massages, to the extent that they are provided as relaxation physical well-being services and not for medical or rehabilitation purposes 91

(CPC ver. 1.0 97230)

In CY: Nationality requirement applies.

f) Telecommunications connection services

(CPC 7543)

None.

ANNEX 18-C. EUROPEAN UNION. LIST OF LIMITATIONS IN CONFORMITY WITH ARTICLES 18.3, 18.4, 18.8 AND 18.9 (KEY PERSONNEL, GRADUATE TRAINEES AND BUSINESS SELLERS)

1. The list of limitations in this Annex indicates the economic activities liberalised pursuant to Articles 18.3 and 18.4 and specifies, by means of reservations, the limitations that apply to key personnel, graduate trainees and business sellers in accordance with Articles 18.8 and 18.9. The list in this Annex is composed of two columns containing the following elements, respectively:

(a) the sector or sub-sector in which limitations apply; and

(b) a description of the applicable limitations.

The European Union does not undertake any commitment for key personnel and graduate trainees in economic activities for which it does not take commitments on establishment in accordance with Annex 18-B neither does it undertake any commitments for business sellers in economic activities for which it does not take any commitments on cross-border supply of services in accordance with Annexes 18-A and 18-B.

2. For the purposes of this Annex, when identifying individual sectors and sub-sectors:

(a) "CPC" means the Central Products Classification as defined in Article 9.3(c);

(b) "CPC ver. 1.0" means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 77, CPC ver. 1.0, 1998; and

(c) "ISIC rev 3.1" means the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 4, ISIC REV 3.1, 2002.

3. Commitments on key personnel and graduate trainees do not apply if the intent or effect of their temporary stay is to interfere with, or otherwise affect the outcome of, any labour or management dispute or negotiation.

4. The list in this Annex does not include measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures if they do not constitute a limitation within the meaning of Articles 18.3 and 18.4. Those measures (for example, need to obtain a licence, need to obtain recognition of qualifications in regulated sectors, need to pass specific examinations, including language examinations, and need to have a postal address in the territory where the economic activity is performed), even if not listed below, apply in any case to key personnel and graduate trainees of a Signatory MERCOSUR State.

5. To the extent that commitments are not taken in Chapter 18, all other requirements of the laws and regulations of each Party regarding entry and temporary stay continue to apply, including those concerning the period of stay.

6. Notwithstanding the provisions of this Chapter, all requirements of each Party's laws and regulations regarding employment and social security measures shall continue to apply, including regulations concerning minimum wages and collective wage agreements.

7. The list in this Annex is without prejudice to the existence of public monopolies and exclusive rights, as set out by the European Union in Annex 18-B.

8. In the sectors where economic needs tests are applied, their main criteria shall be the assessment of the relevant market situation in the Member State of the European Union or the region where the service is to be provided, including with respect to the number of, and the impact on, existing services suppliers.

9. The European Union takes commitments with respect to market access as set out in Article 18.3(1), differentiated by its Member States, if applicable.

10. For greater certainty, for the European Union, the obligation to grant national treatment does not entail the requirement to extend to natural or juridical persons of a Signatory MERCOSUR State the treatment granted in a Member State of the European Union, pursuant to the Treaty on the Functioning of the European Union, or to any measure adopted

pursuant to that Treaty, including the implementation of that Treaty or such measures in the Member States of the European Union, to:

(a) natural persons or residents of a Member State of the European Union; or

(b) juridical persons constituted or organised under the law of another Member State of the European Union or that of the European Union and having their registered office, central administration or principal place of business in a Member State of the European Union.

Such national treatment is granted to juridical persons which are constituted or organised under the law of a Member State of the European Union or that of the European Union and have their registered office, central administration or principal place of business in a Member State of the European Union, including those which are owned or controlled by natural or juridical persons of a Signatory MERCOSUR State.

11. The following abbreviations are used in the list in this Annex:

– EU European Union, including all its Member States

– EEA European Economic Area

– AT Austria

– BE Belgium

– BG Bulgaria

– CY Cyprus

– CZ Czechia

– DE Germany

– DK Denmark

– EE Estonia

– EL Greece

– ES Spain

– FI Finland

– FR France

– HR Croatia

– HU Hungary

– IE Ireland

– IT Italy

– LV Latvia

– LT Lithuania

– LU Luxembourg

– MT Malta

– NL The Netherlands

– PL Poland

– PT Portugal

– RO Romania

– SK Slovak Republic

– SI Slovenia

– SE Sweden

Sector or sub-sector

Description of reservations

All sectors

Scope of intra-corporate transferees

In BG: The number of intra-corporate transferees shall not exceed 10 % (ten percent) of the average annual number of the citizens of the EU employed by the respective Bulgarian juridical person. If fewer than 100 (one hundred) persons are employed, the number of intra-corporate transferees may, subject to authorisation, exceed 10 % (ten percent) of that of the total employees.

In HU: Category of intra-corporate transferees is unbound for a natural person who has been a partner in a juridical person of a Signatory MERCOSUR State.

All sectors

Specialists 92

EU: In assessing the specialised knowledge of the natural person, account shall be taken not only of knowledge specific to the enterprise, but also of whether the person has a high level of qualification, including adequate professional experience, referring to a type of work or activity requiring specific technical knowledge, including possible membership of an accredited profession.

All sectors

Graduate trainees

In BG, HU: Economic needs tests for graduate trainees 93 .

In AT, DE, ES, FR, HU, LT, SK: Training must be linked to the university degree which has been obtained.

All sectors

Managing directors and auditors

In AT: Managing directors of branches of juridical persons have to be resident in Austria. Natural persons within a juridical person or a branch responsible for the observance of the Austrian Trade Act must have a domicile in Austria.

In FI: A foreigner carrying out trade as a private entrepreneur needs a trade permit and has to be the holder of a permanent residence permit in the EU. For all sectors, except telecommunications services, nationality and residency requirements for the managing director of a limited company apply. For telecommunications services, permanent residency for the managing director is required.

In FR: The managing director of a commercial, industrial or artisanal activity, if not a holder of a residency permit, needs a specific authorisation.

In RO: The majority of the commercial companies' auditors and their deputies shall be Romanian citizens.

In SE: The managing director of a juridical person or a branch shall reside in Sweden.

All sectors

Type of enterprise

In AT, CZ, SK: Intra-corporate transferees, graduate trainees and business sellers need to be employed by an enterprise other than a non-profit organisation; otherwise unbound.

In FI: Senior personnel needs to be employed by an enterprise other than a non-profit organisation.

All sectors

Recognition

EU: EU directives on mutual recognition of diplomas only apply to citizens of the EU. The right to practise a regulated professional service in one Member State of the European Union does not grant the right to practise in another Member State of the European Union 94 .

1. AGRICULTURE, HUNTING, FORESTRY

A. Agriculture, hunting

(ISIC rev 3.1: 011, 012, 013, 014, 015) excluding advisory and consultancy services 95

In AT, DE, DK, HU, LT, MT, RO: Unbound for agricultural activities.

In CY: The participation of MERCOSUR investors is allowed only up to 49 % (forty-nine percent).

In FR: Prior authorisation is required in order to become a member or act as a director of an agricultural cooperative.

In FI: only EEA nationals resident in the reindeer herding area may own reindeer and exercise reindeer husbandry. Exclusive rights may be granted.

In IE: Establishment by residents of a Signatory MERCOSUR State in flour milling activities is subject to authorisation.

B. Forestry and logging

(ISIC rev 3.1: 020) excluding advisory and consultancy services 96

In BG, DE, LT: Unbound for logging activities.

2. FISHING AND AQUACULTURE

(ISIC rev.3.1: 0501, 0502) excluding advisory and consultancy services 97

Unbound.

3. Mining and quarrying 98

A. Mining of coal and lignite; extraction of peat

(ISIC rev 3.1: 10)

B. Extraction of crude petroleum and natural gas 99

(ISIC rev 3.1: 1110)

C. Mining of metal ores

(ISIC rev 3.1: 13)

D. Other mining and quarrying

(ISIC rev 3.1: 14)

EU: Unbound for juridical persons controlled by natural or juridical persons of a non-EU country, which accounts for more than 5 % (five percent) of the EU's oil or natural gas imports. Unbound for direct branching (incorporation is required). Unbound for extraction of crude petroleum and natural gas.

In CY: Unbound.

4. MANUFACTURING 100

H. Publishing, printing and reproduction of recorded media

(ISIC rev 3.1: 22), excluding publishing and printing on a fee or contract basis 101

In IT: Nationality requirement for publishers.

In PL: Nationality requirement for the editor-in-chief of newspapers and journals.

In SE: Residency requirement for publishers and owners of publishing and printing companies.

6. BUSINESS SERVICES

A. Professional services

a) Legal services

(CPC 861) 102

excluding legal advisory and legal documentations and certification services provided by legal professionals entrusted with public functions, such as notaries, "huissiers de justice" or other "officiers publics et ministériels"

In AT, ES, EL, LT, MT, RO, SK: Full admission to the Bar, required for the practice of domestic (EU and Member State of the European Union) law, is subject to a nationality requirement. In ES, the competent authorities may grant waivers. In SK, it is coupled with residency requirement.

In CY, FI: Nationality and residency requirement. Full admission to the Bar is required for the provision of legal services. Admission to the Bar is subject to a nationality requirement, coupled with a residency requirement. Only advocates enrolled in the Bar may be partners, shareholders or members of the Board of Directors in a law company in Cyprus.

In BE: Full admission to the Bar, required for legal representation services, is subject to a nationality requirement. Exemption can be granted under specific conditions (among others, residency requirement and reciprocity). Quotas apply for representation before the "Cour de cassation" in non-criminal cases.

In BG: MERCOSUR lawyers can only provide legal representation services of a national of a Signatory MERCOSUR State and subject to reciprocity and cooperation with a Bulgarian lawyer. For legal mediation services, permanent residency is required.

In CZ: Full admission to the Bar is required for the practice of legal services, including representation before courts. Non-discriminatory legal form requirements apply. For the practice of legal services in respect of domestic (EU and Member State of the European Union) law, including representation before courts, EEA or Swiss nationality and residency in the Czech Republic is required.

In DK: The performing of legal services under the title "Advokat" is only permitted for lawyers with a Danish licence to practise. Representation before courts is mainly reserved for lawyers with a Danish licence to practise. Other persons than lawyers with a Danish licence to practise may perform legal services in accordance with the Danish Act on Legal Services, but are not allowed to use the title "Advokat".

In ES: EEA nationality is required for the practice of industrial property agent services.

In HR: Full admission to the Bar, required for legal representation services, is subject to a nationality requirement or a requirement of citizenship of an Member State of the European Union.

In FI: A patent agent must be resident in the EEA in order to be recorded in the Patent Agents Register, which is necessary for the practice of the profession.

In FR: Full admission to the Bar is required for the practice of legal services in respect of French law, including representation before courts. Residency (commercial presence) is required in order to obtain full admission to the Bar. To provide legal services in respect of domestic (EU and Member State of the European Union) law, commercial presence may be required to take one of the legal forms which are allowed under national law on a non-discriminatory basis. Some types of legal forms may be reserved exclusively to lawyers admitted to the Bar, also on a non-discriminatory basis. Representation before the "Cour de Cassation" and the "Conseil d'Etat" is subject to quotas. In a law firm providing services in respect of French or EU law, shareholding and voting rights may be subject to quantitative restrictions related to the professional activity of the partners.

In HU: Full admission to the Bar is subject to a nationality requirement, coupled with a residency requirement. For foreign lawyers, the scope of legal activities is limited to the provision of legal advice, which shall take place on the basis of a collaboration contract concluded with a Hungarian attorney or law firm.

In LV: Nationality requirement for sworn solicitors, to whom legal representation in criminal proceedings is reserved.

In PT: Nationality requirement for the access to the profession of "solicitadores" and for industrial property agent.

In SI: remunerated representation of clients before the court is conditioned upon commercial presence in Slovenia. A foreign lawyer who has the right to practise law in a foreign country may perform legal services or practise law under the conditions laid down in Article 34a of the Attorneys Act, provided the condition of actual reciprocity is fulfilled. Compliance

with the condition of reciprocity is verified by the Ministry of Justice. Commercial presence for appointed attorneys by the Slovene Bar Association is restricted to sole proprietorship, law firm with limited liability (partnership) or to a law firm with unlimited liability (partnership) only. The activities of a law firm shall be restricted to the practice of law. Only attorneys may be partners in a law firm.

In SE: Admission to the Bar, necessary only for the use of the Swedish title "advokat", is subject to a residency requirement.

b) 1. Accounting and bookkeeping services

(CPC 86212 other than "auditing services", CPC 86213, CPC 86219 and CPC 86220)

In AT: Nationality requirement for representation before competent authorities.

In FR: Provision of accounting and bookkeeping services by a foreign supplier is conditional on a decision of the Minister of Economics, Finance and Industry, in agreement with the Minister of Foreign Affairs.

In CY: Special licence is granted to third-country professionals, subject to certain conditions.

b) 2. Auditing services

(CPC 86211 and 86212 other than accounting services)

In AT: Nationality requirement for representation before competent authorities and for performing audits provided for in specific Austrian laws (among others, joint stock companies law, stock exchange law and banking law).

In DK: Residency requirement.

In ES: Nationality requirement or statutory auditors and for administrators, directors and partners of companies other than those covered by Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, OJ L 157, 9.6.2006, p. 87.

In FI: Residency requirement for at least one of the auditors of a Finnish liability company.

In HR: Only certified auditors holding a licence formally recognised by the Croatian Chamber of Auditors can provide auditing services.

In IT: Nationality requirement condition for administrators, directors and partners of companies other than those covered by Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, OJ L 157, 9.6.2006, p. 87. Residency requirement for auditors that are natural persons.

In SE: Only auditors approved in Sweden may perform legal auditing services in certain legal entities, among others, in all limited companies. Residency is required for approval.

In CY: Special licence is granted to third-country auditors, subject to certain conditions.

c) Taxation advisory services

(CPC 863) 103

In AT: Nationality requirement for representation before competent authorities.

In BG: Nationality requirement for specialists.

In HU: Residency requirement.

In CY: Special licence is granted to third-country professionals, subject to certain conditions.

d) Architectural services

and

e) Urban planning and landscape architectural services

(CPC 8671 and CPC 8674)

In EE: At least one responsible person (project manager or consultant) must be resident in Estonia.

In BG: Foreign specialists must have experience of at least 2 (two) years in the field of construction. Nationality requirement for urban planning and landscape architectural services.

In CZ, EL, HR, HU: Residency requirement.

In CY: Nationality requirement applies.

In SK: Residency requirement and nationality requirement.

f) Engineering services

and

g) Integrated engineering services

(CPC 8672 and CPC 8673)

In EE: At least one responsible person (project manager or consultant) must be resident in Estonia.

In BG: Foreign specialists must have experience of at least 2 (two) years in the field of construction.

In HR: Residency requirement.

In EL, HU: Residency requirement (for CPC 8673, a residency requirement only applies to graduate trainees).

In CY: Nationality requirement applies.

In SK: Residency requirement and nationality requirement.

h) Medical (including psychologists) and dental services

(CPC 9312 and part of CPC 85201)

In CZ, IT, LT, SK: Residency requirement.

In CZ, SK: Authorisation by the competent authorities required for foreign natural persons.

In BE, LU, SI: For graduate trainees, authorisation by the competent authorities required for foreign natural persons.

In BG, CY, MT: Nationality requirement.

In DK: Limited authorisation to fulfil a specific function can be given for up to 18 (eighteen) months and requires residency.

In FR: Nationality requirement. However, access is possible within annually established quotas.

In HR: All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In LV: Economic needs tests for medical doctors and dentists in a given region.

In PL: Practice of the medical profession by foreigners requires permission. Foreign medical doctors have limited election rights within the professional chambers.

In PT: Residency requirement for psychologists.

i) Veterinary services

(CPC 932)

In BG, CY, DE, EL, FR, HR, HU: Nationality requirement (in FR: limited to EU and EEA citizens).

In CZ, SK: Nationality requirement and residency requirement.

In DK, IT: Residency requirement.

In PL: Nationality requirement. Foreign persons may apply for permission to practise.

j) 1. Midwives services

(part of CPC 93191)

In BE, LU: For graduate trainees, authorisation by the competent authorities required for foreign natural persons.

In DK: Limited authorisation to fulfil a specific function can be given for a maximum of 18 (eighteen) months and requires residency.

In FR: Nationality requirement. However, access is possible within annually established quotas.

In HR: All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In CY, HU: Nationality requirement.

In CZ: Unbound.

In DK: Limited authorisation to fulfil a specific function can be given for up to 18 (eighteen) months and requires residency.

In IT, SK: Residency requirement.

In LV: Subject to economic needs tests, determined by the total number of midwives in a given region, authorised by local health authorities.

In LT: Authorisation by the competent authorities required for foreign natural persons.

In PL: Nationality requirement. Foreign persons may apply for permission to practise.

j) 2. Services provided by nurses, physiotherapists and paramedical personnel

(part of CPC 93191)

In BE, FR, LU: For graduate trainees, authorisation by the competent authorities required for foreign natural persons.

In RO, SK: Authorisation by the competent authorities required for foreign natural persons.

In DK: Limited authorisation to fulfil a specific function can be given for up to 18 (eighteen) months and requires residency.

In HR: All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In HU, CY: Nationality requirement.

In LV: Subject to economic needs tests, determined by the total number of nurses in a given region, authorised by local health authorities.

In LT: Authorisation by the competent authorities required for foreign natural persons.

In SK: Residency requirement.

k) Retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods

(CPC 63211)

and other services supplied by pharmacists 104

In FR: EEA or Swiss nationality is required in order to operate a pharmacy. Foreign pharmacists may be permitted to establish within established quotas.

In DE, EL, SK, CY: Nationality requirement.

In HU: Nationality requirement except for retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods (CPC 93191).

In IT, PT, SK: Residency requirement.

D. Real estate services 105

a) Involving own or leased Property

(CPC 821)

In FR, HU, IT, PT: Residency requirement.

In SI: Nationality requirement.

b) On a fee or contract Basis

(CPC 822)

In DK: Residency requirement unless waived by the Danish Business Authority.

In FR, HU, IT, PT: Residency requirement.

In SI: Nationality requirement.

E. Rental/leasing services without operators

e) Relating to personal and household goods

(CPC 832)

EU: Nationality requirement for specialists and for graduate trainees.

f) Telecommunications equipment rental

(CPC 7541)

EU: Nationality requirement for specialists and for graduate trainees.

F. Other business services

e) Technical testing and analysis services

(CPC 8676)

In IT, PT: Residency requirement for biologists and chemical analysts.

f) Advisory and consulting services incidental to agriculture, hunting and forestry

(part of CPC 881)

In IT: Residency requirement for agronomists ("periti agrari").

j) 2. Security services

(CPC 87302, CPC 87303, CPC 87304 and CPC 87305)

In BE: Nationality requirement and residency requirement for management personnel.

In BG, CY, CZ, EE, LV, LT, MT, PL, RO, SI, SK: Nationality requirement and residency requirement.

In DK: Nationality requirement and residency requirement for managers and for airport guard services.

In PT: Nationality requirement for specialised personnel.

In FR: Nationality requirement for managing directors and directors.

In IT: Nationality requirement and residency requirement in order to obtain necessary authorisation for security guard services and the transport of valuables.

In ES: Nationality requirement for security personnel.

k) Related Scientific and Technical Consulting Services

(CPC 8675)

In BG: Nationality requirement for specialists.

In DE: Nationality requirement for publicly appointed surveyors.

In FR: Nationality requirement for "surveying" operations relating to the establishment of property rights and to land law.

In IT, PT: Residency requirement.

l) 1. Maintenance and repair of vessels

(part of CPC 8868)

In MT: Nationality requirement.

l) 2. Maintenance and Repair of Rail Transport Equipment

(part of CPC 8868)

In LV: Nationality requirement.

l) 3. Maintenance and Repair of motor vehicles, motorcycles, snowmobiles and road transport Equipment

(CPC 6112, CPC 6122, part of CPC 8867 and part of CPC 8868)

EU: For maintenance and repair of motor vehicles, motorcycles and snowmobiles, nationality requirement for specialists and for graduate trainees.

l) 5. Maintenance and Repair services of metal products, of (non office) machinery, of (non transport and non office) equipment and of personal and household goods 106

(CPC 633, CPC 7545, CPC 8861, CPC 8862, CPC 8864, CPC 8865 and CPC 8866)

EU: Nationality requirement for specialists and for graduate trainees, except for:

– BE, DE, DK, ES, FR, EL, HU, IE, IT, LU, MT, NL, PL, PT, RO, SE for CPC 633, 8861, 8866;

– BG for repair services of personal and household goods (excl. Jewellery): CPC 63301, 63302, part of 63303, 63304, 63309;

– AT for CPC 633, 8861-8866;

– EE, FI, LV, LT for CPC 633, 8861-8866;

– CZ, SK for CPC 633, 8861-8865; and

– SI for CPC 633, 8861, 8866.

m) Building-Cleaning Services

(CPC 874)

In CY, EE, HR, MT, PL, RO, SI: Nationality requirement for specialists.

n) Photographic Services

(CPC 875)

In HR, LV: Nationality requirement for specialty photography services.

In PL: Nationality requirement for the supply of aerial photographic services.

p) Printing and Publishing

(CPC 88442)

In SE: Residency requirement for publishers and owners of publishing and printing companies.

In HR: Residency requirement for publishers.

q) Convention Services

(part of CPC 87909)

In SI: Nationality requirement.

r) 1. Translation and Interpretation Services

(CPC 87905)

In FI: Residency requirement for certified translators.

In CY: Nationality and residency requirement.

r) 3. Collection Agency Services

(CPC 87902)

In BE, EL, IT: Nationality requirement.

r) 4. Credit reporting services

(CPC 87901)

In BE, EL, IT: Nationality requirement.

r) 5. Duplicating services

(CPC 87904) 107

EU: Nationality requirement for specialists and for graduate trainees.

8. CONSTRUCTION AND RELATED ENGINEERING SERVICES

(CPC 511, CPC 512, CPC 513, CPC 514, CPC 515, CPC 516, CPC 517 and CPC 518)

In BG: Foreign specialists must have experience of at least 2 (two) years in the field of construction.

In CY: Specific conditions apply and authorisation is required.

9. DISTRIBUTION SERVICES

(excluding distribution of arms, munitions and war material)

In CY: Nationality and residency requirement for energy distribution.

C. Retailing services 108

In CY: Nationality requirement for pharmaceuticals, medical and orthopedical goods and other services provided by pharmacists.

c) Food retailing services

(CPC 631)

In FR: Nationality requirement for tobacconists ("buraliste").

10. EDUCATIONAL SERVICES (only privately funded services)

A. Primary education services

(CPC 921)

In FR: EU nationality is required in order to teach in a privately funded educational institution. However, foreign nationals may obtain an authorisation from the relevant competent authorities in order to teach in primary educational institutions. Foreign nationals may also obtain an authorisation from the relevant competent authorities in order to establish and operate or manage primary educational institutions. Such authorisation is granted on a discretionary basis.

In IT: Nationality requirement for service providers who are authorised to issue state-recognised diplomas.

In EL: Nationality requirement for teachers.

B. Secondary education services

(CPC 922)

In FR: EU nationality is required in order to teach in a privately funded educational institution. However, foreign nationals may obtain an authorisation from the relevant competent authorities in order to teach in secondary educational institutions. Foreign nationals may also obtain an authorisation from the relevant competent authorities in order to

establish and operate or manage secondary educational institutions. Such authorisation is granted on a discretionary basis.

In IT: Nationality requirement for service providers who are authorised to issue state-recognised diplomas.

In EL: Nationality requirement for teachers.

In LV: Nationality requirement for technical and vocational secondary school-type education services for handicapped students (CPC 9224).

C. Higher education services

(CPC 923)

In FR: EU nationality is required in order to teach in a privately funded educational institution. However, foreign nationals may obtain an authorisation from the relevant competent authorities in order to teach in higher-level educational institutions. Foreign nationals may also obtain an authorisation from the relevant competent authorities in order to establish and operate or manage higher-level educational institutions. Such authorisation is granted on a discretionary basis.

In CZ, SK: Nationality requirement for higher education services, except for post-secondary technical and vocational education services (CPC 92310).

In IT: Nationality requirement for service providers who are authorised to issue state-recognised diplomas.

In DK: Nationality requirement for professors.

12. FINANCIAL SERVICES

A. Insurance and insurance-related services

In AT: The management of a branch office must consist of 2 (two) natural persons resident in Austria.

In EE: For direct insurance, the management body of an insurance joint-stock company with MERCOSUR capital participation may include nationals of a Signatory MERCOSUR State only in proportion to the MERCOSUR participation and in any event not more than half of the members of the management body. The head of the management of a subsidiary or an independent company must be the holder of a permanent residence permit in Estonia.

In ES: Residency requirement for the actuarial profession (or alternatively 2 (two) years of experience)

In IT: Residency requirement for the actuarial profession.

In HR: Residency requirement.

In FI: At least one-half of the members of the board of directors and the supervisory board shall have their place of residence in the EEA, unless the competent authorities have granted an exemption. At least one auditor shall have his permanent residence in the EEA. The general agent of an insurance company of MERCOSUR must have his place of residence in Finland, unless the company has its head office in the EU.

B. Banking and other financial services (excluding insurance)

In BG: Permanent residence in Bulgaria is required for the executive directors and the managerial agent.

In FI: A managing director and at least one auditor of credits institutions shall have their place of residence in the EU, unless the Financial Supervision Authority has granted an exemption. The broker (natural person) on a derivative exchange shall have his place of residence in the EU.

In IT: Condition of residency within the territory of a Member State of the European Union for "promotori di servizi finanziari" (financial salesmen).

In LT: At least one head of a bank's administration must speak the Lithuanian language.

In PL: Nationality requirement for at least one of the bank executives.

In HR: Residency requirement. The management board shall direct the business of a credit institution from the territory of Croatia. At least one management board member must be fluent in the Croatian language.

13. HEALTH SERVICES AND SOCIAL SERVICES

(only privately funded services)

A. Hospital services

(CPC 9311)

B. Ambulance services

(CPC 93192)

C. Residential health facilities other than hospital services

(CPC 93193)

E. Social services

(CPC 933)

In FR: For hospital and ambulance services, residential health facilities (other than hospital facilities) and social services, an authorisation is necessary in order to exercise management functions. The authorisation process takes into account the availability of local managers.

In LV: Economic needs tests for doctors, dentists, midwives, nurses, physiotherapists and para-medical personnel.

In PL: Practice of medical profession by foreigners requires permission. Foreign medical doctors have limited election rights within the professional chambers.

In HR: All persons providing services directly to patients or treating patients need a licence from the professional chamber.

In SI: All persons providing services directly to patients or treating patients need a licence and authorisation for the provision of health services from the Ministry of Health.

14. TOURISM AND TRAVEL RELATED SERVICES

A. Hotel, restaurants and catering

(CPC 641, CPC 642 and CPC 643)

excluding catering in air transport services

In BG: The number of foreign managers is not to exceed the number of managers who are Bulgarian citizens, if the public (state or municipal) share in the equity capital of a Bulgarian company exceeds 50 % (fifty percent).

In HR: Nationality requirement for hospitality and catering services in households and rural homesteads.

B. Travel agencies and tour operators services (including tour managers)

(CPC 7471)

In BG: The number of foreign managers is not to exceed the number of managers who are Bulgarian citizens, if the public (state or municipal) share in the equity capital of a Bulgarian company exceeds 50 % (fifty percent).

In HR: Approval of the Ministry of Tourism for office manager position.

C. Tourist guides services

(CPC 7472)

In BG, CY, ES, HR, HU, IT, LT, MT, PL, SK: Nationality requirement.

In EL: Diploma from the Tourist Guide Schools of the Greek Ministry of Tourism required. Can be waived if confirmed absence of a tourist guide for a specific language.

In FR: France reserves the right to require EU nationality for the provision of tourist guide services in its territory.

15. RECREATIONAL, CULTURAL AND SPORTING SERVICES

(other than audio-visual services)

A. Entertainment services (including theatre, live bands, circus and discotheque services)

(CPC 9619)

In FR: Authorisation is necessary for the access to management functions. The authorisation is subject to a nationality requirement if authorisation for more than 2 (two) years is required.

16. TRANSPORT

SERVICES

A. Maritime transport

a) International passenger transportation

(CPC 7211 less national cabotage transport).

b) International freight transportation

(CPC 7212 less national cabotage transport)

EU: Nationality requirement for ships' crew.

In AT: Nationality requirement for the majority of managing directors.

D. Road transport

a) Passenger transportation

(CPC 7121 and CPC 7122)

In AT: Nationality requirement for persons and shareholders entitled to represent a juridical person or a partnership.

In DK, HR: Nationality requirement and residency requirement for managers.

In BG, MT, CY: Nationality requirement.

b) Freight transportation

(CPC 7123, excluding transportation of postal and courier items on own account)

In AT: Nationality requirement for persons and shareholders entitled to represent a juridical person or a partnership.

In BG, MT: Nationality requirement.

In HR: Nationality requirement and residency requirement for managers.

E. Pipeline transport of goods other than fuel 109

(CPC 7139)

In AT: Nationality requirement for managing directors.

17. SERVICES AUXILIARY TO TRANSPORT 110

A. Services auxiliary to maritime transport

a) Maritime cargo handling services

b) Storage and warehousing services

(part of CPC 742)

c) Customs clearance Services

d) Container station and depot services

e) Maritime agency services

In AT: Nationality requirement for the majority of managing directors.

In BG, MT: Nationality requirement.

In DK: Requirement of residence for customs clearance services.

In EL: Nationality requirement for customs clearance services.

In IT: Requirement of residence for "raccomandatorio marittimo" (shipping agent).

f) Maritime freight forwarding services

g) Rental of vessels with crew

(CPC 7213)

h) Pushing and towing services

(CPC 7214)

i) Supporting services for maritime transport

(part of CPC 745)

j) Other supporting and auxiliary services (excluding catering)

(part of CPC 749)

D. Services auxiliary to road transport

d) Rental of commercial Road vehicles with operators

(CPC 7124)

In AT: Nationality requirement for persons and shareholders entitled to represent a juridical person or a partnership.

In BG, MT, Nationality requirement.

In CY: Nationality requirement for taxi drivers.

F. Services auxiliary to pipeline transport of goods other than fuel 111

a) Storage and warehouse services of goods other than fuel transported by pipelines

(part of CPC 742)

In AT: Nationality requirement for managing directors.

19. ENERGY SERVICES

A. Services incidental to mining

(CPC 883) 112

In SK: Residency requirement.

In CY: Unbound.

20. OTHER SERVICES NOT INCLUDED ELSEWHERE

a) Washing, cleaning and dyeing services

(CPC 9701)

EU: Nationality requirement for specialists and for graduate trainees.

b) Hairdressing services

(CPC 97021)

EU: Nationality requirement for specialists and for graduate trainees.

c) Cosmetic treatment, manicuring and pedicuring services

(CPC 97022)

EU: Nationality requirement for specialists and for graduate trainees.

d) Other beauty treatment services n.e.c.

(CPC 97029)

EU: Nationality requirement for specialists and for graduate trainees.

e) Spa services and non therapeutical massages, to the extent that they are provided as relaxation physical well-being services and not for medical or rehabilitation purposes 113

(CPC ver. 1.0 97230)

EU: Nationality requirement for specialists and for graduate trainees.

ANNEX 18-D. EUROPEAN UNION. LIST OF COMMITMENTS REGARDING CONTRACTUAL SERVICE SUPPLIERS AND INDEPENDENT PROFESSIONALS IN CONFORMITY WITH ARTICLES 18.3 AND 18.4

1. The list of commitments in this Annex indicates the economic activities liberalised pursuant to Articles 18.3 and 18.4 for the categories of contractual service suppliers and independent professionals, and specifies the limitations that apply by means of reservations. The list in this annex is composed of two columns as follows:

(a) the first column indicates the sector or sub-sector for which the category of contractual service suppliers and independent professionals is liberalised; and

(b) the second column describes the applicable reservations.

The European Union does not undertake any commitment for contractual service suppliers in economic activities which are not listed in the first column of the list.

2. For the purposes of this Annex, when identifying individual sectors and sub-sectors:

(a) "CPC" means the Central Products Classification as defined in Article 9.3(c); and

(b) "CPC ver. 1.0" means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 77, CPC ver 1.0, 1998.

3. Commitments for contractual service suppliers and independent professionals do not apply in cases where the intent or effect of their temporary stay interferes with, or otherwise affects the outcome of, any labour or management dispute or negotiation.

4. The list of commitments in this Annex does not include measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures if they do not constitute a limitation within the meaning of Articles 18.3 and 18.4. Those measures (for example, need to obtain a licence, need to obtain recognition of qualifications in regulated sectors, need to pass specific examinations, including language examinations and need to have a postal address in the territory where the economic activity is performed), even if not listed in this Annex, apply in any case to contractual service suppliers and independent professionals of a Signatory MERCOSUR State.

5. To the extent that commitments are not made by the European Union, all requirements of the laws of each Party regarding entry and temporary stay continue to apply, including those concerning the period of stay.

6. Notwithstanding the provisions of this Chapter, all requirements of the laws and regulations of each Party regarding employment and social security measures shall continue to apply, including regulations concerning minimum wages and collective wage agreements.

7. The list of commitments in this Annex is without prejudice to the existence of public monopolies or exclusive rights in the relevant sectors, as described in Annex 18-B.

8. In the sectors where economic needs tests are applied, their main criteria shall be the assessment of the relevant market situation in the Member State of the European Union or the region thereof where the service is to be provided,

including with respect to the number of, and the impact on, existing services suppliers.

9. The rights and obligations arising from the list of commitments in this Annex shall have no self-executing effect and thus confer no rights directly on natural or juridical persons.

10. The entry and temporary stay of contractual service suppliers is subject to the following conditions:

(a) the juridical person employing the natural person is neither an agency for the placement and supply services of personnel nor acts through such an agency;

(b) the natural persons entering the European Union offer such services as employees of the juridical person supplying the services for at least 1 (one) year immediately prior to the date of submission of an application for entry and, in addition, possess, at the date of submission of an application for entry into the European Union, at least 3 (three) years of professional experience 114 in the sector of activity which is the subject of the contract;

(c) the natural persons entering the European Union possess:

(i) a university degree or a qualification demonstrating knowledge of an equivalent level 115 ; and

(ii) professional qualifications, if such qualifications are required to exercise an activity pursuant to the laws and regulations of the Member State of the European Union where the service is supplied;

(d) the number of persons covered by the service contract is not higher than necessary to fulfil the contract, in accordance with the laws and regulations of the Member State of the European Union where the service is supplied;

(e) in accordance with point (d) of Article 18.10(1), the entry and temporary stay of natural persons within the European Union is for a cumulative period of not more than 6 (six) months in any period of 12 (twelve) months or for the duration of the contract, whichever is less; and

(f) the service contract concerns one of the following activities:

– legal advisory services in respect of public international law and the law of a country other than a Member State of the European Union;

– accounting and bookkeeping services;

– taxation advisory services;

– architectural services, urban planning and landscape architectural services;

– engineering services and integrated engineering services;

– computer and related services;

– research and development services;

– advertising;

– management consulting services;

– services related to management consulting;

– technical testing and analysis services;

– related scientific and technical consulting services;

– maintenance and repair of equipment;

– translation services;

– construction services;

– site investigation work;

– higher education services;

– environmental services;

– travel agencies and tour operator services; and

– entertainment services.

11. The entry and temporary stay of independent professionals is subject to the following conditions:

(a) the contract of the natural person to supply services with a final consumer in the territory of the European Union is not concluded through an agency as defined in CPC 872;

(b) the natural persons entering the European Union possess, at the date of submission of an application for entry, at least 6 (six) years of professional experience in the sector of activity which is the subject of the contract;

(c) the natural persons entering the European Union possess:

(i) a university degree or a qualification demonstrating knowledge of an equivalent level 116 ; and

(ii) professional qualifications, if such qualifications are required to exercise an activity pursuant to the laws and regulations of the Member State of the European Union where the service is supplied;

(d) in accordance with point (d) of Article 18.10(1) the entry and temporary stay of natural persons within the European Union is for a cumulative period of not more than 6 (six) months in any period of 12 (twelve) months or for the duration of the contract, whichever is less; and

(e) the service contract concerns one of the following activities:

– architectural services, urban planning and landscape architecture;

– engineering and integrated engineering services;

– computer and related services;

– management consulting services;

– services related to management consulting; and

– translation services.

12. For greater certainty, for the European Union, the obligation to grant national treatment does not entail the requirement to extend to natural or juridical persons of a Signatory MERCOSUR State the treatment granted in a Member State of the European Union, pursuant to the Treaty on the Functioning of the European Union, or to any measure adopted pursuant to that Treaty, including the implementation of that Treaty or such measures in the Member States of the European Union, to:

(a) natural persons or residents of a Member State of the European Union; or

(b) juridical persons constituted or organised under the law of another Member State of the European Union or that of the European Union and having their registered office, central administration or principal place of business in a Member State of the European Union.

Such national treatment is granted to juridical persons which are constituted or organised under the law of a Member State of the European Union or that of the European Union and have their registered office, central administration or principal place of business in a Member State of the European Union, including those which are owned or controlled by natural persons of a Signatory MERCOSUR State.

13. The European Union takes commitments as set out in Articles 18.3, 18.4, and 18.10, differentiated by Member State of the European Union, if applicable.

14. The following abbreviations are used in the list below:

– EU European Union, including all its Member States

– EEA European Economic Area

– AT Austria

– BE Belgium

– BG Bulgaria

– CY Cyprus

– CZ Czechia

– DE Germany

– DK Denmark

– EE Estonia

– EL Greece

– ES Spain

– FI Finland

– FR France

– HR Croatia

– HU Hungary

– IE Ireland

– IT Italy

– LV Latvia

– LT Lithuania

– LU Luxembourg

– MT Malta

– NL The Netherlands

– PL Poland

– PT Portugal

– RO Romania

– SK Slovak Republic

– SI Slovenia

– SE Sweden

Sector or sub-sector

Description of reservations

ALL SECTORS

Recognition

EU: EU directives on mutual recognition of diplomas only apply to natural persons having the nationality of Member States of the European Union. The right to practise a regulated professional service in one Member State of the European Union does not grant the right to practise in another Member State of the European Union 117 .

Legal advisory services in respect of public international law and foreign law (the law of a country other than a Member State of the European Union)

(part of CPC 861) 118

Contractual service suppliers:

In AT, BE, DE, EE, EL, ES, IE, IT, LU, NL, PL, PT, SE: None.

In BG, CZ, DK, FI, HU, LT, LV, MT, RO, SI, SK: Economic needs test.

In DK: Marketing of legal advice activities is restricted to lawyers with a Danish licence to practise. Requirement of a Danish legal examination in order to obtain a Danish licence.

In FR: Full (simplified) admission to the Bar through an aptitude test is required. Lawyers' access to the professions of "avocat auprès de la Cour de cassation" et "avocat auprès du Conseil d'Etat" is subject to quotas and to a nationality requirement.

In HR: Full admission to the Bar required for legal representation services, is subject to a nationality requirement.

In CY: Nationality and residency requirement. Full admission to the Bar is required for the provision of legal services coupled with a residency requirement. Only "advogates" enrolled in the Bar may be shareholders or members of the Board of directors in a law company in CY.

Independent professionals:

EU: Unbound.

Accounting and bookkeeping Services

(CPC 86212 other than "auditing services", CPC 86213, CPC 86219 and CPC 86220)

Contractual service suppliers:

In BE, DE, EE, ES, IE, IT, LU, NL, PL, PT, SI, SE: None.

In BG, CZ, CY, DK, EL, FI, FR, HU, LT, LV, MT, RO, SK: Economic needs test.

In AT: The employer must be a member of the relevant professional body in the home country where such body exists and there is a nationality requirement for representation before competent authorities.

In CY: Special licence is granted to third country nationals, subject to certain conditions.

In FI: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied. Unbound for bookkeeping services.

In FR: Authorisation requirement. Provision of accounting and bookkeeping services is conditional on a decision of the Minister of Economics, Finance and Industry, in agreement with the Minister of Foreign Affairs.

In HR: Residency requirement.

Independent Professionals:

EU: Unbound.

Taxation advisory services

(CPC 863) 119

Contractual service suppliers:

In BE, DE, EE, ES, FR, IE, IT, LU, NL, PL, SI, SE: None.

In CZ, CY, DK, EL, FI, HU, LT, LV, MT, RO, SK: Economic needs test.

In AT: The employer must be a member of the relevant professional body in the home country where such body exists and there is a nationality requirement for representation before competent authorities.

In BG: Nationality requirement.

In HU, HR: Residency requirement.

In CY:Special licence is granted to third countrynationals, subject to certain conditions.

In PT: Unbound.

Independent professionals:

EU: Unbound.

Architectural services

and

urban planning and landscape architectural services

(CPC 8671 and CPC 8674)

Contractual service suppliers:

In EE, ES, EL, FR, IE, IT, LU, MT, NL, PL, PT, SI, SE: None.

In BG, CZ, DE, HU, LT, LV, RO: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In AT: Unbound, except for pure planning services, for which there is an economic needs test.

In BG,CY, SK: Unbound.

In FI: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

In HU, HR: Residency requirement.

Independent professionals:

In DE, EE, EL, FR, IE, LU, LV, MT, NL, PL, PT, SI, SE: None.

In FI: None, except that the natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

In BE, CZ, DK, ES, HU, IT, LT, RO: Economic needs test.

In AT: Unbound, except for pure planning services, for which there is an economic needs test.

In BG, CY, SK: Unbound.

In HU, HR, SK: Residency requirement.

Engineering services

and

integrated engineering services

(CPC 8672 and CPC 8673)

Contractual service suppliers:

In BE, EE, ES, EL, FR, IE, LU, NL, PT, SI, SE: None.

In CZ, DE, HU, MT, RO: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In AT: Unbound except for pure planning services, for which there is an economic needs test.

In BG, CY, LT, LV, SK: Unbound.

In CZ, HR, HU, IT, PL: Residency requirement.

In FI: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

Independent professionals:

In DE, EE, EL, FR, IE, LU, LV, NL, PT, SI, SE: None.

In BE, CZ, DK, ES, HU, IT, MT, RO: Economic needs test.

In AT: Unbound except for pure planning services, for which there is an economic needs test.

In BG, CY, LT, SK: Unbound.

In CZ, HR, HU, IT, PL: Residency requirement.

In FI: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

Computer and related services

(CPC 84)

Contractual service suppliers:

In BE, DE, EE, EL, ES, FR, IE, IT, LU, LV, NL, PL, PT, SI, SE: None.

In AT, BG, CZ, HU, MT, RO, SK: Economic needs test.

In DK: Economic needs test except for stays of contractual service suppliers of up to 3 (three) months.

In CY, LT: Unbound.

In FI: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

In HR: Residency requirement.

Independent professionals:

In DE, EE, EL, FR, IE, LU, NL, PL, PT, SI, SE: None.

In FI: None, except: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

In AT, BE, BG, CZ, DK, ES, HU, IT, MT, RO, SK: Economic needs test.

In CY, HR, LT, LV: Unbound.

Research and development services

(CPC 851, 852 excluding psychologists services 120 , 853)

Contractual service suppliers:

EU, except in BE: A hosting agreement with an approved research organisation is required 121 .

EU except in BE, CZ, DK, HR, SK: None.

In CZ, DK, SK: Economic needs test.

In HR: Residency requirement.

In BE: Unbound.

Independent professionals:

EU: Unbound.

Advertising

(CPC 871)

Contractual service suppliers:

In BE, DE, EE, ES, FR, HR, IE, IT, LU, NL, PL, PT, SI, SE: None.

In AT, BG, CZ, DK, EL, FI, HU, MT, RO, SK: Economic needs test.

In CY, LT, LV: Unbound.

Independent Professionals:

EU: Unbound.

Management consulting services

(CPC 865)

Contractual service suppliers:

In BE, DE, EE, EL, ES, FI, FR, HR, IE, IT, LV, LU, MT, NL, PL, PT, SI, SE: None.

In AT, BG, CZ, HU, MT, RO, SK: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In LT, CY : Unbound.

Independent professionals:

In DE, EE, EL, FI, FR, IE, LV, LU, MT, NL, PL, PT, SI, SE: None.

In AT, BE, BG, CZ, DK, ES, HR, HU, IT, MT, RO, SK: Economic needs test.

In LT, CY: Unbound.

Services related to management consulting

(CPC 866)

Contractual service suppliers:

In BE, DE, EE, EL, ES, FI, FR, HR, IE, IT, LV, LU, MT, NL, PL, PT, SI, SE: None.

In AT, BG, CZ, MT, RO, SK: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In HU: Economic needs test, except for arbitration and conciliation services (CPC 86602), which is unbound.

In CY, LT: Unbound.

Independent professionals:

In BE, DE, EE, EL, ES, FI, FR, HR, IE, IT, LV, LU, MT, NL, PL, PT, SI, SE: None.

In AT, BG, CZ, MT, RO, SK: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In HU: Economic needs test, except for arbitration and conciliation services (CPC 86602), which is unbound.

In CY, LT: Unbound.

Technical testing and analysis services

(CPC 8676)

Contractual service suppliers:

In BE, DE, EE, EL, ES, FR, HR, IE, IT, LU, NL, PL, SI, SE: None.

In AT, BG, FI, HU, MT, PT, RO: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months

In CY, CZ, LT, LV, SK: Unbound.

Independent professionals:

EU: Unbound.

Related scientific and technical consulting services

(CPC 8675)

Contractual service suppliers:

In BE, EE, EL, ES, HR, IE, IT, LU, NL, PL, SI, SE: None.

In AT, CZ,CY, DE, DK, FI, HU, LT, LV, MT, PT, RO, SK: Economic needs test.

In DE: None, except for publicly appointed surveyors, which is unbound.

In FI: The natural person must demonstrate that they possess special knowledge relevant to the service being supplied.

In FR: None, except for surveying operations relating to the establishment of property rights and to land law, which is unbound.

In BG: Unbound.

Independent professionals:

EU: Unbound.

Maintenance and repair of metal products, of (non office) machinery, of (non transport and non office) equipment and of personal and household goods 122

(CPC 633, CPC 7545, CPC 8861, CPC 8862, CPC 8864, CPC 8865 and CPC 8866)

Contractual service suppliers:

In BE, EE, EL, ES, FR, HR, IT, LV, LU, MT, NL, PL, PT, SI, SE: None.

In BG, CZ, CY, DE, DK, HU, IE, LT, RO, SK: Economic needs test.

In AT, FI: Unbound, except in the context of an after-sales or after-lease contract, for which there is an economic needs test.

Independent professionals:

EU: Unbound.

Translation services

(CPC 87905, excluding official or certified activities)

Contractual service suppliers:

In BE, DE, EE, EL, ES, FR, HR, IT, LU, NL, PT, SI, SE: None.

In AT, BG, CZ, DK, FI, HU, IE, LV, MT, PL, RO, SK: Economic needs test.

In CY, LT: Unbound.

In DK: Authorised public translators and interpreters: residence requirement unless waived by the Danish Commerce and Companies Agency.

In FI: Residency requirement for certified translators.

Independent professionals:

In DE, EE, FR, LU, NL, PT, SI, SE: None.

In AT, BE, BG, CZ, DK, EL, ES, FI, HU, IE, IT, MT, PL, RO, SK: Economic needs test.

In CY, HR, LT, LV: Unbound.

In DK: Authorised public translators and interpreters: residence requirement unless waived by the Danish Commerce and Companies Agency.

In FI: Residency requirement for certified translators.

Construction work

(CPC 51)

Contractual service suppliers:

EU, except in FR, NL: Unbound.

In FR: Economic needs test. Work permit is delivered for a period not exceeding 6 (six) months.

In NL: None.

Independent professionals:

EU: Unbound.

Site investigation work

(CPC 5111)

Contractual service suppliers:

In BE, DE, EE, EL, ES, FR, HR, IE, IT, LU, MT, NL, PL, PT, SI, SE: None.

In CZ,CY, HU, LT, LV, RO, SK: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In AT, BG, FI: Unbound.

Independent professionals:

EU: Unbound.

Higher education services

(CPC 923)

Contractual service suppliers:

EU, except in LU: Unbound.

In LU: Unbound except concerning the temporary entry of professors, for which: none.

Independent professionals:

EU: Unbound.

Environmental services

(CPC 9401 123 , CPC 9402, CPC 9403, CPC 9404 124 , part of CPC 94060 125 , CPC 9405, part of CPC 9406, CPC 9409)

Contractual service suppliers:

In BE, EE, ES, FI, FR, HR, IE, IT, LU, NL, PL, PT, SI, SE: None.

In AT, BG, CZ, DE, DK, EL, HU, LV, MT, RO, SK: Economic needs test.

In CY, LT: Unbound.

In SK: Residency requirement for processing and recycling of used batteries and accumulators, waste oils, used cars and electric and electronic equipment.

Independent professionals:

EU: Unbound.

Travel agencies and tour operators services (including tour managers 126)

(CPC 7471)

Contractual service suppliers:

In AT, CZ, DE, EE, ES, FR, IT, LU, NL, PL, SI, SE: None.

In BG, EL, FI, HU, LT, LV, MT, PT, RO, SK: Economic needs test.

In DK: Economic needs test, except for stays of contractual service suppliers of up to 3 (three) months.

In BE, IE: Unbound, except for tour managers (persons whose function is to accompany a tour group of a minimum of 10 (ten) persons, without acting as guides in specific locations), for which there is: none.

In HR: Residency requirement.

In CY: Unbound.

Independent professionals:

EU: Unbound.

Entertainment services other than audiovisual services (including theatre, live bands, circus and discotheque services)

(CPC 9619)

Contractual service suppliers:

In EU, except BE, DE, FR: Economic needs test.

In BE, DE, FR: Unbound.

In SI: Duration of stay is limited to 7 (seven) days per event. For circus and amusement park services, duration of stay is limited to a maximum of 30 (thirty) days per calendar year.

Independent professionals:

EU: Unbound.

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(1) The Bulgarian property law recognises the following limited property rights: right to use, right to build, right to raise a superstructure and servitudes.(2) As regards services sectors, these limitations do not go beyond the limitations reflected in the existing GATS commitments.(3) According to the Law on Commercial Companies, a branch established in SI is not considered a juridical person, but as regards its operation, its treatment is equal to that of a subsidiary, which is in line with Article XXVIII paragraph (g) of GATS.(4) It includes legal advisory services, legal representational services, legal arbitration and conciliation or mediation services, and legal documentation and certification services. Provision of legal services is only authorised in respect of public international law, EU law and the law of any jurisdiction where the service supplier or its personnel is qualified to practise as a lawyer, and, like the provision of other services, is subject to licensing requirements and procedures applicable in the Member States of the European Union. For lawyers providing legal services in respect of public international law and foreign law, these licensing requirements and procedures may take, for example, the form of compliance with local codes of ethics, use of home title (unless recognition with the host title has been obtained), insurance requirements, simple registration with the host country Bar or a simplified admission to the host country Bar through an aptitude test and a legal or professional domicile in the host country. Legal services in respect of EU law shall in principle be carried out by or through a fully qualified lawyer admitted to the Bar in a Member State of the European Union acting personally, and legal services in respect of the law of a Member State of the European Union shall in principle be carried out by or through a fully qualified lawyer admitted to the Bar in that Member State of the European Union acting personally. Full admission to the Bar in the relevant Member State of the European Union might therefore be necessary for representation before courts and other competent authorities in the European Union since it involves practice of EU and national procedural law. However, in some Member States of the European Union, foreign lawyers not fully admitted to the Bar are allowed to represent in civil proceedings a party being a national of or belonging to the State in which the lawyer is entitled to practise.(5) Does not include legal advisory and legal representational services on tax matters, which are to be found under 1.A.a) Legal services.(6) The supply of pharmaceuticals to the general public, like the provision of other services, is subject to licensing and qualification requirements and procedures applicable in the Member States of the European Union. As a general rule, this activity is reserved to pharmacists. In some Member States of the European Union, only the supply of prescription drugs is reserved to pharmacists.(7) Part of CPC 85201, which is to be found under 1.A.h) Medical (including psychologists) and dental services.(8) The service involved relates to the profession of real estate agent and does not affect any rights or restrictions on natural and juridical persons purchasing real estate.(9) Maintenance and repair services of

transport equipment (CPC 6112, 6122, 8867 and 8868) are to be found under 1. F. l) 1. Maintenance and repair of vessels to 1. F. l) 4 Maintenance and repair of aircraft and parts thereof. Maintenance and repair services of office machinery and equipment including computers (CPC 845) are to be found under 1.B. Computer and related Services.(10) Does not include printing services, which fall under CPC 88442 and are to be found under 1.F. p) Printing and publishing.
(11) "Handling" refers to activities such as clearance, sorting, transport and delivery.(12) "Postal item" refers to items handled by any type of commercial operator, whether public or private.(13) For example, letters and postcards.
(14) Books and catalogues are included hereunder.(15) Journals, newspapers and periodicals.(16) Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and addressee in transit and confirmation of receipt.(17) Provision of means, including the supply of ad hoc premises as well as transportation by a third party, allowing self-delivery by mutual exchange of postal items between users subscribing to this service. "Postal item" refers to items handled by any type of commercial operator, whether public or private.(18) "Items of correspondence" means a communication in written form on any kind of physical medium to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping. Books, catalogues, newspapers and periodicals are not regarded as items of correspondence.(19) Transportation of postal and courier items on own account by any land mode.(20) Transportation of mail on own account by air.(21) These services do not include online information or data processing (including transaction processing) (part of CPC 843) which is to be found under 1.B. Computer and related services.(22) "Broadcasting" is defined as radio communication in which transmissions are intended for direct reception by the general public and may include sound transmission and television transmission.(23) These services, which include CPC 62271, are to be found in 14.D Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water.(24) Does not include maintenance and repair services, which are to be found in reservations 1.B Computer and related services and 1.F.l) 1. Maintenance and repair of vessels to 1. F. l) 4 Maintenance and repair of aircraft and parts thereof.Does not include retailing services of energy products which are to be found in 14.E Retailing services of motor fuel and 14.F Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water.(25) Retail sales of pharmaceutical, medical and orthopaedic goods are to be found under Professional services in 1.A.k) Retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods and other services supplied by pharmacists. For greater certainty, Hungary's commitment for mode 1 in CPC 63211 under distributions services is "none", whereas it is "unbound" for CPC 63211 as committed under professional services.(26) Corresponds to sewage services.(27) Corresponds to cleaning services of exhaust gases.
(28) Corresponds to parts of nature and landscape protection services.(29) Catering in air transport services is to be found in Services auxiliary to transport under 12.E.a) Ground-handling services (including catering services).(30) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, this list does not include national cabotage transport, which is assumed to cover transportation of passengers or goods between a port or point located in a Member State of the European Union and another port or point located in the same Member State of the European Union, including on its continental shelf as provided in the UNCLOS and traffic originating and terminating in the same port or point located in a Member State of the European Union.(31) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, this list does not include national cabotage transport, which is assumed to cover transportation of passengers or goods between a port or point located in a Member State of the European Union and another port or point located in the same Member State of European Union, including on its continental shelf as provided in the UNCLOS and traffic originating and terminating in the same port or point located in a Member State of the European Union.(32) Part of CPC 71235, which is to be found in Communication services under 2.A. Postal and courier services.(33) Pipeline transportation of fuels is to be found in Energy services under 14.B.(34) Does not include maintenance and repair services of transport equipment, which are to be found in Business services under 1.F.l) 1. Maintenance and repair of vessels to 1. F. l) 4 Maintenance and repair of aircraft and parts thereof.(35) Services auxiliary to pipeline transportation of fuels are to be found in Energy services under 14.C Storage and warehouse services of fuels transported through pipelines.(36) Includes the following services rendered on a fee or contract basis: advisory and consulting services relating to mining, on-land site preparation, on-land rig installation, drilling, drilling bits services, casing and tubular services, mud engineering and supply, solids control, fishing and downhole special operations, wellsite geology and drilling control, core taking, well testing, wireline services, supply and operation of completion fluids (brines) supply and installation of completion devices, cementing (pressure pumping), stimulation services (fracturing, acidising and pressure pumping), workover and well repair services and plugging and abandoning of wells.Does not include direct access to or exploitation of natural resources.Does not include site preparation work for mining of resources other than oil and gas (CPC 5115), which is to be found under 3. Construction and related engineering services.(37) Therapeutical massages and thermal cure services are to be found in 1.A.h Medical (including psychologists) and dental services and 1.A.j 2. Services provided by nurses, physiotherapists and paramedical personnel. Services provided by nurses, physiotherapists and paramedical personnel and health services are to be found in 8.A Hospital services and 8.C Residential health facilities other than hospital services.(38) The Bulgarian property law recognises the following limited property rights: right to use, right to build, right to raise a superstructure and servitudes.(39) As regards services sectors, these limitations do not go beyond the limitations reflected in the existing GATS commitments.(40) As regards services sectors, these limitations do not go beyond

the limitations reflected in the existing GATS commitments.(41) As regards services sectors, these limitations do not go beyond the limitations reflected in the existing GATS commitments.(42) According to the Law on Commercial Companies, a branch established in Slovenia is not considered a juridical person, but as regards its operation, its treatment is equal to that of a subsidiary, which is in line with Article XXVIII paragraph (g) of GATS.(43) Public utilities exist in sectors such as related scientific and technical consulting services, research and development services on social sciences and humanities, technical testing and analysis services, environmental services, health services, transport services and services auxiliary to all modes of transport. Exclusive rights on such services are often granted to private operators, for instance operators with concessions from public authorities, subject to specific service obligations. Given that public utilities often also exist at the sub-central level, detailed and exhaustive sector-specific listing is not practical.(44) This limitation does not apply to telecommunications services and to computer and related services.(45) In accordance with Article 54 of the TFEU, these subsidiaries are considered as juridical persons of the EU. To the extent that they have a continuous and effective link with the economy of the EU, they are beneficiaries of the EU internal market, which includes, among others, the freedom to establish and to provide services in all Member States of the European Union.(46) Total sum of assets, or total sum of debts plus capital.(47) Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f) and 6.F.g).(48) Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f) and 6.F.g).(49) Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f) and 6.F.g).(50) Does not include services incidental to mining rendered on a fee or contract basis at oil and gas fields which are to be found in ENERGY SERVICES under 19.A Services incidental to mining.(51) This sector does not include advisory services incidental to manufacturing, which are to be found in BUSINESS SERVICES under 6.F.h).(52) The sector is limited to manufacturing activities. It does not include activities which are audio-visual-related or present a cultural content.(53) Publishing and printing on a fee or contract basis is to be found in BUSINESS SERVICES under 6.F.p) Printing and publishing.(54) Does not include operation of electricity transmission and distribution systems on a fee or contract basis, which are to be found in ENERGY SERVICES.(55) Does not include transportation of natural gas and gaseous fuels via pipelines, transmission and distribution of gas on a fee or contract basis and sales of natural gas and gaseous fuels, which are to be found in ENERGY SERVICES.(56) Does not include transmission and distribution of steam and hot water on a fee or contract basis and sales of steam and hot water, which are to be found in ENERGY SERVICES.(57) Includes legal advisory services, legal representational services, legal arbitration and conciliation or mediation services, and legal documentation and certification services. Provision of legal services is only authorised in respect of public international law, EU law and the law of any jurisdiction where the service supplier or its personnel is qualified to practice as a lawyer, and, like the provision of other services, is subject to licensing requirements and procedures applicable in the Member States of the European Union. For lawyers providing legal services in respect of public international law and foreign law, these licensing requirements and procedures may take, among others, the form of compliance with local codes of ethics, use of home title (unless recognition with the host title has been obtained), insurance requirements, simple registration with the host country Bar or a simplified admission to the host country Bar through an aptitude test and a legal or professional domicile in the host country. Legal services in respect of EU law shall in principle be carried out by or through a fully qualified lawyer admitted to the Bar in a Member State of the European Union acting personally, and legal services in respect of the law of a Member State of the European Union shall in principle be carried out by or through a fully qualified lawyer admitted to the Bar in that Member State of the European Union acting personally. Full admission to the Bar in the relevant Member State of the European Union might therefore be necessary for representation before courts and other competent authorities in the EU since it involves the practice of EU and national procedural law. However, in some Member States of the European Union, foreign lawyers not fully admitted to the Bar are allowed to represent in civil proceedings a party being a national of or belonging to the State in which the lawyer is entitled to practise.(58) Does not include legal advisory and legal representational services on tax matters, which are to be found under 6..A.a) Legal services.(59) The supply of pharmaceuticals to the general public, like the provision of other services, is subject to licensing and qualification requirements and procedures applicable in the Member States of the European Union. As a general rule, this activity is reserved to pharmacists. In some Member States of the European Union, only the supply of prescription drugs is reserved to pharmacists.(60)

Part of CPC 85201, which is to be found under 6.A.h) Medical (including psychologists) and dental services.

(61) The service involved relates to the profession of real estate agent and does not affect any rights or restrictions on natural and juridical persons purchasing real estate.(62) Maintenance and repair services of transport equipment (CPC 6112, 6122, 8867 and CPC 8868) are to be found under 6.F.l) 1. Maintenance and repair of vessels to 6.F.l) 4. Maintenance and repair of aircraft and parts thereof.Maintenance and repair services of office machinery and equipment including computers (CPC 845) are to be found under 6.B. Computer and related services.(63) Does not include printing services, which fall under CPC 88442 and are to be found under 6.F.p) Printing and publishing.(64) "Handling" refers to activities such as clearance, sorting, transport and delivery.(65) "Postal item" refers to items handled by any type of commercial operator, whether public or private.(66) For example, letters or postcards.(67) Books and catalogues are included hereunder.(68) Journals, newspapers and periodicals.(69) Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing

and tracking, possibility of changing the destination and addressee in transit and confirmation of receipt.(70) Provision of means, including the supply of ad hoc premises as well as transportation by a third party, allowing self-delivery by mutual exchange of postal items between users subscribing to this service. "Postal item" refers to items handled by any type of commercial operator, whether public or private.(71) "Items of correspondence" means a communication in written form on any kind of physical medium to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping. Books, catalogues, newspapers and periodicals are not regarded as items of correspondence.(72) Transportation of postal and courier items on own account by any land mode.(73) Transportation of mail on own account by air.
(74) These services do not include online information data processing (including transaction processing) (part of CPC 843) which is to be found under 6.B. Computer and related services.(75) "Broadcasting" is defined as radio communication in which transmissions are intended for direct reception by the general public and may include sound transmission and television transmission.(76) These services, which include CPC 62271, are to be found in ENERGY SERVICES under 19.D Wholesale trade services of solid, liquid and gaseous fuels and related products and wholesale trade services of electricity, steam and hot water.(77) Does not include maintenance and repair services, which are to be found in BUSINESS SERVICES under 6.B. Computer and related services and 6.F.l).Does not include retailing services of energy products, which are to be found in ENERGY SERVICES under 19.E. Retailing services of motor fuel and 19. F. Retail sales of fuel oil, bottled gas, coal and wood and retailing services of electricity, (non-bottled) gas, steam and hot water.(78) Retail sales of pharmaceutical, medical and orthopaedic goods are to be found under PROFESSIONAL SERVICES in 6.A.k).(79) Corresponds to sewage services.(80) Corresponds to cleaning services of exhaust gases.(81) Corresponds to parts of nature and landscape protection services.(82) Catering in air transport services is to be found in SERVICES AUXILIARY TO TRANSPORT under 17.E.a) Ground-handling services.(83) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, the commitments do not include national cabotage transport, which is assumed to cover transportation of passengers or goods between a port or point located in a Member State of the European Union and another port or point located in the same Member State of the European Union, including on its continental shelf as provided in UNCLOS and traffic originating and terminating in the same port or point located in a Member State of the European Union.(84) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, the commitments do not include national cabotage transport, which is assumed to cover transportation of passengers or goods between a port or point located in a Member State of the European Union and another port or point located in the same Member State, including on its continental shelf as provided in UNCLOS and traffic originating and terminating in the same port or point located in a Member State of the European Union.(85) Part of CPC 71235, which is to be found in COMMUNICATION SERVICES under 7.A. Postal and Courier Services.
(86) Pipeline transportation of fuels is to be found in ENERGY SERVICES under 19.B.(87) Does not include maintenance and repair services of transport equipment, which are to be found in BUSINESS SERVICES 6.F.l) 1. Maintenance and repair of vessels to 6.F.l) 4. Maintenance and repair of aircraft and parts thereof.(88) This measure is applied on a non-discriminatory basis.(89) Services auxiliary to pipeline transportation of fuels are to be found in ENERGY SERVICES under 19.C Storage and warehouse services of fuels transported through pipelines.(90) Includes the following services rendered on a fee or contract basis: advisory and consulting services relating to mining, on-land site preparation, on-land rig installation, drilling, drilling bits services, casing and tubular services, mud engineering and supply, solids control, fishing and downhole special operations, wellsite geology and drilling control, core taking, well testing, wireline services, supply and operation of completion fluids (brines) supply and installation of completion devices, cementing (pressure pumping), stimulation services (fracturing, acidising and pressure pumping), workover and well repair services and plugging and abandoning of wells.Does not include direct access to or exploitation of natural resources.Does not include site preparation work for mining of resources other than oil and gas (CPC 5115), which is to be found under 8. CONSTRUCTION AND RELATED ENGINEERING SERVICES.(91) Therapeutical massages and thermal cure services are to be found under 6.A.h) Medical and dental services, 6.A.j) 2. Services provided by nurses, physiotherapists and paramedical personnel, and health services (13.A Hospital services and 13.C Residential health facilities other than hospital services).
(92) For greater certainty, managers, executives and specialists may be required to demonstrate that they possess the professional qualifications and experience needed in the juridical person to which they are transferred.(93) As regards services sectors, these limitations do not go beyond the limitations reflected in the existing GATS commitments.(94) In order for non-EU country nationals to obtain EU-wide recognition of their qualifications, a mutual recognition agreement, negotiated within the framework defined in Article 18.11, is necessary.(95) Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f).
(96) Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f).(97) Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f).(98) The horizontal limitation on public utilities applies.(99) Does not include services incidental to mining rendered on a fee or contract basis at oil and gas fields, which are to be found in ENERGY SERVICES under 19.A.(100) This sector does not include advisory services incidental to manufacturing, which are to be found in BUSINESS SERVICES under 6.F.h).(101) Publishing and printing on a fee or contract basis is to be found in BUSINESS SERVICES under 6.F.p) Printing and Publishing.(102) Includes legal advisory services, legal representational services, legal arbitration and conciliation or mediation services, and legal documentation and certification

services. Provision of legal services is only authorised in respect of public international law, EU law and the law of any jurisdiction where the service supplier or its personnel is qualified to practise as a lawyer, and, like the provision of other services, is subject to licensing requirements and procedures applicable in the Member States of the European Union. For lawyers providing legal services in respect of public international law and foreign law, these may take, among others, the form of compliance with local codes of ethics, use of home title (unless recognition with the host title has been obtained), insurance requirements, simple registration with the host country Bar or a simplified admission to the host country Bar through an aptitude test and a legal or professional domicile in the host country. Legal services in respect of EU law shall in principle be carried out by or through a fully qualified lawyer admitted to the Bar in a Member State of the European Union, acting personally, and legal services in respect of the law of a Member State of the European Union shall in principle be carried out by or through a fully qualified lawyer admitted to the Bar in that Member State, acting personally. Full admission to the Bar in the relevant Member State of the European Union might therefore be necessary for representation before courts and other competent authorities in the EU, since it involves practice of EU and national procedural law. However, in some Member States European Union, foreign lawyers not fully admitted to the Bar are allowed to represent in civil proceedings a party being a national of or belonging to the State in which the lawyer is entitled to practise.(103) Does not include legal advisory and legal representational services on tax matters, which are to be found in LEGAL SERVICES under 6.A.a).(104) The supply of pharmaceuticals to the general public, like the provision of other services, is subject to licensing and qualification requirements and procedures applicable in the Member States of the European Union. As a general rule, this activity is reserved to pharmacists. In some Member States, only the supply of prescription drugs is reserved to pharmacists.(105) The service involved relates to the profession of real estate agent and does not affect any rights or restrictions on natural and juridical persons purchasing real estate.(106) Maintenance and repair services of transport equipment (CPC 6112, 6122, 8867 and CPC 8868) are to be found under 6.F.l) 1. Maintenance and repair of vessels to 6.F.l) 3. Maintenance and Repair of motor vehicles, motorcycles, snowmobiles and road transport Equipment.(107) Does not include printing services, which fall under CPC 88442 and are to be found under 6.F.p) Printing and Publishing.(108) Does not include maintenance and repair services, which are to be found in BUSINESS SERVICES under 6.F.l) 1, 2, 3 and 5.Does not include retailing services of energy products which are to be found in ENERGY SERVICES under 19.A.(109) Pipeline transportation of fuels is to be found in ENERGY SERVICES under 19.B.(110) Does not include maintenance and repair services of transport equipment, which are to be found in BUSINESS SERVICES under 6.F.l) 1. Maintenance and repair of vessels to 6.F.l) 3. Maintenance and Repair of motor vehicles, motorcycles, snowmobiles and road transport Equipment.(111) Services auxiliary to pipeline transportation of fuels are to be found in ENERGY SERVICES under 19.A.(112) Includes the following service rendered on a fee or contract basis: advisory and consulting services relating to mining, on-land site preparation, on-land rig installation, drilling, drilling bits services, casing and tubular services, mud engineering and supply, solids control, fishing and downhole special operations, wellsite geology and drilling control, core taking, well testing, wireline services, supply and operation of completion fluids (brines) supply and installation of completion devices, cementing (pressure pumping), stimulation services (fracturing, acidising and pressure pumping), workover and well repair services, plugging and abandoning of wells.Does not include direct access to or exploitation of natural resources.Does not include site preparation work for mining of resources other than oil and gas (CPC 5115), which is to be found under 8. Construction and related engineering services.(113) Therapeutical massages and thermal cure services are to be found under 6.A.h) Medical (including psychologists) and dental services, 6.A.j) 2. Services provided by nurses, physiotherapists and paramedical personnel, and health services (13.A Hospital services and 13.C Residential health facilities other than hospital services.(114) Such professional experience must be obtained after having reached the age of majority, as defined under the applicable laws and regulations.(115) If the degree or qualification has not been obtained in the Member State of the European Union where the service is supplied, that Member State of the European Union may evaluate whether this is equivalent to a university degree required in its territory.(116) If the degree or qualification has not been obtained in the Member State of the European Union where the service is supplied, that Member State of the European Union may evaluate whether this is equivalent to a university degree required in its territory.(117) In order for natural persons of Signatory MERCOSUR States to obtain EU-wide recognition of their qualifications, it is necessary that a mutual recognition agreement is negotiated within the framework defined pursuant to Article 18.11.(118) Like the provision of other services, legal services are subject to licensing requirements and procedures applicable in Member States of the European Union. For lawyers providing legal services in respect of public international law and foreign law, these may take, among others, the form of compliance with local codes of ethics, use of home title (unless recognition with the host title has been obtained) insurance requirements, simple registration with the host country Bar or a simplified admission to the host country Bar through an aptitude test and a requirement to have their legal or professional domicile in the host country. A reservation for legal services listed in Annexes 18-A and 18-B by a Member State of the European Union for "domestic law" as covering the "law of the European Union and of its Member States" applies to this Annex.(119) Does not include legal advisory and legal representational services on tax matters, which are listed under legal advisory services in respect of public international law and foreign law.(120) Part of CPC 85201, which is listed under Medical and dental services.(121) For all Member States except DK, the approval of the research organisation and the hosting agreement have to meet the conditions set out in Directive (EU) 2016/801 of the European Parliament and of the Council of 11 May 2016 on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary

service, pupil exchange schemes or educational projects and au pairing, OJ L 132, 21.5.2016, p. 21.(122) Maintenance and repair services of office machinery and equipment including computers (CPC 845) are listed under Computer and related services.(123) Corresponds to sewage services.(124) Corresponds to cleaning services of exhaust gases.
(125) Corresponds to parts of nature and landscape protection services.(126) Services suppliers whose function is to accompany a tour group of a minimum of 10 (ten) persons, without acting as guides in specific locations.

ANNEX 18-E. SPECIFIC COMMITMENTS OF THE SIGNATORY MERCOSUR STATES IN CONFORMITY WITH ARTICLES 18.3 AND 18.4

General conditions

1. The specific commitments listed below indicate the services and non-services sectors liberalised pursuant to Articles 18.3(1), 18.4(1), 18.5, 18.8, 18.9, 18.10(1) and 18.10(2) and specifies by means of reservations the market access and national treatment limitations that apply.

2. The specific commitments listed below shall not be interpreted as limitations to domestic regulation or as limitations on the introduction of new regulations with a view to achieving national policy objectives, in accordance with the fourth paragraph of the preamble to the GATS and the main objectives of Part III of this Agreement.

3. The list of specific commitments for individual services sectors and subsectors is elaborated on the basis of a positive list approach and is identified in accordance with the classification list in Document MTN.GNS/W/120 of the WTO and the corresponding numbers in the CPC, as defined in Article 9.3(c).

4. The list of specific commitments for non-services sectors is elaborated on the basis of a positive list approach and identified in accordance with the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 4, ISIC Rev. 3, 1989, hereinafter referred to as "ISIC – Rev.3", for Argentina, Paraguay and Uruguay. For Brazil, the list of specific commitments for non-services sectors is identified in accordance with the Central Product Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 77, CPC, 2008, hereinafter referred to as "CPC – Rev. 2", and covers only non-services sectors or activities (headings 0, 1, 2, 3 and 4).

5. If no reference is made by one or more Signatory MERCOSUR States to a specific sector or subsector, that Signatory MERCOSUR State or those Signatory MERCOSUR States do not make any commitments for that specific sector or subsector.

6. Measures that are inconsistent with both Articles 18.3 and 18.4 are listed in the column relating to Article 18.3. Such listing shall also be considered to provide a condition or qualification to Article 18.4.

Specific conditions

Argentina

7. Argentina reserves the right to use exchange rate regulations which are in conformity with the Articles of Agreement of the International Monetary Fund, done at Bretton Woods, New Hampshire, on July 22, 1944.

Brazil

8. In cases of doubt or divergence between the list of specific commitments made by Brazil for non-services sectors and for services sectors, the latter shall prevail.

9. For the purposes of interpretation of list of specific commitments made by Brazil, the cross-border supply of services through electronic means, including the Internet, shall be limited to Mode 1.

Paraguay and Uruguay

10. The list of specific commitments made by Paraguay and Uruguay are without prejudice to existing bilateral agreements concluded by Paraguay and Uruguay relating to taxes and tax measures or to the capacity of Signatory MERCOSUR States to pursue the objectives of their fiscal policies.

List of specific commitments

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector

Limitations on market access

Limitations on national treatment

Additional commitments

HORIZONTAL COMMITMENTS

ARGENTINA

ALL SERVICES AND NON-SERVICES SECTORS INCLUDED IN THIS LIST

The supply of certain services may depend on public concessions and the conditions established therein.

Acquisition of land: unbound in frontier areas (150 (one hundred and fifty) kilometres in land frontier areas and 50 (fifty) kilometres in coastal areas).

The acquisition of rural land by foreigners is limited by law.

Acquisition in border areas ("security areas") limited to native Argentinians. Foreign natural persons and enterprises carrying on investment projects with a majority of Argentinian personnel can acquire buildings or exploit authorisations and concessions in security areas only with prior authorisation.

The absolute majority of the directors of a juridical person must have permanent residence in Argentina.

In the case of state-owned enterprises subject to privatisation, Argentina reserves the right to establish special share arrangements (such as the retention of "golden shares") or to grant preferences in the purchase of shares to the employees of such state -owned enterprise subject to privatisation.

Argentina reserves the right to adopt or maintain any measure aimed at developing less developed regions, borders areas, or at reducing regional inequalities, as well as any measure necessary to ensure social inclusion and industrial development.

4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: key personnel, business sellers and contractual service suppliers, in accordance with Section B of Chapter 18 and the conditions specified in the list of specific commitments for these categories. In order to supply a contractual service, the contractual service supplier shall comply with qualification requirements and conditions described in the list of sector-specific commitments.

4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: key personnel, business sellers and contractual service suppliers, in accordance with Section B of Chapter 18 and the conditions specified in the list of specific commitments for these categories. In order to supply a contractual service, the contractual service supplier shall comply with qualification requirements and conditions described in the list of sector-specific commitments.

BRAZIL

ALL SERVICES AND NON-SERVICES SECTORS INCLUDED IN THIS LIST

1), 2), 3), 4)

(i) Brazil reserves the right to adopt or maintain any measure aimed at developing less privileged regions or at reducing regional inequalities, as well as any measure necessary to ensure social inclusion and rural development.

(ii) Brazil reserves the right to adopt or maintain incentives in favour of its services and service suppliers, with the purpose of fostering technological development, technology transfer, scientific research and the development of standards and norms in Brazil. This reservation includes, for instance, tax measures and preferences for Brazilian services and service suppliers.

3)

(i) Foreign service suppliers and investors wishing to supply services and conduct investment activities as a legal person in Brazil shall conform to one of the types of legal entity in accordance with Brazilian law.

3) Foreign capital in Brazil must be registered through a declaratory and electronic procedure, with the Central Bank of Brazil.

(ii) In border strips (areas within 150 (one hundred and fifty) kilometres from national boundaries) and in some areas (the Amazon Basin, the Mata Atlântica, the Serra do Mar and the Pantanal of Mato Grosso), authorisation is required for some activities, including the following: (a) participation of foreigners, whether natural or juridical persons, in any capacity in a juridical person which owns real estate rights over rural property;

(b) installation and operation of media aiming at the exploitation of services of sound broadcasting or sound and image broadcasting; (c) establishment and exploitation of industrial plants of particular interest for national security;
(d) establishment and operation of companies involved in the prospecting, extraction and exploitation of mineral resources and in the supply of hydraulic energy;

and (e) establishment of companies involved in rural settlement. In the case of points (c), (d) and (e), the respective companies must fulfil the following requirements, among others: 51 % of the company's capital must be held by Brazilians;

the majority of management positions must be held by Brazilians. If such activities are carried out by only one individual, only Brazilians may be granted special authorisation to carry out such activities. In the case of point (b), among other requirements, the company's capital must be wholly owned by Brazilian nationals.

(iii) The acquisition or lease of rural property or the acquisition of any other real estate right over rural property by foreign natural persons, foreign juridical persons or Brazilian juridical persons with foreign participation is subject to specific conditions, limitations and authorisation established under Brazilian law. Unless otherwise provided under Brazilian law, the donation of real estate of the Union or of the States to foreigners, whether natural or juridical persons, is forbidden.

3), 4)

In enterprises with 3 (three) or more employees, two thirds of the work force must consist of Brazilian nationals who shall account for two thirds of the payroll. Members of the Fiscal Council and of the board of directors of publicly-held companies and their managers shall reside in Brazil. In the case of "intra-corporate transferees", the appointment of executives and managers depends on proof of investment by the foreign service supplier. In the case of "contractual service suppliers", working permissions depend on the presentation of a training programme for Brazilian employees. Unbound for "independent professionals".

4) Unbound, except for measures related to the following categories:

A) Key Personnel:

1. Intra-Corporate Transferees (hereinafter referred to as "ICT")

An associate link must exist between the service supplier in the Brazilian territory and its headquarters abroad. The position to be filled by the ICT must be vacant.

Juridical persons shall ensure that there is at least 2 (two) Brazilians for every 3 (three) employees.

4) Temporary working contracts shall be approved by the relevant competent authority.

The employees refer to:

(i) Managers

Appointment of a manager must be related to:

(a) investment amounting to, at least, US$ 50 000, provided that the company creates 10 (ten) new jobs during the first 2 (two) years after its establishment or the entry of the manager or administrator; or

(b) the company must have invested a minimum amount of US$ 200 000 in Brazil.

(ii) Specialists

The company employing the specialist shall justify the need to contract such professionals and technicians in relation to similar professionals and technicians available in Brazil.

2. Business Visitors

Under the terms and periods of stay established in Section B of Chapter 18.

B) Business Sellers

Under the terms and periods of stay established in Section B of Chapter 18.

C) Contractual Service Suppliers

The service consumer must be a juridical person established in Brazil.

There must be a contract for technical assistance or transfer of technology between the enterprise of the Union and the service consumer in Brazil.

For each foreign professional covered by the contract there must be: a) justification of the need for the services of that professional in view of professionals available in Brazil; and b) proof of previous experience of at least 3 (three) years.

If the enterprise of the Union has no Brazilian professionals, it must present a training programme for Brazilian professionals.

PARAGUAY

ALL SERVICES INCLUDED IN THIS LIST

Paraguay reserves the right to adopt or maintain any measure aimed at fostering technological development, scientific research and the development of standards and norms in Paraguay, whether discriminatory or not.

Paraguay reserves the right to adopt or maintain any measure aimed at developing less privileged regions or at reducing regional inequalities, as well as those necessary to ensure social inclusion and rural development.

3) Acquisition of land, or residence requirements, applicable to foreign investors, unbound in border areas 100 (one hundred) kilometres from land frontiers)

3) The Paraguayan Civil Act (law 1183/1985) establishes that the enterprises constituted abroad are ruled, as for their existence and capacity, by the laws of the country of their domicile. The type of firm that they carry out enables them fully to exercise in the Republic of Paraguay the actions and rights that correspond to them. More, for the habitual exercise of acts included in the special object of their institution, they will conform to the established prescriptions in the Republic.

The domicile of the foreign enterprises is considered to be the place where their core business is. However, establishments, agencies or branch offices set up in the Republic of Paraguay are considered to be domiciled in it for the acts practiced in the territory of Paraguay, Therefore, they have to fulfil the formalities and obligations set up for the Paraguayan type of enterprise that is the most similar to the type of foreign enterprise concerned.

The Paraguayan Civil Act establishes that for the fulfillment of the formalities mentioned before, every enterprise set up abroad that wishes to exercise its activity in Paraguay must:

(a) set up a representation with an specific address in the country and particular addresses of the representatives for other legal causes;

(b) confirm that the firm has been set up in accordance with the laws of its country; and

(c) justify in the same way, the agreement or decision to create a branch or representation, the capital to be assigned, if applicable, and the designation of the representatives.

4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: key personnel (intra-corporate transferees, business visitors, managers and specialists) and graduate trainees which are subject to Section B of Chapter 18 and to the conditions specified in the list of specific commitments. In order to supply a contractual service, the service supplier shall comply with qualification requirements and conditions described in the list of specific commitments for these categories. The conditions for these categories will be subject to the reciprocity granted by the Union.

4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: key personnel (intra-corporate transferees, business visitors, managers and specialists) and graduate trainees which are subject to Section B of Chapter 18 and to the conditions specified in the list of specific commitments. In order to supply a contractual service, the service supplier shall comply with qualification requirements and conditions described in the list specific commitments for these categories. The conditions for these categories will be subject to the reciprocity granted by the Union.

URUGUAY

ALL SERVICES INCLUDED IN THIS LIST

3) Uruguay reserves its right to adopt or manintain any measure seeking to establish a Border Safety Zone (Zona de Seguridad Fronteriza) adjoining the land and fluvial borders of the national territory.

4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the categories subject to Section B of Chapter 18 and to the conditions specified in the list of specific commitments.

4) Unbound, except for measures affecting the entry and temporary stay of natural persons in the categories subject to Section B of Chapter 18 and to the conditions specified in the list of specific Commitments.

I. LIST OF SPECIFIC COMMITMENTS FOR NON-SERVICES

SECTORS AND SUBSECTORS

LIMITATIONS ON MARKET ACCESS

LIMITATIONS ON NATIONAL TREATMENT

ARGENTINA

II. LIST OF SECTOR-SPECIFIC COMMITMENTS

A. AGRICULTURE, HUNTING AND FORESTRY

01. Agriculture, hunting

None.

None.

02. Forestry, logging 1

None.

None.

B. FISHING

05. Fishing, operation of fish hatcheries and fish farms

Exploitation of live maritime resources shall only be granted to natural persons with residence in Argentina or to juridical persons established in accordance with Argentina's law.

Vessels employed in the fishing industry must be enrolled in the competent Argentinian registry and fly the Argentinian flag.

The activities of vessels flying foreign flags will have to comply with the terms of Law 24.922/97. They shall only be admitted jointly with one or more locally registered enterprises, as determined by Corporate Law 19550.

Crew members of all fishing vessels shall comply with the following requirements:

(a) captains and officers shall be of Argentinian nationality, either by birth, option or naturalisation; and

(b) 75 % of the rest of crew members aboard fishing vessels must be either Argentine or foreigners with more than 10 (ten) years of effectively accredited permanent residence in Argentina.

If the percentage established in point (b) is not possible due to a lack of personnel, foreign personnel may provisionally board the vessel until that percentage is re-established, subject to compliance with all legal requirements. When Argentinian crew members are available, the crew must be completed with them.

In the event of an infraction of laws or regulations, in addition to the applicable penalty, foreign vessels may be retained at an Argentinian port until either payment of fines is complied with or satisfactory guarantees are provided.

C. MINING AND QUARRYING

10. Mining of coal and lignite; extraction of peat

None.

None.

12. Mining of uranium and thorium ores

Unbound.

Unbound.

13. Mining of metal ores

None.

None.

14. Other mining and quarrying

None.

None.

D. MANUFACTURING

Argentina reserves the right to maintain or adopt any measure related to performance requirements in regulations or programmes for domestic producers of capital and information technology goods.

Argentina reserves the right to maintain or adopt any measure related to incentives in regulations or programmes for domestic producers of capital and information technology goods.

15. Manufacture of food products and beverages

None.

None.

16. Manufacture of tobacco products.

None.

None.

17. Manufacture of textiles

None.

None.

18. Manufacture of wearing apparel; dressing and dyeing of fur

None.

None.

19. Tanning and dressing of leather; manufacture of luggage, handbags, harness and footwear

None.

None.

20. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

None.

None.

21. Manufacture of paper and 2 paper products

None.

None.

22. Publishing, printing and reproduction of recorded media

None.

None.

24. Manufacture of chemicals and chemical products

None.

None.

25. Manufacture of rubber and plastics products

None.

None.

26. Manufacture of other non-metallic mineral products

None.

None.

27. Manufacture of basic metals

None.

None.

28. Manufacture of fabricated metal products, except machinery and equipment

None.

None.

29. Manufacture of machinery and equipment n.e.c.:

291. Manufacture of general purpose machinery

293. Manufacture of domestic appliances n.e.c.

None.

None.

30. Manufacture of office, accounting and computing machinery

None.

None.

31. Manufacture of electrical machinery and apparatus n.e.c.

None.

None.

32. Manufacture of radio, television and communication equipment and apparatus

None.

None.

33. Manufacture of medical, precision and optical instruments, watches and clocks

None.

None.

34. Manufacture of motor vehicles, trailers and semi-trailers

Argentina reserves the right to adopt or maintain any measure aimed at developing its automotive, motorcycle and agricultural machines industry, including tax measures, performance requirements, technology transfer and workforce development mechanisms.

Argentina reserves the right to adopt or maintain any measure aimed at developing its automotive, motorcycle and agricultural machines industry, including tax measures, performance requirements, technology transfer and workforce development mechanisms.

35. Manufacture of other transport equipment

None.

None.

36. Manufacture of furniture; manufacturing n.e.c.

None.

None.

37. Recycling

None.

None.

E. PRODUCTION OF ELECTRICITY, GAS, STEAM AND HOT WATER (excluding related services)

4010. Production of electricity

4020. Manufacture of gas except petroleum gases and derivatives

Conditions to be regulated by individual contracts of concession.

Conditions to be regulated by individual contracts of concession.

Conditions to be regulated by individual contracts of concession.

Conditions to be regulated by individual contracts of concession.

BRAZIL

0. AGRICULTURE,FORESTRY AND FISHERY PRODUCTS

01. Products of agriculture, horticulture and market gardening

None.

None.

02. Live animals and animal products (excluding meat)

03. Forestry and logging products

None.

04. Fish and other fishing products

Vessels flying foreign flags can only operate in commercial fishing in Brazil (including in its Economic Exclusive Zone) if they are chartered by juridical persons established in Brazil and granted a governmental authorisation. Fish, fishing products and fishing by-products of Brazilian vessels or foreign vessels chartered by juridical persons established in Brazil have Brazilian origin. Restrictions listed in the Brazilian list of specific commitments for services are also applicable.

1. ORES AND MINERALS; ELECTRICITY, GAS AND WATER (except subsector 13)

2. FOOD PRODUCTS, BEVERAGES AND TOBACCO; TEXTILES, APPAREL AND LEATHER PRODUCTS

3. OTHER TRANSPORTABLE GOODS, EXCEPT METAL PRODUCTS, MACHINERY AND EQUIPMENT (except subsector 33)

4. METAL PRODUCTS, MACHINERY AND EQUIPMENT

None, except that the prospecting and exploitation of oil deposits, natural gas, and other fluid hydrocarbons; the refining of Brazilian or foreign oil; the importation and exportation of products and basic by-products; the sea transportation of crude oil of Brazilian origin or of basic oil by-products produced in Brazil; and the transportation by pipeline, the wholesale distribution and retail sale of crude oil, its by-products and natural gas are State monopolies that may be operated, under concession or authorisation in accordance with Brazilian law, by enterprises set up under Brazilian law, with their headquarters and administration in Brazil.

Unbound for ores and minerals.

None. Unbound for ores and minerals.

PARAGUAY

I. HORIZONTAL COMMITMENTS

ALL NON-SERVICES SECTORS OR SUB SECTORS INCLUDED ON THIS LIST

Unbound for measures related to incentives in regulations and/or programmes for producers of any goods.

Acquisition of land or residence requirements applicable to foreign investors are unbound in border areas 100 (one hundred) kilometres from land frontiers.

Paraguay reserves the right to adopt measures consistent with current or future WTO disciplines on investment.

Paraguay reserves the right to maintain or adopt any measure or disposition for the purpose of statistical controls of foreign investment registration and the transfer thereof, after the entry into force of this Agreement.

Paraguay reserves the right to adopt measures consistent with current or future WTO disciplines on investment.

Paraguay reserves the right to maintain or adopt any measure or disposition with the purpose of statistical controls of foreign investment registration and the transfer thereof, after the entry into force of this Agreement.

Paraguay reserves the right to adopt or maintain any measure aimed at developing less privileged regions or at reducing regional inequalities, as well as those necessary to ensure social inclusion and rural development.

Paraguay reserves the right to adopt or maintain any measure aimed at fostering technological development, scientific research and the development of standards and norms in Paraguay, whether discriminatory or not.

Paraguay reserves the right to adopt or maintain any measure with respect to the registration of foreign capital through a public institution.

Paraguay reserves the right to adopt or maintain any measure relating to tax regulations that may result in different treatment with respect to scientific research, technology development and technology transfer.

II. LIST OF SECTOR-SPECIFIC COMMITMENTS

A. AGRICULTURE, HUNTING AND FORESTRY

01. Agriculture, hunting

02. Forestry, logging

None.

None.

D. MANUFACTURING

15. Manufacture of food products and beverages

16. Manufacture of tobacco products

17. Manufacture of textiles

18. Manufacture of wearing apparel; dressing and dyeing of fur

19 Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear

20. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

21. Manufacture of paper and paper products

None.

None.

22. Manufacture of coke, refined petroleum products and nuclear fuel

None, except the prospection, exploration and exploitation of hydrocarbon deposits might be directly done by Paraguay or any entity that may be created under its control for this purpose, or by licensees or concessionaires through permits or concessions granted by Paraguay to natural or juridical persons, domestic or foreign, in accordance with Paraguayan law.

Hydrocarbon deposits in solid, liquid and gas state that occur naturally in the territory of Paraguay, except for gritty, earthy and calcareous substances, fall within the domain of Paraguay.

None.

Paraguay may grant concessions to natural or juridical persons, irrespective of whether they are public or private, or to national, foreign or jointly owned enterprises, for prospection, exploration, research or the exploitation of deposits, for a limited time.

Paraguayan law shall regulate the economic system that addresses the interests of the state, licensees or concessionaires and owners that could be affected.

23. Manufacture of chemicals and chemical products

24. Manufacture of rubber and plastics products

25. Manufacture of other non-metallic mineral products

26. Manufacture of basic metals

27. Manufacture of fabricated metal products, except machinery and equipment

None.

None.

29. Manufacture of machinery and equipment n.e.c.

30. Manufacture of office, accounting and computing machinery

31. Manufacture of electrical machinery and apparatus n.e.c

32. Manufacture of radio, television and communication equipment and apparatus

33. Manufacture of medical, precision and optical instruments, watches and clocks

None.

None.

34. Manufacture of motor vehicles, trailers and semi-trailers

35. Manufacture of other transport equipment

36. Manufacture of furniture; manufacturing n.e.c.

37. Recycling

None.

None.

URUGUAY

I. HORIZONTAL COMMITMENTS

ALL SECTORS INCLUDED IN THIS LIST

Uruguay reserves the right to maintain or adopt any measure or disposition with the purpose of statistical controls of foreign investment registration and the transfer thereof after the entry into force of this Agreement.

II. LIST OF SECTOR-SPECIFIC COMMITMENTS

A. AGRICULTURE, HUNTING AND FORESTRY

01. Agriculture, hunting

None.

None.

02. Forestry, logging*

None.

None.

B. FISHING

05. Fishing, operation of fish hatcheries and fish farms

Commercial fishing and marine hunting activities performed in internal waters and in the territorial sea within a 12 (twelve) mile area, measured from the base lines, are reserved exclusively to duly licensed vessels flying the flag of Uruguay.

Commercial vessels flying a foreign flag shall only be allowed to exploit living resources between the 12 (twelve) mile area referred to in the preceding paragraph and 200 (two hundred) marine miles, subject to the authorisation of the Executive branch, granted in accordance with Law No 13833, and as recorded in the register maintained by the Dirección Nacional de Recursos Acuáticos. The processing and marketing of fish is authorised by the Executive branch and may be subject to a requirement that the fish be totally or partially processed in Uruguay.

C. MINING AND QUARRYING

Minings licences or titles are given by the Mining Authority depending on the National Government.

Requirements for individual exploitation are also regulated by the Mining Authority.

Prospecting and exploration of mineral deposits and mining shall only be done:

(a) by the state or sate entities; or

(b) under a mining title.

The enjoyment of mining rights attributed by the respective title is regulated by specific regulations and the provisions of the specific contract for that mining licence or title.

The holder of a concession to prospect and explore that is in a position to export metal ores shall provide the domestic market with 15 % of the value of each export operation at a "free on board" price.

10. Mining of coal and lignite; extraction of peat.

12. Mining of uranium and thorium ores

13. Mining of metal ores

14 Other mining and quarrying

None, except as indicated above.

None, except as indicated above.

D. MANUFACTURING

15. Manufacture of food products and beverages

16. Manufacture of tobacco products

None.

None.

17. Manufacture of textiles

None

18. Manufacture of wearing apparel; dressing and dyeing of fur

None.

None.

19. Tanning and dressing of leather; manufacture of luggage, handbags, harness and footwear

20. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

21. Manufacture of paper and 3 paper products

None.

None.

22. Publishing, printing and reproduction of recorded media

None.

None, except that the responsible, director or manager of a newspaper, magazine, or periodical shall be a Uruguayan national.

24. Manufacture of chemicals and chemical products

25. Manufacture of rubber and plastics products.

26. Manufacture of other non-metallic mineral products.

27. Manufacture of basic metals

28. Manufacture of fabricated metal products, except machinery and equipment

None.

None.

29. Manufacture of machinery and equipment n.e.c.:

291. Manufacture of general purpose machinery

293. Manufacture of domestic appliances n.e.c.

None.

None.

30. Manufacture of office, accounting and computing machinery

31. Manufacture of electrical machinery and apparatus n.e.c.

32. Manufacture of radio, television and communication equipment and apparatus

33. Manufacture of medical, precision and optical instruments, watches and clocks

None.

None.

34. Manufacture of motor vehicles, trailers and semi-trailers

None.

None.

35. Manufacture of other transport equipment

36. Manufacture of furniture; manufacturing n.e.c.

37. Recycling

None.

None.

E. PRODUCTION OF ELECTRICITY,GAS, STEAM AND HOT WATER (excluding related services)

4010. Production of electricity

Conditions to be regulated by individual contracts of concession.

Conditions to be regulated by individual contracts of concession.

4020. Manufacture of gas except petroleum gases and derivatives

Conditions to be regulated by individual contracts of concession.

None.

4030. Production of steam and hot water

None.

None.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

II. SPECIFIC COMMITMENTS FOR SERVICES

Sector or subsector

Limitations on market access

Limitations on national treatment

Additional commitments

1. BUSINESS SERVICES

ARGENTINA

1.A. Professional services

1), 3), 4)

Natural persons seeking to provide professional services must obtain recognition of their professional degree through a licence from the relevant professional association; and establish legal or special domicile in Argentina.

Legal and special domicile: does not involve a residence requirement.

(a) Legal services (CPC 861)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Accounting, auditing and book-keeping services (CPC 862)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(d) Architectural services (CPC 8671)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(e) Engineering services (CPC 8672)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(f) Integrated Engineering Services (CPC 8673)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(g) Urban planning and landscape architectural services (CPC 8674)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(i) Veterinary services (CPC 932)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

1.A. Professional Services

(a) Legal Services (CPC 861, only legal advisory on international and foreign law)

1) Unbound.

2) Unbound.

3) Firms providing legal advisory services on international and foreign law must be constituted under Brazilian law, limiting their business purposes solely to advisory services on international and foreign law. All the firms' partners must be advisors on international and foreign law.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Accounting, auditing and book-keeping (CPC 862)

1) Unbound, except that a foreign service supplier may cede its name to Brazilian professionals.

2) Unbound.

3) Participation of non-residents in juridical persons controlled by Brazilian nationals is not allowed. A foreign service supplier shall not use its foreign name, but may cede it to Brazilian professionals who will establish and exercise full participation in a new juridical person within Brazil. Acting under a power of attorney granted by foreign citizens is prohibited.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None, except as indicated in the limitations in the market access column.

4) Unbound except as indicated under the section on horizontal commitments.

(d) Architectural services (CPC 8671)

1) Unbound.

2) Unbound.

3) For the purpose of legal liability, foreign service suppliers must enter into a partnership with Brazilian service suppliers in the form of a "consórcio" in which the Brazilian partner has the leadership.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(e) Engineering services (CPC 86721, 86722, 86723, 86724, 86725, 86726, 86727, 86729)

1) Unbound.

2) Unbound.

3) For the purpose of legal liability, foreign service suppliers must enter into a partnership with Brazilian service suppliers in the form of a "consórcio" in which the Brazilian partner has the leadership.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(f) Integrated Engineering Services (CPC 8673)

1) Unbound.

2) Unbound.

3) For the purpose of legal liability, foreign service suppliers must enter into a partnership with Brazilian service suppliers in the form of a "consórcio" in which the Brazilian partner has the leadership.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(g) Urban planning and landscape architectural services (CPC 8674)

1) Unbound.

2) Unbound.

3) For the purpose of legal liability, foreign service suppliers must enter into a partnership with Brazilian service suppliers in the form of a "consórcio" in which the Brazilian partner has the leadership.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2 Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(h) Veterinary services (CPC 932)

1) None.

2) None.

3) None.

4) Unbound, except as indicated in section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated in section on horizontal commitments.

PARAGUAY

1.A. Professional Services

(a) Accounting, auditing and book-keeping services (CPC 862)

1) Unbound.

2) Unbound.

3) None. This subsector will be subject to a registration requirement with the competent authority.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None. This subsector will be subject to a registration requirement with the competent authority.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Legal advisory and representation services in statutory procedures of quasi-judicial tribunals, boards, etc. (CPC 86120)

1) None.

2) None.

3) None, except that foreign lawyers must have their diplomas recognised, approved and registered at the Court.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None, except that foreign lawyers must have their diplomas recognised, approved and registered at the Court.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

1.A. Professional Services

Natural persons seeking to provide professional services must obtain recognition of their professional degree and establish legal domicile in Uruguay. Uruguayan authorities will regulate the provision of these professions in the future. Legal domicile does not imply residence in Uruguay.

(a) Legal services (CPC 861, except 86130)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(a) Legal documentation and certification services (86130)

1) and 3) natural or legal citizens are required to have more than 2 (two) years of citizenship. Residence in the country is required.

2) None.

4) Unbound, except as indicated under section on horizontal commitments.

1) and 3) natural or legal citizens are required to have more than 2 (two) years of citizenship. Residence in the country is required.

2) None.

4) Unbound, except as indicated under section on horizontal commitments.

(b) Accounting, auditing and bookeeping services (CPC 862)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(c) Taxation services (863)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(d) Architectural services (CPC 8671)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(e) Engineering services (CPC 8672)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(f) Integrated Engineering Services (CPC 8673)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(g) Urban planning and landscape architectural services (CPC 8674)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(h) Medical and dental services (9312)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(j) Services provided by midwives, nurses, physiotherapists and paramedical personnel (93191)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(k) Pharmacy services

1) Unbound.

2) None.

3) Stock Companies "Sociedades Anónimas" and Comandite Companies "Sociedades en Comandita", whose capital corresponding to stock is not in registered stocks "acciones nominativas", medical, veterinary and dental services providers, are forbidden to be a holder of a pharmacy of first category.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) For the technical management of pharmacy establishments, residence and real and available local presence is required.

4) Unbound, except as indicated under the section on horizontal commitments.

ARGENTINA

1.B. Computer and related services

(a) Consultancy services related to the installation of computer hardware (CPC 841)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Software implementation services (CPC 842)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(c) Data processing services (CPC 843)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(d) Database services (CPC 844)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(e) Other (CPC 845 + 849)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

1.B. Computer and Related Services

(CPC 84, except for time-stamping services and digital certification services; 8432; 8433; 8439 and 8499)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

PARAGUAY

1.B. Computer and Related Services

(CPC 84, except for time-stamping and digital certification services CPC 8432, 8433, 8439 and 8499)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

1.B. Computer and related services (CPC 84)

Except for time-stamping (n.d.), digital certification (n.d.)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

1.C. Research and development services

Research and development subsidies are available only for national suppliers.

(b) R&D services on social sciences and humanities (CPC 852)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(c) Interdisciplinary R&D services (CPC 853)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

1.D. Real estate services

(a) Real estate services involving own or leased property (CPC 8210)

(b) Real estate services on a fee or contract basis (CPC 8220)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

1.E. Leasing or rental services without operator

(CPC 831)

(a) Leasing or rental services concerning private cars without operator (CPC 83101); (CPC 83102)

(b) Leasing or rental services concerning other machinery and equipment without operator (CPC 83106); CPC (83109)

(c) Other (CPC 832); (CPC 83201); (CPC 83203); (CPC 83204); (CPC 83209)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

ARGENTINA

1.F. Other business services

(a) Advertising services (CPC 871)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Market research and public opinion polling services (CPC 864)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(c) Management consulting services (CPC 865)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(d) Services related to management consulting (CPC 866, except CPC 86609)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(e) Technical testing and analysis services (CPC 8676)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(f) Services incidental to agriculture, hunting and forestry (CPC 881)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(h) Services incidental to mining (CPC 833 + 5115)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(n) Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment) (CPC 633 + 8861 + 8862 + 8863 + 8864 + 8865+ 8866, except 63309)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(o) Building cleaning services (CPC 874)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Photographic services (CPC 87501, 87502, 87503, 87505, 87506, 87507)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(q) Packaging services (CPC 876)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(s) Assembly or convention services (CPC 87909*)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(t) Other (CPC 8790)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

1.F. Other Business Services

(a) Advertising services (CPC 871)

1) Unbound.

2) Unbound.

3) Foreign participation is limited to 49 % of the capital of companies established in Brazil. Leadership must remain with Brazilian partners. Professionals are subject to the Brazilian Code of Ethics of Advertising Professionals.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Market research and public opinion polling services (CPC 864)

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

(c) Management consulting services (CPC 865)

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

(d) Services related to management consulting (CPC 86601)

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

(e) Technical testing and analysis services (CPC 8676)

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None

4) Unbound, except as indicated under the section on horizontal commitments.

(f) Services incidental to agriculture, hunting and forestry (CPC 881)

1) Unbound*.

2) Unbound.

3) In areas next to national frontiers, acts regarding colonisation and rural "loteamentos" are forbidden. If and when authorised, 51 % of those service suppliers' capital must be held by Brazilians and the majority of the Board must be Brazilians, who must hold dominant power on the Board. A foreigner resident in Brazil and a foreign juridical person authorised to work in Brazil can only purchase rural real state in accordance with Brazilian law.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(g) Services incidental to fishing (CPC 882)

Does not include the property of fishing boats

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(k) Placement and supply services of personnel (CPC 872)

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(l) Investigation and security (CPC 873, except 87309)

1) Unbound.

2) Unbound.

3) The property and administration of specialised suppliers of investigation and security services is forbidden for foreigners.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(n) Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment) (CPC 633 + 8861 + 8862 + 8863 + 8864 + 8865+ 8866, except 63309)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(o) Building-cleaning services (CPC 874)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Photographic services (CPC 87501, 87502, 87503, 87505, 87506, 87507)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(q) Packaging services (CPC 876)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(s) Convention services (CPC 87909)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(t) Other translation and interpretation services (except official translators) (CPC 87905)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

PARAGUAY

1.F. Other Business Services

(c) Management consulting service (CPC 865)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(n).2. Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment) (CPC 633)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(o) Building –cleaning services (CPC 874)

(q) Packaging services (CPC 876)

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(s) Convention services (CPC 87909*)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

1.F. Other business services

(a) Advertising services (CPC 871)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(b) Market research and public opinion polling services (CPC 864)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(c) Management consulting services (CPC 8650)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(d) Services related to management consulting (CPC 866)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(h) Services incidental to mining (CPC 883 – 5115)

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(k) Placement and supply services of personnel (CPC 872)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(l) Investigation and security (CPC 873)

1) and 3) Enterprises and individual investigation and security service suppliers, must obtain prior authorisation and registration from the Ministerio del Interior. Domicile or legal residence in Uruguay is required.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) and 3) Enterprises and individual investigation and security service suppliers, must obtain prior authorisation and registration from the Ministerio del Interior. Domicile or legal residence in Uruguay is required.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(n) Maintenance and repair of equipment (not including maritime vessels, aircraft or other transporte equipment) CPC 633 – 8861-8866

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated in section on horizontal commitments.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated in section on horizontal commitments.

(o) Building-cleaning services (CPC 874)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Portrait photography services (CPC 87501)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Advertising and related photography services (CPC 87502)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Action photograph services (CPC 87503)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Photography processing services (CPC 87505)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Restoration, copying and retouching services of photography (CPC 87507)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(p) Other photographic services (CPC 87509)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(q) Packaging services (CPC 876)

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(s) Convention services (CPC 87909*)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(t) Other business services (CPC 8790)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(t1) Translation and interpretation services (CPC 87905)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(t2) Interior design services (CPC 87907)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

2. COMMUNICATION SERVICES

ARGENTINA

2.

A. Postal services (CPC 7511)

B. Courier services (CPC 7512)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

Postal services (except the activities reserved to the Brazilian designated operator, which comprise pick-up, receiving, handling, transport and delivery of letters, postcards and grouped correspondence, whether to domestic or foreign destinations, including any form of consignment, whether priority, non-priority, urgent, express, etc., as well as the issuance of stamps and other postage payments) (CPC 7511).

1) None.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

2. COMMUNICATION SERVICES

URUGUAY

2.B. Postal Services

1) and 3) The Communication Services Regulatory Unit (URSEC) grants temporary operating licences which lapse after three years unless the licence-holding enterprise expresses its intention to renew the licence prior to the expiry date.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

ARGENTINA

2.C. Telecommunication services

All subsectors

It does not include the provision of satellite facilities of geostationary satellites operating fixed satellite services The aforementioned provision shall only take place under conditions of reciprocity.

The services included in this column may be supplied by any technological means (e.g. fibre optics, radio links, satellites, cable), except as otherwise stated in the limitations indicated in the market access column.

Local and domestic long distance basic telephone services (CPC 7521)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

International telephone services (CPC 7521)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Domestic data services (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Domestic telex services (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Domestic facsimile services, store-and-forward (CPC 7521** 7522** + 7529**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

International data services (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

International telex services (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

International facsimile services, store-and-forward (CPC 7521** + 7529**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Leased telephone circuits

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Leased circuits for international voice and data

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Mobile services:

Mobile Telephone Services (MTS)

Personal communications (PCS)

Paging

SMR trunking

Mobile data services

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(h) Electronic mail (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(i) Voice mail (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(j) On-line information and database retrieval (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(k) Electronic data interchange services (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(l) Enhanced/value-added facsimile services (including store and forward, store and retrieve) (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(m) Code and protocol conversion

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(n) On-line information and/or data processing (including transaction processing) (CPC 843**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(o) Other

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

C. TELECOMMUNICATIONS SERVICES

(i) "Telecommunications services" means, for the purposes of the commitments by Brazil on telecommunications services, the transport of electronic magnetic signals, sound, data, image and any combination thereof, excluding broadcasting.

(ii) The Federal Constitution of Brazil guarantees all acquired rights of service providers already established in Brazil. The Government of Brazil has the legal prerogative to consider limits to foreign participation in the capital of telecommunication service providers.

(iii) All service suppliers need to obtain a licence from Anatel in order to supply a telecommunication service in Brazil. Licences shall be granted only to suppliers duly constituted in accordance with Brazilian law, which requires head office and management to be located in the territory of Brazil, and ownership of the majority of the voting shares by natural persons resident in Brazil or companies duly constituted in accordance with Brazilian law, which requires head office and management: to be located in the territory of Brazil.

(iv) No commitment is made for the telecommunications services sector with respect to the activities which have their content transported by a telecommunication service. Those activities are subject to the commitments and reservations for

their respective sectors.

(v) Foreign satellites shall be permitted to have market access in Brazil and regulatory decisions on the grant of such access shall be based on a transparent, objective process and taken on a reciprocal basis. Telecommunication service providers shall use Brazilian satellites if they offer technical, operational or commercial conditions equivalent to foreign satellites.

(vi) No limits shall be applied to the quantity of licences that can be granted for the supply of telecommunications services, except in cases of technical impossibility, such as issues regarding spectrum availability, or to avoid impairment to the supply of specific public interest services.

(vii) Value-added-services are not defined as telecommunications services by Brazilian law.

(viii) Suppliers of telecommunications services of collective interest constituted in Brazil in accordance with Brazilian law shall have the right to use the physical facilities (posts, ducts, conducts, servitudes) owned or controlled by other suppliers of telecommunications services or other services of public interest in a non-discriminatory manner and subject to fair and reasonable prices and conditions. The regulatory authority responsible for the facilities to be used shall define the conditions for the adequate fulfilment of this provision.

(ix) Authorisations for the supply of telecommunications services of restricted interest can be granted to juridical persons constituted in accordance with Brazilian law and which have their head office and administration in Brazil and to other entities or natural persons that are established or resident in Brazil.

BRAZIL

2.C. Telecommunication services

Local, long distance and international services, for public and non-public use, provided with the use of any network technology (cable, satellite, etc)

(a) Voice telephone services

(b) Packet-switched data transmission services

(c) Circuit-switched data transmission services

(f) Facsimile services

(g) Private leased circuit services

1) Unbound. Foreign companies are allowed to interconnect on a cross-border basis with operators established in Brazil which are authorised to supply long distance international services in accordance with the Brazilian law. Other forms of cross-border supply, including call-back services, shall not be permitted. Brazilian consumers shall have commercial or legal relationship exclusively with companies established in Brazil which are authorised to operate in accordance with Brazilian law (Mode 1).

1) Unbound. Foreign companies are allowed to interconnect on a cross-border basis with operators established in Brazil which are authorised to supply long distance international services in accordance with the Brazilian law. Other forms of cross-border supply, including call-back services, shall not be permitted. Brazilian consumers shall have commercial or legal relationship exclusively with companies established in Brazil which are authorised to operate in accordance with Brazilian law (Mode 1).

1. For greater certainty, Brazil understands that its commitments in Sector 2.C (Telecommunication Services) under Mode 1 (cross-border supply) do not grant any rights to juridical persons established in the territory of the Union, regarding market access or national treatment, other than those expressly set out therein, including in the horizontal notes for Sector 2.C (Telecommunication Services).

2) Unbound.

3) None, except as listed in the horizontal section specific to this subsector and in the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

2) Unbound.

3) None, except as listed in the horizontal section specific to this subsector and in the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

2. For greater certainty, for the purpose of the present list of specific commitments of Brazil, the supply of telecommunication services under Mode 1 do not include the carriage of signals originating and ending in the territory of Brazil, even if such carriage is performed by means of a satellite operated from the territory of the Union.

(o) Other Basic Telecommunication Services

Mobile services

Analog/ Digital cellular services

(800 MHz, 900 MHz, 1800 MHz, 1900 / 2100 MHz)

Global mobile satellite services

Paging services

Trunking services

(460 MHz, 800 MHz, 900 MHz)

1) Unbound.

2) Unbound.

3) None, except as listed in the horizontal section specific to this subsector and in the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None, except as listed in the horizontal section specific to this subsector and in the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

PARAGUAY

2.C. Telecommunications services

The commitments undertaken in this sector are subject to the following general conditions:

1. Telecommunications services provided in Paraguay are subject to licensing requirements and procedures set up by CONATEL.

2. The licences subject to licensing requirements and procedures referred to in the previous paragraph shall be granted exclusively to juridical persons in accordance with the law of Paraguay, provided such juridical persons have headquarters and representation in the territory of Paraguay.

3. Access to essential telecommunications facilities for services providers shall be granted, if such grant does not affect the current or future use of the facility by the owner and if Paraguay determines that a refusal to provide access to such essential facility may become an obstacle for the development of a competitive market at the retail level or that it may negatively affect end users. The radio spectrum shall not be considered as an essential facility.

4. Mode 4) Unbound, except for measures related to the entry, stay and work of intra-corporate transferees of the following categories: managers and specialists.

(a) Telephone services (CPC 7521)* Services provided by the Government

(b) Packet-switched data transmission services (CPC 7523)

(c) Circuit-switched data transmission services (CPC 7523)

(d) Telex services (CPC 7523)

1) Unbound.

2) Unbound.

3) Unbound.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound.

(e) Telegraph services (CPC 7522)

(f) Fac-simile services (CPC 7521 + 7529)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(h) Electronic mail

(CPC 7523)

1) None.

2) None.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound, except for measures related to the entrance, stay and work of intra-corporate transferees of the following categories: managers and specialists.

1) None.

2) None.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound, except for measures related to the entrance, stay and work of of intra-corporate transferees of the following categories: managers and specialists.

(g) Private leased circuit services (CPC 7522 + 7523)

(i) Voice mail (CPC 7523)

(j) On-line information and database retrieval (CPC 7523)

(k) Electronic data interchange services (CPC 7523)

(l) Enhanced/value-added facsimile services (including store and forward, store and retrieve) (CPC 7523)

1) Unbound.

2) Unbound.

3) Unbound, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) Unbound.

4) Unbound, except as indicated under the section on horizontal commitments.

(o) Other

o.1 Mobile Services 4 (CPC n.d.)

o.2 Personal communications (CPC n.d.)

o.3 Paging services (CPC n.d.)

o.4 Trunking services (CPC n.d.)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

2.C. Telecommunications services

Each public service shall be defined pursuant to the law of Uruguay in effect for each case of the following specific commitments. Services awarded under an existing concession or existing authorisation regime shall be governed pursuant to the law of Uruguay and contractual conditions agreed upon with the service supplier. All services that imply the use of basic telecommunications are subject to the Administracion Nacional de Telecomunicaciones (ANTEL) monopoly.

For the supply of telecommunications services, the authorisation of the Executive Branch is required.

a) Mobile telephone services (CPC 75213)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

b) and c) Data transmission services (7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

f) Facsimile services (CPC 7521** + 7529**)

1) and 3) None, except for the supply of services under the ANTEL monopoly.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) and 3) None, except for the supply of services under the ANTEL monopoly.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

g) Private leased circuit services (CPC 7522** + 7523**)

1) and 2) Unbound.

3) None, except for data services. The supply of voice services is under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

1) and 2) Unbound.

3) None, except for data services. The supply of voice services is under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

h) Electronic mail (CPC 7523**)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

i) Voice mail (CPC 7523**)

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated in the horizontal commitments.

j) On-line information and data base retrieval (CPC 7523**)

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

k) Electronic data interchange (EDI) (CPC 7523**)

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

l) Enhanced/value-added facsimile services, incl. Store and forward, store and retrieve (CPC 7523**)

1) and 3) None, except for the supply of services that derive from telecommunciations under facsimile services.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) and 3) None, except for the supply of services that derive from telecommunciations under facsimile services.

2) None.

4) Unbound, except as indicated under the section on horizontal commitments.

n) On-line information and /or data processing (incl. Transaction processing) (CPC 843**)

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

1), 2) and 3) None, except for the supply of services under the ANTEL monopoly.

4) Unbound, except as indicated under the section on horizontal commitments.

o) Other

Trunking services (CPC 75299)

Paging services (CPC 75291)

Global Mobile Satelital Services (CPC 75299)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

3. CONSTRUCTION AND RELATED ENGINEERING SERVICES

ARGENTINA

A. General construction work for buildings (CPC 512)

B. General construction work for civil engineering (CPC 513, except 5139)

C. Assembly and erection of prefabricated constructions (CPC 514 + 516)

D. Building completion and finishing work (CPC 517)

E. Other (CPC 511 + 515 + 518)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

A. General construction work for buildings (CPC 512)

B. General construction work for civil engineering (CPC 513)

C. Installation and assembly work and maintenance and repair of fixed structures (CPC 514 + 516)

D. Building completion and finishing work (CPC 517, except 5179)

E. Others (CPC 511 + 515 + 518)

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

A. General construction work for buildings (CPC 512)

B. General construction work for civil engineering (CPC 513)

C. Installation and assembly work (CPC 514+516)

D. Building completion and finishing work (CPC 517)

E. Others (CPC 511+515+518)

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

4. DISTRIBUTION SERVICES

ARGENTINA

B. Wholesale trade services (CPC 622)

C. Retail trade services (CPC 631 + 632)

6111 + 6113 + 6121

D. Franchising services (CPC 8929)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

A. Commission agents' services (CPC 621, except 62118)

B. Wholesale trade services (CPC 622, except CPC 62271)

C. Retailing services (CPC 631, 6113, 6121, 632, except for 63297)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

D. Franchising (CPC 8929)

1) Franchise contracts must be in conformity with the Industrial Property Code to be eligible for the payment of royalties.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

PARAGUAY

4.B. Wholesale Trade Services (CPC 622)

Not including CPC 62271

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

C. Retailing services (CPC 631, 632, 6111, 6113, 6121, not including 63297)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

D. Franchising (CPC 8929)

1) None.

2) None.

3) None.

4) Unbound.

1) None.

2) None.

3) None.

4) Unbound.

URUGUAY

A. Commission agents services (CPC 621)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) Domicile requirement and the company shall be registered in the National Registry of foreign firms representatives in the Ministry of Economy and Finance.

4) Unbound, except as indicated under the section on horizontal commitments.

B. Wholesale trade services (622)

62271 is excluded (wholesale trade services involving solid fuel, liquid and gaseous fuel and similar products)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

C. Retailing trade services (631, 632, 6111+6113+6121) (63297 is excluded)

1) None.

2) None.

3) Prior authorisation is required for the establishmen of new commercial enterprises or for the extension of existing commercial enterprises, or the sale of large surfaces that consist of a total area of a minimum of 300 square meters, depending on the conditions of the market.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

D. Franchising services (CPC 8929)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

5. EDUCATIONAL SERVICES

PARAGUAY

Educational services supplied by the Government of Paraguay are excluded, as well as subsidies given at central, departmental and local level by the Government of Paraguay.

5.A. Primary education services (CPC 921)

(only for private companies)

1) Unbound.

2) None.

3) None.

4) Unbound.

1) Unbound.

2) Unbound.

3) Unbound.

4) Unbound.

5.B. Higher Education Services CPC 92310 - Post-secondary technical and vocational education services

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

6. ENVIROMENTAL SERVICES

ARGENTINA

D. Other

(CPC 9404, 9405, 9406, 9409)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

6.A. SEWAGE SERVICES (CPC 9401)

6.B. REFUSE DISPOSAL SERVICES (CPC 9402)

6.C. SANITATION AND SIMILAR SERVICES (CPC 9403)

CLEANING SERVICES OF EXHAUST GASES (CPC 9404)

NOISE ABATEMENT SERVICES (CPC 9405)

REMEDIATION AND CLEANUP OF SOIL AND WATER SERVICES (CPC 9406)

1) Unbound.

2) Unbound.

3) Supply requires a licence from the public authorities, which can set specific conditions. Transfer of technology is expected in order to ensure symmetrical benefits among national and foreign partners.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

6. ENVIROMENTAL SERVICES

PARAGUAY

Services considered of public interest or public services at a national, regional or local level are subject to public monopoly or exclusive rights of exploitation granted to private firms, and therefore are excluded from the lists.

6.A. SEWAGE SERVICES (9401)

1) Unbound*.

2) Unbound.

3) Unbound. Services are provided by the Government of Paraguay or by private firms through licences or concessions granted in accordance with national law.

4) Unbound.

1) Unbound*.

2) None.

3) None.

4) Unbound.

6.B. REFUSE DISPOSAL SERVICES (CPC 9402)

1) Unbound*.

2) Unbound.

3) Unbound.

4) Unbound.

1) Unbound*.

2) Unbound.

3) Unbound.

4) Unbound.

6.C. SANITATION AND SIMILAR SERVICES (CPC 9403)

CLEANING SERVICES OF EXHAUST GASES (CPC 9404)

NOISE ABATEMENT SERVICES (CPC 9405)

1) Unbound*.

2) Unbound.

3) Unbound. The municipalities supply these services directly or grant concessions in accordance with municipal legislation.

4) Unbound.

1) Unbound*.

2) Unbound.

3) None.

4) Unbound.

URUGUAY

6.A. SEWAGE SERVICES (9401)

1) Unbound*.

2) Unbound.

3) The supply of these services is the prerogative of the Intendencias Municipales and/or of the Obras Sanitarias del Estado Public Company ("OSE").

The supply of this public service for which concessions can be granted or prior authorisation given under national law, shall be governed by national law, municipal measures and by the contractual conditions agreed upon with the service supplier.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) The supply of these services is the prerogative of the Intendencias Municipales and/or of the Obras Sanitarias del Estado Public Company ("OSE").

The supply of this public service for which concessions can be granted or prior authorisation given under national law, shall be governed by national law, municipal measures and by the contractual conditions agreed upon with the service supplier.

4) Unbound, except as indicated under the section on horizontal commitments.

6.B. REFUSE DISPOSAL SERVICES (9402)

1) Unbound*.

2) Unbound.

3) The supply of these services is the prerogative of the Intendencias Municipales and/or of the Obras Sanitarias del Estado Public Company ("OSE").

The supply of this public service for which concessions can be granted or prior authorisation given under national law, shall be governed by national law, municipal measures and by the contractual conditions agreed upon with the service supplier.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) The supply of these services is the prerogative of the Intendencias Municipales and/or of the Obras Sanitarias del Estado Public Company ("OSE").

The supply of this public service for which concessions can be granted or prior authorisation given under national law, shall be governed by national law, municipal measures and by the contractual conditions agreed upon with the service supplier.

4) Unbound, except as indicated under the section on horizontal commitments.

6.C. SANITATION AND SIMILAR SERVICES (9403)

1) Unbound*.

2) Unbound.

3) The supply of these services is the prerogative of the Intendencias Municipales and/or of the Obras Sanitarias del Estado Public Company ("OSE").

The supply of this public service for which concessions can be granted or prior authorisation given under national law, shall be governed by national law, municipal measures and by the contractual conditions agreed upon with the service supplier.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) Unbound.

3) The supply of these services is the prerogative of the Intendencias Municipales and/or of the Obras Sanitarias del Estado Public Company ("OSE").

The supply of this public service for which concessions can be granted or prior authorisation given under national law, shall be governed by national law, municipal measures and by the contractual conditions agreed upon with the service supplier.

4) Unbound, except as indicated under the section on horizontal commitments.

6.D. REMEDIATION AND CLEANUP OF SOIL AND WATER

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

7. FINANCIAL SERVICES

ARGENTINA

The following applies to all subsectors.

For the purposes of interpretation, the cross-border supply of services through electronic means, including the Internet, will be limited to Mode 1.

In the case of activities requiring the involvement of professionals, the practice of which requires registration or affiliation in professional councils or colleges, such professionals are required to enrol in the jurisdiction where the service is to be provided.

Foreign direct investments in Argentina must comply with the Central Bank of Argentina ("BCRA") regulations on disclosure of information.

Nothing in Part III of this Agreement shall prevent Argentina from applying domestic laws related to banking secrecy and confidentiality.

The outsourcing of financial services requires prior authorisation from the competent authorities and will be subject to the limitations laid down in existing laws and regulations for the entities controlled by the Central Bank of Argentina.

BRAZIL

Brazil reserves the right to adopt or maintain any prudential measure.

Financial service suppliers shall be organised as a "sociedade anônima" (publicly-held company), unless otherwise specified.

Financial service suppliers of banking services shall be authorised by Presidential decree in order to be incorporated under Brazilian law.

Business sellers, contractual service suppliers and independent professionals are not allowed to supply financial services in Brazil.

There are limits provided by law to the acquisition of foreign financial services by Brazilian financial institutions.

Financial services supplied by an offshore financial service supplier 5 are not subject to the specific commitments for financial services.

URUGUAY

3) Suppliers of financial services wishing to set up operations in Uruguay require prior authorisation from the competent authorities. Applications may be rejected on precautionary grounds, including the current state of the market.

The outsourcing of financial services requires prior authorisation from the competent authorities and is subject to the limitations laid down in the existing laws and regulations for the entities controlled by the Central Bank of Uruguay.

Financial Intermediation (Banking) Senior Management and Boards of Directors: branches or subsidiaries of foreign financial service suppliers may not in their by-laws prohibit Uruguayan nationals from participating in the board of directors, in management, or any other position in the institution.

Financial Intermediation (Banking): the maximum amount of bank deposits covered by deposit insurance may differ depending on whether the deposits are denominated in Uruguayan pesos or another currency. The Uruguayan Government and state enterprises may deposit funds only in the Banco de la República Oriental de Uruguay.

Insurance: Banco de Seguros del Estado is the sole entity permitted to provide worker's compensation insurance, and as a result it may derive a competitive advantage with respect to its overall operations.

ARGENTINA

7.A. All insurance and insurance-related services

a. Life, accident and health insurance services

a.1) Life, pension, life income and social security insurance

a.1.1) Life insurance (CPC 81211)

a.1.2) Pension, life income and social security insurance (CPC 81212)

a.2) Other personal insurance (CPC 81291)

a.2.1) Accident insurance

a.2.2) Health insurance excluding prepaid medical programmes)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

b) Non-life Insurance services

b.1) Labour risk insurance

b.3) Automobile insurance (CPC 81292)

b.4) Fire and other property damage insurance (CPC 81295)

b.5) Civil liability insurance (CPC 81297)

b.6) Other Insurance (excluding reinsurance and retrocession)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

b.2) Marine and aviation transport risk insurance. (CPC 81293)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, as indicated under the section on horizontal commitments.

c. Reinsurance and retrocession services

c.1) Reassurances

c.2) Back assignments

1 Unbound.

2 Unbound.

3) Unbound.

4) Unbound.

1) Unbound.

2 Unbound.

3) Unbound.

4) Unbound.

d. Services auxiliary to insurance (including broking and agency services)

d.1) Services by agencies and brokers (CPC 81401)

Except pension fund (CPC 81402)

1) Unbound.

2) Unbound.

3) and 4) In accordance with Law 22.400 (Section 4 paragraph a) any insurance intermediary (including brokers and intermediaries societies) shall reside in Argentina and must be registered in the Insurance Producer – Advisor Register.

1) Unbound.

2) Unbound.

3) and 4) In accordance with Law 22.400 (Section 4 paragraph a) any insurance intermediary (including brokers and intermediaries societies) shall reside in Argentina and must be registered in the Insurance Producer – Advisor Register.

In order to act as insurance broker, registration is required in the register of reinsurance and retrocession services, subject to compliance with the following conditions:

a) proof of real domicile in the country (residence requirement); and

b) proof of competence in accordance with qualifications and procedures established by law.

In order to act as insurance broker, registration is required in the register of reinsurance and retrocession services, subject to compliance with the following conditions:

a) proof of real domicile in the country (residence requirement); and

b) proof of competence in accordance with qualifications and procedures established by law.

d.1.2) Services by reinsurance and retrocession agencies and brokers

1 Unbound.

2 Unbound.

3) Unbound.

Reinsurance intermediaries must also register with the National Insurance Superintendency (Superintendencia de Seguros de la Nación). Foreign juridical persons must designate a legal representative with the same obligations as the representative designated by foreign reinsurers and must also provide a certificate from their respective Control Bodies, proving that they are legally registered therewith.

4) Unbound, except as indicated under the section on horizontal commitments.

1 Unbound.

2 Unbound.

3) Unbound.

Reinsurance intermediaries must also register with the National Insurance Superintendency (Superintendencia de Seguros de la Nación). Foreign juridical persons must designate a legal representative with the same obligations as the representative designated by foreign reinsurers and must also provide a certificate from their respective Control Bodies, proving that they are legally registered therewith.

4) Unbound, except as indicated under the section on horizontal commitments.

d.2) Advisory services (CPC 81402)

1) Unbound.

2) Unbound.

3) Unbound.

In the case of activities requiring the involvement of professionals the practice of which requires registration or affiliation with professional councils or colleges, such professionals are required to enrol in the jurisdiction where the service is provided.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) Unbound.

In the case of activities requiring the involvement of professionals the practice of which requires registration or affiliation with professional councils or colleges, such professionals are required to enrol in the jurisdiction where the service is provided.

4) Unbound, except as indicated under the section on horizontal commitments.

d.3) Insurance claims adjustment services (CPC 81403)

1) Unbound.

2) Unbound.

3) Unbound.

Adult natural persons holding a secondary school certificate, and having their registered domicile in Argentina, and who have passed the required exam as proof of competence may act as claim adjusters. They must register as such in the National Insurance Superintendency.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) Unbound.

Adult natural persons holding a secondary school certificate, and having their registered domicile in Argentina, and who have passed the required exam as proof of competence may act as claim adjusters. They must register as such in the National Insurance Superintendency.

4) Unbound, except as indicated under the section on horizontal commitments.

d.4) Audit services

d.5) Actuarial services (CPC 81404)

1) Unbound.

2) Unbound.

3) Unbound.

The General Insurance Law regulates the activity of external auditors and actuaries (with a certain seniority and experience in external auditing in local insurance companies), establishing requirements for their registration in the respective register, among others, registration in Professional Councils in Argentina. Nothing is stipulated in the General Insurance Law as regards the possibility of proving compliance with these requirements abroad.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) Unbound.

The General Insurance Law regulates the activity of external auditors and actuaries (with a certain seniority and experience in external auditing in local insurance companies), establishing requirements for their registration in the respective register, among others, registration in Professional Councils in Argentina. Nothing is stipulated in the General Insurance Law as regards the possibility of proving compliance with these requirements abroad.

4) Unbound, except as indicated under the section on horizontal commitments.

d.6) Other auxiliary services

1) Unbound.

2) Unbound.

3) Unbound.

Actuarial and legal certifications on plans and technical notes are required and the respective professionals must offer proof of registration with Professional Councils in Argentina.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) Unbound.

Actuarial and legal certifications on plans and technical notes are required and the respective professionals must offer proof of registration with Professional Councils in Argentina.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

7.A. Insurance and insurance-related services

(i) Mandatory insurance can only be placed in Brazil.

(ii) There are limits on the transfer of premiums written by insurance and reinsurance companies established in Brazil to service suppliers established abroad of the same financial group or are otherwise significantly interrelated.

(iii) Reinsurance for life insurance with cash value (accumulation products) and pension plans can only be placed in Brazil.

(iv) Insurance companies shall contract a minimum amount of each reinsurance cession with local reinsurers.

7.A.1. Direct insurance (including co-insurance):

3) The establishment of branches foreign companies without the need for incorporation as a Brazilian legal person may be allowed by a Presidential authorisation on a case by case basis.

(a) Life (except closed pension funds) (CPC 8121)

1) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

2) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

1) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

2) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

3) None, except that pension plan suppliers are not allowed to engage in other business activities, including other non-life insurance services. Life insurance suppliers are allowed to supply non-life insurance, but not to engage in other business activities

4) Insurance can only be provided by legal persons.

3) None.

4) Insurance can only be provided by legal persons.

(b) non-life (CPC 8129)

(b)1. Health Insurance Services (except pre-paid systems) (CPC 81291)

1) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

2) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

3) None other than horizontally indicated for the financial services sector and for the insurance-related services subsector.

4) Insurance can only be provided by legal persons.

1) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

2) Unbound, except for the placing of insurance for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

3) None.

4) Insurance can only be provided by legal persons.

(b)2. Freight Insurance Services (Maritime, Aeronautical and Terrestrial and Others) (CPC 81294)

1) None for exported goods

Unbound for imported goods, except for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

2) None for exported goods

Unbound for imported goods, except for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

3) None other than horizontally indicated for the financial services sector and for the insurance-related services subsector.

4) Insurance can only be provided by legal persons.

1) None for exported goods

Unbound for imported goods, except for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

2) None for exported goods

Unbound for imported goods, except for risks not covered within Brazil, in accordance with the provisions defined horizontally for this subsector.

3) None.

4) Insurance can only be provided by legal persons.

(b)3. Hull, Machinery and Civil Liability Insurance Services for Vessels (CPC 81293)

1) None for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the insurance is not offered in Brazil or if domestic prices differ from international prices. Unbound for vessels not registered in the REB.

1) None for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the insurance is not offered in Brazil or if domestic prices differ from international prices. Unbound for vessels not registered in the REB.

2) None for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the insurance is not offered in Brazil or if domestic prices differ from international prices. Unbound for vessels not registered in the REB.

2) None for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the insurance is not offered in Brazil or if domestic prices differ from international prices. Unbound for vessels not registered in the REB.

3) None other than horizontally indicated in this for the financial services sector and for the insurance-related services subsector.

4) Insurance can only be provided by legal persons.

3) None.

4) Insurance can only be provided by legal persons.

7.A.2. Reinsurance and retrocession

1) Unbound, except for the placing of reinsurance for risks not covered within Brazil, in accordance with the provisions defined horizontally in this subsector, or for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the reinsurance is not offered in Brazil or if domestic prices differ from international prices.

1) Unbound, except for the placing of reinsurance for risks not covered within Brazil, in accordance with the provisions defined horizontally in this subsector, or for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the reinsurance is not offered in Brazil or if domestic prices differ from international prices.

2) Unbound, except for the placing of reinsurance for risks not covered within Brazil, in accordance with the provisions defined horizontally in this subsector, or for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the reinsurance is not offered in Brazil or if domestic prices differ from international prices.

3) Unbound.

4) Reinsurance and retrocession can only be provided by legal persons.

2) Unbound, except for the placing of reinsurance for risks not covered within Brazil, in accordance with the provisions defined horizontally in this subsector, or for vessels registered in the Brazilian Special Register (Registro Especial Brasileiro ("REB") if the reinsurance is not offered in Brazil or if domestic prices differ from international prices.

3) Unbound.

4) Reinsurance and retrocession can only be provided by legal persons.

7.A.3. Insurance and reinsurance inter-mediation, such as brokerage and agency (CPC 81299)

1) Unbound.

2) Unbound.

3) None, except that the brokerage service supplier must be constituted in the form of either a "sociedade anônima" or a "sociedade ltda" (corporation or limited partnership) and, for reinsurance inter-mediation, its sole business purpose must be to act as intermediary in reinsurance and retrocession contracting.

4) None.

1) Unbound.

2) Unbound.

3) None, except that, for insurance inter-mediation, the technical representative and technical director (or managing partner) must be a permanent resident in Brazil.

4) None.

7.A.4. Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claims settlement services (CPC 8140)

1) Unbound.

2) Unbound.

3) None other than horizontally indicated in this subsection and section.

4) None other than horizontally indicated in the general section for advisory services.

1) Unbound.

2) Unbound.

3) None other than horizontally indicated.

4) None other than horizontally indicated.

PARAGUAY

7.A. All insurance and insurance-related services: compulsory social security are excluded.

1) and 2) The financial service suppliers that are not legally established in Paraguay are not authorised to provide services in the domestic territory. The commitments taken under Mode 2 do not give consumers the right to make complaints to the authorities of Paraguay.

3) Enterprises that are not legally incorporated in Paraguay are not authorised to operate in the territory of Paraguay.

See Appendix 18-E-1: Additional commitments for financial services.

Insurance (not including reinsurance and retrocession)

CPC 812

Marine, aviation and other transport insurance services (81293)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except for managers and specialists.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except for managers and specialists.

Reinsurance and retrocession services

CPC 81299

1) None.

2) None.

3) None.

4) Unbound, except for managers and specialists.

1) None.

2) None.

3) None.

4) Unbound, except for managers and specialists.

Insurance intermediation (CPC 81401)

Agencies and insurance brokers services (excluded pension fund)

1) Unbound.

2) Unbound.

3) None.

4) Unbound.

1) Unbound.

2) Unbound.

3) None.

4) Unbound.

Agencies and reinsurance and retrocession broker services

1) Unbound.

2) and 3) Reinsurance and retrocession brokers have to be registered with the Central Bank of Paraguay and they shall designate a representative located in Paraguay.

4) Unbound.

1) Unbound.

2) None.

3) None.

4) Unbound.

Disaster settlement services (CPC 81403)

1) Unbound.

2) None, except that enterprises in charge of the verification of disaster settlement must form a partnership with an enterprise located and authorised to provide such service in Paraguay.

3) Every natural or juridical person interested in providing disaster settlement services has to apply for registration to the Central Bank.

4) Unbound.

1) Unbound.

2) None.

3) None.

4) Unbound.

URUGUAY

7.A. All the Insurance services and insurance- related services (including reinsurance) and pension fund services, except

social security

Insurance and insurance related

a.a.1.1) Life insurance services

a.1.2) Pensions and annuities

1) Unbound.

2) Unbound.

3) In order to have a commercial presence in Uruguay, enterprises must be constituted as Uruguayan public limited companies, subject to the limitations laid down in existing laws and regulations. This requirement does not apply to the reinsurance sector.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

b. Insurance services different than life insurance

– Motor vehicle Insurance services

– Fire insurance and other property damage

– Civil liability insurance

– Pecuniary loss insurance services

General liabilities insurance services

1) Unbound.

2) Unbound.

3) In order to have a commercial presence in Uruguay, enterprises must be constituted as Uruguayan public limited companies, subject to the limitations laid down in existing laws and regulations. This requirement does not apply to the reinsurance sector.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Marine, aviation and other international transport insurance services

1) None, except for the maritime hull, excluding the fishing fleet.

2) None, except for the maritime hull, excluding the fishing fleet.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None, except for the maritime hull, excluding the fishing fleet.

2) None, except for the maritime hull, excluding the fishing fleet.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

Reinsurance and retrocession services

1) None.

2) None.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Freight insurance services

1) Unbound.

2) Unbound.

3) Limitation as indicated for motor vehicle insurance services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Insurance and pension consultancy services

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

d. Services auxiliary to insurance (81402-81403-81404-81405)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Actuarial services

(CPC 81404)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

7.B. BANKING AND OTHER FINANCIAL SERVICES

ARGENTINA

7.B. Banking and other financial services (excluding insurance)

The financial operations carried out by the Government and State-owned enterprises, or by means of the entities they designate to that end, are excluded from the conditions specified in this list.

In order to participate in transactions of the Stock Exchange it is necessary to be registered in the "Registro de Agentes de Negociación" (Comisión Nacional de Valores).

a. Acceptance of deposits and other repayable funds from the public: Defined as any repayable sum of money (currency) received from the public, subject or not to interest rate at sight or on time:

– Deposits

– Other ways of raising money from the public (CPC 81116)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

b. Lending of all types, including, among others, consumer credit, mortgage credit, factoring and financing of commercial transactions

– Banking loans

– Non-banking loans: granted by persons who are not authorised to raise funds from the public under any modality whatsover (CPC 81131 + 81132 + 81133 + 81139)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

c. Financial leasing services which include a purchase option (CPC 81120)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

d. Financial transactions processing and clearing house involving only money (under the scope of code 71553 Release CPC N° 1 –Explanatory notes) (CPC 81339)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

e. Guarantees and commitments: Defined as any contingent or eventual liability of financial entities incurred in compliance with contractual obligations with costumers (CPC 81199)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

f. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:

– Money market instruments (checks, bills, deposit certificates, etc.) (CPC 81339)

– Foreign exchange (on own account or on behalf of third parties) (CPC 81333)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

– Derivatives products, including but not limited to futures and options (CPC 81339)

– Exchange and money market instruments, i.e. (monetary) swaps, term interest rate agreements (forward transactions) etc. (CPC 81339)

– Transferable Securities (CPC 81321)

– Other negotiable financial instruments and assets including bullion (CPC 81339)

g. Participations in issues of all kinds of securities, including under-writing and placement as agent (whether publicly or privately) and provision of services related to such issues (CPC 81322)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

h. Exchange brokerage (only on behalf of third parties) (CPC 81339)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

i. Asset Management, such as:

– Management of cash funds or securities portfolios, mutual investment funds of any kind.

– Pension fund management

– Custodial depository and trust services (CPC 81323)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

j. Settlement and clearing services for financial assets including securities, derivatives and other negotiable instruments (except for currency) (CPC 81319 + 81329)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

k. Advisory and other auxiliary financial services on all the activities in credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 81332)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

l. Provision and transfer of financial information and financial data processing and related software support by providers of other financial services (CPC 81319 + 81329)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Items i, k and l are depending upon information to be subsequently provided by the competent authority of each country as regards pension and retirement fund management.

BRAZIL

7.B. Banking and Other Financial Services (Excluding Insurance)

Horizontal Subsector Provisions:

For commitments under Mode 3): The establishment of financial institutions, including all types of bank, consumer, real estate or mortgage finance company, credit cooperative or company, leasing company, broker and dealer, as well as increases in the participation of foreign persons (natural or juridical persons) in the capital of financial institutions incorporated under Brazilian law, requires a specific authorisation granted on a case-by-case basis by the Executive Branch, by means of a Presidential decree. The grant of such authorisation may be subject to specific conditions. Institutions authorised to perform financial activities may only perform activities, for which they are authorised, in accordance with Brazilian laws and regulations. Representative offices may not engage in commercial business.

Note for transparency purposes regarding domestic regulation: services included in subsector 7.B.1 are those currently under primary responsibility of the Central Bank of Brazil (BACEN – "Banco Central do Brasil"), and those included in subsector 7.B.2 are those under primary responsibility of the Brazilian Securities Commission (CVM – "Comissão de Valores Mobiliários"). Only institutions accredited by those agencies may render activities listed in this subsector.

Securities, for commitments under subsector 7.B.2, are: corporate shares, debentures, secured bonds, founder's shares (extinguished in 2001, with existing shares being grandfathered), coupons of these securities; subscription warrants and rights or receipts; securities certificates of deposit; any type of derivatives, including options, forwards, swaps and futures contracts; commercial paper issued by public companies, with the exception of financial institutions; open or closed-ended mutual funds, including real estate-funds (shares of real estate investment funds); and any type of collective investment instrument offered to the public that creates the right of participation in profits or other type of capital remuneration.

All members of senior level management of financial service suppliers must be permanent residents in Brazil. Domicile in Brazil is needed, but this concept is non-discriminatory, as it is currently extendable to non-resident foreigners. In practice, only an address in Brazil is needed to register, with a working address being accepted for these purposes.

Note for subsector 7.B.:

(1) Note for transparency purposes regarding domestic regulation: the activities listed in this sector are regulated by specific rules enacted by the Brazilian Securities Commission – CVM. Current regulations are available at CVM´s website (www.cvm.gov.br). The commitments are specific to the listed activities.

BRAZIL

7.B. Banking and other financial services.

1. acceptance of deposits and other repayable funds from the public;

2. lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction;

3. financial leasing;

1) Unbound.

2) None for advisory services (point 12) and for the financial leasing of capital goods, including vessels and aircraft, in accordance with the import conditions for internalisation of such goods in Brazil. None for acquisition of depository receipts of Brazilian Securities traded abroad (under points 6 and 10). Unbound for other items.

1) Unbound.

2) None for advisory services (point 12) and for the financial leasing of capital goods, including vessels and aircraft, in accordance with the import conditions for internalisation of such goods in Brazil. None for acquisition of depository receipts of Brazilian Securities traded abroad (under points 6 and 10). Unbound for other items.

4. all payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts;

5. guarantees and commitments;

6. trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:

(a) money market instruments (including cheques, bills, certificates of deposits);

3) None other than indicated horizontally in this subsection and section. Unbound for factoring on point 2.

4) None other than indicated horizontally in the general section for advisory services (point 12). For other services, the horizontal sector note is applicable.

3) None other than indicated horizontally in this subsection and section. Unbound for factoring on point 2.

4) None other than indicated horizontally in the general section for advisory services (point 12). For other services, the horizontal sector note is applicable.

(b) foreign exchange;

(c) derivative products including, but not limited to, futures and options;

(d) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements;

(e) transferable securities;

(f) other negotiable instruments and financial assets, including bullion;

7. participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues;

8. money broking;

9. asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;

10. settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

11. provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services;

12. advisory, intermediation and other auxiliary financial services on all the activities listed in points (1) to (11) above, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.

PARAGUAY

7.B. Banking and other financial services

3) Suppliers of financial services wishing to set up operations in Paraguay require prior authorisation from the competent authorities. These service suppliers will be subject to the limitations laid down in existing laws and regulations for the entities controlled by the Central Bank.

CPC 81115-81119

Lending of all types, including consumer credit, mortgage credit, etc.

CPC 8113

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except managers and specialists.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except managers and specialists.

Other auxiliary financial intermediation services

CPC 81331-81334

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except managers and specialists.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except managers and specialists.

URUGUAY

7.B. Banking and other financial services

3) The authorisation for enterprises established abroad to set up branches or agencies in Uruguay to engage in financial intermediation activities is subject to the requirement that their by-laws or statutes do not prohibit Uruguayan citizens from being members of the management board or board of directors or from holding any other senior post or position in the enterprise ("institución"), within the territory of Uruguay.

Representatives of financial institutions established abroad must register with the Banco Central del Uruguay (Central Bank of Uruguay).

For public offer purposes, the notes and its issuers must be registered with the Banco Central del Uruguay (Central Bank of Uruguay). The Banco Central del Uruguay is responsible for the regulation of clearing houses and all services related to liquidation, compensation and custody that must be authorised by the competent authority.

Investment funds enterprises must be organised as Uruguayan public limited companies, subject to the limitations laid down in existing laws and regulations.

Wholesale deposit services

1) None.

2) None.

3) Banks wishing to become established in Uruguay must be organised as Uruguayan public limited companies with registered shares or as branches of foreign banks.

This provision applies exclusively to institutions which are defined by law as banks and does not affect other financial intermediation enterprises.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Credit card services

1) Unbound.

2) Unbound.

3) Limitation as indicated for wholesale deposit services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Payment and money transfer services

1) Unbound.

2) Unbound.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Other bank deposit services

1) Unbound.

2) Unbound.

3) Limitation as indicated for wholesale deposit services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Financial leasing services

1) Unbound.

2) Unbound.

3) Limitation as indicated for wholesale deposit services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Guarantees and commitments

(CPC 81199**)

1) Unbound.

2) Unbound.

3) None, except the limitations addressed under banking and other financial services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Participation in issues of all kinds of securities, including under-writing and placement as agent (whether publicly or privately) and provision of services related to such issues

(CPC 8132)

1) Unbound.

2) Unbound.

3) None, except the limitations addressed under banking and other financial services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Money broking

1) Unbound.

2) Unbound.

3) None, except the limitations addressed under banking and other financial services.

4) Unbound, except as indicated under the section on horizontal commitments.

) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Personal instalment loan services

1) Unbound.

2) Unbound.

3) Limitation as indicated for wholesale deposit services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Advisory and other auxiliary financial services on all the activities listed in subparagraphs (v) through (xv) of paragraph 5.(a) of the Annex on Financial Services.

(CPC 8131+ and 8133+)

1) Unbound.

2) Unbound.

3) None, except the limitations addressed under banking and other financial services.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

8. HEALTH RELATED AND SOCIAL SERVICES

PARAGUAY

Health and social services supplied by the Government are excluded, as well as subsidies given at central, departmental and local level by the Government.

Welfare services provided to elderly and handicapped (CPC 93311)

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

9. TOURISM AND TRAVEL-RELATED SERVICES

ARGENTINA

A. Hotels and restaurants (including catering) (CPC 641/643)

B. Travel agencies and tour operators services(CPC 7471)

C. Tourist guide services (CPC 7472)

D. Other

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

A. Hotels and restaurants (incl. catering) (CPC 641 + 642)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) Brazilian service suppliers operating in the Amazon and North-Eastern regions benefit from certain tax credit incentives. Other incentives are limited to service suppliers with the majority of capital held by Brazilian citizens or legal entities.

4) Unbound, except as indicated under the section on horizontal commitments.

B. Travel agencies and tour operators (CPC 7471)

C. Tour Guide Services (CPC 7472)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

PARAGUAY

9.A. Hotels and restaurants (CPC 641-643)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

B.1 Travel agencies and tour operator services (CPC 7471)

1) None.

2) None.

3 None.

4) None, except as indicated under the section on horizontal commitments, foreign managers must have a Paraguayan permanent residency.

1) None.

2) None.

3 None.

4) None, except as indicated under the section on horizontal commitments, foreign managers must have a Paraguayan permanent residency.

B.2 Travel agencies and tour operator services of receptive tourism 6

1) None.

2) None.

3 None.

4) None, except as indicated under the section on horizontal commitments, foreign managers must have a Paraguayan permanent residency.

1) None.

2) None.

3 None.

4) Unbound, except as indicated under the section on horizontal commitments, foreign managers must have a Paraguayan permanent residency.

C. Tourist guides services (CPC 7472)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None, except for the requirement of Paraguayan permanent residency for foreigners.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

9.A. Hotels and restaurants

(Including catering services providing meals from abroad)

(CPC 641-643)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

9.B. Travel agencies and tour-operator services (CPC 74710)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

9.C. Tourist guide services (CPC 74720)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

10. RECREATIONAL, CULTURAL AND SPORTING SERVICES

(other than audiovisual services)

ARGENTINA

10.B. News agency services (CPC 962)

1) None.

2) None.

3) The employer may only admit up to 10 % of foreigners as journalistic staff. Foreign news agencies are exempted from this obligation.

1) None.

2) None.

3) The National System of Public Media, a government corporation (Sistema Nacional de Medios Públicos, Sociedad del Estado) is empowered to plan and contract advertising space and produce all the official advertising that may be required of it by the different areas of the Federal Government, through the most convenient public or private broadcasting media; it acts for these purposes as an advertising agency.

4) In addition to what is mentioned in the horizontal commitments, the employer may only admit up to 10 % of foreigners as journalistic staff. Foreign news agencies are exempted from this obligation.

4) In addition to what is mentioned in the horizontal commitments, in order to take up a management position, the candidate must be either a native or a naturalised Argentine. Management positions in foreign news agencies are exempted from this provision.

BRAZIL

10.D. Sporting services (CPC 9641, except CPC 96419)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

PARAGUAY

CPC 9641 Sporting services except CPC 96419

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

10.A. Entertainment services

(includes theatre, bands and orchestras and circus services)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

11. TRANSPORT SERVICES

ARGENTINA

A. MARITIME TRANSPORT SERVICES

Passenger and freight national cabotage transport is reserved to registered national vessels in accordance with Argentina's laws and regulations. For greater certainty, this reservation includes the repositioning of empty containers and feedering services.

Maritime and fluvial regular passenger transport between Argentina and Uruguay is reserved to vessels flying the flag of one of those countries.

International maritime transport between a maritime port located in Argentina and a maritime port located in Brazil is reserved to vessels flying the flag of one of those countries, except for the bulk transportation of mineral ores and wheat as well as the repositioning of empty containers. This reservation shall cease to apply no later than 10 (ten) years after the entry into force of this Agreement with regard to the international maritime transport of containerised freight.

International Transport (freight and passengers) CPC 7211 and 7212 less cabotage transport 7

1) (a) liner shipping: none.

(b) bulk, tramp, and other international shipping, including passenger transportation; none.

1) (a) none; and

(b) none.

The following services at the port are made available to international maritime transport suppliers on reasonable and non-discriminatory terms and conditions, with the exception of pricing conditions:

1. Pilotage

2. Towing and tug assistance

3. Provisioning, fuelling and watering

2) None.

2) None.

4. Garbage collecting and ballast waste disposal

5. Navigation aids

6. Shore-based operational services essential to ship operations, including communications, water and electrical supplies

7. Emergency repair facilities

8. Anchorage, berth and berthing services

(1) As defined below

3) (b) See notes 2 and 3

3) (a) establishment of a registered enterprise for the purpose of operating a fleet under the national flag of the State of establishment: none. For purposes of transparency: to fly the Argentine flag, vessels must be registered at the National Registry; and

(b) other forms of commercial presence for the supply of international maritime transport services (as defined below in

the Note to the Argentine Commitments – 2): none

3) (a) none; and

(b) none.

4) (a) ships' crews: unbound; and

(b) key personnel employed in relation to a commercial presence as defined under Mode 3 (b) above: unbound, except as indicated under the section on horizontal commitments.

4) (a) unbound; and

(b) unbound, except as indicated under the section on horizontal commitments.

BRAZIL

Maritime Transport Services (passenger, CPC 7211, and freight, CPC 7212, less cabotage 8 transport services)

1) (a) passenger: unbound; and

(b) freight: none, except cargoes whose transport is reserved to the national flag, in accordance with domestic laws and regulations (see attached Note to the Brazilian Commitments).

1) Foreign vessels are subject to the Tariff for the Use of Lighthouses (TUF), except for vessels flying the flag of the following countries: Germany, Algeria, Argentina, Bulgaria, China, USA, France, Poland, Portugal, Romania, Russia and Uruguay. This limitation shall cease to apply no later than 2 (two) years after the entry into force of this Agreement for vessels flying the flag of the Member States of the Union that are not covered by the aforementioned exemption.

The following port services are made available to international maritime transport suppliers under reasonable and non discriminatory terms and conditions, in accordance with domestic laws and regulations:

1. Pilotage;

2. Towing and tug assistance;

3. Provisioning, fueling, and watering;

4. Garbage collecting and ballast waste disposal;

5. Port captain services;

International maritime transport between a maritime port located in Brazil and a maritime port located in Argentina or Uruguay is reserved for vessels flying the flag of one of those countries, except for the bulk transportation of mineral ores and wheat as well as the repositioning of empty containers. This reservation shall cease to apply no later than 10 (ten) years after the entry into force of this Agreement with regard to international maritime transport of containerised freight.

2) None.

3) None, except commercial presence requires the constitution of a Brazilian shipping company (EBN) 9 .

2) None.

3) None.

6. Navigation aids;

7. Shore-based operational services, including communications, water , and electrical supplies;

8. Emergency repair;

9. Anchorage, berth, and berthing services.

Cabotage maritime transport between ports in the national territory is reserved for vessels flying the national flag.

4) None, except:

(a) as indicated under the section on horizontal commitments; and

(b) for vessels flying the Brazilian flag and registered with the National Registry, the captain, the engineer, and 2/3 (two-thirds) of the crew must be Brazilian citizens; if a vessel holds a Special National Registry (REB), only its captain and engineer must be Brazilian citizens.

4) None, except as indicated under the section on horizontal commitments.

11. INTERNATIONAL MARITIME TRANSPORT

PARAGUAY

The transport of cargo and passenger by inland rivers is reserved for vessels flying the national flag of countries that are party to the Paraguay-Paraná Hidrovía Treaty. Only in case there is a lack of ship holds, the Paraguayan enterprises may rent or charter vessels with other flags, provided that the rented or charter vessels do not exceed the tonnage of the Paraguayan flag fleet. and the vessel to be rented or chartered is registered in accordance with Paraguayan laws and regulations.

3) Commercial presence requires the establishment of local presence and legal representation to provide services in Paraguay. The majority of the capital has to be owned by Paraguayans. For corporations, the shares must be nominal. The majority of the capital of the companies which own national vessels shall be held by natural or juridical persons Paraguay or a foreign investor whose capital must be incorporated in Paraguay in accordance with the laws which regulate the incorporation of foreign capital.

Passengers transport (CPC 7211)

1) None.

2) None.

3) None.

4) Unbound.

1) None.

2) None.

3) None.

4) Unbound.

The following services at the port are made available to international maritime transport suppliers on reasonable and non-discriminatory terms and conditions:

1. Compulsory Pilotage
2. Towing and tug assistance
3. Provisioning, fuelling and watering
4. Garbage collecting and ballast waste disposal

Freight transport (CPC 7212)

(excluding fluvial cabotage and feeder transport)

1) Unbound.

2) Unbound.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound.

1) Unbound.

2) None.

3) None, except as indicated under the section on horizontal commitments.

4) Unbound.

5. Navigation aids

6. Shore-based operational services essential to ship operations, including communications, water and electrical supplies

7. Emergency repair facilities

8. Anchorage, berth and berthing services

9. Port captain services

a. Rental of vessels with crew (CPC 7213)

(excluding cabotage and feeder transport)

1) Unbound.

2) Unbound.

3) None.

4) Unbound.

1) Unbound.

2) Unbound.

3) None.

4) Unbound.

MARITIME TRANSPORT SERVICES

URUGUAY

Passenger and freight national maritime cabotage transport is reserved to registered national vessels.

Maritime and fluvial regular passenger transport between Argentina and Uruguay is reserved to vessels flying the flag of one of those countries.

International maritime transport between a maritime port located in Uruguay and a maritime port located in Brazil is reserved for vessels flying the flag of one of those countries, except for the bulk transportation of mineral ores and wheat as well as the repositioning of empty containers. Shipping companies can operate with their own vessels or with chartered or rented vessels. This reservation shall cease to apply no later than 10 (ten) years after the entry into force of this Agreement with regard to international maritime transport of containerised freight.

International Maritime Transport (freight and passengers) CPC 7211 and 7212 less cabotage transport 10

Feeder services 11

1) Only Uruguay may impose restrictions on access to cargo transportation regarding Uruguayan foreign trade on the basis of reciprocity.

1) Only Uruguay may impose restrictions on access to cargo transportation of Uruguayan foreign trade on the basis of reciprocity.

The following services at the port are made available to international maritime transport suppliers on reasonable and non-discriminatory terms and conditions:

1. Pilotage

2. Towing and tug assistance

3. Provisioning, fuelling and watering

2) None.

3) In order to fly the national flag the maritime traffic shall be approved by the Ministerio de Transporte y Obras Públicas

and must fulfil the following requirements:

(i) If its owners, partners or shipowners are natural persons, they must be Uruguayan natural or legal citizens. Domicile in the territory of Uruguay is required.

2) None.

3) In order to fly the national flag the maritime traffic shall be approved by the Ministerio de Transporte y Obras Públicas and must fulfil the following requirements:

(i) If its owners, partners or shipowners are natural persons, they must be Uruguayan natural or legal citizens. Domicile in the territory of Uruguay is required.

4. Garbage collecting and ballast waste disposal

5. Navigation aids

6. Shore-based operational services essential to ship operations, including communications, water and electrical supplies

7. Emergency repair facilities

8. Anchorage, berth and berthing services

1) See above

(ii) If their owners, partners or shipowners are legal persons, they must have their "social address" in the territory of Uruguay. Uruguayan natural or legal citizens must control and manage the company. They must also have an agent ("representante") properly credited and domiciled in the territory of Uruguay.

(ii) If their owners, partners or shipowners are legal persons, they must have their "social address" in the territory of Uruguay. Uruguayan natural or legal citizens must control and manage the company. They must also have an agent ("representante") properly credited and domiciled in the territory of Uruguay.

4) Ships' crews: unbound.

Key personnel employed in relation to a commercial presence: unbound except as indicated under the section on horizontal commitments.

4) Ships' crews: unbound.

Key personnel employed in relation to a commercial presence: unbound except as indicated under the section on horizontal commitments.

MARITIME AUXILIARY SERVICES

ARGENTINA

Maritime Cargo Handling Services (as defined below – 4)

1) Unbound* except for – no limitation on transhipment (board to board or via the quay) or on the use of on-board cargo handling equipment.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound* except for no limitation on transhipment (board to board or via the quay) or on the use of on-board cargo handling equipment

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Storage and warehousing Services CPC 742

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

Customs Clearance Services (as defined below 5)

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

Container Station and Depot Services (as defined below – 6)

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

Maritime Agency Services (as defined below – 7)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(Maritime) Freight Forwarding Services (as defined below – 8)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

B. Auxiliary Services to Maritime Transport:

Cargo Handling Services (CPC 714)

Storage and Warehousing Services (CPC 742)

Container station and depot services (as in item 4 – Definitions)

1) Unbound*.

2) None.

3) None, except: occupancy of areas of public domain in ports is subject to availability and concession procedures or public calls for tender.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

Maritime Agency Services (as in item 5 – Definitions)

Freight Forwarding Services (as in item 6 – Definitions)

1) Unbound*.

2) None.

3) None, except: occupancy of areas of public domain in ports is subject to availability and concession procedures or public calls for tender.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

C. Maintenance and repair of vessels

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

URUGUAY

Maritime Cargo Handling Services (as defined below –3)

1) Unbound* except for – no limitation on transhipment (board to board or via the quay) or on the use of on-board cargo handling equipment.

2) None.

3) None**. The suppliers of these services must obtain prior authorisation from the Executive Branch.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound* except for no limitation on transhipment (board to board or via the quay) or on the use of on-board cargo handling equipment.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

** Public utility concession or licensing procedures may apply in case of occupation of the public domain.

Storage and warehousing Services CPC 742

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound*.

2) None.

3) None**.

4) Unbound, except as indicated under the section on horizontal commitments.

Container Station and Depot Services (as defined below – 4)

1) Unbound. 12*

2) None.

3) None 13**. The suppliers must obtain a concession or prior authorisation from the Executive Branch, in accordance with national law and the contractual conditions agreed upon with the service supplier.

1) Unbound*.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

4) Unbound except as indicated under the section on horizontal commitments.

Maritime Agency Services (as defined below – 5)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

(Maritime) Freight Forwarding Services (as defined below – 6)

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

MARITIME TRANSPORT

ARGENTINA

NOTE TO THE ARGENTINE COMMITMENTS

Where road, rail, inland waterways and auxiliary services are not otherwise fully covered by the commitments listed above, a multimodal transport operator shall have the ability to rent or lease trucks, railway carriages or barges, and related equipment to local enterprises for the purpose of inland forwarding of cargoes, or have access to, and use of, these forms of multimodal activities on reasonable and non-discriminatory terms and conditions for the purpose of carrying out multimodal transport operations. "Reasonable and non-discriminatory terms and conditions" means, for the purpose of multimodal transport operations, the ability of the multimodal transport operator to arrange for the conveyance of its merchandise on a timely basis, including priority over other merchandise which has entered the port at a later date.

DEFINITIONS

1. Without prejudice to the scope of activities which may be considered as "cabotage" under the relevant national laws and regulations, commitments listed above do not include "maritime cabotage services", which are assumed to cover transportation of passengers or goods, including goods bound for foreign destinations, between a port located in Argentina and another port located in Argentina and traffic originating and terminating in the same port located in Argentina provided that this traffic remains within Argentina's territorial waters.

2. "Other forms of commercial presence for the supply of international maritime transport services" means the ability for international maritime transport service suppliers of the other Party to undertake locally all activities which are necessary for the supply to their customers of a partially or fully integrated transport service, within which the maritime transport constitutes a substantial element. This commitment shall however not be construed as limiting in any manner the commitments undertaken under the cross-border mode of delivery.

These activities include, but are not limited to:

(a) the marketing and sales of maritime transport and related services through direct contact with customers, from quotation to invoicing, these services being those operated or offered by the service supplier itself or by service suppliers with which the service seller has established standing business arrangements;

(b) the acquisition, on their own account or on behalf or their customers (and the resale to their customers) of any transport and related services, including inward transport services by any mode, particularly inland waterways, road and rail, necessary for the supply of the integrated services;

(c) the preparation of documentation concerning transport documents, customs documents or other documents related to the origin and character of the goods transported;

(d) the provision of business information by any means, including computerised information systems and electronic data interchange (subject to the provisions of the Annex on Telecommunications to GATS);

(e) the setting-up of any business arrangements (including participation in the stock of a company) and the appointment of personnel recruited locally (or, in the case of foreign personnel, subject to the horizontal commitment on movement of personnel) with any locally established shipping agency; and

(f) acting on behalf of the enterprise organising the call of the vessels or taking over cargoes when required.

3. "Multimodal transport operators" means the person on whose behalf the bill of lading or multimodal transport document, or any other document evidencing a contract of multimodal carriage of goods, is issued and who is responsible for the carriage of goods pursuant to the contract of carriage.

4. "Maritime cargo handling services" means activities exercised by stevedore companies, including terminal operators, but not including the direct activities of dockers, when this workforce is organised independently of the stevedoring or terminal operator enterprise. The activities covered include the organisation and supervision of:

– the loading/discharging of cargo to/from a ship;

– the lashing/unlashing of cargo;

– the reception/delivery and safekeeping of cargoes before shipment or after discharge.

5. "Customs clearance services" (alternatively "customs house brokers' services") means activities consisting in carrying out on behalf of another party customs formalities concerning import, export or through transport of cargoes, whether this service is the main activity of the service provider or a usual complement of its main activity.

6. "Container station and depot services" means activities consisting in storing containers, whether in port areas or inland, with a view to their stuffing/stripping, repairing and making them available for shipments.

7. "Maritime agency services" means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:

– marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information; and

– acting on behalf of the enterprise organising the call of the vessels or taking over cargoes when required.

8. "Freight forwarding services" means the activity consisting of organising and monitoring shipment operations on behalf of shippers, through the acquisition of transport and related services, preparation of documentation and provision of business information.

MARITIME TRANSPORT

BRAZIL

NOTE TO THE BRAZILIAN COMMITMENTS

DEFINITIONS

1. Other forms of commercial presence for the supply of "international maritime transport services" means the ability for international maritime transport service suppliers of the other Party to undertake locally all activities which are necessary

for the supply to their customers of a partially or fully integrated transport service, within which maritime transport constitutes a substantial element.

These activities include:

(a) marketing and sales of maritime transport and related services through direct contact with customers, from quotation to invoicing, these services being those operated or offered by the service supplier itself or by service suppliers with which the service seller has established standing business arrangements;

(b) the acquisition, on their own account or on behalf or their customers (and the resale to their customers) of any transport and related services, including inward transport services by any mode, particularly inland waterways, road and rail, necessary for the supply of the integrated services;

(c) the preparation of documentation concerning transport documents, customs documents, or other documents related to the origin and character of the goods transported;

(d) the provision of business information by any means, including computerised information systems and electronic data interchange (subject to the provisions of the Annex on Telecommunications to GATS);

(e) the setting up of any business arrangements (including participation in the stock of a company) and the appointment of personnel recruited locally (or, in the case of foreign personnel, subject to the horizontal commitment on movement of personnel) with any locally established shipping agency; and

(f) acting on behalf of the companies organising the call of the ship or taking over cargoes when required.

2. "Maritime cargo handling services" means activities exercised by stevedore companies, including terminal operators, but not including the direct activities of dockers, when this workforce is organised independently of the stevedoring or terminal operator companies. The activities covered include the organisation and supervision of:

– the loading/discharging of cargo to/from a ship;

– the lashing/unlashing of cargo; and

– the reception/delivery and safekeeping of cargoes before shipment or after discharge.

3. "Customs clearance services" (alternatively "customs house brokers' services") means activities consisting in carrying out on behalf of another party customs formalities concerning the import, export or through transport of cargoes, whether this service is the main activity of the service provider or a usual complement of its main activity.

4. "Container station and depot services" means activities consisting in storing containers, whether in port areas or inland, with a view to their stuffing/stripping, repairing and making them available for shipments.

5. "Maritime agency services" means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:

– marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information; and

– acting on behalf of the companies organising the call of the ship or taking over cargoes when required.

6. "Freight forwarding services" means the activity consisting of organising and monitoring shipment operations on behalf of shippers, through the acquisition of transport and related services, preparation of documentation and provision of business information.

7. Maintenance and repair of vessels (CPC 8868).

8. Tower and tug services (CPC 7214).

NOTE ON MARITIME TRANSPORT SERVICES

1. Maritime cabotage passenger or freight transport service includes all maritime passenger or freight transportation services rendered between a port or point located in the territory of Brazil and another port or point located in this same territory, including the so called feeder services, and movements of equipment.

2. The transportation of cargo as a result of public procurement, cargo financed or subsidised by the Government of Brazil

as well as oil and its by-products are reserved to vessels flying the Brazilian flag.

MARITIME TRANSPORT SERVICES

URUGUAY

NOTE TO THE URUGUAYAN COMMITMENTS

Where road, rail, inland waterways and auxiliary services are not otherwise fully covered by the commitments listed above, a multimodal transport operator shall have the ability to rent or lease trucks, railway carriages or barges, and related equipment to local enterprises for the purpose of inland forwarding of cargoes, or have access to, and use of, these forms of multimodal activities on reasonable and non-discriminatory terms and conditions for the purpose of carrying out multimodal transport operations. "Reasonable and non-discriminatory terms and conditions" means, for the purpose of multimodal transport operations, the ability of the multimodal transport operator to arrange for the conveyance of its merchandise on a timely basis, including priority over other merchandise which has entered the port at a later date.

DEFINITIONS

1. Without prejudice to the scope of activities which may be considered as "cabotage" under the relevant national laws and regulations, the commitments listed above do not include "maritime cabotage services", which are assumed to cover transportation of passengers or goods between a port located in Uruguay and another port located in Uruguay and traffic originating and terminating in the same port located in Uruguay provided that this traffic remains within Uruguay's territorial waters.

2. "Multimodal transport operators" means the person on whose behalf the bill of lading or multimodal transport document, or any other document evidencing a contract of multimodal carriage of goods, is issued and who is responsible for the carriage of goods pursuant to the contract of carriage.

3. "Maritime cargo handling services" means activities exercised by stevedore companies, including terminal operators, but not including the direct activities of dockers, when this workforce is organised independently of the stevedoring or terminal operator companies. The activities covered include the organisation and supervision of:

– the loading/discharging of cargo to/from a ship;

– the lashing/unlashing of cargo; and

– the reception/delivery and safekeeping of cargoes before shipment or after discharge.

4. "Container station and depot services" means activities consisting in storing containers, whether in port areas or inland, with a view to their stuffing/stripping, repairing and making them available for shipments.

5. "Maritime agency services" means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:

– marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information; and

– acting on behalf of the companies organising the call of the ship or taking over cargoes when required.

6. "Freight forwarding services" means the activity consisting of organising and monitoring shipment operations on behalf of shippers, through the acquisition of transport and related services, preparation of documentation and provision of business information.

11. AIR TRANSPORT SERVICES

ARGENTINA

d. Maintenance and repair of aircraft (CPC 8868)

1) None.

2) None.

3) None.

4) In addition to the horizontal commitments, in order to work professionally in Argentina, Aeronautic Engineers and Technicians are required to revalidate their degrees and licences and they shall register with the Professional Council of Aeronautic and Space Engineering.

1) None.

2) None.

3) None.

4) In addition to the horizontal commitments, in order to work professionally in Argentina, Aeronautic Engineers and Technicians are required to revalidate their degrees and licences and they shall register with the Professional Council of Aeronautic and Space Engineering.

e. Supporting Services for Air Transport (CPC 746)

Sale and commercialisation of air transport services

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Computerised reservation systems services

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) None.

2) None.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

BRAZIL

E. Rail Transport Services

Freight transportation (CPC 71121, CPC 71123, CPC 71129)

1) Unbound.

2) Unbound.

3) Governmental authorisation required. The granting of new authorisations is discretionary. The number of service suppliers may be limited.

1) Unbound.

2) Unbound.

3) None.

4) Unbound except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

F. Road Transport Services

Freight transportation (CPC 71231, CPC 71233, CPC 71234)

(Specific commitments include limitations arising from bilateral road transport agreements which Brazil is party to)

1) Unbound.

2) Unbound.

3) Foreign participation is limited to 1/5 (one-fifth) of the voting shares of Brazilian companies engaged in this activity.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

4) Unbound, except as indicated under the section on horizontal commitments.

G. Pipeline Transport

Transportation of other goods (CPC 7139 excluding hydrocarbon products)

H. Services auxiliary to all modes of transport

(a) Cargo-handling services (CPC 741)

(b) Storage and warehouse services (CPC 742)

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

1) Unbound.

2) Unbound.

3) None.

4) Unbound, except as indicated under the section on horizontal commitments.

Appendix 18-E-1

PARAGUAY – ADDITIONAL COMMITMENTSFOR FINANCIAL SERVICES

EFFECTIVE AND TRANSPARENT REGULATIONIN THE FINANCIAL SERVICES SECTOR

1. Each Party shall publish promptly or, except in emergency situations, at the latest by the time of their entry into force, all relevant measures of general application which pertain to or affect this Annex. Such measures shall be provided:

(a) by means of an official publication; or

(b) in another written or electronic form.

2. Each Party's appropriate financial authority shall make available to interested persons its requirements for completing applications relating to the supply of financial services.

3. On the request of an applicant, the appropriate financial authority shall inform the applicant of the status of its application. If such authority requires additional information from the applicant, it shall notify the applicant without undue delay.

4. Each Party shall make its best endeavours to ensure that internationally agreed standards for regulation and supervision in the financial services sector are implemented and applied in its territory. Such internationally agreed standards are, among others, the Core Principles for Effective Banking Supervision of the Basel Committee Banking Supervision, the Insurance Core Principles of the International Association of Insurance Supervisors, the Objectives and Principles of Securities Regulation of the International Organisation of Securities Commission and the 40 recommendations of the Financial Action Task Force on Money Laundering.

MUTUAL RECOGNITION OF PRUDENTIAL MEASURES

1. A Party may recognise prudential measures of the other Party in determining how the Party's measures relating to financial services shall be applied. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement or may be accorded autonomously.

2. A Party that is a party to an agreement or arrangement with a third party as referred to in paragraph 1 whether future or existing, shall grant adequate opportunity for the other Party to negotiate its accession to such agreements or arrangements, or to negotiate comparable ones with it, in circumstances in which there would be equivalent regulation, implementation of such regulation, oversight and, if appropriate, procedures concerning the sharing of information between the parties to the agreement or arrangement. If a Party accords recognition autonomously, it shall grant adequate opportunity for the other Party to demonstrate that such circumstances exist.

_____

(1) The related service activities are included in the list of specific commitments for services, including distribution and transportation.(2) The related service activities are included in the list of specific commitments for services, including distribution and transportation.(3) The related service activities are included in the list of specific commitments for services, including distribution and transportation.(4) Services provided in Paraguay will require a licence granted by the Paraguayan State through a transparent non-discriminatory procedure.(5)

"Offshore financial service supplier" means any financial service supplier, set up in accordance with the laws of a Member State of the Union or of a Signatory MERCOSUR State, which is owned or controlled by juridical persons which are non-residents of Brazil and whose activities are mostly related to such non-residents, and are generally on a scale out of proportion to the size of the economy of the host Member State. These institutions, could otherwise benefit from Part III of this Agreement in a way they would not if their services were supplied from the European Union: country of origin of the owner or controller. http://www.imf.org/external/pubs/ft/eds/Eng/Guide/file6.pdf

(6) The service suppliers that perform receptive tourism, which means travellers coming to Paraguay from abroad into Paraguay.(7) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national law, for the purposes of these commitments, cabotage does not include national cabotage transport, which is assumed to cover the transportation of passengers or goods between a port or point located in Argentina and another port or point located in Argentina, including on its continental shelf as provided in UNCLOS, and traffic originating and terminating in the same port or point located in Argentina.(8) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national law, for the purposes of these commitments, cabotage does not include national cabotage transport, which is assumed to cover transportation of passengers or goods between a port or point located in Brazil and another port or point located in Brazil, including on its continental shelf as provided in UNCLOS, and traffic originating and terminating in the same port or point located in Brazil.(9) The constitution of a Brazilian shipping company (EBN) requires, among other things, the ownership of at least one vessel and adequate capital resources for the carrying out of this activity. To fly the Brazilian flag, vessels must be resigistered at the National Registry or at the Special National Registry (REB).(10) This list does not include "maritime cabotage transport services", which are assumed to cover transportation of passengers or goods between a port located in Uruguay and another port located in Uruguay and traffic originating and terminating in the same port located in Uruguay, provided that this traffic remains within the territorial waters of Uruguay.(11) International Maritime Freight Transport includes feeder services: transportation exclusively between a port located in Uruguay and a port located in another Member State of the Union.(12)* A commitment on this mode of delivery is not feasible.(13)** Public utility concession or licensing procedures may apply in case of occupation of the public domain.

ANNEX 26-A.

PREAMBLE

THE PARTIES,

SHARING the view that this Agreement is being signed amidst an unprecedented combination of crises and challenges;

NOTING that:

(a) it is imperative to take urgent action to tackle environmental challenges and crises, including those of climate change, biodiversity loss and pollution, as clearly indicated by the most recent scientific evidence, and which are further exacerbated by persistent levels of poverty, including extreme poverty, food insecurity and inequality;

(b) the COVID-19 pandemic revealed in its wake multiple vulnerabilities in our societies, among which is concern about the resilience of supply chains, not least in national health systems;

(c) geopolitical tensions have led to an increased overlap of economic relations and resilience, bringing about disruptions in international trade flows;

(d) ensuring decent living standards becomes an even more difficult challenge as food supply chains are subject to disruptions and ecosystems are affected by the adverse effects of climate change; and

(e) successive years of cascading challenges and crises have reversed gains in the 2030 Agenda and its Sustainable Development Goals;

UNDERLINING that against this backdrop, it is critical to ensure the operation of an open, transparent and rules-based international trade;

STRESSING the imperative of urgently accelerating our actions to achieve the Sustainable Development Goals, to tackle climate change, and to obtain the means to do so;

FIRMLY BELIEVING that this Agreement brings together two regions which offer critical contributions to address the aforementioned challenges;

HIGHLIGHTING that:

(a) they share values that are called for in addressing the challenges posed by the current global context, such as:

(i) the recognition of the importance of inclusiveness in delivering solutions that work for all, especially workers, local and traditional communities, smallholding farmers, and in empowering women;

(ii) the embrace of multilateralism and the rejection of unnecessary barriers to trade;

(iii) the respect for international law; and

(iv) the protection and conservation of the environment;

(b) they play pivotal roles in the structure of global supply chains across different sectors and technological levels, including in food production;

(c) they are champions of sustainable development in its social, economic and environmental dimensions, which are integrated, indivisible, interdependent and mutually reinforcing, recognising the wide diversity of production systems, as there is not a one-size-fits-all development model;

(d) they acknowledge that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development;

(e) they recognise the importance of scaling up efforts to protect, conserve, sustainably use, and sustainably manage and restore all ecosystems, in line with their national capacities and circumstances, and that they also acknowledge the importance of increasing the mobilization of resources to support these efforts;

(f) they also acknowledge the essential role of cooperation at multilateral level to effectively address common environmental and sustainable development challenges and commit to reinforcing cooperation on international trade and investment to avoid unnecessary disruptions and to achieve the Sustainable Development Goals, and that they further recall that the 2030 Agenda and the Sustainable Development Goals and targets, including the means of implementation, are universal, indivisible and interlinked; and

(g) regarding climate change, in particular:

(i) they reaffirm, mindful of their leadership role, their steadfast commitments, in pursuit of the objective of the UNFCCC, to tackle climate change by strengthening the full and effective implementation of the Paris Agreement and achieving its purpose and long-term goals, including its temperature goal, its goal on increasing the ability to adapt to the adverse impacts of climate change and its goal of making financial flows consistent with the previous two, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances; that they aim to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty; and that they also recognise that the impacts of climate change are being experienced worldwide, particularly by the poorest and the most vulnerable; and

(ii) they recognise the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change;

AGREEING that to address the crises and challenges mentioned above, a rules-based, non-discriminatory, fair, open, inclusive, equitable, and transparent multilateral trading system, with the WTO at its core, and in accordance with the objective of sustainable development, is indispensable;

RENEWING their commitment to ensure a level playing-field and fair competition by discouraging protectionism and market-distorting practices, to foster a favourable trade and investment environment for all;

REITERATING their commitment to fully respect WTO rules and to avoid unjustified or arbitrary discrimination or a disguised restriction on international trade;

CONCURRING that the aforementioned challenges usher in a new context for the formulation of public policies to build a better future;

RECALLING Article 26.1(5) of this Agreement, and RECOGNISING the differences in their levels of development, agreeing that this Annex embodies a cooperative approach based on common values and interests;

DETERMINED to work together so that their trade relationship enhances sustainable development;

RECALLING the importance of trade for raising standards of living and promoting job growth, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development;

SEEKING both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development;

UNDERLINING the need to account for the specific challenges of landlocked developing countries to ensure market access and benefits under this Agreement;

IN LIGHT of the aforementioned challenges,

AGREE on this Annex.

Part A. TRADE AND SUSTAINABLE DEVELOPMENT

A.1. General provisions

1. The Parties reaffirm the commitments adopted under Chapter 26. They are of the view that they are uniquely placed to lead by example in the integration of trade and sustainable development and that this should be pursued in a collaborative manner.

2. While recognising the right of each Party to determine its sustainable development policies and priorities, which should be consistent with each Party´s commitments under the international agreements it is a party to, each Party shall strive to improve its relevant laws, regulations and policies so as to ensure high and effective levels of environmental and labour protection, in accordance with Article 26.2(2). This is in line with the overall objective expressed in Article 26.1 to implement this Agreement in a manner that contributes to sustainable development. In addition, the Parties recall their agreement in Article 26.2(3) that a Party should not weaken the levels of protection afforded in its environmental or labour laws and regulations with the intention of encouraging trade or investment. The Parties recall that, under Article 26.2(5), they agree that a Party shall not fail, through a sustained or recurring course of action or inaction, to effectively enforce its environmental or labour laws and regulations in order to encourage trade or investment. In this regard, the Parties acknowledge the importance of the provision of appropriate available means to perform such enforcement. Moreover, pursuant to Article 26.2(6), a Party shall not apply its environmental and labour laws and regulations in a manner that would constitute a disguised restriction on trade or an unjustifiable or arbitrary discrimination.

3. The Parties recall that, pursuant to Principle 11 of the Rio Declaration on Environment and Development adopted by the United Nations Conference on Environment and Development in 1992 (hereinafter referred to as "Rio Declaration on Environment and Development of 1992"), environmental standards, management objectives and priorities should reflect the environmental and developmental context to which they apply. Recalling Articles 26.1(1) and 26.1(5) of this Agreement, the Parties also recognise the differences in their levels of development and national circumstances, while pursuing the integration of sustainable development in the Parties' trade and investment relationship. They acknowledge that such differences include the challenges of landlocked developing countries.

4. The Parties acknowledge that sustainability measures affecting trade must be fully consistent with their obligations under the WTO Agreements. The Parties recall that, in accordance with the TBT Agreement, measures which amount to technical regulations restricting trade subject to that agreement should, inter alia, (i) be based on scientific and technical information; (ii) not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create; and (iii) be based on relevant international standards. The Parties also recall that sanitary and phytosanitary measures which are subject to the SPS Agreement should, in accordance with that agreement, inter alia, (i) be applied only to the extent necessary to protect human, animal or plant life or health; (ii) be based on scientific principles; (iii) be based on relevant international standards, guidelines or recommendations, except as otherwise provided for in the SPS Agreement; (iv) not be maintained without sufficient scientific evidence, except as otherwise provided for in the SPS Agreement; and (v) not be applied in a manner which would constitute a disguised restriction on international trade.

5. Pursuant to Article 2.7, the Parties highlight the key role of civil society organisations in the effective implementation of this Agreement, through the establishment of domestic advisory groups in accordance with each Party's domestic mechanisms and legislation, with a broad-based involvement of civil society actors.

6. The Parties share the understanding that promoting international trade in such a way as to contribute to the objective of sustainable development, as referred to in Article 26.1(3), entails actions under the following headings:

(a) multilateral regimes;

(b) bi-regional trade and investment relations;

(c) national and regional trade-related policies and measures; and

(d) women's economic empowerment.

7. Furthermore, the Parties agree that to ensure an effective implementation of their commitments under Chapter 26 of this Agreement and under this Annex, they will, on entry into force of this Agreement, engage in further discussions and put in place a series of actions and cooperation activities.

A.2. Multilateral regimes: collaborating to support multilateral rules for sustainable development

7. The Parties consider that this Agreement offers a privileged platform for consultation and cooperation on trade-related aspects of multilateral labour and environmental standards and objectives, as referred to in Articles 26.1(4)(a), 26.4(8), 26.5(5) and 26.6(3), in line with a cooperative approach, referred to in Article 26.1(5), that duly takes into account the Parties' different national realities, geographic constraints, capacities, needs and levels of development and which respects the Parties' national policies and priorities, referred to in Article 26.1(4)(c).

8. The Parties note the need to fully take into account the purpose, goals and principles enshrined in the Agenda 21 on Environment and Development, adopted at the UN Conference on Environment and Development, held in Rio de Janeiro, on 3 to 14 June 1992, and the Rio Declaration on Environment and Development of 1992, referred to in Article 26.1(2) of this Agreement. In addition, the Parties also reiterate the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change, as highlighted in the Paris Agreement.

9. They recall that, pursuant to Principle 12 of the Rio Declaration on Environment and Development of 1992,

"trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transboundary or global environmental problems should, as far as possible, be based on an international consensus".

10. They further recall that, pursuant to Principle 2 of the Rio Declaration on Environment and Development of 1992, States have, in accordance with the UN Charter and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the

limits of national jurisdiction.

11. In light of the foregoing, the Parties reaffirm their commitment to entrust the Subcommittee on trade and sustainable development, referred to in Article 26.14, (hereinafter referred to as “the TSD Subcommittee”) with the tasks of, among others, facilitating, discussing and monitoring the effective implementation of Chapter 26 and seeking to avoid trade obstacles in areas under its mandate, without prejudice to other mechanisms established under this Agreement. Consultation and cooperation in the TSD Subcommittee includes, but is not limited to, exchange of views on the implementation of the instruments and related processes listed below, as long as the Parties are parties to them:

(a) the 2030 Agenda and the Sustainable Development Goals;

(b) the UNFCCC and the Paris Agreement, established thereunder;

(c) the CBD, its Protocols, and the Kunming-Montreal Global Biodiversity Framework, adopted under the CBD in Montreal on 19 December 2022 (hereinafter referred to as "GBF");

(d) the Montreal Protocol on Substances That Deplete the Ozone Layer done at Montreal on 16 September 1987, and its Kigali Amendment done at Kigali on 15 October 2016;

(e) the United Nations Convention to Combat Desertification done at Paris on 17 June 1994;

(f) the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal done at Basel on 22 March 1989, the Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade done at Rotterdam on 10 September 1998, the Stockholm Convention on persistent organic pollutants done at Stockholm on 22 May 2001, and the Minamata Convention on Mercury done at Kumamoto on 10 October 2013;

(g) the Convention on Migratory Species done at Bonn on 23 June 1979;

(h) the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);

(i) the Ramsar Convention on Wetlands done at Ramsar on 2 February 1971;

(j) the United Nations Declaration on the Rights of Indigenous Peoples adopted by the General Assembly on 13 September 2007; and

(k) the ILO Conventions and Protocols.

12. With regard to the CBD, the Parties recognise the importance of the following elements to support its effective implementation:

(a) the implementation of the three objectives of the CBD - conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources – in a balanced manner;

(b) the implementation of the GBF;

(c) the implementation, revision or update, and communication of national biodiversity strategies and action plans, including national targets, in accordance with Article 6 of the CBD; and

(d) the provision of adequate means of implementation, including financial resources, access to and transfer of technology, technical and scientific cooperation, exchange of information and distribution of benefits from biotechnology, recognising the specific challenges faced by Signatory MERCOSUR States, in line with the provisions of the CBD.

13. In reiterating their full commitment to the UNFCCC and to effectively implementing the Paris Agreement, the Parties agree to undertake and enhance actions to support their objectives and goals, including by taking into account global stocktakes of the Paris Agreement, considering mitigation, adaptation and the means of implementation and support, and in light of equity and the best available science. The Parties recall and reiterate all their respective commitments under the climate multilateral regime, including, but not restricted to the following:

(a) regarding nationally determined contributions (hereinafter referred to as “NDCs”) and mitigation: to prepare, communicate and maintain successive NDCs and pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions; that successive NDCs will represent a progression over time and reflect the highest possible ambition, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances;

(b) regarding adaptation: to engage in adaptation planning processes and the implementation of actions, including the development or enhancement of relevant plans, policies or contributions; and

(c) regarding finance flows and means of implementation: to take action aiming at making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development; to provide support to developing country parties to the Paris Agreement for the implementation of climate action, including financial resources, technology transfer and capacity building, in accordance with Articles 9, 10 and 11 of the Paris Agreement, recognising that enhanced support for developing country parties to the Paris Agreement will allow for higher ambition in their actions.

14. The Parties agree to actively cooperate, both in negotiations within the regime and in its implementation, towards fostering joint climate action.

15. Each Party reaffirms its relevant international commitments and shall implement measures, in accordance with its respective internal laws and regulations, to prevent further deforestation and enhance efforts to stabilize or increase forest cover from 2030. In this context, the Parties should not weaken the levels of protection afforded in their environmental law.

16. The Parties further acknowledge that their policies must take into account the social and economic challenges of developing countries and their contribution to global food security.

17. The Parties also stress the need for enhanced support and investment to achieve these objectives, including through financial resources, technology transfer, capacity-building, and other mechanisms foreseen in this Agreement.

18. The Parties will step up efforts to increase substantially the share of renewable energy in the global energy mix and enhance cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

19. The Parties also agree to use the TSD Subcommittee to cooperate and exchange information regarding the implementation of the WTO Agreement on Fisheries Subsidies, adopted at the 12th WTO Ministerial Conference on 17 June 2022, once it has entered into force.

20. While recognising the privileged space for consultation and cooperation provided by the TSD Subcommittee, the Parties stress that this Agreement does not modify in any manner the nature or scope of the commitments adopted under the relevant international agreements referred to in Chapter 26 of this Agreement as well as the mechanisms for implementation agreed under those agreements. The design and functioning of those agreements, in particular the nature of the commitments adopted therein as well as the compliance mechanisms thereof, when existing, reflect balances achieved in the framework of those agreements which are not altered nor conditioned in any way by the references to these commitments in this Agreement.

A.3. Bi-regional trade and investment relations: harnessing this Agreement's potentialto spur true sustainable development that works for all

21. The Parties understand that integration of sustainable development in the Parties' trade and investment relationship, referred to in Article 26.1(1), must deliver, among others, tangible economic benefits for producers of goods and providers of services that incorporate sustainability in their activities, in particular the most vulnerable, including women, smallholder farmers, indigenous peoples and local communities.

22. The benefits referred to in paragraph 21 can be achieved through, among others, initiatives that encourage trade of products obtained or produced sustainably and in accordance with the Parties' law, and projects that foster interregional supply chains to promote the positive contribution of trade to a pathway towards low greenhouse gas emissions and climate-resilient development and to increase the ability to adapt to the adverse effects of climate change in a manner that does not threaten food production, as referred to in Article 26.6(2)(b).

23. The Parties are committed to the protection of labour rights and recognise the role of the ILO as the key multilateral organisation in this field.

24. Recalling Article 26.4(4) of this Agreement, each Party shall make continued and sustained efforts towards ratifying the fundamental ILO Conventions, Protocols and other relevant ILO Conventions to which it is not yet a party and that are classified as up-to-date by the ILO, while respecting the sovereign right of a Party to enter into additional international obligations. In accordance with Article 26.4(3) of this Agreement, each Party shall respect, promote and effectively implement the internationally recognised core labour standards, as defined in the fundamental ILO Conventions.

25. In implementation of these commitments, the Parties intend to place a specific focus on the eradication of child labour

as well as on freedom of association and the effective recognition of the right to collective bargaining. The Parties understand that the commitment to the effective implementation entails that each Party adopts relevant laws and regulations, and exercises its jurisdiction and control by establishing a system for ensuring compliance with the requirements of the internationally recognised core labour standards, as defined in the fundamental ILO Conventions.

26. Furthermore, in line with the commitment to promote decent work in Article 26.4(8) of this Agreement and the ILO Declaration on Social Justice for a Fair Globalization, the Parties underline the principle of social dialogue, which is a guiding principle of the ILO, and understand that the ratification of fundamental and other relevant ILO Conventions should be carried out in a manner consistent with this principle.

Making this Agreement work for producers of sustainable goods

27. Recognising the fundamental role that millions of inhabitants of regions distant from urban centres, such as forests, natural grasslands, wetlands and other natural ecosystems play in achieving sustainable development, the Parties will collaborate in providing increased market access opportunities for products obtained sustainably and in accordance with the law of each Party, from smallholders, cooperatives, indigenous peoples and local communities and to develop mechanisms to support these populations in obtaining and maintaining sustainable sources of income, while respecting collective land rights of indigenous peoples and local communities, in accordance with the law and relevant international commitments of each Party.

28. The Parties agree to discuss specific measures and initiatives to attain this goal within the framework of the TSD Subcommittee or other body established under this Agreement, as appropriate. Among others, such measures and initiatives include identification of market access opportunities required to spur exports of products sustainably obtained or produced, and measures and initiatives to expedite and facilitate trade between the Parties.

Promoting sustainable interregional value chains for energy transition

29. Pursuant to Article 26.6(2)(b), the Parties shall seek to harness the significant potential for interregional partnerships in energy transition projects, given their many complementarities regarding the inputs, expertise and technologies required to develop solutions in areas such as sustainable mobility and other areas identified by the Parties.

30. In this sense, the Parties recognise that building interregional value chains that are responsible, sustainable, transparent, unimpeded and resilient is one of the key aspects to meeting the objectives related to achieving a fair and just energy transition that contributes to the social, economic and environmental development of both regions. Through an effective and balanced participation in these chains, both regions will be in a better position to preserve their competitiveness in the global market, maintain a high level of employment with the creation of quality jobs, reinforce their productive and innovation capacity, improve the existing industrial base and support their transformation.

31. With a view to creating jobs and fostering synergies between the levels of technological development and the natural resources existing in MERCOSUR and in the European Union, the Parties will collaborate in designing initiatives that boost sustainable and resilient interregional value chains. Such value chains should favour investment and industrial development in raw material-producing countries, with a view to increasing the value added locally and promoting job creation. Among others, the Parties will prioritize consideration of the joint development of sustainable interregional markets and value chains in strategic sectors consistent with each Party's relevant laws and regulations; such sectors may include:

(a) responsible mining, beneficiation and transformation of metals and minerals which are critical for the energy transition;

(b) energy sources which play a crucial role in the energy transition, including liquified natural gas and renewable energy; this is most notably relevant for renewable and low-emission electricity generation as well as for those industrial sectors where greenhouse gas emissions reduction is challenging;

(c) sustainable mobility and associated value chains, including lithium-ion batteries, battery recycling as well as recharging infrastructure, electromobility and electric automobile industrial production;

(d) sustainable biofuels, including ethanol and biodiesel, sustainable aviation fuel (SAF) and renewable fuels of non-biological origin;

(e) hydrogen and its derivatives, to significantly contribute to the Sustainable Development Goals.

32. To attain the goals set out in paragraph 31, the Parties agree on the importance of implementing policy instruments to accelerate the development of capabilities, particularly in developing countries, to enable them to effectively participate in value chains focused on strategic manufacturing industries for the energy transition, which require large investments, state-of-the-art technology and a specialized workforce, as well as specific policies designed to promote inclusion of women. In

this sense, taking into account the asymmetries between both regions, and without prejudice to the rights of the European Union, Signatory MERCOSUR States may adopt promotion measures aimed at the development and growth of strategic manufacturing industries for sustainable transition, in line with the 2030 Agenda and its Sustainable Development Goals. Such measures shall be consistent with this agreement and the WTO Agreements.

33. In addition, the Parties will collaborate regarding the aforementioned sectors including in the following aspects:

(a) facilitation and promotion of investments that foster local addition of value in production chains in raw material-producing countries;

(b) provision of technical and other support for projects that contribute to the creation of interregional value chains, development of technology and knowledge, enabling the building of capabilities in Signatory MERCOSUR States.

34. Finally, the Parties commit to collaborate in fostering interregional value chains in areas that offer an indirect contribution to the energy transition, such as the production of goods and services for healthcare, the development of the digital economy, including knowledge-based services, as well as sustainable food production.

A.4. National or regional trade-related policies and measures:acknowledging the variety of effective approaches to attain sustainable development

35. The Parties reaffirm their respective commitments adopted under this Agreement and the relevant international regimes mentioned in Chapter 26 related to the conservation, protection and sustainable management of forests and other terrestrial ecosystems, and to sustainable land use in accordance with their respective laws and regulations. They also reaffirm their commitment to encourage trade in products from sustainably managed forests harvested in accordance with the law of the country of harvest, to combat illegal logging and related trade.

36. The Parties furthermore recognise the role of traditional and indigenous knowledge as well as the role of local actors as key protagonists in sustainable land use and protecting, conserving, and sustainably using forests and biodiversity. They recall the importance of supporting indigenous peoples and local communities in sustainably managing forests and acknowledge that policies aimed at curbing deforestation must take into account the social and economic challenges and rights of local communities in accordance with each Party's laws and regulations and its relevant international commitments.

37. The Parties are determined to reiterate and step up the efforts to end illicit threats to nature and the environment, including illegal logging and fire and illegal wildlife trade, illegal mining and other harmful activities such as illegal, unreported and unregulated (IUU) fishing and illegal traffic of waste which threaten the environment.

38. The Parties note the importance of strengthening the conservation, restoration, sustainable use and management of all types of ecosystems and enhancing the social, economic and environmental benefits of biodiversity for people, especially those in vulnerable situations and those most dependent on biodiversity, including through sustainable biodiversity-based activities, products and services that enhance biodiversity. The Parties will cooperate to promote sustainable consumption and production patterns, in order to progressively reduce negative impacts on biodiversity and increase positive impacts. They also express their resolve to take effective measures to ensure fair and equitable sharing of benefits arising out of the utilization of genetic resources and from digital sequence information on genetic resources, consistent with each Party's international commitments.

39. In order to harness the potential of trade for the benefit of ecosystems, the Parties will establish within a year of the entry into force of this Agreement a list of products from Signatory MERCOSUR States which contribute to the conservation, restoration, sustainable use and management of forests and vulnerable ecosystems. Products in this list, which shall be periodically reviewed every three years, should be granted preferential or additional market access, or other incentives by the European Union to promote their trade, such as technical assistance or capacity building.

40. Additionally, the Parties should put in place actions and measures to enhance trade in goods contributing to enhanced social conditions and environmentally sound practices, such as goods and services contributing to a resource-efficient, low-carbon economy, or goods that are the subject of sustainability assurance schemes and mechanisms. Such actions, to be periodically reviewed by the Parties every three years, may include measures to enhance market access, technical assistance, capacity building and trade facilitation, as appropriate.

41. The Parties' commitment to enhanced cooperation and understanding of their respective labour and environmental trade-related policies and measures, referred to in point (c) of Article 26.1(4), implies, among others, acknowledging that policies, measures and solutions to tackle the challenge of sustainable development may vary across countries and regions.

A.5. Trade and women's economic empowerment

42. The Parties recognise that inclusive trade policies contribute to advancing women's economic empowerment. The Parties acknowledge the important contribution by women to economic growth through their participation in economic activity, including international trade. Accordingly, the Parties intend to implement the provisions of this Agreement in a manner that promotes equal opportunities and treatment for women and men and that incorporates this perspective in trade and investment policies.

43. Each Party shall strive to ensure that its relevant law and policies provide for, and promote, equal rights, treatment and opportunities for women and men. Each Party shall strive to improve such law and policies, without prejudice to the right of each Party to establish its own scope and levels of protection for equal opportunities for women and men. Such law and policies shall be consistent with each Party's commitments to relevant international agreements, including the Convention on the Elimination of all Forms of Discrimination Against Women, adopted by the UN General Assembly on 18 December 1979, which each Party shall effectively implement.

44. The Parties acknowledge that changes in trade flows may have a differential effect on the employment opportunities and participation of men and women, on their income and their well-being. Taking into account the ILO Centenary Declaration for the Future of Work, adopted in Geneva on 21 June 2019, the Parties also acknowledge the importance of an equal sharing of responsibilities among family members and of investment in the care economy in order for women to take advantage of trade-related economic opportunities and entrepreneurial activities, especially women in vulnerable situations.

45. The Parties intend to work together to strengthen their cooperation on trade-related aspects of matters covered by this section. The cooperation activities shall aim to improve the capacity and conditions for women workers, businesswomen and entrepreneurs, including women's access to participation, leadership and education in fields in which they are underrepresented, as well as to make efforts to support sectorial policies that enable the insertion of women in dynamic and higher productivity sectors, including by promoting foreign direct investment flows that expand job opportunities for women in the labour market, especially in those sectors that are male-dominated. Such cooperation may cover, among others, exchange of information and best practices related to data collection that allows to identify, design, implement and review trade policies aimed at lifting obstacles faced by women in international trade.

Part B. COOPERATION

B.1. Contributing to the reduction of inequalities within and among countries

46. The Parties undertake to cooperate in guaranteeing that the gradual establishment of the MERCOSUR-EU free-trade area will contribute not only to increasing overall income and prosperity, but also to the reduction of inequalities, in line with Sustainable Development Goal 10. Concurrently, in the promotion of a transition to low-emission and climate resilient economies, the Parties recall their respective commitments to work towards a just transition and to provide and mobilise the necessary funds to this end.

B.2. Promoting the objectives of Chapter 26 on trade and sustainable development

47. In order to achieve the objectives of Chapter 26 of this Agreement, the Parties highlight the importance of interregional cooperation including in the following areas:

(a) the implementation of multilateral commitments in the areas of climate change, biodiversity and the environment, and of ILO labour standards;

(b) support for the role of indigenous peoples and local communities in the promotion of sustainable development;

(c) improving traceability in value chains;

(d) unlocking the potential of a sustainable and inclusive bioeconomy, including biodiversity-based products and services that enhance biodiversity;

(e) the use of transparent, comparable, measurable, inclusive, science-based and context-specific criteria and methodologies to assess the sustainability of the bioeconomy throughout value chains;

(f) sustainable biofuels, including ethanol and biodiesel, sustainable aviation fuel (SAF) and renewable fuels of non-biological origin; and

(g) production and facilitation of trade of sustainably-produced goods and services, including low-carbon goods.

48. The Parties express support for scaling up finance from developed to developing countries, as well as from other

sources, for protecting, conserving, sustainably using and restoring all ecosystems, according to domestic circumstances and policies. They also acknowledge the importance, for Signatory MERCOSUR States, of the European Union´s support and appropriate means to support national policies and international commitments regarding climate change mitigation, adaptation, and its co-benefits, loss and damage objectives and to address biodiversity loss, forest conservation and restoration, in accordance with the laws and regulations as well as the applicable international commitments of each Signatory MERCOSUR State. They also acknowledge the importance of providing and mobilising the technical and financial support needed to enhance the adaptive capacity and resilience of food production and reduce the vulnerability of farmers and other vulnerable groups, especially small-scale farmers, women and youth, in relation to climate change.

49. Recalling the objective of Chapter 26 to enhance the integration of sustainable development in the Parties' trade and investment relationship, the Parties commit to supporting the review of existing financing instruments, to ensure an adequate financing for forest conservation, reforestation, restoration and the reduction of deforestation, and natural grassland conversion, and to work together to ensure these instruments are appropriately financed from domestic and international sources, where applicable, according to each Party's law. Additionally, the Parties support scaling up the mobilization of resources, including through results-based payments and other policy approaches, such as payment for ecosystem services.

50. The Parties emphasise that such cooperation should not only involve the public sector, but also businesses, academia and civil society, in line with their respective roles in promoting sustainable development.

B.3. Sustainability measures affecting trade

51. Recalling their commitments under the WTO Agreements, the Parties agree to have a cooperative approach to address challenges associated with meeting the requirements associated with a Party's sustainability measures affecting trade, taking into account the different levels of development, capacities, priorities and national circumstances and legislation, as well as the specific challenges of landlocked developing countries. Among the aforementioned challenges, the Parties recognise the need to facilitate the implementation of actions to support compliance with the sustainability measures of a Party affecting trade, so that exports can benefit fully from the market access opportunities provided for by this Agreement. They also point to the Protocol on Cooperation, annexed to the Partnership Agreement, as a tool to attain this purpose and agree that support for Signatory MERCOSUR States should include provision of financial resources, capacity building programs, technical assistance and other joint initiatives to promote sustainable supply chains.

52. The Parties recall the provisions of Chapter 13, in particular Article 13.5. The Parties shall seek to identify and adopt measures and implement initiatives to expedite and facilitate trade between them in relevant products, as appropriate, such as mutual recognition or equivalence agreements and increasing mutual knowledge and understanding of existing practices and schemes.

53. When implementing sustainability measures that affect trade, consistent with its law, a Party shall give full consideration to scientific or technical information submitted by the other Party and should take into account the actions taken by that Party to implement the commitments under this Annex.

54. Where a Party´s law provides for verification of compliance of an imported product with the relevant law of another Party, the Parties acknowledge that the authorities of a Party are best placed to assess compliance with the law of that Party. Hence, when a Party assesses compliance with the law of another Party, the former Party shall use the information provided by the latter Party.

55. With regard to the implementation of sustainability measures affecting trade and the placement on the market related to the protection of wooded ecosystems, and where the European Union's law so allows:

(a) the European Union recognises that this Agreement and actions taken to implement commitments thereunder shall be favourably considered, among other criteria, in the risk classification of countries;

(b) documentation, licenses, information and data from certification schemes and traceability and monitoring systems officially recognised, registered or identified by Signatory MERCOSUR States shall be used as a source by the relevant authorities in the European Union for the purpose of verifying compliance of products covered by such measures with traceability requirements placed on the European Union market;

(c) in case of a divergence between the documentation, licenses, information and data from certification schemes and traceability and monitoring systems officially recognised, registered or identified by Signatory MERCOSUR States, and the information being used by the relevant authorities in the European Union, the latter shall, upon request, promptly consider information and clarifications provided by Signatory MERCOSUR States; and

(d) recognising that, in the context of their due diligence obligations, European Union operators and traders may make use

of traceability, certification or other third party verified schemes, the European Union shall, upon request from relevant authorities of Signatory MERCOSUR States, provide support for transparent and independent assessments of traceability, certification or third-party verification schemes and their alignment with requirements and good practices.

56. Nothing under this section shall be understood or interpreted as a derogation, modification or incorporation of new definitions regarding the protection of wooded ecosystems under a Party's law.

Part C. FINAL PROVISIONS

57. This Annex shall form an integral part of Chapter 26.

58. In accordance with Article 9.5(1), the European Union shall be responsible for the fulfilment of the commitments in this Annex.

59. In accordance with Article 9.5(2), save where otherwise provided in this Annex, each of the Signatory MERCOSUR States shall be responsible for the fulfilment of the commitments in this Annex.

60. In accordance with Article 26.15(4), parties to a dispute under Chapter 26 for any matter arising under this Annex shall be as set out in Article 29.3.

61. In accordance with Article 26.15(5), no Party shall have recourse to dispute settlement under Chapter 29 for any matter arising under this Annex.

62. The adoption and implementation of the provisions under this Annex shall not be construed as an acknowledgment that market requirements of a Party are consistent with WTO rules and principles, and is without prejudice to a Party's rights under the WTO Agreements.

ANNEX 29-A. RULES OF PROCEDURE FOR ARBITRATION

I. COSTS

1. The remuneration paid to the arbitrators shall include all remuneration and expenses due to their assistants.
The Joint Committee in trade configuration shall agree on rules regarding the remuneration and expenses of arbitrators at its first meeting. If the Joint Committee in trade configuration has not established such rules, the remuneration and expenses of arbitrators shall be determined in accordance with WTO practice.

II. NOTIFICATIONS

2. The parties and the arbitration panel shall deliver any request, notice, written submission or other document by e-mail or other electronic means that provides a record of the sending thereof. Unless proven otherwise, the notification shall be deemed to be delivered and received on the date of its sending. A copy of the documents shall also be provided by post or other means agreed by the parties, including a notification of the date of its sending.

3. Any request, notice, written submission or other document shall be sent as follows:

(a) from the arbitration panel to both parties at the same time;

(b) from a party to the arbitration panel, copied to the other party;

(c) from a party to the other party, copied to the panel, as appropriate; or

(d) from the co-chair of the Joint Committee in trade configuration to the arbitrators pursuant to Rule 10(c), copied to the other co-chair and to the parties.

4. All notifications shall be addressed either to the pro tempore presidency of MERCOSUR, if MERCOSUR is a party, or to the relevant national coordinator if a Signatory MERCOSUR State is a party, and to the Directorate-General for Trade of the European Commission of the European Union, respectively. If the representatives of the parties have already been appointed, all notifications shall be also addressed to them.

5. Minor errors of a clerical nature in any request, notice, written submission or other document related to the arbitration panel proceeding may be corrected by delivery of a new document clearly indicating the changes.

6. The documents submitted by a party shall be duly signed in order to be considered officially submitted to the arbitration panel.

7. If the last day for delivery of a document falls on a non-working day of the institutions of the European Union or of a Signatory MERCOSUR State, as applicable, the time period of the delivery of the document shall end on the first following working day.

8. The chairperson of the arbitration panel shall be responsible for the internal and external communications of the arbitration panel, including notifications between the parties and the arbitration panel.

9. The chairperson of the arbitration panel shall be responsible for keeping the file of the proceedings. The chairperson shall provide to any of the parties, on its request, a copy of the file of the proceedings after the issuing of the arbitral award or ruling. The chairperson shall keep the original file during 5 (five) years after the date of issuing of the arbitral award or ruling. At the end of this period, the chairperson shall transmit the original file to the complaining party. The complaining party shall provide a copy of the file to the defending party on its request.

III. COMMENCEMENT OF THE ARBITRATION

10. Regarding the selection of an arbitrator, the following apply:

(a) If, pursuant to Article 29.9 or to Rule 26 and Rules 28 to 31, any member of the arbitration panel is to be selected by lot, representatives of both parties shall be invited with due anticipation to be present when lots are drawn. In any case, the lot shall be carried out with any party present at the time. The co-chair of the Joint Committee in trade configuration of the complaining party shall promptly inform the co-chair of the defending party of the date, time and venue of the lot.

(b) If any of the sub-lists referred to in paragraph 29.8(3) is not established, the co-chair of the Joint Committee in trade configuration of the complaining party shall select by lot the arbitrator, no later than 5 (five) days after the date of delivery of the request referred to in Article 29.8(5), among those natural persons who have been formally proposed by one or both Parties for the establishment of that particular sub-list.

(c) The co-chair of the Joint Committee in trade configuration of the complaining party shall notify arbitrators regarding their appointment.

(d) An arbitrator who has been appointed according to the procedure established in Article 29.9 shall confirm in writing her or his availability to serve as member of the arbitration panel to the co-chairs of the Joint Committee in trade configuration no later than 5 (five) days after the date of the receipt of the notification of her or his appointment. In the notification confirming her or his availability, the arbitrator shall also explicitly confirm that he or she complies and commits to comply with the provisions of set out in Annex 29-B.

(e) Unless the parties agree otherwise, they shall meet the arbitration panel no later than 7 (seven) days after its establishment in order to determine the matters that the parties or the arbitration panel deem appropriate. Members of the arbitration panel and representatives of the parties may take part in this meeting via telephone or video conference. Before this meeting, the parties shall notify the arbitration panel of their appointed representatives, as well as the address, telephone numbers and e-mail addresses to which communications arising in the course of the proceeding shall be sent.

11. Regarding the terms of reference of the arbitration panel, the following apply:

(a) Unless the parties agree otherwise no later than 5 (five) days after the date of the selection of the arbitrators, the terms of reference of the arbitration panel shall be:

"to examine, in the light of the provisions cited by the parties, the matter referred to in the request for establishment of the arbitration panel, to rule on the compatibility of the measure in question with the covered provisions or on whether the measure in question nullifies or substantially impairs any benefit accruing to the complaining party under the covered provisions in a manner adversely affecting trade between the parties, as the case may be, and to issue an arbitral award in accordance with Article 29.14."

(b) The parties shall notify the agreed terms of reference to the arbitration panel no later than 3 (three) days after their agreement.

IV. INITIAL SUBMISSIONS

12. The complaining party shall deliver its initial written submission no later than 30 (thirty) days after the date of establishment of the arbitration panel. The defending party shall deliver its written counter-submission no later than 30 (thirty) days after the date of receipt of the initial written submission.

13. The initial submission shall state clearly the party's claim, including the identification of the measures at issue, the legal basis for the complaint and a summary of the relevant facts and circumstances.

14. The counter-submission shall state the facts and arguments of the defending party upon which its defense is based.

V. EVIDENCE

15. The initial submission and the counter-submission shall include any available supporting evidence, including any expert or technical opinion. Each party shall otherwise submit all factual evidence to the arbitration panel as early as possible and no later than 5 (five) days before the date of the first hearing, except with respect to evidence necessary for purposes of rebuttals, answers to questions, or comments to answers provided by the other party. Upon due justification, the arbitration panel may grant exceptions to this Rule. In such cases, the other party shall be accorded the opportunity to comment on the newly submitted evidence.

16. In all cases, each party shall be accorded the opportunity to comment on the evidence submitted by the other party.

17. All the evidence submitted by a party shall be kept in the files of the proceedings.

18. The arbitration panel may hear witnesses or experts only in the presence of both parties.

VI. WORKING OF ARBITRATION PANELS

19. The chairperson of the arbitration panel shall preside all its meetings. An arbitration panel may delegate to the chairperson the authority to make administrative and procedural decisions. These decisions shall be notified to the other arbitrators and, if appropriate, to the parties.

20. The arbitration panel may carry out its activities by any means, including telephone, facsimile, computer links or video-conference.

21. Only arbitrators may take part in the deliberations of the arbitration panel, but the arbitration panel may permit the arbitrators' assistants to be present at its deliberations.

22. The drafting of any ruling shall remain the exclusive responsibility of the arbitration panel and shall not be delegated.

23. If a procedural question arises that is not covered by the provisions of Chapter 29 or this Annex, the arbitration panel, after consulting the parties, may adopt an appropriate procedure that is compatible with those provisions.

24. If the arbitration panel considers that there is a need to modify any time limit applicable in the proceedings or to make any other procedural or administrative adjustment, it shall inform the parties in writing of the reasons for the change or adjustment and of the period of time or adjustment needed. The arbitration panel may adopt such change or adjustment after consulting the parties. The time limits of Article 29.14 4 shall not be modified.

VII. AMENDMENT OF THE LIST OF ARBITRATORS

25. The list of arbitrators may be amended at any time by initiative of any Party. Any Party can present new individuals by notifying the other Party of the proposed names. The Parties shall discuss the proposal no later than 1 (one) month after the receipt of the notification of the proposed names. The Joint Committee in trade configuration shall take the decision to amend the list no later than 6 (six) months after such notification.

VIII. REPLACEMENT OF ARBITRATORS

26. If an arbitrator is unable to participate in the proceeding, withdraws or has to be replaced, a replacement shall be selected in accordance with Article 29.9 and Rule 10 of this Annex.

27. If a party considers that an arbitrator does not comply with the requirements of the Code of Conduct as set out in Annex 29-B and for this reason should be replaced, that party should notify the other party no later than 15 (fifteen) days after the date on which it obtained evidence of the circumstances underlying the arbitrator's material violation of the Code of Conduct as set out in Annex 29-B.

28. If a party to the dispute considers that an arbitrator other than the chairperson does not comply with the requirements of the Code of Conduct as set out in Annex 29-B, the parties shall consult and, if they so agree, replace the arbitrator and select a replacement following the procedure set out in Article 29.9 and Rule 10 of this Annex. If the parties fail to agree on the need to replace an arbitrator within 5 (five) days of the date of the notification referred to in Rule 27, any party may request that such matter be referred to the chairperson of the arbitration panel, whose decision shall be final.

29. In case an arbitrator other than the chairperson has to be replaced, and if the party concerned fails to select the replacement of an arbitrator, the chairperson shall select a new arbitrator by lot from the same sub-list as the arbitrator to be replaced in accordance with the procedure set out in Article 29.9(4). The selection of the new arbitrator shall be done no

later than 5 (five) days after the date of the submission of the request to the chairperson.

30. If a party considers that the chairperson does not comply with the requirements of the Code of Conduct as set out in Annex 29-B, and for this reason should be replaced, that party should notify the other party no later than 15 (fifteen) days after the date on which it obtained evidence of the circumstances underlying the arbitrator's material violation of the Code of Conduct as set out in Annex 29-B. The parties shall consult and, if they so agree, replace the chairperson and select a replacement following the procedure set out in Article 29.9 and Rule 10 of this Annex.

31. If the parties fail to agree on the need to replace the chairperson within 5 (five) days of the date of the receipt of the notification referred to in Rule 30, a new chairperson shall, unless the parties agree otherwise, be selected by lot by the co-chair of the Joint Committee in trade configuration from the requesting party or that co-chair's designee from the sub-list referred to in point (c) of paragraph 29.8(3). The new chairperson shall be selected no later than 5 (five) days after the date of the delivery of the request to the co-chair of the Joint Committee in trade configuration from the requesting party to that effect.

32. The arbitration proceedings shall be suspended for the time period taken to carry out the procedures provided for in Rules 27, 28, 29, 30 and 31.

IX. HEARINGS

33. The defending party shall be in charge of the logistical administration of dispute settlement hearings, unless otherwise agreed. The chairperson of the arbitration panel shall fix the date and time of the hearing in consultation with the parties and the other members of the arbitration panel, and shall confirm this in writing to the parties. This information shall also be made publicly available by the party in charge of the logistical administration of the hearing unless the hearing is closed to the public. Unless a party disagrees, the arbitration panel may decide not to convene a hearing.

34. Unless the parties agree otherwise, the hearing shall be held:

(a) if the defending party is the European Union, in Brussels, Belgium;

(b) if the defending party is MERCOSUR, in Asunción, Paraguay; and

(c) if the defending party is 1 (one) or more Signatory MERCOSUR States, in the place indicated by such States.

35. The arbitration panel may convene additional hearings if the parties so agree.

36. All arbitrators shall be present during the entirety of any hearing.

37. The following persons may attend the hearing, irrespective of whether the proceedings are open to the public or not:

(a) representatives of the parties;

(b) advisers to the parties;

(c) administrative staff, interpreters, translators; and

(d) arbitrators' assistants.

Only the representatives and advisers of the parties may address the arbitration panel.

38. No later than 5 (five) days before the date of a hearing, each party shall deliver to the arbitration panel a list of the names of persons who will make oral arguments or presentations at the hearing on behalf of that party and of those representatives or advisers who will be attending the hearing. A party may modify its list after that time limit, if duly justified.

39. The hearings of the arbitration panel shall be open to the public, unless the parties decide otherwise. The hearings of the arbitration panel shall be partially or completely closed to the public, if the submission or arguments of a party contain information which that party has designated as confidential.

40. The arbitration panel shall conduct the hearing in the following manner, ensuring that the complaining party and the defending party are afforded equal time:

(a) Argument:

(i) argument of the complaining party;

(ii) argument of the defending party.

(b) Rebuttal argument:

(i) reply of the complaining party;

(ii) counter-reply of the defending party.

41. The arbitration panel may direct questions to either party at any time during the hearing.

42. The arbitration panel shall arrange for a transcript or an audio recording of each hearing to be prepared and delivered as soon as possible to the parties. The parties may comment on the accuracy of the transcript and the arbitration panel may consider those comments.

43. Each party may deliver to the arbitration panel, with a copy to the other party, a supplementary written submission concerning any matter that arose during the hearing, no later than 10 (ten) days after the date of the hearing.

X. QUESTIONS IN WRITING

44. The arbitration panel may at any time during the proceedings address questions in writing to one or both parties and set a reasonable time limit for the submission of their responses. Each of the parties shall receive a copy of any questions put by the arbitration panel to the other party.

45. A party shall also provide to the other party a copy of its written reply to the arbitration panel's questions. Each party shall be given the opportunity to provide written comments on the other party's replies no later than 7 (seven) days after the date of receipt of such replies.

XI. CONFIDENTIALITY

46. The parties and their advisers shall maintain the confidentiality of the arbitration panel hearings if the hearings are held in closed session, in accordance with Rule 39. Each party and its advisers shall treat as confidential any information submitted by the other party to the arbitration panel which that party has designated as confidential. If a party submits a confidential version of its written submissions to the arbitration panel, it shall also, on request of the other party, provide a non-confidential summary of the information contained in its submissions that could be disclosed to the public as soon as possible but no later than 30 (thirty) days after the date of either the request or the submission, whichever is later. Nothing in this Annex shall preclude a party from disclosing statements of its own positions to the public to the extent that, if making reference to information submitted by the other party, it does not disclose any information designated by the other party as confidential.

XII. EX PARTE CONTACTS

47. The arbitration panel shall not meet or communicate with a party in the absence of the other party.

48. No member of the arbitration panel may discuss any aspect of the subject matter of the proceeding with the parties in the absence of the other arbitrators.

XIII. INFORMATION AND TECHNICAL ADVICE

49. The arbitration panel shall notify the parties of its intention to request the opinion of experts or information from any relevant source. For greater certainty, the opinion or information obtained pursuant to this provision does not discharge the parties of their corresponding burden of proof.

50. The arbitration panel shall take into account the cost of any request for information or opinion of experts in order not to excessively increase the costs of the dispute settlement procedure.

51. The arbitration panel shall provide the parties with a copy of the information or the expert's opinion received and shall grant them a reasonable period of time to present their comments.

XIV. AMICUS CURIAE BRIEFS

52. Unless the parties agree otherwise within 5 (five) days of the date of the establishment of the arbitration panel, the arbitration panel may receive unsolicited written briefs from interested natural persons of a Party or juridical persons established in the territory of a Party and which are independent from the government of any of the Parties, if they are received by the arbitration panel no later than 10 (ten) days after the date of the establishment of the arbitration panel. These submissions are hereinafter referred to as "amicus curiae submissions".

53. Amicus curiae submissions shall:

(a) be concise and in no case longer than 22 500 (twenty-two thousand five hundred) characters typed, including spaces, footnotes, notes at the end of the text and any attachment;

(b) be directly relevant to the issue under consideration by the arbitration panel;

(c) contain a description of the person making the submission, whether natural or juridical, including its nationality or place of establishment, the nature of its activities and, in the case of a juridical person, information on its members, legal status and general objectives;

(d) provide information on any source of financing;

(e) specify the nature of the interest that the person has in the arbitration proceedings; and

(f) be drafted in the language chosen by the parties or any of the WTO official languages in accordance with Rules 56, 57 and 58.

54. The arbitration panel shall list in its award all the submissions it has received that conform to Rules 52 and 53. The arbitration panel shall not be obliged to address in its award the arguments made in such submissions. The arbitration panel shall ensure that the parties have the opportunity to comment in writing on any amicus curiae submission before the date of the hearing. A party shall deliver any comments no later than 10 (ten) days after the receipt of the submission, and any such comments shall be taken into consideration by the arbitration panel.

XV. URGENT CASES

55. In cases of urgency referred to in Chapter 29, the arbitration panel, after consulting the parties, shall adjust the time periods referred to in this Annex as appropriate and shall notify the parties of such adjustments.

XVI. TRANSLATION AND INTERPRETATION

56. During the consultations referred to in Article 29.5, and no later than the meeting referred to in Rule 10(e), the parties shall endeavour to agree on a common working language for the proceedings before the arbitration panel.

57. If the parties are unable to agree on a common working language, each party may choose any of its official languages as its working language for the proceedings. However, if a party chooses a language that is not an official language of the WTO, it shall provide, at the time of filing, a translated version of all its written submissions into the language chosen by the other party and shall arrange for and bear the costs of interpretation of its oral submissions to and from the language chosen by the other party.

58. Arbitral awards and rulings shall be issued in the common working language chosen by the parties. If the parties are unable to agree on a common working language, the arbitral panel awards and arbitration panel rulings shall be issued in any of the official languages of the WTO chosen by the arbitration panel. Any costs incurred for the translation of an arbitral award or a ruling shall be borne equally by the parties.

59. Any party may provide, no later than 5 (five) days after its receipt, comments on the accuracy of the translation of any translated version of a document drawn up in accordance with this Annex.

XVII. CALCULATION OF THE TIME PERIODS

60. Subject to Rule 2, if a party proves that it has received a document on a date other than the date on which this document is received by the other party, any period of time that is calculated on the basis of the date of receipt of that document shall be calculated from the last date of receipt of that document.

XVIII. OTHER PROCEDURES

61. This Annex is also applicable to procedures established under Articles 29.18 to 29.21. Nonetheless, the time periods laid down in this Annex shall be adjusted in line with the special time periods provided for the adoption of a ruling by the arbitration panel in those other procedures.

62. If the original arbitration panel, or some of its members, is unable to reconvene for the procedures established under Articles 29.18, 29.19, 29.20 and 29.21, the procedures set out in Article 29.9 shall apply.

XIX. ARBITRAL AWARDS

63. The arbitral award shall contain the following details, in addition to any other elements which the arbitration panel may consider appropriate for inclusion:

(a) identification of the parties;

(b) the name of each of the members of the arbitration panel and the date of its establishment;

(c) the terms of reference of the arbitration panel, including a description of the measure at issue;

(d) the arguments of each of the parties;

(e) a description of the development of the arbitration procedure, including a summary of the actions taken;

(f) a description of the factual elements of the dispute;

(g) the decision reached in relation to the dispute, indicating the factual and legal grounds;

(h) the date of issue; and

(i) the signature of all the members of the arbitration panel.

ANNEX 29-B. CODE OF CONDUCT FOR MEMBERS OF ARBITRATION PANELS AND MEDIATORS

I. RESPONSIBILITIES TO THE PROCESS

1. Every candidate and arbitrator shall avoid impropriety and the appearance of impropriety, shall be independent and impartial, shall avoid direct and indirect conflicts of interests and shall observe high standards of conduct so that the integrity and impartiality of the dispute settlement mechanism is preserved. Former arbitrators shall comply with the obligations established in paragraphs 14, 15, 16 and 17 of this Annex.

II. DISCLOSURE OBLIGATIONS

2. Prior to the confirmation of her or his selection as an arbitrator under Article 29.9, a candidate shall disclose any interest, relationship or matter that is likely to affect her or his independence or impartiality or that might reasonably create an appearance of impropriety or bias in the proceeding. To that end, a candidate shall make all reasonable efforts to become aware of such interests, relationships and matters.

3. A candidate or arbitrator shall communicate matters concerning actual or potential violations of this Annex to the Joint Committee in trade configuration for consideration by the parties.

4. Once selected, an arbitrator shall continue to make all reasonable efforts to become aware of any interests, relationships or matters referred to in paragraph 3 and shall disclose them. The disclosure obligation is a continuing duty which requires an arbitrator to disclose such interests, relationships or matters that may arise during any stage of the proceeding. The arbitrator shall disclose such interests, relationships or matters by informing the Joint Committee in trade configuration, in writing, for consideration by the Parties.

III. DUTIES OF ARBITRATORS

5. Upon confirmation of her or his selection, an arbitrator shall be available to perform and shall perform her or his duties thoroughly and expeditiously throughout the course of the proceedings, including any proceedings under Articles 29.18 to 29.21, and with fairness and diligence.

6. An arbitrator shall consider only those issues raised in the proceeding and necessary for a ruling and shall not delegate this duty to any other person.

7. An arbitrator shall take all appropriate steps to ensure that her or his assistant and staff are aware of and comply with the relevant provisions of this Annex, mutatis mutandis.

8. An arbitrator shall not engage in ex parte contacts concerning the proceeding.

IV. INDEPENDENCE AND IMPARTIALITY OF ARBITRATORS

9. An arbitrator shall be independent and impartial and avoid creating an appearance of impropriety or bias and shall not be influenced by self-interest, outside pressure, political considerations, public opinion, loyalty to a Party or fear of criticism. An arbitrator shall not take instructions from any organisation or government or be affiliated to a government, including governmental organisation, of a Party.

10. An arbitrator shall 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 her or his duties.

11. An arbitrator shall not use her or his position in the arbitration panel to advance any personal or private interests and shall avoid actions that may create the impression that others are in a special position to influence her or him.

12. An arbitrator shall not allow financial, business, professional, family or social relationships or responsibilities to influence her or his conduct or judgement.

13. An arbitrator shall avoid entering into any relationship or acquiring any financial interest that is likely to affect her or his impartiality or that might reasonably create an appearance of impropriety or bias.

V. OBLIGATIONS OF FORMER MEMBERS

14. All former arbitrators shall avoid actions that may create the appearance that they were biased in carrying out their duties or derived advantage from the decision or ruling of the arbitration panel.

VI. CONFIDENTIALITY

15. No arbitrator or former arbitrator shall at any time disclose or use any non-public information concerning a proceeding or acquired during a proceeding except for the purposes of that proceeding and shall not, in any case, disclose or use any such information to gain personal advantage or advantage for others or to adversely affect the interest of others.

16. An arbitrator shall not disclose an arbitral award or parts thereof prior to its publication in accordance with Article 29.14(12).

17. An arbitrator or former arbitrator shall not disclose the deliberations of an arbitration panel, or any member's views at any time.

VII. EXPENSES

18. Each arbitrator shall keep a record and render a final account of her or his expenses, as well as the expenses of her or his assistant and staff.

VIII. MEDIATORS

19. The disciplines described in this Annex as applying to arbitrators or former arbitrators shall apply, mutatis mutandis, to mediators and, if applicable, to former mediators.

IX. EXPERTS

20. The following rules apply to the experts whose opinion is requested by the arbitration panel:

(a) They shall disclose any interest, relationship or matter that could affect their independence or impartiality. Experts shall act in their own capacity and shall not accept or seek instructions from any government or organisation in delivering their opinion;

(b) They shall not engage in ex parte contacts in the course of the proceeding for which their opinion is requested;

(c) They shall not disclose or use any non-public information acquired during a proceeding for which their opinion is requested, except for the purposes of the proceeding, and shall not, in any case, disclose or use any such information to gain personal advantage or advantage for others or to adversely affect the interest of others;

(d) Unless otherwise agreed by the parties, they shall not disclose their opinion or parts thereof prior to the publication of the arbitral award; and

(e) They shall keep a record and render a final account of their expenses.

21. The opinions of experts presented to the arbitration panel shall be accompanied, or preceded, by a declaration by the expert confirming her or his commitment to abide by the obligations described in paragraph 20, as applicable.

ANNEX 29-C. MEDIATION

ARTICLE 1

Objective

The objective of this Annex is to facilitate the finding of a mutually agreed solution through a comprehensive and expeditious procedure with the assistance of a mediator.

ARTICLE 2

Provision of information

1. At the request of a Party, the other Party shall promptly provide information and respond to questions pertaining to any existing or proposed measure that materially affects the operation of Part III of this Agreement.

2. Information provided under this Article is without prejudice as to whether the measure is consistent with Part III of this Agreement.

ARTICLE 3

Initiation of the procedure

1. A Party may at any time request in writing to enter into a mediation procedure with respect to any measure by a Party adversely affecting trade between the Parties. The request shall be sufficiently detailed to present the concerns of the requesting party clearly and shall:

(a) identify the specific measure at issue;

(b) provide a statement of the alleged adverse effects that the requesting party believes the measure has, or will have, on trade between the parties; and

(c) explain how the requesting party considers that those effects are linked to the measure.

2. The mediation procedure may only be initiated by mutual agreement of the parties. If a request is made pursuant to paragraph 1, the party to which the request is made shall give sympathetic consideration to the request and deliver its written acceptance or rejection to the requesting party no later than 10 (ten) days after its receipt. Otherwise, the request shall be regarded as rejected.

3. Consultations, including under Chapter 29, are not required before initiating the mediation procedure. A party should in principle, nevertheless, avail itself of the other relevant cooperation or consultation provisions provided for in Part III of this Agreement before initiating the mediation procedure.

ARTICLE 4

Selection of the mediator

1. The parties shall endeavour to agree on a mediator no later than 15 (fifteen) days after the delivery of the acceptance referred to in Article 3(2) of this Annex.

2. A mediator shall not be a national of either party, unless the parties agree otherwise.

3. If the parties are unable to agree on the mediator within the time frame laid down in paragraph 1, either party may request the co-chair of the Joint Committee in trade configuration from the requesting party, or the co-chair's designee, to select the mediator by lot from the sub-list established under Article 29.8.(3)(c). Representatives of both parties shall be invited, with sufficient advance notice, to be present when the lots are drawn. In any event, the drawing of lots shall be carried out with the party or parties that are present.

4. The co-chair of the Joint Committee in trade configuration from the requesting party, or the co-chair's designee, shall select the mediator within 5 (five) days of the request made pursuant to Article 3(2) of this Annex.

5. Should the sub-list referred to in Article 29.8(3)(c) not be established at the time a request is made pursuant to paragraph 3, the mediator shall be drawn by lot from the individuals who have been formally proposed by one or both parties.

6. The mediator shall, in an impartial and transparent manner, assist the parties in bringing clarity to the measure and its possible trade effects, and in reaching a mutually agreed solution.

7. Annex 29-B applies to mediators, mutatis mutandis.

8. Rules 2 to 9 and 56 to 59 of the Rules of Procedure for Arbitration set out in Annex 29-A apply, mutatis mutandis.

ARTICLE 5

Rules of the mediation procedure

1. No later than 10 (ten) days after the appointment of the mediator, the party which invoked the mediation procedure shall deliver a detailed, written description of its concerns to the mediator and to the other party, in particular of the operation of the measure at issue and its trade effects. No later than 20 (twenty) days after the receipt of this description, the other party may deliver written comments on the description. Either party may include any information that it deems relevant in its description or comments.

2. The mediator may decide on the most appropriate way of bringing clarity to the measure concerned and its possible trade effects. In particular, the mediator may organise meetings between the parties, consult them jointly or individually, and provide any additional support requested by the parties. The mediator shall seek the assistance of, or consult with, relevant experts and stakeholders upon agreement of the parties.

3. The mediator shall not advise or comment on the consistency of the measure at issue with Part III of this Agreement. The mediator may offer advice and propose a solution for the consideration of the parties. The parties may accept or reject the proposed solution, or agree on a different solution.

4. The mediation procedure shall take place in the territory of the party to which the request was addressed, or by mutual agreement of the parties, in any other location or by any other means.

5. The parties shall endeavour to reach a mutually agreed solution no later than 60 (sixty) days after the appointment of the mediator. Pending a final agreement, the parties may consider possible interim solutions, particularly if the measure relates to perishable goods or other goods or services that rapidly lose their quality.

6. The solution may be adopted by means of a decision of the Joint Committee in trade configuration. The conclusion of the mutually agreed solution between the parties may be subject to the completion of any necessary internal procedures. Mutually agreed solutions shall be made publicly available without containing information that a party has designated as confidential.

7. On request of the parties, the mediator shall deliver a draft factual report to the parties, providing a brief summary of the measure at issue, the procedures followed and any mutually agreed solution reached, including possible interim solutions. The mediator shall allow the parties 15 (fifteen) days to comment on the draft report. After considering the comments of the parties received within that period, the mediator shall, within 15(fifteen) days, deliver a final factual report to the parties. The factual report shall not include any interpretation of Part III of this Agreement.

8. The procedure shall be terminated:

(a) by the adoption of a mutually agreed solution by the parties, on the date of the adoption thereof;

(b) by mutual agreement of the parties at any stage of the procedure, on the date of that agreement;

(c) by a written declaration of the mediator, after consultation with the parties, that further efforts at mediation would be to no avail, on the date of that declaration; or

(d) by a written declaration of a party after exploring any possible mutually agreed solutions under the mediation procedure and after having considered any advice and proposed solutions by the mediator, on the date of that declaration.

ARTICLE 6

Implementation of a mutually agreed solution

1. If the parties reached agreement on a solution, each party shall take the measures it considers necessary to implement the mutually agreed solution within the agreed timeframe.

2. The implementing party shall notify the other party, in writing, of any steps or measures taken to implement the mutually agreed solution.

ARTICLE 7

Confidentiality

Unless the parties agree otherwise, and without prejudice to Article 5(6), all steps of the procedure, including any advice or proposed solution, are confidential. However, any party may disclose to the public the fact that mediation is taking place.

ARTICLE 8

Relationship to dispute settlement procedures

1. The mediation procedure is without prejudice to the Parties' rights and obligations under dispute settlement procedures of Part III of this Agreement, or any other agreement.

2. A party shall not rely on, or introduce as evidence, in other dispute settlement procedures of Part III of this Agreement, or any other agreement, nor shall a panel take into consideration:

(a) positions taken by the other party in the course of the mediation procedure or information gathered under Article 5;

(b) the fact that the other party has indicated its willingness to accept a solution to the measure subject to mediation; or

(c) advice given or proposals made by the mediator.

3. A mediator shall not serve as a member of a panel in a dispute settlement proceeding under Part III of this Agreement or under the WTO Agreement, or any other agreement to which the Parties are party, involving the same matter for which he or she has been a mediator.

_____

(1) In the territories of Brazil, Paraguay and Uruguay, protection of the geographical indication "Českobudějovické pivo" is only sought in the Czech language.

In the territory of Uruguay the geographical indication "Českobudějovické pivo" shall be displayed non-prominently on the back label of the beer containers.

In the territory of Argentina, protection of the geographical indication "Českobudějovické pivo" is only sought in the Czech language, subject to the rights of trademark holders and provided that the geographical indication "Českobudějovické pivo" is displayed non-prominently on the back label of the beer containers.(2) In the territory of Brazil, the protection of the geographical indication "Münchener Bier" shall not prevent the continued and similar use of the term "Münchener Bier" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons have used that term in a continuous manner with regard to the same or similar goods in the territory of Brazil and that the term "Münchener Bier" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.

The protection of the geographical indication "Münchener" in the territory of Paraguay is only sought in the German language.(3) Article 21.35(8) applies.(4) The protection of the geographical indication "Φέτα (Feta)" shall not prevent the continued and similar use of the term "Feta" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons have used that term in a continuous manner with regard to the same or similar goods in the territories of Argentina, Brazil and Uruguay and that such use of the term "Feta" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(5) The protection of the geographical indication "Jijona" shall not prevent the continued and similar use of the term "Turrón de Jijona" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons have used that term in a continuous manner with regard to the same or similar goods in the territories of Argentina and Paraguay and that such use of the term "Turrón de Jijona" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(6) Article 21.35(8) applies.(7) The protection of the geographical indication "Turrón de Alicante" shall not prevent the continued and similar use of the term "Turrón de almendras tipo Alicante" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons have used that term in a continuous manner with regard to the same or similar goods in the territories of Argentina and Paraguay and that such use of the term "Turrón de almendras tipo Alicante" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.
(8) The protection of the geographical indication "Jerez-Xérès-Sherry" shall not prevent the continued and similar use of the term "Jerez" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons have used that term in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "Jerez" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(9) Protection is not sought in the territory of Uruguay.(10) Protection is not sought in the territory of Argentina.(11) Protection is not sought in the territory of Argentina.(12) The protection of the geographical indication "Comté" shall not prevent the continued and similar use of the term "Comté" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons have used that term in a

continuous manner with regard to the same or similar goods in the territories of Brazil and Uruguay and that such use of the term "Comté" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(13) Article 21.35(8) applies.(14) The protection of the geographical indication "Pont-l'Évêque" shall not prevent the continued and similar use of the term "Pont-l'Évêque" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Brazil and that such use of the term "Pont-l'Évêque" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(15) The protection of the geographical indication "Pruneaux d'Agen" shall not prevent the continued and similar use of the term "D'Agen" or "Ciruela D'Agen" by any persons, including their successors and assignees, for a maximum period of 10 (ten) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "D'Agen" or "Ciruela D'Agen" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(16) The protection of the geographical indication "Reblochon" / "Reblochon de Savoie" shall not prevent the continued and similar use of the term "Reblochon" or "Rebleusson" by any persons, including their successors and assignees, for a maximum period of 5 (five) years in the territory of Argentina and Brazil, and for a maximum period of 7 (seven) years in the territory of Uruguay, from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods and that such use of the term "Reblochon" or "Rebleusson" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(17) The protection of the geographical indication "Roquefort" shall not prevent the continued and similar use of the term "Roquefort" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Brazil and Uruguay and that such use of the term "Roquefort" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(18) The protection of the geographical indication "Saint-Marcellin" shall not prevent the continued and similar use of the term "Saint-Marcellin" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Brazil and Uruguay and that such use of the term "Saint-Marcellin" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(19) The protection of the geographical indication "Bordeaux" shall not prevent the continued and similar use of the vine variety "Bordô" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Brazil and that such use of vine variety "Bordô" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(20) The protection of the geographical indication "Bourgogne" shall not prevent the continued and similar use of the term "Borgoña" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "Borgoña" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(21) The protection of the geographical indication "Chablis" shall not prevent the continued and similar use of the term "Chablis" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "Chablis" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(22) The protection of the geographical indication "Champagne" shall not prevent the continued and similar use of the terms "Champagne", "Champaña" or "Método / Méthode Champenoise" by any persons, including their successors and assignees, for a maximum period of 10 (ten) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Argentina, Brazil, Paraguay and Uruguay and that such use of the terms "Champagne", "Champaña" or "Método / Méthode Champenoise" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(23) The protection of the geographical indication "Margaux" shall not prevent the continued and similar use of the vine variety "Margot" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons have used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Brazil and that such use of vine variety "Margot" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(24) The protection of the geographical indication "Cognac" shall not prevent the continued and similar use of the term "Cognac" or "Coñac" in the territory of Argentina by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, and of the term "Conhaque" in the territory of Brazil by any persons, including their successors and assignees, for a maximum

period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods and that such use of the term "Cognac", "Coñac" or "Conhaque" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(25) The protection of the geographical indication "Asiago" shall not prevent the continued and similar use of the term "Asiago" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Brazil and Uruguay and that such use of the term "Asiago" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(26) Article 21.35(8) applies.(27) The protection of the geographical indication "Gorgonzola" shall not prevent the continued and similar use of the term "Gorgonzola" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Argentina, Paraguay and Uruguay and that such use of the term "Gorgonzola" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.

Article 21.35(8) applies.(28) The protection of the geographical indication "Grana Padano" shall not prevent the continued and similar use of the term "Grana" or "Tipo Grana Padano" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons have used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "Grana" or "Tipo Grana Padano" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.

Article 21.35(8) applies.(29) The protection of the geographical indication "Mortadella Bologna" shall not prevent the continued and similar use of the term "Mortadela Bologna" or "Mortadela tipo Bologna" by any persons, including their successors and assignees, for a maximum period of 10 (ten) years from the date of entry into force of this Agreement, provided that by that date such persons have used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Brazil and that such use of the terms "Mortadela Bologna" or "Mortadela tipo Bologna" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(30) Article 21.35(8) applies.(31) The protection of the geographical indication "Pecorino Romano" shall not prevent the continued and similar use of the terms "Romano" or "Romanito" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons have used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Argentina and Uruguay and that such use of the terms "Romano" or "Romanito" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(32) The protection of the geographical indication "Prosciutto di Parma" shall not prevent the continued and similar use of the term "Presunto tipo Parma" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Brazil and that such use of the term "Presunto tipo Parma" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(33) The protection of the geographical indication "Taleggio" shall not prevent the continued and similar use of the term "Taleggio" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Argentina and Brazil and that such use of the term "Taleggio" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(34) The protection of the geographical indication "Asti" shall not prevent the continued and similar use of the term "método Asti" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Brazil and that such use of the "método Asti" as been accompanied by a legible and visible indication of the geographical origin of the product concerned.(35) The protection of the geographical indication "Emilia / Dell'Emilia" shall only be effective in the territory of Argentina upon registration of the trademark "Emilia Nieto Senetiner" therein unless the application for such registration of the trademark is withdrawn.(36) The protection of the geographical indication "Marsala" shall not prevent the continued and similar use of the term "Marsala" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "Marsala" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(37) The protection of the geographical indication "Prosecco" shall not prevent the continued and similar use of the vine variety "Prosecco" or "Proseco" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement in the territory of Argentina and Paraguay and for a maximum period of 10 (ten) years from the date of entry into force of this Agreement in the territory of Brazil, provided that by that date such persons used that geographical

indication in a continuous manner with regard to the same or similar goods in the territories of Argentina, Paraguay and Brazil and that such use of vine variety "Prosecco" or "Proseco" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(38) The protection of the geographical indication "Grappa" shall not prevent the continued and similar use of the terms "Grappa" or "Grapa" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Argentina and Brazil and that such use of the terms "Grappa" or "Grapa" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.

Article 21.35(8) applies.(39) The protection of the geographical indication "Tokaj" / "Tokaji" shall not prevent the continued and similar use of the terms "Tokaj", "Tokaji" or "Tocai" by any persons, including their successors and assignees, for a maximum period of 5 (five) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territories of Argentina and Brazil and that such use of the terms "Tokaj", "Tokaji" or "Tocai" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.(40) Article 21.35(8) applies.(41) The protection of the geographical indication "Oporto" / "Port" / "Port Wine" / "Porto" / "Portvin" / "Portwein" / "Portwijn" / "vin du Porto" / "vinho do Porto" shall not prevent the continued and similar use of the term "Oporto" by any persons, including their successors and assignees, for a maximum period of 7 (seven) years from the date of entry into force of this Agreement, provided that by that date such persons used that geographical indication in a continuous manner with regard to the same or similar goods in the territory of Argentina and that such use of the term "Oporto" has been accompanied by a legible and visible indication of the geographical origin of the product concerned.

PROTOCOL ON COOPERATION

ARTICLE 1

General principles

1. The Parties recall the establishment of a free trade area pursuant to Article 9.1 of the Partnership Agreement between the European Union and its Member States, of the one Part, and the Common Market of the South, the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay, of the other Part (hereinafter referred to as "the EU–MERCOSUR Partnership Agreement"), with the objectives set out in Article 9.2 of the EU–MERCOSUR Partnership Agreement, which will contribute to increasing the overall income and prosperity in both regions and to reducing inequalities, in line with the United Nations Sustainable Development Goals.

2. The Parties are committed to a cooperation partnership that will contribute to peace and prosperity, based on respect, trust, and shared values and interests, jointly addressing challenges and seizing opportunities arising from the EU–MERCOSUR Partnership Agreement. Accordingly, the cooperation partnerships addressed in this Protocol are inspired by a vision whereby both Parties jointly define the priorities, design and objectives pursued.

3. The Parties recognise the need to facilitate the adaptation of MERCOSUR economic actors, particularly micro, small and medium-sized enterprises and entrepreneurs (hereinafter referred to as "SMEs"), women, smallholding farmers, indigenous peoples and local and traditional communities, to the new economic and trade environment generated by the establishment of the free-trade area, enabling them to gain competitiveness in the MERCOSUR and the EU markets and reap the benefits of the EU–MERCOSUR Partnership Agreement.

4. Therefore, in complement to the cooperation provisions enshrined in Article 4.2 ofthe EU–MERCOSUR Partnership Agreement, the Parties reiterate their commitment to engage in cooperation partnerships with the chief purpose of facilitating the implementation of the EU–MERCOSUR Partnership Agreement, with a particular emphasis on its Part III, by contributing to their ability to fully take advantage of the possibilities brought about by the EU–MERCOSUR Partnership Agreement and addressing potential adverse impacts on vulnerable economic sectors and industries, underlining the need to take into account the specific challenges of landlocked developing countries.

5. The cooperation envisaged under this Protocol may comprise activities jointly involving all Signatory MERCOSUR States or one or several individual Signatory MERCOSUR States over specific sectors and segments, including their SMEs. The Parties will make full use of the possibilities offered inter alia by the EU-LAC Global Gateway Investment Agenda.

6. The Parties agree that MERCOSUR and the Signatory MERCOSUR States can benefit from all types of resources provided under this Protocol taking into account, among others, the specific challenges of landlocked developing countries to ensure market access and equal opportunities to benefit under the EU–MERCOSUR Partnership Agreement.

ARTICLE 2

Financial mechanisms

EU financial support may take the form of grants, loans, guarantees and technical cooperation and could be integrated with resources of MERCOSUR and the Signatory MERCOSUR States as well as other financial resources from national, regional and international financial institutions in order to further pursue the objectives of the EU–MERCOSUR Partnership Agreement. The European Union will also seek to establish a specific MERCOSUR programme as a main channel to streamline cooperation under the EU–MERCOSUR Partnership Agreement and can also make use of existing programmes and instruments to channel assistance to MERCOSUR and the Signatory MERCOSUR States, using both bilateral and regional programmes, loans and budgetary guarantees to development finance institutions. In line with the Team Europe Initiative of the European Commission, support by the European Union may include contributions from Member States and not only from the European Union budget. Given the new economic and trade conditions that could emanate from the EU–MERCOSUR Partnership Agreement, financial support by the European Union will include new resources not available at present under other programmes, to be preferentially channelled through a specific MERCOSUR programme as outlined above.

ARTICLE 3

Monitoring and implementation

1. The Parties recall that, pursuant to Article 2.4(6) of the EU–MERCOSUR Partnership Agreement, a Subcommittee on International Cooperation and Development is established to promote, coordinate and supervise the implementation of cooperation activities in the areas referred to in Part II of the EU–MERCOSUR Partnership Agreement, as well as the follow up, monitoring and evaluation of those cooperation initiatives.

2. In addition to the tasks provided for in Article 2.4 of the EU–MERCOSUR Partnership Agreement, the Subcommittee on International Cooperation and Development shall steer the direction, define the priorities and shape the design of the partnership programmes of the joint work on cooperation established in this Protocol, as well as monitor regularly the availability of funds for the activities referred herein. It may also submit recommendations to the Joint Committee referred to in Article 2.3 of the EU–MERCOSUR Partnership Agreement.

3. For the purposes of planning the effective implementation of cooperation underthe EU–MERCOSUR Partnership Agreement, the Parties agree to start discussing, in the Subcommittee on International Cooperation and Development, ongoing and planned cooperation actions, within one year of the entry into force or start of provisional application of the EU–MERCOSUR Partnership Agreement. Also within this period, the Parties, acting in the framework of the Subcommittee on International Cooperation and Development, will agree on the process for approval of projects that will fall under the scope of this Protocol.