Chile - Paraguay Free Trade Agreement

PREAMBLE

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

DEEPEN the special bonds of friendship and cooperation;

EXPAND trade, enhance greater international cooperation and strengthen economic relations between their peoples for mutual benefit;

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

CREATE a more open, secure and predictable market for reciprocal trade to facilitate the planning of business activities;

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

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

STIMULATE and support bilateral investments, opening new integration initiatives between both countries;

MAINTAIN their respective financial systems sound and stable;

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

PROMOTE gender mainstreaming in international trade, encouraging equality of rights, treatment and opportunities between men and women in business, industry and the world of work, leading to women's economic empowerment and inclusive economic growth for the societies of both countries;

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

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

PROMOTE the welfare of their workers, guarantee labour rights, cooperation and the improvement of the Parties' capacities in labour matters, and

PROMOTE the protection and conservation of the environment and the contribution of trade to sustainable development; as well as mutual cooperation on trade-related environmental issues,

HAVE AGREED as follows:

Chapter 1. INITIAL PROVISIONS AND GENERAL DEFINITIONS

Article 1.1. Initial Provisions

1. The Parties, in accordance with the Treaty of Montevideo of 1980 and Article V of the GATS, decide to deepen and extend the bilateral legal framework of the expanded economic space established by ACE N° 35, in accordance with the provisions of this Agreement.

2. The Parties recognize the coexistence of this Agreement with existing international agreements to which they are party in this regard:

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

(b) if Party considers that a provision of this Agreement is inconsistent (1) with a provision of another agreement to which both Parties are party, upon request, the Parties shall consult with a view to reaching a mutually satisfactory solution. This paragraph is without prejudice to the rights and obligations of the Parties under Chapter 17 (Dispute Settlement).

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

Article 1.2. General Definitions

For the purposes of this Agreement, unless otherwise specified: ACE No. 35 means the Economic Complementation Agreement No. 35 concluded between the Governments of the States Parties to MERCOSUR and the Government of the Republic of Chile, of 25 June 1996;

Agreement means the Trade Agreement between the Republic of Chile and the Republic of Paraguay;

WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh on 15 April 1994;

GATS means the General Agreement on Trade in Services, contained in Annex 1B of the WTO Agreement;

goods means a commodity, product or merchandise;

Bilateral Administrative Commission means the Administrative Commission for the Agreement established under Article 16.1 (Bilateral Administrative Commission);

days means calendar days, including weekends and holidays; existing means in effect on the date of entry into force of this Agreement;

GATT 1994 means the General Agreement on Tariffs and Trade 1994, contained in Annex 1A of the WTO Agreement;

measure includes any law, regulation, procedure, requirement or practice; MSMEs stands for micro, small and medium-sized enterprises; national means a natural person who has the nationality of a Party:

(a) in the case of Chile, a Chilean as defined in the Political Constitution of the Republic of Chile, and

(b) in the case of Paraguay, as defined in the Constitution of the Republic of Paraguay;

WTO stands for the World Trade Organization; person means a natural person or a legal person;

person of a Party means a natural person who is a national, a permanent resident of a Party, or a legal person of a Party;

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

territory means:

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

(b) for Paraguay, the territory subject to the sovereignty of the Republic of Paraguay in accordance with its constitutional and legal provisions, including the land, river and air space over which it exercises sovereign rights and jurisdiction in accordance with international law and its internal legislation.

Chapter 2. TRADE FACILITATION

Article 2.1. Objectives and General Principles

1, The objective of this Chapter is to contribute to the efforts of the Parties to streamline and simplify the procedures

associated with import, export and transit operations of goods, through the development and implementation of measures aimed at facilitating the movement and free cross-border circulation of goods, promoting legitimate and secure trade, stimulating cooperation and dialogue between the Parties in matters related to trade facilitation.

2. In order to facilitate the realization of the benefits of this Chapter, the Parties agree that the following principles shall be the basis for the development and administration of trade facilitation measures by their competent authorities:

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

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

(c) promotion of relevant international standards;

(d) harmonization with relevant multilateral instruments;

(e) the best possible use of information technologies;

(f) implementation of controls based on risk management;

(g) cooperation between the customs authorities of each Party and other authorities at the border, and

(h) consultations between the Parties and their respective business communities. 3. For greater certainty, nothing in this Chapter shall be construed to diminish the rights and obligations of the Parties under Chapters 4 (Sanitary and Phytosanitary Measures) and 5 (Technical Barriers to Trade) of this Agreement.

Article 2.2. Scope

1, The Parties reaffirm their rights and obligations under the WTO Trade Facilitation Agreement.

2. Each Party shall, to the extent possible and as permitted by its respective customs laws, apply customs procedures in accordance with the trade-related instruments of the World Customs Organization (WCO) to which it is a party.

Article 2.3. Transparency

1. Each Party shall publish, to the extent practicable and in a non-discriminatory and easily accessible manner, through the internet, general legislation and procedures related to the import, export, transit of goods and trade facilitation, as well as changes to such legislation and procedures, in a manner consistent with the legal system of the Parties. This includes the following information:

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

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

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

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

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

(f) restrictions or prohibitions on imports, exports or transit;

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

(h) appeal or review proceedings;

(i) agreements or parts of agreements with any country or countries relating to import, export or transit;

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

(k) contact points for information enquiries, and a other relevant information of an administrative nature related to the above.

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

3. Each Party shall establish or maintain mechanisms for consultation with business operators and other interested parties on the development and implementation of trade facilitation measures, paying particular attention to the needs of MSMEs.

Article 2.4. Opportunity to Submit Observations

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

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

3. Excluded from paragraphs 1 and 2 are changes in customs duty rates or tariff rates, measures which have the effect of relief, measures the effectiveness of which would be impaired as a result of compliance with paragraphs 1 and 2, measures to be applied in urgent circumstances or minor changes to the legal system.

Article 2.5. Clearance of Goods

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

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

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

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

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

(a) provide for clearance to take place within a period no longer than that required to ensure compliance with customs legislation. Each Party shall continue to work on reducing clearance times;

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

(c) allow importers, in accordance with their legal system, to remove the goods from their customs offices, prior to and without prejudice to the final determination by their customs authority of the applicable (1) customs duties, taxes and charges.

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

5. The Parties undertake, to the extent possible, to calculate and publish the average time required for the clearance of goods, on a regular and uniform basis, using tools such as the WCO Guide to Measuring the Time Required for the Clearance of Goods.

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

Article 2.6. Automation

The Parties shall endeavor to use information technology to expedite procedures for the import, export and transit of goods. To this end, the Parties shall:

(a) strive to use international standards;

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

(c) provide for the electronic transmission and processing of information and data prior to the arrival of the goods, with the objective of enabling the release of the goods upon arrival, provided that all regulatory requirements have been met;

(d) provide for the processing of import and export operations by means of electronic documents and the possibility of digitisation of documents supporting customs declarations, as well as the use of validation mechanisms agreed in advance by the customs administrations for the secure electronic exchange of information;

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

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

(g) work towards the interoperability of the electronic systems of their customs administrations in order to facilitate the exchange of international trade data, ensuring the same levels of confidentiality and data protection as provided for in each Party's legal system;

(h) undertake to advance in the implementation of the "Standard on the Computerization of the International Cargo Manifest/Customs Transit Declaration and the Monitoring of the Goods Transit Operation" between both countries under the Agreement on International Land Transport, 1990 (ATIT), and

(i) ensure that the entities responsible for the issuance of international cargo transport permits issued under the international agreements signed in this area make progress in computer integration, in order to facilitate the exchange of the respective permits.

Article 2.7. Documentation Requirements and Details

1. Each Party shall ensure that data and documentation requirements for import, export and transit formalities:

(a) are adopted or applied for the purpose of the speedy release of goods, especially perishable goods, provided that the conditions for such release are met, and that all regulatory requirements have been complied with;

(b) are adopted or applied in a manner that tends to reduce compliance time and costs for operators, and

(c) are the least trade-restrictive measure chosen, where two or more alternative measures are reasonably available to meet the policy objective(s) in question.

Article 2.8. Advance Rulings

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

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

3. Advance rulings will be issued in respect of:

(a) the tariff classification of the goods;

(b) the originating status of a good;

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

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

4. Each Party shall issue an advance ruling no later than ninety (90) days after the expiration of a period of ninety (90) days. (90) days following the request when issuing an advance ruling, the Party shall take into account the facts and circumstances presented by the requester.

5. The advance ruling shall be valid from the date of its issuance or such later date specified in the advance ruling, and shall remain in effect for at least three (3) years, unless the law, facts, or circumstances on which the ruling was based have changed.

6. The Party issuing the advance ruling may modify or revoke it, ex officio or at the request of the party that requested it, as appropriate, in the following cases:

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

(b) when the circumstances or facts on which it is based change;

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

(d) where the advance ruling was issued on the basis of incorrect, false or misleading information or where the applicant omitted to include relevant or pertinent facts or circumstances.

7. No Party shall retroactively apply a revocation or modification to the detriment of the applicant unless the determination was based on incomplete, inaccurate or false information provided by the applicant.

8. A Party may reject a request for advance ruling where any of the following grounds, among others, are present:

(a) the customs destination that covers the merchandise has been previously presented to customs;

(b) when the merchandise is associated with any investigation or verification, or

(c) when the goods are subject to an administrative or judicial appeal related to the subject matter of the application.

In such cases, the Party shall notify the applicant, stating the reason(s) for the request.

9. Subject to confidentiality requirements under its legal system, each Party shall make publicly available, including on the Internet, any advance rulings it makes.

10. The Party issuing the advance ruling may apply appropriate sanctions or measures, including civil, criminal, and administrative actions, if the requester provided false information or omitted relevant facts or circumstances relating to the advance ruling, or failed to act in accordance with the terms and conditions of the advance ruling.

Article 2.9. Risk Management

1. Each Party shall adopt or maintain risk management or risk management systems that enable its customs authority to concentrate its inspection activities on higher risk operations, and that simplify the clearance and movement of low risk operations, while respecting the confidentiality of information obtained through these activities.

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

3. The Parties shall adopt cooperative programs to strengthen the risk management system, based on best practices established between their customs authorities.

Article 2.10. Perishable Goods

1, For the purposes of this Chapter, "perishable goods" means goods which decompose rapidly because of their natural characteristics, particularly in the absence of appropriate storage conditions.

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

(a) is carried out in the shortest time possible under normal circumstances, and

(b) is carried out outside the working hours of the customs authority and other competent authorities in exceptional circumstances where this is appropriate, in accordance with each Party's legal system.

3. Each Party shall give appropriate priority to perishable goods in scheduling and conducting the required examinations.

4. Each Party shall provide adequate facilities for the storage of perishable goods pending their release or allow an importer to provide such facilities. A Party may require that the storage facilities provided by the importer have been approved or designated by its competent authorities.

5. The movement of the goods to such storage facilities, including authorizations for the operator to move the goods, may, where required, be subject to the approval of the competent authorities.

6. Where feasible and consistent with the legal system, and at the request of the importer, each Party shall provide for the necessary procedures for clearance to take place at such storage facilities.

Article 2.11. Post-clearance Customs Control

In order to expedite the clearance of goods and maintain efficient control, the Parties' customs administrations shall adopt ex-post controls to ensure compliance with customs legislation and obligations on the basis of risk management.

Article 2.12. Review and Appeal

Each Party shall ensure, with respect to its administrative acts in customs matters, that any person subject to such acts in its territory, upon written request, has access to:

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

(b) judicial review of administrative acts.

Article 2.13. Penalties

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

2. Each Party shall ensure that the penalties established pursuant to paragraph 1 for violation of its customs laws and regulations are imposed only on the person or persons responsible for the violation, in accordance with its relevant legislation in force.

3. The sanction to be imposed will depend on the facts and circumstances of each case and will be proportional to the degree and seriousness of the infringement committed.

Article 2.14. Use and Exchange of Documents In Electronic Format

1. The Parties shall endeavour to:

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

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

(c) promote mutual recognition of documents in electronic format required for import and export issued by the authorities of each Party.

2. The Parties shall promote, based on international standards, the exchange of certificates of origin, phytosanitary and sanitary certificates, and other certificates in electronic format, which may be required in commercial transactions.

Article 2.15. Transit

1. Formalities, documentation requirements and customs controls in connection with transit traffic shall not be more burdensome than necessary for:

(a) identify the goods, and

(b) ensure compliance with traffic regulations.

2. In addition, for greater certainty, each Party shall ensure that customs controls, including inspection activities on transit operations, are in accordance with the provisions of paragraphs 1 and 2 of Article 2.9.

Article 2.16. Authorized Economic Operator

1. The customs administrations of the Parties shall promote the implementation and strengthening of their Authorized Economic Operator (AEO) programs, in accordance with the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework of Standards), and shall move towards the conclusion of Mutual Recognition Agreements of such programs with each other.

2. In this regard, the customs administrations of the Parties shall take the necessary measures to agree on Mutual Recognition benefits for their Authorized Economic Operators.

Article 2.17. Acceptance of Copies

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

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

Article 2.18. Foreign Trade Single Window

1. The Parties shall promote the development of their respective Foreign Trade Single Windows (hereinafter referred to as "SWFs") for the expediting and facilitation of trade, in order for the authorities and commercial operators involved in foreign trade to use documentation and/or information for the import, export and transit of goods through a single point of entry, and through which applicants shall be notified of the results in a timely manner.

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

3. The Parties shall promote the following guidelines, to the extent possible, in the integrations of their ECVs:

(a) interoperability for documents and information to be determined by the Parties;

(b) compliance with the legal requirements of the Parties regarding the confidentiality and protection of the information exchanged;

(c) the availability of the information in the documents in accordance with the operating conditions to be set by the Parties;

(d) have computerized schemes that allow the transfer of information electronically between the Parties;

(e) be based on the WCO Data Model, and other international standards as appropriate, and

(f) implementation in a phased manner.

Article 2.19. Cooperation and Technical Assistance

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

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

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

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

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

(c) facilitation of transit and transhipment movements;

(d) relationships with business operators and other stakeholders;

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

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

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

(h) other topics defined by mutual agreement.

4. For purposes of cooperation on the issues in this Chapter, the Parties shall promote coordination between their respective competent authorities and, where appropriate, between their National Trade Facilitation Committees.

Article 2.20. Confidentiality

The Parties undertake to treat as confidential the information they provide to each other, guaranteeing each other the level of confidentiality and data protection provided for in the legislation of the Party providing the information.

Article 2.21. Focal Points

1. The Parties, through their competent bodies, shall designate focal points responsible for monitoring issues relating to the implementation of this Chapter. Each Party shall promptly notify the other Party of any changes to its focal points, as well as the details of the relevant officials.

2. The functions of the focal points will include:

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

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

(c) perform such additional functions as may be agreed by the Parties.

Chapter 3. GOOD REGULATORY PRACTICE

Article 3.1. Definitions

For purposes of this Chapter:

Regulatory impact analysis (RIA) means the systematic process of analysis, based on evidence, that seeks to evaluate, from the definition of a problem, the possible impacts of the available action alternatives to achieve the intended objectives, in order to guide and assist decision making;

regulatory authority means any competent regulatory authority of the executive branch;

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

public consultation is the participatory mechanism, of a non-binding consultative nature, by means of which, during a reasonable period of time, the competent regulatory authority collects data and opinions from society in a regulatory process, and

regulatory measure refers to laws and decrees of general application adopted by regulatory authorities and with which compliance is mandatory.

Article 3.2. General Objective

The objective of this Chapter is to strengthen and encourage the regulatory authorities of the Parties to adopt good regulatory practices in order to promote a transparent regulatory environment, with predictable procedures and steps for their citizens and economic operators.

Article 3.3. Implementation of Good Regulatory Practice

1. Each Party shall encourage its respective regulatory authorities to subject proposed amendments and new draft

regulatory measures to a public consultation process, for a reasonable period of time, to allow interested parties to comment on and consider the appropriateness of the proposed amendments and new draft regulatory measures.

2. Each Party shall encourage its regulatory authorities to conduct, in accordance with its legal system, to the extent possible, an RIA prior to the adoption of proposed amendments and new draft regulatory measures, which have a significant impact.

3. When conducting the RIA, each Party may take into consideration the potential impact of the proposed regulation on MSMEs.

4. Each Party shall encourage its regulatory measures to be clear, concise, and easy to understand, notwithstanding that specialized knowledge may be required if technical issues are involved.

5. In accordance with its legal system, each Party shall endeavour to ensure that regulatory authorities provide public access to new draft regulations and proposed amendments to existing regulatory measures and, to the extent possible, make this information available online.

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

Article 3.4. Cooperation

1. The Parties shall cooperate to facilitate the implementation of this Chapter. Cooperative activities should take into account the different needs and levels of development of each Party, and may include:

(a) exchange of experiences, dialogues, seminars and meetings between the Parties, including MSMEs;

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

(c) strengthening cooperation, technical capacity building and other relevant activities among regulatory authorities; and

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

2. Cooperative activities under this Chapter shall be carried out on mutually agreed terms, in accordance with their respective legal systems and available resources.

Article 3.5. Focal Points

1. Each Party shall designate and notify a focal point for matters arising under this Chapter. A Party shall promptly notify the other Party of any changes to its focal point.

2. Each focal point will be responsible for:

(a) provide information related to the implementation of this Chapter, upon request of the other Party;

(b) consult and coordinate with their respective regulatory authorities, as appropriate, on matters arising under this Chapter, and

(c) meet with the other Party's point of contact as agreed, in person or by any other technological means.

Article 3.6. Relationship to other Chapters

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

Article 3.7. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 4. SANITARY AND PHYTOSANITARY MEASURES

Article 4.1. General Provisions

In order to facilitate trade in agricultural, forestry, fishery and aquaculture goods, the Parties reaffirm their commitment to implement the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (hereinafter referred to as the "SPS Agreement") and the decisions adopted in the framework of the WTO SPS Committee, and the standards, guidelines and recommendations of the Codex Alimentarius, the World Organisation for Animal Health (OIE), and the International Plant Protection Convention (IPPC).

Article 4.2. Objectives

The objectives of this Chapter are:

(a) protect human, animal and plant life and health in the territory of each Party, while facilitating mutual trade;

(b) ensure that Parties' sanitary and phytosanitary (SPS) measures do not create unjustified barriers to trade;

(c) establish mechanisms to ensure the exchange of information and communication, enabling the Parties to provide background information without undue delay, in order for the exporting Party to carry out its procedures to propose equivalence, risk analysis, sanitary surveys, inspection and approval procedures, correctly applying the principles of the SPS Agreement;

(d) strengthening cooperation, and

(e) resolve any sanitary and phytosanitary difficulties arising from the implementation of this Chapter.

Article 4.3. Scope of Application

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

Article 4.4. Establishment of Import Requirements

The importing Party undertakes to establish and report, without undue delay, sanitary and phytosanitary requirements for products of interest to the exporting Party, following the principles of the SPS Agreement.

Article 4.5. Equivalence

1. Equivalence arrangements between the Parties shall be established in accordance with the Decisions adopted by the WTO SPS Committee and the standards, guidelines and recommendations adopted by the international reference bodies of the SPS Agreement.

2. A Party may request an equivalence determination from the other Party for any measure or group of SPS measures for a product or group of products.

3. The Parties may initiate procedures for the recognition of equivalence of their SPS measures and their respective control, inspection and approval procedures.

4. In order to obtain equivalence, the exporting Party shall provide scientific and technical information to demonstrate that its SPS measure achieves the appropriate level of protection defined by the importing Party.

5. If the assessment does not result in a determination of equivalence, the importing Party shall provide in writing the scientific and technical reasons for such a determination.

Article 4.6. Risk Analysis

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

2. For the purposes of paragraph 1, the exporting Party shall provide the importing Party with all information necessary to conduct a risk analysis in accordance with the provisions of the SPS Agreement.

3. Any reassessment of risk, in situations where there is regular and fluid trade in the good concerned between the Parties, should not be a reason to interrupt trade, except in the case ofa sanitary or phytosanitary emergency.

4. The Parties may establish by mutual agreement in the SPS Committee established in Article 4.12, the procedures and timelines for conducting the risk analysis on the basis of the standards, guidelines and recommendations adopted by the international reference organizations of the SPS Agreement.

5. The results of the risk analysis or reassessment shall be reported in writing with their respective scientific and technical rationale without undue delay.

Article 4.7. Recognition of Sanitary and Phytosanitary Status

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

2. The importing Party may choose an expedited process for assessing a request for recognition of pest- or disease-free areas or areas of low pest or disease prevalence, especially in the following cases:

(a) where an area has been officially recognized as a pest or disease free area or an area of low pest or disease prevalence by a relevant international organization; or

(b) where, having suspended, as a result of an outbreak in a previously recognized area, the recognition of that area as a pest- or disease-free area or an area of low pest or disease prevalence, the importing Party has reinstated the previous status of that area in accordance with relevant international standards, guidelines or recommendations.

3. If an on-site visit is necessary for the recognition of sanitary or phytosanitary status, it shall be carried out considering the provisions of Article 4.8.4.

Article 4.8. Control, Inspection and Approval Procedures (1)

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

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

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

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

5. The deadlines for the submission of the reports resulting from the audits carried out by the importing Party, the submission of comments by the exporting Party and the publication of the final report by the importing Party shall be notified through official communications between the competent authorities.

6. In the event of undue delays by either Party, the Party concerned may report them to the SPS Committee established under Article 4.12, for follow-up.

(1) The control, inspection and approval procedures include, among others, individual sample, test and certification procedures.

Article 4.9. General Transparency Obligations

The Parties recognize the importance of observing the notification rules of the SPS Agreement in order to strengthen transparency in trade.

Article 4.10. Information Sharing In Risk Situations

Each Party shall notify the other Party in writing within two (2) working days of any confirmed serious or significant risk to public, animal or plant health, including any emergency food control situation or situation where there is a clearly identified risk of serious health effects associated with the consumption of products of animal or plant origin.

Article 4.11. Technical Cooperation

1, The Parties agree to attach particular importance to technical cooperation to facilitate the implementation of this Chapter.

2. The competent authorities of the Parties referred to in Annex 4.1 may enter into agreements on cooperation and coordination of activities.

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

Article 4.12. Committee on Sanitary and Phytosanitary Measures

1. The Parties agree to establish the Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as the "SPS Committee"), for the purpose of monitoring the implementation of this Chapter. The SPS Committee shall be composed of the competent authorities and focal points of each Party as listed in Annex 4.1.

2. The SPS Committee shall meet once a year, unless otherwise agreed by the Parties, and may hold additional meetings as deemed necessary by the Parties. Meetings may be held in person, by teleconference, videoconference, or by other means that ensure an adequate level of functioning.

3. The functions of the SPS Committee shall be:

(a) exchange information on the competent authorities and contact points of each Party, detailing their areas of competence. The relevant information included in Annex 4.1 may be updated in the event of changes;

(b) facilitate cooperation and technical assistance, including cooperation in the development, implementation and enforcement of SPS measures;

(c) to consult on a written request from a Party on any matter arising under this Chapter;

(d) establish technical working groups in the fields referred to in Article 4.1 and others as deemed relevant, and

(e) keep the Bilateral Administrative Commission informed of the work of the SPS Committee.

4. To order its functioning, the SPS Committee shall establish its own rules of procedure, if possible at its first meeting. The SPS Committee may revise these rules as it deems appropriate.

Article 4.13. Consultation Mechanism

1. In the event of difficulties arising from the implementation of this Chapter, the Parties may request consultations through the contact points set out in Annex 4.1 to discuss and suggest any procedures to resolve such difficulties. Consultations may be held by electronic means, teleconference, videoconference, or other means that ensure an adequate level of discussion. The Party requesting the consultation shall prepare the corresponding minutes.

2. Upon receipt of the request, the Parties shall consult without undue delay, unless a specific time limit is agreed in the SPS Committee.

3. Where the Parties have resorted to consultations under this Article, such consultations shall be in lieu of consultations under Article 17.4 (Consultations).

Annex 4.1. COMPETENT AUTHORITIES AND FOCAL POINTS

1. For the purposes of Article 4.12.1, the competent authorities shall be:

(a) in the case of Chile, the Undersecretariat of Public Health, through its Department of Nutrition and Food of the Division of Healthy Public Policies, or its successor; the National Fisheries and Aquaculture Service (SERNAPESCA), through its Sub-

Directorate of Safety and Certification, or its successor; and the Agriculture and Livestock Service (SAG), through its Department of International Affairs, or its successor; and

(b) in the case of Paraguay, the Servicio Nacional de Calidad y Salud Animal (SENACSA), or its successor; and the Servicio Nacional de Calidad y Salud Vegetal y de Semillas (SENAVE), or its successor.

2. For the purposes of Article 4.12.1, the focal points shall be:

(a) in the case of Chile, the Undersecretariat for International Economic Relations, through its Trade Regulatory Aspects Division, or its successor, and

(b) in the case of Paraguay, the Directorate of International Trade of the Ministry of Agriculture and Livestock, or its successor.

Chapter 5. TECHNICAL BARRIERS TO TRADE

Article 5.1. Scope of Application

1. The provisions of this Chapter apply to the development, adoption and application of standards, technical regulations and conformity assessment procedures of the Parties, as defined in Annex I of the WTO Agreement on Technical Barriers to Trade (hereinafter referred to as the "TBT Agreement"), which may affect trade in goods between the Parties.

2. The provisions of this Chapter do not apply:

(a) sanitary and phytosanitary measures, which shall be governed by Chapter 4 (Sanitary and Phytosanitary Measures), or

(b) to government procurement specifications established by government agencies for the production or consumption needs of such agencies, which shall be governed by the national legislation of each Party.

3. The application of Article 50 of the Treaty of Montevideo of 1980, with respect to technical barriers to trade, shall be governed by the provisions of this Chapter.

Article 5.2. Objectives of the Chapter

The objectives of this Chapter are:

(a) recognize, reaffirm and promote the implementation and commitments undertaken by both Parties under the TBT Agreement by identifying, preventing and eliminating unnecessary technical barriers to trade;

(b) deepen integration and existing agreements between the Parties on technical barriers to trade;

(c) ensure that standards, technical regulations and conformity assessment procedures do not create unnecessary technical barriers to trade, and

(d) facilitate the exchange of information and cooperation in the field of technical regulations, standards and conformity assessment, including metrology and accreditation, between the Parties.

Article 5.3. Incorporation of the TBT Agreement

The TBT Agreement is incorporated into this Chapter and forms an integral part of this Agreement, mutatis mutandis.

Article 5.4. Standards

1. In determining whether an international standard, guidance or recommendation within the meaning of Articles 2 and 5 of the TBT Agreement and Annex 3 thereto exists, each Party shall consider the principles set out in the Decisions and Recommendations adopted by the WTO Committee on Technical Barriers to Trade since 1 January 1995, the Annex to Part I B, document G/TBT/1/Rev.14, dated 24 September 2019 issued by the WTO Committee on Technical Barriers to Trade or its successor.

2. For the purposes of this Chapter, "relevant international standards" as referred to in Article 2.4 of the TBT Agreement means standards developed by international standardizing bodies.

3. The Parties shall encourage their standardizing bodies, within their competence and subject to the availability of

resources, to:

(a) cooperate with the relevant national and regional standardization bodies of the other Party in international standardization activities, and

(b) use relevant international standards as a basis for the standards they develop, except where such international standards are ineffective or inadequate.

Article 5.5. Joint Cooperation

1. The Parties shall strengthen joint cooperation in the areas of standards, technical regulations and conformity assessment procedures with the objective of facilitating trade in goods between them. In particular, the Parties shall seek to identify bilateral initiatives that are appropriate for particular issues or sectors.

2. The Parties recognize the existence of a wide range of mechanisms to support regulatory cooperation and to prevent and eliminate unnecessary technical barriers to trade between the Parties, which they promote:

(a) bilateral dialogue with the aim of:

(i) exchange information on regulatory practices and approaches to improve knowledge and understanding of their respective regulatory systems;

(ii) promote the use of good regulatory practices to improve the efficiency and effectiveness of standards, technical regulations and conformity assessment procedures, and

(iii) provide technical assistance to the other Party on mutually agreed terms and conditions, for the improvement of practices related to the elaboration, implementation and revision of standards, technical regulations, conformity assessment procedures, accreditation and metrology;

(b) the use of relevant international standards, guides and recommendations as a basis for technical regulations and conformity assessment procedures, to the extent possible, except where inappropriate or ineffective, as well as the promotion of harmonization of national standards with relevant international standards, and

(c) the dissemination and exchange of experience and information regarding the possibility of accepting as equivalent the technical regulations of the other Party.

3. The Parties recognize that the choice of appropriate mechanisms in a given regulatory context will depend on a variety of factors, such as the product and sector involved, the relationship between the Parties' respective regulators, the legitimate objectives pursued, and the risks of not achieving those objectives.

4. The Parties shall seek to strengthen information exchange and collaboration on mechanisms to facilitate the acceptance of conformity assessment results.

5. The Parties shall encourage cooperation between both public and private bodies responsible for standardisation, conformity assessment and accreditation, with a view to addressing various matters covered by this Chapter.

6. For joint cooperation under this Article, if necessary and if the Parties so agree, they may facilitate the participation of teams of technical experts to facilitate the exchange of information concerning their conformity assessment schemes and systems of each Party's regulatory regime, in order to enhance mutual understanding.

Article 5.6. Technical Regulations

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

2. Parties shall strengthen the role of relevant international standards as a basis for their technical regulations, including conformity assessment procedures.

3. Where a technical regulation has not considered the use of international standards as a basis for its development, and its development may have a significant effect on trade, a Party may request the other Party to provide the reasons why it has considered international standards to be inappropriate or ineffective for the objective pursued.

4. When the regulatory authority of a Party detains at the port of entry a good originating in the territory of the other Party because of a failure to comply with a technical regulation, it shall, as soon as practicable, notify the importer or the

respective customs broker of the reasons for the detention.

Article 5.7. Conformity Assessment

1. Recognizing that differences in conformity assessment procedures may exist among the Parties, the Parties shall endeavour to make conformity assessment procedures compatible to the greatest extent possible with international standards and with the provisions of this Chapter.

2. The Parties recognize that there are different mechanisms that facilitate the acceptance in the territory of one Party of the results of conformity assessment conducted in the territory of the other Party. These mechanisms could include:

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

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

(c) accreditation procedures for qualifying conformity assessment bodies;

(d) governmental approval or designation of conformity assessment bodies, and

(e) recognition of the results of conformity assessments carried out in the territory of the other Party, and acceptance by the importing Party of the supplier's declaration of conformity, provided that both are consistent with its legal system.

3. The Parties shall intensify their exchange of information in relation to these and similar mechanisms to facilitate the acceptance of conformity assessment results.

4. The Parties recognize that the choice of appropriate mechanisms will depend on the institutional structure and legal provisions in place in each Party within the framework of the obligations set out in the TBT Agreement.

5. In the event that a Party does not accept the results of conformity assessment procedures carried out in the territory of the other Party, it shall, upon request of the latter Party, explain the reasons for its decision so that corrective action may be taken if necessary.

6. A Party may, on request of the other Party, give favourable consideration to the recognition of results of conformity assessment procedures carried out by bodies located in the territory of the other Party.

7. In order to enhance mutual confidence in the results of conformity assessment, either Party may request information on aspects such as the technical competence of the conformity assessment bodies involved.

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

Article 5.8. Transparency

1. The Parties reaffirm their transparency obligations under the TBT Agreement with respect to the preparation, adoption and application of standards, technical regulations and conformity assessment procedures.

2. The Parties agree:

(a) consider the views of the other Party during the public consultation stage of the publication of draft technical regulations, and conformity assessment procedures;

(b) ensure that economic operators and other interested persons of the other Party may participate in any formal public consultative process regarding draft technical regulations and conformity assessment procedures;

(c) when making notifications pursuant to Article 2.2 of the TBT Agreement, allow at least sixty (60) days for the other Party to submit written comments on the proposal, except where urgent problems threaten or arise;

(d) where possible, the Parties shall give due consideration to justified requests for extensions of the comment period; and

(e) subject to the conditions specified in Article 2.12 of the TBT Agreement on the reasonable period of time between the publication of technical regulations and their entry into force, the Parties shall understand the term "reasonable period of time" to mean normally a period of not less than six (6) months, except where the legitimate objectives pursued cannot feasibly be achieved within that period.

3. Each Party shall ensure that existing mandatory technical regulations and conformity assessment procedures are publicly available on an official website.

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

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

6. Each Party shall provide a formal response to comments received from the other Party, during the consultation period specified in the notification, no later than the date of publication of the adopted technical regulation or conformity assessment procedure.

Article 5.9. Exchange of Information

Any information or explanation requested by a Party under the provisions of this Chapter shall be provided by the other Party in printed or electronic form within sixty (60) days of the date of the request

Article 5.10. Committee on Technical Barriers to Trade

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

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

(b) in the case of Paraguay, by representatives of the National Committee on Technical Barriers to Trade, coordinated by the Ministry of Industry and Trade, or its successor.

2. The functions of the Committee shall include:

(a) monitor the implementation and administration of this Chapter;

(b) address matters that a Party proposes with respect to the development, adoption, application, implementation, or enforcement of standards, technical regulations, or conformity assessment procedures;

(c) promote cooperation in the development and improvement of standards, technical regulations or conformity assessment procedures;

(d) facilitate sectoral cooperation between governmental and non-governmental entities on standards, technical regulations and conformity assessment procedures in the territories of the Parties;

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

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

(g) report to the Bilateral Administrative Commission on the implementation of this Chapter;

(h) establish, as necessary for particular issues or sectors, working groups to address specific matters related to this Chapter and the TBT Agreement;

(i) to address, at the request of a Party, technical consultations on any matter arising under this Chapter;

(j) establish working groups to address issues of interest in the field of regulatory cooperation, and

(k) take such other action as the Parties may agree, related to the implementation of this Chapter and the TBT Agreement.

3. Upon request, the Committee shall give sympathetic consideration to any sector- specific proposal by a Party to deepen joint cooperation under this Chapter.

4. The Committee shall meet at such times, places and times as may be necessary at the request of the Parties. Meetings shall be held in person, by teleconference, videoconference or by any other means agreed by the Parties.

5. In order to order its functioning, the Committee shall establish its own rules of procedure, if possible during its first meeting. The Committee may revise these rules by consensus, as it deems appropriate.

Article 5.11. Technical Consultations

1. Each Party shall give prompt and positive consideration to any request by the other Party for consultations on specific trade concerns relating to the implementation of this Chapter.

2. Each Party shall ensure the participation, as appropriate, of representatives of its competent governmental regulatory authorities within the scope of this Chapter.

3. Where the Parties have resorted to consultations under this Article, such consultations shall be in lieu of consultations under Article 17.4 (Consultations).

Chapter 6. TRADE IN SERVICES

Article 6.1. Definitions

For the purposes of this Chapter:

trade in services means the supply of a service:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

financial services is defined as set out in the GATS Annex on Financial Services;

services supplied in the exercise of governmental authority means any service which is supplied neither on a commercial

basis nor in competition with one or more service suppliers;

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

Article 6.2. Scope of Application

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

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

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

(c) access to and use of distribution, transmission or telecommunications networks and services related to the provision of a service;

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

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

2. This Chapter does not apply to:

(a) financial services;

(b) air services, including domestic and international air transport services, scheduled and non-scheduled, and related support services for air services, except:

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

(ii) computer reservation system (CRS) services, and

(iii) aircraft repair and maintenance services;

(c) public procurement;

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

(e) services supplied in the exercise of governmental authority in the territory of each Party, nor to

(f) navigation of inland rivers.

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

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

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

Article 6.3. National Treatment

1. In the sectors inscribed in Annexes 6.1 and 6.2 (Schedules of Specific Commitments), and subject to such conditions and qualifications as may be contained therein, each Party shall accord to services and service suppliers of the other Party, with respect to all measures covered by this Chapter affecting the supply of services, treatment no less than favourable than the one it grants to its own similar services and similar service providers (2).

2. Treatment accorded by a Party in accordance with paragraph 1 means, with respect to a regional, or local level government, treatment no less favourable than the most favourable treatment accorded by that regional, or local level

government to services and service suppliers of the Party of which it is a constituent part.

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

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

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

Article 6.4. Market Access

In sectors where market access commitments are undertaken and subject to the conditions set out in Annexes 6.1 and 6.2 (Schedules of Specific Commitments), no Party may adopt or maintain, on the basis of a regional subdivision or its entire territory, measures that:

(a) impose limitations:

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

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

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

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

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

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

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

Article 6.5. Additional Commitments

The Parties may negotiate commitments with respect to measures affecting trade in services but not subject to scheduling under Articles 6.3 y 6.4. These commitments shall be set out in Annexes 6.1 and 6.2 (Schedules of Specific Commitments).

Article 6.6. List of Specific Commitments

1. Each Party shall inscribe in its Annexes 6.1 and 6.2 (Schedules of Specific Commitments) the specific commitments it undertakes pursuant to Articles 6.3, 6.4 and 6.5. With respect to the sectors in which such commitments are made. Each schedule shall specify:

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

(b) conditions and qualifications regarding national treatment;

(c) the obligations relating to the additional commitments referred to in Article 6.5, and

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

2. Measures inconsistent with Articles 6.3 and 6.4 should be reported in the column for Article 6.4.

Article 6.7. Transparency

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

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

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

Article 6.8. National Regulations

1. In sectors where specific commitments are undertaken, each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

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

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

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

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

(d) at the request of the applicant, provide, to the extent practicable, information concerning the status of the application;

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) the contact details of the competent authority;

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

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

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

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

10. This Article shall not apply to measures that a Party adopts or maintains pursuant to its Annexes 6.1 and 6.2 (Schedules of Specific Commitments).

Article 6.9. Mutual Recognition

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

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

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

Article 6.10. Cooperation and Mutual Assistance In the Field of Services

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

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

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

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

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

Article 6.11. Denial of Benefits

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

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

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

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

Chapter 7. ELECTRONIC COMMERCE

Article 7.1. Definitions

For the purposes of this Chapter:

cryptographic algorithm or cipher means a mathematical procedure or formula for combining a key with plaintext to create a ciphertext;

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

key means a parameter used in conjunction with a cryptographic algorithm that determines its operation in such a way that an entity with knowledge of the key can reproduce or reverse the operation, while an entity without knowledge of the key cannot;

cryptography means the principles, means or methods for the transformation of data in order to hide its information content, prevent its undetected modification, or prevent its unauthorized use; and is limited to the transformation of information using one or more secret parameters, e.g., crypto variables, or associated key management;

Open data means digital data that is made available with the necessary technical and legal characteristics to enable it to be freely used, reused and redistributed. This definition relates only to information held or processed by or on behalf of a Party;

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

Encryption means the conversion of data (plain text) into a form that cannot be easily understood without subsequent re-conversion (ciphertext) by using a cryptographic algorithm;

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

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

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

unsolicited electronic commercial messages means an electronic message that is sent for commercial or advertising purposes without the consent of the recipients, or against the explicit will of the recipient, using an Internet service or, in accordance with each Party's legal system, by other telecommunications services;

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

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

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

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

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

Article 7.2. Scope of Application and General Provisions

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

2. This Chapter shall not apply to:

(a) public procurement;

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

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

(d) financial services, as defined in the GATS.

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

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

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

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

(c) interoperability, to facilitate electronic commerce;

(d) innovation and digitalization in e-commerce;

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

(f) facilitate access to e-commerce for MSMEs, and

(g) ensure the security of users of electronic commerce, as well as their right to the protection of personal data. (4)

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

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

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

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

Article 7.3. Customs Duties

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

2. For greater certainty, paragraph 1 shall not prevent a Party from imposing internal taxes, fees or other charges on electronically transmitted content or digital products.

Article 7.4. Non-Discriminatory Treatment of Digital Products

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

2. Paragraph 1 shall not apply to the extent of any inconsistency with intellectual property rights and obligations contained in other agreements to which a Party is a party.

3. The Parties understand that this Article does not apply to subsidies or grants provided by a Party, including government-backed loans, guarantees and insurance.

4. This Article shall not apply to broadcasting.

(5) For greater certainty, to the extent that a digital product of a non-Party is a "like digital product", it shall be qualified as an "other like digital product" for the purposes of this paragraph.

Article 7.5. Legal Framework for Electronic Transactions

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

2. Each Party Shall Endeavour to:

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

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

Article 7.6. Authentication and Electronic Signature

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

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

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

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

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

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

Article 7.7. Consumer Protection Online

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

2. Each Party shall adopt or maintain consumer protection laws to prohibit fraudulent, deceptive, or misleading commercial practices that cause harm or potential harm to consumers who engage in online commercial activities. "Fraudulent, deceptive, or misleading commercial practices" includes:

(a) misrepresenting or misrepresenting information about the physical characteristics, price, fitness for purpose, quantity or origin of goods or services;

(b) advertising the supply of goods or services without intending to supply them;

(c) failing to deliver products or provide services to consumers after they have been charged for them, or

(d) charging or debiting financial, telephone or other accounts belonging to consumers without authorization.

3. Each Party shall adopt or maintain laws or regulations that:

(a) require, at the time of shipment, that the goods and services supplied are of acceptable and satisfactory quality, consistent with the supplier's representations as to the quality of the goods and services, and

(b) provide consumers with appropriate redress when they are not.

4. Each Party shall endeavour to adopt non-discriminatory practices in protecting users of electronic commerce from

breaches of the protection of personal information occurring within its jurisdiction.

5. Each Party shall make publicly available and facilitate access to its consumer protection laws and regulations.

6. The Parties recognize the importance of improving knowledge of, and access to, policies and procedures related to consumer protection, including consumer redress mechanisms, including for consumers of one Party who transact with suppliers of another Party.

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

8. The Parties recognize the importance of protecting consumers from misleading advertising and marketing of potentially unsafe products through electronic commerce.

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

Article 7.8. Protection of Personal Information

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

2. Parties shall adopt or maintain laws, regulations, or administrative measures for the protection of personal information of users engaged in electronic commerce. The Parties shall take into consideration the general principles that exist in this area, as provided in Article 7.2.4(g).

3. The Parties recognize that the principles underpinning a robust legal framework for the protection of personal information should include at least the following fundamental data privacy principles:

(a) limitation of collection;

(b) data quality;

(c) purpose specification;

(d) limitation of use;

(e) security safeguards;

(f) transparency;

(g) individual participation, and

(h) accountability.

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

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

(a) individuals can exercise recourse, and

(b) companies can meet any legal requirement.

6. The Parties shall encourage the use of security mechanisms for the personal information of users, and its dissociation, in cases where such data is provided to third parties, in accordance with their respective legal systems.

Article 7.9. Administration of Paperless Trade

Each Party shall endeavor:

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

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

Article 7.10. Principles on Access to and Use of the Internet for Electronic Commerce

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

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

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

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

Article 7.11. Cross-border Transfer of Information by Electronic Means

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

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

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

Article 7.12. Location of Computer Facilities

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

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

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

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

Article 7.13. Unsolicited Electronic Commercial Communications

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

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

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

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

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

Article 7.14. Data Innovation

1. The Parties recognise that cross-border data flows and data sharing enable data- driven innovation. The Parties further recognise that innovation can be enhanced within the context of regulatory data sandboxes where data, including personal information (6), is shared between companies in accordance with the Parties' respective laws and regulations.

2. Parties also recognize that data-sharing mechanisms, such as trusted data-sharing frameworks and open licensing agreements, facilitate data sharing and promote the use of data in the digital environment for:

(a) promote innovation and creativity;

(b) facilitate the dissemination of information, knowledge, technology, culture and the arts, and

(c) promoting competition and open and efficient markets.

3. The Parties shall seek to collaborate on data sharing projects and mechanisms, and on proof of concepts for new uses of data, including data sandboxes, to promote data- driven innovation.

(6) For greater certainty, this is without prejudice to Article 7.8.

Article 7.15. Open Government Data

1. The Parties recognize that facilitating public access to and use of government information can foster economic and social development, competitiveness and innovation.

2. To the extent that a Party makes government information, including data, publicly available, it shall endeavour to ensure that the information is made available as open data.

3. The Parties shall seek to cooperate to identify ways in which Parties can expand access to and use of open data, with a view to improving and generating business opportunities.

4. Cooperation under this Article may include activities such as:

(a) jointly identify sectors where open data sets, particularly those of global value, can be used to facilitate technology transfer, talent development and innovation, among others;

(b) encourage the development of new products and services based on open data sets, and

(c) encourage the use and develop open data licensing models in the form of standardized public licenses available online, which will allow anyone to freely access, use, modify and share open data for any purpose permitted by the Parties' respective laws and regulations, and which are based on open data formats.

Article 7.16. Source Code

1. No Party shall require the transfer of, or access to, the source code of software owned by a person of the other Party as a condition for the importation, distribution, sale or use of such software, or products containing such software, in its territory.

2. For the purposes of this Article, software subject to paragraph 1 is limited to software or products containing such software, and does not include software used for critical infrastructure.

3. Nothing in this Article shall preclude:

(a) the inclusion or implementation of terms and conditions relating to the provision of source code in commercially negotiated contracts, or

(b) a Party may require modification of the source code of the computer program necessary to bring that computer program into compliance with laws or regulations that are not inconsistent with this Agreement.

4. This Article shall not be construed to affect requirements relating to patent applications or granted patents, including any orders made by a judicial authority in connection with patent disputes subject to safeguards against unauthorized disclosure under the law or practice of a Party.

Article 7.17. Information and Communication Technology Products Using Cryptography

1. This section shall apply to information and communications technology (ICT) products (7) that use cryptography.

2. With respect to a product that uses cryptography and that is designed for commercial applications, no Party shall impose or maintain a technical regulation or conformity assessment procedure that requires a manufacturer or supplier of the

product as a condition of manufacture, sale, distribution, importation or use of the product:

(a) transfers or provides access to a particular technology, production process or other information, for example, a private key or other secret parameter, algorithmic specification or other design detail, that is proprietary to the manufacturer or supplier and that relates to cryptography in the product, to the Party or to a person in the territory of the Party;

(b) associates with a person in its territory, or

(c) uses or incorporates a particular cryptographic algorithm or cipher, except where the manufacture, sale, distribution, importation or use of the product is by or for the government of that Party.

3. Paragraph 2 shall not apply to:

(a) requirements that a Party adopts or maintains relating to access to networks owned or controlled by that Party's government, including those of central banks, or

(b) measures taken by a Party pursuant to supervisory, investigative or examination authority relating to financial institutions or markets.

4. For greater certainty, this Article shall not be construed to prevent a Party's law enforcement authorities from requiring service providers using encryption that they control to provide, in accordance with that Party's legal procedures, unencrypted communications.

(7) For greater certainty, for the purposes of this section, a "product" is a good and does not include a financial instrument.

Article 7.18. Cooperation

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

(a) share information and experiences on laws, regulations, and programs in the sphere of electronic commerce, including, among others, those related to personal information protection, consumer protection, security in electronic communications, authentication, intellectual property rights, and e- government;

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

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

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

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

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

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

Article 7.19. Cooperation on Cybersecurity Matters

1. The Parties recognize the importance of cybersecurity awareness and education, as well as of collaborating in the exchange of knowledge, capital and expertise, and in the training and specialization of cybersecurity professionals.

2. The Parties recognize the importance of:

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

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

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

(d) share indicators of compromise on incidents in strategic areas, maintaining the confidentiality of those involved, and with

the purpose of preventing or limiting the spread of incidents to other cyber ecosystems.

3. The Parties recognize that a safe and secure online environment strengthens the digital economy.

4. The Parties recognize the importance of adopting a multi-stakeholder approach to identifying online safety issues.

5. The Parties shall seek to cooperate to advance collaborative solutions to global issues affecting online safety.

Article 7.20. Cooperation on MSMEs

With a view to more robust cooperation between the Parties to enhance trade and investment opportunities for MSMEs in the digital economy, the Parties:

(a) continue cooperation with other Parties to exchange information and best practices on the promotion of digital tools and technologies to improve MSMEs' access to capital and credit, MSMEs' participation in public procurement opportunities, and other areas that could help MSMEs adapt to the digital economy, and

(b) encourage the participation of MSMEs of the Parties in platforms that could help MSMEs connect with international suppliers, buyers and other potential trading partners.

Article 7.21. MSME Digital Dialogue

1. The Parties shall convene an MSME Digital Dialogue (hereinafter referred to as "the Dialogue"). The Dialogue may include the private sector, non-governmental organizations, academic experts and other interested parties from each Party. The Parties may collaborate with other interested persons to convene the Dialogue.

2. The Dialogue will promote the benefits of this Agreement for MSMEs of the Parties. The Dialogue shall also promote relevant collaborative efforts and initiatives between the Parties arising from this Agreement.

3. To encourage the inclusive participation of Parties' stakeholders and increase the impact of outreach, Parties may consider organizing the Dialogue on the margins of, or as part of, existing platforms and meetings in which Parties participate or are members such as the WTO or LAIA, and optionally in platforms where one Party is a member and can invite the other.

4. The Parties may consider using relevant technical or scientific inputs, or other information arising from the Dialogue for the implementation and further modernization efforts of this Agreement for the benefit of MSMEs of the Parties.

Article 7.22. Digital Inclusion

1. The Parties recognize the importance of digital inclusion to ensure that all people and businesses can participate in, contribute to and benefit from the digital economy.

2. Parties recognize the importance of expanding and facilitating opportunities in the digital economy by removing barriers. This may include improving cultural and people-to-people links, and improving access for women and vulnerable groups.

3. To this end, the Parties shall cooperate on issues related to digital inclusion, including the participation of women, rural populations, vulnerable socio-economic groups in the digital economy. Cooperation may include:

(a) exchange experiences and best practices, including the exchange of experts, with regard to e-inclusion;

(b) promote inclusive and sustainable economic growth, to help ensure that the benefits of the digital economy are more widely shared;

(c) address barriers to accessing digital economy opportunities;

(d) develop programmes to promote the participation of all segments of the population in the digital economy;

(e) sharing methods and procedures for the collection of disaggregated data (including data disaggregated by age and sex), the use of indicators and the analysis of statistics related to participation in the digital economy, and

(f) other areas agreed by the Parties.

4. Cooperative activities related to e-inclusion may be carried out through the coordination, as appropriate, of the Parties' respective agencies, businesses, trade unions, civil society, academic institutions and non-governmental organizations,

among others.

Article 7.23. Relationship to other Chapters

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

Chapter 8. COMPETITION POLICY

Article 8.1. Definitions

For purposes of this Chapter:

enforcement proceedings means administrative proceedings or judicial proceedings following an investigation into an alleged violation of competition laws.

Article 8.2. Objectives

Recognizing that anti-competitive practices have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalization, the Parties shall seek to adopt appropriate measures to prohibit such conduct, implement policies promoting competition and cooperate on matters covered by this Chapter to help secure the benefits of this Agreement.

Article 8.3. Competition and Anti-Competitive Practices Law and Authorities

1. Each Party shall adopt or maintain competition laws that prohibit anti-competitive practices, with the objective of promoting competition to promote economic efficiency and consumer welfare, and shall take appropriate action with respect to such practices.

2. Each Party shall ensure that the measures it adopts or maintains to prohibit anticompetitive practices, and the enforcement actions it takes pursuant to those measures, are consistent with the principles of transparency, non-discrimination and due process.

3. Each Party shall endeavour to apply its competition laws to all commercial activities in its territory. This does not preclude a Party from applying its competition laws in its territory to commercial activities conducted outside its borders that have anticompetitive effects within its jurisdiction.

4. Each Party may provide for certain exemptions and exclusions from the application of its competition laws, provided that such exemptions and exclusions are transparent and based on public policy or public interest grounds.

5. Each Party shall maintain an authority or authorities responsible for the enforcement of its competition laws (hereinafter referred to as "competition authorities").

6. Each Party shall ensure that its competition authority or authorities apply its competition laws in accordance with the objectives set out in this Chapter, and shall not discriminate on the basis of nationality.

7. Each Party shall ensure the independent decision-making of its competition authority or authorities with respect to the application of its competition laws.

Article 8.4. Procedural Fairness In the Application of the Competition Act

1. Each Party shall adopt or maintain written procedures pursuant to which investigations under its competition laws shall be conducted. If such investigations are not time-bound, the competition authorities of each Party shall endeavour to conduct their investigations within a reasonable period of time.

2. Each Party shall ensure that, before imposing a sanction or remedial measures against a person for violating its competition laws, that person is given information about the competition concerns of the competition authority, including identification of the alleged violations of specific competition laws and the associated potential maximum sanctions, if not publicly available, and a reasonable opportunity to be represented by counsel.

3. Each Party shall ensure that, before imposing a sanction or remedial measures against a person for violating its

competition laws, that person is given a reasonable opportunity to be heard and to present evidence, except that provision shall be made for the person to be heard and to present evidence within a reasonable time after a sanction or interim remedial measure is imposed.

4. Each Party shall provide a person who is subject to the imposition of a sanction or remedial measure for violation of its competition laws with an opportunity to seek review of the sanction or remedial measure in a court or other independent tribunal established under that Party's laws.

5. Each Party shall adopt or maintain rules of procedure and evidence that apply to enforcement proceedings regarding alleged violations of its competition laws, and to the determination of sanctions and remedies thereunder. These rules shall provide for procedures for the presentation of evidence, including expert evidence if applicable, and shall apply equally to all persons in the proceeding.

6. If a Party's competition authority alleges a violation of its competition laws, that authority shall be responsible for establishing the legal and factual basis for the alleged violation in an established procedure.

7. Each Party shall provide for the protection of confidential information obtained by its competition authorities during the investigation process. If the competition authority of a Party uses or intends to use such information in an established proceeding, that Party shall, if permissible under its legal system and as appropriate, allow the person subject to investigation timely access to the information necessary to prepare an adequate defence to the competition authority's allegations.

8. Each Party shall ensure that its competition authorities afford the person under investigation for the alleged violation of its competition laws a reasonable opportunity to consult with such competition authorities on legal, factual or procedural matters arising in the course of the investigation.

Article 8.5. Cooperation

1. The Parties recognise the importance of cooperation and coordination between their respective competition authorities to promote the effective enforcement of competition laws between the Parties.

2. The Parties agree to cooperate, according to their possibilities and as appropriate, on competition policy strategies, including through exchanges of joint actions.

3. The Parties agree to cooperate in a manner consistent with their respective legal systems and interests, including through consultations and exchange of information, taking into account available resources.

4. The competition authorities of a Party may consider entering into an arrangement or cooperation agreement with the competition authorities of the other Party that sets out mutually agreed terms of cooperation.

Article 8.6. Technical Cooperation

Recognizing that the Parties may benefit from sharing their diverse experiences in developing, promoting, implementing and enforcing competition laws, the Parties will consider undertaking mutually agreed technical cooperation activities, subject to available resources.

Article 8.7. Transparency

1. The Parties recognize the value of developing their competition enforcement policies in a transparent manner.

2. Each Party shall ensure that its competition laws and public guidelines are publicly available, including on an official website. This excludes internal procedures and communications, unless disclosure is required by the legal system of the Parties.

3. Upon request of a Party, the other Party shall make available to the other Party public information relating to:

(a) its competition law enforcement policies and practices, and

(b) exemptions and exclusions from their competition laws, provided that the request specifies the particular good or service and market involved, and includes information explaining how the exemption or exclusion may hinder trade or investment between the Parties.

4. Each Party shall ensure that the final decision finding a violation of its competition laws is made available in writing and

sets forth, in non-criminal matters, the findings of fact and reasoning, including the legal and, if applicable, economic analysis, on which the decision is based.

5. Each Party shall further ensure that the final decision referred to in paragraph 4 and any order implementing that decision are publicly available, or if publication is not practicable, are otherwise publicly available, in a manner that allows interested persons and the other Party to become aware of them. Each Party shall ensure that the version of the decision or order that is published, or publicly available, does not contain confidential information, in a manner consistent with its respective legal system.

Article 8.8. Consultations

At the request of a Party, the Parties shall consult with a view to promoting understanding between them or addressing specific matters arising under this Chapter. Such request shall indicate, if relevant, how the matter affects trade or investment between the Parties. The Party to which the request is addressed shall give full and sympathetic consideration to the concerns of the requesting Party.

Article 8.9. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 9. ENTREPRENEURS AND MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

Article 9.1. General Provisions

1. The Parties recognize that entrepreneurs and MSMEs are a fundamental component for economic development, job creation, value addition and innovation.

2. The Parties recognise that non-tariff barriers represent a competitiveness challenge for entrepreneurs and MSMEs. They also recognise that, in addition to the provisions of this Chapter, there are other provisions in this Agreement that seek to enhance the cooperation of the Parties on issues related to entrepreneurs and MSMEs or that may otherwise be particularly beneficial to entrepreneurs and MSMEs. The Parties recognize the importance of fostering, designing and implementing public policies aimed at promoting productivity and increasing the competitiveness of entrepreneurs and MSMEs of both Parties.

3. The Parties recognize the importance of improving the access of entrepreneurs and MSMEs of each Party to existing business opportunities within the territory of the other Party, in order to ensure and expand their participation in the national and international economy and to contribute to fostering sustainable economic development.

4. The Parties recognize the importance of dialogue, in order to assess the promotion and improvement of the participation of entrepreneurs and MSMEs in trade, to support their growth and development and to take advantage of the opportunities arising from this Agreement.

5. Likewise, the Parties affirm their commitment to jointly identify and develop projects to strengthen the competitiveness of entrepreneurs and MSMEs and to exchange best practices related to them in their legal systems and public policies.

Article 9.2. Information Sharing and Transparency

1. Each Party shall promote domestically, through such channels as it deems appropriate, the public dissemination of its laws, regulations, public policies and programs relating to the development of entrepreneurs and MSMEs.

2. Each Party shall establish or maintain its own publicly accessible website containing information regarding this Agreement, including:

(a) the text of this Agreement, and its relationship with ECA No. 35;

(b) asummary of this Agreement, and

(c) information for entrepreneurs and MSMEs, containing:

(i) a description of the provisions of this Agreement that the Party considers relevant to entrepreneurs and MSMEs, and

(ii) any additional information or action that the Party considers useful for entrepreneurs and MSMEs interested in benefiting from the opportunities granted by this Agreement.

3. Each Party shall include, on the site referred to in paragraph 2, links to:

(a) the equivalent websites of the other Party, and

(b) the websites of its governmental agencies and other appropriate entities that provide information that the Party considers useful to any person interested in trading, investing or doing business in the territory of that Party.

The information described in paragraph 3(b) may include:

(a) the types of duties applied and taxes of any kind levied on or in connection with imports or exports, with particular emphasis on the situation of entrepreneurs and MSMEs;

(b) import, export and transit procedures, including procedures at ports, airports, and other points of entry and the forms and documents required, highlighting special benefits and obligations for entrepreneurs and MSMEs, where they exist;

(c) the procedures and regulations applicable in the area of certification of origin, including digital certification, certification of multiple transactions and exceptions in certain circumstances;

(d) regulations and procedures on intellectual property rights;

(e) technical regulations, standards, and sanitary and phytosanitary measures relating to import and export;

(f) simplified procedures for the registration of businesses and activities related to the life cycle and development of enterprises, with emphasis on entrepreneurs and MSMEs, and

(g) any additional information deemed relevant by the Parties.

5. Each Party shall regularly review the information and links on the website referred to in paragraphs 2 and 3 to ensure that such information and links are correct and up to date.

6. Each Party shall ensure that the information contained in this Article is presented in a clear and practical manner, with a focus on facilitating access and use by entrepreneurs and MSMEs.

7. No fee shall be charged for access to information provided pursuant to paragraphs 1 and 2.

Article 9.3. Activities and Forms of Cooperation

The Parties recognize the importance of defining a joint strategy for cooperation on entrepreneurship and MSMEs, in relation to the following issues:

(a) identification and evaluation for the development of joint cooperation projects to strengthen the institutional support to entrepreneurs and MSMEs, when the Parties deem it appropriate;

(b) exchange of good practices on public policies, experiences and know-how in programmes and assistance tools for entrepreneurs and MSMEs;

(c) design, implementation and monitoring of public policies, programs, initiatives, actions, among others, to improve the productivity and competitiveness of entrepreneurs and MSMEs with emphasis on their internationalization, and

(d) Strengthening the entrepreneurial culture and national entrepreneurship and innovation ecosystems, which facilitate the emergence and consolidation of an inclusive MSME productive network that favours the growth potential of the Parties.

Article 9.4. Focal Points

1. The Parties establish the following focal points:

(a) in the case of Chile, the Ministry of Economy, Development and Tourism, through its Small Business Division, or its successor, and

(b) in the case of Paraguay, the Ministry of Industry and Commerce, through its Vice-Ministry of Micro, Small and Medium Enterprises, or its successor.

2. The focal points will be responsible for the promotion and monitoring of the activities agreed under this Chapter.

3. The focal points:

(a) will drive, ensure, promote the management and coordinate the activities agreed upon in this Chapter;

(b) facilitate the development of programs to assist entrepreneurs and MSMEs to effectively participate and integrate into global value chains;

(c) exchange information on the progress of actions and projects of common interest arising from this Chapter;

(d) periodically evaluate the progress and overall functioning of this Chapter;

(e) submit regular reports on the activities carried out in the area of focal point communication, and

(3) recommend additional information that a Party may include on the website referred to in Article 9.2.2.

4. The Focal Points shall meet at least once a year, from the time of entry into force of this Agreement, unless otherwise agreed by the Parties. They may meet, as necessary, in person or by any other available technological means.

5. Focal points may, where appropriate, seek to collaborate with appropriate experts and international donor organizations to carry out their programmes and activities.

Article 9.5. Consultations

The Parties shall make every effort through dialogue, consultation and cooperation to resolve any issues that may arise regarding the interpretation and application of this Chapter.

Article 9.6. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 10. REGIONAL AND GLOBAL VALUE CHAINS, PRODUCTIVE LINKAGES AND DIRECT INVESTMENTS

Article 10.1. General Provisions

1. The Parties recognize the importance of deepening integration in trade in goods, services and direct investments, through the incorporation of new trade disciplines and opportunities consistent with the current dynamics of international trade, such as Regional and Global Value Chains (hereinafter referred to as "RGVCs"), with a view to modernizing and expanding the Parties' bilateral economic relationship, and supporting strategies to strengthen the economic performance of the countries.

2. The Parties reaffirm their commitment to regional integration and recognize the importance of the benefits of trade integration being felt by all citizens of both Parties.

3. The Parties recognize that international trade and direct investment are drivers of economic growth and that the internationalization of enterprises and their insertion into the RGVCs should be facilitated.

4. The Parties stress the relevance of MSMEs and entrepreneurs in the productive structure of the countries, their impact on employment and inclusive economic development. Their adequate insertion in the RGVCs contributes to a more efficient allocation of resources and to a better distribution of the economic benefits derived from international trade, including the diversification and increase of the value added of exports.

5. The Parties express the importance of the participation of the private sector and the entrepreneurial community as key actors in the RGVCs, as well as the relevance of generating an enabling environment for the development of public-private policies.

6. The Parties recognize the importance for the development of RGVCs of aspects such as cumulation of origin, connectivity, infrastructure, trade facilitation, e-commerce, digitalization, Industry 4.0 and direct investments, among others, as catalysts for further cross-border productive integration.

7. The Parties recognize the importance of the services sector, including services associated with GVCs in trade integration, as well as the close relationship of this sector with direct investments, as an engine facilitating the development of productive linkages linked to services.

8. Each Party shall seek to promote internally public awareness of policies and practices on regional integration and GRULAC.

Article 10.2. Cooperative Activities Within the Scope of this Chapter

1. The Parties recognize the benefit of sharing their respective experiences in designing, implementing, strengthening and monitoring policies and programmes to encourage the participation of enterprises, especially MSMEs and entrepreneurs, in the RGVCs.,

2. The Parties shall pursue cooperative activities of mutual interest designed to take better advantage of the complementarities of their economies and to expand the capacity and scale of enterprises, especially MSMEs and entrepreneurs, to fully access and benefit from the opportunities created by this Chapter.

3. Cooperative activities may be carried out on issues and topics agreed upon by the Parties, through interaction with their respective governmental institutions, business and trade associations, educational and research institutions, other non-governmental bodies and their representatives, as appropriate.

4. The Parties shall take into account, as appropriate, inclusive trade, sustainable development, corporate social responsibility, reduction of gender gaps, indigenous peoples' development, environmental justice and civil society organizations in activities under this Chapter.

5. Areas of cooperation may include:

(a) develop programmes to identify the attributes that MSMEs and entrepreneurs need to develop in order to be inserted in the RGVCs;

(b) develop public-private strategies for the detection of opportunities, for example, economic sectors with potential for insertion in the RGVCs and the development of productive linkages between companies of the Parties (hereinafter referred to as "productive linkages");

(c) propose joint strategies to analyse and promote the insertion of enterprises in regional and global service chains;

(d) explore actions in conjunction with relevant government agencies to support trade in goods, services and direct investment, improve connectivity and encourage the formation of GRVCs;

(e) promote greater access to information on the opportunities offered by the RGVCs, especially for MSMEs and entrepreneurs;

(f) sharing methods and procedures for the collection of information, the use of indicators, and the analysis of trade statistics;

(g) identify opportunities at the company level, in Chile and Paraguay, for the generation of productive linkages;

(h) identify the main means that contribute to promote productive linkages, as well as the main obstacles that affect their formation;

(i) Generate cadastres of sectors or productive activities with the potential to participate in productive linkages in goods and services, and identify projects for direct investment, and

(j) such other matters as may be agreed by the Parties.

6. The Parties may carry out activities in the areas identified in paragraph 5, through:

(a) workshops, seminars, webinars, dialogues and other forums to exchange knowledge, experiences and good practices;

(b) the creation of a network of experts in RGVCs;

(c) internships, visits and research studies to document and study policies and practices;

(d) collaborative research and development of best practices on issues of mutual interest;

(e) specific exchanges of technical expertise and technical assistance, where appropriate, and

(f) other activities agreed by the Parties.

7. Priorities for cooperative activities shall be established by the Parties on the basis of their interests and available resources.

Article 10.3. Focal Points

1. The coordination of this Chapter will be carried out through focal points determined by the Parties.

2. The focal points:

(a) identify, organize and facilitate cooperative activities as provided for in Article 10.2;

(b) report and make recommendations to the Bilateral Administrative Commission on any matter related to this Chapter;

(c) facilitate the exchange of information on each Party's experiences with regard to the establishment and implementation of policies, strategies and programmes to promote the inclusion of enterprises in the RGVCs, including direct investment;

(d) discuss joint proposals to support and improve the policies of inclusion and participation in the RGVCs;

(e) invite private sector entities, international economic forums, non- governmental organizations, or other relevant institutions, as appropriate, to assist with the development and implementation of cooperative activities;

(f) consider matters related to the implementation and operation of this Chapter;

(g) on request of a Party, consider and discuss any matter that may arise regarding the interpretation and application of this Chapter; and

(h) carry out such other work as may be determined by the Parties.

3. The focal points shall meet periodically, in person or virtually, to consider any matters arising under this Chapter.

4. The focal points will be able to exchange information and coordinate activities by e- mail, videoconference and other forms of communication.

5. In fulfilling their responsibilities, the focal points may work with other bodies established under this Agreement.

6. The focal points may request that the Bilateral Administrative Commission refer the work to be carried out under this Article to other bodies established under this Agreement.

7. The focal points may invite experts or relevant organizations to their meetings, when deemed necessary.

8. Within two (2) years of the first meeting, the focal points shall review the implementation of this Chapter and report to the Bilateral Administrative Commission.

9. Each Party shall make use of its respective mechanisms, where appropriate, to report publicly on its activities under this Chapter.

10. To facilitate communication between the Parties on the implementation of this Chapter, each Party designates the following focal point and shall promptly notify the other Party of any changes thereto:

(a) for Chile, the Global Value Chains Division of the Undersecretariat for International Economic Relations, or its successor, and

(b) for Paraguay, the Directorate-General for International Trade under the Vice-Ministry of Economic Relations and Integration, or its successor.

Article 10.4. Consultations

The Parties shall make every effort, through dialogue, consultation and cooperation, to reach consensus on any matter arising in connection with the interpretation and implementation of this Chapter.

Article 10.5. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with

respect to any matter arising under this Chapter.

Chapter 11. TRADE AND LABOUR AFFAIRS

For the purposes of this Chapter:

ILO Declaration means the International Labour Organization (hereinafter referred to as "ILO") Declaration on Fundamental Principles and Rights at Work and its Follow-up, 1998;

labour law means

(a) for Chile: the laws and regulations, or provisions of the laws and regulations, of a Party, that are directly related to the following internationally recognized labour rights:

(i) freedom of association and the effective recognition of the right to collective bargaining;

(ii) the elimination of all forms of forced or compulsory labour;

(iii) the effective abolition of child labour and, for the purposes of this Agreement, the prohibition of the worst forms of child labour;

(iv) the elimination of discrimination in respect of employment and occupation, and

(v) acceptable working conditions with respect to minimum wages, working hours, occupational safety and health.

(b) for Paraguay: the set of legal norms and complementary provisions valid in each State Party, which regulate the relations between workers and employers and between employers and the State, concerning the subordinate and remunerated provision of labour activity, including those regulating the following internationally recognized labour rights:

(i) freedom of association and the effective recognition of the right to collective bargaining;

(ii) the elimination of all forms of forced or compulsory labour;

(iii) the effective abolition of child labour and, for the purposes of this Agreement, the prohibition of the worst forms of child labour;

(iv) the elimination of discrimination in respect of employment and occupation, and

(v) acceptable working conditions with respect to minimum wages, working hours, occupational safety and health.

Article 11.2. Shared Commitments

Within the framework of this Chapter, the Parties:

(a) reaffirm their obligations as members of the ILO, and their commitments under the ILO Declaration, with respect to labour rights within their territory;

(b) recognize the right of each Party to establish its own domestic labor standards and, consequently, to adopt or amend its labor legislation. In this regard, each Party shall endeavor to ensure that its laws establish labor standards consistent with internationally recognized labor rights;

(c) reaffirm their willingness to promote policies aimed at sustainable development in its labour dimension that support the creation of decent jobs, entrepreneurship, creativity and innovation, and encourage formalization in the labour market;

(d) reaffirm their commitment to the Decent Work Agenda, contained in the 2008 ILO Declaration on Social Justice for a Fair Globalization;

(e) recognize the relevance of the work of workers' and employersâ organizations in protecting labour rights and achieving social justice, and

(f) understand that, in accordance with paragraph 5 of the ILO Declaration, labour standards should not be used for protectionist purposes.

Article 11.3. Objectives

The objectives of this Chapter are:

(a) strengthen the relationship between the Parties and facilitate the enhancement of their capacities to deal with labour issues through dialogue and cooperation;

(b) progressively promote the well-being of their respective workforces through public policies and good labour practices that, based on decent work, support job creation and retention;

(c) to promote a better understanding of each Party's labour system, and to promote the dissemination and enforcement of labour rights, with a view to encouraging the observance of the Parties' national legislation;

(d) provide a forum to discuss and exchange views on labor issues of interest or concern to the Parties;

(e) develop information exchange and labour cooperation activities on mutually beneficial terms, and

(f) To encourage and facilitate the participation of social actors in the development of public agendas through social dialogue.

Article 11.4. Labor Rights

1. Each Party shall respect the sovereign right of the other Party to establish its own national policies and priorities and to establish, administer and control its labor laws and regulations;

2. Each Party shall adopt and maintain in its laws and regulations, and in practices derived therefrom, the following rights as set forth in the ILO Declaration (1):

(a) freedom of association and freedom of association and the effective recognition of the right to collective bargaining;

(b) the elimination of all forms of forced or compulsory labour;

(c) the effective abolition of child labour, and

(d) the elimination of discrimination in respect of employment and occupation. 3. Each Party shall adopt and maintain laws, regulations and practices derived therefrom, regulating working conditions with respect to minimum wages, hours of work, and occupational safety and health.

(1) To establish a breach of an obligation under Article 11.4, a Party must demonstrate that the other Party has failed to adopt or maintain a law, regulation, or labor practice in a manner affecting trade or investment between the Parties.

Article 11.5. Enforcement of Labour Legislation

1. Neither Party shall fail to effectively enforce its labor laws, through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties.

2. Each Party shall respect the sovereign right of the other Party to establish its own national policies and priorities and to establish, administer and control its labor laws and regulations.

3. Each Party retains the right to exercise reasonable discretion in implementing and making good faith decisions on the allocation of resources for labor enforcement activities relating to the fundamental labor rights and acceptable conditions of work listed in Article 11.4, provided that the exercise of such discretion and such decisions are not inconsistent with its obligations in this Chapter.

4. Nothing in this Chapter shall be construed to empower the authorities of a Party to conduct labor law enforcement activities in the territory of the other Party.

5. The Parties recognize that it is inappropriate to establish or use their labor laws, regulations, policies and practices for protectionist trade purposes.

Article 11.6. Non Repeal

1. The Parties recognize that it is inappropriate to promote trade or investment by weakening or reducing the protection afforded by each Party's labor laws, or by refraining from enforcement of its labor laws.

2. Accordingly, neither Party shall waive or otherwise derogate from, or offer to waive or otherwise derogate from, its labor laws or regulations implementing Article 11.4, if the waiver or derogation would be inconsistent with, undermine, or reduce adherence to a right set out in Article 11.4.2 or a condition of work referred to in Article 11.4.3, in order to promote trade and/or investment between the Parties.

Article 11.7. Forced or Compulsory Labour

1. The Parties recognize the goal of eliminating all forms of forced or compulsory labour, including forced or compulsory child labour.

2. Accordingly, the Parties agree to identify opportunities for cooperation to exchange information, experiences and best practices related to this matter.

Article 11.8. Responsible Business Conduct

Each Party shall, according to its priorities, encourage enterprises operating within its territory or jurisdiction to incorporate into their internal policies principles and standards of responsible business conduct that contribute to achieving sustainable development in its labour dimension, which are consistent with internationally recognized guidelines and principles that have been adopted or endorsed by that Party.

Article 11.9. Business and Human Rights

1. The Parties recognize that the business and human rights agenda focuses on preventing negative impacts on people's human rights and aims to respect the labour rights and human dignity of workers, employers, consumers and society.

2. In order to achieve this objective, the Parties will identify opportunities for cooperation in this field and promote the observance of the UN Guiding Principles on Business and Human Rights.

Article 11.10. Youth

1. The Parties recognize that the Fourth Industrial Revolution, new trade and business models and the advancement of digitalization in trade are challenges that require participation, trust and inclusion for the benefits of trade to reach all people, especially young people.

2. The Parties agree to identify opportunities for cooperation to exchange information, experiences and best practices that make it possible to incorporate young people into the workforce of the Parties, allowing to promote continuous learning of new technical and methodological skills.

Article 11.11. Cooperation

1, The Parties recognize the importance of cooperation as a tool to effectively implement the commitments contained in this Chapter, and the promotion of good practices aimed at increasing opportunities to improve labour standards, and to further advance common commitments on labour issues and decent work, including the well-being and quality of life of workers, and the principles and rights set out in the ILO Declaration.

2. In the choice of areas of cooperation and the implementation of their activities, the Parties shall be guided by the following principles:

(a) consideration of each Party's priorities and available resources;

(b) broad participation of, and to the mutual benefit of, the Parties;

(c) relevance of capacity and skills development activities, including technical assistance between Parties to address labour protection issues, and activities to promote innovative labour practices in the workplace;

(d) resource efficiency, including through the use of technology, as appropriate, to optimize resources used in cooperative activities;

(e) complementarity with existing regional and multilateral initiatives to address labour issues, and

(f) transparency and public participation.

3. In particular, the Parties will seek to cooperate on matters related to Social Security, as well as on the integration of various vulnerable groups into the labor market and on the design of public policies aimed at eradicating precarious employment and creating a safe and secure work environment for all workers.

4. Each Party shall seek the views and, as appropriate, the participation of stakeholders, including representatives of workers and employers, in identifying potential areas for cooperation and undertaking cooperative activities. Subject to the agreement of the Parties, cooperative activities may involve relevant regional or international organizations, such as the ILO, as well as non-Parties.

5. In addition to the cooperative activities set forth in this Article, the Parties shall, as appropriate, join together and take advantage of their respective memberships in regional and multilateral fora to promote their common interests in addressing labor issues.

6. The Parties may carry out cooperative activities in person or by any available technological means.

Article 11.12. Public Awareness and Procedural Safeguards

1. Each Part:

(a) promote public awareness of its labour laws, including by ensuring that information related to labour laws and the procedures for their implementation and enforcement are publicly available;

(b) ensure that persons with a recognized interest in a particular matter, in accordance with its legal system, have appropriate access to impartial and independent courts and tribunals for the application of that Party's labour laws;

(c) ensure that proceedings before such adjudicatory bodies for the enforcement of its labor laws are fair, equitable and transparent, comply with due process, and do not entail unreasonable costs or unreasonable time limits or unwarranted delays, in accordance with each Party's legal system. Any hearings in such proceedings shall be public, except where the administration of justice provides otherwise, and in accordance with its legal system; and

(d) provide procedures for the effective enforcement of the final decisions of its adjudicatory bodies in the proceedings referred to in the preceding paragraphs, in accordance with the legal system of each Party.

2. Parties to these jurisdictional proceedings shall have the right to file appeals and to seek review or appeal, as appropriate under their legal system.

Article 11.13. Public Communications

1. Each Party, through its designated focal point under Article 11.15.1, shall provide that written submissions from a person or organization of that Party on matters related to this Chapter shall be received and considered in accordance with its domestic procedures. Accordingly, each Party shall make readily accessible and publicly available the relevant procedures, including timelines for the receipt and consideration of written submissions.

2. A Party may provide in its procedures that, in order to be admitted for consideration, a communication shall, at a minimum:

(a) raise an issue directly related to this Chapter;

(b) clearly identify the person or organization submitting the communication;

(c) explain how and to what extent the matter raised affects trade or investment between the Parties;

(d) be sent through the focal point of the Parties, and

(e) not refer to a matter pending before an international body.

3. If a communication raises issues that are already the subject of judicial or administrative proceedings of the Party at the time of its receipt, the response of that Party shall be limited to providing information identifying the case and its status.

4. Each Party shall:

(a) consider the issues raised in the communication and provide a timely response to the submitting applicant, including in writing, as appropriate, and

(b) make the communication and the results of its consideration available to the other Party.

5. A Party may request from the applicant that submitted the communication such additional information as may be necessary to examine the contents of the communication.

Article 11.14. Public Participation

1. In the conduct of its activities, including meetings, the Labor Committee established in Article 11.15.5, may provide the means for the receipt and consideration of the views of representatives of its labor and management organizations, as well as persons with a legitimate interest in matters related to this Chapter.

2. For the purposes of paragraph 1, each Party shall establish or maintain, and consult with, a national labor advisory or consultative body or similar mechanism for members of its public, including representatives of its labor and business organizations, to provide views on matters relating to this Chapter.

Article 11.15. Institutional Arrangements

1. In order to facilitate communication between the Parties for the purposes of this Chapter, each Party shall designate a focal point which, in the case of Chile, shall be within the Undersecretariat for International Economic Relations of the Ministry of Foreign Affairs, or its legal successor, and which, in the case of Paraguay, shall be within the Vice- Ministry of Foreign Affairs of the Ministry of Foreign Affairs, or its legal successor, within six (6) months following the date of entry into force of this Agreement. Each Party shall notify the other Party of the designation of the focal point and, as soon as possible, of any changes thereto.

2. The Parties may exchange information by any agreed means of communication, including the Internet and videoconferencing.

3. The focal points shall:

(a) facilitate frequent communication and coordination between the Parties;

(b) attend the Labor Committee established in paragraph 5;

(c) act as a channel of communication with the public in their respective territories, and

(d) work together, including with other appropriate agencies of their governments, to develop and implement cooperative activities.

4. The focal points may communicate and coordinate activities in a face-to-face format or by electronic or other means of communication.

5. The Parties establish the Labor Committee (hereinafter referred to as the "Committee"), which may meet to discuss matters of mutual interest, including potential areas of cooperation, review the implementation of this Chapter, and to address any issues that may arise between them. The Committee shall be composed of high-level government representatives responsible for labor and trade matters or their designees and, depending on the subject matter, may include representatives of other relevant public entities.

6. Unless otherwise agreed by the Parties, the Committee shall meet within one (1) year after the date of entry into force of this Agreement. The meeting may be held in a face- to-face or virtual format, as agreed by the Parties.

7. The Committee shall meet:

(a) in regular sessions at least every two (2) years, and

(b) at extraordinary sessions at the request of either Party. Ordinary sessions shall be chaired alternately by each Party and extraordinary sessions by the Party that requested it. The sessions may be held in person or by virtual means, as agreed by the Parties.

8. The Committee may hold public meetings to report on relevant matters.

9. All decisions and recommendations of the Committee shall be made by consensus.

10. The functions of the Committee shall be

(a) provide a forum to discuss and review the implementation of this Chapter;

(b) establish the work programmes of the co-operative activities of this Chapter;

(c) provide periodic reports to the Bilateral Administrative Commission on the implementation of this Chapter;

(d) supervise and evaluate the co-operative activities of this Chapter;

(e) serve as a forum for dialogue on matters of mutual interest to this Chapter;

(f) review the operation and results of this Chapter;

(g) seek to resolve matters referred to it under Article 11.16 and 11.17, and

(h) coordinate with other committees established under this Agreement, as appropriate.

11. The Committee, as mutually agreed, may consult or seek advice from relevant stakeholders or experts on matters related to the implementation of this Chapter.

12. The Committee may consider any other matter within the scope of this Chapter and take such other action in the exercise of its functions as the Parties may agree.

Article 11.16. Labour Consultations

1, The Parties shall at all times endeavour to agree on the interpretation and application of this Chapter, and shall make every effort through dialogue, consultation, exchange of information and, as appropriate, cooperation, to address any matter that may affect the operation of this Chapter.

2. A Party may request labor consultations with the other Party, at the level of their respective focal points, with respect to any matter arising under this Chapter by delivering a written request to the other Party's focal point. The consulting Party shall include information that is specific and sufficient to enable the consulted Party to respond, including identification of the matter at issue and an indication of the legal basis for the request under the provisions of this Chapter.

3. The requested Party, through its focal point, shall acknowledge receipt of the request, in writing, no later than seven (7) days after the date of its receipt.

4. Unless the Parties agree otherwise, they shall enter into consultations, through their focal points, within ninety (90) days from the date of receipt of the request referred to in paragraph 2.

5. The Parties, through their focal points, will make every effort to reach a mutually satisfactory resolution of the matter, which may include activities of appropriate cooperation. The Parties, jointly, may request advice or assistance from any person or body they deem appropriate for the purpose of considering the matter.

6. If the Parties, through their focal points, are able to resolve the matter, they will document the outcome including, if appropriate, the specific steps and timelines agreed. The Parties, through their focal points, will prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless they agree otherwise.

Article 11.17. Consultations In the Framework of the Labour Committee

1. If the Parties are unable to resolve the matter through consultations at the focal point level within ninety (90) days of the expiration of the time limit set out in Article 11.16.4, either Party may request in writing that the Committee meet to consider the matter, including in its request the background of the discussions held at the focal point level and the information exchanged.

2. The Committee shall meet no later than sixty (60) days from the date of receipt of the request, unless the Parties agree otherwise, and shall seek to resolve the matter, including, if appropriate, through consultation with independent experts mutually agreed by the Parties.

3. Consultations under this Article shall be confidential and shall take place in the capital of the consulted Party, unless the Parties agree otherwise.

4, If the Committee succeeds in resolving the matter, it shall document the outcome, including, if appropriate, the specific steps and timelines agreed. The Committee shall prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless the Parties agree otherwise.

Article 11.18. Ministerial Consultations

If the Committee fails to resolve the matter within ninety (90) days of the date of the meeting referred to in Article 11.17.2,

the Parties may refer the matter to the relevant Ministers, who shall seek to resolve the matter.

Article 11.19. Termination of Consultations

The Parties shall agree on a report reflecting the outcome of consultations held pursuant to Articles 11.16, 11.17 and 11.18, and undertake to implement within a reasonable time the conclusions and recommendations thereof.

Article 11.20. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 12. TRADE AND THE ENVIRONMENT

Article 12.1. Definitions

For the purposes of this Chapter:

environmental law means a law or regulation of a Party, or provisions thereof, the primary purpose of which is the preservation, conservation, protection of the environment, or the prevention of a danger to human life or health, through:

(a) the reduction or control of a leak, discharge or emission of environmental pollutants;

(b) the control of environmentally hazardous or toxic chemicals, substances, materials or wastes, and the dissemination of information relating thereto, or

(c) the protection and conservation of wild flora and fauna, including endangered species in danger of extinction, their natural habitat, and natural areas under special protection or natural protected (1) (2) areas.

this definition does not include a law or regulation, or provisions thereof, relating to worker health and safety, or whose primary purpose is the management of natural resources for subsistence or harvesting purposes by indigenous peoples, and

law or regulation means:

(a) in the case of Chile, a law of the National Congress or decree of the President of the Republic, enacted as indicated by the Political Constitution of the Republic of Chile, and

(b) in the case of Paraguay, laws enacted by Congress and other legal provisions of lower hierarchy in accordance with the provisions of the Constitution of the Republic of Paraguay.

(1) For the purposes of this Chapter, the term "natural areas under special protection" or "natural protected areas" means those areas defined by each Party in its legislation.

(2) The Parties recognize that such protection or conservation may include the protection or conservation of biological diversity.

Article 12.2. Context

1. The Parties recognise that the environment is one of the three dimensions of sustainable development and that it should be addressed in a balanced manner with the social and economic dimensions. In this regard, the Parties recognise the contribution that trade can make to sustainable development.

2. Parties recall their commitment to sustainable development in line with the 1992 Rio Declaration on Environment and Development, the 2012 United Nations Conference on Sustainable Development (Rio + 20), and the United Nations 2030 Agenda for Sustainable Development.

3. The Parties further recognize that it is inappropriate to apply their environmental measures in a manner that constitutes a disguised restriction on trade or investment.

Article 12.3. Objectives

The Parties, within the framework of this Chapter, agree on the following objectives:

(a) promoting trade and environmental policies to be mutually supportive;

(b) promote high levels of environmental protection taking into account national circumstances and effective implementation of environmental legislation;

(c) building their capacities to deal with trade-related environmental issues, especially through cooperation, and

(d) cooperate with each other for the conservation, protection and restoration of the environment, through the sustainable management of their natural resources and biodiversity and the strengthening of environmental governance, taking into account respective national priorities and circumstances.

Article 12.4. General Provisions

1. The Parties recognize the importance of mutually supportive trade and environmental policies and practices to enhance environmental protection in promoting sustainable development.

2. The Parties recognize the sovereign right of each Party to establish its own levels of domestic environmental protection and its own environmental priorities, and to establish, adopt, or modify its environmental laws and policies accordingly.

3. Each Party shall endeavour to ensure that its environmental laws and policies provide for and encourage high levels of environmental protection and continue to improve their respective levels of environmental protection.

4. No Party shall fail to effectively enforce its environmental laws through a sustained or recurring course of action or inaction in a manner affecting trade or investment between the Parties.

5. The Parties recognize that each Party retains the right to exercise discretion and make decisions with respect to:

(a) investigative, judicial, regulatory and compliance matters, and

(b) the allocation of resources for environmental enforcement relative to other environmental laws, which have been assigned a higher priority.

Accordingly, the Parties understand that a Party is in compliance with paragraph 4 if a course of action or inaction reflects the reasonable exercise of that discretion, or results from good faith decisions regarding the allocation of those resources in accordance with priorities for the enforcement of its environmental laws.

6. The Parties recognize that it is inappropriate to promote trade or investment by weakening or reducing the protection afforded by their environmental laws. Accordingly, no Party shall waive, derogate from, or offer to waive or derogate from its environmental laws, in a manner that weakens or reduces the protection afforded in those laws, in order to encourage trade or investment between the Parties.

7. The Parties shall ensure that their environmental laws and policies are not established or applied for protectionist trade purposes or in such a mamner as to constitute a disguised, arbitrary or unjustifiable restriction on trade or investment.

8. Nothing in this Chapter shall be construed to empower the authorities of a Party to conduct environmental enforcement activities in the territory of the other Party.

Article 12.5. Multilateral Environmental Agreements (MEAs)

1. The Parties recognize the contribution of MEAs, to which they are party, to the protection and conservation of the environment. In this regard, the Parties stress the need to enhance mutual supportiveness under an appropriate linkage between trade and environmental policies. Accordingly, the Parties reaffirm their commitment to implement the MEAs to which they are party.

2. The Parties agree to cooperate, as appropriate, with respect to environmental matters of mutual interest related to the MEAs to which they are a party and, in particular, on issues related to trade. The Parties shall also engage in dialogue on issues of mutual interest, as appropriate, on multilateral negotiations in the field of trade and environment.

Article 12.6. Access to Justice In Environmental Matters

1. Each Party shall promote public awareness of environmental laws and policies, including enforcement and compliance procedures, by ensuring that relevant information is publicly available.

2. Each Party shall ensure that an interested person residing or established in its territory may request that the Party's competent authorities investigate alleged violations of its environmental laws, and that the competent authorities give due consideration to such requests, in accordance with the Party's legal system.

3. Each Party shall ensure that judicial or administrative proceedings for the enforcement of its environmental laws are available under its legal system, and that such proceedings are fair, equitable, transparent and comply with due process. Any hearings in such proceedings shall be open to the public, except where the administration of justice requires otherwise in accordance with its legal system.

4. Each Party shall ensure that persons with a recognized interest in a particular matter under its legal system have appropriate access to the procedures referred to in paragraph 3.

5. Each Party shall have appropriate sanctions and remedies for violations of its environmental laws. Such sanctions or remedies may include the right to take action directly against the violator to seek damages or injunctive relief, or the right to seek governmental action.

6. Each Party shall ensure that due consideration is given to relevant factors in establishing the penalties or remedies referred to in paragraph 5. Such factors may include the nature and gravity of the violation, the damage to the environment and any economic benefit that the violator derived from the violation.

Article 12.7. Public Participation

1. Each Party shall seek to respond to requests for information regarding the implementation of this Chapter and shall use its best efforts to respond favorably to requests for information made by persons or organizations in its territory regarding the implementation of this Chapter.

2. Each Party shall make use of existing consultative mechanisms on environmental matters or establish new mechanisms, such as national advisory committees or a similar mechanism, to seek views on matters related to the implementation of this Chapter.

Article 12.8. Public Communications

1. Each Party shall facilitate the receipt and consideration of written submissions from persons of that Party regarding the implementation of this Chapter, and shall respond to them in writing in a timely manner and within the framework of its domestic procedures, disclosing the query made and the respective responses.

2. Each Party shall make publicly available, in an accessible manner, its procedures for the receipt and consideration of written submissions, including the focal point to receive such submissions. The Parties may decide on the most appropriate means to meet this objective, and the respective consultations shall, for purposes of admissibility, comply with the following requirements:

(a) be made in writing in one of the official languages of the Party to which the communication is addressed;

(b) clearly identify the person submitting the communication;

(c) provide sufficient information to permit review of the communication, including documentary evidence to support the facts stated;

(d) explain how, and to what extent, the issue raised affects trade or investment between the Parties;

(e) not raise issues that are the subject of ongoing judicial or administrative proceedings, and

(f) indicate whether the matter has been communicated in writing to the relevant authorities of the Party and the Party's response, if any.

3. A Party may request from the applicant that submitted the communication such additional information as may be necessary to examine the contents of the communication.

Article 12.9. Responsible Business Conduct

1. Each Party shall encourage enterprises operating within its territory or jurisdiction to voluntarily adopt, in their internal policies, practices and standards of responsible business conduct that contribute to achieving sustainable development in its environmental dimension, consistent with internationally recognized guidelines and principles that have been endorsed or are supported by that Party.

2. To this end, the Parties agree to exchange views and may consider bilateral cooperation in the various areas of responsible business conduct.

Article 12.10. Voluntary Mechanisms to Improve Environmental Performance

1. The Parties acknowledge:

(a) that flexible and voluntary mechanisms, such as voluntary national audits and reports, market-based incentives, voluntary exchange of information and expertise, among others, can contribute to the achievement and maintenance of high levels of environmental protection and complement national regulatory measures; and

(b) that such mechanisms should be designed in a way that maximizes environmental benefits and avoids creating unnecessary barriers to trade.

2. Each Party shall, in accordance with its laws, regulations or policies and to the extent it considers appropriate, encourage the use of flexible and voluntary mechanisms to protect natural resources and the environment in its territory.

3. In the event that private sector entities or non-governmental organizations develop voluntary mechanisms for the promotion of products based on environmental attributes, each Party shall encourage them to develop mechanisms that, inter alia:

(a) are truthful, not misleading and take into account scientific and technical information;

(b) if applicable and available, are based on relevant international standards, guidelines or recommendations, and best practices;

(c) promote competition and innovation, and

(d) do not treat a product less favourably on the basis of its origin.

Article 12.11. Trade and Biodiversity

1. The Parties recognize the importance of:

(a) conservation and sustainable use of biological diversity and its key role in achieving sustainable development;

(b) respect, preserve and maintain the knowledge and practices of indigenous and local communities that involve traditional lifestyles that contribute to the conservation and sustainable use of biological diversity;

(c) facilitate access to genetic resources within their respective national jurisdictions, in accordance with each Party's international obligations, and

(d) in accordance with national measures, to have prior informed consent to access such genetic resources and, where such access is granted, to establish mutually agreed terms, including equitable sharing of benefits arising from the use of such genetic resources, between users and providers.

2. Each Party shall promote and encourage the conservation and sustainable use of biological diversity, in accordance with its legal system or public policies.

3. Pursuant to Article 12.16, the Parties shall cooperate to address matters of mutual interest. Cooperation may include, but shall not be limited to, the exchange of information and experiences in areas related to:

(a) conservation and sustainable use of biological diversity;

(b) the protection and preservation of ecosystems and ecosystem services, and

(c) access to genetic resources and the sharing of benefits arising from their utilization.

Article 12.12. Sustainable Forest Management and Trade

1. The Parties recognize the importance of conservation, management and sustainable forest management.

2. In accordance with their international obligations on forestry matters and their legal systems, the Parties undertake to:

(a) promote trade in legally harvested forest products from sustainably managed forests, in accordance with plans approved by their respective national authority, as appropriate;

(b) implement measures to control illegal logging in their respective territories; and promote the use of instruments that support legally sourced trade;

(c) promote the use of certification schemes for timber products from sustainably managed forests, in accordance with Article 12.10;

(d) exchange information and, as appropriate, cooperate on initiatives to promote forest management, including initiatives aimed at combating illegal logging and promoting sustainable forest management, inter alia, through the development and use of technology and specialized machinery for the purpose; and

(e) cooperate, as appropriate, in international fora dealing with the conservation, restoration and sustainable management of forests, with a view to sustainable development.

Article 12.13. Sustainable Agriculture and Trade

1. The Parties recognize the increasing impact that global changes such as climate change, biodiversity loss, land degradation, droughts and the emergence of new pests and diseases have on the development of productive sectors such as agriculture, livestock and forestry.

2. Parties recognize the importance of strengthening policies and developing programmes that contribute to the development of more productive, sustainable, inclusive and resilient agricultural systems.

3. The Parties shall share information and experiences in the development and implementation of integrated policies aimed at incorporating the pillars of sustainable agricultural development. In this regard, the Parties will seek to improve agricultural productivity considering the protection and sustainable use of ecosystems and natural resources, including water, soil and air, biodiversity and ecosystem services, as well as to strengthen the social dimension, in addition to contributing to the effective adaptation and mitigation of the agriculture, forestry and food sector to global changes.

Article 12.14. Wildlife and Trade

1. The Parties affirm the importance of combating illegal trade in wildlife and recognize that such trade undermines efforts to conserve and sustainably manage these natural resources.

2. Accordingly, each Party reaffirms its commitments to implement its obligations under the 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora.

3. The Parties shall, as appropriate, exchange information and experiences on matters of mutual interest related to combating illegal trade in fauna and flora.

They will also engage in joint cooperative activities on conservation issues of mutual interest, including through relevant regional and international fora, as appropriate. They will also engage in joint cooperative activities on conservation issues of mutual interest, including through relevant regional and international fora, as appropriate.

Article 12.15. Trade and Climate Change

1. The Parties recognize that climate change poses significant risks to communities, infrastructure, the economy, the environment and human health, with potential implications for international trade, and that efforts are required to build resilience. The Parties also reaffirm their respective commitments under the 1992 United Nations Framework Convention on Climate Change, the 1997 Kyoto Protocol and the 2016 Paris Agreement.

2. In accordance with the above, each Party shall:

(a) promote the contribution of trade to sustainable development and the transition to a sustainable low greenhouse gas emitting economy and climate resilient development, and

(b) promote actions to mitigate and adapt to climate change.

3. The Parties recognize, in the context of sustainable development, that there are different economic, social and environmental policy instruments that enable the achievement of national climate change adaptation and mitigation objectives and support the achievement of their international climate change commitments. Parties may share information and experiences in the development and implementation of such instruments. In particular, the Parties recognize that there are important areas of collaboration between them on climate change adaptation and mitigation.

4. Pursuant to Article 12.16, the Parties shall cooperate to address matters of common interest. Areas of cooperation may include, inter alia:

(a) climate governance and institutions;

(b) sustainable consumption and production and climate change;

(c) air quality co-benefits of greenhouse gas control measures;

(d) climate change mitigation and adaptation;

(e) resilient water management;

(f) sustainable agriculture;

(g) energy efficiency;

(h) research and development of cost-effective low-emission technologies;

(i) development of alternative, clean and renewable energy sources;

(j) solutions to deforestation and forest degradation;

(k) recovery of degraded areas;

(l) a measurement, reporting and verification (MRV) of greenhouse gas (GHG) emissions;

(m) methodologies for accounting for GHG emission reductions under international agreements, and

(n) control of the spread of pests and diseases, preparedness and action against extreme events related to climate change, such as forest and rural fires, droughts and floods.

Article 12.16. Cooperation

1. The Parties recognize the importance of cooperation as a mechanism to implement this Chapter, to enhance its benefits, and to strengthen the Parties' joint and individual capacities to protect the environment and to promote sustainable development, while strengthening their trade and investment relations.

2. Taking into account their priorities, national circumstances and available resources, the Parties shall cooperate to address matters of mutual interest related to the implementation of this Chapter and may include international bodies and organizations or non-governmental organizations in this cooperation.

3. Each Party may share its priorities for cooperation and propose cooperative activities related to the implementation of this Chapter.

4. Where possible and appropriate, Parties shall seek to complement and use their existing cooperative mechanisms and take into account the relevant work of regional and international organizations.

5. Cooperation may be carried out through various means, including dialogues, workshops, seminars, conferences, collaborative programs and projects, technical assistance to promote and facilitate cooperation and training, the exchange of best practices in policies and procedures, and the exchange of experts.

6. Each Party shall, as appropriate, promote public participation in the development and implementation of cooperative activities.

7. All cooperative activities under this Chapter are subject to the availability of funds and human and other resources, as well as to the legal system of the Parties. The Parties shall decide, on a case-by-case basis, on the financing of cooperative activities.

Article 12.17. Institutional Arrangements

1. In order to facilitate communication between the Parties for the purposes of this Chapter, each Party shall designate and notify, within six (6) months of the date of entry into force of this Agreement, a focal point which, in the case of Chile shall be within the Undersecretariat for International Economic Relations of the Ministry of Foreign Affairs or its legal successor and which, in the case of Paraguay shall be within the Vice-Ministry of Foreign Affairs of the Ministry of Foreign Affairs, or its legal successor. Each Party shall notify the other Party, as soon as possible, of any change in the focal point.

2. The Parties may exchange information by any means of communication, including any telematic means.

3. The Parties establish the Committee on Trade and Environment (hereinafter referred to as the "Committee"), which shall be composed of high-level government representatives of institutions in charge of environmental and foreign trade matters, or their designees. In addition, high-level representatives of other governmental entities related to the issues to be discussed, or their designees, may be invited to form part of the Committee. The Committee shall meet in person or by technological means, every two (2) years, unless the Parties agree otherwise.

4. The Committee shall have the following functions:

(a) dialogue on the implementation of this Chapter;

(b) identify potential areas of cooperation, consistent with the objectives of this Chapter;

(c) inform the Bilateral Administrative Commission regarding the implementation of this Chapter, if necessary, and

(d) consider matters referred by Parties under Article 12.19.

5. All decisions and reports of the Committee shall be made by consensus.

Article 12.18. Trade and Environment Consultations

1. The Parties shall at all times endeavour to agree on the interpretation and application of this Chapter, and shall make every effort through dialogue, consultation, exchange of information and, as appropriate, cooperation, to address any matter that may affect the operation of this Chapter.

2. A Party may request consultations on trade and environment with the other Party, at the focal point level, on any matter arising under this Chapter by delivering a written request to the other Party's focal point. The consulting Party shall include information that is specific and sufficient to enable the consulted Party to respond, including identification of the matter at issue and an indication of the legal basis for the request under the provisions of this Chapter.

3. The requested Party, through its focal point, shall acknowledge receipt of the request, in writing, no later than seven (7) days after the date of its receipt.

4. Unless the Parties agree otherwise, they shall enter into consultations, through their focal points, within ninety (90) days from the date of receipt of the request referred to in paragraph 2.

5. The Parties, through their focal points, shall make every effort to reach a mutually satisfactory resolution of the matter, which may include appropriate cooperative activities. The Parties, jointly, may seek advice or assistance from any person or body they deem appropriate for the purpose of considering the matter.

6. If the Parties, through their focal points, are able to resolve the matter, they will document the outcome including, if appropriate, the specific steps and timelines agreed. The Parties, through their focal points, will prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless they agree otherwise.

Article 12.19. Consultations In the Framework of the Committee on Trade and Environment

1. If the Parties are unable to resolve the matter through consultations at the focal point level, within ninety (90) days of the expiration of the time limit set out in Article 12.18.4, either Party may request in writing that the Committee meet to consider the matter, including in its request the background of the discussions held at the focal point level and the information exchanged.

2. The Committee shall meet no later than sixty (60) days from the date of receipt of the request, unless the Parties agree otherwise, and shall seek to resolve the matter, including, if appropriate, through consultation with independent experts mutually agreed by the Parties.

3. Consultations under this Article shall be confidential and shall take place in the capital of the consulted Party, unless the Parties agree otherwise.

4. If the Committee succeeds in resolving the matter, it shall document the outcome, including, if appropriate, the specific steps and timelines agreed. The Committee shall prepare a consensus report summarizing the outcome of the consultations held and make it publicly available, unless the Parties agree otherwise.

Article 12.20. Ministerial Consultations

If the Committee fails to resolve the matter within ninety (90) days from the date of the meeting referred to in Article 12.19.2, the Parties may refer the matter to the relevant Ministers, who shall seek to resolve the matter.

Article 12.21. Termination of Consultations

The Parties shall agree on a report reflecting the outcome of consultations held pursuant to Articles 12.18, 12.19 and 12.20, and undertake to implement within a reasonable time the conclusions and recommendations therein.

Article 12.22. Non-Application of Dispute Resolution

No Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter. However, the Parties may at any time have recourse to procedures such as good offices, conciliation, and mediation, as set out in Article 17.19 (Good Offices, Conciliation, and Mediation).

Chapter 13. TRADE AND GENDER

Article 13.1. General Provisions

The Parties recognize:

(a) the importance of gender mainstreaming in promoting inclusive economic growth, and the key role that gender policies can play in promoting women's economic empowerment and in achieving inclusive and sustainable economic development, which aims, inter alia, to distribute the benefits among the entire population by providing equal opportunities for men and women in the labour market, business, trade and industry;

(b) that international trade and investment are engines of economic growth, and that improving women's access to opportunities and removing barriers in their countries improves their participation in both national and international economies and contributes to sustainable economic development;

(c) that women's full participation in the labour market and their economic empowerment, as well as the facilitation of their access to and ownership of economic resources, contribute to sustainable and inclusive economic growth, prosperity, competitiveness and the well-being of society as a whole;

(d) the role of the private sector in promoting gender equality through the implementation of gender equality and non-discrimination policies and good practices in their corporate operations in accordance with international guidelines and standards adopted or endorsed by the Parties, and

(e) the importance of Goal 5 of the Sustainable Development Goals of the United Nations 2030 Agenda for Sustainable Development, which seeks to achieve gender equality and the empowerment of all women and girls.

Article 13.2. Objectives

The objectives of this Chapter are:

(a) promote among Parties a better understanding of trade policies and practices related to gender and trade, in order to facilitate the enhancement of their capacities to deal with these issues;

(b) provide a forum to discuss and exchange views on trade and gender-related issues of interest or concern to the Parties;

(c) develop information exchange and cooperation activities on trade and gender issues on mutually beneficial terms;

(d) fostering cooperation and dialogue aimed at capacity building and improving capacities and conditions for women's access to trade-generated opportunities; and

(e) to promote women's economic empowerment and gender equality in trade through discussion, exchange and cooperation.

Article 13.3. International Agreements

Each Party reaffirms its commitment to implement:

(a) obligations under the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), adopted by the United Nations General Assembly on 18 December 1979;

(b) the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women (Convention of Belém do Para), adopted by the General Assembly of the Organization of American States on 6 September 1994;

(c) the 1995 Beijing Declaration and Platform for Action on the Rights of Women and Girls and their Empowerment, highlighting in particular the goals and provisions related to women's equal access to resources, employment, markets and trade;

(d) the WTO Joint Declaration on Trade and Women's Economic Empowerment, adopted at the WTO Ministerial Conference in Buenos Aires in December 2017, and

(e) obligations contained in other international agreements that address gender equality or women's rights to which the Parties are party.

Article 13.4. General Commitments

1. The Parties affirm their commitment to adopt, maintain and implement their laws, regulations, policies and best practices on gender equality, women's economic empowerment and women's full participation in business.

2. Each Party shall promote public awareness of its gender equality laws, regulations, policies and best practices, as well as activities carried out under this Chapter, including their impact and relevance to inclusive economic growth and trade policy.

3. Each Party, in accordance with its priorities and interests, reserves the right to establish, amend and enforce its laws, regulations and policies on gender equality.

4. Each Party shall promote the collection of sex-disaggregated and gender-sensitive trade-related information with a view to better understanding the different impacts that trade policy instruments have on women's roles as workers, producers, traders or consumers.

Article 13.5. Cooperative Activities

1. The Parties recognize the benefit of sharing their respective experiences in designing, implementing, monitoring and strengthening policies and programs to encourage women's participation in the national and international economy.

2. The Parties shall undertake cooperative activities designed to enhance the capacities and conditions for women, including women workers, entrepreneurs and businesswomen, to access and fully benefit from the opportunities created by this Agreement. These activities shall be carried out with the inclusive participation of women.

3. Cooperative activities shall be carried out on subjects and topics agreed upon by the Parties.

4. Cooperative activities may be developed and implemented through interaction with their respective governmental institutions and with the participation of international organizations, third countries, private sector entities, educational or research institutions, and other non-governmental organizations and their representatives, as appropriate.

5. The areas of cooperation under this Chapter may focus on:

(a) promote, disseminate and raise awareness of the importance of trade policy in advancing gender equality and inclusive and sustainable economic growth among those responsible for the policy-makers, trade negotiators, decision-makers, companies, among others;

(b) encourage and support the internationalization of women-led businesses and enterprises, and their integration into regional and global value chains, especially MSMEs;

(c) capacity building and enhancing women's skills in the workplace and their access to online business tools and e-commerce platforms;

(d) the competitiveness of women-led enterprises so that they can participate and compete in regional and global value chains;

(e) support the development of economic and business opportunities for rural and indigenous women in trade and investment;

(f) promote women's full participation in the economy, primarily by encouraging their participation, leadership and education in fields where they are underrepresented such as innovation, business, MSMEs, Science, Technology, Engineering and Mathematics (STEM), as well as in other high-income economic areas;

(g) promote women's financial education and inclusion, as well as access to finance and financial assistance;

(h) promote women's leadership and participation in decision-making positions in the public and private sectors, as well as the development of networks;

(i) increase the participation of women entrepreneurs in public procurement markets;

(j) develop best practices and standards to promote gender equality and women's economic empowerment within companies, including those aimed at promoting care policies and the reconciliation of work, family and personal life;

(k) to encourage public and private initiatives aimed at promoting women's entrepreneurship, including the integration of women into the formal sector of the economy;

(l) share methods and procedures for the collection, analysis and use of sex-disaggregated data, as well as methodologies for trade-related monitoring and impact assessment;

(m) encourage gender analysis of trade policies, including their design, implementation and impact;

(n) exchange information on policies and programmes to prevent, mitigate and respond to the economic impact of crises and emergencies on women;

(ñ) encourage research, at the academic and public levels, to explore the link between increased participation of women in international trade and the reduction of the gender wage gap, among others;

(o) exchange information on each Party's experiences with respect to the establishment and implementation of policies and programs that address trade and gender issues, with a view to achieving the greatest possible benefit under this Agreement;

(p) exchange information on experiences and lessons learned by the Parties through cooperative activities carried out under this Article, and

(q) other matters agreed by the Parties.

6. The Parties may carry out activities within the areas of cooperation set out in paragraph 5 above, in person, by electronic means or other means of communication, and under the following modalities, as agreed by the Parties:

(a) workshops, seminars, dialogues, trainings and forums to exchange knowledge, experiences and good practices;

(b) internships, visits and research studies to document and study policies and good practices;

(c) collaborative research and development of projects and best practices on issues of mutual interest;

(d) trade missions, specific exchanges of technical expertise and technical assistance, where appropriate, and

(e) other activities agreed by the Parties.

7. Priorities for cooperative activities shall be decided by the Parties on the basis of their interests and available resources.

Article 13.6. Trade and Gender Committee

1. The Parties establish a Trade and Gender Committee (hereinafter referred to as the "Committee") composed of high-level government representatives within ministries or other government institutions responsible for trade and gender issues, as designated by each

Party. 2. The Committee shall:

(a) establish a two (2) year work plan that includes the cooperative activities set forth in Article 13.5, which may be revised or updated at any time by agreement of the Parties;

(b) identify, organize and facilitate cooperative activities under Article 13.5;

(c) define joint proposals to support policies on trade and gender;

(d) facilitate the exchange of information on each Party's experience with respect to policies and programs on matters related to this Chapter;

(e) report and make recommendations to the Bilateral Administrative Commission on any matter related to this Chapter;

(f) consider matters related to the implementation and operation of this Chapter;

(g) on request of a Party, consider and discuss any matter that may arise regarding the interpretation and application of this Chapter, and

(h) scarry out such other work as may be determined by the Parties.

3. The Committee shall meet every two (2) years or as otherwise agreed by the Parties, in person or by any available technological means, to consider any matter arising under this Chapter.

4. The Committee may exchange information and coordinate activities by e-mail, videoconference or other means of communication.

5. In carrying out its functions, the Committee may work with other committees, working groups and subsidiary bodies established under this Agreement. In the context of this work, the Committee shall encourage the efforts of these committees, working groups or subsidiary bodies to integrate trade and gender-related commitments, considerations and activities into their work.

6. The Committee may recommend that the Bilateral Administrative Commission refer work under this Article to any other committee, working group and other subsidiary bodies established under this Agreement.

7. The Committee may invite relevant experts or organizations to its meetings to provide information.

8. Within two (2) years of its first meeting, the Committee shall review the implementation of this Chapter and report to the Bilateral Administrative Commission.

Article 13.7. Public Participation

1. In carrying out its activities, including meetings, the Committee shall provide a means of receiving and considering the views of persons or organizations with a legitimate interest in matters related to this Chapter.

2. Each Party shall establish or maintain, and consult with, a national advisory or consultative body, which also addresses the issues in this Chapter, or a similar ad-hoc mechanism, for members of its public, including representatives of its gender and business organizations, to provide views on matters related to this Chapter.

3. Each Party shall develop mechanisms for public reporting of activities under this Chapter.

Article 13.8. Focal Points

1. In order to facilitate communication between the Parties for the purposes of this Chapter, each Party shall designate a focal point within six (6) months of the date of entry into force of this Agreement, which in the case of Chile shall be within the Undersecretariat for International Economic Relations of the Ministry of Foreign Affairs, or its legal successor, and which, in the case of Paraguay, shall be within the Vice-Ministry of Foreign Affairs of the Ministry of Foreign Affairs, or its legal successor.

2. Each Party shall notify the other Party of the designation of the focal point and, as soon as possible, of any changes thereto.

3. The focal points shall:

(a) facilitate regular communication and coordination between the Parties;

(b) attend the Committee;

(c) report to the Committee, as appropriate;

(d) act as a channel of communication with the public in their respective territories, and

(e) work together, including with other appropriate agencies of their governments, to develop and implement activities and areas of cooperation.

4. Focal points may develop and implement specific cooperative activities.

5. The focal points may communicate and coordinate activities in person or by electronic or other means of communication.

Article 13.9. Consultations

The Parties shall make every effort through dialogue, consultation and cooperation to resolve any issues that may arise regarding the interpretation and application of this Chapter.

Article 13.10. Non-Application of Dispute Settlement

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 14. ECONOMIC-COMMERCIAL COOPERATION

Article 14.1. Objectives

1. The Parties agree to establish a framework for economic-trade cooperation activities as a means of extending the benefits of this Chapter at both the national and sub-national levels, in accordance with their legal systems.

2. The Parties, recognizing the historical accumulation of bilateral technical cooperation, establish that this Chapter does not substitute the existing mechanisms of technical cooperation between them, but rather strengthens the global vision of the bilateral relationship, focusing on the particularities of this Chapter.

3. The Parties recognize the important role of the business sector and academia in promoting and fostering economic growth and mutual development.

4. The Parties agree that the objectives of this Chapter, in accordance with their respective legal systems, are:

(a) promote activities aimed at strengthening and expanding bilateral economic relations, as well as deepening existing cooperative activities between the Parties in the areas covered in this Chapter;

(b) promote global and regional value chains, productivity, competitiveness, innovation and the broadening of the export base of the Parties in order to enhance and diversify exports and to promote trade and investment initiatives and strategies, especially with regard to diversifying and increasing the value added of exports of both Parties;

(c) support and develop contacts between the public and private sectors of both countries in the areas of economic cooperation covered by this Chapter, and

(d) deepen and increase the level of cooperative activities between the Parties in the areas covered in this Agreement.

Article 14.2. Scope of Application

1. The Parties reaffirm the importance of all forms of economic and trade cooperation mentioned in the scope of this Agreement.

2. The areas of economic-commercial cooperation and initiatives to be agreed under this Chapter shall be developed by the Parties in writing.

3. The economic-trade cooperation between the Parties shall contribute to the fulfillment of the objectives of this Agreement, through the identification and development of innovative cooperation programs aimed at adding value to their economic-trade relations.

4. Trade and economic cooperation activities shall be agreed between the Parties and may include, inter alia, those listed in Article 14.3.

5. Economic and trade cooperation between the Parties to this Chapter shall complement the cooperative activities set out in other Chapters of this Agreement.

Article 14.3. Areas of Cooperation

The Parties shall endeavour to broaden and intensify their cooperation through the following activities:

(a) the development of activities within the framework of existing bilateral agreements or conventions;

(b) promoting ties and strengthening cooperation between business associations, government institutions, regional and local entities and chambers of commerce, as well as encouraging business visits or missions or other types of economic cooperation;

(c) the exchange of commercial information relating to the implementation of this Chapter;

(d) the exchange of experts, information, documentation, experiences and technical assistance, as well as the organization of dialogues, conferences, seminars and training programs related to the subjects covered by this Chapter;

(e) the promotion of the participation of representatives of the public and private sectors of both countries in fairs and exhibitions, and the organization of business events, seminars, symposiums and conferences;

(f) the promotion of international and interregional cooperation on matters of mutual interest in regional and multilateral fora, and

(g) any other activity, subsequently agreed by the Parties, with a view to broadening and strengthening cooperation.

Article 14.4. Focal Points

1. The Parties establish the following focal points:

(a) in the case of Chile, the Undersecretariat for International Economic Relations, through its Trade Agreements Implementation and Dissemination Division, or its successor, and

(b) in the case of Paraguay, the Vice-Ministry of Economic Relations and Integration, or its successor.

2. Each Party may change its focal point, in which case it shall notify the other Party in writing as soon as possible.

3. The focal point will have the following functions:

(a) interaction with the other Party's focal point in accordance with this Agreement;

(b) the discussion and consideration of proposals for economic and trade cooperation and capacity building activities proposed by the Parties, within the framework of the disciplines negotiated in this Agreement and the recommendation, where appropriate, of actions to improve and deepen them;

(c) facilitating the exchange of information between the Parties in areas including experiences and lessons learned through trade and economic cooperation activities carried out under the terms of this Agreement;

(d) collaboration, in conjunction with national cooperation agencies, in inviting, as appropriate, international donor institutions, private sector entities, non- governmental organisations or other relevant institutions, to support the development and implementation of trade and economic cooperation and capacity building activities within the framework of the disciplines negotiated in this Agreement;

(e) coordination with the focal points or points of contact established under this Agreement, and in liaison with national cooperating agencies, working groups and any other subsidiary bodies established under this Agreement, as appropriate, of support for the development and implementation of activities under this Agreement;

(f) the review of the implementation or operation of this Chapter, and

(g) participation in such other activities as the Parties may agree.

4. The focal points will inform the Bilateral Administrative Commission of the activities and actions within the framework of this Chapter, in accordance with its guidelines.

Article 14.5. Appeals

The Parties shall provide, within the limits of their own capabilities and through their own means, adequate resources subject to their availability, for the fulfillment of the objectives of this Chapter.

Article 14.6. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Chapter.

Chapter 15. TRANSPARENCY AND ANTI- CORRUPTION

Section A. Transparency

Article 15.1. Definitions

For the purposes of this Chapter:

administrative decision of general applicability means an administrative act, either decisional or interpretative, that applies to all persons and facts generally within its scope or competence and that establishes a rule of conduct, but does not include:

(a) a decision or ruling made in an administrative proceeding that applies to particular persons, goods or services of the other Party, in a specific case, or

(b) a decision or ruling that decides with respect to a particular act or practice.

Article 15.2. Publication

1. Each Party shall ensure that its laws, administrative decisions of general application, regulations and procedures that relate to any matter covered by this Agreement are promptly published or otherwise made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. In accordance with the provisions of its legal system, each Party:

(a) publish in advance any action it intends to take; and

(b) provide interested persons and the other Party with a reasonable opportunity

to comment on the proposed measures.

Article 15.3. Notification and Provision of Information

1. Each Party shall notify the other Party, to the extent practicable, of any existing or proposed measures that the Party believes may substantially affect the operation of this Agreement, or otherwise substantially affect the interests of the other Party under this Agreement.

2. A Party shall, on request of the other Party, provide information and promptly respond to its questions concerning any measure in force or proposed, whether or not the other Party has previously been notified of that measure.

3. Any notification or provision of information referred to in this Article shall be made without prejudice to whether or not the measure is consistent with this Agreement.

Article 15.4. Administrative Procedures

Each Party shall ensure that, in the context of an administrative proceeding involving a measure referred to in Article 15.2 that affects particular persons, goods, or services of the other Party:

(a) whenever possible, persons of the other Party who are directly affected by a proceeding are given, in accordance with domestic provisions, reasonable notice of the institution of the proceeding, including a description of the nature of the proceeding, a statement of the legal basis under which the proceeding is being conducted and a general description of all issues in dispute;

(b) when time, the nature of the proceeding, and the public interest permit, such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action; and

(c) its procedures are in accordance with the legal system of that Party.

Article 15.5. Review and Challenge

1. Each Party shall establish or maintain judicial or administrative tribunals or procedures for the purpose of the prompt review and, where warranted, correction of final administrative actions relating to matters covered by this Agreement. Such tribunals shall be impartial and not connected with the agency or administrative enforcement authority, and shall have no substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such courts or in such proceedings, the parties have the right to:

(a) a reasonable opportunity to support or defend their respective positions, and

(b) a decision based on the evidence and submissions or, in cases where required by its legal system, on the record compiled by the administrative authority.

3. Each Party shall ensure, subject to challenge or further review as provided in its legal system, that such rulings are implemented by, and govern the practice of, the agency or authority with respect to the administrative action that is the subject of the decision.

Section B. Anti-Corruption

Article 15.6. Scope of Application

1. The Parties affirm their determination to prevent and combat bribery and corruption in international trade and recognize the need to develop integrity within the public and private sectors and that each sector has complementary responsibilities in this regard.

2. The scope of this Section is limited to measures to eliminate bribery and corruption with respect to any matter covered by this Agreement.

Article 15.7. Measures to Combat Bribery and Corruption

1. Each Party shall adopt or maintain such legislative and other measures as may be necessary to effectively combat bribery and corruption and to ensure compliance with the international conventions to which it is a party, specifically the United Nations Convention against Corruption and the Inter-American Convention against Corruption.

2. The Parties recognize the importance of the criminalization, in their respective legal systems, of the conduct described in the international conventions referred to in paragraph 1. The Parties further recognize that such conduct will be prosecuted and punished in accordance with the legal system of each Party.

3. In order to prevent corruption and bribery, each Party shall adopt or maintain such measures as may be necessary in accordance with its legal system.

Article 15.8. International Cooperation

1. Each Party shall facilitate the exchange of information, through the focal points established in Article 15.13, for the purpose of facilitating the investigation and punishment of bribery and corruption, and shall use its best efforts to facilitate and promote cooperation, in accordance with its legal system.

2. The Parties recognize the importance of international cooperation in preventing and combating bribery and corruption in international trade, including through regional and multilateral initiatives, and will make their best efforts to work together in this regard, as mutually agreed.

3. The Parties recognize the advantages of sharing their different experiences and best practices in the development, implementation and enforcement of their anti-bribery and corruption laws and policies. The Parties shall consider carrying out technical cooperation activities, including training programmes, as mutually agreed.

4. The facilitation and promotion of cooperation under this Article shall be without prejudice to the facilitation and

promotion of legal cooperation that may be undertaken between the Parties.

Article 15.9. Promotion of Integrity of Public Officials

To combat corruption in matters affecting international trade, each Party shall promote, inter alia, integrity, honesty and accountability among its public officials.

Article 15.10. Participation of the Private Sector and Civil Society

Each Party shall take appropriate measures, within its means and in accordance with the fundamental principles of its legal system, to promote the active participation of individuals and groups outside the public sector, such as businesses, civil society, non- governmental organizations and community-based organizations, in preventing and combating bribery and corruption in matters affecting international trade and to raise public awareness of the existence, causes and gravity of, and the threat posed by, bribery and corruption.

Article 15.11. Non-Application of Dispute Resolution

Neither Party may have recourse to the dispute settlement mechanism provided for in Chapter 17 (Dispute Settlement) with respect to any matter arising under this Section.

Section C. General Provisions

Article 15.12. Relationship to other Chapters

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

Article 15.13. Focal Points

1. The Parties designate the following focal points to facilitate communications between them on any matter covered by this Chapter:

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

(b) in the case of Paraguay, the General Directorate of Economic Policy of the Vice-Ministry of Economic Relations and Integration, or its successor.

2. At the request of a Party, the focal points of the other Party shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

Chapter 16. ADMINISTRATION OF THE AGREEMENT

Article 16.1. Bilateral Administrative Commission

The Parties hereby establish the Bilateral Administrative Commission (hereinafter, the "Commission"), which shall be composed of the following representatives, or the persons designated by them:

(a) in the case of Chile, the Undersecretary for International Economic Relations of the Ministry of Foreign Affairs, or his or her legal successor, and

(b) in the case of Paraguay, the Vice-Minister of Economic Relations and Integration of the Ministry of Foreign Affairs, or his or her legal successor.

Article 16.2. Powers

1. The Commission shall:

(a) ensure the proper application of the provisions of this Agreement;

(b) evaluate the results achieved in the implementation of this Agreement;

(c) oversee the work of all committees established under this Agreement, as well as committees and working groups established pursuant to paragraph 2(b), and

(d) to deal with any other matter that may affect the operation of this Agreement or that may be entrusted to it by the Parties.

2. The Commission may:

(a) make decisions to:

(i) implement the provisions of this Agreement that require development contemplated by this Agreement;

(ii) to amend the Code of Conduct for Arbitral Dispute Resolution Procedures and the Rules of Procedure for Arbitral Tribunals in Chapter 17 (Dispute Resolution), and

(iii) to amend Annex 16.1.

(b) establish such committees and working groups as it deems appropriate within the framework of this Agreement;

(c) request the advice of persons or entities it deems appropriate;

(d) recommend amendments to this Agreement to the Parties; and

(e) take other actions, within the scope of its powers, to ensure the attainment of the objectives of this Agreement.

3. Each Party shall implement, in accordance with its legal system, the actions of the Commission referred to in paragraph 2 (1).

(1) Chile may implement such actions, as appropriate, as arrangements for the execution of a treaty in accordance with Chilean law.

Article 16.3. General Points of Contact

1. The Parties designate the following General Points of Contact to facilitate communications between them on any matter covered by this Agreement:

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

(b) in the case of Paraguay, the General Directorate of Economic Policy of the Vice-Ministry of Economic Relations and Integration, or its successor.

2. At the request of a Party, the General Contact Point of the other Party shall indicate the unit or official responsible for the matter and provide such support as may be required to facilitate communication with the requesting Party.

3. Except as otherwise provided in any Chapter of this Agreement, each Party shall notify the other Party in writing of the other contact points referred to in this Agreement within three (3) months of the date of entry into force of this Agreement.

Annex 16.1. RULES OF PROCEDURE OF THE COMMISSION

Composition of Delegations

1. Each Party shall determine the composition of its delegation for each meeting of the Commission.

2. Each Party shall inform the other Party of the composition of its delegation, as expeditiously as possible, at least five (5) days before the date of the meeting.

Regular and Special Meetings

3. The meetings of the Commission may be held in person or by any technological means and shall be chaired alternately by each Party.

4. The regular meetings of the Commission shall be held once a year and on a mutually agreed date, unless otherwise agreed by the Parties.

5. When regular meetings are held in person, they shall be held alternately in the territory of each Party, unless otherwise agreed by the Parties.

6. Any Party may request that an extraordinary meeting of the Commission be convened. When such meetings are held in person, the Parties shall agree on the place and date at which the Commission shall meet.

7. Unless otherwise agreed by the Parties, the meetings of the Commission shall be closed to the public.

Agenda for Meetings

8. For meetings of the Commission, the host Party shall prepare an agenda.

9. The agenda shall be circulated to the other Party together with any other documents relevant or related to the issues to be addressed at the meeting, at least ten (10) days in advance of the date of the meeting, unless the Parties agree otherwise.

10. The Parties may agree to include any other item on the agenda prior to its adoption.

11. The agenda will be approved by the Commission at the beginning of its meeting.

Decisions and Recommendations

12. The decisions and recommendations of the Commission shall be adopted by consensus.

13. The decisions of the Commission shall:

(a) be titled according to the subject matter;

(b) have a sequential number assigned to them;

(c) specify the date of their adoption and the manner of their entry into force; and

(d) be signed in two original copies.

Minutes

14. At the conclusion of the meeting, the host Party shall take minutes, including a record of the meeting:

(a) the matters discussed at the meeting, with a brief description of the issues addressed;

(b) the results and agreements reached, and

(c) decisions, recommendations, and other actions and measures taken.

15. They will be attached to the minutes of the meeting:

(a) the composition of the delegations of each Party;

(b) the texts of the decisions or recommendations adopted, and

(c) if applicable, any other documents relevant or related to the issues addressed.

16. The host Party shall submit the minutes with their annexes for consideration and approval by the other Party at the end of the meeting or, if this is not possible, no later than fifteen (15) days after the end of the meeting.

17. The minutes of the meeting shall be drawn up in two originals.

Meeting Costs

18. The costs of the meetings of the Commission, excluding travel and subsistence expenses of representatives, shall be borne by the host Party.

19. In the case of non-face-to-face meetings, each Party shall bear the costs of its participation in such meetings.

Chapter 17. DISPUTE RESOLUTION

Article 17.1. Objectives

1. This Chapter seeks to provide an effective, efficient and transparent dispute settlement process between the Parties with respect to the rights and obligations under this Agreement.

2. The Parties shall endeavour to reach agreement on the interpretation, application and breach of this Agreement and shall make every effort to reach a mutually satisfactory resolution of any matter that may affect its operation.

Article 17.2. Scope of Application

Except as otherwise provided in this Agreement, the provisions of this Chapter shall apply to the prevention or settlement of any dispute arising between the Parties concerning the interpretation or application of the provisions of this Agreement or where a Party considers that:

(a) a measure of the other Party is inconsistent with the obligations under this Agreement, or

(b) the other Party has otherwise failed to comply with its obligations under this Agreement.

Article 17.3. Election of Forum

1. Disputes concerning the same matter arising under this Agreement, the WTO Agreement or any other trade agreement to which the Parties are parties may be resolved in any such forum, at the option of the complaining Party.

2. For this purpose, two proceedings shall be understood as dealing with the same matter when they involve the same Parties, relate to the same measure and deal with an allegation of non-compliance with the same substantive obligation.

3. Once the claimant Party has requested the establishment of an arbitral tribunal under this Chapter or under an agreement referred to in paragraph 1, the forum selected shall be exclusive of any other forum.

Article 17.4. Consultations

1. Either Party may request in writing to the other Party consultations with respect to any matter referred to in Article 17.2 with the objective of reaching a mutually agreed solution. The consulting Party shall deliver the request to the other Party, explaining the reasons, identifying the measure at issue, and indicating the legal basis for the complaint.

2. The consulted Party shall respond in writing to the request for consultations referred to in paragraph 1 within ten (10) days of receipt of such request, unless the Parties agree on a different time limit.

3. Consultations shall be entered into in good faith.

4. Consultations shall be held within thirty (30) days from the date of receipt of the request, unless the Parties agree on a different time limit.

5. The consulted Party shall ensure expeditious and timely attention to the consultations formulated, including the participation of its competent authorities or other regulatory entities having technical expertise on the subject matter of such consultations.

6. The Parties shall make every effort to reach a mutually satisfactory resolution of the matter submitted for consultations in accordance with the provisions of this Article. To this end, each Party shall

(a) provide the necessary information to enable a full examination of the measure or matter subject to the consultations, and

(b) shall accord to confidential or proprietary information received in the course of consultations the same treatment as that accorded to it by the Party that provided the information.

7. Consultations shall be confidential and shall be held in person or by any technological means agreed by the Parties. In the event of face-to-face consultations, such consultations shall be held in the territory of the Party consulted, unless otherwise agreed by the Parties.

Article 17.5. Establishment of an Arbitral Tribunal

1. If no mutually satisfactory solution has been reached within the period of time set forth in Article 17.4.4, the complaining Party may request in writing to the Party complained against the establishment of an arbitral tribunal.

2. In the request for the establishment of an arbitral tribunal, the complaining Party shall state the reasons for its request, including identification of the measure or other matter at issue and an indication of the legal basis of the claim.

3. A Party may not request the establishment of an arbitral tribunal to review a proposed measure.

4. The date of establishment of the arbitral tribunal shall be the date on which its chairman is appointed.

Article 17.6. Terms of Reference of the Arbitral Tribunal

1, Unless otherwise agreed by the Parties within fifteen (15) days after receipt of the request for the establishment of the arbitral tribunal, the terms of reference of the arbitral tribunal shall be:

"Examine, in an objective manner and in the light of the relevant provisions of the Agreement, the matter referred to in the request for the establishment of the arbitral tribunal and make findings and rulings in accordance with Articles 17.12 and 17,13."

2. Where the complaining Party requires, in the request for the establishment of the arbitral tribunal, that the tribunal make findings on the extent of the adverse trade effects caused to it by the breach of the obligations of this Agreement, the terms of reference shall expressly so state.

Article 17.7. Qualifications of Arbitrators

1. Every referee shall:

(a) have expertise or experience in law, international trade, matters relating to the subject matter of this Agreement or the settlement of disputes arising under international trade agreements;

(b) be selected strictly on the basis of objectivity, impartiality, reliability and sound judgment;

(c) be independent, not be affiliated with, and not receive instructions from, any of the Parties; and

(d) comply with the Code of Conduct set out in Annex 17.2.

2. The chairman of the arbitral tribunal, in addition to meeting the requirements set out in paragraph 1, shall be a jurist.

3. Persons who have participated in any of the alternative means of dispute resolution referred to in Article 17.19 may not act as arbitrators in the same dispute.

Article 17.8. Selection of the Arbitral Tribunal

1. The arbitral tribunal shall consist of three (3) arbitrators.

2. Each Party shall, within twenty (20) days after receipt of the request for the establishment of the arbitral tribunal, appoint one arbitrator and one alternate arbitrator and propose up to three (3) candidates to serve as the presiding arbitrator of the arbitral tribunal. The chairman of the arbitral tribunal may not be a national or have his or her permanent residence in the territory of any Party, nor be or have been employed by any Party, unless otherwise agreed by the Parties. This information shall be notified in writing to the other Party.

3. If a Party fails to appoint its arbitrator within the time period specified in paragraph 2, the arbitrator shall be appointed by the other Party in accordance with the Rules of Procedure set out in Annex 17.1.

4. The Parties shall make every effort to appoint by mutual agreement the chairman of the arbitral tribunal, from among the candidates proposed by the Parties, within twenty (20) days after the expiration of the period provided for in paragraph 2. If the Parties are unable to agree on the chairman of the arbitral tribunal within the above-mentioned period, the chairman and his alternate shall be appointed by lot by the Parties in accordance with the Rules of Procedure.

5. In the event of the death, resignation or inability of an arbitrator to perform his or her duties, his or her alternate shall take over. If the alternate is unable to assume his or her function for the same reasons, a successor shall be selected in accordance with the provisions of this Article. The time limits of the proceedings shall be suspended, from the date of death, resignation or inability of the arbitrator to assume his functions, until the date of selection of the successor. The successor shall assume the functions and duties of the appointed arbitrator.

6. Any Party may challenge an arbitrator or a candidate as provided in the Rules of Procedure.

7. The members of the arbitral tribunal, by accepting appointment, shall undertake in writing to act in accordance with the provisions of this Chapter, the Rules of Procedure and this Agreement.

Article 17.9. Role of the Arbitral Tribunal

1. The function of the arbitral tribunal is to make an objective assessment of the matter submitted to it, including an analysis of the facts of the case and the applicability of and compliance with this Agreement. It shall also make such findings and determinations as are requested in the terms of reference, in accordance with Article 17.6, and as are necessary for the resolution of the dispute.

2. The arbitral tribunal shall interpret this Agreement in accordance with international law as set forth in Articles 31 and 32 of the Vienna Convention on the Law of Treaties 1969.

3. The findings and determinations of the arbitral tribunal may not add to or diminish the rights and obligations of the Parties under this Agreement.

Article 17.10. Applicable Law

The arbitral tribunal shall decide the dispute on the basis of the provisions of this Agreement and the protocols and instruments concluded thereunder.

Article 17.11. Rules of Procedure of the Arbitral Tribunal

1. Unless the Parties agree otherwise, the arbitral tribunal established under this Chapter shall follow the rules of procedure contained in the Annex. 17.1. The arbitral tribunal may establish, in consultation with the Parties, supplementary tules of procedure that do not conflict with the provisions of this Agreement and the Rules of Procedure set out in Annex 17.1.

2. The rules of procedure of the arbitral tribunal shall ensure:

(a) the opportunity for each Party to submit at least initial and rebuttal written submissions;

(b) the right of each Party to at least one hearing before the arbitral tribunal;

(c) the right of each Party to present oral arguments;

(d) hearings shall be closed to the public, unless the Parties agree otherwise;

(e) that the deliberations of the arbitral tribunal are confidential, as well as documents and pleadings designated as confidential or privileged by a Party, and

(f) the protection of information that either Party designates as confidential or proprietary information.

3. Notwithstanding paragraph 2, a Party may make public statements of its views on the dispute, but shall treat as confidential or privileged information, documents and written submissions that the other Party has provided to the arbitral tribunal and that the arbitral tribunal has designated as confidential or privileged.

4. Where a Party has provided information, documents or submissions classified as confidential or privileged, it shall, at the request of the other Party, within thirty (30) days thereafter, provide a non-confidential or non-proprietary summary of such information, documents or submissions, which may be made public.

5. At the request of a Party or on its own initiative, if both Parties so agree, the arbitral tribunal may seek information and technical advice from any person or entity it deems appropriate under the Rules of Procedure. The information or advice obtained shall not bind the arbitral tribunal. The arbitral tribunal shall provide the Parties with a copy of any opinion or advice obtained and an opportunity to comment.

6. The arbitral tribunal shall seek to reach its decisions by unanimity, including its award. If this is not possible, the arbitral tribunal may adopt them by majority.

7. Each Party shall bear the cost of the arbitrator it appoints or should have appointed pursuant to Article 17.8 and its expenses. The costs of the presiding arbitrator and other expenses associated with the conduct of the arbitral tribunal shall be borne by the Parties in equal shares, in accordance with the Rules of Procedure.

Article 17.12. Preliminary Report

1. The preliminary report shall be based on the relevant provisions of this Agreement, the submissions and arguments of the Parties, and any information and technical advice that the arbitral tribunal has obtained pursuant to Article 17.11.5.

2. Unless the Parties agree otherwise, within ninety (90) days of its establishment, or sixty (60) days in cases of urgency, the arbitral tribunal shall submit a preliminary report to the Parties.

3. In exceptional cases, when the arbitral tribunal considers that it cannot issue its preliminary report within ninety (90) days, or within sixty (60) days in cases of urgency, it shall inform the Parties in writing of the reasons for the delay and shall include an estimate of the time within which it will render its award. In no event shall the period of delay exceed an additional thirty (30) days, unless the Parties provide otherwise.

4. The preliminary report shall contain:

(a) a summary of the submissions and oral arguments of the Parties;

(b) the findings of fact and law;

(c) a determination on the merits as to whether or not a Party is in breach of its obligations under this Agreement, or any other determination called for in the terms of reference, and

(d) its recommendations, where applicable, that the Party complained against take action in accordance with this Agreement.

5. A Party may submit written observations on the preliminary report to the arbitral tribunal within fifteen (15) days after the notification of the preliminary report or any other time limit set by the arbitral tribunal.

6. After considering the written observations on the preliminary report, the arbitral tribunal may reconsider the preliminary report and conduct any further examination it deems appropriate.

Article 17.13. Award of the Arbitral Tribunal

1. The arbitral tribunal shall notify the Parties of the award within one hundred and twenty (120) days from the date of the establishment of the arbitral tribunal, unless the Parties agree on a different time period.

2. The award of the arbitral tribunal shall be final and binding on the Parties. It shall be made in accordance with Article 17.11.6, shall be reasoned, and shall be signed by the presiding arbitrator and the other arbitrators. The arbitrators may not cast dissenting votes, and shall maintain the confidentiality of the vote.

3. Unless the Parties agree otherwise, either Party may publish the arbitral tribunal's award after fifteen (15) days after it has been notified, subject to the protection of confidential or proprietary information.

Article 17.14. Request for Clarification of the Award

1. Within ten (10) days after the notification of the award, any Party may apply in writing to the arbitral tribunal for clarification of any finding or determination in the award.

2. The arbitral tribunal shall respond to such request within ten (10) days of its submission.

3. The filing of a request under paragraph 1 shall not affect the time limit referred to in Article 17.17.

Article 17.15. Suspension and Termination of Proceedings

1. The Parties may agree to suspend the work of the arbitral tribunal at any time during the proceedings for up to twelve (12) months following the date on which they reach such agreement. If the work of the arbitral tribunal remains suspended for more than twelve (12) months, the terms of reference of the arbitral tribunal shall terminate, unless the Parties agree otherwise. If the terms of reference of the arbitral tribunal have lapsed and the Parties have not reached a settlement of the dispute, nothing in this Article shall prevent a Party from initiating new proceedings concerning the same subject matter.

2. The Parties may terminate the arbitral tribunal proceedings at any time prior to the rendering of the award by a joint communication addressed to the presiding arbitrator.

Article 17.16. Compliance with the Award of the Arbitral Tribunal

1. Upon notification of the arbitral tribunal's award, the Parties shall agree on its enforcement, in accordance with the findings, conclusions and recommendations made by the arbitral tribunal.

2. Where the arbitral tribunal determines in its award that the measure of the Party complained against is inconsistent with the provisions of this Agreement, that Party shall, whenever possible, eliminate the inconsistency.

3. Unless the Parties agree otherwise, the Party complained against shall have a reasonable period of time to eliminate the nonconformity if it is impracticable to do so immediately.

4. The Parties shall endeavor to agree on the reasonable period of time. If the Parties are unable to agree within thirty (30) days after the notification of the award, any Party may, no later than forty-five (45) days after the notification of the award, refer the request to the presiding arbitrator to determine the period of the reasonable period of time.

5. The presiding arbitrator shall take into consideration that the reasonable period of time shall not exceed six (6) months from the date of the notification of the award pursuant to Article 17.13. However, that period may be shorter or longer, depending on the particular circumstances of the dispute.

6. The chairman of the arbitral tribunal shall determine the period of the reasonable period of time not later than sixty (60) days after the date of receipt of the request pursuant to paragraph 4.

Article 17.17. Compensation and Suspension of Benefits

1. If, after the expiration of the reasonable period of time established pursuant to Article 17.16.3, there is disagreement as to whether the Party complained against has eliminated the nonconformity, or whether the Party complained against has notified the complaining Party that it does not intend to eliminate the nonconformity, the Party complained against shall, at the request of the complaining Party, enter into negotiations with a view to establishing mutually acceptable compensation.

2. Such compensation shall be of a temporary nature and shall be granted until the dispute is settled.

3. If the Parties:

(a) do not agree to compensation in accordance with paragraph 1, within thirty (30) days of the filing of the request for compensation by the complaining Party, or

(b) have reached an agreement on compensation pursuant to this Article and the complaining Party considers that the Party complained against has failed to comply with the terms of the agreement reached, the complaining Party may notify the Party complained against, in writing, of its decision to suspend temporarily the benefits and other equivalent obligations under this Agreement in order to secure compliance with the award.

4. The communication shall specify:

(a) the date on which the suspension is to commence, in accordance with paragraph 6;

(b) the level of benefits or other equivalent obligations it proposes to suspend, and

(c) the limits within which the suspension will apply including which benefits or obligations under this Agreement will be suspended.

5. Suspension of benefits and other obligations shall be temporary, and may be applied only until such time as the nonconformity has been eliminated.

6. The complaining Party may initiate the suspension of benefits thirty (30) days after the later of the date on which:

(a) make the communication in accordance with paragraph 3, or

(b) the arbitral tribunal notifies the award in accordance with Article 17.18.

7. In considering which benefits to suspend pursuant to this Article, the complaining Party shall apply the following principles:

(a) shall first seek to suspend the benefits or other obligations of this Agreement in the same sector or sectors affected by the measure found by the arbitral tribunal to be inconsistent with this Agreement, and

(b) if it considers that it is impracticable or ineffective to suspend benefits or other obligations in the same sector(s), it may suspend benefits or other obligations in other sectors of this Agreement. The communication announcing such a decision

shall state the reasons on which the decision is based.

Article 17.18. Review of Compliance and Suspension of Benefits

1. If the Party complained against:

(a) considers that it has eliminated the disagreement found by the arbitral tribunal, or

(b) considers that the level of benefits or other obligations that the complaining Party proposes to suspend is excessive, or the complaining Party has failed to observe the principles of Article 17.17.7,

may, within thirty (30) days from the date of the communication made by the complaining Party pursuant to Article 17.17.4, request that the arbitral tribunal established pursuant to Article 17.5 be reconvened to determine either (a) or (b).

2. The requesting Party shall indicate the specific measures or issues in dispute and provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly.

3. The arbitral tribunal shall be reconstituted within thirty (30) days of receipt of the request and shall notify the Parties of its preliminary report within thirty (30) days thereafter:

(a) within thirty (30) days of its reconstitution to consider the application under paragraph 1(a) or 1(b), or

(b) forty-five (45) days after its reconstitution to consider the application under paragraphs 1(a) and 1(b).

4. The Parties may submit observations on the preliminary report pursuant to Article 17.12.5. The arbitral tribunal may reconsider the preliminary report in accordance with Article 17.12.6.

5. The arbitral tribunal shall notify its award to the Parties within:

(a) within fifteen (15) days after the filing of the preliminary report, in cases where it considers the request under paragraph 1(a) or 1(b), or

(b) within twenty (20) days of the submission of the preliminary report, in cases where it considers the request under paragraphs 1(a) and 1(b).

6. If any of the original arbitrators is unable to be a member of the arbitral tribunal, the provisions of Article 17.8 shall apply.

7. If the arbitral tribunal determines that the level of benefits or other obligations proposed to be suspended is excessive, or that the complaining Party has failed to observe the principles of Article 17.17.7, it shall establish the manner in which the complaining Party may suspend benefits or other obligations. The Party complained against may only suspend benefits or other obligations in a manner consistent with the arbitral tribunal's determination.

8. If the arbitral tribunal determines that the Party complained against has eliminated the non-conformity, the complaining Party may not suspend benefits or other obligations.

Article 17.19. Good Offices, Conciliation and Mediation

1. The Parties may at any time agree to use alternative means of dispute resolution, such as good offices, conciliation or mediation.

2. Either Party may at any time initiate, suspend or terminate the procedures established under this Article.

3. Good offices, conciliation and mediation proceedings are confidential and without prejudice to the rights of the Parties in any other proceedings.

4. The initiation of any of the alternative means of dispute settlement provided for in this Article shall automatically suspend all ongoing proceedings in the dispute, unless the Parties agree otherwise.

Article 17.20. Emergency Cases

1. In cases of urgency, the time limits set out in this Chapter shall be reduced by half, unless otherwise provided for in this Chapter.

2. Without prejudice to the sixty (60) day period provided for in Article 17.12.2, the arbitral tribunal shall apply the ninety (90)

day period provided for in that Article where the complaining Party so indicates in the request for the establishment of the arbitral tribunal.

3. For the purposes of this Chapter, cases of urgency shall be understood as disputes relating to perishable goods, which include those goods that decompose rapidly due to their natural characteristics, especially in the absence of adequate storage conditions.

Annex 17.1. RULES OF PROCEDURE OF ARBITRAL TRIBUNALS

Application

1. These Rules of Procedure for Arbitral Tribunals (hereinafter referred to as "Rules") are established pursuant to Article 17.11. Unless the Parties agree otherwise, these Rules shall apply to arbitral proceedings under this Chapter.

2. Any reference in these Rules to an Article, Annex or Chapter shall be a reference to an Article, Annex or Chapter of this Agreement. Definitions

3. For the purposes of these Rules:

non-business day means any Saturday, Sunday, public holiday or any other day established by a Party as a non-business day and notified as such under Rule 14;

document means any submission or writing, in paper or electronic form, filed or delivered in the course of arbitral proceedings;

date of delivery means the date on which a document is received by the addressee on the basis of a reliable record of receipt;

Respondent means the party against which a dispute is brought and against which the establishment of an arbitral tribunal is requested under Article 17.5;

claimant: a party making a claim and making a request for the establishment of an arbitral tribunal under Article 17.5;

representative of a Party means the person appointed by that Party to act on its behalf in the arbitration proceeding;

arbitral tribunal means the arbitral tribunal established in accordance with Article 17.5;

permanent unit means the office that each Party designates pursuant to Rule 62 to provide administrative support to an arbitral tribunal, and

responsible unit means the unit of the respondent responsible for carrying out the functions referred to in Rule 61.

Terms of Reference

4. Within fifteen (15) days from the date of delivery of the request for the establishment of the arbitral tribunal, the Parties may agree on terms of reference other than those set out in Article 17.6, which shall be communicated to the responsible unit within that period.

5. The responsible unit shall inform the arbitral tribunal and the Parties of the agreed terms of reference within two (2) days from the date of acceptance of the last arbitrator appointed.

Presentation and Delivery of Documents

6. The Parties, through their permanent units, or the arbitral tribunal, shall deliver any documents to the responsible unit, which shall forward them to the arbitral tribunal and to the permanent units of the Parties.

7. No document shall be deemed to be delivered to the arbitral tribunal or to the Parties unless it is delivered in accordance with the foregoing Rule.

8. Any document shall be delivered to the responsible unit by any physical or electronic means of transmission that provides a record of the sending or receipt of the document. In the case of delivery of a physical document, an original and copies for each arbitrator and for the other Party shall be submitted to the responsible unit. The responsible unit shall acknowledge receipt and deliver such document by the most expeditious means possible to the arbitral tribunal and to the permanent unit of the other Party.

9. Minor errors of form contained in any document may only be corrected by the Parties by delivery of a document clearly

indicating such errors and the corresponding rectification, within seven (7) days from the date of delivery of the document containing such errors. Such corrections shall not affect the time limits set forth in the timetable for the arbitration proceedings referred to in Rule 10.

10. No later than ten (10) days after the date of acceptance of the last arbitrator appointed, the arbitral tribunal, in consultation with the parties to the dispute, shall establish a working timetable containing the maximum time limits and dates by which submissions must be made and hearings conducted in the arbitral proceedings. The timetable shall allow sufficient time for the Parties to complete all stages of the proceedings. The arbitral tribunal may modify the timetable, after consultation with the Parties, and shall notify the Parties, by the most expeditious means possible, of any modification to the timetable.

11. The Complainant shall serve its Initial Brief not less than two (2) days after the establishment of the work schedule referred to in Rule 10. The Respondent shall serve its Response not less than twenty-eight (28) days after the date of service of the Initial Brief.

12. Any delivery to a permanent unit under these Rules will be made during its normal business hours.

13. If the last day for delivery of a document to a permanent unit or the responsible unit falls on a non-business day in that Party, or on any other day on which such units are closed, the document may be delivered on the next business day.

14. Each Party shall provide the responsible unit with a list of the non-business days in that Party, as well as the normal business hours of its permanent units, no later than ten (10) days after the date of acceptance of the last arbitrator appointed.

Treatment of Confidential Information

15. Where a Party wishes to designate specific information as confidential, it shall mark such information in double square brackets, include a cover page that clearly states that the document contains confidential information, and identify the corresponding pages with the legend "CONFIDENTIAL".

16. Pursuant to Article 17.11.4, where a Party submits to the arbitral tribunal a document containing information designated as confidential, it shall, at the request of the other party to the dispute, provide a non-confidential summary thereof within thirty (30) days of the request.

17. During and even after the arbitral proceedings, the Parties, their representatives, the arbitrators or any other person who has participated in the arbitral proceedings shall keep confidential the information qualified as such, as well as the deliberations of the arbitral tribunal, the preliminary report and the observations thereon.

18. The responsible unit shall take such reasonable measures as may be necessary to ensure that experts, stenographers and other persons involved in arbitral proceedings safeguard the confidentiality of information qualified as such.

Functioning of the Arbitral Tribunals

19. Once the appointment of an arbitrator has been made in accordance with Article 17.8, the responsible unit shall communicate this to the arbitrator by the most expeditious means possible. A copy of the Code of Conduct and an affidavit of confidentiality and compliance with the Code of Conduct shall be sent to each appointed arbitrator, whether an incumbent or an alternate, with the communication. Each arbitrator shall have three (3) days to communicate his or her acceptance, in which case he or she shall return the duly signed affidavit to the responsible unit. If the appointed arbitrator does not communicate his acceptance in writing to the responsible unit within the specified time limit, it shall be understood that he does not accept the position.

20. The responsible unit shall inform the parties, by the most expeditious means possible, of the response of each appointed arbitrator or of the fact that no response has been received. Once the three arbitrators appointed as the incumbent arbitrators have communicated their acceptance, the responsible unit shall communicate this, by the most expeditious means possible, to the parties to the dispute.

Challenge of Arbitrators

21. Pursuant to Article 17.8.6, a Party may challenge, with cause, an arbitrator or a prospective arbitrator if it considers that the arbitrator or prospective arbitrator does not meet the qualifications set out in Article 17.7.

21.1. Request for challenge of an arbitrator or alternate arbitrator appointed by a Party:

(a) Any Party that becomes aware of an alleged violation or breach by the arbitrator or alternate arbitrator appointed by the other Party of the requirements for appointment as arbitrator or of the obligations set forth in the Code of Conduct and in

Article 17.7.1 may request his or her challenge. The challenge request shall be reasoned and notified in writing to the other Party, to the challenged arbitrator and to the arbitral tribunal within fifteen (15) days after the appointment of the arbitrator or after the fact giving rise to the challenge request has come to the knowledge of the other Party.

(b) The Parties shall attempt to reach an agreement on the challenge within fifteen (15) days following the notification of the request. The arbitrator may, after the challenge has been raised, resign from his or her function, without this implying acceptance of the validity of the reasons for the challenge.

(c) If the Parties are unable to reach an agreement or if the challenged arbitrator does not withdraw, the request for a challenge shall be decided by the chairman of the arbitral tribunal within fifteen (15) days after the expiration of the time limit set forth in (b). In the event that the chairman of the arbitral tribunal has not accepted his designation by the date of expiration of the time limit set forth in (b), the challenge shall be submitted once the chairman of the arbitral tribunal has accepted his designation.

(d) If, pursuant to paragraph (b) or (c), the request for disqualification of the original arbitrator is granted or the original arbitrator withdraws, the substitute arbitrator appointed pursuant to Article 17.8 shall act as the original arbitrator. If the challenge concerns an incumbent arbitrator who was an alternate arbitrator, a successful challenge shall entitle the Party that appointed the incumbent arbitrator to appoint a new incumbent arbitrator in accordance with Article 17.8.

21.2. Disqualification of the chairman of the arbitral tribunal:

(a) Any Party that becomes aware of an alleged violation or breach by the chairman of the arbitral tribunal of the requirements for appointment as chairman of the arbitral tribunal or of the obligations set forth in the Code of Conduct and Article 17.7.1 may request the removal of the chairman of the arbitral tribunal. The request for disqualification shall be reasoned and notified in writing to the other Party, the chairman of the arbitral tribunal and the arbitral tribunal within fifteen (15) days after the appointment, drawing of lots or knowledge of the fact giving rise to the request for disqualification.

(b) The Parties shall attempt to reach an agreement on the request for a challenge of the chairman of the arbitral tribunal within fifteen (15) days after the notification of the challenge. The chairman of the arbitral tribunal may, after the challenge has been raised, resign from his or her position, without this implying acceptance of the validity of the reasons for the challenge.

(c) If it is not possible to reach agreement or if the challenged arbitrator does not withdraw, the request for challenge shall prevail and the alternate arbitrator shall take the place of the challenged arbitrator. Each Party may make a single request for a challenge of the chairman of the arbitral tribunal. However, a request for a challenge of the presiding arbitrator in which the presiding arbitrator has resigned pursuant to subparagraph (b) shall not be counted as a request for a challenge for purposes of this subsection.

22. The time limits provided for in this Chapter and in these Rules, which are counted from the appointment of the last arbitrator, shall start to run from the date on which the last arbitrator accepted his appointment.

23. The chairman of the arbitral tribunal shall preside at all its meetings. The arbitral tribunal may delegate to its chairman the power to take administrative and procedural decisions.

24. The arbitral tribunal shall conduct its proceedings in person or by any technological means.

25. Only the arbitrators may participate in the deliberations of the arbitral tribunal, unless, after prior notice to the Parties, the arbitral tribunal requires the presence of their assistants and, if necessary, interpreters during such deliberations.

26. For procedural matters not covered by these Rules, the arbitral tribunal, in consultation with the Parties, may establish supplementary rules of procedure, provided that they do not conflict with the provisions of this Agreement and these Rules. When such procedure is adopted, the presiding arbitrator shall immediately notify the Parties.

Hearings

27. The presiding arbitrator shall fix the place, date and time of the hearings, in consultation with the Parties, subject to Rule 10. The dates of the hearings shall be fixed after the Parties have filed their initial and counter-submissions, respectively, or the time limits for such submissions have expired. The responsible unit shall notify the Parties, by the most expeditious means possible, of the place, dates and time of the hearings.

28. Unless otherwise agreed by the Parties, hearings shall be held in the capital of the tespondent.

29. When it considers it necessary, the arbitral tribunal may, with the agreement of the Parties, convene additional hearings.

30. All arbitrators must be present at the hearings, otherwise they cannot be held. The hearings shall be held in person in accordance with Rule 28. However, the arbitral tribunal may, with the consent of the Parties, agree that the hearings may be held by any other means.

31. All hearings shall be closed to the public. Notwithstanding the foregoing, when one of the Parties for justified reasons so requests, and with the agreement of the other Party, such hearings may be open, except when information designated as confidential by one of the Parties is being discussed. Unless otherwise agreed by the Parties, the presence of the public at the hearings of the arbitral tribunal shall be by means of simultaneous transmission by closed-circuit television or any other technological means.

32. A Party wishing to present confidential information during a hearing shall so advise the responsible unit at least ten (10) days prior to the hearing. The responsible unit shall take the necessary measures to ensure that the hearing is conducted in accordance with Rule 31.

33. Unless the Parties agree that the hearings shall be open, the hearings may only be attended by, and shall in all circumstances exclude, any person who could reasonably be expected to benefit from access to confidential information:

(a) representatives of the parties to the dispute, officials and advisers designated by them, and

(b) referee's assistants and interpreters, if required.

34. The Parties may object to the presence of any of the persons referred to in Rule 33 no later than two (2) days prior to the hearing, stating the reasons for such objection. The objection shall be decided by the arbitral tribunal prior to the commencement of the hearing.

35. No later than five (5) days before the date of the hearing, each Party shall submit to the responsible unit a list of the persons who will attend the hearing as representatives and other members of its delegation.

36. The hearings shall be conducted by the presiding arbitrator, who shall ensure that the Parties are given equal time to present their oral arguments.

37. The hearing will be conducted in the following order:

(a) Pleadings

(i) the applicant's pleading, and

(ii) Defendant's pleading.

(b) Replicas and rejoinders

(i) the applicant's reply, and

(ii) rejoinder of the defendant.

38. The arbitral tribunal may put questions to any Party at any time during the hearings.

39. The responsible unit shall take the necessary measures to keep a system for recording oral proceedings. Such record shall be made by any means, including transcription, that ensures the preservation and reproduction of its contents. At the request of either party or the arbitral tribunal, the responsible unit shall provide a copy of the record. In the case of a hearing closed to the public, such record may be requested only by the Parties or the arbitral tribunal.

Complementary Documents

40. The arbitral tribunal may, at any time during the proceedings, put questions in writing to any Party and shall determine the period of time within which it shall deliver its answers.

41. Each Party shall be given an opportunity to comment in writing on the answers referred to in Rule 40 within such period of time as the arbitral tribunal may prescribe.

42. Notwithstanding the provisions of Rule 10, within ten (10) days after the date of the conclusion of the hearing, the Parties may submit supplemental written submissions regarding any matter that arose during the hearing.

Burden of Proof with Respect to Incompatible Measures and Exceptions

43. A complaining party that considers that a measure of the responding party is inconsistent with the obligations under the

Agreement, or that the responding party has otherwise failed to comply with the obligations under the Agreement, shall have the burden of proving such inconsistency or failure, as the case may be.

44. Where the defending party considers that a measure is justified by an exception under the Agreement, it shall have the burden of proving it.

45. The Parties shall offer or submit evidence with the initial and rebuttal submissions in support of the arguments made in those submissions. The Parties may also submit additional evidence in connection with their rebuttal and rejoinder submissions.

Ex Parte Contacts

46. The arbitral tribunal shall not meet or contact a Party in the absence of the other Party.

47. No arbitrator may discuss any matter relating to the arbitration proceedings with a Party in the absence of the other arbitrators and the other Party.

48. In the absence of the Parties, an arbitral tribunal may not meet or have discussions concerning the subject matter of the arbitral proceedings with a person or entity that provides information or technical advice.

Information and Technical Advice

49. The arbitral tribunal may not request information or technical advice pursuant to Article 22.11.5, whether at the request of a Party or on its own initiative, after ten (10) days from the date of the hearing, unless the Parties agree otherwise.

50. Within five (5) days after the date on which the arbitral tribunal decides to request information or technical advice, and after consulting with the Parties, it shall select the person or entity that will provide the information or technical advice.

51. The arbitral tribunal shall select experts or advisors strictly on the basis of their expertise, objectivity, impartiality, independence, reliability and sound judgment.

52. The arbitral tribunal may not select as an expert or advisor a person who has, or whose employers, partners, associates or relatives have, a financial, personal or other interest which may affect his or her independence and impartiality in the proceedings.

53. The arbitral tribunal shall deliver a copy of its request for information or technical advice to the responsible unit, which in turn shall deliver it by the most expeditious means possible to the Parties and to the persons or entities that are to provide the information or technical advice.

54. The persons or entities shall deliver the information or technical advice to the responsible unit within the time period established by the arbitral tribunal, which in no event shall exceed ten (10) days from the date of receipt of the arbitral tribunal's request. The responsible unit shall deliver to the Parties and to the arbitral tribunal, by the most expeditious means possible, the information provided by the experts or technical advisors.

55. Any Party may submit comments on the information provided by the experts or technical advisors within five (5) days from the date of delivery. Such comments shall be submitted to the responsible unit, which shall, no later than the following day, deliver them to the Party and to the arbitral tribunal.

56. Where a request for information or technical advice is made, the parties may agree to suspend the arbitral proceedings for a period of time to be determined by the arbitral tribunal in consultation with the parties to the dispute.

Computation of Deadlines

57. All time limits set forth in this Chapter, in these Rules or by the arbitral tribunal shall be calculated from the day after the notice, request or document relating to the arbitral proceedings has been received.

58. In the event that any action is required to be taken, before or after a date or event, the day of that date or event shall not be included in the computation of the time limit.

59. Where the period begins or expires on a non-business day, the provisions of Rule 13 shall apply.

60. All time limits set forth in this Chapter and these Rules may be modified by mutual agreement of the Parties.

Responsible Unit

61. The responsible unit shall have the following functions:

(a) provide administrative assistance to the arbitral tribunal, the arbitrators and their assistants, interpreters, translators, persons or entities selected by the arbitral tribunal to provide information or technical advice and other persons involved in the arbitral proceedings;

(b) make available to the arbitrators, upon acceptance of their appointment, documents relevant to the arbitral proceedings;

(c) keep a copy of the complete file of each arbitration proceeding;

(d) inform the Parties of the amount of costs and other expenses associated with the arbitral proceedings that each Party will bear; and

(e) Theorganizing the logistical issues relating to the hearings

Permanent Unit

62. Each Party shall designate a permanent Unit to provide administrative support to the arbitral tribunal. Once designated, its address shall be communicated to the Bilateral Administrative Commission no later than sixty (60) days from the date of entry into force of this Agreement.

Costs and Other Associated Expenses

63. Each Party shall bear the cost of the arbitrator it appoints or should have appointed pursuant to Article 17.8, as well as the cost of any assistants, travel, accommodation and other expenses associated with the conduct of the proceeding.

64. The costs of the presiding arbitrator, his or her assistants, if any, travel, lodging and other expenses associated with the proceedings shall be borne by the Parties in equal proportions.

65. Each arbitrator shall keep a complete record of the expenses incurred and submit a settlement, together with supporting documents, for the purpose of determining their appropriateness and subsequent payment. The same shall apply to assistants and experts.

66. The amount of the fees of the arbitrators, their assistants and experts, as well as the expenses that may be authorized, shall be established by the Bilateral Administrative Commission. In determining the amount of the arbitrators' fees, the Bilateral Administrative Commission shall use as a reference the WTO schedule of fees for non-governmental arbitrators in a WTO dispute.

67. Where the chairman of the arbitral tribunal or an arbitrator requires one or more assistants for the conduct of the arbitral tribunal's work, this shall be agreed upon by both parties.

Arbitral Tribunal for the Review of Compliance and Suspension of Benefits

68. Without prejudice to the foregoing rules, in the case of a proceeding conducted pursuant to Article 17.18 the following shall apply:

(a) where a Party requests the establishment of the arbitral tribunal, it shall deliver its initial written statement within five (5) days after the constitution of the arbitral tribunal pursuant to Article 17.18;

(b) the other Party shall deliver its written counter-submission within fifteen (15) days of the date of receipt of the initial written submission, and

(c) subject to the time limits set forth in the Agreement and these Rules, the arbitral tribunal shall establish the time limit for the delivery of any supplementary documents, ensuring that each Party has an equal opportunity to submit documents.

Procedure for the selection of the Chairman of the Arbitral Tribunal in case of non- appointment

69. Unless the Parties agree otherwise, the following procedure shall apply for the purpose of selecting the presiding arbitrator pursuant to Article 17.8:

(a) the drawing of lots shall take place in the capital of the complaining Party;

(b) the complaining Party shall notify the Party complained against of the date of the drawing of lots at least five (5) days in advance. The Party complained against shall designate a representative to be present during the drawing of lots;

(c) the complaining Party shall provide a container containing envelopes containing the names of the candidates for the presiding arbitrators of the arbitral tribunal, in accordance with Article 17.8. The Party complained against shall check each envelope before it is sealed for the drawing of lots;

(d) after all the envelopes have been sealed and placed in the container, the representative of the Party complained against shall draw one of the envelopes, at random and without any possibility of discerning the identity of the candidate whose name is on the envelope;

(e) the candidate whose name is on the envelope drawn shall be the chairman of the arbitral tribunal,

(f) after the selection of the chairman of the arbitral tribunal, the procedure set out in this Rule shall apply to the selection of his alternate.

70. If, after the notification referred to in Rule 69(b), the representative of the Party complained against fails to appear at the drawing of lots, or if such representative refuses to draw an envelope from the container in accordance with Rule 69(d), the complaining Party shall draw the envelope.

71. Ifa Party fails to submit its list of candidates, the president of the arbitral tribunal shall be appointed by drawing lots from the list submitted by the other Party.

Procedure for selecting an Arbitrator in case of non-appointment

72. Ifa Party fails to appoint its arbitrator within the time period provided for in Article 17.8, the arbitrator shall be appointed by the other Party from the indicative list of WTO panelists for the Party that failed to appoint the arbitrator. In the event that candidates from that list are not available, the arbitrator shall be selected from the indicative list of WTO panelists for any Member other than a Party.

Annex 17.2. CODE OF CONDUCT FOR ARBITRAL DISPUTE RESOLUTION PROCEEDINGS

Preamble

Considering that the Parties attach paramount importance to the integrity and fairness of proceedings conducted pursuant to this Chapter, the Parties establish this Code of Conduct pursuant to Article 17.7. 1.

Definitions

For the purposes of this Code of Conduct:

arbitrator means the person selected under Article 17.8 to serve on an arbitral tribunal;

adviser or expert means a person who provides technical information or advice under Rule 49 of the Rules;

assistant means a person who provides support to the referee;

Affidavit means the Affidavit of Confidentiality and Code of Conduct Compliance attached to this Code of Conduct;

family member means the arbitrator's spouse, cohabitant or common-law spouse, relatives by blood and affinity, stepfamilies and the spouses of such persons;

proceedings, unless otherwise specified, means the proceedings of an arbitral tribunal under this Chapter;

Rules means the Rules of Procedure of Arbitral Tribunals, and arbitral tribunal means the arbitral tribunal established under Article 17.5. 2.

Current Principles

(a) Each arbitrator shall be independent and impartial and shall avoid direct or indirect conflicts of interest. He or she shall not receive instructions from any government or governmental or non-governmental organization.

(b) Each arbitrator and former arbitrator shall respect the confidentiality of the proceedings of the arbitral tribunal.

(c) Each arbitrator must disclose the existence of any interest, relationship or matter that might bear on his or her independence or impartiality and that might reasonably create an appearance of impropriety or a fear of bias. An appearance of impropriety or fear of bias exists when a reasonable person, with knowledge of all relevant circumstances that a reasonable inquiry might reveal, would conclude that an arbitrator's ability to perform his or her duties with integrity, impartiality and competence is impaired.

(d) This Code of Conduct does not state under what circumstances the Parties will disqualify an arbitrator on the basis of a disclosure.

3. Responsibilities towards the Procedure

Each arbitrator and former arbitrator shall avoid being or appearing improper and shall maintain a high standard of conduct to preserve the integrity and fairness of the dispute resolution process.

4. Disclosure Obligations

(a) Throughout the proceedings, arbitrators have a continuing obligation to disclose interests, relationships and matters that may be linked to the integrity or fairness of the arbitration dispute resolution proceedings.

(b) As expeditiously as possible, after it is known that a person is being considered for membership on the arbitral tribunal, the responsible unit shall provide that person with a copy of this Code of Conduct and the Affidavit.

(c) The person being considered for appointment to the arbitral tribunal shall have three (3) days to accept his or her appointment as arbitrator, in which case he or she shall return the duly signed Affidavit to the responsible unit. The person being considered for appointment to the arbitral tribunal shall disclose any interest, relationship or matter that might influence his or her independence or impartiality or that might reasonably create the appearance of impropriety or a fear of bias in the proceeding. To this end, such person shall make all reasonable efforts to become aware of such interests, relationships and matters. Accordingly, he or she shall disclose, at a minimum, the following interests, relationships and matters:

(i) any financial or personal interest in:

(A) the procedure or its outcome, and

(B) an administrative proceeding, a domestic judicial proceeding or other international dispute settlement procedure, or an international disputes involving issues that can be decided in the proceeding for which it is being considered;

(ii) any financial interest of the employer, partner, associate or family member in:

(A) the procedure or its outcome, and

(B) an administrative proceeding, national judicial proceeding or other international dispute settlement proceeding involving issues that can be decided in the proceeding for which it is being considered;

(iii) any current or former relationship of a business, commercial, professional, family or social nature with any of the parties to the proceeding or their counsel or any such relationship involving their employer, partner, associate or family member; and

(iv) public advocacy or legal or other representation on any matter in controversy in the proceeding or involving the same goods or services.

(d) Once appointed, the arbitrator shall continue to make every reasonable effort to become aware of any interest, relationship or matter referred to in subparagraph (c) and shall disclose them. The duty of disclosure is an ongoing duty requiring an arbitrator to disclose any interest, personal relationship and matter that may arise at any stage of the proceeding.

(e) If there is any doubt as to whether an interest, personal relationship or matter should be disclosed under subparagraph (c) or (d), the arbitrator must choose in favour of disclosure. Disclosure of an interest, personal relationship or matter is without prejudice to whether the interest, personal relationship or matter is covered by subparagraphs (c) or (d), or whether it warrants cure under subsection 6(g) or disqualification.

(f) The disclosure obligations set forth between subparagraphs (a) and (e) should not be interpreted in such a way that the burden of detailed disclosure would make it impractical to serve as arbitrators to persons in the legal or business community, thereby depriving the Parties of the services of those who might be best qualified to serve as arbitrators.

5. Performance of duties by the Arbitrators

(a) Bearing in mind that the prompt settlement of disputes is essential to the effective functioning of the Agreement, the arbitrator shall perform his or her duties in a thorough and expeditious manner throughout the course of the proceedings.

(b) Each arbitrator shall ensure that the responsible unit can, at all reasonable times, contact the arbitrator to carry out the tasks of the arbitral tribunal.

(c) Every arbitrator shall perform his or her duties fairly and diligently.

(d) An arbitrator shall comply with the provisions of this Chapter and the Rules.

(e) An arbitrator shall not deny the other arbitrators on the arbitral tribunal the opportunity to participate in all aspects of the proceedings.

(f) An arbitrator shall not make ex parte contacts in relation to the proceeding in accordance with Rules 46, 47 and 48 of the Rules.

(g) An arbitrator shall consider only such matters presented in the proceedings as are necessary to make a decision and shall not delegate his or her decision making duties to any other person.

(h) Each Arbitrator shall take the necessary steps to ensure that his or her assistants comply with paragraphs 3 (Responsibilities to the Proceeding), 4 (Disclosure Obligations), 5(d) (Rules), 5(h) (Ex Parte Contacts) and 8 (Confidentiality) of this Code of Conduct.

(i) No arbitrator shall disclose matters relating to actual or potential violations of this Code of Conduct unless the disclosure is with both standing units and addresses the need to determine whether an arbitrator has violated or may violate the Code.

6. Independence and Impartiality of Arbitrators

(a) An arbitrator shall be independent and impartial. An arbitrator shall act fairly and shall not create the appearance of impropriety or a fear of bias.

(b) An arbitrator shall not be influenced by self-interest, outside pressure, political considerations, public pressure, loyalty to a Party or fear of criticism.

(c) An arbitrator may not, directly or indirectly, incur any obligation or accept any benefit that would in any way interfere, or appear to interfere, with the proper performance of his or her duties.

(d) An arbitrator shall not use his or her position on the arbitral tribunal to promote personal or private interests. An arbitrator shall avoid actions that may create the impression that others are in a special position to influence him or her. An arbitrator shall make every effort to prevent or discourage others from purporting to have such influence.

(e) An arbitrator shall not allow his or her past or present financial, business, professional, family or social relationships or responsibilities to influence his or her conduct or judgment.

(f) An arbitrator shall avoid entering into any relationship or acquiring any financial interest which is likely to influence his or her impartiality or which might reasonably create the appearance of impropriety or a fear of bias.

(g) If an arbitrator's interest, personal relationship or matter is incompatible with subparagraphs (a) through (f), the arbitrator may accept appointment to an arbitral tribunal or may continue to serve on an arbitral tribunal, as appropriate, if the Parties waive the violation or if, after the arbitrator has taken steps to cure the violation, the Parties determine that the incompatibility no longer exists.

7. Duties of Former Arbitrators

A former arbitrator shall ensure that his or her actions do not create the appearance that he or she was biased in the performance of his or her duties or that he or she might have benefited from the decisions of the arbitral tribunal.

8. Confidentiality

(a) An arbitrator or former arbitrator shall not at any time disclose or use confidential information relating to a proceeding or acquired during a proceeding except for the purposes of the proceeding itself, nor shall he or she disclose or use such information for personal gain or for the benefit of others or to adversely affect the interests of others.

(b) An arbitrator shall not disclose an award of the arbitral tribunal rendered under Chapter 17 (Dispute Resolution) before the Parties publish the final award. Arbitrators or former arbitrators shall not disclose at any time the identity of the arbitrators in the majority or minority in a proceeding under Chapter 17 (Dispute Resolution).

(c) An arbitrator or former arbitrator shall not at any time disclose the deliberations of an arbitral tribunal or the opinion of an arbitrator, except as required by law.

(d) An arbitrator shall not make public statements about the merits of a pending proceeding.

9. Responsibilities of Assistants, Advisors and Experts Paragraphs 3 (Responsibilities to the Proceedings), 4 (Disclosure Obligations), 5(d) (Rules), 5(h) (Ex Parte Contacts), 7 (Obligations of Former Arbitrators) and 8 (Confidentiality) of this Code of

Conduct also apply to assistants, advisers and experts.

Appendix 17.2.1. AFFIDAVIT OF CONFIDENTIALITY AND COMPLIANCE WITH THE CODE OF CONDUCT

1. I acknowledge that I have received a copy of the Code of Conduct for Arbitral Dispute Settlement Procedures under Chapter 17 (Dispute Settlement) of the Trade Agreement between the Republic of Chile and the Republic of Paraguay (the "Code of Conduct").

2. I acknowledge that I have read and understood the Code of Conduct.

3. I understand that I have a continuing obligation to disclose interests, personal relationships and matters that may be related to the integrity or fairness of the arbitration dispute resolution proceeding. As part of that obligation, I make the following affidavit:

(a) My financial interest in the proceedings or their outcome is as follows:

(b) My pecuniary interest in any administrative proceedings, domestic judicial proceedings and other international dispute settlement proceedings relating to matters that may be decided in the proceeding for which I am under consideration is as follows:

(c) The economic interests that any employer, partner, associate or family member may have in the proceedings or their outcome are as follows:

(d) The economic interests that any employer, partner, associate or family member may have in any administrative proceeding, domestic judicial proceeding and other international dispute settlement proceeding involving matters that may be decided in the proceeding for which I am under consideration are as follows:

(e) My past or present financial, business, professional, family or social relationships with any party to the proceeding or its counsel are as follows:

(f) My past or present financial, business, professional, family or social relationships with any party to the proceeding or its counsel, involving any employer, partner, associate or family member, are as follows:

(g) My public advocacy or legal or other representation relating to any matter at issue in the proceeding or involving the same goods or services is as follows:

(h) My other interests, relationships and matters that may affect the integrity or fairness of the dispute resolution proceeding and that have not been disclosed in subparagraphs (a) through (g) in this opening statement are as follows:

Subscribed on the day of the month of _____ of the year_____.

By:

Name:

Signature:

Chapter 18. GENERAL EXCEPTIONS

Article 18.1. General Exceptions

1. For the purposes of Chapters 2 (Trade Facilitation), 4 (Sanitary and Phytosanitary Measures), 5 (Technical Barriers to Trade) and 7 (Electronic Commerce) of this Agreement, Article XX of GATT 1994 and its interpretative notes are incorporated into and made part of this instrument, mutatis mutandis.

2. For the purposes of this Agreement, the Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living or non-living exhaustible natural resources.

3. For the purposes of Chapter 6 (Trade in Services) and Chapter 7 (Electronic Commerce)(1), paragraphs (a), (b) and (c) of Article XIV of the GATS are hereby incorporated into and made part of this Agreement, mutatis mutandis. The Parties understand that the measures referred to in Article XIV(b) of the GATS include environmental measures necessary to protect human, animal or plant life or health.

(1) This paragraph does not prejudge whether digital products should be classified as a good or service.

Article 18.2. Security Exceptions

1. For the purposes of this Agreement, Article XXI of GATT 1994 and Article XIV bis of GATS are hereby incorporated into and made part of this Agreement, mutatis mutandis.

2. Nothing in this Agreement shall be construed to mean:

(a) require a Party to provide or permit access to any information the disclosure of which it considers contrary to its essential security interests; or

(b) prevent a Party from taking any action for the fulfillment of its obligations with respect to the maintenance or restoration of international peace or security, or which it considers necessary for the protection of its own essential security interests.

Article 18.3. Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to furnish or permit access to information the disclosure of which would be contrary to its legal system or would impede the application of the law, or would otherwise be contrary to the public interest, or would prejudice the legitimate commercial interests of particular enterprises, public or private.

Article 18.4. Temporary Safeguarding Measures

1. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures restricting payments or transfers for current account transactions in the event that it experiences serious difficulties in, or threats to, its balance of payments and external finances.

2. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures restricting payments or transfers related to capital movements:

(a) in the event of serious difficulties in, or threats to, its balance of payments and external finances; or

(b) where, in exceptional circumstances, payments or capital transfers cause or threaten to cause serious difficulties for macroeconomic management.

3. Any action taken or maintained under paragraph 1 or 2 shall:

(a) be applied in a non-discriminatory manner so that no Party is treated less favourably than a non-Party;

(b) be consistent with the Articles of Agreement of the International Monetary Fund;

(c) avoid unnecessary damage to the commercial, economic and financial interests of the other Party;

(d) not go beyond what is necessary to overcome the circumstances set out in paragraphs 1 or 2, and

(e) be temporary and be phased out as soon as the situations specified in paragraph 1 or 2 improve.

4. With respect to trade in goods, the Parties shall apply the Fifteenth Additional Protocol to ACE No. 35.

5. With respect to trade in services, nothing in this Agreement shall be construed to prevent a Party from adopting trade-restrictive measures so as to enable it to safeguard its external financial position or balance of payments. Such restrictive measures shall be consistent with the GATS.

6. A Party that adopts or maintains measures pursuant to paragraphs 1, 2, 4 or 5 shall:

(a) promptly notify the other Party of the measures adopted, including any changes thereto;

(b) promptly enter into consultations with the other Party to review the measures adopted or maintained by it:

(i) in the case of capital movements, respond promptly to the other Party requesting consultations regarding measures taken by it, provided that such consultations were not being conducted outside the framework of this Agreement,

(ii) in the case of current account restrictions, if consultations regarding the measures taken by it are not conducted within

the framework of the WTO Agreement, the Party shall, if requested, promptly enter into consultations with the other Party.

Article 18.5. Taxation Measures

1. For the purposes of this Article:

designated authorities means:

(a) in the case of Chile, the Undersecretary of Finance, or his or her successor, and

(b) in the case of Paraguay, the Under-Secretary of State for Taxation, or his successor;

tax treaty means a convention for the avoidance of double taxation or other international agreement or arrangement in tax matters;

Taxes and tax measures include excise taxes, but do not include:

(a) any tariff or charge of any kind applied to or in connection with the importation of a good, and any form of surcharge or surtax applied in connection with such importation, or

(b) any duty or other charge related to importation commensurate with the cost of services rendered, or

(c) any anti-dumping duty or countervailing measure.

2. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

3. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax treaty. In the event of any inconsistency between this Agreement and any such tax treaty, that treaty shall prevail to the extent of the inconsistency.

4. In the case of a tax treaty between the Parties, if a dispute arises as to the existence of any inconsistency between this Agreement and the tax treaty, the dispute shall be referred to the Parties' designated authorities. The designated authorities of the Parties shall have six (6) months from the date of referral of the dispute to make a determination as to the existence and extent of any inconsistency. If those designated authorities so agree, the period may be extended to twelve (12) months from the date of referral of the dispute. No proceeding relating to the measure giving rise to the dispute may be initiated under Chapter 17 (Dispute Settlement) until the expiration of the six (6) month period, or such other period as may be agreed upon by the designated authorities. An arbitral tribunal established to hear a dispute relating to a taxation measure shall accept as binding the determination made by the designated authorities of the Parties under this paragraph.

5. Subject to paragraph 3:

(a) Article 6.3 (National Treatment) shall apply to taxation measures on income, capital gains, on the taxable capital of corporations, or on the value of an investment or property (but not on the transfer of such investment or property), that relate to the purchase or consumption of specified services, except that nothing in this subparagraph shall prevent a Party from conditioning the receipt or continued receipt of an advantage related to the purchase or consumption of specified services on requirements to supply the service in its territory, and

(b) Article 6.3 (National Treatment) shall apply to all tax measures, other than those on income, capital gains, on the taxable capital of corporations, on the value of an investment or property (3) (but not on the transfer of that investment or property), or estate, inheritance, gift, and generation-skipping transfer taxes;

but nothing in the Article referred to in subparagraphs (a) and (b) shall apply to:

(c) any most-favoured-nation obligation with respect to an advantage granted by a Party in accordance with a tax convention;

(d) a non-conforming provision of any existing tax measure;

(e) the continuation or prompt renewal of a non-conforming provision of any existing tax measure;

(f) an amendment of a non-conforming provision of any existing taxation measure, to the extent that such amendment does not reduce its degree of conformity, at the time the amendment is made, with any of those Articles; (4)

(g) the adoption or application of any new taxation measure aimed at ensuring the equitable or effective application or collection of taxes, including any taxation measure that differentiates between persons based on their place of residence for tax purposes, provided that the taxation measure does not arbitrarily discriminate between persons, goods or services of

the Parties; (5)

(h) a provision that conditions the receipt or continued receipt of an advantage relating to contributions to, or income from, a pension fund, pension plan or other scheme to provide pension, retirement or similar benefits on a requirement that the Party maintain continuing jurisdiction, regulation or supervision over that fund, plan, or other arrangement.

(2) This is without prejudice to the methodology used to determine the value of such investment or property under the respective laws of the Parties.

(3) This is without prejudice to the methodology used to determine the value of such investment or property under the respective laws of the Parties.

(4) For greater certainty, the amendment of non-conforming provisions under this subparagraph may include the adoption of a specific tax in respect of insurance premiums in place of an income tax in respect of insurance premiums.

(5) The Parties understand that this subparagraph is to be interpreted by reference to the footnote to Article XIV(d) of the GATS as if the Article were not restricted to services or direct taxes.

Chapter 19. FINAL PROVISIONS

Article 19.1. Annexes, Appendices and Footnotes

The annexes, appendices and footnotes to this Agreement constitute an integral part of this Agreement.

Article 19.2. Amendments to the Agreement

1. The Parties may agree on any amendment to this Agreement.

2. The agreed amendments shall enter into force in accordance with the provisions of Article 19.7, and shall constitute an integral part of this Agreement.

Article 19.3. Amendments to Incorporated or Referred Agreements

In the event that any agreement incorporated or referred to in this Agreement, including the WTO Agreement, is amended, the Parties shall consult with respect to the need to amend this Agreement.

Article 19.4. Accession

1. In compliance with the provisions of the Treaty of Montevideo of 1980, this Agreement shall be open to the accession of the other member countries of LAIA.

2. A member country of LAIA may accede to this Agreement subject to the terms for accession agreed by the Parties.

3. The accession shall be formalized by means of an additional protocol to this Agreement, which shall enter into force sixty (60) days from the date on which the General Secretariat of ALADI notifies having received the last communication from the Parties and the acceding country informing the fulfillment of the requirements established in their internal legislations.

Article 19.5. Convergence

The Parties shall promote the convergence of this Agreement with other integration agreements of Latin American countries, in accordance with the mechanisms established in the 1980 Treaty of Montevideo.

Article 19.6. Future Negotiations

1. The Parties undertake that, no later than two (2) years after the entry into force of this Agreement, they will negotiate a

Chapter on telecommunications services on a mutually convenient basis.

2. The Parties undertake that, no later than two (2) years after the entry into force of this Agreement, they will negotiate improvements to their schedules of specific commitments on services, to the satisfaction of both Parties, without modifying the text of the respective Chapter.

Article 19.7. Entry Into Force and Denunciation

1. This Agreement shall be of indefinite duration.

2. The entry into force of this Agreement is subject to the completion of the necessary internal legal procedures of each Party.

3. This Agreement shall enter into force ninety (90) days after the date on which the General Secretariat of LAIA notifies the Parties of having received the last communication from the Parties informing the compliance with the requirements established in their internal legislations.

4. Any of the Parties may denounce this Agreement by means of a written notification to the General Secretariat of LAIA. This Agreement shall cease to produce its effects one hundred and eighty (180) days after the date on which the General Secretariat of ALADI notifies the Parties of having received such notification.

5. The General Secretariat of LAIA shall be the depository of this Agreement, of which it shall send duly authenticated copies to the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Santiago, Chile, on December 1, 2021.

FOR THE GOVERNMENT OF THE REPUBLIC OF CHILE

André Allamand

Minister of Foreign Affairs

FOR THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY

Euclides Acevedo

Minister of Foreign Affairs