FREE TRADE AGREEMENT BETWEEN THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF THE REPUBLIC OF PERU

The Government of the People's Republic of CHINA ("China") on one side, and the Government of the Republic of PERU ("Peru") on the other side, collectively referred to as "the Parties" and individually referred to as "Party", resolved to:

ACKNOWLEDGE AND HONOR their strong and long standing cultural influence;

STRENGTHEN the special bonds of friendship and cooperation between the Parties;

RECOGNIZE that this Agreement should be implemented with a view toward raising the standard of living, creating new employment opportunities, reducing poverty and promoting sustainable development in a manner consistent with environmental protection and conservation;

ESTABLISH clear and mutually advantageous rules governing their trade;

ENSURE a predictable legal framework for trade and business and investment;

PROMOTE reciprocal trade through the establishment of clear and mutually advantageous trade rules and the avoidance of trade barriers, unjustified discrimination and distortions to their reciprocal trade;

PROMOTE AND PRESERVE their ability to safeguard public welfare;

SHARE the belief that a free trade agreement shall produce mutual benefits to each Party and contribute to the expansion and development of international trade; and

REAFFIRM their consent to strengthen and enhance the multilateral trading system as reflected by the World Trade Organization (WTO) and other multilateral, regional and bilateral instruments of cooperation regarding trade;

HAVE AGREED as follows:

Chapter 1. Initial Provisions

Article 1. Objectives

The Parties conclude this Agreement, among others, for purposes of:

(a) Encouraging expansion and diversification of trade between the Parties;

(b) Eliminating the barriers to trade in, and facilitate the cross-border movement of goods and services between the Parties;

(c) Promoting fair competition in the Parties' markets;

(d) Creating new employment opportunities;

(e) Creating framework for furthering bilateral, regional and multilateral cooperation to expand and enhance the benefits of this Agreement; and

(f) Providing forum and approach for resolution of disputes amiably.

Article 2. Establishment of a Free Trade Area

The Parties to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT 1994)

and Article V of the General Agreement on Trade in Services (GATS), hereby establish a free trade area.

Article 3. Relation to other International Agreements

1. The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and any other agreements related to trade to which the Parties are party (1).

2. In the event of any inconsistency between this Agreement and any other agreement to which the Parties are party, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution in accordance with rules of interpretation of public international law.

3. If any provision of the WTO Agreement that the Parties have been incorporated to this Agreement is amended and accepted by the Parties at the WTO, such amendment shall be deemed incorporated automatically to this Agreement.

(1) The agreements mentioned in paragraph 1 shall include treaties, conventions, agreements, protocols, and memorandums of understanding entered into by the Parties or government agencies of the Parties.

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Article 4. Extent of Obligations

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement in their respective territories, including ensuring that their respective regional and local governments and authorities, and non-governmental bodies in the exercise of governmental powers delegated to them by central, regional and local governments or authorities observe all obligations and commitments under this Agreement.

Article 5. Definitions of General Application

For purposes of this Agreement, unless otherwise specified:

Agreement means the Free Trade Agreement between the Government of the People's Republic of China and the Government of the Republic of Peru;

Commission means the Free Trade Commission established under Article 170 (Free Trade Commission) of Chapter 14 (Administration of the Agreement);

Customs authority means the authority that is responsible under the law of a Party for the administration and enforcement of customs laws and regulations;

Customs duty includes any duty or charge of any kind imposed in connection with the importation of goods, but does not include any:

(a) Charge equivalent to an internal tax imposed consistently with Article III.2 of the GATT 1994;

(b) Antidumping or countervailing duty that is applied pursuant to Article VI of the GATT 1994, the WTO Agreement on Implementation of Article VI of the GATT 1994, or the WTO Agreement on Subsidies and Countervailing Measures; or

(c) Fee or other charge in connection with importation commensurate with the cost of services rendered;

Customs Valuation Agreement means the Agreement on Implementation of Article VII of the GATT 1994 which is a part of the WTO Agreement;

Days means calendar days;

Existing means in effect on the date of entry into force of this Agreement;

GATS means the WTO General Agreement on Trade in Services which is a part of the WTO Agreement;

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

Goods of a Party means the domestic products as these understood in the GATT 1994 or such goods as the Parties may agree and includes originating goods of that Party;

Harmonized System (HS) means the Harmonized Commodity Description and Coding System adopted by the World Customs Organization including its General Rules of Interpretation, and its Section and Chapter Notes;

Heading means the first four digits in the tariff classification number under the HS;

Juridical person means an entity constituted or organized under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, including a corporation, trust, partnerhsip, sole proprietorship, joint venture or association;

Measure includes any law, regulation, procedure, requirement or practice;

National means:

(a) For China, a natural person who has the nationality of China according to the laws of China; and

(b) For Peru, a Peruvian by birth, naturalization or option in accordance with Articles 52 and 53 of the Constitución Política del Perú (Political Constitution of Peru) who has the nationality of Peru or is a permanent resident of Peru;

Originating means qualifying pursuant to the rules of origin established under Chapter 3 (Rules of Origin and Operational Procedures Related to Origin);

Person means a national or a juridical person;

Person of a Party means a national or a juridical person of a Party;

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

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

Subheading means the first six digits in the tariff classification number under the HS;

Territory means:

(a) With respect to China, the entire customs territory of People's Republic of China, including land, maritime and air space, and the exclusive economic zone and the continental shelf within which it exercises sovereign rights and jurisdiction in accordance with international law and its domestic law; and

(b) With respect to Peru, the mainland territory, the islands, the maritime zones and the air space above them, over which Peru exercises sovereignty or sovereign rights and jurisdiction, in accordance with its domestic law and international law;

TRIPS Agreement means the Agreement on Trade-Related Aspects of Intellectual Property Rights which is a part of the WTO Agreement;

WTO means the World Trade Organization, created by the Marrakesh Agreement Establishing the World Trade Organization, done on April 15th, 1994; and

WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, done on April 15th, 1994.

Chapter 2. NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Chapter 6. Scope and Coverage

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods between the Parties.

Section A. National Treatment

Article 7. National Treatment

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

2. Paragraph 1 shall not apply to the measures set out in Annex 1 (Exceptions to National Treatment and Import and Export Restrictions).

Section B. Tariff Elimination

Article 8. Tariff Elimination

1. Except as otherwise provided in this Agreement, no Party may increase any existing customs duty, or adopt any new customs duty, on an originating good of the other Party.

2. Except as otherwise provided in this Agreement, each Party shall eliminate its customs duties on originating goods of the other Party, in accordance with its Schedule to Annex 2 (Tariff Elimination).

3. The tariff elimination program established in this Chapter shall not apply to used goods, including those identified as such in headings or subheadings of the HS. Used goods also include those goods that are reconstructed, repaired, remanufactured or any other similar name given to goods that, after having been used, have been subject to some kind of process to restore their original characteristics or specifications, or to restore the functionality they had when they were new.

4. On the request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 2 (Tariff Elimination).

5. Notwithstanding Article 170 (Free Trade Commission) of Chapter 14 (Administration of the Agreement), an agreement between the Parties to accelerate the elimination of a customs duty on a good, shall supersede any duty rate or staging category determined pursuant to their Schedules to Annex 2 (Tariff Elimination) for such good, when approved by the Parties in accordance with its applicable legal procedures.

6. For greater certainty, a Party may:

(a) raise a customs duty to the level established in its Schedule to Annex 2 (Tariff Elimination) following a unilateral reduction, for the year respective; or

(b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO or in accordance with Chapter 15 (Dispute Settlement).

7. Except for the goods included in Article 19 (Price Band System), the Parties agree that the base rates for tariff elimination are the Parties' applied customs duties on January 1st, 2008, which are established in their Schedules to Annex 2 (Tariff Elimination).

Section C. Special Regimes

Article 9. Waiver of Customs Duties

1. No Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.

2. No Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.

Article 10. Temporary Admission of Goods

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin:

(a) professional equipment, such as for scientific research, pedagogical or medical activities, the press or television, and cinematographic purposes necessary for a person who qualifies for temporary entry pursuant to the laws of the importing Party;

(b) goods intended for display or demonstration at exhibitions, fairs, meetings, or similar events;

(c) commercial samples; and

(d) goodsadmittedforsportspurposes.

2. Each Party, at the request of the person concerned and for reasons its customs authority considers valid, shall extend the time limit for temporary admission beyond the period initially fixed in accordance with the domestic law.

3. No Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than require that the good:

(a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of business, trade, profession or sport activity of that person;

(b) notbesoldorleasedwhileinitsterritory;

(c) be accompanied by the deposit of bond or security in an amount no greater than the charges that would otherwise be owed on entry or final importation, releasable on exportation of the good;

(d) be capable of identification when exported;

(e) be exported on the departure of the person referenced in subparagraph (a), or within such other period related to the purpose of the temporary admission as the Party may establish, or 6 months, unless extended;

(f) be admitted in no greater quantity than is reasonable for its intended use; and

(g) beotherwiseadmissibleintotheParty'sterritoryunderitslaw.

4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good plus any other charges or penalties provided for under its law.

5. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

6. Each Party shall provide that its customs authority or other competent authority relieves the importer or another person responsible for a good admitted under this Article of any liability for failure to re-export the good on presentation of proof to the satisfaction of the customs authority of the importing Party that the good has been destroyed by reason of force majeure.

Section D. Non-Tariff Measures

Article 11. Import and Export Restrictions

1. Except as otherwise provided in this Agreement, no Party may adopt or maintain any non-tariff measures that prohibits or restricts on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of the GATT 1994 and its interpretative notes, and to this end Article XI of the GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, mutatis mutandis.

2. The Parties understand that the GATT 1994 rights and obligations incorporated in paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, a Party from adopting or maintaining:

(a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings; or

(b) voluntary export restraints inconsistent with Article VI of the GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

3. Paragraphs 1 and 2 shall not apply to the measures set out in Annex 1 (Exceptions to National Treatment and Import and Export Restrictions).

Article 12. Import Licensing

1. No Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.

2. Each Party shall notify the other Party of any existing import licensing procedure before the entry into force of this Agreement.

3. Each Party shall publish any new import licensing procedures and any modification to its existing import licensing

procedures or list of products, whenever practicable, 21 days prior to the effective day of the requirement but in all events no later than such effective date.

4. Each Party shall notify the other Party of any other new import licensing procedures and any modifications to its existing import licensing procedures within 60 days of publication. Such publication shall be in accordance with the procedures as set out in the Import Licensing Agreement.

5. Notification provided under paragraphs 2 and 4 shall include the information specified in Article 5 of the Import Licensing Agreement.

Article 13. Administrative Fees and Formalities

1. Each Party shall ensure, in accordance with Article VIII.1 of the GATT 1994 and its interpretative notes, that all fees and charges of whatever character (other than customs duties, charges equivalent to an internal tax or other internal charge applied consistently with Article III.2 of the GATT 1994, and antidumping and countervailing duties) imposed on or in connection with importation or exportation are limited to the approximate cost of services rendered and do not represent an indirect protection to domestic goods or a taxation of imports or exports for fiscal purposes.

2. No Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.

3. Each Party shall make available and maintain through the Internet or a comparable computer based telecommunications network a current list of the fees and charges it imposes in connection with importation or exportation.

Section E. Other Measures

Article 14. Customs Valuation

The Customs Valuation Agreement and the Decisions taken by the WTO Committee on Customs Valuation are incorporated into and shall form part of this Agreement, which the custom laws of the Parties shall comply with.

Section F. Agriculture

Article 15. Scope and Coverage

1. This section applies to the measures adopted or maintained by the Parties related to agricultural trade.

2. For purposes of this Agreement, agricultural goods mean those goods referred in Article 2 of the WTO *Agreement on Agriculture*.

Article 16. Agricultural Export Subsidies

1. The Parties share the objective of the multilateral elimination of export subsidies for agricultural goods, and shall work together toward an agreement in the WTO to eliminate those subsidies, and avoid its reintroduction in any form.

2. No Party may maintain, introduce or reintroduce any export subsidy on any agricultural good destined for the territory of the other Party.

3. If either Party considers that the other Party has failed to carry out its obligations under this Agreement by maintaining, introducing or re-introducing an export subsidy, such Party may request consultations with the other Party according to Chapter 15 (Dispute Settlement) with a view to arriving at a mutually satisfactory solution.

Article 17. State Trading Enterprises

The rights and obligations of the Parties in respect of state trading enterprises shall be governed by Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII of the GATT 1994, which are hereby incorporated into and made part of this Agreement, mutatis mutandis.

Article 18. Domestic Support Measures for Agricultural Products

In order to establish a fair and market-oriented agriculture trading system, the Parties agree to cooperate in the WTO agricultural negotiations on domestic support measures to provide for substantial progressive reduction in agriculture support and protection, resulting in correcting and preventing restrictions and distortions in world agricultural markets.

Article 19. Price Band System

Peru may maintain its Price Band System established in the D.S. N° 115-2001-EF and its amendments, respect to the products subject to the application of the system and provided in Annex 3 (Price Band System).

Section G. Institutional Provisions

Article 20. Committee on Trade In Goods

1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.

2. The Committee shall meet on the request of a Party or the Free Trade Commission to consider matters arising under this Chapter, Chapter 3 (Rules of Origin and Operational Procedures Related to Origin) or Chapter 4 (Customs Procedures and Trade Facilitation).

3. The Committee on Trade in Goods shall be coordinated by:

(a) for China, the Ministry of Commerce, or its successor; and

(b) for Peru, the Ministry of Foreign Trade and Tourism, or its successor.

4. The Committee's functions shall include, inter alia:

(a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate;

(b) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures, and, if appropriate, referring such matters to the Free Trade Commission for its consideration;

(c) reviewing the future amendments to the HS to ensure that each Party's obligations under this Agreement are not altered, and consulting to resolve any conflicts between:

(i) subsequent amendments to Harmonized System 2007 and Annex 2 (Tariff Elimination); or

(ii) the Annex 2 (Tariff Elimination) and national nomenclatures;

(d) consulting on and endeavoring to resolve any difference that may arise among the Parties on matters related to the classification of goods under the HS; and

(e) establishing Ad-Hoc Working Groups with specific commands.

5. The Committee shall meet at least once a year. When special circumstances arise, the Parties shall meet at any time upon agreement at the request of a Party.

6. The Committee shall establish an Ad-Hoc Working Group on Trade in Agricultural and Fishery Goods. In order to solve any obstacle to the trade of agricultural and fishery goods between the Parties, the Working Group shall meet within 30 days after the Parties agree.

Section H. Definitions

Article 21. Definition

For purposes of this Chapter:

AD Agreement means the WTO Agreement on Implementation of Article VI of the GATT 1994;

SCM Agreement means the WTO Agreement on Subsidies and Countervailing Measures;

Import Licensing Agreement means the WTO Agreement on Import Licensing Procedures; consumed means:

(a) actually consumed; or

(b) further processed or manufactured so as to result in a substantial change in the value, form, or use of the good or in the production of another good;

duty-free means free of customs duty;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party;

goods intended for display or demonstration includes their component parts, ancillary apparatus, and accessories;

performance requirement means a requirement that:

(a) a given level or percentage of goods or services be exported;

(b) domestic goods or services of the Party granting a waiver of customs duties or an import license be substituted for imported goods;

(c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;

(d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or

(e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

but does not include a requirement that an imported good be:

(f) subsequently exported;

(g) used as a material in the production of another good that is subsequently exported;

(h) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or

(i) substituted by an identical or similar good that is subsequently exported;

export subsidies shall have the meaning assigned to that term in Article 1(e) of the WTO Agreement on Agriculture, including any amendment of that Article; and

consular transactions means requirements that goods of a Party intended for export to the territory of another Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations, or any other customs documentation required on or in connection with importation.

Chapter 3. RULES OF ORIGIN AND OPERATIONAL PROCEDURES RELATED TO ORIGIN

Section A. Rules of Origin

Article 22. Definitions

For purposes of this Chapter:

aquaculture means the farming of aquatic organisms, including fish, mollusks, crustaceans, other aquatic invertebrates and aquatic plants, from seedstock such as eggs, fries, fingerlings and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, protection from predators, etc.;

authorized body means any body authorized under the domestic legislation of a Party to issue a Certificate of Origin;

FOB means the value of the good free on board, inclusive of the cost of transportation to the port or site of final shipment abroad, independent of the means of transportation;

CIF means the value of the good imported inclusive of the cost of insurance and freight up to the port or place of entry in the country of importation;

competent authority means:

(a) for China, the application and administration of the Rules of Origin under this Agreement shall be organized by the General Administration of Customs; and
(b) for Peru, by the Ministry of Foreign Trade and Tourism, or its successor;

fungible goods or materials means goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;
Generally Accepted Accounting Principles means the recognized consensus or substantial authoritative support in the territory of a Party, with respect to the recording of revenues, expenses, costs, assets, and liabilities, the disclosure of information and the preparation of financial statements. Generally Accepted Accounting Principles may encompass broad guidelines for general application, as well as detailed standards, practices, and procedures;

identical goods means "identical goods", as defined in the Customs Valuation Agreement;

material means a good used in the production of another good, including any components, ingredients, raw materials, parts or pieces;

production means growing, raising, extracting, picking, gathering, mining, harvesting, fishing, trapping, hunting, manufacturing, processing or assembling a good; and

producer means a person who grows, raises, extracts, picks, gathers, mines, harvests, fishes, traps, hunts, manufactures, processes or assembles a good.

Article 23. Originating Goods

Unless otherwise indicated in this Chapter, and on the condition that a good meets all the other applicable requirements of this Chapter, the good shall be regarded as originating from a Party when:

(a) the good is wholly obtained or produced entirely in the territory of one or both Parties, within the meaning of Article 24 (Wholly Obtained Goods), including where required under Annex 4 (Product Specific Rules of Origin);

(b) the good is produced in the territory of one or both Parties, exclusively from materials whose origin conforms to the provisions of this Chapter; or

(c) the good is produced in the territory of one or both Parties, using non-originating materials that conform to a change in tariff classification, a regional value content, a process requirement or other requirements specified in Annex 4 (Product Specific Rules of Origin).

Article 24. Wholly Obtained Goods

For the purpose of subparagraph (a) of Article 23 (Originating Goods), the following goods shall be regarded as wholly obtained or produced entirely in the territory of one or both Parties:

(a) live animals, born and raised in China or Peru;

(b) goodsobtainedfromliveanimalsraisedinChinaorPeru;

(c) goods obtained by hunting, trapping, fishing or aquaculture in China or Peru;

(d) fish, shellfish and other marine life taken from the sea beyond the territory of a Party, by a vessel flying the flag of China or Peru;

(e) goods manufactured on board a factory ship flying the flag of China or Peru, exclusively from goods referred to in subparagraph (d);

(f) plants and plants products harvested, picked or gathered in China or Peru;

(g) mineral goods and other naturally occurring substances extracted from the soil, waters, seabed or beneath the seabed of

China or Peru;

(h) goods other than fish, shellfish and other marine life taken or extracted by a Party from the waters, seabed or beneath the seabed outside China or Peru, provided that that Party has rights to exploit them;

(i) waste and scrap derived from:

(i) manufacturing operations conducted in China or Peru; or

(ii) used goods collected in China or Peru;

provided that such waste and scrap is fit only for the recovery of raw materials; and

(j) goods produced in China or Peru exclusively from goods specified in subparagraphs (a) to (i).

Article 25. Change In Tariff Classification

A change in tariff classification requires that the non-originating materials used in the production of the goods undergo a change in tariff classification as specified in Annex 4 (Product Specific Rules of Origin) as a result of production processes performed in the territory of one or both Parties.

Article 26.

1. The regional value content of a good shall be calculated on the basis of the following method:

$$RVC = \frac{FOB - VNM}{FOB} \times 100$$

where:

RVC: is the regional value content, expressed as a percentage; FOB: is the Free On Board value of the good; and

VNM: is the value of the non-originating materials.

2. The value of the non-originating materials shall be:

(a) the CIF value at the time of importation of the material; or

(b) the earliest ascertained price paid or payable for the non-originating materials in the territory of the Party where the working or processing takes place. When the producer of a good acquires non-originating materials within that Party, the value of such materials shall not include freight, insurance, packing costs and any other costs incurred in transporting the material from the supplier's warehouse to the producer's location.

3. The values referred to above shall be determined pursuant to the Customs Valuation Agreement.

Article 27. Minimal Operations or Processes

Operations or processes which contribute minimally to the essential characteristics of the goods, either by themselves or in combination, are considered to be minimal operations or processes and do not confer origin, notwithstanding that the good or materials satisfies with the provisions of this Chapter. These include:

(a) operations to ensure the preservation of goods in good condition during transport and storage;

(b) breaking-uporassemblyofconsignments;

(c) packing, unpacking or repacking operations for retail sale purposes; or

(d) slaughter of animals.

Article 28. Accumulation

1. Originating goods or materials from the territory of a Party, incorporated into a good in the territory of the other Party,

shall be considered as originating in the territory of that other Party.

2. A good shall be considered as originating where its production is carried out by one or more producers in the territory of a Party, in such way that the production of the materials incorporated in that good, carried out in the territory of that Party, may be considered as part of the production of the good, provided that the good complies with the requirements established in Article 23 (Originating Goods) and all other applicable requirements in this Chapter.

Article 29. De Minimis

1. A good that does not meet the change in tariff classification, pursuant to Annex 4 (Product Specific Rules of Origin), shall be considered to be originating if the value of all non-originating materials used in its production not meeting the change in tariff classification does not exceed 10% of the value of the good, determined pursuant to Article 26 (Regional Value Content (RVC)). Additionally, the good shall satisfy all other applicable requirements in this Chapter.

2. Where the good mentioned in paragraph 1 is also subject to a regional value content requirement, the value of all non-originating materials shall be considered for calculating the regional value content of the good. Additionally, the good shall satisfy all other applicable requirements in this Chapter.

Article 30. Fungible Goods or Materials

1. In determining whether a good is an originating good, any fungible goods or materials shall be distinguished by:

(a) physical separation of the goods or materials; or

(b) an inventory management method recognized in the Generally Accepted Accounting Principles of the exporting Party.

2. The inventory management method selected under paragraph 1 for a particular fungible good or material shall continue to be used for that good or material throughout the fiscal year of the person that selected the inventory management method.

Article 31. Sets

Sets, as defined in General Rule 3 of the HS, shall be regarded as originating when all the components of the sets are originating. Nevertheless, when a set is composed of originating and non-originating goods, the set as a whole shall be regarded as originating, provided that the value of the non-originating goods does not exceed 15% of the total value of the set, determined pursuant to Article 26 (Regional Value Content (RVC)).

Article 32. Accessories, Spare Parts and Tools

1. With regard to the change in tariff classification requirements, specified in Annex 4 (Product Specific Rules of Origin), accessories, spare parts, tools, and instructional and information materials presented with the good upon importation shall be disregarded in the determination of the origin of the good, provided that these are classified with and not invoiced separately from the good.

2.Where the good is subject to an RVC requirement, the value of the accessories, spare parts, tools, and instructional and information materials shall be taken into account as originating materials or non-originating materials, as the case may be, for calculating the RVC of the good, provided that these are classified with and not invoiced separately from the good.

3. This Article applies only where the quantities and values of said accessories spare parts, tools, and instructional and information materials are customary for the good.

Article 33. Packaging Materials and Containers for Retail Sale

1. Where the packaging materials and containers are classified with the good, the origin of the packaging materials and containers in which a good is packaged for retail sale, shall be disregarded in determining the origin of the good, provided that:

(a) the good is wholly obtained or entirely produced as defined in subparagraph (a) of Article 23 (Originating Goods);

(b) the good is produced exclusively from originating materials, as defined in subparagraph (b) of Article 23 (Originating Goods); or

(c) the good is subject to a change in tariff classification requirement set out in Annex 4 (Product Specific Rules of Origin).

2. Where the good is subject to a regional value content requirement, the value of the packaging materials and containers used for retail sale shall be taken into account when determining the origin of the good.

Article 34. Packing Materials and Containers for Shipment

The packing materials and containers used to protect a good during its transportation shall not be taken into account when determining the origin of the good.

Article 35. Neutral Elements

1. In order to determine whether a good is originating, the origin of the neutral elements defined in paragraph 2 shall not be taken into account.

2. Neutral elements mean articles used in the production of a good which are not physically incorporated into it, neither form part of it, including:

(a) fuel, energy, catalysts and solvents;

(b) equipment, devices, and supplies used for testing or inspecting the goods;

(c) gloves, glasses, footwear, clothing, safety equipment and supplies;

(d) tools,diesandmolds;

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

(f) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and buildings; and

(g) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production.

Article 36. Direct Transport

1. In order for originating goods to maintain their originating status, the goods shall be transported directly between the Parties.

2. Notwithstanding paragraph 1, the following shall be considered as transported directly from the exporting Party to the importing Party:

(a) goods that are transported without passing through the territory of a non-Party; and

(b) goods whose transport involves transit through one or more non-Parties, with or without trans-shipment or temporary storage of up to 3 months in such non-Parties, provided that:

(i) the goods do not enter into trade or commerce there; and

(ii) the goods do not undergo any operation there other than unloading and reloading, repacking, or any operation required to keep them in good condition.

3. Compliance with the provisions set out in paragraphs 1 and 2 shall be authenticated by presenting to the competent authority of the importing Party, either with customs documents of the non-Parties or with any other documents so provided to the satisfaction of the competent authority of the importing Party.

Article 37. Exhibitions

1. Preferential tariff treatment as provided for under this Agreement shall be granted to originating goods, sent for exhibition in a non-Party and sold after the exhibition for importation in China or Peru, when the following conditions are met to the satisfaction of the customs authority of the importing Party:

(a) an exporter has consigned these goods from China or Peru to the non-Party where the exhibition has actually taken place;

(b) the goods have been sold or otherwise disposed of by that exporter to a person in China or Peru;

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

(d) the goods have not been used for any purpose other than demonstration at the exhibition since they were consigned for exhibition; and

(e) the goods have remained during the exhibition under customs authority control.

2. For purposes of application of paragraph 1, a Certificate of Origin shall be issued in accordance with the provisions of this Chapter and submitted to the customs authority of the importing Party, with the name and address of the exhibition being attached thereon. Where necessary, additional documentary evidence related to the exhibition may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises, with a view to the sale of foreign goods.

Section B. Operational Procedures Related to Origin

Article 38. Certificate of Origin

1. In order for originating goods to qualify for preferential tariff treatment, the importer shall hold and submit, where required by the customs legislation of the importing Party, an original and valid Certificate of Origin, issued in writing on the basis of the format as set out in Section A (Certificate of Origin) of Annex 5 (Certificate of Origin and Declaration of Origin), at the time of importation.

2. The exporter of the good shall apply in writing to the authorized body of the exporting Party for the issuance of a Certificate of Origin, which shall be issued before or at the time of exportation.

3. The Certificate of Origin must be duly completed in English, covering one or more goods under one consignment.

4. The exporter of the good applying for a Certificate of Origin shall provide the commercial invoice, the origin application which contains the minimum information data required under its domestic legislation, and all necessary documents to prove the originating status of the good concerned as required by the competent authority or authorized body, and undertake to fulfill the other requirements as laid down under this Chapter.

5. The Certificate of Origin, as referred to in paragraph 1, shall be valid for one year from its date of issuance.

6. In the event of theft, loss or destruction of a Certificate of Origin, the exporter may apply in writing to the authorized body which issued it for a duplicate of the original, on the basis of the export documents in his possession. The duplicate issued in this manner shall bear in the Remarks box the word “CERTIFIED TRUE COPY of the original Certificate of Origin number_dated_”, for its validation period to count from that date.

Notwithstanding subparagraph 2, a Certificate of Origin may, under exceptional circumstances, be issued retrospectively subsequent to the exportation of the good if:

(a) it was not issued at the time of exportation because of errors, involuntary omissions or any other circumstances as may be deemed justified under the legislation of each Party, provided that the exporter provides all the necessary commercial documents and the export declaration endorsed by the customs authority of the exporting Party; or

(b) it is demonstrated to the satisfaction of the authorized body that a Certificate of Origin was issued but was not accepted at importation for technical reasons. The validation period shall remain the same as indicated in the certificate originally issued.

Article 39. Exemption of Certificate of Origin

1. A Declaration of Origin, in the format as set out in Section B (Declaration of Origin) Annex 5 (Certificate of Origin and Declaration of Origin), may be completed by the exporter or producer and shall be accepted instead of a Certificate of Origin for any consignment whose customs value does not exceed US$ 600 or its equivalent in the currency of the importing Party, or such higher amount as that Party may establish.

2. A Declaration of Origin shall cover the goods presented under a single import Customs Declaration and shall remain valid for one year from its date of issuance.

3. Notwithstanding paragraph 1, where an importation forms part of a series of importations that may reasonably be considered to have been undertaken or arranged for the purpose of circumventing the requirements of this Section, the importing Party may deny preferential tariff treatment.

Article 40. Authorized Bodies

1. A Certificate of Origin shall be issued only by an authorized body in the exporting Party.

2. The competent authority of each Party shall inform the competent authority of the other Party of the name of each authorized body, as well as their relevant contact details, and shall provide impression specimens of the stamps, as well as details of any security features for relevant forms and documents used by each authorized body prior to the issuance of any certificates by that body. Any change in the information provided above shall be communicated in advance to the competent authority of the other Party.

3. The authorized body shall be held accountable to ensure that the information included in the Certificate of Origin corresponds to the goods covered by the Certificate of Origin and that the originating status of the goods, as required under this Chapter, is correct.

Article 41. Obligations Regarding Importations

1. Except as otherwise provided in this Chapter, each Party shall require an importer in its territory that claims preferential tariff treatment to:

(a) make a written statement in the customs declaration, based on a valid Certificate of Origin, indicating that the good qualifies as an originating good;

(b) hold the Certificate of Origin at the time the statement referred to in subparagraph (a) is made;

(c) hold the documents which certify that the requirements established in Article 36 (Direct Transport) have been met, where applicable; and

(d) submit the valid Certificate of Origin, as well as the documents indicated in subparagraph (c) to the customs authority, when it is required.

2. When an importer has reason to believe that a Certificate of Origin on which a statement was based contains incorrect information, the importer shall make a corrected statement and pay any customs duty owed, before a verification process is initiated.

3. When the importer does not comply with any requirements under this Article and any other requirements under this Chapter, the preferential tariff treatment shall be denied for the goods imported from the territory of the exporting Party.

Article 42. Refund of Import Customs Duties or Deposit

1. Where an originating good is imported into the territory of a Party without a valid Certificate of Origin under this Agreement, the importer may apply for a refund of any excess import customs duties paid or deposit imposed, where applicable, within one year for the duties paid or within 3 months or such longer period not greater than one year as specified in the legislation of the importing Party for the deposit imposed, after the date on which the good was imported, on presentation of:

(a) the valid Certificate of Origin, which shall comply with Article 38 (Certificate of Origin); and

(b) other documentation related to the importation of the good as the customs authority of the importing Party may require;

provided that the importer provides a written declaration at the time of importation that the good presented qualifies as an originating good.

2. No customs duties or deposit shall be refunded in the case where the importer failed to declare to the customs authority of the importing Party, at the time of importation, that the good was an originating good under this Agreement, even though a valid certificate was provided to the customs authority subsequently.

Article 43. Supporting Documents

The documents used for the purpose of proving that the goods covered by a Certificate of Origin can be considered as originating goods and fulfill the other requirements of this Chapter may include, but are not limited, to the following:

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

(b) documents proving the originating status of the materials used, where these documents are used in accordance with the domestic legislation;

(c) documents proving the working or processing of materials, where these documents are used in accordance with the domestic legislation; or

(d) Certificates of Origin proving the originating status of the materials used.

Article 44. Preservation of Certificate of Origin and Supporting Documents

1. The exporter applying for the issuance of a Certificate of Origin shall keep for at least 3 years the documents referred to in Article 43 (Supporting Documents), from its date of issuance.

2. The authorized bodies of the exporting Party issuing a Certificate of Origin shall keep a copy of the Certificate of Origin for at least 3 years, from its date of issuance.

Article 45. Verifications Process

1. For purposes of determining whether a good imported into one Party from the other Party qualifies as an originating good, the competent authority of the importing Party may conduct a verification process by means of:

(a) written requests for additional information from the importer;

(b) written requests for additional information from the exporter or producer through the competent authority of the exporting Party;

(c) requests that the competent authority of the exporting Party assists in verifying the origin of the good;

(d) or, in the case where any request under subparagraphs (a), (b) or (c) fails to satisfy the concern of the importing Party, that Party may request on-site visits to observe the verification process conducted by the competent authority of the exporting Party in the premises of the exporter or producer in the territory of the exporting Party.

2. For competent authority of the importing Party and responded by the competent authority of the exporting Party shall be communicated in English.

purposes of subparagraphs 1(b) and 1(c), all the information requested by the

3. For purposes of subparagraphs 1(a) and 1(b), where the importer, exporter or producer does not answer the written request for additional information made by the importing Party, within a period of 90 days from the date on which it was received, the importing Party may deny the preferential tariff treatment.

4. For purposes of subparagraph 1(c), the competent authority of the importing Party shall provide the competent authority of the exporting Party with:

(a) the reasons why such assistance for verification is requested;

(b) the Certificate of Origin of the good, or a copy thereof; and

(c) any information and documents as may be necessary for the purpose of such request.

The competent authority of the exporting Party shall provide the competent authority of the importing Party a written statement in English, regarding the origin of the good under verification process, including the following information:

(a) description of the production process of the good;

(b) description and tariff classification of originating and non-originating materials, indicating the supplier of such materials; and

(c) detailed explanation of how the good obtained the status of an originating good.

In the cases where the competent authority of the exporting Party does not provide the written statement within 150 days from the date of request or where the written statement does not contain sufficient information, the importing Party shall determine the origin of the good based on the best information available at that moment.

5. For purposes of subparagraph 1(d), the importing Party shall notify by writing, 30 days prior to the on-site visit, the competent authority of the exporting Party of such a request.

In the case where the competent authority of the exporting Party does not give its written consent to such a request within 30 days from the receipt of the notification, the importing Party may deny the preferential tariff treatment to the relevant good.

6. The importing Party shall, within 300 days from the start of the verification process, notify the exporting Party, in writing, of the results of the determination on the origin of the good, as well as the legal basis and findings of fact, based on which the determination was made.

7. Where, at the time of importation, the customs authority of the importing Party has a reasonable doubt on the origin of the good, covered under the Certificate of Origin, the good may be released upon a deposit or the payment of duties, pending the outcome of the verification process. The above deposit or duties paid shall be refunded once the outcome of the verification process confirms that the good qualifies as an originating good.

8. A Party may suspend preferential tariff treatment to an importer on any subsequent import of a good when the competent authority had already determined that an identical good was not eligible for such treatment, until it is demonstrated that the good complies with the provisions under this Chapter.

Article 46. Development of Electronic Certification and Verification System

After 6 months from the entry into force of the Agreement, the Parties shall start the work on developing an electronic certification and verification system to ensure the effective and efficient implementation of this Section, in a manner to be jointly determined by the competent authorities of the Parties, in order to be implemented within 3 years from the entry into force of the Agreement.

Article 47. Penalties

Penalties shall be imposed in accordance with the domestic legislation of each Party for infringement on the provisions of this Chapter.

Article 48. Confidentiality

1. A Party shall maintain the confidentiality of the information provided by the other Party pursuant to this Chapter, if such other Party so request. Any violation of the confidentiality shall be treated in accordance with the domestic legislation of each Party.

2. This information shall not be disclosed without the specific permission of the person or government providing such information, except to the extent that it may be required to be disclosed in the context of judicial proceedings.

Article 49. Committee on Rules of Origin

The functions of the Committee on Rules of Origin under this Agreement shall include:

(a) ensuring the effective, uniform and consistent administration of this Chapter, and enhancing the cooperation in this regard;

(b) maintaining the Annex 4 (Product Specific Rules of Origin) on the basis of the transposition of the HS;

(c) advising the Free Trade Commission of proposed solutions to address issues related to:

(i) interpretation, application and administration of this Chapter;

(ii) calculation of the Regional Value Content; and

(iii) issues arising from the adoption by either Party of operational practices not in conformity with this Chapter that may affect adversely the flow of trade between the Parties;

(d) proposing to the Free Trade Commission for approval on the modification proposals under Article 50 (Modifications), in the event a consensus is reached between the Parties;

(e) working on the development of an electronic certification and verification system;

(f) referring the issues on tariff classification and customs valuation related to the determination of origin, to the Committee on Trade Facilitation for settlement; and

(g) studying any other origin-related matters as referred to by the Committee on Trade in Goods.

Article 50. Modifications

1. If a Party considers that there is a need to make amendments to Annex 4 (Product Specific Rules of Origin), that Party may submit a modification proposal to the other Party, along with supporting rationale and studies.

2. The other Party shall respond the results of the study on the proposal made by the requesting Party within 180 days from its submission.

Chapter 4. CUSTOMS PROCEDURES AND TRADE FACILITATION

Article 51. Definitions

For purposes of this Chapter:
customs administration means:

(a) for China, the General Administration of Customs of the People's Republic of China; and

(b) for Peru, National Superintendence of Tax Administration (Superintendencia Nacional de Administracion Tributaria (SUNAT)), or its successor;

customs law means any legislation administered, applied, or enforced by the customs administration of a Party;

customs procedures means the treatment applied by each customs administration to goods and means of transport that are subject to customs control; and

means of transport means various types of vessels, vehicles, aircraft and pack-animals which enter or leave the territory carrying persons, goods or articles.

Article 52. Scope and Objectives

1. This Chapter shall apply, in accordance with the Parties' respective international obligations and domestic customs law, to customs procedures applied to goods traded between the Parties and to the movement of means of transport between the Parties.

2. The objectives of this Chapter are:

(a) to simplify and harmonize customs procedures of the Parties;

(b) to ensure predictability, consistency and transparency in the application of customs laws, including administrative procedures of the Parties;

(c) to ensure the efficient and expeditious clearance of goods and movement of means of transport;

(d) to facilitate trade between the Parties;and
(e) to promote cooperation between the customs administrations, within the scope of this Chapter.

Article 53. Competent Authorities

The competent authorities for the administration of this Chapter are:

(a) for China, the General Administration of Customs of the People's Republic of China; and

(b) for Peru, the Ministry of Foreign Trade and Tourism.

Article 54. Facilitation

1. Each Party shall ensure that its customs procedures and practices are predictable, consistent, transparent and facilitate trade.

2. Customs procedures of each Party shall, where possible and to the extent permitted by their respective customs law, conform with the trade-related instruments of the World Customs Organization (WCO) to which that Party is a contracting party, including those of the International Convention on the Simplification and Harmonization of Customs Procedures (as amended), known as the Revised Kyoto Convention.

3. The customs administrations of the Parties shall facilitate the clearance, including release, of goods in administering their procedures.

4. Each Party shall endeavor to provide a focal point, electronic or otherwise, through which its traders may submit all required regulatory information in order to obtain clearance, including release, of goods.

Article 55. Customs Valuation

The Parties shall apply Article VII of GATT 1994 and the Customs Valuation Agreement to goods traded between them.

Article 56.

The Parties shall apply the International Convention on the Harmonized Commodity Description and Coding System to goods traded between them.

Article 57. Committee on Trade Facilitation

The Parties shall establish the Committee on Trade Facilitation that have, among others, the following functions:

(a) to adopt customs practices and standards which facilitate commercial exchange between the Parties, according to the international standards;

(b) to settle any disputes related to the interpretation, application and administration of this Chapter, including tariff classification. If the Committee does not reach a decision on the tariff classification, said Committee shall hold the appropriate consultations at the WCO. The decision of the WCO shall, to the greatest extent possible, be applied by the Parties; and

(c) to settle other issues as referred to the Committee on Trade Facilitation, including the issues on tariff classification and customs valuation related to the determination of origin under this Agreement.

Article 58. Customs Cooperation

To the extent permitted by their domestic laws, the customs administrations of the Parties shall assist each other, in relation to:

(a) the implementation and operation of this Chapter and the Agreement Between the Government of the People's Republic of China and the Government of the Republic of Peru Concerning Co-Operation and Mutual Administrative Assistance in Customs Matters; and

(b) such other issues as the Parties mutually determine.

Article 59. Review and Appeal

Each Party shall ensure that with respect to its administrative acts on customs matters, importers in its territory have access to:

(a) a level of administrative review independent of the employee or office that issued the administrative act; and

(b) judicial review of the administrative acts.

Article 60. Advance Rulings

1. The customs administration of each Party shall issue written advance rulings prior to the importation of a good into its territory upon written request of an importer in its territory, or an exporter in the territory of the other Party (for China, the applicant of an advance ruling on tariff classification shall be registered with a local customs administration of China), on the basis of the facts and circumstances provided by the requester, including a detailed description of the information required to process a request for an advance ruling, concerning:

(a) tariff classification; or

(b) whetheragoodqualifiesasanoriginatinggoodundertheprovisionestablished in this Agreement.

2. The customs administrations shall issue advance rulings after receiving a written request, provided that the requester has submitted all necessary information. The issuance of advance ruling on determination of origin of a good shall be made within 150 days.

3. Each Party shall provide that advance rulings shall be in force from their date of issuance, or such other date specified by the ruling, for at least one year, provided that the facts or circumstances on which the ruling is based remain unchanged.

4. The customs administrations issuing the advance ruling may modify or revoke an advance ruling where facts or circumstances prove that the information on which the advance ruling is based is false or inaccurate.

5. Where an importer claims that the treatment accorded to an imported good should be governed by an advance ruling, the customs administrations may evaluate whether the facts and circumstances of the importation are consistent with the facts and circumstances upon which the advance ruling was based.

6. Each Party shall make its advance rulings publicly available, subject to confidentiality requirements in its domestic law, for purposes of promoting the consistent application of advance rulings to other goods.

7. If a requester provides false information or omits relevant circumstances or facts in its request for an advance ruling, or does not act in accordance with the ruling's terms and conditions, the importing Party may apply appropriate measures, including civil, criminal, and administrative actions, penalties, or other sanctions in accordance with its domestic laws.

Article 61. Use of Automated Systems In the Paperless Trading Environment

1. The customs administrations shall apply information technology to support customs operations, where it is cost-effective and efficient, particularly in the paperless trading context, taking into account developments in this area within the WCO.

2. The customs administrations shall endeavor to use information technology that expedites procedures for the release of goods, including the submision and processing of information and data before arrival of the shipment, as well as electronic or automated systems for risk management and targeting.

Article 62. Risk Management

Each customs administration shall focus resource on high-risk shipments of goods and facilitate the clearance, including release, of low-risk goods in administering customs procedures. Additionally, customs administrations shall exchange information related to applied techniques on risk management, ensuring the confidentiality of the information.

Article 63. Publication and Enquiry Points

1. Each customs administration shall publish all customs laws and any administrative procedures it applies or enforces.

2. Each customs administration shall designate one or more enquiry points to deal with inquiries from interested persons from either Party on customs matters arising from the implementation of this Agreement, and provide details of such enquiry points to the other customs administration. Information concerning the procedures for making such inquiries shall be easily accessed to public.

3. Each customs administration will endeavor to provide the other customs administration with timely notice of any significant modification of customs laws or procedures governing the movement of goods and means of transport that is likely to substantially affect the operation of this Chapter.

Article 64. Express Consignments

Each customs administration shall adopt or maintain separate and expedited customs procedures for express shipments

while maintaining appropriate customs control and selection. Said procedures shall, under normal circumstances, provide an express clearance of goods after submission of all the necessary customs documents, and shall not be limited by weight or customs value.

Article 65. Release of Goods

1. Each Party shall adopt or maintain efficient and expeditious procedures which allow goods to be released within 48 hours of arrival unless:

(a) the importer fails to provide any information required by the importing Party at the time of first entry;

(b) the goods are selected for closer examination by the customs administration of the importing Party through the application of risk management techniques;

(c) the goods are to be examined by any agency, other than the customs administration of the importing Party, acting under powers conferred by the domestic legislation of the importing Party; or

(d) fulfillment of all necessary customs formalities has not been able to be completed or release is otherwise delayed by virtue of force majeure.

2. In accordance with its national legislations and regulations, each Party shall allow importers to withdraw goods from customs before the final determination by its customs administration of the applicable customs duties, taxes, and fees provided that the sufficient guarantee is submitted to customs administrations.

Article 66. Review of Customs Procedures

1. Each customs administration shall periodically review its procedures with a view to their further simplification and the development of mutually beneficial arrangements to facilitate the flow of trade between the Parties.

2. In applying a risk management approach to customs control, each customs administration shall regularly review the performance, effectiveness and efficiency of its systems.

Article 67. Consultation

1. Without prejudice to Article 57 (Committee on Trade Facilitation), each customs administration may at any time request consultations with the other customs administration on any matter arising from the operation or implementation of this Chapter. Such consultations shall be conducted through the relevant contact points, and shall take place within 30 days of the request, unless the customs administrations of the Parties mutually determine otherwise.

2. In the event that such consultations fail to resolve any such matter, the requesting Party may refer the matter to the Committee on Trade in Goods for consideration.

3. Each customs administration shall designate one or more contact points for the purposes of this Chapter and provide details of such contact points to the other Party. The customs administrations of the Parties shall notify each other promptly of any amendments to the details of their contact points.

4. The customs administrations may consult each other on any trade facilitation issues arising from procedures to secure trade and the movement of means of transport between the Parties.

Article 68. Implementation

The obligations of the Parties under this Chapter shall enter into force as follows:

(a) Article 60 (Advance Rulings) shall enter into force 3 years after the date of entry into force of this Agreement; and

(b) Article 65 (Release of Goods) shall enter into force one year after the date of entry into force of this Agreement.

Chapter 5. TRADE REMEDIES

Section A. Global Safeguard Measures

Article 69. Global Safeguard Measures

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

2. No Party may apply, with respect to the same product, at the same time:

(a) a bilateral safeguard measure; and

(b) a measure under Article XIX of the GATT 1994 and the Safeguards Agreement.

Section B. Bilateral Safeguard Measures

Article 70. Imposition of a Safeguard Measure

1. A Party may apply a measure described in paragraph 2, during the transition period only, if as a result of the reduction or elimination of a customs duty pursuant to this Agreement, or as a result of unforeseen developments in conjunction with the existence of a preferential tariff under this Agreement, an originating product is being imported into the Party's territory in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive product.

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

(a) suspend the further reduction of any rate of duty provided for under this Agreement on the product; or

(b) increase the rate of duty on the product to a level not to exceed the lesser of:

(i) the most-favoured-nation applied rate of duty in effect at the time the measure is applied; and

(ii) the base tariff rate as provided in the schedule to Annex 2 (Tariff Elimination) (2)

(2) The Parties understand that neither tariff rate quotas nor quantitative restrictions would be a permissible form of safeguard measure.

Section B. Bilateral Safeguard Measures

Article 71. Standards for a Safeguard Measure

1. No Party may maintain a safeguard measure:

(a) except to the extent and for such time as may be necessary to prevent or remedy serious injury, and to facilitate adjustment;

(b) for a period exceeding 2 years; except that the period may be extended by up to one year if the competent authorities determine, in conformity with the procedures set out in Article 72 (Investigation Procedures and Transparency Requirements), that the safeguard measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment and that there is evidence that the industry is adjusting; or

(c) beyond the expiration of the transition period.

2. In order to facilitate adjustment in a situation where the expected duration of a safeguard measure is over one year, the Party applying the measure shall progressively liberalize it at regular intervals during the period of application.

3. On the termination of a safeguard measure, the rate of duty shall be the customs duty set out in the Party's Schedule to Annex 2 (Tariff Elimination) as if the safeguard measure had never been applied.

Article 72. Investigation Procedures and Transparency Requirements

1. A Party shall apply a safeguard measure only following an investigation by the Party's competent authority in accordance with Articles 3 and 4.2(c) of the Safeguards Agreement; and to this end, Articles 3 and 4.2(c) of the Safeguards Agreement are incorporated into and made part of this Agreement, mutatis mutandis.

2. In determining whether increased imports of an originating product of the other Party have caused serious injury or are

threatening to cause serious injury to a domestic industry, the competent authority of the importing Party shall follow the rules in Article 4.2(a) and Article 4.2(b) of the Safeguards Agreement; and to this end, Article 4.2(a) and Article 4.2(b) of the Safeguards Agreement are incorporated into and made part of this Agreement, *mutatis mutandis*.

Article 73. Provisional Safeguard Measures

1. In critical circumstances, where delay would cause damage which would be difficult to repair, a Party may apply a provisional safeguard measure pursuant to a preliminary determination that there is clear evidence that the increased imports have caused or are threatening to cause serious injury to a domestic industry.

2. The duration of the provisional safeguard measure may not exceed 180 days and will adopt any of the forms set out in paragraph 2 of Article 70 (Imposition of a Safeguard Measure) of this Section during which the pertinent requirements of Article 70 (Imposition of a Safeguard Measure) and Article 72 (Investigation Procedures and Transparency Requirements) shall be met. The guarantees or the received funds arising from the imposition of a provisional safeguard measure shall be promptly liberated or refunded, as it corresponds, when the investigation does not determine that increased imports have caused or threaten to cause serious injury to a domestic industry. The duration of any such provisional safeguard measure shall be counted as a part of the period of a safeguard measure.

Article 74. Notification and Consultations

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

(a) initiating an investigation under this Section;

(b) applying a provisional measure; and

(c) taking a final decision on the application of a safeguard measure.

2. A Party shall provide to the other Party a copy of the report of its competent investigating authority required under paragraph 1 of Article 72 (Investigation Procedures and Transparency Requirements).

3. On request of a Party whose product is subject to a safeguard investigation under this Section, the Party conducting that investigation shall enter into consultations with the other Party to review a notification under paragraph 1 or any public notice or report that the competent investigating authority has issued in connection with the investigation.

4. Where a Party applies a provisional safeguard measure referred to in Article 73 (Provisional Safeguard Measures), on request of the other Party, consultations shall be initiated after applying such a provisional measure.

Article 75. Compensations

1. A Party applying a safeguard measure for an overall period beyond 2 years shall, in consultation with the other Party, provide mutually-agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the measure during the period of extension of the measure beyond the aforementioned 2 years. The Party applying the safeguard measure shall provide opportunity for such consultations no later than 30 days after the decision to extend the measure. Such consultations shall take place prior to the effective date of the extension.

2. If the Parties are unable to reach agreement on compensation within 30 days of the commencement of consultations, the exporting Party may suspend the application of substantially equivalent concessions to the trade of the Party applying the safeguard measure.

3. The exporting Party shall notify the other Party in writing in the English language at least 30 days before suspending concessions under paragraph 2.

4. The obligation to provide compensation under paragraph 1 and the right to suspend concessions under paragraph 2 shall terminate on the date of the termination of the safeguard measure.

Article 76. Definitions

For purposes of this Section:
competent investigating authority means:

(a) for China, the Ministry of Commerce, or its successor; and

(b) for Peru, the Ministry of Foreign Trade and Tourism, or its successor;

domestic industry means, with respect to an imported product, the producers as a whole of the like or directly competitive product operating within the territory of a Party, or those producers whose collective production of the like or directly competitive product constitutes a major proportion of the total domestic production of such products;

safeguard measure means a measure described in paragraph 2 of Article 70 (Imposition of a Safeguard Measure);

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

threat of serious injury means serious injury that, on the basis of facts and not merely on allegation, conjecture, or remote possibility, is clearly imminent;

substantial cause means a cause which is important and not less than any other cause;

directly competitive product refers to the product which, having different physical characteristics and composition to those of the imported product, fulfills the same functions of the latter, satisfies the same needs, and is commercially substitutable;

like product refers to the identical product, that is, the product that is the same in all aspects as the imported product, or to another product which, in spite of not being the same in all aspects, has very like characteristics to those of the imported product;

terms will be computed in natural or calendar days, except as otherwise stated; and

transition period means 8 years for the products that eliminate all tariff from the entry into force of the Agreement; means 10 years for the products for which the tariff elimination period is between 5-8 years, according to Annex 2 (Tariff Elimination), as the case may be; and for the products for which the tariff elimination period is 10 years or more, transition period means the tariff elimination period for the product set out in Annex 2 (Tariff Elimination) plus 5 years.

Section C. Antidumping and Countervailing Measures

Article 77. Antidumping and Countervailing Measures

1. The Parties agree to abide fully by the provisions of the WTO Agreement on Implementation of Article VI of the GATT 1994, and the WTO Agreement on Subsidies and Countervailing Measures.

2. The Parties agree to observe the following practices in antidumping cases between them:

(a) immediately following the receipt of a properly documented application from an industry in one Party for the initiation of an antidumping investigation in respect of products from the other Party, the Party that has received the properly documented application shall immediately notify the other Party of the receipt of the application;

(b) during any antidumping investigation involving the Parties, the Parties agree to conduct all notification letters between the Parties in English; and

(c) a Party's investigating authority shall take due account of any difficulties experienced by one or more exporters of the other Party in supplying information requested and provide any assistance practicable; on request of an exporter of the other Party, a Party's investigating authority shall make available the timeframes, procedures and any documents necessary for the offering of an undertaking.

3. Without prejudice to the relevant provisions of WTO Agreement on Implementation of Article VI of the GATT 1994 regarding notification at the initiation stage to the exporting member whose export product is under investigation, the competent investigating authority of a Party shall notify the other Party of such initiation of the investigation procedure and send the model questionnaire of the investigation for the exporter or producer concerned and the list of the main known exporters or producers to the other Party.

Upon the receipt of the notification and information mentioned in the previous paragraph, the Party may notify relevant trade or industry associations or disclose the information to other parties concerned in a timely manner by the publicly available means, and may provide relevant information to the other Party as early as practicable.

4. For purposes of this Section, investigating authority is:

(a) for China, Ministry of Commerce, or its successor; and

(b) for Peru, the National Institute of the Defense of the Competition and the Protection of Intellectual Property, or its successor.

Section D. Cooperation

Article 78. Cooperation

1. The Parties may establish a cooperation mechanism between the investigating authorities of each Party to ensure each Party has a clear understanding of the practices adopted by the other Party in trade remedies investigations.

2. For purposes of this Section, competent investigating authority is:

(a) for China, the Ministry of Commerce, or its successor; and

(b) for Peru, the Ministry of Foreign Trade and Tourism, or its successor (for bilateral safeguard measures), and the National Institute of the Defense of the Competition and the Protection of Intellectual Property, or its successor (for antidumping and countervailing measures, and global safeguard measures).

Chapter 6. SANITARY AND PHYTOSANITARY MEASURES

Article 79. Objectives

The objectives of this Chapter are:

(a) to protect human, animal or plant life or health in the territory of each Party;

(b) to facilitate bilateral trade and to provide a framework to address sanitary and phytosanitary matters that may, directly or indirectly, affect trade between the Parties;

(c) to ensure that the Parties' sanitary and phytosanitary measures shall not be applied in a manner which would constitute an unjustified barrier to trade;

(d) to strengthen capacities for the implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (hereinafter referred to as "SPS Agreement"); and

(e) to strengthen mechanisms, communication and cooperation between Chinese and Peruvian government agencies having responsibility for matters covered by this Chapter and to deepen mutual understanding of each Party's regulations and procedures.

Article 80. Scope and Coverage

1. This Chapter shall apply to all sanitary and phytosanitary measures of a Party that may, directly or indirectly, affect trade between the Parties.

2. This Chapter does not apply to standards, technical regulations and conformity assessment procedures as defined in the WTO *Agreement on Technical Barriers to Trade*.

Article 81. Reaffirmation of SPS Agreement

1. The Parties reaffirm and incorporate in this Chapter their existing rights and obligations with respect to each other under the SPS Agreement.

2. The Parties recognize and apply the Decisions on the application of the Agreement adopted by the WTO Committee on Sanitary and Phytosanitary Measures (WTO/SPS Committee).

Article 82. Definitions

For purposes of this Chapter:

(a) definitions under Annex A of the SPS Agreement, definitions provided in the glossary of harmonized terms of the

relevant international organizations, and definitions agreed by the Parties and adopted by the SPS Committee established in this Chapter, are applicable; and

(b) **relevant international organizations** refers to the organizations mentioned in the SPS Agreement.

Article 83. General Provisions to Facilitate Trade

1. The relevant national authorities on sanitary and phytosanitary matters may achieve cooperation and/or coordination agreements to facilitate trade.

2. These agreements shall aim to deepen and/or define mechanisms necessary to achieve transparent and streamlined procedures, including recognition of equivalence; recognition of pest or disease-free areas or low pest or disease prevalence zones; control, inspection, approval; among other matters of mutual interest for the Parties.

3. At the request of the other Party, each Party shall give favourable consideration to any SPS specific proposal made by the other Party in order to facilitate bilateral trade between them.

Article 84. Harmonization

1. In accordance with Article 3 of the SPS Agreement and the Decisions for the implementation of the said Article adopted by the WTO/SPS Committee, the Parties shall work on the harmonization of their respective sanitary and phytosanitary measures, taking into account standards, guidelines and recommendations developed by the relevant international organizations.

2. In case these international standards, guidelines and recommendations do not exist, their respective measures shall be based on science and guarantee that the appropriate level of sanitary or phytosanitary protection is achieved.

Article 85. Equivalence

1. Each Party shall accept the sanitary or phytosanitary measures of the other Party as equivalent, if the other Party objectively demonstrates to the Party that its measures achieve the Party's appropriate level of sanitary and phytosanitary protection.

2. The Parties shall, if necessary, give positive consideration to establishing a procedure to expedite recognition on equivalence of their sanitary and phytosanitary measures, on the basis of the relevant procedures established by the relevant international organizations and the WTO/SPS Committee.

3. If the recognition of the equivalence is still pending, the Parties should neither stop nor apply sanitary and phytosanitary measures more restrictive than those in force in their mutual trade, except in the case of a sanitary or phytosanitary emergency.

Article 86. Risk Assessment and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection

1. Sanitary and phytosanitary measures shall be based on a risk assessment, in line with the circumstances of the risks existing for human, animal and plant life and health, taking into account the risk assessment techniques developed by the relevant international organizations, so that the measures adopted may reach the appropriate level of protection.

2. When a Party decides to make a re-evaluation of a product for which there is a fluid and regular trade, said Party shall not interrupt bilateral trade of the affected products by reason of such decision to make the re-evaluation, except in the case of a sanitary or phytosanitary emergency.

Article 87. Recognition of Pest- or Disease- Free Areas and Areas of Low Pest or Disease Prevalence

1. The importing Party shall recognize in an expeditious way, upon request by the other Party and after the receipt of the necessary information provided by the exporting Party and an assessment by the importing Party, the pest- or disease-free areas and areas of low pest or disease prevalence recognized by the relevant international organizations.

2. In the absence of recognition of pest- or disease-free areas and areas of low pest or disease prevalence by the relevant international organizations, the importing Party shall decide, in a reasonable time, on the request made by the exporting

Party for the recognition of pest- or disease-free areas and areas of low pest or disease prevalence. For this purpose, the exporting Party shall objectively demonstrate that an area or part of its territory is free of a pest or disease or has low pest or disease prevalence, and maintain this status, and the importing Party shall conduct an assessment.

3. In case of an event affecting the sanitary or phytosanitary status of a pest- or disease-free area or an area of low pest or disease prevalence, the Parties shall work in an expeditious way for regaining such status.

Article 88. Transparency

1. The Parties agree to designate Contact Points and/or Enquiry Points for information exchange and notification on sanitary and phytosanitary issues no later than 3 months following the entry into force of this Agreement.

2. Each Party shall notify electronically to the other Party's Contact Point or Enquiry Point its proposed sanitary and phytosanitary measures notifications to the WTO, at the same time the Party submits to the WTO Secretariat in accordance with the SPS Agreement , with at least a 60-day-long comment period.

3. In cases of urgency or duly justified emergency, the Parties shall adopt similar action as specified in paragraph 2, without observing the timeframe established.

4. The Parties shall strengthen cooperation between SPS Contact Points and/or Enquiry Points of the Parties, including sharing available translated versions of SPS notifications and relevant information and exchanging experience and information on SPS notifications.

Article 89. Technical Cooperation

The Parties agree to cooperate in human, animal, plant health and food safety issues of common interest with a view to facilitating access to each other's markets. In particular, the Parties shall consider the following activities, inter alia:

(a) encourage the enforcement of this Chapter; and

(b) strengthen the capacity of their corresponding SPS authorities.

Article 90. Committee on Sanitary and Phytosanitary Measures

1. The Parties establish a Committee on Sanitary and Phytosanitary Measures consisting of sanitary and phytosanitary authorities and/or trade authorities of the Parties.

2. The Committee shall meet every 2 years or whenever it considers necessary. The Committee shall meet in presence or through teleconference, videoconference, or any other means; and shall be able to deal with sanitary and phytosanitary issues through telecommunications or correspondence.

3. At its first regular meeting, the Committee shall adopt its rules of procedure and if necessary, shall develop a Working Plan, which could be updated with the issues of interest proposed by the Parties.

4. The functions of this Committee include:

(a) to monitor the implementation of this Chapter;

(b) to review progress on addressing sanitary and phytosanitary matters that may arise between the Parties' competent sanitary and phytosanitary authorities, including each Party's priority market access interests;

(c) to strengthen the communication on the Parties' SPS-related administrative procedures to promote mutual understanding and compliance with the respective obligations under this Chapter;

(d) to strengthen technical cooperation in sanitary and phytosanitary issues and seek the enhancement of any present or future relationship between the Parties;

(e) to consult on issues, positions and agendas for meetings of the WTO/SPS Committee, Codex Alimentarius, the International Plant Protection Convention, the World Organization for Animal Health, and other international and regional fora on food safety and human, animal and plant health;

(f) to establish technical working groups if necessary. The technical working groups may consist of expert-level representatives of the Parties as agreed, which shall identify, address, and attempt to resolve technical and scientific issues arising from this Chapter;

(g) to hold technical discussions on sanitary and phytosanitary matters;and

(h) other functions mutually agreed by the Parties.

5. The Committee shall be coordinated by:

(a) for China, the Department of International Cooperation of the General Administration of Quality Supervision, Inspection and Quarantine, or its successor; and

(b) for Peru, the Vice Ministry of Foreign Trade of the Ministry of Foreign Trade and Tourism, or its successor.

Article 91. Technical Consultations and Dispute Settlement

1. When a Party considers that a sanitary or phytosanitary measure affecting trade between it and the other Party warrants technical consultations, it may request that technical consultations be held under the Committee on Sanitary and Phytosanitary Measures, with a view to sharing information and increasing mutual understanding about the specific sanitary and phytosanitary measure under consultation and to identify a workable and practical solution that would facilitate trade. The other Party shall respond as early as possible to any request for technical consultations.

2. The technical consultations shall be held, if possible, in a term of 45 days after the date of receipt of the request, unless the Parties agree otherwise, and may be conducted via teleconference, videoconference, or through any other means mutually agreed by the Parties.

3. Notwithstanding paragraphs 1 and 2, any Party may directly resort to the dispute settlement mechanism provided in Chapter 15 (Dispute Settlement).

Article 92. Competent Authorities

1. The competent authorities of the Parties are the authorities in the Parties responsible for the implementation of the measures referred to in this Chapter.

2. The Parties will communicate any significant change in the structure, organization and division of the competent authorities.

3. For the adequate implementation of this Chapter, the Parties shall strengthen bilateral contact and cooperation between their respective sanitary and phytosanitary agencies.

Chapter 7. TECHNICAL BARRIERS TO TRADE

Article 93. Objectives

The objectives of this Chapter are to increase and facilitate trade between the Parties, through the improvement of the implementation of the WTO Agreement on Technical Barriers to Trade (hereinafter referred to as "TBT Agreement"); the assurance that standards, technical regulations, and conformity assessment procedures, do not create unnecessary obstacles to trade; and the enhancement of bilateral cooperation between the Parties.

Article 94. Affirmation of the TBT Agreement

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

Article 95. Scope

1. The provisions of this Chapter apply to the preparation, adoption and application of all standards, technical regulations and conformity assessment procedures, of central and local government bodies, that may affect directly or indirectly the trade in goods between the Parties.

2. This Chapter does not apply to:

(a) purchasing specifications prepared by governmental bodies for production or

consumption requirements of such bodies; and

(b) sanitary and phytosanitary measures as defined in Annex A of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, which are covered by Chapter 6 (Sanitary and Phytosanitary Measures) of this Agreement.

Article 96. International Standards

1. Each Party shall use relevant international standards, guides and recommendations to the extent provided in Articles 2.4 and 5.4 of the TBT Agreement, as a basis for its technical regulations and conformity assessment procedures.

2. In determining whether an international standard, guide, or recommendation within the meaning of Articles 2 and 5 and Annex 3 of the TBT Agreement exists, each Party shall apply the principles set out in Decisions and Recommendations adopted by the Committee since 1 January 1995, G/TBT/1/Rev.8, 23rd May 2002, Section IX (Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations with relation to Articles 2, 5 and Annex 3 of the Agreement), issued by the WTO Committee on Technical Barriers to Trade (TBT Committee).

3. Each Party shall encourage its national standardizing bodies to cooperate with the relevant national standardizing bodies of the other Party in international standardizing activities. Such cooperation may take place through the Parties' activities in regional and international standardizing bodies of which they are both members.

Article 97. Technical Regulations

1. Each Party shall give positive consideration to accepting as equivalent technical regulations of the other Party, even if these regulations differ from its own, provided it is satisfied that these regulations adequately fulfil the objectives of its own regulations.

2. Where a Party does not accept a technical regulation of the other Party as equivalent to its own, it shall, at the request of the other Party, explain its decision.

3. At the request of a Party that has an interest in developing a similar technical regulation, the Parties may conduct relevant communication to provide, to the extent practicable, information, studies, or other documents, except for confidential information, on which it has relied in the development of a technical regulation.

Article 98. Conformity Assessment

1. The Parties recognize that a broad range of mechanisms exists to facilitate the acceptance in a Party's territory of the results of conformity assessment procedures conducted in the other Party's territory. The Parties shall exchange information on the range of mechanisms used in their territories.

2. Before accepting the results of a conformity assessment procedure, and to enhance confidence in the continued reliability of each other's conformity assessment results, the Parties may consult on such matters as the technical confidence of the conformity assessment bodies involved.

3. A Party shall, on the request of the other Party, explain its reasons for not accepting the results of a conformity assessment procedure performed in the other Party's territory.

4. Each Party shall accredit or otherwise recognize conformity assessment bodies in the territory of the other Party on terms no less favourable than those it accords to conformity assessment bodies in its territory. If a Party accredits, or otherwise recognizes a body assessing conformity with a particular technical regulation or standard and it refuses to accredit or otherwise recognizes a body of the other Party assessing conformity with that technical regulation or standard, it shall, on request, explain the reasons for its refusal.

5. Where a Party declines a request from the other Party to engage in or conclude negotiations to reach agreement on facilitating recognition in its territory of the results of conformity assessment procedures conducted by bodies located in the other Party's territory, it shall, on request, explain its reasons.

6. The Parties shall ensure that, in cases where a compulsory conformity assessment procedure is required, one Party applies the following provisions to products originating in the territory of the other Party:

(a) the standard processing period of each compulsory conformity assessment procedure is published or the anticipated processing period is communicated to the applicant upon request; and

(b) at request of a Party, the other Party shall provide the list of products, in a specific sector, which are subject to

compulsory conformity assessment procedures, in a term of 30 working days. The list of products shall be made in English with its HS code, in six or more digits.

Article 99. Transparency

1. Each Party shall notify electronically to the other Party´s enquiry point, established under Article 10 of the TBT Agreement, at the same time it submits its notification to the WTO Secretariat in accordance with the TBT Agreement:

(a) its proposed technical regulations and conformity assessment procedures; and

(b) its technical regulations and conformity assessment procedures adopted to address urgent problems of safety, health, environmental protection or national security arising or threatening to arise. The notifications shall include an electronic link to, or a copy of, the full text of the notified document.

2. Further to subparagraph 1(a), each Party shall allow a period of at least 60 days following notification of proposed technical regulations and conformity assessment procedures for the public and the other Party to provide written comments. A Party shall give positive consideration to a reasonable request for extending the comment period.

3. A Party shall give favourable consideration to the comments from the other Party and, if the comments are not accepted, the Party shall explain the reasons in a timely fashion.

4. Each Party shall, on request of the other Party, provide information regarding the objectives of, and rationale for, a technical regulation, or conformity assessment procedure that the Party has adopted or is proposing to adopt.

5. A Party shall give positive consideration to a reasonable request from the other Party, received prior to the end of the comments period following the notification of a proposed technical regulation, to extend the period of time between the adoption of the technical regulation and its entry into force.

6. Where a Party detains at a port of entry a good imported from the territory of the other Party due to a perceived failure to comply with a technical regulation, it shall immediately notify the importer of the reasons for the detention of the good.

7. The Parties shall ensure that all adopted technical regulations and conformity assessment procedures are available on an official website that is publicly available.

8. The Parties agree to further strengthen cooperation between TBT Enquiry Points of the Parties, including sharing available translated versions of TBT notifications and relevant information, and exchanging experience and information on TBT notifications.

Article 100. Technical Cooperation

1. The Parties agree to cooperate in the field of standards, technical regulations, and conformity assessment procedures with a view to facilitating access to each other's markets. In particular, the Parties shall consider the following activities, inter alia:

(a) encouraging the enforcement of this Chapter;

(b) strengthening the capacity of their corresponding standardisation, technical regulation, conformity assessment and metrology bodies;

(c) increasing the participation and collaboration in the international organizations with activity in areas such as standards, conformity assessment and metrology;

and

(d) increasing the human resources development and training as required by this Chapter.

Article 101. Committee on Technical Barriers to Trade

1. The Parties hereby establish the Committee on Technical Barriers to Trade, comprising representatives of each Party.

2. For purposes of this Article, the Committee shall be coordinated by:

(a) for China, the Department of International Cooperation of the General Administration of Quality Supervision, Inspection

and Quarantine, or its successor; and

(b) for Peru, the Vice Ministry of Foreign Trade of the Ministry of Foreign Trade and Tourism, or its successor. The Parties agree to designate contact points at the first meeting of the Committee on Technical Barriers to Trade established under this Chapter.

3. The Committee's functions shall include:

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

(b) reviewing this Chapter in light of any developments under the TBT Committee, and if necessary developing recommendations for attachments to this Chapter;

(c) discussing any issue that a Party raises related to the development, adoption or application of standards, technical regulations, conformity assessment procedures and other TBT issues under this Chapter; including:

(i) establishing, if necessary to achieve the objectives of this Chapter, issues or sectors-specific ad hoc working groups; and

(ii) taking any other steps the Parties may consider that will assist them in implementing this Chapter and the TBT Agreement and in facilitating trade;

(d) exchanging information on standardization, technical regulations, and conformity assessment procedures, including, when appropriate, information of activities in other fora;

(e) promoting and facilitating cooperation in the areas of standards, technical regulations and conformity assessment procedures, including metrology;

(f) at a Party's written request, holding technical consultation on any matter arising under this Chapter; and

(g) as it considers appropriate, reporting to the Free Trade Commission on the implementation of this Chapter.

4. Notwithstanding subparagraph 3(f), any Party may directly resort to the dispute settlement mechanism provided in Chapter 15 (Dispute Settlement).

5. The institutions set out in paragraph 2 will be responsible for coordinating with the relevant institutions and persons in their territory as well as ensuring that such institutions and persons are engaged. They will elaborate their own work rules and shall meet at least every 2 years unless the Parties otherwise agree. The Committee shall carry out their work through the communication channels agreed to by the Parties, which may include electronic mail, teleconferencing, videoconferencing, or other means.

Article 102. Information Exchange

Any information or explanation requested by a Party pursuant to the provisions of this Chapter shall be provided by the other Party, in print or electronically, within a reasonable period of time agreed between the Parties and, if possible, in a term of 60 days.

Article 103. Definitions

For purposes of this Chapter, the terms and definitions of Annex 1 of the TBT Agreement shall apply.

Chapter 8. Trade In Services

Article 104. Definitions

For purposes of this Chapter:
trade in services means the supply of a service:
(a) from the territory of a 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 through presence of natural persons of a Party in the territory of the other Party; **juridical person** means an entity constituted or organized under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, including a corporation, trust, partnerhsip, sole proprietorship, joint venture or association; juridical person is:

(i) "owned" by persons of a Party if more than 50% of the equity in it is beneficially owned by persons of that Party;
(ii) "controlled" by persons of a Party if such persons have the power to name a majority of its directors or otherwise to legally direct its actions;
service supplier of a Party means any person of that Party that supplies a service; (3)
measure means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;
supply of a service includes the production, distribution, marketing, sale and delivery of a service; commercial presence means any type of business or professional establishment, including through:
(i) the constitution, acquisition or maintenance of a juridical person; or
(ii) the creation or maintenance of a branch or a representative office, within the territory of a Party for the purpose of supplying a service; and natural person of a Party means a natural person who resides in the territory of a Party, and who under the law of that Party is a national of that Party.

(3) Where the service is not supplied directly by a juridical person but through other forms of commercial presence such as a branch or a representative office, the service supplier (i.e.the juridical person) shall, nonetheless, through such presence be accorded the treatment provided for service suppliers under the Agreement. Such treatment shall be extended to the presence through which the service is supplied and need not be extended to any other parts of the supplier located outside the territory where the service is supplied.

Article 105. Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party affecting trade in services by service suppliers of the other Party. Such measures include measures affecting:
(i) the purchase or use of, or payment for, a service;
(ii) the access to and use of, in connection with the supply of a service, services which are required by the Parties to be offered to the public generally; or
(iii) the presence, including commercial presence, of persons of a Party for the supply of a service in the territory of the other Party.
2. For purposes of this Chapter, measures adopted or maintained by a Party means measures adopted or maintained by:
(i) central, regional or local governments and authorities; and
(ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities.
3. This Chapter does not apply to:
(a) government procurement;
(b) air services, (4) including domestic and international air transportation services, whether scheduled or non-scheduled, and related services in support of air services, other than:
(i) aircraft repair and maintenance services;
(ii) the selling and marketing of air transport services; and
(iii) computer reservation system (CRS) services; and
(c) subsidies or grants provided by a Party, including government-supported loans, guarantees, and insurance.
4. This Chapter does not impose any obligation on a Party with respect to a natural person of the other Party seeking access to its employment market, or employed on a permanent basis in its territory, and does not confer any right on that natural person with respect to that access or employment.
5. This Chapter does not apply to services supplied in the exercise of governmental authority in a Party's territory. A service 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.
6. Nothing in this Chapter shall prevent a Party from applying measures to regulate the entry of natural persons of the other Party into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, 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 under the terms of this Chapter. (5)
7. This Chapter, except for the list of financial services specific commitments in the Schedules of Specific Commitments under this Agreement, does not apply to measures affecting the supply of financial services (6) as defined in subparagraph 5(a) of the GATS Annex on Financial Services. The obligations of each Party with respect to measures affecting the supply of financial services shall be in accordance with its obligations under GATS, the GATS Annex on Financial Services and the GATS Second Annex on Financial Services, and subject to any reservations thereto. The said obligations are hereby incorporated into this Agreement, and the schedule of financial services specific commitments of Annex 6 (Schedules of Specific Commitments) of this Agreement shall apply.
8. In addition to the provisions of this Chapter, the rights and obligations of the Parties in respect of telecommunication services shall also be governed by the provisions of:
(a) the GATS Annex on Telecommunications; and

(b) the GATS Reference Paper developed in the Negotiating Group on Basic Telecommunications attached to each Party's GATS schedules of commitments, which are hereby incorporated into this Chapter, mutatis mutandis, as if those provisions were fully set out herein.

(4) For greater certainty, the term “air services” includes traffic rights.

(5) The sole fact of requiring a visa for natural persons of the other Party shall not be regarded as nullifying or impairing benefits under a specific commitment.

6) For greater certainty, “the supply of financial services” shall mean the supply of services as defined in GATS Article I.2.

Article 106. National Treatment

In the sectors inscribed in its Schedule, and subject to any conditions and qualifications set out therein, each Party shall accord to services and service suppliers of the other Party treatment no less favourable than that it accords, in like circumstances, to its own services and service suppliers.

Article 107. Market Access

1. With respect to market access through the modes of supply identified in the "trade in services" definition of Article 104 (Definitions), each Party shall accord to services and service suppliers of the other Party treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its Schedule. (7)
2. In sectors where market access commitments are undertaken, the measures which a Party shall not maintain or adopt either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in its Schedule, are defined as:
(a) limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;
(b) limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;
(c) limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test; (8)
(d) limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;
(e) measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; or
(f) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

(7) To the extent that a market-access commitment is undertaken by a Party in its Schedule of Commitments, and where the cross-border movement of capital is an essential part of a service supplied through the mode of supply referred to in subparagraph (a) of the “trade in services” definition of Article 104 (Definitions) of this Chapter, that Party is hereby committed to allow such movement of capital. To the extent that a market-access commitment is undertaken by a Party in its Schedule of Commitments, and where a service is supplied through the mode of supply referred to in subparagraph (c) of the “trade in services” definition of Article 104 (Definitions) of this Chapter, that Party is hereby committed to allow related transfers of capital into its territory.

(8) Subparagraph 2(c) does not cover measures of a Party which limit inputs for the supply of services.

Article 108. Additional Commitments

The Parties may negotiate commitments with respect to measures affecting trade in services not subject to scheduling under Article 106 (National Treatment) or Article 107 (Market Access), including those regarding qualifications, standards or licensing matters. Such commitments shall be inscribed in a Party's Schedule.

Article 109. Schedule of Specific Commitments

1. Each Party shall set out in a schedule the specific commitments it undertakes under Article 106 (National Treatment), Article 107 (Market Access) and Article 108 (Additional Commitments). With respect to sectors where such commitments are undertaken, each Schedule shall specify:
(a) terms, limitations and conditions on market access;
(b) conditions and qualifications on national treatment;
(c) undertakings relating to additional commitments referred to in Article 108 (Additional Commitments); and
(d) where appropriate, the time-frame for implementation of such commitments and the date of entry into force of such commitments.
2. Measures inconsistent with both Articles 106 (National Treatment) and 107 (Market Access) are inscribed in the column relating to Article 107 (Market Access). In this case, the inscription is considered to provide a condition or qualification to Article 106 (National Treatment) as well.
3. The Parties' Schedules of Specific Commitments are set out in Annex 6 (Schedules of Specific Commitments).

Article 110. Domestic Regulation

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. Each Party shall maintain or institute as soon as practicable judicial, arbitral or administrative tribunals or procedures which provide, at the request of an affected service supplier of the other Party, for the prompt review of, and where justified, appropriate remedies for, administrative decisions affecting trade in services. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Party shall ensure that the procedures in fact provide for an objective and impartial review.
3. Where a Party requires authorization for the supply of a service, the Party's competent authorities shall, within a reasonable period of time after the submission of an application considered complete under domestic laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the competent authorities of the Party shall provide, without undue delay, information concerning the status of the application.
4. With a view to ensuring 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 aim to ensure that such measures are:
(a) based on objective and transparent criteria, such as competence and the ability to supply the service;
(b) not more burdensome than necessary to ensure the quality of the service; and
(c) in the case of licensing procedures, not in themselves a restriction on the supply of the service.
5. If the results of the negotiations related to Article VI:4 of GATS (or the results of any similar negotiations undertaken in other multilateral fora in which the Parties participate) enter into effect, this Article shall be amended, as appropriate, after consultations between the Parties, to bring those results into effect under this Agreement. The Parties agree to coordinate on such negotiations, as appropriate.

Article 111. Recognition

1. For the purposes of the fulfillment, in whole or in part, of its standards or criteria for the authorization, licensing or certification of services suppliers, and subject to the requirements of paragraph 3, a Party may recognize the education or experience obtained, requirements met, or licences or certifications granted in the other Party or a non-Party. Such recognition, which may be achieved through harmonization or otherwise, may be based upon an agreement or arrangement with the other Party or a non-Party concerned or may be accorded autonomously.
2. A Party that is a party to an agreement or arrangement of the type referred to in paragraph 1, whether existing or future, shall afford adequate opportunity for the other Party, if the other Party is interested, to negotiate its accession to such an agreement or arrangement or to negotiate comparable ones with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that education, experience, licences or certifications obtained or requirements met in that other Party's territory should be recognized.
3. A Party shall not accord recognition in a manner which would constitute a means of discrimination between countries in the application of its standards or criteria for the authorization, licensing or certification of services suppliers, or a disguised restriction on trade in services.
4. Each Party should encourage the relevant bodies in its respective territory to conduct future negotiations for developing mutually acceptable standards and criteria for licensing, temporary licensing and certification of professional services suppliers.

Article 112. Transfers and Payments

1. Each Party shall permit transfers and payments for current transactions relating to its specific commitments to be made freely and without delay into and out of its territory.
2. Each Party shall permit such transfers and payments relating to the supply of services to be made in a freely usable currency at the market rate of exchange prevailing on the date of transfer.
3. Notwithstanding paragraphs 1 and 2, a Party may prevent or delay a transfer or payment through the equitable, non-discriminatory and good faith application of its laws relating to:
(a) bankruptcy, insolvency or the protection of the rights of creditors;
(b) issuing, trading or dealing in securities, futures, options, or derivatives;
(c) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;
(d) criminal or penal offences; or
(e) ensuring compliance with orders or judgments in judicial or administrative proceedings.
4. Nothing in this Chapter shall affect the rights and obligations of the members of the International Monetary Fund under the Articles of the Agreement of the International Monetary Fund, including the use of exchange actions which are in conformity with the Articles of the Agreement of the International Monetary Fund, provided that a Party shall not impose restrictions on any capital transactions inconsistently with its obligations under this Chapter regarding such transactions, except at the request of the International Monetary Fund.

Article 113. Denial of Benefits

1. A Party may deny the benefits of this Chapter to:
(a) service suppliers of the other Party where the service is being supplied by a juridical person that is owned or controlled by persons of a non-Party and the juridical person has no substantive business activities in the territory of the other Party; or
(b) service suppliers of the other Party where the service is being supplied by a juridical person that is owned or controlled by persons of the denying Party and the juridical person has no substantive business activities in the territory of the other Party.
2. Upon a written request of the other Party, the denying Party shall inform in writing and consult with the other Party on the specific case of denial as referred to in paragraph 1 of this Article.

Article 114. Transparency

Further to Chapter 13 (Transparency):
(a) each Party shall maintain or establish appropriate mechanisms for responding to inquiries from interested persons regarding its laws and regulations relating to the subject matter of this Chapter; (9)
(b) at the time it adopts final laws and regulations relating to the subject matter of this Chapter, each Party shall, to the extent possible, including upon request, take into consideration of substantive comments received from interested persons with respect to the proposed laws and regulations; and
(c) to the extent possible, each Party shall allow a reasonable period of time between publication of final laws and regulations and their effective date.

9The implementation of the obligation to establish appropriate mechanisms for small administrative agencies may need to take into account resource and budget constraints.

Article 115. Implementation and Review

The Parties shall consult annually, or as otherwise agreed, to review the implementation of this Chapter and consider other matters of mutual interest affecting trade in services. (10)

(10) Such consultations will be addressed under Article 170 (Free Trade Commission) of Chapter 14 (Administration of the Agreement).

Chapter 9. Temporary Entry for Business Persons

Article 116. General Principles

Further to Article 117 (General Obligations), this Chapter reflects the preferential trading relationship between the Parties, the mutual objective to facilitate temporary entry for business persons on a reciprocal basis and in accordance with Annex 7 (Commitments for Temporary Entry for Business Persons), the need to establish transparent criteria and procedures for temporary entry and the need to ensure border security and to protect the domestic labor force and permanent employment in their respective territories.

Article 117. General Obligations

1. Each Party shall apply its measures relating to the provisions of this Chapter in accordance with Article 116 (General Principles) and, in particular, shall expeditiously apply those measures so as to avoid unduly impairing or delaying trade in goods or services or conduct of investment activities under this Agreement.
2. Nothing in this Chapter shall be construed to prevent a Party from applying measures to regulate the entry of natural persons into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, 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 unduly impair or delay trade in goods or services or conduct of investment activities under this Agreement.

Article 118. Grant of Temporary Entry

1. Each Party shall grant temporary entry to business persons who comply with existing immigration measures applicable to temporary entry such as those relating to public health and safety and national security, in accordance with this Chapter and the terms and conditions of Annex 7 (Commitments for Temporary Entry for Business Persons).
2. Each Party shall limit any fees for processing applications for temporary entry of business persons so as to not unduly impair or delay trade in goods or services or the conduct of investment activities under this Agreement.

Article 119. Provision of Information

1. Further to Article 167 (Transparency) of the Chapter 13 (Transparency), and recognizing the importance to the Parties of transparency of temporary entry information, each Party shall:
(a) provide to the other Party relevant materials that will enable it to become acquainted with its measures relating to this Chapter; and
(b) no later than 6 months after the date of entry into force of this Agreement, make available explanatory material regarding the requirements for temporary entry under this Chapter in such a manner that will enable business persons of the other Party to become acquainted with them.
2. Each Party shall collect and maintain, and, on request, make available to the other Party in accordance with its domestic law, data respecting the granting of temporary entry under this Chapter to business persons of the other Party who have been issued immigration documentation.

Article 120. Working Group

1. The Parties hereby establish a Working Group on Temporary Entry for Business Persons, which shall meet at least once every 3 years or on request of the Free Trade Commission to consider any matter arising under this Chapter.
2. The Working Group's functions shall include:
(a) to review the implementation and operation of this Chapter;
(b) to consider the development of measures to further facilitate temporary entry of business persons on a reciprocal basis;
(c) the identification of measures that affect the temporary entry of business persons under this Chapter; and
(d) the observance of the issues established under Article 121 (Cooperation).

Article 121. Cooperation

Taking into account the principles set out in Article 116 (General Principles), the Parties shall:
(a) share information and experiences on regulations and implementation of programs and technology in the framework of migratory issues, including those related to the use of biometric technology, advanced passenger information systems, frequent passenger programs and security in travel documents; and
(b) endeavor to coordinate actively in multilateral forums, in order to promote the facilitation of temporary entry of business persons.

Article 122. Dispute Settlement

1. A Party may not initiate proceedings under the general dispute settlement provisions of this Agreement regarding a refusal to grant temporary entry under this Chapter unless:
(a) the matter involves a pattern of practice; and
(b) the business person has exhausted the available administrative remedies regarding the particular matter.
2. The remedies referred to in subparagraph 1(b) shall be deemed to be exhausted if a final determination in the matter has not been issued by the competent authority within one year of the institution of an administrative proceeding, and the failure to issue a determination is not attributable to delay caused by the business person.

Article 123. Relation to other Chapters

1. No provision of this Agreement shall be interpreted to impose any obligation on a Party regarding its immigration measures, except as specifically identified in this Chapter, and Chapters 1 (Initial Provisions), Chapter 8 (Trade in Services), Chapter 13 (Transparency), Chapter 14 (Administration of the Agreement), Chapter 15 (Dispute Settlement), Chapter 16 (Exceptions) and Chapter 17 (Final Provisions).
2. Nothing in this Chapter shall be construed to impose obligations or commitments with respect to other Chapters of this Agreement.

Article 124. Transparency

1. Further to Chapter 13 (Transparency), each Party shall establish or maintain appropriate mechanisms to respond to inquiries from interested persons regarding laws and regulations relating to the temporary entry of business persons.
2. Each Party shall endeavor to, within a reasonable period that should not exceed 30 days after an application requesting temporary entry is considered complete under its domestic laws and regulations, inform the applicant of the decision concerning the application.

Article 125. Definitions

For purposes of this Chapter:
business person means a national of a Party who is engaged in trade in goods, trade in services or investment activities;
temporary entry means entry into the territory of a Party by a business person of the other Party without the intent to establish permanent residence; business visitor means a natural person of a Party who is:
(i) a service seller who is a sales representative of a service supplier of that Party and is seeking temporary entry to the other Party for the purpose of negotiating the sale of services for that service supplier, where such representative will not be engaged in making direct sales to the general public or in supplying services directly;
(ii) an investor of a Party or a duly authorized representative of an investor of a Party, who is seeking temporary entry into the territory of the other Party to establish, develop, administer, expand, monitor, or dispose an investment of that investor; or
(iii) a goods seller who is seeking temporary entry to the territory of the other Party to negotiate the sale of goods where such negotiations do not involve direct sales to the general public;
intra-corporate transferee means a manager, an executive, or a specialist, who is a senior employee of a service supplier of a Party with a commercial presence, as defined in Chapter 8 (Trade in Services), in the territory of the other Party;
executive means a natural person within an organization who primarily directs the management of the organization, exercises wide latitude in decision-making, and receives only general supervision or direction from higher level executives, the board of directors and/or stockholders of the business. An executive would not directly perform tasks related to the actual provision of the service nor the operation of an investment; **immigration measure** means any law, regulation or procedure affecting the entry and sojourn of foreign nationals;
manager means a natural person within an organization who primarily directs the organization or a department or sub-division of the organization, supervises and controls the work of other supervisory, professional or managerial employees, has the authority to hire and fire or take other personnel actions (such as promotion or leave authorization), and exercises discretionary authority over day-to-day operations; and
specialist means an employee within an organization who possesses knowledge at an advanced level of technical expertise, and who possesses proprietary knowledge of the organization's service, research equipment, techniques or management.

Chapter 10. Investment

Article 126. Definitions

For purposes of this Chapter:
investment means every kind of asset invested by investors of one Party in accordance with the laws and regulations of the

other Party in the territory of the latter, and in particular, though not exclusively, includes:
(a) movable, immovable property and other property rights such as mortgages and pledges, and similar rights;
(b) shares, debentures, stock and any other kind of participation in companies;
(c) claims to money or to any other performance having an economic value associated with an investment (11);
(d) intellectual property rights, in particularly copyrights, patents, trade-marks, trade-names, know-how and technological process, as well as good-will;
(e) concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources. investors means:
(a) for China:
(i) natural persons who have nationality of the People's Republic of China in accordance with its law;
(ii) economic entities established in accordance with the laws of the People's Republic of China and domiciled in the territory of the People´s Republic of China; or
(iii) legal entities not established under the law of the People's Republic of China but effectively controlled, by natural persons, as defined in subparagraph (a)(i) or by economic entities as defined in subparagraph (a)(ii), that have made an investment in the territory of the other Party; and
(b) for Peru:
(i) natural persons who, according to the law of the Republic of Peru, have its nationality; or
(ii) all juridical persons established in accordance with the laws of the Republic of Peru, including civil and commercial companies and other associations with or without a legally ackowledged existence that perform an economic activity included within the sphere of this Chapter and which are directly or indirectly controlled by nationals of the Republic of Peru, that have made an investment in the territory of the other Party; and returns means the amounts yielded by investments, such as profits, dividends, interests, capital gains, royalties, fees or other legitimate income.

(11) For greater certainty, investment does not include loans issued by one Party to the other Party.

Article 127. Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party relating to:
(a) investors of the other Party; and
(b) investments of investors of the other Party.
2. This Chapter shall not apply to measures adopted or maintained by a Party affecting trade in services.
3. Notwithstanding paragraph 2, for the purpose of protection of investment with respect to the commercial presence mode of service supply, Article 132 (Fair and Equitable Treatment and Full Protection and Security), Article 133 (Expropriation), 134 (Compensation for Losses), Article 135 (Transfers), Article 136 (Subrogation) and Article 137 (Denial of Benefits) shall apply to any measure affecting the supply of a service by a service supplier of a Party through commercial presence in the territory of the other Party. Article 139 (Investor-State Dispute Settlement) shall apply to Article 132 (Fair and Equitable Treatment and Full Protection and Security), Article 133 (Expropriation), Article 134 (Compensation for Losses), Article 135 (Transfers), and Article 136 (Subrogation) with respect to the supply of a service through commercial presence.
4. For greater certainty, the provisions of this Chapter do not bind either Party in relation to any act or fact that took place or any situation that ceased to exist before the date of entry into force of this Agreement.
5. This Chapter shall not apply to laws, regulations, policies or procedures of general application governing the procurement by government agencies of goods and services purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods or the supply of services for commercial sale.
6. Notwithstanding paragraph 5, Article 132 (Fair and Equitable Treatment and Full Protection and Security), Article 133 (Expropriation), Article 134 (Compensation for Losses), Article 135 (Transfers), Article 136 (Subrogation), Article 137 (Denial of Benefits) and Article 139 (Investor-State Dispute Settlement) shall apply to the laws, regulations, policies or procedures mentioned hereinbefore.
7. This Chapter shall apply to all investments made by investors of a Party in the territory of the other Party, whether made before or after the entry into force of this Agreement, but Article 139 (Investor-State Dispute Settlement) shall not apply to any dispute or any claim concerning an investment which was already under judicial or arbitral process before the entry into force of this Agreement.

Article 128. Promotion and Protection of Investment

1. Each Party shall encourage investors of the other Party to make investments in its territory and admit such investments in accordance with its laws and regulations.
2. Subject to its laws and regulations, each Party shall provide assistance in and facilities for obtaining visas and working permit to nationals of the other Party engaging in activities associated with investments made in the territory of that Party.

Article 129. National Treatment

1. Each Party shall accord to investors of the other Party treatment no less favourable than that it accords, in like circumstances, to its own investors with respect to the management, conduct, operation, and sale or other disposition of investments in its territory.
2. Each Party shall accord to investments of investors of the other Party treatment no less favourable than that it accords, in like circumstances, to investments in its territory of its own investors with respect to the management, conduct, operation, and sale or other disposition of investments.
3. Notwithstanding paragraphs 1 and 2, the Parties reserve the right to adopt or maintain any measure that accords differential treatment to socially or economically disadvantaged minorities and ethnic groups. (12)

12For purposes of this Chapter, minorities include peasant communities; ethnic groups means indigenous and native communities.

Article 130. Non-conforming Measures

1. Article 129 (National Treatment) does not apply to:
(a) any existing non-conforming measures maintained within its territory;
(b) the continuation of any non-conforming measure referred to in subparagraph (a); or
(c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not increase the non-conformity of the measure, as it existed immediately before the amendment, with those obligations.
2. The Parties will endeavour to progressively remove the non-conforming measures.

Article 131. Most-favoured-nation Treatment

1. Each Party shall accord to investors of the other Party treatment no less favourable than that it accords, in like circumstances, to investors of any third State with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments in its territory.
2. Each Party shall accord to investments of investors of the other Party treatment no less favourable than that it accords, in like circumstances, to investments in its territory of investors of any third State with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments. (13)
3. Notwithstanding paragraphs 1 and 2, the Parties reserve the right to adopt or maintain any measure that accords differential treatment:
(a) to socially or economically disadvantaged minorities and ethnic groups (14); or
(b) involving cultural industries related to the production of books, magazines, periodical publications, or printed or electronic newspapers and music scores.
4. The treatment and protection as mentioned in paragraphs 1 to 2 of this Article shall not include any preferential treament accorded by the other Party to investments of investors of any third State based on free trade agreement, free trade zone, custom union, economic union, or agreement relating to avoidance of double taxation or for facilitating frontier trade.

(13) For greater certainty, treatment “with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments” referred to in paragraphs 1 and 2 of Article 131 (Most-Favoured-Nation Treatment) does not encompass dispute settlement mechanisms, such as those in Aritcle 138 (Settlement of Disputes Between Parties) and Article 139 (Investor-State Dispute Settlement), that are provided for in international investment treaties or trade agreements.

(14) For purposes of this Chapter, minorities include peasant communities; ethnic groups means indigenous and native communities.

Article 132. Fair and Equitable Treatment and Full Protection and Security

1. Each Party shall accord fair and equitable treatment and full protection and security in accordance with customary international law in its territory to investment of investors of the other Party.
2. For greater certainty,
(a) the concepts of "fair and equitable treatment" and "full protection and security" do not require additional treatment to that required under the minimum standard of treatment of aliens in accordance with the standard of customary international law;
(b) a determination that there has been a breach of another provision of this Agreement or another international agreement

does not imply that the minimum standard of treatment of aliens has been breached;
(c) "fair and equitable treatment" includes the prohibition against denial of justice in criminal, civil, or administrative proceedings in accordance with the general accepted principles of customary international law; and
(d) the "full protection and security" standard does not imply, in any case, a better treatment to that accorded to nationals of the Party where the investment has been made.

Article 133. Expropriation

1. Neither Party shall expropriate or nationalize, either directly or indirectly through measures equivalent to expropriation or nationalization (hereinafter referred to as "expropriation") against investments of investors of the other Party in its territory, unless the following conditions are met:
(a) for the public interest; (15)
(b) under domestic legal procedure;
(c) without discrimination; and
(d) against compensation.
2. The compensation mentioned in subparagraph 1(d) of this Article shall be equivalent to the fair market value of the expropriated investments immediately before the expropriation took place ("the date of expropriation"), convertible and freely transferable. The compensation shall be paid without unreasonable delay.

(15) Domestic law may express this concept using different terms, such as “public necessity” and “public purpose”.

Article 134. Compensation for Losses

Investors of one Party who suffer losses in respect of their investments in the territory of the other Party owing to war, a state of national emergency, insurrection, riot or other similar events, shall be accorded by the latter Party, as regards restitution, indemnification, compensation and other settlements, treatment no less favourable than that accorded to the investors of its own or any third State, whichever is more favourable to the investor concerned.

Article 135. Transfers

1. Each Party shall guarantee investors of the other Party the transfer of their investments and returns held in the territory of the former Party, including:
(a) profits, dividends, interests and other legitimate income;
(b) amounts from total or partial liquidation of investments;
(c) payments made pursuant to a loan agreement in connection with investment;
(d) royalties referred to in the "returns" definition of Article 126 (Definitions);
(e) payments of technical assistance or technical service fee, management fee;
(f) payments in connection with projects on contract associated with investment;
(g) earnings of nationals of a Party who work in connection with an investment in the territory of the other Party; and (h) the free transfer of compensation and other payments under Article 133 (Expropriation) and Article 134 (Compensation for Losses).
2. The transfers mentioned above shall be made in a freely usable currency at the prevailing market rate of exchange of the Party accepting the investments on the date of transfer.
3. Notwithstanding paragraphs 1 and 2, a Party may prevent a transfer through the equitable, non-discriminatory, and good faith application of its laws relating to:
(a) bankruptcy, insolvency, or the protection of the rights of creditors;
(b) issuing, trading, or dealing in securities, futures, options, or derivatives;
(c) criminal or penal offenses; or
(d) ensuring compliance with orders or judgments in judicial or administrative proceedings.

Article 136. Subrogation

If one Party or its designated agency makes a payment to its investors under a guarantee or a contract of insurance against non-commercial risks it has accorded in respect of an investment made in the territory of the other Party, the latter Party shall recognize:
(a) the assignment, whether under the law or pursuant to a legal transaction in the former Party, of any rights or claims by the investors to the former Party or to its designated agency;
(b) that the former Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the

claims of that investor and assume the obligations related to the investment to the same extent as the investor.

Article 137. Denial of Benefits

Subject to prior notification and consultation, a Party may deny the benefits of this Chapter to:
(a) investors of the other Party where the investment is being made by a enterprise that is owned or controlled by persons of a third State and the enterprise has no substantive business activities in the territory of the other Party; or
(b) investors of the other Party where the investment is being made by a enterprise that is owned or controlled by persons of the denying Party.

Article 138. Settlement of Disputes between the Parties

1. Any dispute between the Parties concerning the interpretation or application of this Chapter shall, as far as possible, be settled with consultation through diplomatic channel.
2. If a dispute cannot thus be settled within 6 months, it shall, upon the request of either Party, be submitted to an ad hoc arbitral tribunal.
3. Such tribunal comprises of 3 arbitrators. Within 2 months of the receipt of the written notice requesting arbitration, each Party shall appoint one arbitrator. Those 2 arbitrators shall, within further 2 months, together select a national of a third State having diplomatic relations with both Parties who, upon approval by the Parties, shall be appointed as Chairman of the arbitral tribunal.
4. If the arbitral tribunal has not been constituted within 4 months from the receipt of the written notice requesting arbitration, either Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Party or is otherwise prevented from discharging the said functions, the Member of the International Court of Justice next in seniority who is not a national of either Party or is not otherwise prevented from discharging the said functions shall be invited to make such necessary appointments.
5. The arbitral tribunal shall determine its own procedure. The arbitral tribunal shall reach its award in accordance with the provisions of this Agreement and the principles of international law recognized by both Parties.
6. The arbitral tribunal shall reach its award by a majority of votes. Such award shall be final and binding upon both Parties. The arbitral tribunal shall, upon the request of either Party, explain the reasons of its award.
7. Each Party shall bear the costs of its appointed arbitrator and of its representation in arbitral proceedings. The relevant costs of the Chairman and tribunal shall be borne in equal parts by the Parties.

Article 139. Investor-state Dispute Settlement

1. Any dispute between an investor of one Party and the other Party in connection with an investment in the territory of the other Party shall, as far as possible, be settled amicably through negotiations between the parties to the dispute.
2. If the dispute cannot be settled through negotiations within 6 months from the date on which the disputing investor requested for the consultation or negotiation in writing, and if the disputing investor has not submitted the dispute for resolution to the competent court (16) or any other binding dispute settlement mechanism (17) of the Party receiving the investment, it may be submitted to one of the following international conciliation or arbitration fora by the choice of the investor (18):
(a) conciliation or arbitration in accordance with the International Center for Settlement of Investment Disputes (ICSID), under the Convention on the Settlement of Disputes between States and Nationals of Other States, done at Washington on March 18th, 1965;
(b) conciliation or arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes so long as the ICSID Convention is not in force between the Parties;
(c) arbitration under the arbitration Rules of the United Nations Comission on International Trade Law; and (d) if agreed with the disputing Party, any arbitration in accordance with other arbitration rules. For more clarity, the election of one dispute settlement fora shall be definitive and exclusive.
3. An arbitral tribunal established under paragraph 2 shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.
4. The disputing investor who intends to submit the dispute to conciliation or arbitration pursuant to paragraph 2 shall give to the disputing Party written notice of its intent to do so at least 90 days before the claim is submitted. The notice of intent shall specify:
(a) the name and address of the disputing investor;
(b) the specific measures of the disputing Party at issue and a brief summary of the factual and legal basis of the investment dispute sufficient to present the problem clearly, including the obligations under this Chapter alleged to have been breached;

(c) the waiver of the disputing investor from the right to initiate any proceedings before any of the other dispute settlement for referred to in paragraph 2 in relation to the matter under dispute;
(d) conciliation or arbitration set forth in paragraph 2 which the disputing investor will choose; and
(e) the relief sought and the approximate amount of expropriation claimed.
5. Notwithstanding paragraph 4, no claim may be submitted to conciliation or arbitration set forth in paragraph 2, if more than 3 years have elapsed since the date on which the disputing investor became aware, or should reasonably have become aware, of a breach of an obligation under this Chapter causing loss or damage to the disputing investor or its investment referred to in paragraph 1.
6. The arbitration award shall be final and binding upon both parties to the dispute. Both Parties shall commit themselves to the enforcement of the award.
7. Where a tribunal makes a final award against a respondent, the tribunal may award, separately or in combination, only:
(a) monetary damages and any applicable interest; and
(b) restitution of property, in which case the award shall provide that the respondent may pay monetary damages and any applicable interest in lieu of restitution. A tribunal may also award costs and attorney's fees in accordance with the applicable arbitration rules.
8. Any disputing investor shall serve notices and other documents on disputes under this Article:
(a) for China, to the: Ministry of Commerce 2, East Chang An Avenue 100731, Beijing, People's Republic of China;
(b) for Peru, to the: Division of International Economy, Competition and Private Investment Affairs Ministry of Economy and Finance Jirón Lampa 277, floor 5th Lima, Peru.

(16) For China, the People's Courts. For Peru, the courts of justice or administrative tribunals.

(17) Any other binding dispute settlement mechanism refers to those binding local dispute settlement mechanisms that are voluntarily chosen by the Parties to solve the dispute.

(18) China requires the investor concerned to go through the domestic administrative review procedures specified by the laws and regulations of China before the submission to the international fora.

Article 140. Meetings

1. The representatives of the Parties shall hold meetings from time to time for the purpose of:
(a) reviewing the implementation of this Chapter;
(b) exchanging legal information and investment opportunities;
(c) forwarding proposals on promotion of investment; and
(d) studying other issues in connection with investments.
2. Where either Party requests consultation on any matters referred to in paragraph 1 of this Article, the other Party shall give prompt response and the consultation shall be held alternately in Beijing and Lima.

Article 141. Essential Security

Nothing in this Chapter shall be construed to:
(a) require a Party to furnish or allow access to any information, the disclosure of which determines to be contrary to its essential security interests; or
(b) preclude a Party from applying measures that it considers necessary for the fulfillment of its obligations under United Nation Charter for the maintenance or restoration of international peace or security, or the protection of its own essential security interests (19).

(19) For greater certainty, if a Party invokes Article 141 (Essential Security) in an arbitral proceeding initiated under this Chapter, the corresponding tribunal hearing the matter shall find whether the exception applies.

Article 142. Taxation Measures

1. Except as provided in this Article nothing in this Agreement shall apply to taxation measures.
2. Nothing in this Agreement shall affect the rights and obligations of the Parties under any tax convention. In the event of any inconsistency between the provision of this Agreement and any such convention, the provisions of that convention shall

apply to the extent of the inconsistency.
3. Without prejudice to the application of paragraph 2, the disciplines referred to hereinafter shall apply to taxation measures:
(a) Article 7 (National Treatment) of Chapter 2 (National Treatment and Market Access for Goods) and such other provisions of this Agreement as are necessary to give effect to that Article to the same extent as does Article III of the GATT 1994; and
(b) Article 106 (National Treatment) of Chapter 8 (Trade in Services), subject to the exceptions provided for in Article XIV letters (d) and (e) of the GATS, which are hereby incorporated.
4. The provisions of Article 133 (Expropriation) and Annex 9 (Expropriation) of this Chapter shall apply to taxation measures alleged to be expropriatory.
5. The provisions of Article 139 (Investor-State Dispute Settlement) apply with respect to paragraph 4 of this Article.
6. If an investor invokes Article 133 (Expropriation) and Annex 9 (Expropriation) of this Chapter as the basis of a claim to arbitration according to Article 139 (Investor-State Dispute Settlement), the following procedure shall apply: The investor must first refer to the competent tax authorities described in subparagraph 7(c), at the time that it gives written notice of intent under Article 139 (Investor-State Dispute Settlement), the issue of whether the tax measure concerned involves an expropriation. In case of such referral, the competent tax authorities shall consult. Only if, within 6 months of the referral, they do not reach an agreement that the measure does not involve an expropriation, or in case the competent tax authorities of the Parties fail to consult with each other, the investor may submit its claim to arbitration under Article 139 (Investor-State Dispute Settlement).
7. For purposes of this Article:
(a) taxation measures do not include:
(i) a customs duty; or
(ii) the measures listed in exceptions (b) and (c) of the definition of customs duty;
(b) tax convention means a convention, or other international arrangement on taxation, to avoid double taxation; and
(c) competent tax authorities means:
(i) for China, the State Administration of Taxation; and
(ii) for Peru, the Ministry of Economy and Finance, or its successor.

Article 143. Other Obligations

If the legislation of either Party or international obligations existing at present or established hereafter between the Parties result in a position entitling investments by investors of the other Party to a treatment more favourable than is provided for by this Agreement, such position shall not be affected by this Agreement.

Chapter 12. Cooperation

Article 149. Objectives

1. The Parties reaffirm the importance of all forms of cooperation, with particular attention to economic, trade, financial, technical, educational and cultural cooperation, as means to contribute to implementing the objectives and principles derived from this Agreement.
2. The objectives of this Chapter are to facilitate the establishment of close cooperation aimed, inter alia, at: (a) strengthening the capacities of the Parties to maximize the opportunities and benefits deriving from this Agreement;
(b) strengthening and develop cooperation at a bilateral, regional or multilateral level;
(c) promoting economic and social development;
(d) stimulating productive synergies, creating new opportunities for trade and investment and promoting competitiveness and innovation;
(e) increasing the level of and deepening cooperation actions while taking into account the association relation between the Parties;
(f) reinforcing and expanding cooperation, collaboration and mutual interchanges in the cultural areas; and (g) encouraging the presence of the Parties and their goods and services in the international markets.

Article 150. Scope

1. The Parties affirm the importance of all forms of cooperation in contributing towards implementation of the objectives and principles of this Agreement.
2. Cooperation between the Parties under this Chapter will supplement the cooperation and cooperative activities between the Parties set out in other Chapters of this Agreement.

Article 151. Economic Cooperation

1. The Parties will encourage the utilization of cooperation instruments and mechanisms with a view to strengthen the processes of economic integration and commercial exchange.
2. The objectives of economic cooperation will be:
(a) to build on existing agreements or arrangements already in place for trade and economic cooperation; and
(b) to advance and strengthen trade and economic relations between the Parties.
3. The Parties will encourage and facilitate, as appropriate, the following activities, including, but not limited to:
(a) dialogue about policies and regular exchanges of information and views on ways to promote and expand trade in goods and services between the Parties;
(b) joint elaboration of studies and technical projects of economic interest according to the economic development needs identified by the Parties;
(c) keeping each other informed of important economic and trade issues, and any impediments to furthering their economic cooperation;
(d) providing assistance and facilities to business persons and trade missions that visit the other Party with the knowledge and support of the relevant agencies;
(e) supporting dialogue and exchanges of experience among the respective business communities of the Parties;
(f) establishing and developing mechanisms for providing information and identifying opportunities for business cooperation, trade in goods and services, investment, and government procurement; and
(g) stimulating and facilitating actions of public and/or private sectors in areas of economic interest.

Article 152. Research, Science and Technology Cooperation

1. The aims of cooperation in research, science and technology, carried out in the mutual interest of the Parties and in compliance with their policies, will be:
(a) to build on existing agreements already in place for cooperation on research, science and technology;
(b) to encourage, where appropriate, government agencies, research institutions, universities, private companies and other research organizations in the Parties to conclude direct arrangements in support of cooperative activities, programs or projects within the framework of this Agreement, specially related to trade and commerce; and
(c) to focus cooperative activities towards sectors where mutual and complementary interests exist, with special emphasis on information and communication technologies and software development to facilitate trade between the Parties.
2. The Parties will encourage and facilitate, as appropriate, the following activities including, but not limited to:
(a) identifying strategies, in consultation with universities and research centres, to encourage joint postgraduate studies and research visits;
(b) exchange of technical and scientific personnel with the purpose of training and improvement in scientific and technical institutes, universities, factories, government agencies and other institutions of each Party;
(c) exchange of experts of each Party with a view to provide technical and scientific know-how, providing services specialized in certain fields of science and technology;
(d) exchange and supply of non confidential scientific and technical data, as well as exchange of scientific samples;
(e) promotion of advanced science and technology studies and projects that contribute to the long-term sustainable development of the Parties; and
(f) promoting public/private sector partnerships in support of the development of innovative products and services and study joint efforts to enter into new markets.

Article 153. Information Technologies Cooperation

1. The aims of cooperation in Information Technologies sectors, carried out in the mutual interest of the Parties and in compliance with their policies, will be:
(a) to focus on cooperative activities towards information technology areas where mutual and complementary interests exists; and
(b) to build on existing agreements and arrangements already in place between the Parties.
2. Information Technologies cooperation may include, but not be limited to:
(a) scientific and technical cooperation for the Software Industry of the Parties and encouraging cooperation in software development for populations with specific needs;
(b) facilitate the cooperation on academic, industrial and entrepreneurial networks in the area of Information Technology;
(c) encouraging exchange of experience on management and research and development for Information Technology Parks;
(d) research and development on Information Technology products and services, integrating television, multimedia, and cellular telephones; and
(e) encouraging exchange of experience for research and development in networks and telecommunications.

Article 154. Education

1. The aims of education cooperation will be:
(a) to build on existing agreements or arrangements already in place for cooperation in education; and
(b) to promote networking, mutual understanding and close working relationships in the area of education between the Parties.
2. In pursuit of the objectives in Article 149 (Objectives), the Parties shall encourage and facilitate, as appropriate, exchanges between and among their respective education-related agencies, institutions, organizations, in fields such as:
(a) education quality assurance processes;
(b) pre school, primary and secondary education systems;
(c) higher education;
(d) technical education; and
(e) enterprise and industry collaboration for technical training.
3. The Parties shall encourage cooperation in education focusing on:
(a) exchange of information, teaching aids, and demonstration materials;
(b) joint planning and implementation of programs and projects, and joint coordination of targeted activities in agreed fields;
(c) development of collaborative training, exchange of experiences, joint research and development, across graduate and postgraduate studies;
(d) cooperation between the institutions of higher education of the Parties through the exchange of teaching staff, researchers and students in relation to academic programs;
(e) developing a better understanding of each Party education systems and policies including information on evaluation of qualifications;
(f) development of innovative quality assurance resources;
(g) means and methods to support learning and assessment, as well as the professional development of teachers and trainers;
(h) collaboration between higher education institutions and enterprises, to develop the level of specialized knowledge and skills to the labor market; and
(i) development of an information system on educational statistics.

Article 155. Small and Medium-sized Enterprises

1. The Parties will promote a favourable environment for the development of the small and medium enterprises (SME) on the basis of strengthening of the relevant private and governmental bodies, as well as the exchange of experiences and good practices with the SME.
2. Cooperation shall include, among other subjects:
(a) the designing and development of mechanisms to encourage partnership and productive chain linkage development;
(b) development of human resources and management skills to increase the knowledge of the Chinese and Peruvian markets;
(c) defining and developing methods and strategies for clusters development;
(d) increasing access to information regarding mandatory procedures and any other relevant information for an SME exporter;
(e) defining technological transference: programs oriented to transfer technological innovation to SME and to improve their productivity;
(f) increasing access to information on technological promotion programs for SME and financial support and encouragement programs for SME;
(g) supporting new exporting SME (sponsorship, credits and guarantees, seed capital); and
(h) encouraging partnership and information exchange for SME financing institutions (credits, banks, guarantee organizations, seed capital firms).
3. Cooperation shall be developed, among other activities, through:
(a) information exchange;
(b) conferences, seminars, experts dialogue and training programs with experts; and
(c) promoting contacts between economic operators, encouraging opportunities for industrial and technical prospecting.

Article 156. Cultural Cooperation

1. The aims of cultural cooperation will be:
(a) to build on existing agreements or arrangements already in place for cultural cooperation; and
(b) to promote information and cultural exchanges between the Parties.

2. The Parties will encourage and facilitate, as appropriate, the following activities, including, but not limited to:
(a) dialogue on cultural policies and promotion of local culture;
(b) exchange of cultural events and promote awareness of artistic works;
(c) exchange of experience in conservation and restoration of national heritage;
(d) exchange of experience on management for the arts;
(e) protecting archaeological monuments and cultural heritage;
(f) having a consultation mechanism between the Parties' culture authorities; and
(g) cooperation in the audio-visual field, mainly coproduction and training programs in this sector and means of communication, including training, development and distribution activities.

Article 157. Mining and Industrial Cooperation

1. The aims of cooperation in mining and industry sectors, carried out in the mutual interest of the Parties and in compliance with their policies, will be:
(a) to focus cooperative activities towards sectors where mutual and complementary interests exist; and
(b) to build on existing agreements and arrangements already in place between the Parties.
2. Mining and Industrial cooperation may include work in, but not be limited to, the following areas:
(a) bio-mining (mining using biotechnology procedures);
(b) mining techniques, specially underground mining, and conventional metallurgy;
(c) productivity in mining;
(d) industrial robotics for mining and other sector applications;
(e) informatics and telecommunication applications for mining and industrial plant production; and
(f) software development for mining and industrial applications.
3. The Parties will encourage and facilitate, as appropriate, the following activities including, but not limited to:
(a) exchange of information, documentation and institutional contacts in areas of interest;
(b) mutual access to academic, industrial and entrepreneurial networks in the area of mining and industry;
(c) identification of strategies, in consultation with universities and research centres, that encourage joint postgraduate studies, research visits and joint research projects;
(d) exchange of scientists, researchers and technical experts;
(e) promotion of public/private sector partnerships and joint ventures in the support of the development of innovative products and services specially related to productivity in the sector activities;
(f) technology transfer in the areas mentioned in paragraph 2;
(g) designing of innovation technology models based in public/private cooperation and association ventures; and
(h) information and experience exchange on mining environmental issues.

Article 158. Tourism

1. In this field, the objective of the cooperation will be to strengthen the promotion of the tourist potentialities of the Parties, as well as to facilitate the information exchange and the conservation of natural and cultural attractions.
2. The Parties will develop tourism through:
(a) strengthening of public and private institutions related to the development of tourism; and
(b) promotion of the main tourist destinations of each Party.

Article 159. Competition Policy

1. The Parties recognize the importance of cooperation and technical assistance between their national competition authorities, including inter alia, the exchange of information and experiences, and the improvement of technical capacities in order to reinforce their competition policies.
2. In this sense, cooperation shall be conducted in accordance with their respective domestic laws and through their national competition authorities, who may sign a cooperation agreement.

Article 160. Traditional Medicine Cooperation

1. The aims of Traditional Medicine cooperation will be:
(a) to build on existing agreements or arrangements already in place for Traditional Medicine cooperation; and
(b) to promote information exchanges on Traditional Medicine between the Parties.
2. In pursuit of the objectives in Article 149 (Objectives), the Parties will encourage and facilitate, as appropriate, the following activities, including, but not limited to:
(a) encouraging dialogue on Traditional Medicine policies and promotion of respective Traditional Medicine; (b) raising

awareness of active effects of Traditional Medicine;
(c) encouraging exchange of experience in conservation and restoration of Traditional Medicine;
(d) encouraging exchange of experience on management, research and development for Traditional Medicine;
(e) encouraging cooperation in the Traditional Medicine education field, mainly through training programs and means of communication;
(f) having a consultation mechanism between the Parties' Traditional Medicine authorities;
(g) encouraging cooperation in Traditional Medicine therapeutic services and products manufacturing; and (h) encouraging cooperation in research in the fields of Traditional Medicine in order to contribute in efficacy and safety assessments of natural resources and products used in health care.

Article 161. Labor Cooperation

The Parties shall enhance their communication and cooperation on labor, social security and environment issues through Memorandum of Understanding on Labor Cooperation between the Government of the People's Republic of China and the Government of the Republic of Peru.

Article 162. Cooperation on Forestry Matters and Environmental Protection

1. The aims of cooperation on forestry matters and environmental protection will be, but not limited to, as follows:
(a) establishing bilateral cooperation relations in the forestry sector;
(b) developing a training program and studies for sustainable management of forests;
(c) improving the rehabilitation and sustainable management of forest with the aim of increasing carbon sinks and reduce the impact of climate change in the Asia-Pacific region;
(d) cooperating on the execution of national projects, aimed at: improving the management of forest plantations for its transformation for industrial purposes and environmental protection;
(e) elaborating studies on sustainable use of timber;
(f) developing new technologies for the transformation and processing of timber and non-timber species; and
(g) improving cooperation in agro-forestry technologies.
2. To achieve the objectives of the Article 149 (Objectives), the Parties may focus, as a means of cooperation and negotiations on concluding a bilateral agreement on forestry cooperation between the two Parties. Such collaboration will be as follows:
(a) exchanges on science and technology as well as policies and laws relating the sustainable use of forest resources;
(b) cooperation in training programs, internships, exchange of experts and projects advisory;
(c) advice and technical assistance to public institutions and organizations of the Parties on sustainable use of forest resources and environmental protection;
(d) facilitating forest policy dialogue and technical cooperation under the Network of Sustainable Forest Management and Forest Rehabilitation in Asia- Pacific Region, initiated at the 15th Asia Pacific Economic Cooperation (APEC) Meeting;
(e) encouraging joint studies, working visits, exchange of experiences, among others; and
(f) others activities mutually agreed.

Article 163. Fishery

1. The objective of cooperation on fishery will be to strengthen the research and productive capacities for the development of crops and processing of hydro-biological species, with the aim of increasing direct human consumption, as well as to facilitate information exchange and the conservation of natural resources, under the approach of responsible fishing.
2. The Parties will develop fishery through:
(a) strengthening public and private institutions related to fisheries and aquaculture development;
(b) promoting in each Party the consumption of the main hydro-biological resources; and
(c) combat of illegal, unreported and unregulated fishing.

Article 164. Agricultural Cooperation

The aims of the cooperation on agriculture will be:
(a) to promote sustainable rural development through the exchange of experience, generation of partnership and execution of projects in areas of mutual interest such as: agricultural innovation and technology transfer for the development of small farming, the conservation and management of the water resource for agricultural use, the application of good agricultural and agro industrial practices, including gender approach in development policies and strategies, among others;
(b) to promote the exchange of relevant information for agricultural exports between the 2 markets; and
(c) to develop a training program addressed to leader producers, technicians and professionals for the application of new

technologies in order to increase and improve agriculture and animal husbandry productivity and competitiveness, in particular of value added products.

Article 165. Mechanisms for Cooperation

1. Pursuant to Article 149 (Objectives), the Parties hereby establish a Committee on Cooperation comprising representatives of each Party.
2. The Parties will designate nationals contact points to facilitate communication on possible cooperation activities. The contact points will work with government agencies, business sector representatives and educational and research institutions for the operation of this Chapter.
3. The Parties shall use diplomatic channels to promote dialogue and cooperation consistent with this Agreement.
4. The Committee shall have the following functions:
(a) to monitor and assess the progress in implementing of the cooperation projects agreed by the Parties;
(b) to establish rules and procedures for the conduct of its work;
(c) to make recommendations of the cooperation activities under this Chapter, in accordance with the strategic priorities of the Parties; and
(d) to review through regular reporting from the Parties, the operation of this Chapter and the application and fulfillment of its objectives between the relevant institutions of the Parties.

Article 166. Dispute Settlement

No Party may have recourse to Chapter 15 (Dispute Settlement) for any issue arising from or relating to this Chapter.

Chapter 13. Transparency

Article 167. Transparency

1. The Parties shall publish their laws, or otherwise make publicly available their laws, regulations and administrative rulings of general application as well as their respective international agreements regarding trade entering into force after this Agreement that may affect the operation of this Agreement.
2. The Parties shall respond to specific questions and provide, upon request, information to each other on matters referred to in paragraph 1 within 60 days following the request, to the extent possible.
3. Any information, request or notification to the other Party referred to in this Chapter shall be carried out through the contact point, unless otherwise agreed by the Parties.

Article 168. Confidential Information

Nothing in this Agreement shall require any Party to disclose 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 any economic operator.

Chapter 14. Administration of the Agreement

Article 169. Trade and Economic Mixed Commission

1. The Parties hereby incorporate the Trade and Economic Mixed Commission (Mixed Commission) into this Agreement.
2. The Mixed Commission was established according to the Basic Agreement on Economic and Technical Cooperation between the Government of the People's Republic of China and the Government of the Republic of Peru, signed in Lima, on November 2nd, 1988.
3. The Mixed Commission is composed of officials as follows:
(a) for China, the high ranking official of the Ministry of Commerce; and
(b) for Peru, the high raking officer of the Ministry of Foreign Affairs, or its appointee.
4. The Mixed Commission shall:
(a) hear the reports of the Free Trade Commission;
(b) provide guidance to the work of the Free Trade Commission;
(c) consider any other matter that may affect the operation of this Agreement; and
(d) deal with any other issues related to bilateral cooperation in the area of economy, trade and investment.

Article 170. Free Trade Commission

1. The Parties hereby establish the Free Trade Commission, comprised of ministerial level officials of the Parties or their appointees with the same decision ability, as set out in Annex 11 (Free Trade Commission).
2. The Commission shall:
(a) oversee the fulfillment and correct application of the provisions of this Agreement;
(b) evaluate the achieved results in the application of this Agreement;
(c) oversee the further elaboration of this Agreement;
(d) seek to resolve disputes that may arise regarding the interpretation or application of this Agreement, in accordance with Chapter 15 (Dispute Settlement);
(e) supervise the work of all Committees and Working Groups established under this Agreement and recommend appropriate actions;
(f) consider and make decisions on issues referred to it by the Committees and Working Groups established under this Agreement or by either Party;
(g) establish the amount of remuneration and expenses that will be paid to Panelists; and
(h) consider and make decisions on any other matter that may affect the operation of this Agreement, or that is entrusted to it by the Parties.
3. The Commission may:
(a) establish and delegate responsibilities to Committees and Working Groups for each Chapter;
(b) consider and adopt any amendment or modification of the rights and obligations under this Agreement, subject to the fulfillment of the internal legal procedures of each Party, pursuant to Article 199 (Amendments) of Chapter 17 (Final Provisions);
(c) convene the Parties to future negotiations to examine deepening the liberalization reached in the different sectors covered by this Agreement; (d) issue interpretations of the provisions of this Agreement; and (e) take any other action agreed by the Parties.
4. The Free Trade Commission shall establish its rules and procedures.
5. All decisions of the Free Trade Commission shall be taken by consensus.
6. The Free Trade Commission shall convene in regular session once a year on a rotating basis and at other times at the request of either Party. Regular sessions of the Free Trade Commission shall be chaired successively by each Party. Other sessions of the Free Trade Commission shall be chaired by the Party hosting the meeting. The sessions may be held by any technological means available to the Parties. Communications of the Free Trade Commission shall be made in a common working language.

Article 171. Committees

1. The Parties agree on establishing Committees in the following matters:
(a) Trade in Goods;
(b) Trade in Services;
(c) Investment;
(d) Sanitary and Phytosanitary Measures;
(e) Technical Barriers to Trade;
(f) Trade Facilitation;
(g) Rules of Origin; and
(h) Cooperation, including Intellectual Property.
2. The Free Trade Commission may create additional Committees, if needed. The Committees on Sanitary and Phytosanitary Measures, Technical Barriers to Trade and Rules of Origin shall coordinate their tasks with those of the Committee on Trade in Goods.
3. Except as otherwise provided in this Agreement, the Committees shall convene in regular session once a year at the same time the Free Trade Commission convenes. When special circumstances arise, the Parties shall meet at any time upon agreement at the request of one Party. Regular sessions of the Committees shall be chaired successively by each Party. Other sessions of the Committee shall be chaired by the Party hosting the meeting. The sessions may be held by any technological means available to the Parties.
4. When necessary, the Committees created hereby shall consult with such other Committees as needed to address the issues they handle.

Article 172. Contact Points

1. Each Party shall designate a contact point to facilitate communications between the Parties on any matter covered by this

Agreement.
2. Upon request of the other Party, the contact point shall identify the office or official responsible for the matter and assist, as necessary, in facilitating communication with the requesting Party. Contact points shall work jointly to develop agendas and make other preparations for the Free Trade Commission meetings and follow-up on the Free Trade Commission's decisions as appropriate; provide administrative support to the Panels established under Chapter 15 (Dispute Settlement) and address any other matter entrusted by the Free Trade Commission.

Chapter 15. Dispute Settlement

Article 173. Cooperation

The Parties shall at all times endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt through cooperation or consultations to arrive at a mutually satisfactory resolution of any matter that might affect its operation when a dispute occurs.

Article 174. Scope of Application

Except as otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply with respect to the settlement of all disputes between the Parties regarding the interpretation or application of this Agreement, whenever a Party considers that the other Party has failed to carry out its obligations under this Agreement.

Article 175. Choice of Forum

1. Where a dispute arises under this Agreement and under another free trade agreement to which both Parties are parties or the WTO Agreement, the complaining Party may select the forum to settle the dispute. 2. Once the complaining Party has requested a Panel under other agreements referred to in paragraph 1, the forum selected shall be used to the exclusion of the others in respect of that matter.

Article 176. Consultations

1. A Party may request in writing consultations with the other Party with respect to any matter referred to in Article 174 (Scope of Application).
2. The requesting Party shall deliver the request to the other Party, and shall set out the reasons for the request, including identification of the measure or other matter at issue and an indication of the legal basis for the complaint.
3. The requested Party shall reply to the request in writing within 25 days following the date of receipt of the request.
4. The Parties shall enter into consultations in good faith within:
(a) 35 days following the date of receipt of the request for consultations regarding urgent matters; (20) or
(b) 40 days following the date of receipt of the request for consultations for all other matters.
5. The consulting Parties shall make every attempt to arrive at a mutually satisfactory resolution of any matter raised through consultations under this Article or other consultative provisions of this Agreement.
6. If the requested Party does not respond the consultation request within 25 days or does not enter into consultations within the timeframe set in paragraph 4 of this Article, the requesting Party may request directly the establishment of a Panel without waiting for the completion of the period established in paragraph 4 or it may act according to Article 177 (Request for a Panel).
7. Consultations may be held in person or by any technological means available to the Parties. Unless otherwise agreed by the consulting Parties, if in person, consultations shall be held in a rotating basis between cities of each country. The city for such meetings will be defined by the hosting country. In person meetings will begin to be held in a city of the requested Party.
8. In a consultation, each Party shall:
(a) provide sufficient information to enable a full examination of how the measure in force or other matter at issue might affect the operation and application of this Agreement; and
(b) treat any confidential information exchanged in the course of consultations on the same basis as the Party providing the information.
9. The consultations shall be confidential and without prejudice to the rights of any Party in any further proceedings.

(20) Urgent matters include goods and services that loose their quality or current condition or trade value in a short period of time.

Article 177. Request for a Panel

1. Unless the Parties agree on a different period for consultations, a complaining Party may request in writing the establishment of a Panel if the consultation referred to in the Article 176 (Consultations) fails to resolve a matter within 60 days, after the date of receipt of the request for consultations or 50 days in case of urgent matters.
2. The complaining Party shall deliver the request to the other Party, indicating at least, the reason of the request, the identification of the measure, an indication of the provision of this Agreement that it considers relevant and an indication of the legal basis of the complaint. The Panel will be considered as established on the date of receipt of the corresponding request to the other Party.
3. Unless otherwise agreed by the disputing Parties, the Panel shall be selected and perform its functions in a manner consistent with the provisions of this Chapter.

Article 178. Qualifications of Panelists

All Panelists shall:
(a) have expertise or experience in law, international trade, other matters covered by this Agreement, or the resolution of disputes arising under international trade agreements relevant to the subject matter of the dispute;
(b) be chosen strictly on the basis of objectivity, impartiality, reliability, and sound judgment;
(c) be independent of, and not be affiliated with or take instructions from, any Party;
(d) not delegate their responsibilities to any other person; and
(e) comply with the Model Rules of Procedure established in Annex 12 (Model Rules of Procedure).

Article 179. Panel Selection

1. The Parties shall apply the following procedures in selecting a Panel:
(a) the Panel shall comprise 3 members;
(b) within 15 days following the date of the establishment of the Panel, each Party shall nominate a Panelist; (c) the Parties shall endeavor to agree on a third Panelist who shall serve as chair within 30 days following the date of the establishment of the Panel;
(d) if any member of the Panel has not been designated or appointed within 30 days following the date of the establishment of the Panel, at the request of any Party to the dispute, the Director-General of the WTO (21) is expected to designate a member within a further 30 days; and
(e) the chair of the Panel shall not be a national of any of the Parties, nor have his or her usual place of residence in the territory of any of the Parties, nor be or have been employed by any of the Parties, nor have dealt in any capacity with the subject raised on the dispute, unless the Parties otherwise agree.
2. If a Panelist appointed under this Article resigns or becomes unable to act, a successor Panelist shall be appointed within 30 days in accordance with the selection procedure as prescribed for the appointment of the original Panelist and the successor shall have all the powers and duties of the original Panelist. The work of the Panel shall be suspended during the appointment of the successor Panelist.

(21) The Parties agree on that if the Director-General is a national of any Party or does not fulfill the qualifications set forth in subparagraph (e) or becomes otherwise unable to perform this task, the most senior deputy Director-General who is not a national of any Party and fulfills the qualifications set forth in subparagraph (e), will perform such task.

Article 180. Role of the Panel

1. The role of the Panel shall be to make an objective assessment of the dispute under its consideration, including an examination of the facts of the case and the applicability of and conformity with this Agreement, incorporating necessary findings for settling the dispute.
2. The report of the Panel shall be binding on the disputing Parties.
3. The Panel shall take its decisions by consensus. However, if the Panel is unable to reach consensus, it may take its decisions by majority vote.
4. Where a Panel concludes that a measure is inconsistent with this Agreement, it shall recommend that the Party complained against bring the measure into conformity with this Agreement. In addition to these recommendations, the Panel will be entitled to suggest ways in which the Party complained against could implement the recommendations.
5. The Panel, in its findings and recommendations, may not add to or diminish the rights and obligations provided in this Agreement.

Article 181. Model Rules of Procedure

1. The procedure before the Panel shall be conducted in accordance with the Model Rules of Procedure set out in Annex 12 (Model Rules of Procedure). Exceptionally, the disputing Parties may agree on different rules to be applied by the Panel.
2. The Model Rules of Procedure are necessary for the good development of all the steps in this Chapter. In addition, these rules shall regulate the development of the procedure, pursuant to the following principles: (a) the procedures shall ensure the right to at least one hearing before the Panel, as well as the opportunity for each disputing Party to provide initial and rebuttal written submissions, and allow the use of any technological means to ensure its authenticity; and
(b) the hearings before the Panel, the deliberations, as well as all the submissions and communications submitted during the hearings, shall be confidential.
3. If needed, the Panel shall, apart from the matters set out in this Article and in Annex 12 (Model Rules of Procedure), regulate its own procedures in relation to the settlement of the dispute in consultation with the Parties.
4. Unless otherwise agreed by the disputing Parties within 20 days following the establishment of the Panel, the terms of reference shall be: "To examine, in light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of a Panel pursuant to Article 177 (Request for a Panel) and to make findings of law and fact together with the reasons therefore for the resolution of the dispute, as well as a recommendation for its implementation, if needed."
5. Unless otherwise agreed by the disputing Parties, the hearings shall be held in a rotating basis between cities of each country. The city for such meetings will be defined by the hosting country. In person meetings will begin to be held in a city of the Party complained against.
6. The working language of the dispute settlement proceedings shall be English. Whenever a document is presented in either Chinese or Spanish, the Party presenting the document shall file a translation to English.

Article 182. Role of Experts

1. On request of a disputing Party, or on its own initiative, the Panel may seek information and technical advice from any person or body that it deems appropriate. The requirements set out in subparagraphs (b) and (c) of Article 178 (Qualifications of Panelists) shall apply to the selection of experts or groups, as appropriate.
2. Before the Panel seeks information or technical advice, appropriate procedures shall be established in consultation with the disputing Parties. The Panel shall:
(a) notify the Parties, in advance, of its intention to seek information or technical advice pursuant to paragraph 1, establishing an adequate time period for the Parties to make the comments and observations that they deem convenient; and
(b) provide the disputing Parties with a copy of any information or technical advice received pursuant to paragraph 1, and with a period of time for the Parties to submit its comments.
3. When the Panel takes into consideration the information or technical advice sought pursuant to paragraph 1 for the preparation of its report, it shall also take into account any comments or observations submitted by the disputing Parties with respect to such information or technical advice.

Article 183. Report of the Panel

1. Unless the Parties otherwise agree, the Panel shall base its report on the relevant provisions of this Agreement, the submissions and arguments of the disputing Parties, and on any information received by it pursuant to Article 181 (Model Rules of Procedure).
2. Unless the Parties otherwise agree, the Panel shall present the report to the disputing Parties, within 120 days, or 90 days in the event of urgent matters, after the last Panelist is selected.
3. Only in exceptional cases, if the Panel considers it cannot release its report within 120 days or 90 days in the event of urgent matters, it shall inform the Parties in writing of the justifying reasons for the delay together with an estimate of the period within which it will release its report. Any delay shall not exceed a further period of 30 days unless the Parties otherwise agree.
4. The report shall contain:
(a) the finding along with its factual and legal basis;
(b) the determination as to whether a Party has not conformed with its obligations under this Agreement or any other determination requested in the terms of reference; and
(c) its recommendations for the implementation of the decision pursuant to paragraph 4 of Article 180 (Role of the Panel).
5. The Panelists may furnish separate opinions on matters not unanimously agreed.
6. No Panel may disclose which Panelists are associated with majority or minority opinions.
7. Unless the Parties agree otherwise, the report shall be available to the public within 30 days thereafter, subject to the protection of confidential information.

Article 184. Request for Clarification of the Report

1. Within 10 days of the release of the report, either of the disputing Parties may submit a written request to the Panel, a copy of which shall be sent to the other Party, for clarification of any items the Party considers requires further explanation or definition.
2. The Panel shall respond to the request within 10 days following the submission of such request. The clarification of the Panel shall only be a more precise explanation or definition of the original contents of the report, and not an amendment of such report.
3. The filing of this request for clarification will not postpone the effect of the Panel report nor the deadline for compliance of the adopted decision, unless the Panel decides otherwise.

Article 185. Suspension and Termination of Procedure

1. The disputing Parties may agree to suspend the work of the Panel at any time for a period not exceeding 12 months following the date of such agreement. In any event, if the work of the Panel has been suspended for more than 12 months, the authority of the Panel shall lapse, unless the disputing Parties agree otherwise. If the authority of the Panel lapses and the disputing Parties have not reached an agreement on the settlement of the dispute, nothing in this Article shall prevent a Party from requesting a new proceeding regarding the same matter.
2. At any time prior to the release of the Panel report, the Parties may agree to terminate the procedures before a Panel by jointly notifying the chair of the Panel on this respect.

Article 186. Implementation of the Report

1. The Panel report shall be final and binding on the disputing Parties.
2. If the report issued by the Panel determines that a Party has not conformed with its obligations under this Agreement, the Party complained against shall eliminate the non-conformity.
3. The Party complained against shall comply with the recommendation of the Panel promptly or, if not practicable, within a reasonable period of time. The Parties shall agree on reasonable period of time within 30 days of the notification of the report of the Panel. In any case, such reasonable period of time shall not exceed 300 calendar days after the release of the report.

Article 187. Examination of Implementation

1. Without prejudice to the procedures set out in Article 188 (Compensation), once the period of time set out in paragraph 3 of Article 186 (Implementation of the Report) has expired, and there is disagreement between the disputing Parties as to the existence or consistency of the measures taken to comply with the Panel report, such dispute shall be referred to the original Panel wherever possible. If not possible, the procedure pursuant to Article 179 (Panel Selection) shall be followed to appoint a new Panel, in which event the periods set out thereof shall be reduced by half. (22)
2. This Panel shall issue its report on the matter within 60 days after the date of the referral of the matter to it. When the Panel considers that it cannot provide its report within this timeframe, it shall inform the Parties in writing of the reasons for the delay together with an estimate of the period within which it will submit its report. Any delay shall not exceed a further period of 30 days unless the Parties otherwise agree.

(22) Where the periods reduced by half result in fractions, the resulting period will be the exact number immediately higher.

Article 188. Compensation

1. If the Party complained against does not comply with the Panel report within the period of time set forth in paragraph 3 of the Article 186 (Implementation of the Report), any of the disputing Parties may request in writing negotiations with the other Party with a view to establishing a mutually acceptable compensation. The disputing Parties shall initiate negotiations within a period no longer than 10 days following the receipt of the written request.
2. This compensation shall be effective as of the moment the Parties agree to it and until the Party complained against complies with the Panel report.

Article 189. Suspension of Benefits

1. The complaining Party may, at any time thereafter, communicate in writing to the Party complained against its intention to suspend the application of benefits in 30 days upon reception of such communication,if:
(a) the disputing Parties are unable to agree on a compensation within 30 days after the period for establishing such

compensation has begun, or the Party complained against has failed to observe the terms of the agreed compensation within 30 days following such agreement;
(b) the Panel under the Article 187 (Examination of the Implementation) finds that the Party complained against fails to bring the measure found to be inconsistent with this Agreement into compliance with the recommendations of the Panel within the period of time established; or
(c) the Party complained against expresses in writing that it will not implement the recommendations.
2. The complaining Party may initiate the suspension of benefits within 30 days following the latest date between the date of the communication pursuant to paragraph 1 of this Article and the date when the Panel issued its report pursuant to Article 190 (Examination of Benefit Suspension Level).
3. The level of benefits to be suspended shall have an equivalent effect to the benefits not being received.
4. In considering what benefits to suspend pursuant to paragraph 1:
(a) the complaining Party should first seek to suspend benefits in the same sector or sectors affected by the measure; and
(b) if the complaining Party considers that it is not practicable or effective to suspend benefits in the same sector or sectors, it may suspend benefits in other sectors. The communication in which it announces such a decision shall indicate the reasons on which it is based.

Article 190. Examination of the Benefit Suspension Level

1. If the Party complained against considers that the level of benefits suspended is excessive, it may request in writing the original Panel to examine the level of suspension of benefits. If this is not possible, the procedure established in Article 179 (Panel Selection) shall be followed, in which event the periods set out thereof shall be reduced by half. (23)
2. This Panel shall issue its ruling within 60 days following the date of the referral of the matter to it. When the Panel considers that it cannot provide its report within this timeframe, it shall inform the Parties in writing of the reasons for the delay together with an estimate of the period within which it will submit its report. Any delay shall not exceed a further period of 30 days unless the Parties otherwise agree. The ruling of the Panel shall be final and binding. It shall be delivered to the Parties and be made publicly available.
3. If the Panel finds that the level of benefits which the complaining Party has suspended is excessive, it shall determine the appropriate level of benefits it considers to be of equivalent effect.

(23) Where the periods reduced by half result in fractions, the resulting period will be the exact number immediately higher.

Article 191. Post Suspension

1. Without prejudice to the procedures in Article 190 (Examination of the Benefit Suspension Level), if the Party complained against considers that it has eliminated the non-conformity that the Panel has found, it may provide written notice to the complaining Party with a description of how non-conformity has been removed. If the complaining Party has disagreement, it may refer the matter to the original Panel within 60 days after receipt of such written notice. Otherwise, the complaining Party shall promptly stop the suspension of benefits.
2. The Panel shall release its report within 60 days after the referral of the matter. If the Panel concludes that the Party complained against has eliminated the non-conformity, the complaining Party shall promptly stop the suspension of benefits.

Article 192. Private Rights

Neither Party may provide for a right of action under its domestic law against the other Party on the ground that a measure of the other Party is inconsistent with this Agreement.

Chapter 16. Exceptions

Article 193. General Exceptions

1. For purposes of Chapter 2 (National Treatment and Market Access for Goods), Chapter 3 (Rules of Origin and Operational Procedures Related to Origin), Chapter 4 (Customs Procedures and Trade Facilitation), Chapter 5 (Trade Remedies), Chapter 6 (Sanitary and Phytosanitary Measures), Chapter 7 (Technical Barriers to Trade), Article XX of the GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, mutatis mutandis. The Parties understand that the measures referred to in Article XX(b) of the GATT 1994, as incorporated into this Agreement, can include any measure necessary to protect human, animal, or plant life or health, and that Article XX(g) of the GATT 1994 applies to measures

relating to the conservation of any exhaustible natural resource.
2. For purposes of Chapter 8 (Trade in Services), Article XIV of the GATS (including its footnotes) is 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, as incorporated into this Agreement, can include any measure necessary to protect human, animal, or plant life or health.

Article 194. Security Exceptions

Nothing in this Agreement shall be construed:
(a) to require a Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests; or
(b) to prevent any Party from taking any action which it considers necessary for the protection of its essential security interests:
(i) relating to fissionable and fusionable materials or the materials from which they are derived;
(ii) relating to the supply of services as carried out directly for the purpose of provisioning a military establishment;
(iii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment; and
(iv) taken in time of war or other emergency in international relations; or
(c) to prevent any Party from taking any action in pursuance of its obligations under the United Nations Charter for maintenance of international peace and security.

Article 195. Disclosure of Information

Nothing in this Agreement shall be construed to require a Party to furnish or allow access to confidential information, the disclosure of which would impede enforcement of its Constitution, laws, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

Article 196. Measures to Safeguard the Balance of Payments

Where the Party is in serious balance of payments and external financial difficulties or threat thereof, in accordance with the WTO Agreement and consistent with the Articles of the Agreement of the International Monetary Fund, it may adopt measures deemed necessary.

Article 197. Prudential Measures

1. Notwithstanding any other provisions of this Agreement, a Party shall not be prevented from taking measures relating to financial services for prudential reasons, including for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by an enterprise supplying financial services, or to ensure the integrity and stability of its financial system.
2. Where measures mentioned in paragraph 1 do not conform to the provisions of this Agreement, they shall not be used as a means of avoiding the Party's commitments or obligations under this Agreement.

Chapter 17. Final Provisions

Article 198. Annexes, Appendices and Footnotes

The annexes, appendices and footnotes to this Agreement constitute an integral part of this Agreement.

Article 199. Amendments

1. The Parties may agree on any amendment to this Agreement.
2. When so agreed and entered into force according to Article 200 (Entry into Force and Termination) such amendment shall constitute an integral part of this Agreement.

Article 200. Entry Into Force and Termination

1. This Agreement and its amendments shall enter into force 60 days after the date the Parties exchange written notifications certifying that they have completed their respective legal requirements for its entry into force or after such

other period as the Parties may agree in written notification. Except as otherwise provided in this Agreement, it does not apply retroactively.
2. Either Party may terminate this Agreement by written notification to the other Party. This Agreement shall expire 180 days after the date of such notification.

Article 201. Authentic Texts

This Agreement shall be done in Chinese, Spanish and English, the three texts are equally valid and authentic. In the event of divergence, the English text shall prevail.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE AT Beijing, China, in duplicate, this twenty-eighth day of April of two thousand and nine.

For the Government of the People's Republic of China

For the Government of the Republic of Peru