Free Trade Agreement between Chile and Central America

The Governments of the Republics of Chile, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua,

DETERMINED TO:

TO STRENGTHEN the bonds of friendship and the spirit of cooperation existing among their peoples;

PROPOSE to hemispheric integration;

ESTABLISH clear and mutually beneficial rules for the promotion and protection of investments, as well as the commercial exchange of their goods and services;

RESPECT their respective rights and obligations under the Marrakesh Agreement establishing the World Trade Organization (WTO), as well as other bilateral and multilateral instruments of integration and cooperation;

CREATE a larger and more secure market for goods produced and services rendered in their territories, an important element for the facilitation of trade in goods, services and the flow of capital and technology;

TO ATTAIN a better balance in their trade relations;

AVOID distortions in their reciprocal trade;

STRENGTHEN the competitiveness of their enterprises in world markets;

INCREASE employment opportunities and improve the living standards of their peoples;

PROMOTE economic development in a manner consistent with environmental protection and conservation, as well as sustainable development;

PRESERVE their capacity to safeguard the public welfare; and

ENCOURAGE the dynamic participation of the various economic agents, particularly the private sector, in efforts to deepen economic relations between the Parties and to develop and maximize the potential of their joint presence in international markets;

HEREBY ENTER INTO THIS FREE TRADE AGREEMENT

Part One. General Aspects

Chapter 1. Initial Provisions

Article 1.01. Establishment of the Free Trade Area

1. Through the present Treaty, the parties establish the basis for establishing and implementing a free trade area in accordance with Article XXIV of GATT 1994 and the Article V of the GATS.

2. Unless otherwise provided in this Treaty shall apply bilaterally between Chile and each of the countries of Central America individually.

3. In accordance with article 18.01 (4) (Free Trade Commission), the parties may reduce the time limits specified in the schedule of tariff relief through implementing agreements, protocols or lesser under its domestic law to comply with the objectives of this Treaty.

Article 1.02. Objectives

1. The main objectives of this Treaty is as follows:

a) The Free Trade Area;

b) Encourage expansion and diversification of trade in goods and services between the parties;

c) Promote conditions of fair competition in the Free Trade Area;

d) Eliminate barriers to trade and facilitate the movement of goods and services in the Free Trade Area;

e) To promote, protect and substantially increase investment in each party; and

f) Create effective procedures for the implementation and application of this Treaty, joint administration and for the resolution of disputes.

2. The Parties shall interpret and apply the provisions of this Treaty in the light of the objectives set out in paragraph 1 and in accordance with applicable rules of international law.

Article 1.03. Compliance

Each Party shall ensure, in accordance with its constitutional rules, take all necessary measures to implement the provisions of this Treaty in its territory and at all levels of government.

Article 1.04. Relation to other International Agreements

1. The Parties confirm their rights and obligations existing between them under the WTO Agreement and other agreements to which they are party.

2. In the event of any inconsistency between the provisions of the agreements referred to in paragraph 1 and the provisions of this Treaty, the latter shall prevail to the extent of the inconsistency.

3. In the event of any inconsistency between this Agreement and the specific trade obligations contained in:

a) The Convention on International Trade in Endangered Species of Wild Fauna and Flora, in Washington on 3 March 1973 and its amendments of 22 June 1979;

b) The Montreal Protocol on Ozone Depleting Substances, on 16 September 1987. as amended 29 June 1990; or

c) The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, on 22 March 1989;

Such obligations shall prevail to the extent of the inconsistency, provided that where a Party has a choice among equally effective and reasonably available means at its disposal to comply with such obligations, choose to submit the lesser degree of inconsistency with the other provisions of this Treaty.

Article 1.05. Succession of Treaties

Any reference to any other international treaty shall be made on the same terms for a successor agreement to which the parties are party.

Chapter 2. General Definitions

Article 2.01. Definitions of General Application

For purposes of this Treaty, unless otherwise specified in another chapter:

Customs valuation agreement means the Agreement on Implementation of article VII of the General Agreement on Tariffs and Trade 1994, including its interpretative notes, which is part of the WTO agreement;

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

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

Tariff: any customs import duty or tax or charge of any other kind imposed in connection with the importation of goods,

including any form of surtax or surcharge on imports, except any:

a) Charge equivalent to an internal tax established in accordance with paragraph 2 of article III of the GATT 1994;

b) Anti-dumping or countervailing measures to be applied in accordance with the legislation of each party and is not applied inconsistently with chapter 7 (unfair trading practices);

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

d) Premium offered or collected on imported goods, arising out of any tendering system in respect of the administration of quantitative import restrictions or preference or aranceles-cuota tariff quotas;

Chapter means the first two digits of the Harmonized System;

Central America: the Republics of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua;

Commission: the Free Trade Commission established under article 18.01 (Free Trade Commission);

- calendar days means calendar days; or

Enterprise means any legal person constituted or organized under the applicable law of a party, whether or not for profit and whether privately-owned or governmental and other organizations or economic units which are constituted or organised under the applicable law of a party, such as Trustees shares, firms, sole proprietorship enterprise co-investments or other associations. notwithstanding the above, not including companies with bearer shares;

State ENTERPRISE means an enterprise that is owned by a party or under the control of the same through ownership rights;

Understanding: the Understanding on Rules and Procedures Governing the Settlement of Disputes, which is part of the WTO agreement;

Existing means in effect on the date of Entry into Force of this Treaty;

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

Measure means any law, regulation, provision or practice, among others;

Goods, means any material or product part;

Goods of a Party means a national product as understood in GATT 1994 or goods such as the parties agree to confer the nature and includes originating goods of that Party. a good of a Party may include materials of other countries;

Goods originating a good means that qualifies as originating in accordance with chapter 4 (rules of origin);

National means a natural person or a party according to annex 2.01; Central American country: a Central American country;

Means any State Party which has entered into force this Treaty; heading means the first four digits of the Harmonized System; person means a natural person or a natural person; or an enterprise of a Party means a national or an enterprise of a party;

Programme of tariff relief: established in the annex 3.04 (2) (tariff relief);

Uniform: the regulations established in accordance with article 5.12 (uniform regulations);

Secretarial: the secretariat established in accordance with articles 1803 (Secretariat);

Harmonized System (HS) means the Harmonized Commodity Description and Coding System of goods which is in force, including its general rules of interpretation and their legal notes, of section, chapter headings and subheadings, in the form in which the parties have adopted and implemented in their respective laws;

Subheading means the first six digits of the Harmonized System; and

Territory: the land, sea and air space of each party as well as the exclusive economic zone and continental shelf over which it exercises sovereign rights and jurisdiction in accordance with its legislation and international law.

Country-specific definitions

For purposes of this Treaty, unless otherwise specified in another chapter:

National:

a) With respect to: Chile

i) A Chilean as defined in article 10 of the Political Constitution of the Republic of Chile; and

ii) A person under Chilean law, having the character of a permanent resident;

b) With respect to Costa Rica:

i) Costa Ricans by birth according to article 13 of the Political Constitution of the Republic of Costa Rica;

ii) Costa Ricans by naturalization according to article 14 of the Political Constitution of the Republic of Costa Rica; and

iii) A person who, in accordance with the legislation, having the character of a permanent resident;

c) With respect to El Salvador:

i) Salvadorans by birth, as defined in article 90 of the Constitution;

ii) Salvadorans by naturalization, as defined in article 92 of the Constitution; and

iii) A person who, in accordance with the legislation, having the character of a permanent resident;

d) Guatemala:

i) Those born in the territory of the Republic of Guatemala, Guatemalan ships and aircraft and Guatemalan, born abroad. with the exception of diplomatic officials and their legally equated;

ii) Nationals by birth republics that formed the Federation of Central America, if they acquire domicile in Guatemala and sworn statement, by a competent authority, would be Guatemalans. in this case shall retain their nationality of origin without prejudice to what is established in Central American treaties or conventions; and

iii) Who obtain naturalization according to law;

e) With respect to Honduras:

i) The Honduran by birth, as defined in article 23 of the Constitution of the Republic of Honduras; and

ii) The Honduran by naturalization, as defined in article 24 of the Constitution of the Republic of Honduras; and

f) With respect to Nicaragua: a Nicaraguan pursuant to article 15 of the Political Constitution of the Republic of Nicaragua. notwithstanding the above, foreigners with permanent resident status, within the meaning of article 9 of the Migration Act, Act No 153, published in the Gazette No 80 of 30 April 1993 shall enjoy the benefits, rights and obligations that this treaty accorded to nationals, only in relation to the implementation of the Treaty.

Part Two. Trade In Goods

Chapter 3. NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

Section A. Definitiones and Scope of Application

Article 3.01. Definitions

For purposes of this chapter:

Temporary admission of goods: the temporary admission of temporary admission of goods or goods;

Used:

a) Actually consumed; or

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

Printed materials advertising: brochures, pamphlets, leaflets, yearbooks trade catalogues, business associations, materials and posters tourism promotion, used to promote or publish, advertise a good or service and distributed free of charge, classified in chapter 49 of the Harmonized System;

Goods admitted for sports purposes: sports equipment for use in competitions, sports events or training in the territory of the Party to which is imported;

Agricultural goods: goods classified in chapters, any of the following headings or subheadings of the harmonized system according to the 1996 amendment:

(note: the description is provided for purposes of reference)

	Tariff classification	Description
chapters	01 a 24	(except fish and fish products)
subheading	2905.43	manitol
subheading	2905.44	sorbitol
item	33.01	essential oils
items	35.01 a 35.05	albuminoid materials, modified starch or starch-based products, modified modified starch products
subheading	3809.10	finishing and finishing products
subheading	3824.60	sorbitol, other than that of subheading 2905.44
items	41.01 a 41.03	hides and skins
item	43.01	raw furskin
items	50.01 a 50.03	raw silk and silk waste
items	51.01 a 51.03	wool and hair
items	52.01 a 52.03	seed cotton, cotton waste and carded or combed cotton or combed
item	53.01	raw linen
item	53.02	raw hemp

Goods for exhibition or demonstration: includes components, ancillary apparatus and accessories ancillary equipment and accessories

Commercial samples of negligible value: the commercial or non-commercial samples valued (individually or in the aggregate sent) in no more than one United States dollar (US) or the equivalent amount in the currency of any of the parties or that are marked, broken, perforated or treated so that the disqualifying for sale or for any use that is not the samples;

Advertising films recorded: visual media, with or without sound which are essentially images showing the nature or

operation of goods or services offered for sale or lease or established by a person resident in the territory of a Party, provided that the motion pictures suitable for exhibition to prospective customers but not for broadcast to the general public, which are imported in each packets that contain no more than one copy of each film and do not form part of a larger consignment;

Fish and fish products: fish, crustaceans, molluscs or other aquatic invertebrates, marine mammals and their derivatives, falling within chapters, any of the following headings or subheadings of the harmonized system according to the 1996 amendment:

(note: the description is provided for purposes of reference)

Tariff classification		Description
Chapter	03	fish and crustaceans, mollusks, and other aquatic invertebrates invertebrates
item	05.07	ivory, tortoise shell, marine mammals, horns, antlers, hooves, hoofs, hooves, nails, claws and beaks, and their products. products
item	05.08	coral and similar products
item	05.09	natural sponges of animal origin
subitem	0511.91	products of fish or crustaceans, molluscs or any other invertebrate marine other marine invertebrates; dead animals of Chapter 3
item	15.04	fats or oils and their fractions, of fish or marine mammals, and their marine mammals
item	16.03	non-meat extracts and juices
item	16.04	fish preparations or canned fish
item	16.05	prepared or preserved crustaceans or molluscs and other marine invertebrates marine invertebrates
subitem	2301.20	meal, feed, fish pellets

Repairs or alterations: those that do not include operations or processes that destroy the essential characteristics of a good or convert it into a new or commercially different good. For these purposes, it shall be understood that an operation or process that forms part of the production or assembly of an unfinished good to transform it into a finished good is not a repair or alteration of the unfinished good; the component part of a good is a good that may be subject to repair or modification; and

Export subsidies means those which relate to:

a) The granting of direct subsidies for export, including payments in kind, by governments or government agencies, to an enterprise and a branch of production, to an agricultural producers of goods to a cooperative or other producers of such association or to a marketing board;

b) The sale or export for disposal of non-commercial stocks of agricultural goods, by governments or government agencies at a price lower than the comparable price charged to buyers in the domestic market for a similar agricultural goods;

c) Payments on the export of agricultural goods that are financed by virtue of governmental measures, whether or not a charge on the public accounts, including payments financed from the proceeds of a levy imposed on the agricultural goods concerned or to an agricultural product from which the exported agricultural goods;

d) The award of subsidies to reduce the costs of marketing services exports of agricultural goods (other than the easy

availability of promotion and advice on exports), including the costs of handling, processing and other processing costs and the costs of international transport and freight;

e) The costs of the internal transport and freight charges on export shipments, established or imposed by Governments on terms more favourable than for domestic shipments; or

f) Subsidies on agricultural goods contingent on their incorporation in exported goods.

Article 3.02. Scope

This chapter shall apply to trade in goods between the parties.

Section B. National Treatment

Article 3.03. National Treatment

1. Each Party shall accord to the National Treatment goods of another Party in accordance with article III of the GATT 1994, including its interpretative notes are incorporated into this Treaty

And are an integral part thereof.

2. For purposes of paragraph 1, each Party shall accord to the goods of the other party treatment no less favourable than the most favourable treatment accorded by that Party to or similar goods directly competing substitute of national origin.

Section C. Tariffs

Article 3.04. Tariff Relief

1. Except as otherwise provided in this Treaty, neither party may increase an existing customs duty or introduce a new customs duty on originating goods.

2. Except as otherwise provided in this Treaty, from the entry into force of the same, each Party shall progressively eliminate its customs duties on goods originating as set out in annex 3.04 (tariff relief programme).

3. Paragraph 1 does not prohibit a party from increasing a customs tariff to a level not exceeding the established in the schedule of tariff relief, when the Customs Tariff previously been unilaterally reduced to a level lower than that established in the schedule of tariff relief. during the process of tariff relief, the parties undertake to apply in their mutual trade of goods originating, the lesser of the customs duties resulting from a comparison between the established in accordance with the schedule of tariff relief and applied in accordance with article 1 of the GATT 1994.

4. At the request of any of the Parties, the Parties shall consult to consider accelerating the elimination of customs duties set out in the schedule of tariff relief.

5. The Agreement adopted under paragraph 4, with respect to the accelerated elimination of customs duties on goods originating shall be in terms of article 18.01 (4) and (5) (Free Trade Commission), and shall prevail over any customs tariff or category of relief identified in accordance with the schedule of tariff relief for such goods.

6. Except as provided in annex 3.04 (6), the customs tariffs of relief goods of ad-valorem tariff are established.

7. Paragraphs 1 and 2 do not prevent a party from maintaining or increasing a customs tariff as may be permitted in accordance with the understanding or any other agreement which is part of the WTO Agreement.

Article 3.05. Temporary Admission of Goods

1. Each Party shall allow the temporary admission of goods free of customs tariff, including exemption from the tax collected by Chile by the use of this regime specified in annex 3.05 on single stream comprehensive to:

a) Professional equipment necessary for carrying out the activity, trade or profession of a business person who meets the requirements for temporary entry

Consistent with the provisions of Chapter 14 (temporary entry for business persons);

b) Equipment for the press or for transmission to air of radio or television broadcasting and cinematographic equipment;

c) Admitted for sports purposes and goods intended for display or demonstration; and

d) Commercial Samples and Advertising films;

Admitted into the territory of another party, regardless of whether they are goods originating in the territory of the other party are available directly or similar goods competing substitutable.

2. Except as otherwise provided in this Treaty, any party subject the temporary admission free of customs tariff of a good of the type indicated in paragraph 1 (a), (b) or (c), other than the following conditions:

a) Where the goods are accepted by a national or resident of the other party who seeks temporary entry;

b) Where the goods are used exclusively by the visitor or person under the personal supervision in the performance of its activity, trade or profession;

c) That the goods not be sold or leased while in its territory;

d) If the goods to be accompanied by a bond not exceeding one hundred ten percent (110 percent of the charges that would otherwise due to his case by the final importation, or by another form of guarantee reimbursable at the time of the exportation of goods is not required, except that a bond for customs duties on goods originating whichever is;

e) Where the good be capable of identification when outside its territory;

f) Where the goods leave together with that person or within a reasonably time period corresponding to the purpose of the temporary admission; and

g) If the goods to be admitted in quantity no greater than is reasonable for its intended use.

3. Except as otherwise provided in this Treaty, any party subject the temporary admission free of customs tariff of a good of the type indicated in paragraph 1 (d), other than the following conditions:

a) Where the goods are allowed only for purposes of live orders for goods of another party, regardless of whether they are provided services or goods originating from the territory of another party;

b) Where the goods are not intended for sale or lease, and is used only for demonstration or exhibition while in its territory;

c) Where the good be capable of identification when outside its territory;

d) Where the goods leave within a period reasonably corresponding to the purpose of the temporary admission; and

e) If the goods to be admitted to no greater quantity in reasonable according to the intended use.

4. Where a good is temporarily admitted free of customs tariff in accordance with paragraph 1 fails to comply with any of the conditions that imposes a Party under paragraphs 2 and 3, that party may apply:

a) The customs duty and any other charge that would be due to the final importation of the same; and

b) Any criminal, civil or administrative penalties that the circumstances warrant.

5. Subject to the provisions of Chapters 10 (investment) and eleven (cross-border trade in services):

a) Each Party shall permit containers and vehicles used in international transport which have entered into its territory from the other party to its territory on any exit route that is reasonably related to the economic and prompt departure of such vehicle or container;

b) A Party may require any bond or impose any penalty or charge solely by reason of the entry of a vehicle or container is different from that of departure;

c) No party will condition the release of any obligation, including a bond that has applied for the entry of a vehicle or container into its territory on its exit is made by a port in particular; and

d) No party may require that the carrier bringing a container or vehicle from the territory of another party, is the same as that in the territory of the other party.

6. For purposes of paragraph 5: means a vehicle, trailer truck, tractocamión 1.tractor, trailer or unit or locomotive freight railroad or other equipment.

Article 3.06. Duty-free Imports for Commercial Samples of Negligible or No Commercial Value and Printed Advertising Materials

Each Party shall authorize the free customs tariff for Importation of Commercial Samples of negligible value or no commercial value and printed materials advertising, regardless of their origin, if imported from the territory of the other party, but may require that:

a) Such commercial samples be imported solely for purposes of live orders for goods or services of another party, regardless of whether they are originating goods or services are supplied from the territory of the other party or of a non-Party; or

b) Such advertising materials be imported in printed packets containing no more than one copy of each form, and that neither the materials nor packets form part of a larger consignment.

Article 3.07. Goods Reimported after Having Been Repaired or Altered Altered

1. No party may apply a customs duty to a good regardless of their origin, which is being re-imported into its territory after being or having left temporarily exported to the territory of another party to be repaired or altered, regardless of whether such repair or alteration could be performed in its territory.

2. No party may apply the customs duties on goods, regardless of their origin, are temporarily admitted to the territory of another party to be repaired or altered.

3. Both the reimportation temporary admission as paragraph 1 of paragraph 2 shall be made within the time period established in the respective laws of the Parties.

Article 3.08. Customs Valuation

The Customs Valuation Agreement shall govern the customs valuation rules applied by the parties in their reciprocal trade in the form in which the parties have taken. without prejudice to the foregoing, the parties undertake not to determine the value of the goods on the basis of minimum values, except as provided in annex 3.08.

Article 3.09. Restrictions on Exports to Support Programmes

The Parties shall establish the treatment to domestic support for agricultural goods and to support programmes for exports in annex 3.09.

Section D. Non-tariff Measures

Article 3.10. Import and Export Restrictions

1. The parties undertake to complete immediately and eliminate non-tariff barriers, with the exception of the Rights of the Parties in accordance with Articles XX and XXI of the GATT 1994 and those covered in chapter 8 (sanitary and phytosanitary measures) and chapter 9 (measures of standardization, metrology and authorization procedures).

2. Except as otherwise provided in this Treaty, no Party may adopt or maintain a prohibition or restriction on the importation of any goods of the other party or on the exportation for sale or export of any good destined for the territory of another party, except as provided in article XI of the GATT 1994, including its interpretative notes. to this end article XI of GATT 1994 and its interpretative notes are incorporated into this Agreement and form an integral part thereof.

3. The parties understand that the rights and obligations of GATT 1994 as incorporated in paragraph 2, prohibit in any circumstances in which any other form of restriction is, the requirements of export prices and except as permitted for the Implementation of Resolutions and Commitments anti-dumping and countervailing measures, the requirements of import prices.

4. In cases where a party adopts or maintains a prohibition or restriction on the importation or exportation of goods to non- or a party, nothing in this Treaty shall be construed as to prevent:

a) Limiting or prohibiting the importation of the goods in the country no party from the territory of the other party; or

b) Requiring as a condition of the export of goods to the territory of another party, which shall not be re-exported non-party

to the country, directly or indirectly, without being consumed in the territory of that other party.

5. In the event that a party adopts or maintains a prohibition or restriction on the importation of goods of a non- Party, at the request of another party, the Parties shall consult with a view to avoiding undue interference with or distortion pricing mechanisms, marketing and distribution in that other party.

6. Paragraphs 1 through 4 shall not apply to the measures set out in annex 3.10 (6).

Article 3.11. Customs Processing Fees and Consular Fees

1. Subject to the provisions of annex 3.11 (1), from the entry into force of this Treaty, the Parties shall not apply any right of existing customs formalities, including those set out in annex 3.11 (1), or adopt any new customs formalities, originating on goods.

2. Subject to the provisions of annex 3.11 (2), no party shall be charged consular fees or charges or require consular formalities on goods originating from the entry into force of this Treaty.

Article 3.12. Geographical Indications

1. Each Party shall recognize and protect the geographical indications and designations of origin of the other Party in accordance with this article.

2. Each Party shall permit the import, manufacture or sale of goods using a geographical indication or designation of origin in another Party, unless it has been drawn up and certified in accordance with its applicable legislation to that good.

3. The provisions of paragraphs 1 and 2 shall only those effects in respect of geographical indications and designations of origin and protected by the legislation of the party claiming the protection and whose definition consistent with paragraph 1 of article 22 of the Agreement on Trade-Related Aspects of Intellectual Property Rights related to trade, which is part of the WTO Agreement. furthermore, for access to the protection, each Party shall notify

The other party or geographical indications designations of origin that complying with the requirements set forth above, should be considered within the scope of protection.

4. The foregoing is without prejudice to the recognition that the parties may accord to geographical indications and designations of origin may lawfully homonymous non- belong to a party.

Article 3.13. A Country of Origin Marking

1. Each Party shall apply to the goods of another party, where appropriate, legislation relating to their country of origin marking, pursuant to Article IX of GATT 1994. to this end article XI of GATT 1994 and is incorporated into this treaty is an integral part thereof.

2. Each Party shall accord to the goods of the other party treatment no less favourable than that accorded to goods of a non- party with regard to the implementation of the rules relating to country of origin marking, pursuant to Article IX of GATT 1994.

3. Each Party shall ensure that the establishment and implementation of their respective laws on country of origin marking does not have the purpose or effect of creating unnecessary obstacles to trade between the parties.

Article 3.14. Export Taxes

Without prejudice to annex 3.14, no party shall adopt or maintain taxes, levies or charge on the export of the goods to the territory of another party, unless it is adopted or maintained on such goods, when it is intended for domestic consumption.

Article 3.15. International Obligations

A party, before taking a measure pursuant to an intergovernmental agreement on goods under subparagraph (h) of the article XX of GATT 1994, that may affect trade between the parties shall consult with the other party for avoiding nullification or impairment of a concession granted by that Party in accordance with article 3.04.

Article 3.16. Committee on Trade In Goods

1. The parties establish a committee on trade in goods as set out in annex 3.16.

2. The Committee shall hear matters relating to this chapter and chapter 4 (rules of origin), chapter 5 (procedures) and the uniform customs regulations.

3. Without prejudice to the provisions of article 18.05 (2) (Committees), the Committee shall have the following functions:

a) The Committee refer to matters that impede access of goods to the territory of the Parties, in particular those related to the application of non-tariff measures; and

b) Promoting trade in goods between the parties through consultations and studies to modify the time-limits set out in Annex 3.04 (2) (tariff relief programme), to accelerate tariff relief.

Chapter 4. Rules of Origin

Article 4.01. Definitions

For purposes of this chapter:

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

FOB means the value of the good free on board regardless of the means of transport to final site or the port of shipment abroad;

A good means material that is used in the transformation of production or another includes goods and components, inputs, raw materials, parts and components;

Indirect means a good material used in production, testing or inspection of another good but not physically incorporated into the Party; or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good including:

a) Fuel and energy; catalysts and solvents;

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

c) Gloves, spectacles, footwear, clothing, equipment and devices;

d) Tools and moulds, dies;

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

f) Lubricants, fats, composite products and other products used in production, operation or maintenance of equipment and buildings;

g) Any other matters or product that is not incorporated into the good but properly documented a part of that production;

Fungible goods means interchangeable goods for commercial purposes and whose properties are essentially identical and which cannot be distinguished from one another for mere visual examination;

Goods wholly obtained or produced entirely in the territory of one or more Parties:

a) Minerals extracted in the territory of one or more of the Parties;

b) Vegetable products harvested in the territory of one or more of the Parties;

c) Live animals born and raised in the territory of one or more of the Parties;

d) Goods obtained from hunting or fishing in the territory of one or more of the Parties;

e) Fish, crustaceans and other marine species obtained from the sea outside the territorial waters and the maritime areas where the parties exercise jurisdiction, either by vessels registered or recorded with a party and carry the flag of the party or rented vessels by firms established in the territory of a party;

f) Goods produced on board ships from the factory goods identified in subparagraph (e) provided such factory ships are registered or recorded in a party and carry the flag of that Party factory ships or leased by a company established in the

territory of a party;

g) Goods extracted from the seabed beneath the seabed or outside the territorial waters, by a party or a person of a Party provided that the Party has rights to exploit such seabed subsoil; or

h) Waste and scrap derived from:

i) The production in the territory of one or more Parties; or

ii) Used goods collected in the territory of one or more parties, provided that such goods are only for the recovery of raw materials; or

iii) Goods produced in the territory of one or more of the Parties exclusively from goods referred to in subparagraphs (a) to (h) or from their derivatives, at any stage of production;

Generally accepted accounting principles means the principles used in the territory of each Party which confer substantial authoritative support with respect to the recording of income, expenditure, assets and liabilities involved in information and the preparation of financial statements. these indicators may be broad guidelines of general application as well as those standards and practices usually employed in the accounting procedures;

Production: the cultivation, production, harvesting, the birth and upbringing, fishing, hunting, processing, manufacture or assembly of goods;

Producer means a person who cultivate, extract, harvest, farming, fishing, hunting, manufacture, processing or assembles a good;

Value shall be: the value of a good or a material, under the Rules of the Customs Valuation Agreement.

The transaction value of a good means the price actually paid or payable for a good with respect to a transaction of the producer of the good in accordance with the principles of article 1 of the Customs Valuation Agreement, adjusted in accordance with the principles of paragraphs 1, 3 and 4 of Article 8 of the same without considering that the good is sold for export. for the purposes of this definition, the seller referred to in the agreement on customs valuation shall be the producer of the goods; and

The transaction value of a material means the price actually paid or payable for a material with respect to a transaction of the producer of the good in accordance with the principles of article 1 of the Customs Valuation Agreement, adjusted in accordance with the principles of paragraphs 1, 3 and 4 of Article 8 of the same without considering that the material is sold for export. for the purposes of this definition, the seller referred to in the agreement on customs valuation shall be the supplier of the material and the buyer referred to in the agreement on customs valuation shall be the producer of the goods.

Article 4.02. Instruments of Application and Interpretation

1. For purposes of this chapter:

a) The Harmonized System shall be the basis for the tariff classification of goods; and

b) The principles of the Customs Valuation Agreement shall be used for the determination of value of a good or a material.

2. For purposes of this chapter, in applying the Agreement on customs valuation to determine the origin of a good:

a) The principles of the Customs Valuation Agreement shall apply to transactions

Internal, with such modifications as circumstances require, as would apply to international standards; and

b) The provisions of this chapter shall prevail over the valuation of the Agreement

Customs to the extent of the inconsistency.

3. A Party may only accumulate origin of goods originating in countries in respect of which is in force of this Treaty.

4. In cases where a good subject to a specific rule of origin common to all parties, the rules of origin this chapter shall apply only between the exporting party and the importing Party, considering the other parties that are not such a specific rule of origin, as non- party.

5. Two (2) years after the Entry into Force of this treaty for all parties, they shall establish a work program to examine the

possibility of materials originating in Chile may be acquired for the purpose of the fulfilment of the rule of origin intracentroamericana. the foregoing, provided that the goods to which incorporates such materials enjoys free trade between Chile and each Central American country as well as between them.

6. Notwithstanding the provisions of paragraph 5, if the countries of Central America accord the treatment referred to in article 5 (a) To 4.02 non- party prior to Chile, they shall accord no less favourable treatment to materials originating in Chile.

Article 4.03. Originating Goods

1. Except as otherwise provided in this chapter shall be regarded as originating goods when:

a) Is wholly obtained or produced entirely in the territory of one or more of the Parties;

b) Is produced in the territory of one or more of the Parties exclusively from materials that qualify as originating under this chapter;

c) Is produced in the territory of one or more of the Parties from non-originating materials that conform to a change in tariff classification, a regional value content or other requirements as specified in annex 4.03 and the good complies with the other applicable provisions of this chapter; or

d) Is produced in the territory of one or more of the Parties but one or more of the non-originating materials used in the production of the good does not satisfy a change in tariff classification because:

i) The goods are imported into the territory of a party without assembling or desensamblada and has been classified as an assembled good pursuant to rule 2 (a) of the general rules for the interpretation of the Harmonized System;

ii) The goods and their parts are classified under the same heading and describes specifically provided that it is not divided into subheadings; or

iii) The goods and their parts are classified in the same subheading and describes it specifically;

Provided that the regional value content of the good determined in accordance with article 4.07, not less than 30 per cent (30%), and the good complies with the other applicable provisions of this chapter, unless the applicable rule of annex 4.03 under which the good is classified specifies a requirement of different regional value content, in which case it shall be applied. nothing in this subparagraph shall not

Apply to goods covered in Chapters 61 to 63 of the Harmonized System.

2. If a party complies with the specific rule of origin established in annex 4.03, is not required in compliance with the requirement of regional value content established in paragraph 1 (d).

3. For purposes of this chapter, the production of a good from non-originating materials that conform to a change in tariff classification and other requirements as specified in annex 4.03, shall be done entirely in the territory of one or more parties, and all the regional value content of a good shall be met entirely in the territory of one or more parties.

4. Notwithstanding the provisions of this article shall not be regarded as originating goods that despite the requirement of a change in tariff classification under the materials are solely the result of operations provided for in article 4.04 performed in the territory of the Parties by the acquiring the final form in which they are marketed, where such operations using non-originating materials, unless the specific rule of origin of annex 4.03 otherwise.

Article 4.04. Minimal Operations or Processes

Minimal operations or processes which alone or in combination thereof, do not confer origin goods are the following:

a) Aeration, ventilation, drying, chilling, freezing;

b) Washing, cleaning, sifting screening, sorting, classifying, or zarandeo entresaque or rank;

c) Peeling husking or desconchado, desgranado boning estrujado, or who, macerado;

d) Removal of dust or damaged parts or damaged, implementation of oil or protective coatings, paint oxide;

e) Testing or division; calibration of bulk shipments, grouping in packs, accession of marks or labels, products or distinguishing signs on their packaging;

f) Packaging, repackaging or unpacking;

g) Dilution in water or in any other aqueous solution, ionization and salting;

h) Armed or simple assembly of parts of products to constitute a complete sets of goods, formation or sets of goods; and

i) The slaughter of animals.

Article 4.05. Indirect Materials

Indirect materials shall be treated as originating regardless of their development or production and the value of such materials shall be the same as in the accounting records of the producer of the goods.

Article 4.06. Cumulation

1. Originating materials or goods originating in the territory of a Party incorporated into a good in the territory of another party, shall be considered as originating in the territory of the latter.

2. For purposes of establishing whether a product originating, is the producer of a good may accumulate its production with that of one or more producers in the territory of one or more Parties, of materials that are incorporated into the good so that the production of the materials is considered as that done by producer, provided that the good satisfies the requirements in article 4.03.

Article 4.07. Regional Content Value

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

VCR = [(VM - VMN) / VM] * 100

Where:

VCR: is the regional value content, expressed as a percentage;

VM: is the transaction value of the adjusted on a good basis

FOB, except as provided in paragraph 2. in the event that there is no value or cannot be determined according to the principles of article 1 of the Customs Valuation Agreement; the same shall be calculated in accordance with the principles of articles 2 to 7 of this Agreement; and

VMN: is the transaction value of non-originating materials

Adjusted on a CIF basis, except as provided in paragraph 5. in the event that there is no value or cannot be determined according to the principles of article 1 of the Customs Valuation Agreement; the same shall be calculated in accordance with the principles of articles 2 to 7 of this Agreement.

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

3. When the origin is determined by the method of regional value content, the percentage required specified in annex 4.03.

4. All costs considered for the calculation of regional value content shall be recorded and maintained in accordance with generally accepted accounting principles applicable in the territory of the Party where the good is produced.

5. When the producer of a good acquires a non-originating material in the territory of the party where it is located, the value of a non-originating material shall not include freight and insurance costs, packing and all other costs incurred in transporting the material from the warehouse of the supplier to the place where the producer is located.

6. For purposes of calculating the regional value content of the value of the non-originating materials used in the production of a good shall not include the value of non-originating materials used in the production of material acquired and used an originating in the production of that good.

Article 4.08. De Minimis

1. A good that does not satisfy a change in tariff classification as set out in annex 4.03 originating, shall be considered if the

value of all the non-originating materials which do not meet the requirement change tariff classification used in production does not exceed eight per cent (8 per cent) of the value of the good determined pursuant to article 4.07.

2. In the case of goods classified in Chapters 50 to 63 of the Harmonized System, the percentage indicated in paragraph 1 shall relate to the weight of fibers and yarns with respect to the weight of the goods produced.

3. Paragraph 1 does not apply to a non-originating material used in the production of goods falling within chapters 01 to 24 of the Harmonized System unless the non-originating material is included in a different subheading than the good for which the origin is being determined under this article.

Article 4.09. Consumable Goods

1. Where in the development or production of goods are used and non-originating fungible goods originating, the origin of these goods may be determined by one of the inventory management methods, at the choice of the producer:

a) Method of first in, first out (FIFO);

b) Method of last in, first out (UEPs); or

c) Average method.

2. Where originating and non-originating fungible goods are physically combined in mixed or inventory, and prior to their exportation do not undergo any production process or any other operation in the territory of the Party in which they were physically mixed or combined, other than reloading unloading, or any other movement necessary to maintain the goods in good condition or to transport in the territory of another party, the origin of the good may be determined by one of the inventory management methods.

3. Selected once one of the inventory management methods, it shall be used throughout the fiscal year or period.

Article 4.10. Sets or Assortments of Goods

1. The games or sets of goods that are classified pursuant to rule 3 of the general rules for the interpretation of the Harmonized System. as well as goods whose description according to the nomenclature of the Harmonized System is specifically that of a set or assortment, calificarán as originating, provided that each of the goods in the set or assortment complies with the established rules of origin in this chapter and in annex 4.03.

2. Notwithstanding paragraph 1. a set or assortment of goods originating shall be considered if the value of all non-originating goods used in the training of the Set assortment or does not exceed the percentage specified in Article 4.08 (1) in respect of the value of the Set or assortment adjusted on the basis indicated in article 4.07 (1) or (2), as the case may be.

3. The provisions of this article shall prevail over the specific rules established in annex 4.03.

Article 4.11. Accessories, Spare Parts and Tools

1. Spare parts and accessories, tools delivered with the good as a normal part thereof shall not be taken into account in determining whether all the non-originating materials used in the production of a good satisfy the applicable change in tariff classification set out in annex 4.03, provided that:

a) Accessories, spare parts and tools are not invoiced separately from the good regardless of whether they are disaggregated or detail each in the invoice; and

b) The quantity and value of the accessories, spare parts and tools are customary for the goods that are the subject of classification.

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

3. A accessories, spare parts and tools that do not meet the conditions mentioned above shall apply the rule of origin for each of them separately.

Article 4.12. Containers and Packaging Materials In Which a Good Is Presented for Retail Sale

1. Where the packaging materials and containers in which a good is submitted for retail sale are classified in the Harmonized System as containing goods, shall not be taken into account in determining whether all the non-originating materials used in the production of the good satisfy the applicable change in tariff classification set out in annex 4.03.

2. If the good is subject to a regional value content requirement, containers and packaging materials shall be considered as originating or non-originating, as the case may be in calculating the regional value content of the good.

Article 4.13. Packing Materials and Containers for Shipment

Packing materials and containers for shipment in which the goods for carriage empaca shall not be taken into account for purposes of establishing whether:

a) Non-originating materials used in the production of the good satisfy the applicable change in tariff classification set out in annex 4.03; and

b) The good satisfies a regional value content requirement.

Article 4.14. Transhipment and Direct Consignment or International Transit

1. Originating not lose when such goods exported from one party to the other party and to transport their passing through the territory of any other Party or non-Party provided that they comply with the following requirements:

a) The transit is justified by reasons or by geographical considerations related to international transport requirements;

b) It is not intended to use or trade, employment in the country of transit; or

c) During transport and storage is processed or not undergo operations other than packaging, handling, packaging, reempaque manipulation or to ensure the conservation; and

d) Remain under the control or monitoring of the customs authority in the territory of a country that is a Party or non-Party.

2. Otherwise, the goods lost their character as originating.

Chapter 5. Customs Procedures

Article 5.01. Definitions

1. For purposes of this chapter:

The competent authority: that according to the legislation of each party is responsible for the administration and enforcement of its customs laws and regulations, and / or the administration and / or implementation of this chapter and chapters 3 (National Treatment and access of goods to the market) and (4) Rules of Origin, and the uniform regulations, which is originating. in the uniform regulations shall specify the competent authorities of each party;

Exporter means a person located in the territory of a Party from which the good was exported by it and that is required to maintain the Party in the territory of the records referred to in article 5.04 (5);

Import trading: the importation of a good into the territory of a Party for the purpose of sale or use it for commercial purposes, industrial or similar;

Importer means a person located in the territory of a Party from where the good is

Imported by it, and that is required to maintain the Party in the territory of the records referred to in article 5.03 (4);

Identical goods: identical goods as defined in the agreement on customs valuation;

Procedure for verifying the origin: administrative process that began with the notice of initiation of investigations by the competent authority of a party and concludes with the final resolution of a determination of origin;

Producer means a person who cultivate, extract, crop farming, fishing, hunting, manufacture, processing or assembles a good located in the territory of a party who is obliged to remain in the territory of the party the records referred to in article 5.04 (5);

Resolution of: a determination of origin issued as a result of the resolution procedure to verify the origin, whether

establishing a good qualifies as originating in accordance with chapter 4 (rules of origin); and

Preferential tariff treatment: the application of tariff rate corresponding to goods originating according to the schedule of tariff relief.

2. Except as set out in this article are incorporated into this chapter the definitions established in Chapter 4 (rules of origin).

Article 5.02. Certificate of Origin and Declaration

1. From the date of Entry into Force of this Treaty, the Parties shall develop a single form for the certificate of origin and a single format for the declaration of origin, which may be amended by agreement between the parties.

2. The certificate of origin referred to in paragraph 1 shall serve to certify that a good being exported from the territory of one party to the territory of another party qualifies as

Originating. the certificate shall be valid for a maximum of two (2) years from the date of its signature.

3. Each Party shall provide its exporters that complete and sign a certificate of origin for the exportation of a good for which an importer may claim preferential tariff treatment.

4. Each Party shall provide that:

a) Where an exporter is not the producer of the good, complete and sign the certificate of origin on the basis of:

i) Its knowledge of whether the good qualifies as originating;

ii) The reasonable reliance on the producer written declaration that the good qualifies as originating; or

iii) The declaration of origin referred to in paragraph 1; and

b) The declaration of origin that covers the goods to be exported is filled out and signed by the producer of the good and voluntarily provided to the exporter. the declaration shall be valid for a maximum of two (2) years from the date of its signature.

5. Each Party shall provide that a Certificate of Origin filled and signed by the exporter in the territory of another party cover:

a) A single importation of goods or one or more;

b) Several importations of identical goods to be undertaken by the same importer, within a specific time limit established by the exporter in the certificate, which shall not exceed twelve (12) months.

Article 5.03. Obligations with Respect to Imports

1. Each Party shall require an importer claiming preferential tariff treatment for a good imported into its territory from the territory of another party that:

a) A written declaration in the importation document required by its laws, based on a valid certificate of origin, that the good qualifies as originating;

b) The certificate of origin in its possession at the time the declaration referred to in subparagraph (a);

c) Provide a copy of the certificate of origin if requested by the competent authority; and

d) This, without delay, a declaration and the corrected pay corresponding customs tariffs, if it has reason to believe that the certificate of origin in its import declaration contains incorrect information. when the importer complies with the obligations shall not be penalized.

2. Each Party shall provide that where an importer in its territory fails to comply with any of the requirements established in this chapter, deny the preferential tariff treatment for goods imported from the territory of the other party.

3. Each Party shall provide that where the importer has not request preferential tariff treatment for a good imported into its territory that is qualified as originating, it shall, within one (1) year from the date of importation, request the return of customs duties paid in excess of not having been granted preferential tariff treatment to the goods, provided that the certificate of origin in its possession and the application is accompanied by:

a) Expressing a written declaration that the good qualified as originating at the time of importation;

b) A copy of the certificate of origin; and

c) Any other documentation relating to the importation of the goods,

Required by that Party.

Each Party shall provide that where an importer requesting preferential tariff treatment for a good imported into its territory from the territory of another party, retained for a minimum period of five (5) years after the date of importation, the certificate of origin and all other documentation relating to the importation required by the importing Party.

Article 5.04. Obligations with Regard to Exports

1. Each Party shall provide that its exporter or producer that has completed and signed a declaration or certificate of origin shall deliver a copy of the certificate of origin or declaration to its competent authority upon request.

2. Each Party shall provide that its exporter or producer that has completed and signed a declaration or certificate of origin and has reason to believe that the certificate or declaration contains incorrect information, and without delay notify in writing of any change that could affect the accuracy or validity of the Declaration or certificate of origin to all persons to whom he re-delivered Declaration or the certificate of origin, as the case may be, as well as to its competent authority. in such cases the producer or exporter shall not be liable for having submitted an incorrect certificate or declaration.

3. Each Party shall provide that the competent authority of the exporting Party shall notify in writing to the competent authority of the importing Party on the notification referred to in paragraph 2.

4. Each Party shall provide that the certificate of origin or false declaration made by its exporter or producer that a good to be exported to the territory of another party qualifies as originating, is similar, with such modifications as circumstances require that those that would apply to an importer that makes a false declarations or statements in contravention of its customs laws and regulations or other applicable.

5. Each Party shall provide that its exporter or producer who filled and signed a declaration or certificate of origin retained for a minimum period of five (5) years after the date of signature or certificate of this Declaration, all records and documents related to the origin of the goods, including those relating to:

The acquisition, costs, the value and payment for the good that is exported from its territory;

The acquisition, costs, the value and payment of all, including the indirect materials used in the production of the good that is exported from its territory; and

The production of the good in the form in which it was exported from its territory.

Article 5.05. Exceptions

Provided that they do not form part of two or more imports or seek for the purpose of avoiding the certification requirements of articles and 5.02 5.03, a Party shall not require a certificate of origin in the following cases:

a) In the case of a commercial importation of a good whose customs value does not exceed one thousand United States dollars (US $1,000 or its equivalent in national currency or a higher amount as that party may establish, but may require that the commercial invoice contains or be accompanied by a statement from the importer or exporter that the good qualifies as originating;

b) In the case of a non-commercial importation of a good whose customs value does not exceed one thousand United States dollars (US $1,000 or its equivalent in national currency or a higher amount as that party may establish; or

c) Where an importation of a good for which the importing Party has waived the requirement for a certificate of origin.

Article 5.06. Invoicing by a Third-country Operator

When the goods that are the subject of trade is invoiced by an operator of a third country that is a party or non-party, the producer or exporter of the country of origin shall draw on the certificate of origin, in the remarks "" box on which the goods subject to its statement shall be invoiced from that third country and identify the name, the name and address of the operator shall ultimately invoiced the operation of destination.

Article 5.07. Confidentiality

Each Party shall maintain in accordance with its laws, the confidentiality of the information that is such that has been obtained pursuant to this chapter and shall protect from any disclosure.

The confidential information collected pursuant to this chapter may be disclosed only to those authorities responsible for the administration and enforcement of determinations of origin of tax and customs matters or in accordance with the legislation of each party.

Article 5.08. Procedures for Verification of Origin

1. The importing Party may request information from the exporting Party to determine the origin of a good.

2- In determining whether a good imported from the territory of the other party under preferential tariff treatment qualifies as originating, the importing Party may, through its competent authority to verify the origin of the good through:

Written questionnaires and requests for information to an exporter or producer of the exporting Party;

Visits to the premises of the exporter or producer in the territory of the exporting Party to review the records and documents referred to in article 5.04 (5), in addition to inspect the facilities and materials or products that are used in the production of the goods; and

Other procedures as agreed by the parties.

3. The exporter or producer who receives a questionnaire under paragraph 2 (a) shall fill and return it within a period of thirty (30) days from the date on which it is received. during this period the exporter or producer may one-time request in writing to the importing Party extension, which may not exceed thirty (30) days.

4. In the event that the exporter or producer does not return the questionnaire duly responded within the time allowed or during its extension, the importing Party may deny preferential tariff treatment.

5. Prior to conducting a verification visit pursuant to paragraph 2 (b), the importing Party shall be bound, through its competent authority to notify in writing of its intention to conduct the visit. the notification shall be sent to the exporter or producer to be visited, the competent authority of the Party in whose territory the visit and, if so requested, to the embassy of that Party in the territory of the importing Party. the competent authority of the importing Party shall obtain the written consent of the exporter or producer who seeks to visit.

6. The notification referred to in paragraph 5 shall contain:

a) The identification of the competent authority making the notification;

b) The name of the exporter or producer to be visited;

c) Date and place of the proposed verification visit;

d) Subject matter and scope of the proposed verification visit, with specific reference to the good or goods subject to verification;

e) Identification and titles of the officials who shall carry out the verification visit; and

f) The legal authority for the verification visit.

7. If within thirty (30) days after the date of receipt of the notification of the proposed verification visit according to paragraph 5, the exporter or producer has not given its written consent for the same, the importing Party may deny preferential tariff treatment to the good or goods that would have been the subject of the verification visit.

8. Each Party shall provide that when the exporter or producer receives notification pursuant to paragraph 5 shall, within fifteen (15) days after the date of receipt of the notification, request, once the postponement of a verification visit

Proposal for a period not exceeding sixty (60) days from the date on which the notification was received, or for a longer period as may be agreed by the parties. for this purpose, it shall notify the postponement of the visit to the competent authority of the importing Party and the exporting Party.

9. A Party shall not deny preferential tariff treatment based solely on the postponement of a verification visit pursuant to paragraph 8.

10. Each Party shall permit the exporter or producer whose goods are the subject of a verification visit to designate two

observers to be present during the visit provided solely to intervene in that capacity. not observers designated by the exporter or producer that omission shall not result in the postponement of the visit.

11. Each Party shall verify compliance with the requirements of the regional value content of the de minimis calculation or any other measure contained in chapter 4 (rules of origin) through its competent authority in accordance with the generally accepted accounting principles applicable in the territory of the Party from which the good was exported.

12. Within the procedure to verify the origin, the competent authority shall provide the exporter or producer whose goods are the subject of the verification with a written determination of whether or not the good qualifies as originating, including findings of fact and the legal basis for the determination.

13. Where a verification by a party establishes that the exporter or producer has certified or certified more than once in a false or unfounded, that a good qualifies as originating, the importing party may suspend preferential tariff treatment to identical goods produced or exported by the same until such person proves that complies with the provisions of chapter 4 (rules of origin).

14. Each Party shall provide that where its competent authority determines that a good imported into its territory qualifies as originating in accordance with the tariff classification or the value applied by the Party to one or more materials used in the production of the good, and this differs from the tariff classification or value applied to the materials by the Party from whose territory the good was exported, the resolution of the importing Party shall not take effect until it notifies in writing the importer of both the good and the person that completed and signed the certificate of origin is protected.

15. A Party shall not apply a determination made under paragraph 11 to an importation made before the date on which this decision takes effect, provided that:

a) The competent authority from whose territory the good was exported has issued an advance ruling pursuant to article 5.09, or any other ruling on the tariff classification or value of materials in which a person is entitled to rely; and

b) The aforementioned resolutions are prior to the notice of initiation of verification of origin.

Article 5.09. Resolution Advance

1. Each Party shall provide that through its competent authority shall grant expeditiously advance written rulings prior to the importation of a good into its territory. advance rulings shall be issued by the competent authority of the importing party at the request of the importer, or the exporter or producer in the territory of the other Party on the basis of the facts and circumstances expressed by the same with respect to:

a) Whether a good qualifies as originating in accordance with chapter 4 (rules of origin);

b) If the non-originating materials used in the production of a good satisfy the applicable change in tariff classification set out in annex 4.03 (specific rules of origin);

c) If the good complies with the regional value content established in Chapter 4 (rules of origin);

d) Whether the method applied by an exporter or producer in the territory of the other party, in accordance with the principles of the Customs Valuation Agreement for calculating the value of the good or of the materials used in the production of a good for which an advance ruling is suitable for determining whether the good complies with the regional value content requirement under rules of origin (chapter 4);

e) Whether a good re-enters that its territory after having been exported from its territory to the territory of another party to be repaired or altered qualifies for preferential tariff treatment in accordance with Article (0307 re-imported goods after having been repaired or altered); and

f) Other matters as the parties may agree.

2. Each Party shall adopt or maintain procedures for the issuance of advance rulings, including:

a) The information reasonably required to process an application;

b) The competent authority may at any time request for additional information from the person requesting the advance ruling during the process of evaluating the application;

c) The obligation of the competent authority to issue the advance ruling after it has obtained all necessary information from the person requesting it; and

d) The obligation of the competent authority to issue comprehensively, grounds and reasons for the advance ruling.

3. Each Party shall apply to an advance ruling importations into its territory beginning on the date of the issuance of the resolution, or on a later date indicated in itself, except that the advance ruling was modified or revoked according to paragraph 5.

4. Each Party shall provide to any person requesting an advance ruling the same treatment including the same interpretation and application of the provisions of article (0307 re-imported goods after having been repaired or altered) and chapter 4 (a) Rules of Origin regarding determination of origin that has provided to any other person to whom it issued an advance ruling when facts and circumstances are identical in all substantial aspects.

5. The advance ruling may be modified or revoked by the competent authority in the following cases:

a) Where it is based on an error:

i) In fact;

ii) In the tariff classification of goods or materials;

iii) In the application of a regional value content requirement under rules of origin (chapter 4); or

(iv) In the application of the rules for determining whether a good re-enters that its territory after it has been exported from its territory to the territory of another Party for repair or alteration qualifies for duty-free treatment in accordance with article customs (0307 re-imported goods after having been repaired or altered);

b) If it is not in accordance with an agreed interpretation by the parties regarding chapter 3 (National Treatment and access of goods to market) or the rules of origin (chapter 4);

c) Where a change in the circumstances or facts therefor;

d) In order to comply with a modification to this chapter and chapter 3 (National Treatment and access of goods to the market), chapter 4 (rules of origin), or the uniform regulations; or

e) In order to comply with an administrative or judicial decision or a change in conformity with the legislation of the party that issued the advance ruling.

6. Each Party shall provide that any modification or revocation of an advance ruling takes effect on the date on which it is issued or on a later date that there is established. and shall not be applied to imports of goods made before those dates, unless the person to whom it was issued has not acted in accordance with its terms and conditions.

7. Notwithstanding paragraph 6, the party that issued the advance ruling shall postpone the effective date of such modification or revocation for a period not exceeding ninety (90) days where the person to whom it issued an advance ruling was based on that basis and in good faith to its detriment.

8. Each Party shall provide that when considering the regional value content of a good for which it has issued an advance ruling, its competent authority evaluate whether:

a) The exporter or producer has complied with the terms and conditions of the advance ruling;

b) The exporter or producer operations are consistent with the material facts and circumstances underlying this resolution; and

c) The data supporting computations and used in applying the basis or method for calculating the correct value are substantial in all aspects.

9. Each Party shall provide that where its competent authority determines that has not been complied with any of the requirements established in paragraph 8, the competent authority may revoke or modify the advance ruling as the circumstances warrant.

10. Each Party shall provide that where its competent authority determines that the advance ruling was based on incorrect information shall not penalize the person to whom it issued if it proves that it acted with reasonable care and good faith in stating the facts and circumstances on which the advance ruling.

11. Each Party shall provide that where it issues an advance ruling to a person that has omitted or falsely signified substantial facts or circumstances on which the advance ruling is based or has not acted in accordance with the terms and conditions of the same, the competent authority issuing the advance ruling may apply appropriate measures in accordance

with its legislation.

12. The Parties shall provide that the holder of an advance ruling may use it only while maintaining the facts or circumstances that led to its issuance. in this case, the holder of the ruling may submit the information necessary for the appropriate authority that issued it pursuant to paragraph 5.

13. It shall not be the subject of an advance ruling a good that is subject to a procedure to verify the origin or a request of review or appeal in the territory of either party.

Article 5.10. Review and Challenge

1. Each Party shall grant to exporters or producers of the other party the same rights of appeal and review of determinations of origin and advance rulings referred to its importers, provided that:

a) Complete and sign a declaration or certificate of origin that covers a good that has been the subject of a determination of origin in accordance with article 5.08 (12); or

b) Has received an advance ruling pursuant to article 5.09.

2. The rights referred to in paragraph 1 shall include access to at least one level of administrative review of the independent office or official responsible for the determination of origin or an advance ruling subject to review and access to a level of judicial review of the determination or decision taken at the final level of administrative review, in accordance with the legislation of each party.

Article 5.11. Sanctions

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

Nothing in articles 5.03 (1) (d), 5.03 5.04 (2), (2), (4), 5.08 5.08 (7) or 5.08 (9) shall be construed to prevent a party from applying measures that apply under its law.

Article 5.12. Uniform Regulations

The Parties shall establish and implement through their respective laws or regulations by the date of Entry into Force of this Treaty and at any time thereafter, uniform regulations concerning the interpretation, application and administration of this chapter and chapter 3 (National Treatment and access of goods to the market), chapter 4 (rules of origin) and other matters as agreed by the parties.

2. The parties undertake to complete the negotiation of uniform regulations within sixty (60) days after the signature of this Treaty.

3. Once the uniform regulations, each Party shall implement any of modification or addition to no later than one hundred and eighty (180) days after the respective agreement between the parties or within any other period as they may agree.

Article 5.13. Cooperation

1. To the extent possible, a Party shall notify the other party of the following measures, determinations or resolutions, including those which are being applied:

a) A determination of origin issued as a result of the verification conducted pursuant to article 5.08, any high levels of review and appeal referred to in Article 5.10;

b) A determination of origin that the Party considers contrary to a ruling issued by the competent authority of the other Party on the tariff classification or value of a good or of the materials used in the production of a good;

c) A measure significantly establishing or modifying an administrative policy that could affect future resolutions of a determination of origin; and

d) An advance ruling or modification pursuant to article 5.09.

2. The Parties shall cooperate:

a) In the enforcement of their respective customs-related laws or regulations for the implementation of this Treaty, as well as any Customs Mutual Assistance Agreement or other customs agreement to which they are party;

b) For purposes of facilitating trade between their territories in customs matters such as the collection and exchange of statistics regarding the importation and exportation of goods, the harmonization of documentation used in trade, the standardization of data elements, the acceptance of an international data syntax and the exchange of information;

c) In the exchange of customs legislation;

d) In the verification of origin of a good for which the competent authority of the importing Party may request to the competent authority of the other party that the latter practised in its territory specific investigations leading to that end, the report referring to the competent authority of the importing Party;

e) In seeking a mechanism for the purpose of detecting and preventing the illicit transhipment of goods from a Party or of a non- party; and

f) In jointly organizing training programs on Customs matters which include training for officials and the users who participate directly in customs procedures.

Chapter 6. Safeguard Measures

Article 6.01. Definitions

For purposes of this chapter:

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

Threat of serious harm: in accordance with the Agreement on Safeguards;

The investigating authority: investigating authority pursuant to annex 6.01;

Critical circumstances: those circumstances in which a delay in the application of the safeguard measure would cause damage that would be difficult to repair;

Serious injury: in accordance with the Agreement on Safeguards;

Safeguard measure means a measure applied under the provisions of this chapter. does not include any safeguard measure arising from such proceedings brought before the Entry into Force of this Treaty;

Transition period means the period during which a Party may adopt and maintain safeguard measures, and shall include, for each good, the tariff relief that is subject to a further period of two (2) years from the end of the programme;

The domestic industry means producers as a whole of the like or directly competing goods operating within the territory of a party or those whose collective output of the like or directly competing goods constitutes a major proportion of the total domestic production of those goods; and

Link: in accordance with the Agreement on Safeguards.

Article 6.02. Bilateral Safeguard Measures

1. For the application of the Bilateral safeguard measures, the investigating authority shall be referred to in this chapter and, subsidiarily, in accordance with Article XIX of GATT 1994 and the Agreement on Safeguards and their respective legislation.

2. Subject to paragraphs 2 through 5 and during the transition period, may apply a safeguard measure if as a result of the reduction or elimination of a customs duty pursuant to this Treaty, goods originating from the territory of a Party is being imported into the territory of another party in such increased quantities in quantity in relation to domestic production and under such conditions that the imports of the good from that party alone constitute a substantial cause of serious injury or threat of serious injury to a domestic industry producing a like or directly competing goods. the party into whose territory the good is being imported may, to the minimum extent necessary to remedy or prevent the serious injury or threat of serious harm:

a) The suspend any further reduction of tariff rate under this Treaty for the goods; or

b) Increasing the tariff rate for the good to a level not to exceed the lesser of:

i) The Customs most-favoured-nation tariff applied at the time the measure is taken; and

ii) The Customs most-favoured-nation tariff applied on the day preceding the date of entry into force of this Treaty.

3. The following conditions and limitations shall apply to a proceeding that may result in the application of a safeguard measure pursuant to paragraph 2:

a) A Party shall notify the other party without delay and in writing, the initiation of a proceeding that could result in the application of a measure to safeguard an goods originating from the territory of another party;

b) Any safeguard measure shall take effect within one (1) year from the date of initiation of the proceeding;

c) No safeguard measure may be maintained:

i) For more than three (3) years which may be extended for a period of one additional year (1), in accordance with the procedure laid down in article 6.04 (21); or

ii) After the expiration of the transition period, except with the consent of the Party whose good against the measure is applied;

d) During the transition period, the Parties may implement and extend the application of safeguard measures of the same goods only twice;

e) A safeguard measure may be applied in a second time has elapsed, provided that at least a period equivalent to half of the safeguard that during which the measure was applied for the first time;

f) The period during which has been applied a provisional safeguard measure shall be counted for purposes of determining the duration of the definitive Safeguard Measure set out in subparagraph (c);

g) Provisional measures that do not become final shall be excluded from the limitation provided for in subparagraph (d);

h) During the period of extension of a safeguard measure, the tariff rate shall be progressively reduced to be surrendered appropriate tariff relief under the current programme; and

i) Upon the termination of the safeguard measure, the tariff rate shall be the party concerned, in accordance with the schedule of tariff relief in force.

4. Only with the consent of the party, the other party may apply a safeguard measure beyond the expiration of the transition period to deal with cases of serious injury or threat of serious injury to the domestic industry arising from the implementation of this Treaty.

5. The party applying a safeguard measure under this article shall provide to the other party mutually agreed compensation liberalizing trade in the form of trade concessions having substantially equivalent effects or equivalent to the value of the additional customs duties expected of the safeguard measure. if the parties are unable to agree on compensation against the party whose product the safeguard measure is applied may impose tariff trade substantially action having effects equivalent to the safeguard measure taken pursuant to this article. the Party taking the action shall only tariff for the minimum period necessary to achieve the substantially equivalent effects.

Article 6.03. Global Safeguard Measures

1. Each Party retains its rights and obligations under article XIX of GATT 1994 and the Agreement on Safeguards, except those regarding compensation or retaliation and exclusion of a safeguard measure as incompatible with the provisions of this article.

2. A Party applying a safeguard measure in accordance with paragraph 1 of this measure, shall exclude imports of goods from another Party, unless:

a) Imports from the other party account for a substantial share of total imports; and

b) Imports from the other party contribute importantly to the serious injury or threat of serious injury caused by imports.

3. In determining whether:

a) Imports from the other party account for a substantial share of total imports, those normally shall not be considered to be substantial if that Party is not among the top five (5) major suppliers of goods

Subject to the procedure based its import share during the three (3) years immediately preceding; and

b) Imports from the other party contribute importantly to the serious injury or threat of serious harm, the competent investigating authority shall consider such factors as the change in the participation of that other Party on the total imports, as well as the volume of imports of that other Party that has suffered and volume changes. normally shall not be considered as imports from a Party contribute importantly to the serious injury or threat of serious harm if its growth rate during the period in which the sudden increase harmful to the same is appreciably lower than the growth rate of total imports from all sources over the same period.

4. A Party shall without delay and in writing to the other party of the initiation of a proceeding that could result in the application of a safeguard measure in accordance with paragraph 1.

5. No party may apply a measure referred to in paragraph 1 to impose restrictions on a good without prior written notification to the Commission and provide adequate opportunity for prior consultations with the other party as early as practicable before application.

6. Where a Party determines, pursuant to this article, apply to goods originating a safeguard measure of the other party, the arrangements applied to those goods consist solely and exclusively in tariff measures.

7. The party applying a safeguard measure under this article shall provide to the other party mutually agreed compensation liberalizing trade in the form of trade concessions having substantially equivalent effects or equivalent to the value of the additional customs duties expected of the safeguard measure.

8. If the parties are unable to agree on compensation against the party whose product the safeguard measure is applied may impose trade measures substantially having effects equivalent to the safeguard measure adopted in accordance with paragraph 1.

Article 6.04. Proceedings Relating to Safeguard Measures

1. Each Party shall provide consistent and impartial application of its laws, regulations, decisions and rulings governing all procedures for the application of safeguard measures.

2. Procedures for the adoption of safeguard measures, the determination of the existence of serious injury or threat of serious harm, the investigating authority of each party. these decisions shall be subject to judicial review or by tribunals

Administrative to the extent provided for domestic legislation. negative resolutions on the existence of serious injury or threat of serious harm may not be modified by the investigating authority. the investigating authority empowered under domestic law to conduct such proceedings, it shall provide all the necessary facilities for the performance of its duties.

3. Each Party shall establish or maintain procedures equitable, timely, transparent and effective for the application of safeguard measures in accordance with the requirements set out in this article.

Initiation of proceedings

4. The investigating authority may initiate on its own initiative or on application by entities empowered under its laws, procedures for the adoption of safeguard measures. the Entity shall submit the request that it is representative of the domestic industry producing a like or directly competing goods imported goods. to this effect means that the major proportion may not be less than 25 percent (25 per cent).

5. Except as provided in this article shall govern deadlines that these procedures shall be established in the domestic legislation of each party.

Content of the application

6. The representative of the domestic industry to submit an application for an investigation, provide information in its request, to the extent that it is publicly available from governmental or other sources, or if that is not available, their best estimates and the basis for them to consist in:

a) Description of goods: the name and description of the imported goods in question, the tariff subheading which is classified and the current tariff treatment and the name and description of the like or directly competing national goods;

b) Representativeness:

i) The names and addresses the request of the submitting entities, as well as the locations of the establishments in which

they produce the domestic goods in question;

ii) The percentage of domestic production of the like or directly competing goods that such entities account for and the basis for claiming that they are representative of the domestic industry; and

ii) The names and locations of all other establishments in which the domestic like or directly competing goods;

c) Figures on Importation: import data for each of the 3 full years immediately prior to the initiation of the proceedings relative to the application of a safeguard measure, which constitute the

Basis of the claim that the good concerned is being imported in such increased quantities, either in absolute terms or relative to domestic production as appropriate;

d) Figures on domestic production: data on total domestic production of the like or directly competing goods, for each of the past three (3) years immediately prior to the initiation of the proceedings relative to the application of a safeguard measure;

e) Data showing injury or threat thereof: quantitative indicators and targets to reflect the nature and extent of injury or threat of injury to the domestic industry at issue, such as the showing changes in the level of sales, productivity, prices, production capacity utilisation, market share, profits or losses, and employment;

f) A cause of injury - an enumeration and description of the alleged causes of injury or threat of serious harm, and a summary of the basis for the claim that the increased imports of such goods, with respect to the domestic industry, is the cause of serious injury or threat of serious harm, supported by relevant information; and

g) Criteria for inclusion - quantitative and objective data indicating the share of imports from the territory of the other contracting party, as well as the considerations of the applicant on the extent to which such imports are contributing importantly to the serious injury or threat of serious harm.

7. Once the application is admitted, it shall without delay inform the public inspection, except information confidential.

Consultations

8. As soon as possible, once admitted an application pursuant to paragraph 6 and in any case before the initiation of an investigation, the Party that seeks to begin it shall notify the other party and invited to hold consultations with a view to clarifying the situation.

9. During the period of the investigation shall be given to the Party whose goods are the subject of an adequate opportunity to continue consultations.

10. During the consultations the parties may seek, among other matters on the investigation procedure, the elimination of the measure, the matters referred to in article 6.02 (5) and, in general, exchanging views on the measure.

11. Without prejudice to the obligation to provide adequate opportunity for consultations, the provisions of paragraphs 8, 9 and 10 are not intended to prevent any party to the proceeding promptly to the initiation of an investigation or to the formulation of preliminary and final determinations, affirmative or negative, or from applying measures in accordance with the provisions of this Treaty.

12. The Party conducting an investigation shall, if so requested, access to the Party whose goods are subject to the public record, including the confidential summary of non-confidential information used for the initiation or during the investigation.

Notification requirements

13. To initiate a procedure for the adoption of safeguard measures, the investigating authority shall publish the resolution in the Official Journal of initiation or other of national circulation within a period of thirty (30) days of the submission of the request. such publication shall notify the other party without delay and in writing. the notification shall contain the following information: the name of the applicant; the indication of the imported goods subject to the proceeding and its tariff fraction; the nature and timing of delivery; the resolution Date and place of the public hearing; the time limits for the submission of reports, statements and other documents; where the application and other documents submitted during the proceeding may be inspected; and the name, address and telephone number of the office where additional information is available.

14. With respect to a procedure for the adoption of safeguard measures, initiated on the basis of a petition filed by an entity claiming to be representative of the domestic industry, the investigating authority shall not publish the notice required in paragraph 13 without carefully evaluating the application if complies with the requirements established in paragraph 6.

Public hearing

15. Over the course of each procedure, the investigating authority:

a) Without prejudice to the legislation of the Party after providing reasonable notice, shall hold a public hearing to appear in person or through representatives, importers, exporters, consumer associations and other interested parties to submit

Evidence and to be heard on the serious injury or threat of serious harm and the appropriate remedy; and

b) Provide an opportunity to all interested parties, for appearing at the hearing and question interested parties to submit arguments in the same.

Confidential information

16. For the purposes of article 6.02, the investigating authority shall adopt or maintain procedures for the treatment of confidential information protected by domestic legislation that is provided in the course of the proceedings and shall require the interested parties to provide such information, the delivery of written non-confidential summaries thereof. if the parties concerned are unable to summarize this information, explain the reasons

Prevent. the authorities may disregard such information, unless it can be satisfactorily demonstrated from appropriate sources that the information is correct.

17. The investigating authority shall not disclose any confidential information provided pursuant to any undertaking concerning confidential information that has been made in the course of the proceedings.

Evidence of injury or threat of injury

18. For conducting the procedure, the investigating authority shall as far as possible any relevant information for the relevant resolution. shall evaluate all relevant factors of an objective and quantifiable nature that affect the situation of domestic industry, including that the rate and the amount of increase in imports of the goods in question under the domestic industry; the share of the domestic market covered by increased imports; and changes in the level of production, sales, productivity, utilisation of capacity, profits or losses, and employment. for the resolution, the investigating authority may also consider other economic factors such as changes in prices and inventories and the ability of firms in the industry to generate capital.

Deliberation and resolution

19. Except in critical circumstances and in global agricultural safeguard measures concerning perishable goods, the investigating authority, before issuing an affirmative resolution in a procedure for the adoption of safeguard measures, allow sufficient time to gather and consider the relevant information, shall hold a public hearing and provide an opportunity to all interested parties to prepare and submit their views.

20. The final determination is issued without delay in the Official Journal or other of national circulation and shall indicate the findings and reasoned conclusions on all pertinent issues of law and fact. the resolution shall describe the imported goods, fractions tariff, the applicable evidentiary standard applied and the finding made in the proceedings. recitals shall state the grounds for resolution, including a description of:

a) The domestic industry which has been or is threatened with serious injury;

b) The information supporting a finding that imports are increasing; that the domestic industry is or is threatened with serious injury; that increased imports are causing or threatening to cause serious injury; and

c) If provided for by domestic legislation, any recommendation or finding regarding the appropriate remedy and the basis.

Extension

21. If the importing Party determines that the reasons that led to the application of the Bilateral safeguard measure shall be notified to the competent authority of the other party of its intention to renew at least ninety (90) days before the expiry of its duration and shall provide evidence that the reasons that led to their adoption, to initiate consultations, which shall be made in accordance with this article. notifications of the extension and compensation shall be implemented as provided for in this article before the expiry of the measures taken.

Article 6.05. Settlement of Disputes Regarding Safeguard Measures

No party may request the establishment of an arbitral panel in accordance with article 19.08 integration (Request for an

arbitral panel), when that safeguard measures have been merely proposals.

Chapter 7. Unfair Trading Practices

Article 7.01. Scope of Application

1. The Parties confirm their rights and obligations under the Agreement on Subsidies and Countervailing Measures and the Agreement on Implementation of article VI of the General Agreement on Tariffs and Trade 1994, that form part of the WTO Agreement.

2. Each Party may initiate an investigation procedure and apply anti-dumping or countervailing duties in accordance with the agreements referred to in paragraph 1, as well as with its legislation.

Article 7.02. Future Work Program

1. The parties share the objective of promoting significant reforms in this area to ensure that such measures are disguised barriers to trade. in this regard, the Parties shall cooperate in an effort to achieve these reforms in the framework of the World Trade Organization and the Free Trade Area of the Americas.

2. After two years (2) of the Entry into Force of this treaty for all parties, they shall establish a work program to examine the possibility of promoting reforms in the sense of paragraph 1 within the framework of their reciprocal trade.

Part Three. Technical Barriers to Trade

Chapter 8. Sanitary and Phytosanitary Measures

Article 8.01. Definitions

1. For purposes of this chapter, the Parties shall apply the terms and definitions set out:

a) In the Agreement on the Application of Sanitary and Phytosanitary Measures, which is part of the WTO Agreement, hereinafter SPS Agreement;

b) For the International Office of Epizootics, hereinafter referred to as OIE;

c) In the International Plant Protection Convention, hereinafter referred to as IPPC; and

d) By the Codex Alimentarius Commission, hereinafter referred to as Codex.

2. The competent authorities shall be considered as having legal responsibility for ensuring compliance with sanitary and phytosanitary requirements referred to in this chapter.

Article 8.02. General Provisions

1. The Parties shall establish, based on the SPS Agreement, a framework of rules and disciplines to guide the adoption and enforcement of sanitary and phytosanitary measures, nothing in this chapter refers to the principles, rules and procedures relating to sanitary and phytosanitary measures regulating or may directly or indirectly affect trade between the parties.

2. Through mutual cooperation, the Parties shall facilitate trade without a sanitary or phytosanitary risks and undertake to prevent the introduction or spread of diseases or pests and plant health, to improve animal health and food safety.

Article 8.03. Rights of Parties

The Parties may, in accordance with the SPS Agreement:

a) Establish, adopt, maintain or apply any sanitary or phytosanitary measure in its territory, only when necessary for the protection of human life and health (food safety) and to preserve animal or plant health, even those which are stricter than a measure, international standards, guidelines or recommendations, provided that there is scientific justification therefor;

b) Their sanitary and phytosanitary measures apply only to the extent necessary to achieve its appropriate level of protection, taking into account technical and economic feasibility; and

c) Verify that the plant, animal products and by-products for export are subject to a follow-up sanitary and phytosanitary, to ensure compliance with the requirements of sanitary and phytosanitary measures established by the importing Party.

Article 8.04. Obligations of the Parties

1. The sanitary or phytosanitary measures shall not constitute a disguised restriction on trade and shall have the purpose or effect of creating unnecessary obstacles to the same between the parties.

2. The sanitary or phytosanitary measures shall be based on scientific principles; shall be maintained only when there are grounds corroborative and shall be based on a risk analysis, taking into account technical and economic feasibility.

3. The sanitary and phytosanitary measures shall be based on international standards, guidelines or recommendations, except when'proving scientifically that these measures, standards, guidelines or recommendations do not constitute an effective or appropriate means for the protection of human life and health (food safety) and animal or plant health in the territory of a party.

4. Where identical or similar conditions prevail, a sanitary or phytosanitary measure shall not discriminate arbitrarily or unjustifiably between its goods and similar of another party or between goods of another party and similar goods of a non-party.

5. The Parties shall grant the necessary facilities for the verification of the inspections, checks, approvals, measures and programmes of health and plant health.

Article 8.05. International Standards and Harmonization

For the purpose of implementing expeditiously sanitary and phytosanitary measures in the territory of the Parties and thereby facilitate trade flows, control procedures, inspection and approval of the sanitary and phytosanitary measures will be shown in the following principles:

a) Each Party shall use as a reference framework the international standards, guidelines or recommendations for its sanitary or phytosanitary measures in order to harmonize them or compatible with those of the other party;

b) Without prejudice to paragraph (a), each Party may adopt, implement, maintain or establish a sanitary or phytosanitary measure with a level of protection different from that which would be achieved by a measure based on international standards, guidelines or recommendations or, more stringent than those provided that there is scientific justification;

c) With the aim of reaching a higher degree of harmonization, each Party shall follow the guidelines of the relevant international organizations. in respect of the IPPC for health, animal plant health aspects of the OIE and on food safety and tolerance limits shall Codex standards;

d) The Parties shall consider the standards and guidelines of other international organizations of which they are members; and

e) The Parties shall establish harmonized systems in the field of sanitary and phytosanitary diagnostic methods of sampling, inspection and certification of animals, plants, their products and by-products as well as food safety.

Article 8.06. Equivalence

For the purpose of applying more rapidly sanitary and phytosanitary measures in the territory of the Parties and thereby facilitate trade flows, control and inspection procedures shall be applied in accordance with the following principles:

a) Without reducing the appropriate level of protection of human life and health (food safety) and to preserve plant or animal health in their territories, the Parties shall, to the greatest extent possible, the equivalence of their respective sanitary or phytosanitary measures;

b) Each Party shall accept as equivalent Sanitary and Phytosanitary Measures of the other party, even if they differ from a own when it'proving

Objectively scientific information and risk assessment methodologies agreed upon by them, measures to achieve the appropriate level of protection; and

c) In order to establish equivalence between their sanitary and phytosanitary measures, the Parties shall facilitate access to their territories for purposes of inspection, testing and other relevant procedures.

Article 8.07. Risk Assessment and Determination of the Appropriate Level of Sanitary and Phytosanitary Protection

In accordance with the guidelines issued by the relevant international organizations:

a) The Parties shall ensure that their sanitary and phytosanitary measures are based on

An appropriate evaluation to the circumstances of the risks for the protection of human life and health (food safety) and to preserve animal or plant health taking into account the guidelines and risk assessment techniques developed by the relevant international organizations;

b) In assessing the risk of goods, and in establishing its appropriate level of protection, the Parties shall take into account among other factors:

ii) The available scientific and technical information;

ii) The existence of pests or diseases and recognition of disease or pest free areas and areas of low disease or pest prevalence;

iii) The epidemiology of the diseases or pests regulated;

iv) The analysis of the critical control points in the health aspects (food safety) and plant health;

v) The relevant environmental and ecological conditions;

vi) processes and production methods and inspection methods of sampling and testing;

vii) The structure and organisation of sanitary or phytosanitary services;

viii) defence procedures, surveillance, diagnosis and treatment to ensure the safety of the product;

ix) The loss of production or sales in the event of entry, residence or a spread of disease or pest;

x) The applicable quarantine measures and treatments that satisfy the importing Party regarding risk mitigation; and

xi) Costs of control or eradication of the disease or pest in the territory of the importing Party and the cost-effectiveness of alternative methods to reduce the risk;

c) In establishing its appropriate level of protection, the Parties shall take into account the objective of minimizing the negative effects on trade and with the objective of achieving consistency in such levels of protection, shall avoid arbitrary or unjustifiable distinctions that may result in discrimination or constitute a disguised restriction on trade between the parties;

d) Where a party makes a risk assessment and conclude that the scientific information is insufficient, it may adopt a provisional sanitary or phytosanitary measure based on the information available and including from the relevant international organizations and sanitary or phytosanitary measures of the other party. once it has the necessary information, the Party shall conclude the evaluation and, where appropriate, revise the sanitary or phytosanitary measure;

e) The risk analysis to develop a Party shall comply with the deadline previously agreed by the parties. if the results of the analysis implies non-acceptance of the import, shall notify in writing the scientific basis for the decision; and

f) If a party has reason to believe that a sanitary or phytosanitary measure established or maintained by another party restricts or may restrict its exports and the measure is not based on the relevant international standards, guidelines or recommendations, or in the absence of such rules, guidelines or recommendations, may request an explanation of the reasons for such a sanitary or phytosanitary measure and the party to keep this measure will be given within a period of thirty (30) days after the competent authority receives the consultation.

Article 8.08. Recognition of Disease or Pest Free Areas and Areas of Low Disease or Pest Prevalence

1. The Parties shall accord, in accordance with international recommendations, or a disease-free Pest-Free Areas and areas of low or pest, disease prevalence among the main factors, considering the geographical situation, ecosystems, epidemiological surveillance and the effectiveness of sanitary or phytosanitary controls in the area.

2. The party that an area within its territory is free from a specific disease or pest shall demonstrate objectively to the

importing Party that condition and that grant shall be regarded as such, based on the protection measures adopted by the responsible for sanitary or phytosanitary services.

3. The party interested in obtaining recognition of a zone free of pests or diseases and making the request shall provide the relevant scientific and technical information to the other party.

4. The party receiving the request for recognition, shall act in a period agreed with the other party, and may conduct checks for inspection, testing and other relevant procedures. in case of non-acceptance, bring in writing of the reasons for its decision.

5. The Parties shall reach agreements on specific requirements which allows a good produced in an area of low disease or pest prevalence be imported if the appropriate level of protection under paragraph 7 of Annex A to the SPS Agreement.

Article 8.09. Control Procedures, Inspection and Approval

The parties, in accordance with this Chapter, apply the provisions contained in Annex C of amsf, as regards the control procedures, inspection and approval, including the adoption of the use of additives or establishment of tolerances for contaminants in foodstuffs, or beverages in fodder.

Article 8.10. Transparency

1. Each Party shall propose to the adoption or modification of a sanitary or phytosanitary measure of general application at the central level, through their competent authorities shall:

a) Adoption and amendment of such measures. it shall provide information on the same, in accordance with the provisions of Annex B to the SPS Agreement and shall make the pertinent adaptations;

b) The changes or amendments of the sanitary or phytosanitary measures that have a significant effect on trade between the parties, at least sixty (60) days before the Entry into Force of the new provision to allow the other party to make comments. emergency situations shall be exempted from the deadline referred to above, as provided in annex B of amsf;

c) Changes in the field of animal health, as the occurrence of exotic diseases and the list of the OIE, within twenty-four (24) hours following the detection of the problem;

d) Changes in the field of plant health such as the occurrence of quarantine pests or spread of pests under official control within seventy two (72) hours of their verification;

e) The findings of epidemiological importance and significant changes in relation to diseases and pests not listed in subparagraphs (c) and (d) that may affect trade between the parties, within a maximum period of ten (10) days;

f) Disease outbreaks which are scientifically verified grounds as consumption of foodstuffs imported, processed or natural; and

g) The causes or reasons for goods of the exporting Party is rejected.

2. The Parties shall use the notification and information centres established before the SPS Agreement as a communication channel. in case of emergency measures, the Parties shall be notified immediately in writing, indicating briefly the objective and purpose of the measure as well as the nature of the problem.

3. Pursuant to article 17.02 (Information Centre) Each Party shall respond to reasonable requests for information from the other party, and provide the relevant documentation in accordance with the principles set out in paragraph 3 of Annex B of amsf.

Article 8.11. Committee on Sanitary and Phytosanitary Measures

1. The parties establish a Committee on Sanitary and Phytosanitary Measures, as set out in annex 8.11.

2. The Committee shall hear matters relating to this chapter and without prejudice to the provisions of article 18.05 (2) (Committees), shall have the following functions:

a) Promote the necessary facilities for training and specialization of technical staffs;

b) Promote cooperation and exchange of technical cooperation, including in the development, implementation and enforcement of sanitary and phytosanitary measures;

c) Promoting the active participation of the parties in international bodies; and

d) Establish a register of qualified specialists in the areas of food safety, animal and plant health, for purposes of article 18.07 (expert groups).

Chapter 9. Measures of Standardization , Metrology and Authorization Procedures

Article 9.01. Definitions

1. For purposes of this chapter:

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

Risk assessment: the assessment of potential harm to the legitimate objectives could lead to any goods or service market;

Make compatible: standardization carry different measures adopted by various bodies standardisation, but with the same extent, at a level which are identical or equivalent, have the effect of allowing goods or services are used interchangeably or for the same purpose;

Standardization measures: technical regulations or standards, conformity assessment procedures;

Standard means a document approved by a recognised body that provides for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, or services or related to methods of operation, and with which compliance is not mandatory. it may also include requirements of terminology, symbols, packaging, marking or labelling applicable to goods, services, process or production method or operation, or related exclusively to them;

International Standard: a standard or other guides or recommendations adopted by an international body standardisation and made available to the public;

Objectives: the legitimate national security requirements; the prevention of practices which may lead to mislead consumers, the protection of human health or safety, animal or plant life or health or the environment;

The International Organization for Standardization and Metrology: a standardizing body is open to the relevant bodies of at least every member of the TBT Agreement, including the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), the Codex Alimentarius Commission), the International Organization of Legal Metrology (OIML) and the International Commission on Radiation Units and Measurements (ICRU) or any other body designated by the parties;

Authorisation procedure: any administrative process for the issuance of a compulsory licence, permit register, or any other authority to which a good or service is produced, sold or used for purposes defined or under conditions laid down;

Conformity assessment procedure procedure used any means, directly or indirectly, to determine whether they comply with the relevant requirements set by technical regulations or standards and include sampling, testing and inspection, verification and security; evaluation of conformity; registration, accreditation and adoption, separately or in different combinations;

Technical regulation means a document which lays down the characteristics of the goods or their related processes and production methods, services or characteristics or their related methods of operation, including any applicable administrative provisions; and with which compliance is mandatory. it may also include requirements of terminology, symbols, packaging, marking or labelling applicable to goods, services, process or production method or operation, or related exclusively to them;

Services: those contained in annex 9.01 and other than the parties agree through future negotiations; and

Comparable situation: that guarantees the same level of safety or protection to achieve a legitimate objective.

2. Except as defined in paragraph 1, the Parties shall use the terms contained in the current ISO / IEC guide 2 ", general terms and definitions concerning their standardization and related activities.

Article 9.02. General Provisions

In addition to the provisions of the TBT Agreement, the Parties shall apply the provisions of this chapter.

Article 9.03. Scope of Application

1. The provisions of this chapter shall apply to measures of standardization, metrology and authorization procedures the parties, as well as the related actions that may directly or indirectly affect trade in goods or services between them.

2. The provisions of this chapter does not apply to sanitary and phytosanitary measures.

Article 9.04. Basic Rights and Obligations

The right to adopt measures for Standardisation

1. Each Party shall develop, adopt, implement and maintain:

a) The measures of standardization, metrology and authorization procedures,

As set out in this chapter; and

b) Technical regulations and conformity assessment procedures applicable to them, to ensure the achievement of its legitimate objectives.

Unnecessary obstacles

2. No party shall adopt or maintain measures or apply for standardization, metrology and authorization procedures with the purpose or the effect of creating unnecessary obstacles to trade with the other party.

Non-discriminatory treatment

3. In relation to measures of standardization, metrology and authorization procedures, each Party shall accord to the goods and services suppliers of the other party National Treatment and treatment no less favourable than that accorded to similar similar goods and service suppliers of any other country.

The use of international standards

4. In the development or implementation of its authorization procedures or measures standardization and metrology, each Party shall use international standards or imminent, or their parts, except when such relevant international standards do not constitute an effective or appropriate means for achieving their legitimate objectives because of fundamental climatic factors such as geographical, technological infrastructure, or for reasons scientifically verified.

Article 9.05. Risk Assessment

1. In pursuing its legitimate objectives, each Party shall carry out risk assessments, and in so doing, shall take into account:

a) Risk assessments carried out by international standardisation bodies;

b) The scientific evidence or technical information available;

c) Related processing technology; or

d) To that end uses for the goods or services.

2. Once the level of protection that it considers appropriate to achieve their legitimate objectives, when conducting a risk assessment, each Party shall avoid arbitrary or unjustifiable distinctions between similar goods or services between similar, if such distinctions:

a) Result in arbitrary or unjustifiable discrimination against goods or service providers of another party;

b) Constitute a disguised restriction on trade between the parties; or

c) Discriminate between similar goods or services for the same use under the same conditions that pose the same level of risk and provide similar benefits.

3. A Party shall provide to the other party, at its request, the relevant documentation on its risk-assessment processes, as well as the factors considered for conducting the assessment and in establishing levels of protection in accordance with

Article 9.04.

Article 9.06. Compatibility and Equivalence

1. Without prejudice to the rights conferred by this Chapter and taking into account international standardization activities, to the extent possible, the Parties shall make compatible their respective standardization measures without reducing the level of safety or of protection of human life or health, animal or plant, the environment or to consumers.

2. A Party shall take a technical regulation of another party as equivalent to its own where, in cooperation with the other party, the importing Party determines that the technical regulations of the exporting Party adequately comply with the legitimate objectives of the importing Party.

3. At the request of the exporting party and the importing Party shall provide written reasons for not accepting a technical regulation under paragraph 2.

Article 9.07. Conformity Assessment

1. Each Party shall adopt and apply conformity assessment procedures to accord similar like access to goods and services in the territory of the other party under conditions no less favourable than those accorded to its similar goods and services similar to or any other country not party, in a comparable situation.

2. With respect to its conformity assessment procedures, each Party shall be bound to:

a) These procedures shall begin and conclude as quickly as possible and in a non-discriminatory manner;

b) The procedure and shall publish the normal period of each procedure or, upon request, communicate such information to the applicant;

c) the competent body or authority examines without delay, on receipt of an application, whether the documentation is complete and communicates any deficiencies accurately and fully to the applicant; communicates the results of the assessment accurately and fully to the applicant as soon as possible so that corrective action can be taken if necessary; even where the application has deficiencies, proceeds with the conformity assessment as far as practicable, if requested by the applicant; and that, on request, the applicant is informed of the stage of the procedure, with an explanation of any delays;

d) Only the information necessary to assess conformity and calculate the fees;

e) The confidentiality of the information relating to a good or service of the other Party resulting from these procedures or that has been provided to them, is respected in the same manner as in the case of a good or service that party so as to protect the legitimate trade interests;

f) Any fees imposed for assessing the conformity of a good or service of the other party are equitable in relation to those who are otherwise for assessing the conformity of a good or service of that party, taking into account the cost of communications, transportation and other costs arising from differences between location of facilities of the applicant and the conformity assessment body;

g) The location of facilities used in conformity assessment procedures and the selection of samples does not cause unnecessary inconvenience to applicants or their agents;

h) Provided that they alter the specifications of a good or service after having declared its conformity with applicable regulations or technical standards, conformity assessment the modified procedure for the good or service is limited to that necessary due to determine whether there is assurance that the goods and service continues to conform to the technical standards or applicable regulations; and

i) A procedure exists to examine claims relative to the implementation of a conformity assessment procedure and adopt corrective measures if the claim is justified.

3. In order to promote trade facilitation, a Party shall consider favourably, at the request of another party to engage in negotiations for the conclusion of agreements on mutual recognition of the results of their respective conformity assessment procedures.

4. To the extent possible, each Party shall accept the results of conformity assessment procedures conducted in the territory of another Party provided that offer satisfactory guarantees, equivalent to that provided the procedures that the party accepting or in its territory and whose outcome that accepts goods or service complies with the applicable technical

regulation or standard adopted or maintained in the territory of that Party.

5. Prior to accepting the results of a conformity assessment procedure in accordance with paragraph 4, and with the aim of strengthening the sustained reliability of the results of conformity assessment, each of the Parties may consult on matters such as the technical competence of the conformity assessment bodies concerned, including verified compliance with relevant international standards through such means as accreditation.

6. In recognition that this should be to the mutual benefit of the Parties concerned, each Party shall accredit, approve or otherwise recognise conformity assessment bodies in the territory of another Party on conditions no less favourable than those accorded to such bodies in its territory.

7. For conformity assessment procedures, the Parties may use the technical infrastructure and capacity of accredited bodies established in the territory of the Parties.

Article 9.08. Authorisation Procedures

In relation to its approval procedures each Party shall apply article 9.07 (1) and (2), except as provided in article 9.07 (2) (g) and (h) For such purposes, replacing the reference to the conformity assessment procedures for approval procedures.

Article 9.09. Metrology Standards

Each Party shall, as far as possible, the traceability of their patterns metrological as recommended by the International Bureau of Weights and Measures (BIPM) and the International Organization of Legal Metrology (OIML), in accordance with the principles set out in this chapter.

Article 9.10. Notification

1. In cases where there is no relevant international standard or where the technical content of a technical regulation or conformity assessment procedure applicable to a technical regulation in project is not in conformity with the technical content of the relevant international standards, and provided that such a technical regulation may have a significant effect on trade between the parties, each Party shall notify in writing the other party of the proposed measure at least sixty (60) days prior to the adoption of the measure, so as to enable interested parties during this period and submit comments and consultations so that the notifying party may take into account.

2. If a Party is cause or threaten plantéarsele urgent problems of safety, health, environmental protection or national security, that Party may omit prior notification to the project but, once adopted shall notify the other party.

3. The notifications under paragraphs 1 and 2 shall be conducted in accordance with the formats established in the TBT Agreement.

4. Within thirty (30) days following the Entry into Force of this Treaty, each Party shall notify the other party of the institution designated to carry out the notifications under this article.

Article 9.11. Information Centres

Within thirty (30) days following the Entry into Force of this Treaty, each Party shall notify the other party of the institution designated as an information centre in its territory and its area of responsibility, which will answer all questions and reasonable requests of the Party and other interested persons and provide the relevant documentation update under any measure of standardization,

Metrology and authorization procedures adopted or proposed in its territory by government agencies or non-governmental.

Article 9.12. Committee of Standardization, Metrology and Authorisation Procedures

1. The Parties shall establish the Committee of standardization, metrology and authorization procedures as set out in annex 9.12.

2. The Committee shall hear matters relating to this chapter and without prejudice to the provisions of article 18.05 (2) (Committees), shall have the following functions:

a) Analysis and propose solutions to those measures, standardization of metrology and authorization procedures that a

Party considers a technical obstacle to trade;

b) Facilitating the process by which the parties make compatible their measures of standardization and metrology, giving priority to, inter alia, the packaging and labelling and packaging;

c) Promote technical cooperation activities between the parties;

d) To assist in risk assessments carried out by the parties;

e) Work to develop and strengthen standardization and metrology measures of the Parties;

f) Facilitating the process by which the parties shall provide mutual recognition agreements; and

g) At the request of a Party, evaluate and recommend to the Commission for its approval, including service sectors or sub-sectors to 9.01. annex the designation shall be made through a decision of the Commission.

Article 9.13. Technical Cooperation

1. Each Party shall promote technical cooperation of its agencies of standardization and metrology, providing information or technical assistance to the extent possible and on mutually agreed terms, in order to assist in the implementation of this chapter and strengthen activities, processes, systems and measures of standardization and metrology.

2. The Parties shall undertake joint efforts to manage technical cooperation from countries not party.

Part Four. Investment, Services and Related Matters

Chapter 10. Investment

Article 10.01. Scope of Application

1. This Treaty shall be incorporated into and shall form an integral part thereof the agreements listed in Annex 10.01.

2. In the event of any inconsistency between this chapter and another chapter of this Treaty, the former shall prevail to the extent of the inconsistency, except with respect to initial provisions) (chapters 1, 18 (Administration of the Agreement), 19 and 21) (dispute settlement (Final provisions).

Article 10.02. Future Work Program

1. Within two (2) years of the Entry into Force of this Treaty, all the parties will explore the possibility to develop and expand the coverage of the rules and disciplines provided for in the agreements listed in annex 10.01. development and expansion of these agreements shall be an integral part of this Treaty.

2. Notwithstanding paragraph 1, Chile and a Central American country may agree on the development and expansion of the coverage of the rules and disciplines provided for in the agreements listed in annex 10.01. development and expansion of these agreements shall be an integral part of this Treaty.

Annex 10.01. Scope of application

This Treaty shall enter the following agreements:

a) Agreement between the Republic of Chile and the Republic of Costa Rica for the Promotion and Reciprocal Protection of Investment signed on 11 July 1996;

b) Agreement between the Republic of Chile and the Republic of El Salvador for the Promotion and Reciprocal Protection of Investment signed between El Salvador and Chile on 8 November 1996;

c) Agreement between the Republic of Chile and the Republic of Guatemala for the Promotion and Reciprocal Protection of Investment signed on 8 November 1996;

d) Agreement between the Republic of Chile and the Republic of Honduras for the Promotion and Reciprocal Protection of Investment signed on 11 November 1996; and

e) Agreement between the Republic of Chile and the Republic of Nicaragua for the Promotion and Reciprocal Protection of

Investment signed on 8 November 1996.

Chapter 11. Cross-border Trade In Services

Article 11.01. Definitions

For purposes of this chapter:

Service provider of a Party means a person of another party that seeks to provide or provides a service transfronterizamente;

A quantitative restriction: non-discriminatory measure which imposes limitations on:

a) The number of service suppliers whether in the form of a quota monopoly or an economic needs test or by any quantitative or other means;

b) The operations of any service provider, either through a quota or an economic needs test; or by any other quantitative means;

Specialty Air Services: cross-border air services, surveying, mapping aerial photography, control of forest fires, aerial firefighting, advertising, towing services, cross-border planeadores parachutists, cross-border air services for construction, air transport logs, sawn wood or flights overview, training, inspection and monitoring and aerial spraying air;

Governmental services or functions: any cross-border service provided by a public institution, which are not paid on a commercial basis nor in competition with one or more service suppliers;

Professional services: cross-border services that require higher education for technical or university or equivalent training or experience and which is granted or restricted by a party but does not include services provided by persons engaged in a profession or to the crews of vessels or aircraft; and

Cross-border service: the supply of a service:

a) From the territory of one party to the territory of another party;

b) In the territory of a party to a consumer of the other party; and

c) By a service provider through presence of natural persons of a party into the territory of another party;

But does not include the provision of a service in the territory of a party by an investment in that territory.

Article 11.02. Scope of Application

1. This chapter shall apply to measures that a party adopts or maintains relating to cross-border services by service providers of another party, including those relating to:

a) The production, distribution, marketing, sale and delivery of a cross-border service;

b) The purchase, use or the payment of a cross-border service;

c) Access to and use of distribution and transportation systems in connection with the provision of a cross-border service;

d) The presence in its territory of a cross-border service provider of another party; and

e) The provision of a bond or other form of financial security as a condition for the provision of a cross-border service.

2. For purposes of this chapter shall apply to measures adopted or maintained by a Party includes measures adopted or maintained by institutions or non-governmental bodies in the exercise of powers and administrative regulations or other governmental delegated to them by that Party.

3. This chapter shall not apply to:

a) Subsidies or grants provided by a party or a state enterprise, including loans, guarantees and insurance supported by a party;

b) Air services including domestic and international air transportation, scheduled and non-scheduled and ancillary activities

in support of air services except:

i) Maintenance services and repair of aircraft during the period

Where an aircraft is withdrawn from service;

ii) Air and specialty services;

iii) Computer reservation systems;

c) Government services or functions such as law enforcement services, social rehabilitation, pension or unemployment insurance or social security services, social welfare, education, training and public health care or protection of children;

d) Cross-border financial services; and

e) Government procurement by a party or a State enterprise.

4. Notwithstanding paragraph 3 (c), if a service provider of a Party, being duly authorized, or services carried out governmental functions, such as social rehabilitation services, pension or unemployment insurance or social security services, social welfare, education, training and public health care or protection of children in the territory of another party; the provision of such services shall be covered by the provisions of this chapter.

5. Nothing in this chapter shall be construed to impose any obligation on a Party with respect to a national of another party seeking access to its employment market or who is permanently employed in its territory, or confer any right on that with respect to that national access or employment.

Article 11.03. National Treatment

1. Each Party shall accord to cross-border services and service providers of another party treatment no less favourable than that accorded to its own like services and service providers.

2. Each Party shall comply with the requirements of paragraph 1 accord to cross-border services and service providers of another Party formally identical or formally different treatment to that waives its own similar cross-border services and service providers.

3. It shall be considered that formally identical or formally different treatment less favourable if it modifies the conditions of competition in favour of cross-border services or service suppliers of a Party compared to like services or cross-border similar service providers of another party.

Article 11.04. Most Favoured Nation Treatment

Each Party shall accord immediately and unconditionally to cross-border services and service providers of another party treatment no less favourable than that it accords to like services and service providers of any other country.

Article 11.05. Standard of Treatment

Each Party shall accord to cross-border services and service providers of the other party the better of the treatment required by articles 1103 and 11.04.

Article 11.06. Local Presence

No Party shall require a service provider of the other party to establish or maintain a representative office or other company or resident in its territory as a condition to the provision of a cross-border service.

Article 11.07. Granting of Permits, Authorizations, Licenses or Certifications

With a view to ensuring that any measure that adopts or maintains a Party with respect to the requirements and procedures for the granting of permits and authorizations, licenses or certifications to nationals of the other party does not constitute an unnecessary barrier to cross-border services each Party shall endeavour to ensure that such measure:

a) Based on objective and transparent criteria, such as the capacity and ability to provide a cross-border service;

b) Not more burdensome than necessary to ensure the quality of a cross-border service; and

c) Do not constitute a disguised restriction on the supply of a cross-border service.

Article 11.08. Reservations

1. Articles 1106, 11.04 1103 and do not apply to:

a) Any Non-Conforming Measure existing Non-Conforming Measure or maintained by a party at all levels of government, as set out in annex I to its schedule;

b) The continuation or prompt renewal of any Non-Conforming Measure referred to in subparagraph (a); or

c) The reform of any Non-Conforming Measure referred to in subparagraph (a), provided that the amendment does not decrease the level of conformity of the measure as currently in force immediately before the amendment with articles 1106 and 1103, 11.04.

2. Articles 1106 and 1103, 11.04 shall not apply to any measure that adopts or maintains a Party with respect to the sectors or sub-sectors or activities as set out in annex II to its schedule.

3. For the purposes of this article and article 11.09; existing means to 18 August 1998, except in the case between Chile and Honduras that will be to 30 June 1999.

Article 11.09. Non-discriminatory Quantitative Restrictions

1. Each Party shall establish a list of existing measures that constitute non-discriminatory quantitative restrictions, which are set out in Annex III.

2. Each Party shall notify the other party of any measure constitutes a quantitative restriction that is non-discriminatory, adopted after the Entry into Force of this Treaty, and shall set out the restriction in the list referred to in paragraph 1.

3. Periodically, at least once every two (2) years, the Parties shall endeavour to negotiate for liberalizing or eliminate:

a) Existing quantitative restrictions to maintain a party according to the List referred to in Paragraph 1; or

b) Quantitative restrictions adopted by a Party after entry into force of this Treaty.

Article 11.10. Denial of Benefits

Subject to prior notification and consultation in accordance with articles 17.04 (provision of information) and article 19.06 (consultations), a Party may deny the benefits of this chapter to a service provider of another party where it determines that the service is being provided by an enterprise that has no substantial business activities in the territory of the other party and that, in accordance with the other party of legislation that is owned or controlled by persons of a non- party.

Article 11.11. Future Liberalization

Through future negotiations to be convened by the Commission, the parties reached the deepen liberalization in services sectors with a view to achieving the elimination of the remaining restrictions listed in accordance with article 1108 (1) and (2).

Article 11.12. Proceedings

The Parties shall establish procedures for:

a) A Party shall notify the other Party and include in its relevant schedule:

i) The amendments to the measures referred to in article 1108 (1) and (2); and

ii) Quantitative restrictions in accordance with article 11.09;

b) Indicate their commitments to liberalize quantitative restrictions, licensing requirements, and other measures and non-discriminatory;

c) Consultations on reservations or quantitative restrictions or commitments with a view to achieving further liberalisation.

Article 11.13. Professional Services

In Annex 11.13 on Professional Services lays down the rules to be observed by the parties to harmonize measures that normarán professional services through the granting of authorisations for professional practice.

Article 11.14. Committee on Cross-border Investment and Services

1. The parties establish a committee on cross-border investment and services as set out in Annex 11.14.

2. The Committee shall hear matters relating to this chapter and chapter 10 (investment).

Annex 11.12. Professional services

Recognition of certificates

1. Where a party recognise unilaterally or by agreement with another country qualifications obtained in the territory of the other party or non-party country:

a) Nothing in Article 11.04, shall be construed as requiring a party to recognition of qualifications obtained in the territory of the other party; and

b) A Party shall provide to the other party, the opportunity to demonstrate that the qualifications obtained in the territory of that other party should also be recognized or to conclude an agreement or arrangement or having equivalent effect.

Basis for the recognition of qualifications and authorisation to practise

2. The parties agree that the processes of mutual recognition of qualifications and the granting of waivers to the Bar, shall be made on the basis of improving the quality of professional services through the establishment of standards and criteria for those processes, while protecting consumers and safeguarding the public interest.

3. The Parties shall encourage the relevant agencies, inter alia, to the competent governmental authorities and professional associations and bodies, where appropriate, to:

a) Such criteria and standards; and

b) Formulate and to provide recommendations on mutual recognition of professional qualifications and licensing of professional practice.

4. The standards and criteria referred to in paragraph 3 may consider the legislation of each Party and an indication of the following elements: education, reviews, experience, conduct and ethics, professional development and recertification, scope, local knowledge, monitoring and consumer protection.

5. The Parties shall provide detailed information necessary to the recognition of qualification and licensing of professional practice, including the corresponding to academic courses, guides and materials, fees, schedules of examinations, dates, locations, participation in companies or professional associations. this information shall include the laws, regulations and measures of general application of central and those developed by governmental and non-governmental institutions.

Annex 11.14. Committee on cross-border investment and services

The Committee on cross-border investment and services provided for in article 11.14 shall consist of:

a) In the case of Chile, by the General Directorate of International Economic Relations of the Ministry of Foreign Affairs or his successor;

b) In the case of Costa Rica, by the Ministry of Foreign Trade or its successor;

c) In the case of El Salvador, by the Ministry of Economy, or its successor;

d) In the case of Guatemala, by the Ministry of Economy, or its successor;

e) In the case of Honduras, by the Ministry of Trade and Industry, or its successor; and

f) In the case of Nicaragua, by the Ministry of Development, Industry and Trade, or its successor.

Chapter 12. Air Transport

Article 12.01. Scope of Application

1. This chapter shall apply to measures that adopts or maintains a Party in respect of air transport services.

2. This Treaty shall be incorporated into and form an integral part thereof on air transport agreements concluded or to be concluded between Chile and a Central American country, hereinafter conventions, including as set out in annex 12.01.

3. In the event of any inconsistency between this Agreement and the agreements, the former shall prevail to the extent of the inconsistency.

Article 12.02. Consolidation of Measures

Any change in the conventions, may not remove or impair the rights of existing prior to the modification.

Article 12.03. Dispute Settlement

1. Disputes that may arise regarding the interpretation or application of this chapter of the conventions, or shall be governed by the provisions of chapter 19 (dispute settlement), in accordance with the amendments set out in this article.

2. When a party claims that a dispute arises under paragraph 1, article 19.11 (integration of the arbitral group) shall apply, except that:

a) The arbitration panel shall be composed entirely of the arbitrators who meet the requirements set forth in subparagraphs (b) and (c);

b) Within a period of thirty (30) days from the date of entry into force of this Treaty, by consensus the Parties shall establish a list of up to ten (10) persons who have the necessary skills and available to serve as arbitrators in respect of air transport services; and

c) Roster members shall:

i) Have expertise or experience in practice of air transport services; and

ii) Comply with the requirements established in article 7.10 (qualities of arbitrators).

3. In the event that the list referred to in paragraph 2 (b) Has not been established, each party shall appoint one arbitrator and the litigant with third parties involved shall designate by common agreement. where an arbitral panel has not been constituted under this paragraph within the time period established in article 19.11 (integration of the arbitral group), the President of the Council of the International Civil Aviation Organization, in accordance with the procedures of this body and at the request of any party litigants, shall appoint the arbitrator or arbitrators who have not been appointed.

Article 12.04. Air Transport Committee

1. The parties establish a committee of air transport, whose composition stated in Annex 12.04.

2. The Committee shall hear matters relating to this chapter.

Annex 12.01. Scope of application

1. This Treaty shall be incorporated into and form an integral part thereof, the Air Transport Agreement between the Republic of Chile and the Republic of Costa Rica, signed in San Jose on 6 April 1999, or its successor.

2. Furthermore, Chile and Costa Rica ratify and agree to be bound by the record signed between the aeronautical authorities on 1 July 1998, in the sense that there is a need to temporarily maintain limitations on the operation of the fifth freedom of operators of Costa Rica at Lima - Santiago - Lima, whereas this segment is limited by the Peruvian authorities to Chilean enterprises. these limitations shall apply in the following manner:

a) May be transported to a total of 10,000 passengers between 1 July and 31 December 1998 together addresses;

b) During the year 1999 establishing the quota on an annual basis 18,000 passengers together both directions, the rate of

increase in the total market in the year 1998 over the previous year. the final assessment in any case shall not be less than 21,000 passengers together addresses;

c) If the 1 January 2000 from the Chilean party had not requested a review meeting, the limitation of the tranche Santiago - Lima Lima - shall be terminated. by that date if the party Chilean request a review of the quota shall be to increase and not to be reduced;

d) The meeting shall take place and be concluded within 30 calendar days of notification; the absence of the meeting of the party responsible for Costa Rica will continue to apply the quota for 1999 until the completion of the review process and if there is no depositary for Chilean party liability, limitation shall be without effect; and

e) If, for any reason restrictions imposed by Peru to Chile supersede, it shall be eliminated restrictions set out herein.

Annex 12.01. Committee on air transport

The Committee of Air Transport established in article 12.04, shall be composed of:

a) In the case of Chile, the Board of Civil Aviation, or its successor;

b) In the case of Costa Rica, the Civil Aviation Board of the Ministry of Public Works and Transport and the Directorate-General for Civil Aviation, or their successors;

c) In the case of El Salvador, the Ministry of Foreign Affairs, the General Directorate of Air Transport and the Vice-Ministry of Transport, or their successors;

d) In the case of Guatemala, the Directorate of Civil Aviation, or its successor;

e) In the case of Honduras, the Directorate General of Civil Aviation of the Ministry of Public Works, Transport and Housing, or its successor; and

f) In the case of Nicaragua, the Directorate of Civil Aviation of the Ministry of Transport and Infrastructure, or its successor.

Chapter 13. Telecommunications

Article 13.01. Exclusion

This chapter shall not apply between Chile and Costa Rica.

Article 13.02. Definitions

For purposes of this chapter:

internal corporate communications: the telecommunications by which a company communicates:

a) Internally or with or among its subsidiaries and branches and subsidiaries, as defined by each Party; or

b) A non-commercial basis with other persons that are fundamental to the economic activity of the enterprise and that have a continuing contractual relationship with it;

But does not include telecommunications services supplied to persons other than those described in this definition;

Authorized: the terminal equipment or other equipment that has been adopted to connect to the public telecommunications network in accordance with the conformity assessment procedures of a party;

Terminal equipment means any device capable of analogue or digital processing, commute, marking, receiving or transmitting signals by electromagnetic means and be connected to the public telecommunications network, through broadcast or cable connections, at a terminal;

Measures related to standardization: "standardization measures" as defined in article 9.01 (definitions);

Monopoly means an entity, including a consortium or government agency that is maintained or designated according to its legislation, if it so permits, as the sole supplier of public telecommunications networks or services in any relevant market in the territory of a party;

Conformity assessment procedure: "conformity assessment procedure" as defined in article 9.01 (definitions) and includes the procedures referred to in annex 13.03;

Protocol: a set of rules and formats governing the exchange of information between two peer entities for the purposes of transfer of information and data;

Main incumbent provider or operator: a supplier which has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for telecommunications services as a result of control over essential facilities or use of its position in the market;

The network of terminal point: the final demarcation of the public telecommunications network user facilities;

Private telecommunication network means the telecommunications network used exclusively for internal communications between persons of a company or predetermined;

Public telecommunications network means the telecommunications network used to exploit commercially telecommunications services designed to meet the needs of the

In general, excluding public telecommunications terminal equipment or users of telecommunications networks that are beyond the point of the network;

Telecommunications service means a service provided by means of transmission and reception of signals by physical line, radioelectricidad, optical or other electromagnetic systems, but does not mean cable broadcasting or other electromagnetic distribution of radio or television programming;

Public telecommunications service telecommunications means any service that requires a party explicitly or indeed to be offered to the public generally, including telegraph, telex, telephone and data transmission typically involves real-time transmission of information provided by the user between two or more points without any change of "end-to-end" in the form or content of the information of the user;

Enhanced or value added services: telecommunications services employing computer processing systems that:

a) Acting on the format, content and protocol, code or similar aspects of information transmitted user;

b) Additional information provided to the client, or different restructured; or

c) Involve user interaction with the stored information; and

Telecommunications means any emission, transmission or reception of signs, signals, writings, images and sounds and information on any kind of physical line, radioelectricidad, optical or other electromagnetic systems.

Article 13.03. Scope of Application

1. This chapter applies to:

a) Measures adopted or maintained by a Party relating to the provision of public telecommunications services;

b) Measures adopted or maintained by a Party relating to access to and use of public telecommunications networks or services by persons of another party, including access and use by private persons operating such networks so as to carry out their internal communications of enterprises;

c) Measures adopted or maintained by a Party relating to the provision of value-added services enhanced or by persons of another party in the territory of the first or across its borders; and

d) Standardization measures relating to the attachment of terminal or other equipment to the public telecommunications networks.

2. Except to ensure that persons operating broadcast stations and cable systems have access to and use of public telecommunications networks and services this chapter does not apply to measures that a party adopts or maintains relating to broadcast or cable distribution of radio or television programming.

3. Nothing in this chapter shall be construed as:

a) to require a Party to authorize a person of another Party to establish, construct, acquire, lease, operate or supply telecommunications networks or services;

(b) compelling a Party or requiring a Party to require a person to establish, construct, acquire, lease, operate or supply telecommunications networks or services that are not offered to the general public;

c) prevent a Party from prohibiting persons operating private telecommunications networks from using their networks to provide public telecommunications networks or services to third persons; or

d) require a Party to require a person engaged in the broadcasting or cable distribution of radio or television programming to provide its cable distribution or broadcasting infrastructure as a public telecommunications network.

Article 13.04. Access to Networks and Public Telecommunications Services and Use

1. For the purposes of this article, non-discriminatory terms and conditions no less favourable than those accorded to any other customer or user of public telecommunications networks or services in like circumstances.

2. Each Party shall ensure that persons of the other party have access to and use of any public telecommunications network or service offered in its territory or across borders, including private leased circuits on reasonable and non-discriminatory terms and conditions, for the conduct of business, including as set out in the other paragraphs of this article.

3. Subject to paragraphs 7 and 8, each Party shall ensure that persons of the other party are permitted to:

a) Purchase or lease and interconnect terminal equipment or other equipment that interfaces with the public telecommunications network;

b) Interconnect private owned or leased circuits with public telecommunications networks in the territory of that Party or across its borders through marking including direct access to and from their customers or users or with leased circuits or owned by another person on mutually agreed terms and conditions by those persons, in accordance with annex 1304;

c) Functions switching, marking and processing; and

d) Operating protocols use of their choice in accordance with the technical plans of each party.

4. Each Party shall ensure that the pricing of public telecommunications services reflects economic costs directly related to providing the services, without prejudice to the applicable legislation. nothing in this paragraph shall be construed as to prevent cross-subsidization between public telecommunications services.

5. Each Party shall ensure that persons of another Party may use public telecommunications networks or services to transmit the information in its territory or across its borders including for internal communications of enterprises, and for access to information contained in databases or otherwise stored in machine-readable form by a machine in the territory of the other party.

6. Further to article General 20.02 (Exceptions), nothing in this chapter shall be construed as preventing a Party may adopt or apply any measure necessary to:

a) To ensure the security and confidentiality of messages; or

b) Protect the privacy of subscribers public telecommunications networks or services.

7. In addition to the provisions of article 13.06, each Party shall ensure that no condition is imposed more access to public telecommunications networks or services and their use, that necessary to:

a) Safeguard the public service responsibilities of providers of public telecommunications networks or services. in particular their ability to make their networks or services available to the public generally or;

b) Protect the integrity of public networks or technical telecommunications services.

8. Provided that conditions for access to public telecommunications networks or services and their use fulfil the criteria set out in paragraph 7, such conditions may include:

a) Restrictions on resale or shared use of such services;

b) Requirements for the use of specific technical interfaces, including interface protocols for interconnection with such networks or services;

c) Restrictions on interconnection of private owned or leased circuits with such networks or services or with leased circuits or owned by another person; and when these are used for the supply of public telecommunications networks or services;

and

d) Procedures for licensing, permitting or records, concessions, notifications, adopted or maintained, are transparent and to the processing of applications is expeditiously resolved.

Article 13.05. Conditions for the Provision of Value-added or Improved Services

1. Each Party shall ensure that:

a) Any procedure that it adopts or maintains to grant licences, permits, concessions, records or notifications relating to the provision of value-added services enhanced or is transparent and non-discriminatory and that applications are resolved expeditiously; and

b) The information required under such procedures is limited to that necessary to demonstrate that the applicant has the financial solvency to begin providing services or facilities or equipment or other terminal equipment the applicant to comply with applicable technical standards or regulations of the Party, or the requirements related to the legal constitution of the applicant.

2. Without prejudice to the legislation of each party, no Party shall require a person providing enhanced or value-added services to:

a) Such services to the public generally;

b) Justify their tariffs according to its costs;

c) A fee;

d) Its interconnect networks with any particular customer or network; or

e) Satisfy any standard or technical regulation for interconnection other than for interconnection to a public telecommunications network.

3. Notwithstanding paragraph 2 (c), a Party may require the filing of a tariff by:

a) A service provider to remedy a practice that that the provider of a Party has found in a particular case as anti-competitive, in accordance with its laws; or

b) A main provider monopoly, or to implement the incumbent operator.

Article 13.06. Measures Related to Standardization

1. Each Party shall ensure that its measures relating to the standardization relating to the attachment of terminal or other equipment to the public telecommunications networks, including those measures relating to the use of measuring equipment for testing and conformity assessment procedure, are adopted or maintained only to the extent necessary to:

a) Technical prevent damage to public telecommunications networks;

b) Technical prevent interference with public telecommunications services, or their deterioration;

c) Prevent electromagnetic interference, and ensure compatibility with other uses of spectrum;

d) Prevent the malfunctioning of valuation, collection and invoicing;

e) To ensure the safety of users and their access to public networks or telecommunications services; or

f) To ensure the efficient use of spectrum.

2. Each Party may establish the approval requirement for the attachment to the public telecommunications network of terminal or other equipment that is not authorized, provided that the criteria for approval are consistent with paragraph 1.

3. Each Party shall ensure that the endpoints of public telecommunications networks are defined on a reasonable and transparent basis.

4. Neither party may require separate authorization for equipment that is connected on customer side of the authorized equipment that serves as a protective device fulfilling the criteria of paragraph 1.

5. Each Party shall:

a) Ensure that its conformity assessment procedures are transparent and non-discriminatory and that applications filed in effect are diligently processed;

b) Permit any technically qualified entity to perform the required testing to terminal equipment or other equipment to be attached to the public telecommunications network, in accordance with the conformity assessment procedures of that Party, subject to the right of the same to review the accuracy and completeness of the test results; and

c) It shall ensure that are not discriminatory measures it adopts or maintains to authorize individuals as agents for suppliers of telecommunications equipment before the competent authorities of that Party for conformity assessment.

6. Not later than twelve (12) months after the date of Entry into Force of this Treaty, each Party shall, as part of its conformity assessment procedures, the provisions necessary to accept the test results from laboratories or testing facilities in the territory of the other party, in accordance with the measures and procedures relating to the standardization of the Party to which it relates to accept.

Article 13.07. Monopolies or Anticompetitive Practices

1. Where a party maintains or designates a monopoly or a main provider or incumbent operator to provide public telecommunications networks and services and it competes directly or through a branch in the provision of enhanced or value-added services or other goods or services associated with telecommunications, that Party shall seek to ensure that monopoly, the main provider or incumbent operator does not use its position to engage in anticompetitive practices in these markets, either directly or through its dealings with its subsidiaries, so that affects desventajosamente to a person of the other party. Such practices may include predatory conduct and cross-subsidization or discrimination in access to public telecommunications networks and services.

2. Each Party shall adopt or maintain effective measures to prevent anticompetitive conduct referred to in paragraph 1, such as:

a) Accounting requirements;

b) Requirements for structural separation;

c) Rules to ensure that monopoly, the main provider or incumbent operator accorded to its competitors access to and use of its public networks or telecommunications services on terms and conditions no less favourable than those it accords to itself or its affiliates; or

d) Rules for the timely disclosure of technical changes to public telecommunications networks and their interfaces.

Article 13.08. Transparency

In addition to the provisions of article 17.03 (publication), each Party shall make publicly available its measures relating to access to public telecommunications networks or services and its use, including measures relating to:

a) Tariffs and other terms and conditions of service;

b) Technical specifications of interfaces with such networks and services;

c) Information on bodies responsible for the preparation and adoption of standards affecting such access and use;

d) Conditions for the attachment of terminal or other equipment to public telecommunications networks; and

e) Notification requirements, licensing or permit registration certificate concession.

Article 13.09. Relationship to other Chapters

In the event of incompatibility between any provision of this chapter and any other provision of the chapter shall prevail to the extent of the inconsistency.

Article 13.10. Relationship with Organizations and International Treaties

The Parties recognise the importance of international standards for global compatibility and interoperability of networks or

telecommunications services and undertake to promote such standards through the work of relevant international bodies, including the International Telecommunication Union and the International Organization for Standardization and the Inter-American Commission telecommunications.

Article 13.11. Technical Cooperation and other Consultations

1. In order to encourage the development of interoperable telecommunications services, the Parties shall cooperate in the exchange of technical information in the development of training programs and other related intergovernmental activities. in pursuance of this obligation, the Parties shall put special emphasis to existing exchange programs.

2. The Parties shall consult with a view to determining the feasibility of further liberalizing trade in services, including all telecommunications networks and public telecommunications services.

Chapter 14. Temporary Entry of Business Persons

Article 14.01. Definitions

1. For purposes of this chapter:

Business activities: activities legitimate commercial nature established and operated in order to gain market. does not include the possibility of obtaining employment and wages or remuneration from a source of employment in the territory of a party;

Labour: the certification procedure conducted by the competent administrative authority to determine whether a national of a party who seeks temporary entry to the territory of another party, displaces domestic labour force in the same sector or significantly affects the working conditions;

Temporary entry means business entry by a person of a Party in the territory of the other party without the intent to establish permanent residence;

National: "National" as defined in article (2.01 definitions of general application), but does not include a permanent residents or permanent residents;

National business means a person who is engaged in trade in goods or services or investment activities; and

Recurrent practice: a practice carried out by the immigration authorities in the form of a Party representative repetitive during a period immediately preceding and the implementation of the same.

2. For purposes of Annex: 14.04:

Executive functions: those functions within an organization under which the person is primarily the following responsibilities:

a) The direct management of the organization or a component of the relevant or function thereof;

b) Establishing the policies and objectives of the Organization, component or function; or

c) Receiving supervision or general direction from only a higher executives, the Board of Directors or the Administrative Council of the Organization or shareholders;

Managerial functions: those functions within an organization under which the person is primarily the following responsibilities:

a) Managing the organization or an essential function within it;

b) Supervising and controlling the work of other employees, professional or supervisors managers;

c) Having the authority to dismiss or to engage and recommend these actions, as well as other with regard to the handling of personnel being directly supervised by that person and to perform functions within the Organization senior hierarchy or functions related to his position; or

d) Implementing actions under its discretion with regard to the daily operation of the function over which that person has the authority; and

Functions involving know-how: those functions involving a special knowledge of the goods, services, research, equipment,

techniques and administration of the Organization or its interests and its implementation in international markets, or an advanced level of expertise or experience in processes and procedures of the Organization.

Article 14.02. General Principles

In addition to the provisions of article 0102 (objectives), this chapter reflects the preferential trading relationship between the parties; the desirability of facilitating temporary entry in accordance with the principle of reciprocity and to establish transparent criteria and procedures for this purpose. it also reflects the need to ensure border security and to protect the domestic labour force and permanent employment in their respective territories.

Article 14.03. General Obligations

1. Each Party shall apply its measures relating to the provisions of this chapter in accordance with Article 14.02 and in particular the apply expeditiously to avoid undue hardship or delay trade in goods or services or investment activities under this Treaty.

2. The Parties shall endeavour to develop and adopt common standards, definitions and interpretations for the implementation of this chapter.

Article 14.04. Authorisation for Temporary Entry

1. In accordance with the provisions of this chapter including those contained in Annexes 14.04 and 14.04: (1), each Party shall grant temporary entry to business persons who meet the other applicable measures relating to public health and safety and national security.

2. A Party may refuse to issue an immigration document authorizing employment to a business person where the temporary entry adversely affecting:

a) The settlement of any labour dispute in progress at the place or intended to be used; or

b) The employment of any person who is involved in such dispute.

3. When a party refuses to issue an immigration document authorizing employment in accordance with paragraph 2, that Party:

a) It shall inform in writing the reasons for the refusal to the business person affected; and

b) Shall without delay and in writing of the reasons for the refusal to the Party in whose national refused entry.

4. Each Party shall limit the amount of fees for processing applications for temporary entry to the approximate cost of services rendered.

5. An authorization of temporary entry under this chapter does not replace the requirements needed to carry out a profession or activity according to the specific rules in force in the territory of the party authorizing the temporary entry.

Article 14.05. Provision of Information

1. In addition to the provisions of article 17.03 (publication), each Party shall:

a) The other party to provide information materials to know the measures relating to this chapter; and

b) Not later than one (1) year after the date of Entry into Force of this Treaty, shall publish and make available in its own territory and the other party a consolidated document with materials explaining the requirements for temporary entry under this chapter to know the business persons of the other party.

2. Each Party shall collect and maintain and make available to the other party information regarding the granting of temporary entry of authorisations under this chapter to the other party of business persons who have been issued immigration documentation. this compilation shall include information for each category authorised.

Article 14.06. Settlement of Disputes

1. A Party may not initiate proceedings under article 1907 (intervention of the Commission, good offices, conciliation and

mediation) regarding a refusal of authorisation of temporary entry under this chapter or a particular case falling under article 14.03 unless:

a) The case concerns a recurrent practice; and

b) The person affected business have exhausted the available administrative remedies regarding the particular matter.

2. The remedies referred to in paragraph 1 (b) shall be deemed to be exhausted if the competent authority has issued a final decision within six (6) months from the start of the administrative procedure, and resolution is not attributable to delay caused by the business person.

Article 14.07. Relationship to other Chapters

Except as provided in this chapter and initial provisions) (chapters 1, 2 (General definitions), 18 (Administration of the Agreement) and 21 (Final provisions), and articles 17.02 (Information Centre), 17.03 (publication), 17.04 (provision of information (17.06) and administrative procedures for the adoption of measures of general application), no provision of this Agreement shall impose any obligation on a Party regarding its immigration measures.

Annex 14.04. Temporary entry for business persons

Section A. Business Visitors

1. Each Party shall grant temporary entry and supporting documentation to issue a business person seeking to carry out any business activity listed in the appendix 14.04: (a) (1), without requiring requirements other than those established by the existing immigration measures applicable to temporary entry; and if:

a) Proof of nationality of a party;

b) Documentation attesting to undertake such activities and bring the purpose of entry; and

c) Evidence of the international character of the proposed business activity carried out and that the person is not intended to enter the local labour market.

2. Each Party shall provide that a business person complies with the requirements set out in paragraph 1 (c), when'proving that:

a) The primary source of remuneration for that activity is outside the territory of the party authorizing the temporary entry; and

b) The principal place of business and where actually obtained the largest portion of the earnings is located outside the territory of the party authorizing the temporary entry.

For purposes of this paragraph, the Party shall normally accept a declaration as to the principal place of business and obtaining the profits. where the party requires additional verification, it shall in accordance with its legislation.

3. Each Party shall grant temporary entry on terms no less favourable than those provided for in the measures set out in appendix 14.04: (3) (a), to business persons seeking to carry out certain business activity other than those set out in appendix 14.04: (a) (1).

4. No party may:

a) Requiring as a condition for authorizing temporary entry under paragraph 1 or 3, prior approval procedures, requests, labour certification tests or other procedures of similar effect; or

b) Impose or maintain a numerical restrictions to temporary entry under paragraph 1 or 3.

5. Notwithstanding paragraph 4, a Party may require a business person seeking temporary entry under this section to obtain a visa prior to entry or equivalent document. the Parties shall consider avoiding or removing their visa or equivalent document requirement.

Section B. Traders and Investors

1. Each Party shall grant temporary entry issue and supporting documentation to the business person exercising oversight

functions, executive or with expertise, provided that the person complies with existing immigration measures applicable to temporary entry and seeking to:

a) To carry out a substantial trade in goods or services principally between the Territory of the Party of which the person is a national business and the territory of the other party into which entry is sought; or

b) Establish, develop, administer or provide advice or key technical services to administer an investment in which the person or undertaking have committed or are in the process of committing a substantial amount of capital.

2. No party may:

a) Labour require certification tests or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1; or

b) Impose or maintain a numerical restriction relating to temporary entry in accordance with paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person seeking temporary entry under this section to obtain a visa prior to entry or equivalent document. the Parties shall consider avoiding or removing their visa or equivalent document requirement.

Section C. Transfers of Personal Within an Enterprise

1. Each Party shall grant temporary entry and supporting documentation to issue a business person employed by an enterprise who seeks managerial functions, executive or involves specialized knowledge to that enterprise or a subsidiary or affiliate, provided that complies with existing immigration measures applicable to temporary entry. each Party may require that the person to have been continuously employed by the Enterprise for one (1) year within three (3) years immediately preceding the date of submission of the request.

2. No party may:

a) Labour require certification tests or other procedures of similar effect as a condition for authorizing temporary entry under paragraph 1; or

b) Impose or maintain a numerical restriction relating to temporary entry under paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person seeking temporary entry under this section to obtain a visa prior to entry or equivalent document. the Parties shall consider avoiding or removing their visa or equivalent document requirement.

Annex 14.04. Specific provisions for the country for temporary entry of business persons

In the case of Chile:

1. It shall be considered that the business persons who enter Chile under any of the categories set out in annex 14.04: activities that are useful or beneficial to the country.

2. The business persons who enter Chile under any of the categories set out in annex 14.04: shall hold a temporary resident visa and may renew the same visa for consecutive periods as long as the conditions justifying its award. such a person may not require permanent residence or change their immigration status, except to comply with the general provisions of aliens (Decreto Ley 1094 of 1975 and Supreme Decree 597 del Ministerio del Interior 1984).

3. The business persons who enter Chile may obtain an identity card for foreigners.

In the case of Costa Rica:

1. It shall be considered that the business persons who enter Costa Rica under any of the categories set out in annex 14.04: activities that are useful or beneficial to the country.

2. The business persons who enter Costa Rica under any of the categories set out in annex 14.04: shall hold a temporary residence and may renew the same residence for consecutive periods as long as the conditions justifying its award. such persons may not request permanent residence or change their immigration status, except to comply with the general provisions of the Migration and Aliens Act (law No. 7033 of 4 August 1986) and its implementing regulations (Executive Decree 19010 31 May 1989).

In the case of El Salvador:

1. It shall be considered that the business persons entering El Salvador under any of the categories set out in annex 14.04: activities that are useful or beneficial to the country.

2. The business persons entering El Salvador under any of the categories set out in annex 14.04: shall hold a permit to stay in business by ninety (90) days which may be extended for another period as may be extended by the General Directorate of Migration, indicating the type of business carried out in the country, may used exclusively for such activities in the event that the nature of its work needed to stay for a longer period shall be accorded the quality of temporary resident by one (1) year, which may be renewed for consecutive periods as long as the conditions justifying its award. such a person may not require permanent residence unless comply with the general provisions of the Migration Act (Decreto Legislativo n ° 2772, of 19 December 1958 and its amendments) and its implementing regulations (Executive Decree No. 33 of 9 May 1959).

In the case of Guatemala:

1. The business persons who enter Guatemala under any of the categories set out in annex 14.04: shall hold a business visa, subject to the provisions of the immigration laws of the country.

2. Business visas shall be issued by the General Directorate of Migration or by the Guatemalan consulates accredited abroad.

3. Visas granted to aliens does not imply its unconditional acceptance in the territory of the Republic, and shall extend existing only in passports and travel documents issued by a competent authority.

In the case of Honduras:

1. It shall be considered that the business persons who enter Honduras under any of the categories set out in annex 14.04: activities that are useful or beneficial to the country.

2. The business persons who enter Honduras under any of the categories set out in annex 14.04: shall hold a temporary resident visa and may renew the same visa for consecutive periods as long as the conditions justifying its award. such a person may not require permanent residence or change their immigration status, except to comply with the general provisions of the Aliens Act (Population and Migration Policy Decree No. 34 of 25 September 1970, and no agreement on procedures on migration 8 facilities to foreign investors and traders of 19 August 1988).

In the case of Nicaragua:

1. It shall be considered that the business person entering Nicaragua under any of the categories of Annex 14.04: activities that are useful or beneficial to the country.

2. The business persons who enter Nicaragua under any of the categories of Annex 14.04: shall hold a temporary residence and may renew the same residence for consecutive periods of up to three (3) years in which the measure is maintained conditions justifying its award. such a person may not require permanent residence or change their immigration status, except to comply with the general provisions of the Migration Act, Act No 153, published in the Gazette No 80 of 30 April 1993 and of the Aliens Act, Act No. 154, published in the Gazette No 81 of 3 May 1993.

Appendix 14.04(A)(1). Business visitors

Research and design

- Technical, scientific and statistical researchers conducting independent research or for an enterprise established in the territory of the other party.

Cultivation, production and manufacturing

- Purchasing and production personnel, at managerial level, to undertake commercial operation for an enterprise established in the territory of the other party.

Marketing

- Market researchers and analysts conducting independent research or analysis for an enterprise established in the territory of the other party.

- Fairs and promotional personnel attending a trade conventions.

Sales

- Sales representatives and agents taking orders or negotiating contracts for goods and services for an enterprise established in the territory of the other party but not delivering goods or providing services.

- Procurement buyers make for an enterprise established in the territory of the other party.

Distribution

- Customs officers to provide advisory services to facilitate the import or export of goods.

After-sales services

- Staff of installation, maintenance and repair, with monitoring expertise essential to comply with the obligation of the seller; and to provide services, or train workers to provide such services pursuant to a warranty or other service contract related to the sale of commercial or industrial equipment or machinery, including software purchased for an enterprise established outside the territory of the temporary entry into which party is requested, during the life of the warranty or service agreement.

General services

- Consultants conducting business activities at the level of the cross-border provision of services.

- Management and supervisory personnel engaging in commercial operation for an enterprise established in the territory of the other party.

- Financial Services personnel engaging in commercial operation for an enterprise established in the territory of the other party.

- Staff of public relations and advertising to provide advice to customers or attending or participating in conventions.

- Tourism personnel (travel agents and tour guides, tourist or tour operators) attending or participating in conventions or lead any excursion has begun in the territory of the other party.

- Translators and interpreters performing services as employees of a company established in the territory of the other party.

Appendix 14.04: (a) (3) existing immigration measures

In the case of Chile:

Decree Law 1094, paragraph 6 of Title I, Official Journal, 19 July 1975 Aliens Act and Title III of Decreto Supremo 597 del Ministerio del Interior, Official Journal, 24 November 1984, Regulations.

In the case of Costa Rica:

The Migration and Aliens Act, Act No. 7033 of 4 August 1986 Titles II, III, IV, V, VII, VIII and X and regulation of the Migration and Aliens Act, Executive Decree number 19010 31 May 1989.

In the case of El Salvador:

a) Migration, Law N ° Decreto Legislativo 2772 dated 19 December 1958, published in the Official Journal No. 240, I 181, dated 23 December 1958;

b) Migration law regulations, Executive Decree No. 33 dated 9 March 1959, published in the Official Journal No. 56, I 182 dated 31 March 1959; and

c) Aliens Act, Legislative Decree No 299 dated 18 February 1986, published in the Official Journal No. 290 I, 34, dated 20 February 1986.

In the case of Honduras:

The Act of population and migration policies, Decree No. 34 of 25 September 1970 and no agreement on procedures on migration 8 facilities to foreign investors and traders of 19 August 1998.

In the case of Guatemala:

a) Decree No. 95-98, Migration Law, published in the Official Journal of Central America on 23 December 1998, article 85;

and

b) Agreement No. 529-99, migration regulations, published in the Official Journal of Central America on 29 July 1999, article 77.

In the case of Nicaragua:

a) Law No. 153 of 24 February 1993, published in the Gazette No 80 of 30 April 1993, chapter II, articles 7 to 40;

b) Law No. 154 of 10 March 1993, published in the Gazette No 81 of 3 May 1993, article 13; and

c) Decree No. 628 Act, pensioners or persons resident in Nicaragua, published in the Gazette No 264 of 19 November 1974.

Part Fifth. Competition Policy

Chapter 15. Competition Policy

Article 15.01. Cooperation

1. The Parties shall ensure that the benefits of this treaty are not undermined by anticompetitive business practices. similarly, endeavour to move towards the adoption of common provisions to prevent such practices.

2. Furthermore, the Parties shall endeavour to establish mechanisms to facilitate and promote the development of competition policy and ensure the implementation of rules on free competition between and within the parties to avoid negative effects of anti-competitive business conduct in the Free Trade Area.

Article 15.02. State Monopolies and Enterprises

1. For the purposes of this article:

Monopoly means an entity, including a consortium or government agency that in any relevant market in the territory of a Party is designated according to its legislation, if it so permits, the sole provider or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right solely from the award; and

Non-discriminatory treatment means the National Treatment Between better treatment and most-favoured-nation treatment, as set out in the relevant provisions of this Treaty.

2. Nothing in this Treaty shall be construed as preventing a party from maintaining or establishing monopolies and State enterprises, provided that its law so permits.

3. Each Party shall comply with the provisions of this Treaty so that any monopoly or State enterprise maintains that it establishes or acts in a manner that is consistent with the obligations of a Party under this Treaty and accord non-discriminatory treatment to investments of investors, and service providers of goods to another party.

4. This article shall not apply to the procurement of goods or services by government agencies, for governmental purposes and without the intent of commercial resale or use in the production of goods or the supply of services for commercial sale.

Part Sixth. Procurement

Chapter 16. Procurement

Article 16.01. Definitions

For purposes of this chapter:

Special conditions: countervailing measures that impose or an entity shall take into account before or during the procurement procedure to encourage local development or improve balance of payments accounts by means of local content requirements, licensing of the use of technology, investments, counter-trade or similar requirements;

Government procurement means any type of procurement of goods, services or goods and services jointly referred to in the respective laws and conducted by public entities of the Parties. this shall include, inter alia, to public works concessions;

Entities: all public entities of the Parties, except those specified in annex 16.01;

Technical specification means a specification which lays down the characteristics of goods or related processes and production methods, or the characteristics of a service or their related methods of operation, including any applicable administrative provisions. it may also include or deal exclusively with matters relating to terminology, symbols, packaging, marking or labelling process applicable to goods, or production method or operation;

Privatisation means a process by which a public entity is no longer subject to the control of the State, through public supply of actions of the entity or other methods, under the laws in force;

Tendering procedures means those tendering procedures other than direct contracting; and

Supplier means a person of a Party that provides goods or services in accordance with this chapter.

Article 16.02. Objective and Scope

1. The objective of this chapter is to create and maintain a single market of public procurement with the aim of maximizing business opportunities for suppliers and reducing trade costs of the public and private sectors of the Parties.

2. In order to achieve this objective, each Party shall:

a) That suppliers of the other Party to participate on an equal footing in public procurement;

b) The principles of non-discrimination and transparency in public procurement in accordance with this chapter; and

c) The development of mechanisms for cooperation and technical assistance.

3. Except as provided in annexes and 16.01 16.02, this chapter applies to procurements covered by the respective laws of the Parties and make its Entities, relating to:

a) Goods; and

b) Services, subject to the provisions in annexes I and II of chapter 11 (cross-border trade in services).

4. Notwithstanding paragraph 3 (b), this chapter shall not apply to:

b) Subsidies or grants provided by a party or a state enterprise, including loans, guarantees and insurance supported by a party;

b) Government services or functions such as law enforcement services, social rehabilitation, pension or unemployment insurance or social security services, social welfare, education, training and public health care or protection of children; and

c) Cross-border financial services.

Article 16.03. General Rights and Obligations

1. The parties agree to the following rights and obligations pursuant to this chapter:

a) Implementation of the measures regarding government procurement, so as to enable maximum possible competition and respecting the principles of transparency and non-discrimination, as well as the other provisions in this chapter;

b) Promoting business opportunities for suppliers compete in the public procurement preferably based on the principle of value for money, insofar as the application of this principle is compatible with the nature of the procurement. the application of this principle is designed to achieve the most efficient with the financial resources allocated to public entities, considering conducting procurement needs;

c) To ensure maximum simplicity and publicity of government procurement measures;

d) Maintenance and promotion of business opportunities in public procurement for the suppliers of another Party, during implementation processes required to fulfil the commitments made under international agreements relating to the matter to which they are party;

e) Accorded equitable opportunities to suppliers of another party in the procurement procedures; and

f) Does not apply to a measure that:

i) Is discriminatory;

ii) Arbitrary; or

iii) Has the effect of denying equal access or opportunity to a supplier of another party.

2. Nothing in this chapter shall prevent a party to develop a new recruitment policy, provided that this does not contravene the provisions of this chapter.

Article 16.04. National Treatment and Non-discrimination

1. With respect to procurement by entities through competitive procedures, each Party shall accord to the goods and services suppliers of another party treatment no less favourable than that accorded to its own like similar goods and services suppliers of goods and similar services.

2. Without prejudice to the foregoing, in public procurement procedures that use other than those set out in paragraph 1, the Parties shall take the necessary measures that are reasonably available to it to ensure compliance with the obligations under article 16.03 (1) (f).

3. Each Party shall ensure that its entities do not require special conditions to countervailing suppliers of the other Party to participate in the procurement.

4. This article shall not apply to measures concerning customs duties or on other charges of any kind or in connection with the method of importation; levying charges or such other duties and import regulations, including restrictions and formalities.

Article 16.05. Provision of Information and Transparency

1. In addition to the provisions of article 17.04 (disclosure of information), each Party shall ensure that its entities provide for effective dissemination and understanding of:

a) Their respective government procurement systems;

b) Business opportunities generated by the relevant government procurement processes, to provide suppliers of the other Party with all the information required to take part in such procurement; and

c) The results of government procurement processes.

2. Each Party shall ensure that the award criteria are duly substantiated in the manner prescribed by its entities.

3. Each Party undertakes to notify the other party (1) Within one year from the Entry into Force of this Treaty, the legislation governing public procurement in their respective countries and entities covered by this chapter. this obligation extends to any modification of the said information.

Article 16.06. Technical Specifications

Each Party shall ensure that its entities do not develop, adopt or apply technical specifications which have the purpose or effect of creating unnecessary obstacles to trade.

Article 16.07. Denial of Benefits

Subject to prior notification and consultation in accordance with articles 17.04 (provision of information) and article 19.06 (consultations), a Party may deny the benefits of this chapter to a service supplier of another party where it determines that the service is being provided by an enterprise that has no substantial business activities in the territory of the other party and that, in accordance with the other party of legislation that is owned or controlled by persons of a non- party.

Article 16.08. Avoidance Proceedings

Each Party shall maintain or establish administrative or judicial procedures which allow, at the request of an affected supplier of another party, the prompt review of administrative decisions affecting procurements covered by this chapter. each Party shall ensure that such avoidance proceedings are timely, effective, transparent and conform to the principle of non-discrimination and due process.

Article 16.09. Modifications to Coverage

1. The Parties shall conduct consultations at the request of any of them to examine the possibility of incorporating the scope of application of this chapter the entities listed in annex 16.01.

2. The Parties shall adopt these agreements subject to article 18.01 (3) (b) (Free Trade Commission).

Article 16.10. Privatization

1. Nothing in this chapter shall be construed as preventing a party to privatise an entity covered in this chapter. in such cases, the other party may not require compensation.

2. Privatized entities shall not be subject to the implementation of this chapter.

Article 16.11. Information Technology

1. The Parties shall, as far as possible, use electronic means of communication to permit efficient dissemination of information on Government Procurement, in particular those relating to business opportunities offered by entities.

2. With the aim of reaching an enlarged market of public procurement, the Parties shall endeavour to implement an electronic information system and brokerage binding for their respective entities. the main objective of the system shall consist in the dissemination of business opportunities offered by entities.

Article 16.12. Committee on Government Procurement

1. The parties establish a committee on Government Procurement comprising representatives of each, which shall be appointed within three (3) months from the date of Entry into Force of this Treaty.

2. The Committee shall hear matters relating to this chapter and without prejudice to the provisions of article 18.05 (2) (Committees), shall have the following functions:

a) Unless the parties otherwise agree, reviewed every two (2) years of the results of the implementation of this chapter;

b) Consultations and studies to incorporate the scope of application of this chapter the entities listed in annex 16.01;

c) To promote the development and implementation of electronic information system and brokerage mentioned in article 16.11 (2);

d) Coordinate the exchange of statistical information of its public procurement; and

e) Coordinate and promote the development of training programmes for the competent authorities of the Parties.

Article 16.13. Cooperation and Technical Assistance

The Parties shall endeavour to provide technical assistance and cooperation through the development of training programmes with a view to achieving a better understanding of their respective government procurement systems and statistics and better access to their respective markets.

Article 16.14. Relationship to other Chapters

In the event of incompatibility between any provision of this chapter and any other provision of the chapter shall prevail to the extent of the inconsistency.

In the case of Chile:

a) Office of the Controller-General;

b) Central Bank;

c) Armed forces;

d) Security forces;

e) Municipalities;

f) National Council of Television;

g) The State enterprises;

h) Judiciary (Courts of Justice);

i) National legislature (Congress);

j) Constitutional Court;

k) Electoral Commission;

l) Regional electoral courts;

m) Higher Education Council; and

n) Public prosecutor.

In the case of Costa Rica:

a) Office of the Controller-General;

b) The Ministry of Interior and Police;

c) Ministry of Public Security;

d) The Central Bank of Costa Rica;

e) The autonomous and semi-autonomous institutions or any other public entity and state enterprise;

f) Legislature;

g) Judiciary;

h) Supreme Electoral Tribunal;

i) The Office of the Ombudsman;

j) Municipalities;

k) Non-State public authorities;

l) Duty-free shops and similar entities subject to private law in its procurement; and

m) The Council of Higher Education.

In the case of El Salvador:

a) Court of Auditors of the Republic;

b) Reserve Bank of El Salvador;

c) Ministry of Defence;

d) National Public Security Academy;

e) National Civil Police;

f) Municipalities;

g) Directorate-General of Public Entertainment, Radio and Television;

h) Judicial body;

i) Legislative body;

j) Supreme Electoral Tribunal;

k) Public Prosecutor;

l) National Charitable Lottery;

m) Directorate-General for mail;

n) Autonomous Port Executive Commission, CEPA; and

o) Hydroelectric Executive Commission of the Lempa River, CEL.

In the case of Guatemala:

a) Ministry of Defence;

b) National Institute of rural electrification;

c) Office of the Comptroller General of Accounts;

d) Bank of Guatemala;

e) The Ministry of Interior;

f) Judicial body;

g) Congress;

h) Constitutional Court;

i) Supreme Electoral Tribunal;

j) Public Prosecutor;

k) Attorney General's Office;

l) State and municipal government enterprises;

m) Municipalities; and

n) Public entities, decentralized and autonomous, in accordance with its establishment by law or provision or another are excluded from the application of procurement procedures contained in the Law of the Contracting State and its Rules of Procedure, Decree No 57-92 of the Congress of the Republic and its regulation.

In the case of Honduras:

a) National tribunal of elections;

b) State public enterprises;

c) Municipalities;

d) The President of the Republic;

e) Ministry of National Defence;

f) Ministry of Security;

g) Family Assistance Programme (PRAF);

h) National Supply of Basic Products (BANASUPRO);

i) Standing Committee on Contingencies (COPECO); and

j) Public entities, in accordance with its law or establishment or by another provision, are excluded from the application of public procurement procedures.

Annex 16.02. Classes of recruitment

The classes of public procurement that are excluded from this chapter are the following:

a) Defence procurements of strategic nature and other procurements that relate to national security;

b) Public procurement staff to compliance functions of the entities; and

c) Procurements made with financing institutions of States, Regional or multilateral or persons requiring conditions inconsistent with the provisions of this chapter.

Part Seventh. Administrative and Institutional Provisions

Chapter 17. Transparency

Article 17.01. Definitions

For purposes of this chapter, Administrative Ruling of general application, an administrative ruling or interpretation that applies to all persons and fact situations that generally fall within its scope, and that establishes a standard of conduct, but does not include:

a) Orders or judgements in administrative procedures applicable to a person, in particular goods or service of another Party in a specific case; or

b) A decision to deal with respect to a particular act or practice.

Article 17.02. Information Center

1. Each Party shall designate a branch or office as an information centre to facilitate communication between the parties on any matter covered by this Treaty.

2. When a party so requests, the Information Centre of the other party shall indicate the office or official responsible for the matter and provide the required support to facilitate communication with the requesting party.

Article 17.03. Publication

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application relating to any matter covered by this Agreement are promptly published or otherwise made available to the parties and to any interested person.

2. To the extent possible, each Party shall:

a) Publish in advance any such measure that it proposes to adopt; and

b) Provide interested persons and the other party a reasonable opportunity to comment on such proposed measures.

Article 17.04. Information Supply

1. Each Party shall notify the other party to the extent possible, any existing or proposed measure considers that it might affect or substantially affect the interests of the other party under the terms of this Treaty.

2. Each Party, at the request of the other Party shall provide information and respond promptly to questions pertaining to any existing or proposed measure.

3. Notification and provision of information referred to in this article shall be without prejudice to whether the measure is consistent with this Treaty.

Article 17.05. Hearing, Legality and Due Process Guarantees

Each Party shall ensure that in judicial and administrative procedures concerning the implementation of any measure referred to in article 17.03 (1), shall observe the hearing of the rule of law and due process embodied in their respective laws, within the meaning of articles and 17.06 17.07.

Article 17.06. Administrative Procedures for the Adoption of Measures of General

Application

With a view to administering in a manner consistent and impartial manner and all reasonable measures of general application affecting matters covered in this Treaty, each Party shall ensure that in its Administrative Proceedings applying measures referred to in article 17.03 (1) with respect to persons, in particular goods or services of the other party in specific cases that:

a) Wherever possible, the persons of the other party that are directly affected by a proceeding are in accordance with the internal rules, reasonable notice of the initiation of the same, including a description of the nature, a statement of the legal authority to which it may initiate and a general description of any issues in controversy;

b) When the time, the nature of the proceeding and the public interest, permit such persons a reasonable opportunity to present facts and arguments in support of their claims, prior to any final administrative action; and

c) Its procedures are in accordance with its legislation.

Article 17.07. Review and Challenge

1. Each Party shall maintain judicial tribunals or procedures or administrative nature for the purpose of the prompt review and, where warranted, the correction of final administrative actions regarding matters covered by this Treaty. such tribunals shall be impartial and shall not be linked with the office or authority entrusted with administrative and enforcement shall not have any substantial interest in the outcome of the matter.

2. Each Party shall ensure that, before such tribunals or procedures the parties have the right to:

a) A reasonable opportunity to defend or support their respective positions; and

b) A decision based on the evidence and arguments presented by the same.

3. Each Party shall ensure that, with respect to the avoidance or subsequent review to which it would apply in accordance with its legislation, these resolutions are implemented by the offices or authorities.

Article 17.08. Communications and Notifications

1. For purposes of this Treaty, all notifications or communications addressed to a Party or by a Party shall be made through its national section of the secretariat, report succinctly of this fact to national sections of the other parties.

2. Notwithstanding paragraph 1, in the case of a communication or notification made under chapter 19 (dispute settlement), a copy thereof shall be sent to the Secretariat of Economic Integration (SIECA), for the purpose of filing.

3. Except as otherwise provided, shall be delivered a communication or notification by one party from the date of its receipt by the national section of the secretariat of that Party.

Chapter 18. Administration of the Treaty

Section A. Committee, Subcommittee and Secretariat

1. The parties establish the Free Trade Commission composed of officials referred to in annex 18.01 (1) or persons to whom they designate.

2. The Commission shall have the following functions:

a) To ensure the fulfillment and correct application of the provisions of this Treaty;

b) Assess the results achieved in the implementation of this Treaty;

c) To resolve disputes that may arise regarding the interpretation or application of this Treaty in accordance with chapter 19 (dispute settlement);

d) Supervise the work of all committees created or established under this Treaty and pursuant to article 18.05 (3); and

e) Consider any other matter that may affect the operation of this Treaty or any other entrusted to it by the parties.

3. The Commission may:

a) Create committees as required by this Treaty and assign functions;

b) Modify in fulfillment of the objectives of this Treaty.

i) The list of goods of a party contained in annex 3.04 (2) (tariff relief), with the aim of incorporating one or more excluídas goods in the schedule of tariff relief;

ii) The time-limits set out in annex 3.04 (2) (tariff relief programme), to accelerate tariff relief;

iii) The rules of origin set out in annex 4.03 (specific rules of origin);

iv) The uniform regulations;

v) Annex 9.01 sectors or sub-sectors (service) to incorporate new service sectors or sub-sectors;

vi) annexes I, II and III of chapter 11 (cross-border trade in services); and

vii) The list of entities of a party contained in annex 16.01 (entities), with the aim of incorporating one or more entities to the scope of application of Chapter 16 (government procurement);

c) To seek the advice of non-governmental groups or persons without linkage;

d) Develop and adopt regulations required for the implementation of this Treaty; and

e) If the parties so agree, take any other action in the exercise of its functions.

4. The amendments referred to in paragraph 3 (b) shall be implemented by the parties in accordance with annex 18.01 (4).

5. Notwithstanding paragraph 1, the Commission may meet and adopt decisions when representatives of Chile and attend one or more Central American countries on matters of interest to the parties, such as the acceleration of tariff relief, development and expansion of chapter 10 (investment) and dispute settlement, provided that it notifies in advance to the other parties to participate in the meeting.

6. The decisions adopted by the Commission under paragraph 5, shall not take effect on a party that had not attended the meeting.

7. The Commission may establish its rules and procedures and all decisions shall be taken by consensus.

8. The Committee shall meet at least once a year, alternately in each party, in alphabetical order.

Article 18.02. Free Trade Subcommittee

1. The parties have established the Subcommittee free trade, composed of officials referred to in annex 18.02 or persons to whom they designate.

2. The Sub-Commission Free Trade shall have the following functions:

a) Prepare and revise the technical files necessary for decision-making under the Treaty;

b) Follow up on any decisions taken by the Commission; and

c) Consider any other matter that may affect the operation of this treaty which is entrusted to it by the Commission.

3. The Commission may establish rules and procedures for the proper functioning of the Free Trade Subcommittee.

Article 18.03. Secretariat

1. The Commission shall establish and oversee a secretariat comprising national sections.

2. Each Party shall:

a) Shall designate a permanent office or official unit, which shall serve as national section of the secretariat of that Party;

b) Shall:

i) The operation and costs of its section; and

ii) The remuneration and expenses to be paid to the arbitrators, participants and experts appointed under this Treaty, as provided in Annex 18.03; and

c) The Secretary-General shall appoint a national of its Section, who shall be the official responsible for its administration.

3. The secretariat shall have the following functions:

a) Provide assistance to the Commission and the Sub-Commission;

b) Provide administrative support to the arbitral panels established under chapter 19 (dispute settlement), in accordance with the procedures established under article 19.12 (model rules of procedure);

c) On the instructions of the Commission; to support the work of the committees, subcommittees and expert groups established under this Treaty;

d) Conducting communications and notifications under article 17.08 (communications and notifications); and

e) Other functions assigned by the Commission.

Section B. Committees, Subcommittees and Expert Groups

Article 18.04. General Provisions

1. The provisions of this section shall apply a default to all committees and sub-committees expert groups established under this Treaty.

2. Each committee, subcommittee and the Panel of Experts shall be composed of representatives of each party and all decisions shall be taken by consensus.

3. Notwithstanding paragraph 2, a committee, subcommittee or experts group may meet and take decisions without that meets all its members when addressing issues of interest, exclusive of Chile and one or more Central American countries provided that they are representatives of the Parties and that it notifies the Agenda for the meeting in advance to the other parties.

4. A Party may request in writing that the Commission in accordance with Article (1907 intervention of the Commission, good offices, conciliation and mediation) where a committee or sub-committee has met for consultations in accordance with article 19.06 (consultations) and has not reached a mutually satisfactory solution to the dispute. for purposes of this paragraph and notwithstanding article 18.06 (2) shall not require that the Sub-Committee has brought the respective Committee prior to that Party may request that a meeting of the Commission under article 1907 (intervention of the Commission, good offices, conciliation and mediation).

Article 18.05. Committees

1. The Commission may create Committees other than those set out in Annex 18.05.

2. Each committee shall have the following functions:

a) To monitor the implementation of the chapters of this treaty within its competence;

b) Hear matters referred to it by a Party which considers that an existing or proposed measure of another party affects the effective implementation of any commitment within chapters of this Treaty falling within its competence;

c) Seek technical reports to the competent authorities and to take the necessary steps to help resolve the matter;

d) The Commission to evaluate and recommend proposals for amendment or modification, in addition to the provisions of chapters of this treaty within its competence;

e) The Commission to propose the review of measures in force or in a Party deems to be inconsistent with the obligations of this Agreement or cause nullification or impairment in the sense of annex 19.03 (scope of application); and

f) Comply with the other tasks entrusted to it by the Commission under the provisions of this Agreement and other instruments deriving therefrom.

3. The Commission shall supervise the work of all committees created or established under this Treaty.

4. Each committee may establish its own rules and procedures, and shall meet to at the request of either party or the Commission.

Article 18.06. Subcommittees

1. For the purpose of delegate its responsibilities and permanently only for purposes of specific provisions under its jurisdiction, the Committee may establish one or more Sub-Committees shall supervise their work. each sub-committee shall have the same functions as a Committee on matters assigned to it.

2. In addition, each sub-committee shall report to the Committee has established on the fulfilment of its mandate.

3. The rules and procedures of a sub-committee may be established by the Committee itself that established it. the Sub-Committee shall meet at the request of either party or the relevant committee.

Article 18.07. Experts Group

1. A committee or sub-committee may establish ad hoc groups to undertake the technical studies as it deems necessary for the performance of its duties, shall supervise their work. the Group of Experts shall comply strictly with which is entrusted with the deadlines. the Panel of Experts shall be reported to the Committee or Sub-Committee that created it.

2. The rules and procedures of a group of experts may be established by the Committee or Sub-Committee that created it.

Annex 18.01(1). Officials of the Free Trade Commission

For the purposes of article 18.01, officials of the Free Trade Commission are:

a) In the case of Chile, the Minister for Foreign Affairs or his successor;

b) In the case of Costa Rica, the Minister of Foreign Trade or its successor;

c) In the case of El Salvador, the Minister of Finance or his successor;

d) In the case of Guatemala, the Minister of Finance or his successor;

e) In the case of Honduras, the Secretary of State in the Ministry of Trade and Industry, or its successor; and

f) In the case of Nicaragua, the Ministry of Development, Industry and Trade, or its successor.

Annex 18.01 (4). Implementation of the modifications approved by the Commission

The parties will implement the decisions of the Committee referred to in article 18.01 (3) (b), in accordance with the following procedures:

a) In the case of Chile, through implementing arrangements, in accordance with Article 50 No 1, second paragraph, of the Political Constitution of the Republic of Chile;

b) In the case of Costa Rica, agreements between the parties shall be equivalent to the instrument referred to in article 121.4 third paragraph of the Political Constitution of the Republic of Costa Rica;

c) In the case of El Salvador, in accordance with its legislation;

d) In the case of Guatemala, in accordance with its legislation;

e) In the case of Honduras, in accordance with its laws; and

f) In the case of Nicaragua, in accordance with its legislation.

Annex 18.02. Officials of the Free Trade Subcommittee

For the purposes of article 18.02, officials of the Subcommittee free trade are:

a) In the case of Chile, the Director General of International Economic Relations of the Ministry of Foreign Affairs or his

successor;

b) In the case of Costa Rica, a representative of the Ministry of Foreign Trade or its successor;

c) In the case of El Salvador, the Director of commercial policy of the Ministry of Economy, or its successor;

d) In the case of Guatemala, a representative of the Ministry of Economy, or its successor;

e) In the case of Honduras, the Director General of economic integration and trade policy of the Ministry of Industry and Trade, or its successor; and

f) In the case of Nicaragua, the Director of Administration and integration of the Ministry of Development, Industry and Trade, or its successor.

Annex 18.03. Remuneration and Payment of Expenses

1. The Commission shall establish the amounts of remuneration and expenses to be paid to the arbitrators, experts and their assistants.

2. The remuneration of the arbitrators, experts and their assistants, their transport and accommodation costs, and all general expenses of the arbitral group shall be filled in equal parts between the countries involved in the dispute.

3. Each expert assistant, arbitrator and shall keep a record and submit a final account of their time and expenses, and the arbitral group shall keep a register similar and a final account of all general expenses.

Annex 18.05. Committees

Committee on Trade in Goods (Article 3.16).

Committee on Sanitary and Phytosanitary Measures (Article 8.11)

Committee on Standardization, Metrology and authorization procedures (Article 9.12)

Committee on cross-border investment and services (Article 11.14).

Committee on air transport (Article 12.04)

Committee on Government Procurement (Article 16.13)

Article 19. Dispute Settlement

Section A. Settlement of Disputes

Article 19.01. Definitions

For purposes of this chapter:

The consulting party means any party to conduct consultations in accordance with article 19.06;

The opposing side; the claimant or respondent;

Defendant: the party against which a claim is made may be composed of one or more of the Parties;

Complaining party; the Party that makes a claim that may be composed of one or more of the Parties; and

Third party; a Central American country that has a substantial interest in the trade dispute and which is not a party combatant in the same.

Article 19.02. Cooperation

If the parties shall endeavour to agree on the interpretation and application of this Treaty through cooperation and consultations and shall endeavour to reach a mutually satisfactory resolution of any matter that might affect its operation.

Article 19.03. Scope

Except as otherwise provided in this Treaty, the procedure of this chapter shall apply:

a) To the avoidance or settlement of disputes between all the parties concerning the interpretation or application of this treaty; or

b) Where a Party considers that an existing or proposed measure of another party is or would be inconsistent with the obligations of this Treaty or would cause nullification or impairment in the sense of 19.03. annex

Article 19.04. Dispute Settlement Understanding

1. Disputes arising under the provisions of this Treaty and under the WTO agreement or agreements negotiated in accordance with the latter may be settled in either forum at the discretion of the complaining party.

2. When a Party has requested the establishment of an arbitral group under article 19.08 or has requested the establishment of a Panel under Article 6 of the Understanding, the Forum selected shall be exclusive of any other.

Article 19.05. In Case of Urgency

1. In cases of urgency including those cases referred to in paragraphs 2 and 3, the warring parties and the arbitral groups shall make every effort to accelerate the proceedings.

2. In cases of perishable agricultural goods, fish and fish products that are perishable:

a) Consulting a Party may request in writing that the Commission meet whenever an issue is not resolved in accordance with article 19.06 within fifteen (15) days of the delivery of the request for consultations; and

b) The Party that has requested the intervention of the Commission under article 1907, may request in writing the establishment of an arbitral group when the issue has not been resolved within fifteen (15) days after the meeting of the Commission or, if it has not been made within fifteen (15) days after the delivery of a request for a meeting of the Commission.

3. In cases of urgency other than those referred to in paragraph 2, the Parties shall, as far as possible, to halve the periods specified in articles 19.08 1907 and to request the Commission and the establishment of an arbitral group respectively.

Article 19.06. Consultations

1. Any Party may request in writing consultations with the other party with respect to any measure adopted or planned, or any other matter it considers that might affect the operation of this treaty in terms of article 19.03.

2. The party requesting consultations shall deliver a copy of the request to the other parties, which may participate in the same as the parties rejects in writing, provided that demonstrate its substantial trade interest in the matter, within ten (10) days following the submission of the request for consultations.

3. The parties entitled to:

a) Provide information to examine the manner in which the measure adopted or proposed or any other matter might affect the operation of this Treaty; and

b) Treat any confidential information exchanged in the course of consultations in the same manner as the party providing the information.

Article 19.07. Intervention by the Commission, Good Offices, Mediation and Conciliation

1. Consulting Any Party may request in writing that the Commission meet provided that:

a) An issue is not resolved in accordance with article 19.06 Within thirty (30) days after the delivery of the request for consultations; or

b) The Party to which it was addressed to the request for consultations did not reply within ten (10) days of the delivery of the same.

2. A Party may also request in writing that the Commission in accordance with article 18.04 (4) (General provisions).

3. The request referred to in paragraph 1 shall bring the measure or any other matter complained of and indicate the provisions of this Agreement that it considers applicable.

4. Unless it decides otherwise, the Commission shall convene within ten (10) days of the delivery of the request and with the aim of reaching a mutually satisfactory solution to the dispute, shall:

a) Convene technical advisers or create expert groups as it deems necessary;

b) Seek the good offices, conciliation or mediation a person or group of persons; or

c) Make recommendations.

5. Unless it decides otherwise, the Commission shall carry forward two or more before proceedings according to this article regarding the same measure. the Commission may consolidate two or more proceedings regarding other matters before under this article, when it deems appropriate to be considered jointly.

Article 19.08. Request for Integration of the Arbitration Panel

1. The Party that has requested the intervention of the Commission under Article 1907, may request in writing the establishment of an arbitral group when the issue has not been resolved within:

a) Thirty (30) days after the meeting of the Commission, or, if this is not done, thirty (30) days after the delivery of the request for a meeting of the Commission;

b) thirty (30) days after the Commission has met and has accumulated the most recent matter in accordance with Article 19.07; or

c) any other period that warring parties agree.

2. The party requesting the integration of the arbitral panel shall deliver the request to the party or parties against which makes its claim and, if any, to the other Party in accordance with paragraph 1 have the power to request the establishment of an arbitral panel. the latter shall be a period of ten (10) days of the receipt of the request, to express their interest in participating in the arbitration as a party complaining.

3. Within fifteen (15) days of the delivery of the request or, where appropriate, within fifteen (15) days after the expiry of the period referred to in paragraph 2, the Parties involved shall meet to integrate the arbitral group under article 19.11. such a meeting shall take place with the parties or attending.

4. A Party in accordance with paragraph 1 has the power to request the integration of the arbitral group and decide not to participate as a complaining party in accordance with the terms of paragraph 2, may participate only as a third party before the arbitral group in accordance with article 19.13 subject to express their interest in participating as such within ten (10) days of the receipt of the request for the integration of the arbitral panel.

5. If a Party, pursuant to paragraph 4, decides not to intervene as third party, refrain from initiating thereafter in respect of the same matter, in the absence of a significant change of economic or commercial circumstances:

a) A dispute settlement procedure under this chapter; and

b) A dispute settlement procedure in accordance with the understanding.

6. Unless otherwise agreed between the parties - the arbitral group shall be composed of and perform its functions in accordance with the provisions of this chapter.

Article 19.09. List of Arbitrators

1. The Parties shall establish by consensus a list of up to sixty (60) persons who have the necessary skills and the provision to be arbitrators, of which at least five (5) shall be nationals of each party and five (5) shall not be a national of either party.

2. The list of arbitrators may be modified every three (3) years. notwithstanding the above, at the request of a party, the Commission shall review the list of arbitrators before the expiry of this period.

3. Members of the roster of arbitrators shall meet the qualifications set out in article 7.10 (1).

Article 19.10. Qualities of Arbitrators

1. All the arbitrators shall meet the following qualifications:

a) Have expertise or experience in law and international trade or other matters related to this Treaty or in the settlement of disputes arising under international trade agreements;

b) If elected strictly according to their reliability and objectivity, probity, sound judgment;

c) Be independent, not linked with the parties and not receive instructions from the same; and

d) Comply with the code of conduct established by the Commission.

2. Persons that have participated in a dispute under article 4 (1907), may not be arbitrators for the same dispute.

Article 19.11. Integration of the Arbitral Group

1. In the event to the integration of the arbitral group warring parties shall observe the following procedure:

a) The arbitral group shall be composed of three (3) members;

b) The Parties involved shall endeavour to agree on the designation of the Chair of the arbitral panel;

c) If the parties fail to agree on the designation of the Chair of the arbitral panel, one appointed by lot, hereinafter. any person appointed as Chairman of the arbitral group shall be a member of the list referred to in article 1909 hours and shall not be a national of any of the Parties;

d) Each Party shall select one combatant (1) of the other litigants arbitrator National Party. notwithstanding the above, opposing parties concerned may agree that the arbitral group shall serve as arbitrators are not nationals of either party; and

e) If a Party fails to select a litigant, the arbitrator shall be appointed by lot from among nationals of the other party combatant included in the list referred to in article 1909 hours.

2. In the event that a party combatant composed of two or more countries of Central America, one of them elected, by lot shall represent the other in respect of the procedure set out in paragraph 1.

3. The arbitrators shall preferably be selected from the roster. any Party may challenge litigants at the meeting, without giving due to any person not included in the list referred to it as an arbitrator from the other party litigants.

4. Where a Party considers that an arbitrator litigants is in violation of the Code of Conduct, opposing parties shall consult and agreement of that arbitrator, contemporaneous and select a new one pursuant to the provisions of this article.

Article 19.12. Model Rules of Procedure

1. The Commission shall establish model rules of procedure, in accordance with the following principles:

a) The procedures shall ensure the right to a hearing before the arbitration panel as well as the opportunity to submit arguments and written responses; and

b) The hearings before the arbitration panel discussions and the initial report and written submissions and to all communications presented in the same, shall be of a confidential nature.

2. Unless otherwise agreed between the parties - the arbitral proceedings before the Group shall be governed by the Model Rules of Procedure.

3. Unless the parties agree otherwise, the terms of reference of the arbitration panel shall be:

"Review in the light of the provisions of this Treaty, the dispute referred to it in the request for a meeting of the Commission, and issue reports referred to in articles 19.15 and 19.16".

4. If the complaining party claims that a matter has been a cause of nullification or impairment of benefits in the sense of 19.03 Annex, the terms of reference shall so indicate.

5. Where a Party combatant request the arbitration panel to make findings as to the degree of adverse trade effects caused to the measure adopted by the other party, which it considers incompatible with this Agreement or to have caused nullification or impairment in the sense of 19.03 Annex, the terms of reference shall so indicate.

Article 19.13. Third Parties

A third party shall be entitled, upon written notice to the parties to the conflict, to attend hearings in accordance with the model rules of procedure, to be heard by the arbitral group as well as to provide and receive written submissions. such submissions shall be reflected in the final report of the arbitral panel.

Article 19.14. Information and Technical Advice

At the request of a party or on its own initiative, the arbitral panel litigant may seek information and technical advice from persons or institutions as it deems appropriate.

Article 19.15. Preliminary Report

1. The arbitral panel shall deliver a preliminary report based on the submissions and arguments presented by the parties and on any information received in accordance with article 19.13 19.14 and unless the parties to the conflict agree otherwise.

2. Unless the Parties decide otherwise, the arbitral group shall present to the parties, within ninety (90) days after the meeting at which has been integrated, a preliminary report shall contain:

a) The findings of fact, including any resulting from a request pursuant to article 19.12 (5);

b) The determination as to whether the measure at issue is or would be inconsistent with the obligations of this Agreement or cause nullification or impairment in the sense of annex 19.03 determination or any other requested in the terms of reference; and

c) The Hague, when its recommendations for the resolution of the dispute.

3. The arbitrators shall explain its vote in writing on matters in respect of which there is unanimous decision.

4. Warring parties may submit written comments to the arbitration panel on the initial report within fourteen (14) days following the submission.

5. In this case and after examining the written comments, the arbitral group may on its own initiative or at the request of a combatant Party:

a) Any proceeding that it considers appropriate; and

b) Reconsider its preliminary report.

Article 19.16. Final Report

1. The arbitration panel shall notify the Parties to the conflict its final report, decided by majority and, where appropriate, the written reasoned opinions on issues where there is unanimous decision within a period of thirty (30) days of the presentation of the initial report unless the parties agree otherwise.

2. No arbitration panel may disclose in its initial report or its final report, the identity of the arbitrators who have voted with the majority or minority.

3. The final report shall be published within fifteen (15) days of its notification to the parties to the conflict, unless they agree otherwise.

Article 19.17. Implementation of the Final Report

1. The final report shall be binding for the parties involved in the terms and within the time it orders. the timeframe for implementing the final report shall not exceed six (6) months from the date on which the last of warring parties has been notified of the final report, unless they agree otherwise.

2. When the final report of the arbitral panel declares that the measure is inconsistent with this Treaty, the respondent Party shall refrain from executing the measure or repealed.

3. When the final report of the arbitral panel declares that the measure is a cause of nullification or impairment in the sense

of annex 19.03, it shall determine the level of nullification or impairment and may suggest that the adjustments it considers mutually satisfactory for the parties involved.

Article 19.18. Suspension of Benefits

1. Unless the parties to the conflict have notified the Commission that it has complied with satisfaction of the same final report within ten (10) days of the expiration of the period specified in the final report the arbitral panel shall determine whether the responding party has complied with the report.

2. The complaining party may suspend the application to the responding party of benefits arising from this Agreement that have an effect equivalent to the benefits, if not the arbitral Group decides:

a) A measure that is inconsistent with the obligations of this Treaty and that the responding party does not comply with the final report within the timeframe determined by the arbitral group; or

b) A measure that is a cause of nullification or impairment in the sense of annex 19.03 and warring parties fail to reach a mutually satisfactory agreement on the dispute within the timeframe determined by the arbitral group.

3. The suspension of benefits shall last until the defendant complies with the final report or until the parties reach a mutually satisfactory agreement on the dispute, as the case may be. however, if the defendant is composed of two or more Parties and one of them complies with the final report or reached a mutually satisfactory agreement with the complaining party, it shall terminate the suspension of benefits in respect of that Party.

4. In considering the benefits to be suspended in accordance with this article:

a) The complaining party should first seek to suspend benefits in the same as that sector or sectors affected by the measure or other matter that the arbitration panel has found to be inconsistent with the obligations of this Agreement or that has been a cause of nullification or impairment in the sense of annex 19.03; and

b) If the complaining party considers that it is not practicable or effective to suspend benefits in the same sector or sectors may suspend benefits in other sectors.

5. Once the benefits have been suspended pursuant to this article, the parties - Upon written request of a Party, shall establish an arbitral group if necessary to determine if it has complied with the final report or if it is manifestly excessive the level of benefits that the complaining party has suspended the respondent party in accordance with this article. to the extent possible, the arbitral group will be integrated with the same arbitrators who heard the dispute.

6. The proceedings before the arbitral group established for the purposes of paragraph 5 shall be settled in accordance with the Model Rules of Procedure provided for in article 19.12 and shall present its final report within sixty (60) days after the meeting at which the arbitral group has been integrated, or at any other time that warring parties agree. in the event that the arbitral group shall be composed of the same arbitrators who heard the dispute shall present its final report within thirty (30) days following the submission of the request referred to in paragraph 5.

Section B. Internal Procedures and Private Commercial Dispute Resolution

Article 19.19. Interpretation of the Treaty Before Domestic Judicial and Administrative Authorities.

1. The Commission shall endeavour to agree as soon as possible, an adequate response non-binding interpretation or, when:

a) At the request of a Party which considers that warrants the opinion of the Committee, on a question of interpretation or application of this agreement arises in a judicial or administrative proceeding of the other party; or

b) A Party notifies the receipt of a request for an opinion on a question of interpretation or application of this Treaty in a judicial or administrative proceeding of that Party.

2. The Party in whose territory the court or administrative proceedings or response presented in the interpretation of the Commission, in accordance with the procedures of that forum.

3. If the Commission is unable to agree on the interpretation or response, any Party may submit its own views to the court

or administrative proceedings in accordance with the procedures of that forum.

Article 19.20. Rights of Individuals

No Party may grant a right of action under its law against the other Party on the ground that a measure of the other party is inconsistent with this Treaty, in accordance with international law.

Article 19.21. Alternative Means of Dispute Settlement between Individuals

1. Each Party shall promote and facilitate the arbitration and other means of alternative for the settlement of international commercial disputes between private parties in the Free Trade Area.

2. To this end, each Party shall provide appropriate procedures to ensure observance of agreements to arbitrate which has ratified, and the recognition and enforcement of arbitral awards in such disputes.

3. The Commission shall establish an advisory committee on private commercial disputes comprising persons with expertise or experience in the resolution of private international commercial disputes. once established, the Committee shall report and general recommendations to the Commission on the existence, use and effectiveness of arbitration and other procedures for the resolution of disputes.

Annex 19.03. Nullification and Impairment

1. A Party may have recourse to the dispute settlement mechanism of this chapter where as a result of the application of a measure that is not inconsistent with the Treaty, deemed to impair or nullify the benefits that could reasonably have expected to receive the application:

a) Part Two (trade in goods);

b) Part Three (Technical Barriers to Trade);

c) Chapter 11 (cross-border trade in services); or

d) Chapter 12 (air transport).

2. With respect to any measure subject to an exception under article General 20.02 (Exceptions), a party may not invoke:

a) Paragraph 1 (a) or (b) To the extent that the benefit arises from any provision relating to cross-border trade in services of Part Two (trade in goods) or of Part Three (Technical Barriers to Trade); or

b) Paragraph 1 (c).

3. To determine the elements of nullification and impairment, the parties may take into account the principles set out in the jurisprudence of paragraph 1 (b) of article XXIII of GATT 1994.

Chapter 20. Exceptions

Article 20.01. Definitions

For purposes of this chapter:

Tax convention means a convention for the avoidance of double taxation or other international agreement or arrangement taxation;

The Fund: international Monetary Fund;

Payments for current international transactions means payments for current international transactions as defined under the Articles of Agreement of the International Monetary Fund;

International capital transactions means international capital transactions as defined under the Articles of Agreement of the International Monetary Fund; and

Transfers means international transactions and related international transfers and payments.

Article 20.02. General Exceptions

1. Article XX of GATT 1994 and its interpretative notes are hereby incorporated into and made an integral part of this Agreement for purposes of:

a) Part Two (trade in goods), except to the extent that some of its provisions apply to services or investment;

b) Part Three (Technical Barriers to Trade), except to the extent that some of its provisions apply to services or investment;

c) Chapter 15 (Competition policy), to the extent that some of its provisions apply to goods; and

d) Chapter 16 (Government procurement), to the extent that some of its provisions apply to goods.

2. This Treaty shall be incorporated into and form an integral part thereof, subparagraphs (a), (b) and (c) of article XIV of the GATS, for purposes of:

a) Part Two (trade in goods), to the extent that some of its provisions apply to services;

b) Part Three (Technical Barriers to Trade);

c) Chapter 11 (Cross-border trade in services);

d) Chapter 12 (Air transport);

e) Chapter 13 (Telecommunications);

f) Chapter 14 (Temporary entry for business persons);

g) Chapter 15 (Competition policy), to the extent that some of its provisions apply to services; and

h) Chapter 16 (Government procurement), to the extent that some of its provisions apply to services.

Article 20.03. National Security

Nothing in this Treaty shall be construed as:

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

b) Prevent a Party from taking any action which it considers necessary to protect its essential security interests:

i) Relating to trade in arms, munitions and war materiel and trade operations and on goods, materials, technology and services undertaken directly or indirectly for the purpose of supplying a military establishment or other establishment of defence;

ii) Taken in time of war or other serious international tension or;

iii) With regard to the implementation of national policies or international agreements in the field of non-proliferation of nuclear weapons or other nuclear explosive devices; or

c) To prevent any Party from taking action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Article 20.04. Balance of Payments

1. Nothing in this Treaty shall be construed as preventing a party from maintaining or adopting measures that restrict transfers where the party faces serious difficulties in their balance of payments, or threat thereof, provided that such restrictions are consistent with this article.

2. As soon as practicable after a party to apply a measure under this article, in accordance with the provisions of its international obligations, the Party:

a) Subject to revision of all restrictions on current account transactions in accordance with article VIII of the Articles of Agreement of the International Monetary Fund;

b) Shall enter into consultations in good faith with the IMF on economic adjustment measures to address the fundamental underlying problems in the economic difficulties; and

c) Endeavour to adopt or maintain economic policies consistent with such consultations.

3. The measures that apply or maintain in accordance with this Article shall:

a) To avoid unnecessary damage to the economic, commercial or financial interests of another party;

b) Shall not be more burdensome than necessary to deal with the balance of payments difficulties or threat thereof;

c) Be temporary and phased out progressively as the situation improves the balance of payments;

d) Consistent with paragraph 2 (c) and with the Articles of Agreement of the International Monetary Fund; and

e) Application of agreement with the most favourable, including the principles of National Treatment and most-favoured nation.

4. A Party may adopt or maintain a measure under this article that gives priority to services that are essential to its economic programme, provided that the Party does not impose a measure for the purpose of protecting a specific industry or sector unless the measure is consistent with paragraph 2 (c) and with article VIII (3) of the Articles of Agreement of the International Monetary Fund.

5. Restrictions imposed on transfers:

a) Shall be consistent with article VIII (3) of the Articles of Agreement of the International Monetary Fund, where they apply to payments for current international transactions;

b) Shall be consistent with article VI of the Articles of Agreement of the IMF and be imposed only in conjunction with measures on payments for current international transactions under paragraph 2 (a), where they apply to international capital transactions; and

c) May not take the form of surcharges, tariff quotas, licensing or similar measures.

Article 20.05. Exceptions to Disclosure of Information

Nothing in this Treaty shall be construed as requiring a party to furnish or allow access to information the disclosure of which would impede the enforcement or otherwise be contrary to the Constitution, to the public interest or their laws concerning the protection of the privacy of individuals, the accounts and financial affairs of individual customers of financial institutions.

Article 20.06. Taxation

1. Except as provided in this article and in annex 20.06, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of either party under any tax convention. in the event of incompatibility between any of these treaties and this treaty, they shall prevail to the extent of the inconsistency.

3. Notwithstanding paragraph 2:

a) Article 3.03 (National Treatment) and such other provisions in this Treaty necessary to give effect to that article shall apply to taxation measures to the same extent as article III of the GATT 1994; and

b) Article 3.14 (export taxes) shall apply to taxation measures.

4. For the purposes of this article: Taxation Measures do not include:

a) A "customs tariff" as defined in article (2.01 definitions of general application); or

b) The measures listed exceptions in (b), (c) and (d) that definition.

Annex 20.06. Double taxation

1. The Parties shall seek to conclude a bilateral double taxation within a reasonable time after the date of Entry into Force of this Treaty.

2. The parties agree that, together with the conclusion of a bilateral double taxation, exchange of letters setting out the relationship between the bilateral treaty to avoid double taxation and Article 20.06.

Chapter 21. Final Provisions

Article 21.01. Modifications

1. Without prejudice to article 18.01 (5) (Free Trade Commission 21.03) and (2), any amendment to this Treaty shall require the agreement of all the parties.

2. The agreed amendments shall enter into force after approval according to the appropriate legal procedures of the Parties and constitute an integral part of this Treaty.

Article 21.02. Reservations

This Treaty shall not be subject to reservations and interpretative declarations at the time of ratification.

Article 21.03. Duration

1. This Treaty shall have indefinite duration and shall enter into force between Chile and each Central American country on the thirtieth day after the date on which respectively have exchanged their respective instruments of ratification certifying that the necessary legal procedures and formalities have been completed.

2. For the present treaty takes effect between Chile and each Central American country, in the instruments of ratification shall be that the legal procedures and formalities have been completed with regard to a bilateral protocol:

a) The annex 3.04 (2) (tariff relief) on the programme of tariff relief between Chile and that Central American country;

b) Section C of Annex contains specific rules of origin (4.03) applicable between Chile and that Central American country;

c) Contains annexes I, II and III of chapter 11 (cross-border trade in services), relating to reservations and restrictions on cross-border services applicable between Chile and that Central American country;

d) The annexes contain 3.08 (customs valuation, 3.10) (6) (restrictions on the importation and exportation) and 16.01 (entities) where appropriate; and

e) Relates to other areas as agreed by the parties.

3. Protocols to be concluded pursuant to paragraph 2 shall be an integral part of this Treaty.

Article 21.04. Annexes

The annexes to this Agreement constitute an integral part of it.

Article 21.05. Denunciation

1. Any Party may denounce this Treaty. provided that Chile is not a party to the complaint, the Treaty shall remain in force for the other parties.

2. Denunciation shall take effect one hundred and eighty (180) days after be communicated to the other parties, without prejudice to the parties may agree on a different period.

Annex I.

1. The schedule of a party contained in accordance with article 1108 (1) (reservations), the reservations taken by a Party with respect to existing measures that do not conform with the obligations imposed by:

a) Article 1103 (National Treatment);

b) Article 11.04 (most-favoured-nation treatment); and

c) Article 1106 (local presence);

And, in certain cases, indicate immediate or future liberalization commitments.

2. Each reservation sets out the following elements:

a) Sector refers to the general sector in which the reservation is taken;

b) Sub-sector refers to the specific sector in which the reservation is taken;

c) CPC corresponds to the digits of the Central Product Classification (CPC), as set out in Statistical Office of the United Nations Statistical Papers, Series M. 77, Provisional Central Product Classification, 1991. the Central Product Classification (CPC) is illustrative only;

d) Type of reservation specifies the obligation referred to in paragraph 1 for which a reservation is taken;

e) Measures identifies the laws, regulations or other measures, as described, where this is indicated in the description element, for which the reservation is taken. a measure cited in the element measures:

i) The measure means as amended, continued or renewed as of the date of Entry into Force of this Treaty; and

ii) Includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

f) Description sets out the liberalization commitments, when they have been made, from the date of Entry into Force of this Treaty, and the remaining dissenting aspects of the existing measure for which the reservation is taken; and

g) The reduction schedule indicates liberalization commitments, when these have been taken, after the date of Entry into Force of this Treaty.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. a reservation is interpreted in the light of the relevant provisions against which the reservation is taken. to the extent that:

a) The reduction schedule establish a gradual reduction of dissenting aspects of the measures, this element shall prevail over all other elements;

b) The measures element is qualified by a commitment from the liberalisation description element, the measures described as element, shall prevail over all other elements; and

c) The measures element is not so qualified element, the measures shall prevail over all other elements, unless a discrepancy between the measure element and the other elements considered in their totality is so substantial material and that it would be unreasonable to conclude that the measure element shall prevail in which case the other elements prevail to the extent of that discrepancy.

Annex II.

1. The list of each Party indicates the reservations taken by that Party, in accordance with article 1108 (2) (reservations), with respect to specific sectors or sub-sectors activities for which it may maintain or adopt new or more restrictive measures that do not conform with the obligations imposed by:

a) Article 1103 (National Treatment);

b) Article 11.04 (most-favoured-nation treatment); and

c) Article 1106 (local presence).

2. Each reservation sets out the following elements:

a) Sector refers to the general sector in which the reservation is taken; sub-sector refers to the specific sector in which the reservation is taken;

c) CPC: corresponds to the digits of the Central Product Classification (CPC), as set out in Statistical Office of the United Nations Statistical Papers, Series M. 77, Provisional Central Product Classification, 1991. the Central Product Classification (CPC) is illustrative only;

d) Type of reservation specifies the obligation referred to in paragraph 1 for which a reservation is taken;

e) Description sets out the scope of the sector and sub-sector or activities covered by the reservation; and

f) Identifies measures, for purposes of transparency, existing measures that apply to the sector and sub-sector or activities covered by the reservation.

3. The interpretation of a reservation in its entirety shall be considered. the description element shall prevail over all other elements.

Annex III.

1. The schedule of a Party sets quantitative restrictions non-discriminatory maintained by that Party, in accordance with article 11.09 (non-discriminatory quantitative restrictions).

2. Each reservation sets out the following elements:

a) Sector refers to the general sector in which the quantitative restriction is maintained;

b) Sub-sector refers to the specific sector in which the quantitative restriction is maintained;

c) CPC corresponds to the digits of the Central Product Classification (CPC), as set out in Statistical Office of the United Nations Statistical Papers, Series M. 77, Provisional Central Product Classification, 1991. the Central Product Classification (CPC) is illustrative only;

d) Measures that identifies the measures it has taken the quantitative restriction; and

e) Description sets out the scope of the sector and sub-sector or activities covered by the quantitative restriction.