AGREEMENT BETWEEN THE AMERICAN INSTITUTE IN TAIWAN AND THE TAIPEI ECONOMIC AND CULTURAL REPRESENTATIVE OFFICE IN THE UNITED STATES REGARDING TRADE BETWEEN THE UNITED STATES OF AMERICA AND TAIWAN

PREAMBLE The American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States, hereinafter individually referred to as a "Party" and collectively the "Parties," seeking to:

STRENGTHEN the economic and trade relationship between the United States of America (United States) and Taiwan;

ACHIEVE a 21st-century trade agreement with high-standard commitments and economically meaningful outcomes to support mutually beneficial trade leading to freer, fairer markets and to robust economic growth;

BENEFIT workers and ensure that free and fair trade contributes to promoting resilient, sustainable, and inclusive economic growth and development;

FACILITATE bilateral trade and investment flows;

PROMOTE good regulatory practices;

IMPROVE regulatory processes;

ENSURE efficient and transparent customs procedures that reduce costs and ensure predictability for importers and exporters;

ENCOURAGE cooperation in the area of trade facilitation and customs enforcement; MINIMIZE unnecessary formalities at the border;

PROMOTE anticorruption measures;

ENHANCE transparency for the public and traders of all sizes and in all sectors;

FOSTER cooperation in promoting jobs and growth in small and medium-sized enterprises, including micro-sized enterprises;

ESTABLISH a foundation for addressing additional trade and investment challenges and opportunities and for advancing mutual priorities over time;

RECOGNIZING the existing rights and obligations of the United States and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu with respect to each other under the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994; the Parties' rights and obligations under the Agreement Between the American Institute in Taiwan and the Coordination Council for North American Affairs Concerning a Framework of Principles and Procedures for Consultations Regarding Trade and Investment, done at Washington, D.C., September 19, 1994; and other agreements addressing rights and obligations with respect to trade between the territories represented by the Parties; and

RECOGNIZING the role that the Parties' Designated Representatives play in matters involving trade and investment between the United States and Taiwan,

HAVE AGREED as follows:

Chapter 1. INITIAL PROVISIONS AND GENERAL DEFINITIONS

Section A. Initial Provisions

Article 1.1. Agreement Regarding Trade

The Parties hereby enter into this Agreement regarding trade between the United States and Taiwan. (1)

(1) Taiwan is a member of the WTO under the name of the "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu."

Article 1.2. Designated Representatives

(a) AIT's Designated Representative is the Office of the United States Trade Representative. TECRO's Designated Representative is the Office of Trade Negotiations, Executive Yuan.

(b) Responsibilities and obligations of the Parties are to be carried out through their respective Designated Representatives where so indicated. The Parties recognize that their respective Designated Representatives may rely on other authorities of the territories represented by the Parties as relevant to ensure the implementation of the Parties' responsibilities and obligations or to exercise the Parties' rights. The Parties intend that, where authorities of the territories represented by the Parties other than their Designated Representatives maintain executive, regulatory, administrative, or other authority relevant to matters addressed by this Agreement, references in this Agreement to Designated Representatives shall be understood to include those other authorities with respect to such matters.

Article 1.3. Delegated Authority

Each Party, through its Designated Representative, shall ensure that all relevant authorities of the territory that it represents that have been delegated executive, regulatory, administrative, or other authority relevant to the obligations set out under this Agreement act consistent with such obligations in the exercise of that authority.

Section Section B: General Definitions

Article 1.4. General Definitions

For the purposes of this Agreement, unless otherwise provided:

AIT means the American Institute In Taiwan;

central level means:

(a) for AIT, the federal authorities of the territory represented by AIT; and

(b) for TECRO, the authorities with jurisdiction that extends throughout the territory represented by TECRO;

customs administration means the competent authority that is responsible under the law of the territory represented by a Party for the administration of customs laws and regulations, and shall refer to:

(a) for AIT, United States Customs and Border Protection, Department of Homeland Security, or any successor thereof; and

(b) for TECRO, Taiwan Customs Administration, Ministry of Finance, or any successor thereof;

customs duty includes a duty or charge of any kind imposed on or in connection with the importation of a good, and any surtax or surcharge imposed on or in connection with such importation, but does not include any:

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

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

(c) antidumping or countervailing duty; and (d) premium offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas, or tariff preference levels;

days means calendar days, including weekends and holidays;

enterprise means an entity constituted or organized under applicable measures, whether or not for profit, and whether privately owned or owned or controlled by the authorities of the territory represented by a Party or by the authorities of a

territory not represented by a Party, including a corporation, trust, partnership, sole proprietorship, joint venture, association, or similar organization;

enterprise of the territory represented by a Party means an enterprise constituted or organized under the measures adopted or maintained by the authorities of the territory represented by the Party;

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

financial service means a service of a financial nature. Financial services include all insurance and insurance-related services, and all banking and other financial services (excluding insurance), as well as services incidental or auxiliary to a service of a financial nature. Financial services include the following activities:

Insurance and insurance-related services

(a) direct insurance (including co-insurance):

(i) life;

(ii) non-life;

(b) reinsurance and retrocession;

(c) insurance intermediation, such as brokerage and agency; and

(d) services auxiliary to insurance, such as consultancy, actuarial, risk assessment, and claim settlement services;

Banking and other financial services (excluding insurance)

(e) acceptance of deposits and other repayable funds from the public;

(f) lending of all types, including consumer credit, mortgage credit, factoring, and financing of commercial transactions;

(g) financial leasing;

(h) all payment and money transmission services, including credit, charge and debit cards, travelers checks, and bankers drafts;

(i) guarantees and commitments;

(j) trading for own account or for account of customers, whether on an exchange, in an over-the-counter market, or otherwise, the following:

(i) money market instruments (including checks, bills, certificates of deposits);

(ii) foreign exchange;

(iii) derivative products, including futures and options;

(iv) exchange rate and interest rate instruments, including products such as swaps and forward rate agreements;

(v) transferable securities; and

(vi) other negotiable instruments and financial assets, including bullion;

(k) participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and supply of services related to these issues;

(l) money broking;

(m) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository, and trust services;

(n) settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

(o) provision and transfer of financial information and financial data processing and related software by suppliers of other financial services; and

(p) advisory, intermediation, and other auxiliary financial services on all the activities listed in subparagraphs (e) through (0), including credit reference and analysis, investment and portfolio research and advice, and advice on acquisitions and on corporate restructuring and strategy;

GATS means the General Agreement on Trade in Services, set out in Annex 1B to the WTO Agreement;

GATT 1994 means the General Agreement on Tariffs and Trade 1994, set out in Annex 1A to the WTO Agreement;

goods means a merchandise, product, article, or material; individual means a natural person;

measure includes any law, regulation, procedure, requirement, or practice adopted or maintained by the authorities of the territory represented by a Party;

national means:

(a) for AIT, "a national of the United States," as defined in the Immigration and Nationality Act; and

(b) for TECRO, a "national" as defined in the Nationality Act; person means a natural person or an enterprise; person of the territory represented by a Party means a natural person who is a national or has permanent residency of the territory represented by the Party, or any enterprise of the territory represented by the Party;

publish means to disseminate information through paper or electronic means that is distributed widely and is readily accessible to the general public;

service supplier of the territory represented by a Party means a person of the territory represented by the Party that seeks to supply or supplies a service;

SME means a small and medium-sized enterprise, including a micro-sized enterprise;

TECRO means the Taipei Economic and Cultural Representative Office;

territory means:

(a) for AIT,

(i) the customs territory of the United States, which includes the 50 states, the District of Columbia, and Puerto Rico;

(ii) the foreign trade zones located in the United States and Puerto Rico; and

(iii) the territorial sea and air space of the United States and any area beyond the territorial sea within which, in accordance with customary international law as reflected in the United Nations Convention on the Law of the Sea, the United States may exercise sovereign rights or jurisdiction;

(b) for TECRO, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu;

trade in services or supply of services means the supply of a service:

(a) from the territory represented by a Party into the territory represented by the other Party;

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

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

(d) by a national of the territory represented by a Party in the territory represented by the other Party;

value added tax means any tax at the central level, including relevant goods and services tax, that embodies the basic features of a value added tax: a broad-based tax on final consumption collected from, but in principle not borne by, businesses through a staged collection process, without regard to the method used for determining the tax liability;

WTO means the World Trade Organization; and

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

Chapter 2. CUSTOMS ADMINISTRATION AND TRADE FACILITATION!

(1)

(1) Nothing in this Chapter shall affect any rights or obligations or be construed to confer any new rights or impose any obligations with respect to antidumping or countervailing duty proceedings or measures taken pursuant to Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, set out in Annex 1A to the WTO Agreement, or the Agreement on Subsidies and Countervailing Measures, set out in Annex 1A to the WTO Agreement, or with regard to actions taken pursuant to Article XIX of the GATT 1994 and the Agreement on Safeguards, set out in Annex 1A to the WTO Agreement.

Article 2.1. Definitions

For the purposes of this Chapter:

customs offense means any act committed for the purpose of avoiding the laws or regulations of the territory represented by a Party pertaining to the provisions of this Chapter governing importations or exportations of goods between, or transit of goods through, the territories represented by the Parties, specifically those that violate a customs law or regulation for restrictions or prohibitions on imports or exports, duty evasion, falsification of documents relating to the importation or exportation of goods, fraud, or smuggling of goods;

electronic format includes formats suitable for automated interpretation and electronic processing without human intervention, as well as digitized images and forms; and

supporting documentation means documentation that is required to support the information presented to the customs administration or other authority of the territory represented by a Party for import, export, or transit of goods through that territory, and may include documents such as invoices, bills of lading, packing lists, and money transfers.

Article 2.2. Online Publication

1. Each Party, through its Designated Representative, shall make available on a free, publicly accessible website the following information and update such information as necessary:

(a) an informational resource that describes the procedures and practical steps an interested person needs to follow for importation into, exportation from, or transit through the territory represented by the Party;

(b) the forms, documentation, and data that the authorities of the territory represented by the Party require for importation into, exportation from, or transit through the territory represented by the Party;

(c) the laws, regulations, and procedures of the territory represented by the Party for importation into, exportation from, or transit through the territory represented by the Party;

(d) all current customs duties, taxes, fees, and charges that the authorities of the territory represented by the Party impose on or in connection with importation, exportation, or transit, including when the fee or charge applies, and the amount or rate;

(e) contact information for the enquiry point or points of the authorities of the territory represented by the Party established or maintained pursuant to Article 2.4;

(f) the laws, regulations, and procedures of the territory represented by the Party for requesting an advance ruling under Article 2.5 and for returning and reimporting rejected goods under Article 2.15;

(g) the laws, regulations, and procedures of the territory represented by the Party for seeking an administrative or judicial review or appeal of an administrative decision or determination from the customs administration of the territory represented by the Party;

(h) informational resources that help an interested person understand the person's obligations when importing into, exporting from, or transiting goods through the territory represented by the Party, how to comply with those obligations, and any additional facilitations available based on a record of compliance, such as through a trusted trader program;

(i) information about trusted trader programs, such as authorized economic operator programs, including eligibility requirements and the application process;

(j) procedures to correct an error in a customs transaction, including the information necessary to make the corrections and,

if applicable, the circumstances when penalties will not be imposed;

(k) information about the current tariff classification nomenclature in effect and the procedures for updating and adopting new nomenclature;

(l) the standards required for the submission of electronic data, electronic documentation, electronic certifications, and electronic signatures to the customs administration or other authority of the territory represented by the Party for importation into, exportation from, or transit through the territory represented by the Party; and

(m) with respect to information that is collected from, or provided by, traders:

(i) how such information can be used, the persons who will be able to access such information, how such information will be stored, and how such information can be checked for errors;

(ii) the laws, regulations, and procedures of the territory represented by the Party regarding the collection, protection, use, disclosure, retention, correction, and disposal of such information;

(iii) any agreements or arrangements governing the collection of such information or the exchange or sharing of such information with third parties; and

(iv) a list of third parties with which the authorities of the territory represented by the Party exchange or share such information.

2. Each Party, through its Designated Representative, shall make the value added tax rates of the territory represented by the Party available without charge in a commonly accepted electronic format, such as Application Programming Interface, and keep the list of rates updated.

Article 2.3. Communication with Traders

1. Each Party, through its Designated Representative, shall, to the extent possible and in accordance with the law of the territory represented by the Party, publish, in advance, regulations of general application governing trade and customs matters that the authorities of that territory propose to adopt and provide interested persons the opportunity to comment before such regulations are adopted.

2. Each Party, through its Designated Representative, shall adopt or maintain a mechanism to regularly communicate with traders about the current and upcoming procedures of the authorities of the territory represented by the Party related to the importation, exportation, and transit of goods. These communications shall provide traders with an opportunity to raise concerns about those procedures and emerging issues and to provide their views to the customs administration and other authorities of that territory on those procedures and emerging issues.

Article 2.4. Enquiry Points

1. Each Party, through its Designated Representative, shall establish or maintain one or more enquiry points to respond to enquiries by interested persons concerning importation, exportation, or transit procedures.

2. Neither Party, either on its own or through its Designated Representative, shall require the payment of a fee or charge for answering enquiries through the enquiry point established under paragraph 1.

3. Notwithstanding paragraph 2, a Party, through its Designated Representative, may require payment of a fee or charge with respect to other enquiries requiring document search, duplication, review, or processing of large volumes of documents or data in connection with requests in accordance with the laws, regulations, and procedures of the territory represented by the Party regarding public access to official records.

4. Each Party, through its Designated Representative, shall ensure that its enquiry point responds to enquiries within 20 days.

5. Notwithstanding paragraph 4, a Party, through its Designated Representative, may allow its enquiry point to take more than 20 days to respond to enquiries that require a document search, duplication, review, or the processing of large volumes of documents or data.

Article 2.5. Advance Rulings

1. Each Party, through its Designated Representative, shall provide that the customs administration of the territory

represented by the Party shall issue, upon request, a written advance ruling prior to the importation of a good into that territory setting forth the treatment that the customs administration shall provide to the good at the time of importation, or exportation in the case of eligibility for drawback or duty deferral.

2. Each Party, through its Designated Representative, shall allow a person of the territory represented by a Party who is an exporter, importer, producer, or that has a justifiable cause, or a representative thereof, to request a written advance ruling.

3. Neither Party, either on its own or through its Designated Representative, shall require, as a condition for requesting an advance ruling, a person of the territory represented by the other Party to establish or maintain a contractual or other relation with a person located in the territory represented by the Party.

4. Each Party, through its Designated Representative, shall provide that the customs administration of the territory represented by the Party shall issue advance rulings with regard to:

(a) tariff classification;

(b) the application of customs valuation criteria for a particular case in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade, set out in Annex 1A to the WTO Agreement (Customs Valuation Agreement);

(c) the origin of the good;

(d) whether a good is subject to a quota or a tariff-rate quota; and

(e) eligibility for a drawback or duty deferral program.

5. Each Party, through its Designated Representative, shall adopt or maintain uniform procedures throughout the territory represented by the Party for the issuance of advance rulings, including a detailed description of the information required to process an application for a ruling.

6. Nothing in this Article prohibits a Party, either on its own or through its Designated Representative, from seeking supplemental information from the person requesting the ruling or a sample of the good for which the advance ruling is being requested at any time while evaluating a request for an advance ruling.

7. Each Party, through its Designated Representative, shall:

(a) in issuing an advance ruling, take into account the facts and circumstances provided by the person requesting that ruling;

(b) issue the ruling as expeditiously as possible and in no case later than 150 days after it has obtained all necessary information from the person requesting an advance ruling; and

(c) provide to the person requesting an advance ruling the reasons for that ruling, including the factual and legal basis.

8. Each Party, through its Designated Representative, shall provide that an advance ruling takes effect on the date that it is issued or on a later date specified in the ruling, and remains in effect unless the advance ruling is modified or revoked.

9. Each Party, through its Designated Representative, shall provide to a person requesting an advance ruling the same treatment provided to any other person to whom it issued an advance ruling, provided that the facts and circumstances are identical in all material respects.

10. Each Party, through its Designated Representative, shall provide that an advance ruling shall apply throughout the territory represented by the Party for the person to whom the ruling is issued.

11. Nothing in this Article requires a Party, through its Designated Representative, to issue an advance ruling if the facts and circumstances forming the basis of the advance ruling are the subject of a post clearance audit or an administrative or judicial review or appeal.

12. Each Party, through its Designated Representative, shall, in accordance with the laws, regulations, and procedures of the territory represented by the Party, make its advance rulings available on a free, publicly accessible website with redactions to protect confidential information.

Article 2.6. Electronic Documentation and Systems for Traders

1. With a view to creating a paperless border environment for trade in goods, each Party, through its Designated Representative, recognizes the importance of eliminating paper forms and documents required for import, export, or transit

of goods. To this end, the Parties, through their Designated Representatives, are encouraged to eliminate requirements for paper forms and documents, as appropriate, and transition toward using forms and documents in electronic formats.

2. Each Party, through its Designated Representative, shall make any form issued or controlled by the customs administration of the territory represented by the Party for import, export, or transit of goods through the territory represented by the Party available to the public in an electronic format.

3. Each Party, through its Designated Representative, shall endeavor to make any form issued or controlled by an authority of the territory represented by the Party other than the customs administration, for import, export, or transit of goods through the territory represented by the Party, available to the public in an electronic format.

4. Each Party, through its Designated Representative, shall make available on a free, publicly accessible website the instructions for how to submit in electronic format the forms referred to in paragraph 2, and supporting documentation for those forms.

5. Nothing in paragraphs 2, 3, and 4 shall be construed to prevent a Party or its Designated Representative from complying with any applicable international legal requirement to the contrary.

6. If a person submits in electronic format a form issued or controlled by the customs administration or other authority of the territory represented by a Party, or, as appropriate, supporting documentation, related to the import, export, or transit of goods through the territory represented by the Party, the Party, through its Designated Representative, shall ensure that electronic document is treated as the legal equivalent of the paper version of the document.

7. Nothing in paragraph 6 shall be construed to require the treatment of an electronic document as the legal equivalent of a paper document if doing so:

(a) would be inconsistent with a domestic legal, regulatory, or procedural requirement or an international legal requirement that is applicable to the authorities of the territory represented by a Party; or

(b) would reduce the effectiveness of customs or other trade procedures in the context of an audit, verification, or enforcement action related to import, export, or transit of goods through the territory represented by a Party.

8. Each Party, through its Designated Representative, shall no later than 12 months after the date of entry into force of this Agreement publish, in accordance with Article 2.2, a list of paper forms that, consistent with paragraphs 5 and 7, are required by the authorities of the territory represented by the Party to be submitted in paper form. Each Party, through its Designated Representative, shall update the list, as appropriate.

9. The Parties, through their Designated Representatives as appropriate, shall endeavor to cooperate in international forums, where appropriate, to promote the use of electronic forms, the acceptance of electronic supporting documentation, and the exchange of electronic certifications tequired for import, export, or transit of goods.

10. Each Party, through its Designated Representative, shall ensure that:

(a) any signature required by the customs administration of the territory represented by the Party may be submitted in electronic format; and

(b) electronic signatures submitted to the customs administration of the territory represented by the Party may be validated electronically without the need for a mutual recognition arrangement.

11. The Parties, through their Designated Representatives as appropriate, shall consult on whether to issue, accept, and exchange certifications consistent with relevant international standards, for example electronic phytosanitary certificates (e-Phyto) consistent with International Standard for Phytosanitary Measures 12 adopted under the International Plant Protection Convention.

Article 2.7. E-Invoicing

1. For the purposes of this Article, value added tax invoice means an invoice submitted by a private party to the tax authorities of the territory represented by a Party for purposes of making value added tax payments or filing value added tax returns.

2. Each Party, through its Designated Representative, shall ensure that an invoice issued by a private party to another private party for the sale of goods or services is not denied legal effect solely on the basis that the invoice is in electronic format.

3. Each Party, through its Designated Representative, shall ensure that a bill of lading issued by a private party to another private party for the carriage of goods is not denied legal effect solely on the basis that the bill of lading is in electronic format.

4. Each Party, through its Designated Representative, shall ensure that a value added tax invoice for the sale of goods or services is not denied legal effect solely on the basis that the value added tax invoice is in electronic format.

5. For greater certainty, a Party, through its Designated Representative, may require that a value added tax invoice submitted to the authorities of the territory represented by the Party be:

(a) in a specified format;

(b) transmitted to those authorities through a specific network or connection; or

(c) encrypted or validated to a specific standard.

6. If the authorities of the territory represented by a Party maintain a requirement described in paragraph 5, the Party, through its Designated Representative, shall, with a view to lowering costs and opening competition, ensure that those authorities:

(a) make that requirement available online;

(b) use or accept open standards for compliance with that requirement; and

(c) take into account the needs of SMEs subject to the requirement.

7. If the authorities of the territory represented by a Party require that a value added tax invoice be transmitted to those authorities through a specific network or connection, the Party, through its Designated Representative, shall ensure that those authorities do not:

(a) charge a fee for using the specific network or connection; or

(b) testrict the use of a specific network or connection to private parties in the territory represented by the Party.

Article 2.8. E-Invoicing Networks

1. For the purposes of this Article:

access point means a service that facilitates the exchange of an invoice or a related document between a buyer and a seller;

data component means common data language and syntax between access points;

delivery component means protocols that govern how an access point delivers data in a secure manner to another access point;

discovery component means protocols that govern how an access point identifies another access point and what data the other access point can receive; and

electronic invoicing network means an open network that creates, exchanges, and processes an invoice or a related document using a structured digital format and without human intervention.

2. The Parties recognize that the use of electronic invoicing networks can increase the effectiveness, efficiency, and predictability of international trade and lower costs. To these ends, each Party, through its Designated Representative, shall endeavor to promote the adoption of electronic invoicing networks that support cross-border interoperability by:

(a) allowing a seller and a buyer, each using a different access point service provider, to exchange an invoice or a related document; and

(b) basing the networks upon discovery components, delivery components, and data components that utilize open standards, such as the OASIS business document exchange and universal business language.

3. Each Party, through its Designated Representative, shall ensure that if the authorities of the territory represented by the Party allow the use of an electronic invoicing network for making value added tax payments to those authorities, the network complies with the principles set out in paragraph 2.

Article 2.9. Exchange of Advance Electronic Data for Postal Shipments of Goods

1. Each Party, through its Designated Representative, shall ensure that any postal operator offering universal service (Postal Operator) of the territory represented by the Party fulfills Electronic Advance Data (EAD) requirements pertaining to Electronic Data Interchange (EDI) of pre-dispatch and item-level customs declaration information consistent with Universal Postal Union (UPU) Standards and Convention Regulations, when such Postal Operator dispatches postal items containing goods that originate in its service territory and are destined for the service territory of a Postal Operator of the territory represented by the other Party.

2. Each Party, through its Designated Representative, shall consult the other Party, through its Designated Representative, prior to imposing EAD requirements pertaining to EDI of pre-dispatch and item-level customs declaration information that are not consistent with UPU Standards and Convention Regulations.

3. Each Party, through its Designated Representative, shall endeavor to impose information submission and processing requirements on postal shipments containing goods to enable effective use of automated targeting methods to intercept potentially higher risk shipments, optimize use of border search resource personnel, and deter illicit trafficking through the mail.

4. Nothing in this Article shall be construed to prevent a Party, either on its own or through its Designated Representative, from complying with domestic or international law that limits liability for Postal Operators of the territory represented by the Party.

Article 2.10. Electronic Payments

Each Party, through its Designated Representative, shall adopt or maintain procedures allowing for the electronic payment of customs duties, taxes, fees, or charges imposed on or in connection with importation or exportation and collected by the customs administration or other authority of the territory represented by the Party.

Article 2.11. Authorized Economic Operator (AEO)

1. Each Party, through its Designated Representative, shall maintain a trade facilitation partnership program for operators who meet specified security criteria, known as AEO programs, consistent with the Framework of Standards to Secure and Facilitate Global Trade of the World Customs Organization.

2. The Parties, through their Designated Representatives, shall endeavor to cooperate by:

(a) exchanging experiences on the operation of and improvements to their respective AEO programs, seeking to adopt, if appropriate, best practices, in particular with respect to bolstering supply chain resiliency;

(b) exchanging information with each other on the operators authorized by their respective AEO programs, in accordance with the law and established processes of the authorities of the territories represented by the Parties; and

(c) collaborating in the identification and implementation of trade facilitation benefits for operators authorized by the authorities of the territory represented by the other Party.

Article 2.12. Single Window

1. Each Party, through its Designated Representative, shall establish or maintain a single window system that enables the electronic submission through a single entry point of the forms, documentation, and data the authorities of the territory represented by the Party require of importers for importation prior to the arrival of goods to the territory represented by the Party.

2. Each Party, through its Designated Representative, shall provide for the processing of the electronic submissions described in paragraph 1 prior to the arrival of goods to the territory represented by the Party to:

(a) perform an assessment of risk; and

(b) expedite the release of low-risk goods.

3. Each Party, through its Designated Representative, shall, whenever practicable, utilize available data provided by information technology systems or sensors embedded on vehicles, shipping containers, or packing materials or otherwise with the shipment to:

(a) perform an assessment of risk; and

(b) expedite the release of low-risk goods.

4. Each Party, through its Designated Representative, shall, in a timely manner, inform the submitter of import information through its single window system of the status of the release of the imported goods.

5. If the authorities of the territory represented by a Party do not promptly release an import, the Party, through its Designated Representative, shall inform the importer and shall include in the notification, to the extent permitted by the law of the territory represented by the Party, the reasons why the goods are not released and which authority of that territory, if not the customs administration, has withheld release of the goods.

6. In building and maintaining the single window system described in paragraph 1, each Party, through its Designated Representative, shall endeavor to streamline the system on an ongoing basis, including by adding functionality to eventually cover export and transit transactions, facilitate trade, improve transparency, and reduce release times and costs associated with import, export, and transit through the territory represented by the Party.

7. Each Party, through its Designated Representative, shall provide that a submitter may, without penalty:

(a) correct a non-fraudulent error (2) in a submission to the single window system described in paragraph 1 within a reasonable amount of time;

(b) update a submission to the single window system described in paragraph 1 to reflect changed circumstances at any time before the importation is complete; and

(c) whenever practicable and consistent with the laws, regulations, and procedures of the territory represented by the Party, correct multiple import declarations, or other forms, documents, or data previously submitted to the single window system described in paragraph 1, in a single submission.

(2) For greater certainty, whether an error is non-fraudulent may be determined based on the published laws, regulations, or procedures of the territory represented by the Party.

Article 2.13. Release of Goods

1. Each Party, through its Designated Representative, shall adopt or maintain customs procedures related to the importation of goods that:

(a) provide for the immediate release of goods upon receipt of all required forms and supporting documentation and the fulfillment of all applicable requirements and procedures; and

(b) allow such goods to be released by the customs administration of the territory represented by the Party at the point of arrival without requiring temporary transfer to warehouses, premises, or other facilities unless required by other authorities of that territory with jurisdiction over such goods. If additional inspections are required by such other authorities, those authorities will release the goods when the goods comply with the applicable requirements of those authorities.

2. Each Party, through its Designated Representative, shall adopt or maintain procedures that provide for the release of goods prior to a final determination and payment of customs duties, taxes, fees, and charges imposed on or in connection with importation of the goods, when these customs duties, taxes, fees, or charges are not determined by the time of arrival, provided that the goods are otherwise eligible for release and any security required by the authorities of the territory into which the good is to be imported has been provided.

3. If the authorities of the territory represented by a Party allow for the release of goods conditioned on a security, the Party, through its Designated Representative, shall adopt or maintain procedures that:

(a) ensure that the amount of the security is no greater than that required to ensure that obligations arising from the importation of the goods will be fulfilled;

(b) ensure that the security obligation shall be discharged as soon as possible after the customs administration of the territory represented by the Party is satisfied that the obligations arising from the importation of the goods have been fulfilled or, for instruments covering multiple entries, until it is no longer required; and

(c) except in limited circumstances, allow an importer to provide security using a non-cash financial instrument.

4. Nothing in this Article requires a Party, either on its own or through its Designated Representative, to require the release of a good where applicable requirements for release have not been met, or to prevent the authorities of the territory

represented by the Party from liquidating a security in accordance with their laws, regulations, and procedures.

5. Neither Party, either on its own or through its Designated Representative, shall use reference or minimum prices, including for risk management, for the purpose of assessing the customs value of goods, assessing taxes, or setting a guarantee.

6. Neither Party, either on its own or through its Designated Representative, shall require the use of preshipment inspection within the scope of Article 10.5.1 of the WTO Agreement on Trade Facilitation, set out in Annex 1A to the WTO Agreement.(3)

7. Each Party, through its Designated Representative, shall allow, to the extent practicable, goods intended for import to be moved within the territory represented by the Party under customs control from the point of arrival to another customs port in that territory from where the goods are intended to be released, provided the applicable regulatory requirements of the territory represented by the Party are met.

8. Each Party, through its Designated Representative, shall regularly update, as appropriate, risk profiles in the risk management systems of the authorities of the territory represented by the Party, taking into account emerging trends and trade dynamics and the results of previous customs control activities.

9. Each Party, through its Designated Representative, shall adopt or maintain procedures to ensure uniformity of customs treatment across the territory represented by the Party for goods imported into or transiting the territory.

10. Each Party, through its Designated Representative, shall adopt or maintain training programs for the customs officials of the authorities of the territory represented by the Party with a view to encouraging efficiency, consistency, and predictability in the application of customs procedures throughout that territory, including training on:

(a) laws, regulations, procedures, and guidance documents that apply throughout that territory;

(b) mechanisms for seeking consistent guidance on applying a particular customs procedure to an individual customs transaction;

(c) technological developments in customs procedures, such as non-intrusive inspection techniques, artificial intelligence, and track-and-trace;

(d) information technology systems being used by the customs administration of that territory;

(e) business or trade processes that may complicate risk assessment by the customs administration of that territory; and

(f) decisions and agreements at the international level that affect the application of the customs procedures of that territory.

(3) For greater certainty, this paragraph refers to preshipment inspections covered by the WTO Agreement on Preshipment Inspection, set out in Annex 1A to the WTO Agreement, and does not preclude preshipment inspections for sanitary and phytosanitary purposes.

Article 2.14. Express Shipments

1. Each Party, through its Designated Representative, shall adopt or maintain expedited customs procedures for express shipments while maintaining appropriate customs control and selection. These procedures shall include the procedures specified in Article 2.13. Each customs procedure for express shipments adopted or maintained pursuant to this Article shall:

(a) apply without regard to the weight of the shipment,(4) whether the shipment is personal or commercial, or whether the recipient is a natural person or legal entity;

(b) not limit the total number, nor limit the number over a certain period of time, of express shipments that a single recipient may receive;

(c) to the extent practicable, use non-intrusive inspection technology to facilitate any necessary physical examination or inspections of the goods; and

(d) require only the submission of the minimum information necessary to process, telease, and clear the shipment, and, where possible, allow it to be submitted in a single submission through the single window system described in Article 2.12.

2. For express shipments valued at less than US$2500, each Party, through its Designated Representative, shall adopt or maintain procedures that apply fewer customs formalities than are required for formal entry procedures, provided that the

shipments do not form part of a series of importations that may be reasonably considered to have been undertaken or arranged for the purpose of avoiding compliance by an importer with the laws, regulations, or procedures of the territory represented by the Party into which the shipments are to enter.

3. The procedures provided for in paragraph 2 shall:

(a) allow for individual shipments, identified by a bill of lading, to be consolidated into one customs entry by either the plane-load or truck-load;

(b) allow the release and clearance of shipments without requiring an importer to obtain a customs bond; and

(c) allow either:

(i) a qualified consignee to request the periodic billing and remittance of customs duties, taxes, fees, and charges assessed for all its imports over a designated time period; or

(ii) the levy of a flat percentage rate assessment on all goods, the payment of which will fulfill the requirement to pay any customs duties, tax, fee, or charge owing for the shipment. (5)

4. For express shipments of restricted goods, nothing in this Article shall be interpreted to prohibit a Party, through its Designated Representative, from:

(a) applying additional formalities for entry;

(b) assessing customs duties, taxes, fees, or charges; or

(c) requiring the submission of additional import documentation and data.

5. Nothing in this Article shall be interpreted to prohibit a Party, through its Designated Representative, from requiring that express shipments be accompanied by an airway bill or bill of lading.

(4) The Parties, through their Designated Representatives, recognize that the authorities of the territory represented by a Party may require formal entry procedures as a condition for release based on the good's weight.

(5) For greater certainty, a Party, through its Designated Representative, may opt for up to five flat rates consistent with this paragraph.

Article 2.15. Returned Goods

1. Each Party, through its Designated Representative, shall establish or maintain procedures for incoming returns of non-perishable goods (6) that allow for the return and re- importation of goods free of customs duty when returned within three years after having been exported without having been advanced in value or improved in condition by requiring the minimum information necessary to identify the goods as the same goods previously exported, such as an invoice or a bill of lading.

2. Each Party, through its Designated Representative, shall establish or maintain procedures for outgoing rejected goods that, upon the export from the territory represented by the Party of previously imported goods that have been rejected by the importer or purchaser, provide a mechanism for the refund of customs duties and value added taxes. A Party, through its Designated Representative, may require proof of export from the territory represented by the Party before providing the refund. Neither Party, either on its own or through its Designated Representative, shall require the use of a customs broker or that the claimant be established in the territory represented by the Party in order to claim a refund.

(6) For greater certainty, nothing in this paragraph shall be construed to prevent a Party, through its Designated Representative, from prohibiting the incoming returns of non-perishable goods that are not permitted to be returned or re-imported by the laws, regulations, or procedures of the territory represented by the Party.

Article 2.16. Shipping Containers and other Substantial Holders

1. For purposes of this Article, a shipping container or other substantial holder includes any container, tank, cube, cask, barrel, box, winding core, pallet, crate, or cylinder, whether collapsible or not, that is constructed ofa sturdy material capable of repeated use, such as plastic, wood, or steel, and that is used in the shipment of goods as an instrument of international

traffic.

2. Each Party, through its Designated Representative, shall adopt or maintain procedures allowing a shipping container or other substantial holder, whether arriving full or empty, of any size, volume, or dimension, and accessories or equipment accompanying a shipping container or other substantial holder that has an internal volume of one cubic meter or more:

(a) to be released from customs control without a customs declaration or payment of customs duties, taxes, fees, or charges; and

(b) to remain within the territory represented by the Party continuously for at least 364 days.

Article 2.17. Agricultural and other Goods Vulnerable to Deterioration (AOQGVD)

1. To avoid deterioration, for imports of AOGVD, each Party, through its Designated Representative, shall provide that the customs administration of the territory represented by the Party shall:

(a) allow for electronic submission of entry process documents, including required licenses, permits, market authorizations, and registrations;

(b) automate the tariff rate quota administration procedures;

(c) make available up-to-date, free online information on tariff rate quota availability, including eligibility requirements and quantity of quota allocated;

(d) provide for reasonable hours of inspection service at ports; and

(e) give appropriate priority to AOGVD when scheduling inspections that may be required in order to determine whether to release product into commerce.

2. Each Party, through its Designated Representative, shall identify opportunities to provide inspection services away from the border crossings of the territory represented by the Party to facilitate the release of AOGVD. These opportunities may include preauthorization of AOGVD and the provision of outside-the-port services, which may include allowing an importer to arrange proper storage of AOGVD in climate-appropriate storage facilities pending release.

3. If the authorities of the territory represented by a Party limit the number of climate- appropriate storage facilities at or near a port, the Party, through its Designated Representative, shall ensure those authorities take into account, as appropriate, the need for sufficient storage for AOGVD in the management of inspection activities and decisions on the number of facilities.

4. Taking into account the particular costs associated with trade in AOGVD, each Party, through its Designated Representative, shall ensure that the authorities of the territory represented by the Party review entry process requirements, including the use of stamps, signatures, attestations, and paper requirements, with a view to reducing and automating requirements, accepting more entry process documents electronically, and reducing their time and burden.

Article 2.18. Humanitarian Cargo and Disaster Supplies

Each Party, through its Designated Representative, recognizes the need to have response and recovery plans in place to build resiliency and prepare for humanitarian crises and disasters. Each Party, through its Designated Representative, shall endeavor to allow the rapid release of shipments that the Party, through its Designated Representative, designates as humanitarian or disaster-relief shipments and, where practicable, shall exempt such shipments from the payment of customs duties, taxes, fees and charges.

Article 2.19. Consular Transactions

1. For purposes of this Article, consular transaction means a requirement that goods of the territory represented by a Party intended for export to the territory represented by the other Party must first be submitted to the supervision of the consul of the territory into which the goods are to be imported in the territory from which the goods are to be exported for the purpose of obtaining a signature for authentication, a consular invoice, or a consular visa for a commercial invoice, certificate of origin, manifest, shipper's export declaration, or any other form or documentation in connection with the importation of the good.

2. Neither Party, either on its own or through its Designated Representative, shall require a consular transaction or consular tax, fee, or charge in connection with the importation of any good.

Article 2.20. Review and Appeal of Customs Determinations

1. With a view to providing effective, impartial, and easily accessible procedures for review and appeal of administrative determinations on customs matters, each Party, through its Designated Representative, shall ensure that any person to whom the customs administration of the territory represented by the Party issues a determination has access to:

(a) an administrative appeal or a review of the determination by an administrative authority higher than or independent of the employee or office that issued the determination; and

(b) a judicial review or appeal of the determination or decision made at the final level of an administrative review.

2. Each Party, through its Designated Representative, shall provide a person to whom the customs administration of the territory represented by the Party issues an administrative determination with the reasons for the administrative determination and access to information on how to request reviews and appeals.

3. Each Party, through its Designated Representative, shall provide that the authority of the territory represented by the Party conducting a review or appeal under paragraph 1 notifies the person in writing of its determination or decision in the review or appeal, and the reasons for the determination or decision.

4. Each Party, through its Designated Representative, shall ensure thatifa person receives a determination or decision on an administrative or judicial review or appeal as provided under paragraph 1, that determination or decision shall be applicable in the same manner throughout the territory represented by the Party with respect to that person.

5. With a view to ensuring predictability for traders and consistent application of the customs laws, regulations, and procedures of the territory represented by the Party, each Party, through its Designated Representative, shall ensure the determinations or decisions of the highest administrative appeal authority of the territory represented by the Party are applied to the practices of the customs administration throughout that territory.

6. Each Party, through its Designated Representative, shall ensure that the customs administration of the territory represented by the Party allows a trader to file a request for administrative review or appeal through electronic means.

Article 2.21. Administrative Guidance

1. Each Party, through its Designated Representative, shall adopt or maintain an administrative procedure by which a customs office in the territory represented by the Party may request guidance from a designated centralized office of the customs administration of the territory represented by the Party as to the proper application of laws, regulations, and procedures of the territory represented by the Party for importation into, exportation from, or transit through that territory with respect to a specific customs transaction, regardless of whether the transaction is prospective, pending, or has been completed. This administrative procedure shall provide that a customs office shall request guidance under this administrative procedure on its own initiative or at the written request of an importer or exporter in the territory represented by the Party, or a representative thereof.

2. Each Party, through its Designated Representative, shall provide that the designated centralized office of the customs administration of the territory represented by the Party shall provide guidance in response to a request by a customs office described in paragraph 1 if the customs treatment applied or proposed to be applied by the customs office to the transaction is inconsistent with the customs treatment provided with respect to transactions that are identical in all material respects, including by another customs office in the territory represented by the Party.

3. Each Party, through its Designated Representative, shall make available on a free, publicly accessible website the procedures, including any forms, for an importer or exporter to request guidance as described in paragraph 1.

4. Each Party, through its Designated Representative, shall provide that an importer or exporter to whom a request described in paragraph 1 relates is allowed an opportunity to submit written views and information to the designated centralized office of the customs administration of the territory represented by the Party before it issues its guidance.

5. Each Party, through its Designated Representative, shall provide that guidance in response to a request described in paragraph 1 shall be taken into account by the customs office with respect to the transaction that is the subject of the request, provided that there is not a ruling or determination issued on the transaction and the facts and circumstances remain the same.

6. Nothing in this Article requires a Party, either on its own or through its Designated Representative, to require the customs administration of the territory represented by the Party to provide guidance on transactions for which: a determination has

been made; a determination has been applied consistently throughout the territory represented by the Party; a determination is pending; an importer or exporter has requested a ruling or has received a ruling that has been applied consistently throughout the territory represented by the Party; or a determination or ruling is being reviewed.

Article 2.22. Penalties

1. Each Party, through its Designated Representative, shall adopt or maintain measures that allow for the imposition of a penalty by the customs administration of the territory represented by the Party for breach of the customs laws, regulations, or procedures of that territory, including those governing tariff classification, customs valuation, transit procedures, country of origin, or claims for preferential treatment. Each Party, through its Designated Representative, shall ensure that such measures are administered in a uniform manner throughout the territory represented by the Party.

2. Each Party, through its Designated Representative, shall ensure that a penalty imposed by the customs administration of the territory represented by the Party for a breach of the customs laws, regulations, or procedures of that territory is imposed only on the person legally responsible for the breach.

3. Each Party, through its Designated Representative, shall ensure that any penalty imposed by the customs administration of the territory represented by the Party for breach of the customs laws, regulations, or procedures of that territory depends on the facts and circumstances of the case, including any previous breaches by the person receiving the penalty, and be commensurate with the degree and severity of the breach.

4. Each Party, through its Designated Representative, shall provide that a clerical or minor error in a customs transaction, as set forth in the laws, regulations, or procedures of the territory represented by the Party, published in accordance with Article 2.2, may be corrected without assessment of a penalty, unless the error is part of a consistent pattern of such errors by that person.

5. Each Party, through its Designated Representative, shall adopt or maintain measures to avoid conflicts of interest in the assessment and collection of penalties and customs duties. Those measures shall provide that no portion of the remuneration of an official of the authorities of the territory represented by the Party shall be calculated as a fixed portion or percentage of any penalties or customs duties assessed or collected or as a fixed portion or percentage of the value of any goods seized.

6. Each Party, through its Designated Representative, shall ensure that when the customs administration of the territory represented by the Party imposes a penalty for a breach of the customs laws, regulations, or procedures of that territory, it provides an explanation in writing to the person on whom the penalty is imposed, specifying the nature of the breach, including the specific law, regulation, or procedure concerned and the basis for determining the penalty amount if not set forth specifically in the law, regulation, or procedure.

7. Each Party, through its Designated Representative, shall provide that a person may disclose an error in a customs transaction that is a potential breach of a customs law, regulation, or procedure of the territory represented by the Party, excluding fraud, prior to the discovery of the error by the authorities of that territory, if the person does so in accordance with the laws, regulations, or procedures of that territory and pays any owed customs duties, taxes, fees, and charges, including interest. Each Party, through its Designated Representative, shall provide that the disclosure must include the identification of the transaction and circumstances of the error. Neither Party, either on its own or through its Designated Representative, shall use this disclosure to assess a penalty for a breach of a customs law, regulation, or procedure of the territory represented by a Party.

8. Each Party, through its Designated Representative, shall specify a fixed, finite period within which the authorities of the territory represented by the Party may initiate penalty proceedings in connection with a breach of a customs law, regulation, or procedure.

Article 2.23. Standards of Conduct

1. Further to Article 2.22, each Party, through its Designated Representative, shall adopt or maintain measures to deter customs officials of the territory represented by the Party from engaging in any action that would result in, or reasonably create the appearance of, use of their public service position for private gain, including any monetary benefit.

2. Each Party, through its Designated Representative, shall provide a mechanism for importers, exporters, carriers, customs brokers, trade unions, and other stakeholders to submit complaints regarding perceived improper or corrupt behavior of the customs administration personnel in the territory represented by the Party, including at ports of entry and other customs offices. Each Party, through its Designated Representative, shall take appropriate action on a complaint in a timely

manner in accordance with the laws, regulations, or procedures of the territory represented by the Party.

Article 2.24. Protection of Trader Information

1. Each Party, through its Designated Representative, shall ensure that the customs administration and other authorities of the territory represented by the Party apply measures on the collection, protection, use, disclosure, retention, correction, and disposal of information that is collected from traders.

2. Each Party, through its Designated Representative, shall ensure that the customs administration and other authorities of the territory represented by the Party protect, in accordance with the law of that territory, confidential information from unauthorized use or disclosure and from physical and cyber security threats.

3. A Party, either on its own or through its Designated Representative, may use or disclose confidential information only for the purposes of administration or enforcement of the customs laws of the territory represented by the Party or as otherwise provided under the law of that territory, including in an administrative or judicial proceeding.

4. If information collected from a trader is used or disclosed other than as provided in this Article, the Party, through its Designated Representative, shall address the incident, in accordance with the laws, regulations, or procedures of the territory represented by the Party, impose a penalty on those responsible for the unauthorized use or disclosure, if possible, and implement a plan to prevent a reoccurrence.

Article 2.25. Cooperation

1. The Parties, through their Designated Representatives as appropriate, agree to strengthen and expand the customs and trade enforcement efforts and cooperation between the authorities of the territories represented by the Parties, as set out in this Article and Articles 2.26 to 2.28. In these efforts, the Parties, either on their own or through their Designated Representatives, may use any applicable mechanism, including cooperation mechanisms.

2. Each Party, through its Designated Representative, shall take appropriate measures to enhance coordination between the customs administration and other authorities of the territory represented by the Party, and for cooperation with the authorities of the territory represented by the other Party, related to customs offenses.

3. The measures under paragraph 2 may include:

(a) specific operations, such as enforcement actions to detect, prevent, or address customs offenses, especially on identified customs priorities, taking into account trade data, including patterns of imports, exports, or goods in transit to identify potential or real sources of these offenses;

(b) providing advice on detecting the submission of false information with respect to tariff classification, customs valuation, or other information required for import, export, or transit;

(c) adopting or maintaining penalties aimed at deterring or penalizing customs offenses; and

(d) providing officials of the authorities of the territory represented by the Party with the legal authority to enforce measures as described under this Agreement.

4. Each Party, through its Designated Representative, shall, whenever practicable, and subject to the laws, regulations, and procedures of the territory represented by the Party, provide the authorities of the territory represented by the other Party with non-confidential information that has come to its attention that it believes would assist the authorities of the territory represented by the other Party in detecting, preventing, or addressing potential or actual customs offenses, in particular those related to unlawful activities, including duty evasion, smuggling, and similar infractions. Such information may include specific data on any person suspected to be involved in unlawful activity, the mode of transportation, other relevant information, and the results of enforcement actions, application of penalties, or unusual trade patterns, both collected directly by the authorities of the territory represented by the providing Party and received from other sources.

5. The Parties, through their Designated Representatives, shall endeavor to cooperate, subject to the laws, regulations, and procedures of the territories represented by the Parties, by developing customs enforcement operations, which may include the creation of task forces, coordinated data analysis, and identification of special monitoring measures and other actions, to prevent, deter, and address customs offenses, particularly with respect to identified customs priorities of mutual concern.

Article 2.26. Exchange of Specific Confidential Information

1. For the purposes of this Article, relevant facts indicating that a customs offense is occurring or is likely to occur means historical evidence of non-compliance with laws or regulations, or other specific information that the authorities of the territories represented by the Parties mutually understand is sufficient in the context of a particular request.

2. For the purposes of enforcing or assisting in the enforcement of measures of the authorities of the territory represented by a Party concerning customs offenses, a Party, through its Designated Representative as appropriate, may request that the other Party, through its Designated Representative as appropriate, provide specific confidential information held by the authorities of the territory represented by the other Party that is normally collected in connection with the importation, exportation, or transit of a good if the authorities of the territory represented by the Party have relevant facts indicating that a customs offense is occurring or is likely to occur.

3. A request under paragraph 2 shall be made in writing or through another means that allows for the acknowledgement of receipt, and shall include a brief statement of the matter at issue, the information requested, the relevant facts indicating that a customs offense is occurring or is likely to occur, and sufficient information for the Party that receives, through its Designated Representative as appropriate, a request to respond in accordance with the laws, regulations, and procedures of the territory represented by the Party.

4. The Party that receives a request under paragraph 2, through its Designated Representative as appropriate, shall, subject to the laws, regulations, procedures, or other legal obligations of the territory represented by the Party, provide to the other Party, through its Designated Representative as appropriate, a written response containing the requested information held by the authorities of the territory represented by the Party as soon as practicable.

5. A Party, through its Designated Representative as appropriate, may provide information under this Article in paper or electronic format.

6. To facilitate the rapid and secure exchange of confidential information, each Party, in consultation with its Designated Representative, shall designate or maintain a contact point for cooperation under this Article in accordance with Article 7.7 (Contact Points).

Article 2.27. Customs Compliance Visit Requests

1. A Party, through its Designated Representative as appropriate, may request that the authorities of the territory represented by the other Party conduct a visit in that territory to assist the authorities of the territory represented by the Party to determine whether a customs offense is occurring or has occurred by obtaining information, including documents, from relevant entities, such as an exporter or producer of exported goods. The Party, through its Designated Representative as appropriate, shall make the request to the other Party, through its Designated Representative as appropriate, in writing.

2. If a Party, through its Designated Representative as appropriate, receives a request under paragraph 1, the Party through its Designated Representative as appropriate, shall respond to the request promptly and in no case later than 30 days after the date the request is received. In responding to the request, the Party, through its Designated Representative as appropriate, shall indicate whether the authorities of the territory represented by the Party will conduct the visit and, if so, the intended timing and other relevant details.

3. If a Party, through its Designated Representative as appropriate, receives a request under paragraph 1 and the authorities of the territory represented by the Party do not intend to conduct the visit, the Party, through its Designated Representative as appropriate, shall indicate the basis for refusal and authorize the authorities of the territory represented by the other Party to conduct a visit on their own. The other Party, through its Designated Representative as appropriate, shall give reasonable advance notice to the authorities of the territory represented by the Party of the proposed date of the visit that the authorities of the territory represented by the other Party plan to conduct on their own.

4. If a Party, through its Designated Representative as appropriate, receives a request under paragraph 1 and the authorities of the territory represented by the Party conduct the requested visit, the other Party, through its Designated Representative as appropriate, may request to accompany the authorities of the territory represented by the Party and participate in the visit. If the authorities of the territory represented by the Party do not allow the authorities of the territory represented by the other Party to participate in the visit, the other Party, through its Designated Representative, may provide for the authorities of the territory represented by the other Party to take this fact into consideration when making their determination.

5. If a Party, through its Designated Representative as appropriate, receives a request under paragraph 1 and the authorities of the territory represented by the Party conduct the requested visit, the Party, through its Designated Representative as appropriate, shall provide the authorities of the territory represented by the other Party, promptly upon completion of the visit, a report containing the relevant information, including data and documents, obtained during the visit.

6. Without regard to whether a request to conduct a visit was made under paragraph 1, absent extraordinary circumstances, a Party, through its Designated Representative, shall grant an eligible official from the authorities of the territory represented by the other Party access to the territory represented by the Party to conduct a visit under this Article. (7)

(7) For greater certainty, this paragraph is without prejudice to the requirements of the authorities of the territory represented by a Party concerning entry of persons into the territory represented by the Party, including visa requirements.

Article 2.28. Confidentiality between Parties

1. If a Party, either on its own or through its Designated Representative, provides information to the other Party, its Designated Representative, or the authorities of the territory represented by the other Party in accordance with Article 2.26 or 2.27 and designates it as confidential information, or if the information is confidential under the law of the territory represented by the providing Party, the other Party, both on its own and through its Designated Representative, shall protect the information from unauthorized use or disclosure and from physical and cyber threats in accordance with the laws, regulations, and procedures of the territory represented by the other Party.

2. A Party, either on its own or through its Designated Representative, may decline to provide information requested if the other Party or its Designated Representative has failed to act in accordance with paragraph 1.

3. A Party, either on its own or through its Designated Representative, may use or disclose confidential information received from the other Party, its Designated Representative, or the authorities of the territory represented by the other Party under Articles 2.26 or 2.27 only for the purposes of administration or enforcement of the customs laws or as otherwise provided under the law of the territory represented by the Party, including in an administrative, quasi- judicial, or judicial proceeding.

Article 2.29. Trade Facilitation Committee

1. The Parties, through their Designated Representatives as appropriate, hereby establish a Committee on Trade Facilitation (the Trade Facilitation Committee) composed of the representatives of the Parties and relevant representatives of the authorities of the territories represented by the Parties, including the customs administrations.

2. With a view to facilitating the effective operation of this Chapter, the Trade Facilitation Committee's functions shall include:

(a) encouraging cooperation between the authorities of the territories represented by the Parties regarding customs issues that affect goods traded between the territories represented by the Parties;

(b) encouraging cooperation between the authorities of the territories represented by the Parties regarding the operation and implementation of this Chapter; and

(c) encouraging cooperation between the authorities of the territories represented by the Parties to provide advance notice of any significant administrative or procedural change, newly proposed law or regulation, or modification of a law or regulation of the territory represented by a Party that governs importations, exportations, or transit procedures that is likely to substantially affect the operation of this Agreement or likely to affect the effective implementation and enforcement of the customs and trade laws and regulations of the territory represented by a Party.

3. Each Party, through its Designated Representative, shall provide opportunities for persons of the territory represented by the Party to provide views to the Trade Facilitation Committee on the implementation of this Chapter.

4. Unless the Parties, in consultation with their Designated Representatives, decide otherwise, the Trade Facilitation Committee shall meet at least once a year. The Trade Facilitation Committee may also invite persons that may have an interest to contribute to its work.

Article 2.30. Transitional Period

Notwithstanding Article 8.4 (Entry into Force) of this Agreement, TECRO, through its Designated Representative, shall implement its obligations with respect to paragraphs 2 and 3(c) of Article 2.14 within three years of the date of entry into force of this Agreement. Prior to the end of that time period, the Parties, in consultation with their Designated Representatives, shall determine whether it is appropriate to extend the time period for an additional period not to exceed one year.

Chapter 3. GOOD REGULATORY PRACTICES

Article 3.1. Definitions

For the purposes of this Chapter:

regulation means a measure of general application, with which compliance is mandatory, adopted, issued, or maintained by a regulatory authority, of the territory represented by a Party except as set forth in Annex 3-A;

regulatory authority means a central level administrative authority or agency of the authorities of the territory represented by a Party that develops, proposes, or adopts a regulation, and does not include legislatures or courts; and

regulatory cooperation means an effort between the authorities of the territory represented by a Party and the authorities of the territory represented by the other Party to prevent, reduce, or eliminate unnecessary regulatory differences to facilitate international trade and investment and promote economic growth, while maintaining or enhancing standards of public health and safety and environmental protection.

Article 3.2. Subject Matter and General Provisions

1. The Parties, through their Designated Representatives, recognize that implementation of practices by all regulatory authorities to promote regulatory quality through greater transparency, objective analysis, accountability, and predictability can facilitate international trade and investment and promote economic growth, while contributing to the ability of the authorities of the territory represented by each Party to achieve their public policy objectives (including health, safety, labor, environmental, and sustainability goals) at the level they consider appropriate. The application of good regulatory practices can support greater regulatory compatibility between the regulatory authorities, which can reduce or eliminate, as appropriate, unnecessarily burdensome or duplicative regulatory requirements and encourage cooperation to address shared transboundary and global challenges.

2. The Parties, through their Designated Representatives, also recognize the importance of transparency in the regulatory development process and the need to engage persons that may have an interest, including small enterprises, workersâ organizations, rural communities, and individuals that may be historically disadvantaged, vulnerable, or marginalized, such as women, minorities, and Indigenous peoples.

3. Accordingly, this Chapter sets out obligations and other provisions with respect to good regulatory practices, including practices relating to the planning, design, issuance, implementation, and review of regulations.

4. For greater certainty, this Chapter does notprevent the Parties, either on their own or through their Designated Representatives, from:

(a) pursuing public policy objectives (including health, safety, labor, environmental, and sustainability goals) at the level they consider to be appropriate;

(b) determining the appropriate method of implementing their obligations in this Chapter within the framework of the legal system and institutions of the territories represented by the Parties; or

(c) adopting good regulatory practices in addition to those that are set out in this Chapter.

Article 3.3. Central Regulatory Coordinating Bodies or Mechanisms

Recognizing that institutional arrangements are particular to the system of the authorities of the territory represented by a Party, the Parties, through their Designated Representatives, note the important role of central regulatory coordinating bodies and mechanisms in promoting good regulatory practices; performing key advisory, coordination, and review functions to improve the quality of regulations; and developing improvements to their regulatory systems. Each Party, through its Designated Representative, intends to establish or maintain central regulatory coordinating bodies or mechanisms within their mandates and consistent with the laws of the territory represented by the Party.

Article 3.4. Internal Consultation, Coordination, and Review

1. Each Party, through its Designated Representative, shall adopt or maintain processes or mechanisms to pursue, among others, the following objectives:

(a) promoting adherence to good regulatory practices, including those set forth in this Chapter, by all regulatory authorities;

(b) identifying and developing improvements to regulatory processes by all regulatory authorities;

(c) identifying potential overlap or duplication between proposed and existing regulations and preventing the creation of inconsistent requirements by all regulatory authorities;

(d) reviewing regulations early in the development process to take into account compliance with international trade and investment obligations, including, as appropriate, review of the use of relevant international standards, guides, and tecommendations;

(e) promoting consideration of regulatory impacts, including burdens on small enterprises, of information collection and implementation; and

(f) encouraging regulatory approaches that promote job creation, innovation, and competition in the marketplace.

2. Each Party, through its Designated Representative, shall make publicly available online a description of the processes or mechanisms referred to in paragraph 1. Each Party, through its Designated Representative, shall strive to provide that information on a website described in Article 3.7 or through links from that website.

Article 3.5. Information Quality

1. Each Party, through its Designated Representative, shall adopt or maintain publicly available guidance or mechanisms that encourage regulatory authorities, when developing a regulation, to:

(a) seek the best, reasonably obtainable information, including scientific, technical, economic, or other information, relevant to the regulation they are developing;

(b) rely on information that is appropriate for the context in which it is used; and

(c) identify sources of information in a transparent manner, as well as any significant assumptions and limitations.

2. If a regulatory authority systematically collects information from members of the Party, through its Designated Representative, shall provide that the regulatory authority should:

(a) use sound statistical methodologies before drawing generalized conclusions concerning the impact of the regulation on the population affected by the regulation; and

(b) avoid unnecessary duplication and otherwise minimize unnecessary burdens on those being surveyed.

Article 3.6. Early Planning

1. Each Party, through its Designated Representative, shall make publicly available online annually a list of regulations reasonably expected to be adopted, or proposed to be adopted, within the following 12 months. Each regulation identified in the list shall be accompanied by:

(a) a concise description of the planned regulation;

(b) a point of contact for a knowledgeable individual in the regulatory authority responsible for the regulation; and

(c) an indication, if known, of sectors to be affected and whether there is any expected significant effect on international trade or investment.

2. Entries in the list should include, to the extent available, time periods for subsequent actions, including time periods for those providing opportunities for public comment under Article 3.9.

3. Each Party, through its Designated Representative, shall strive to provide the information in paragraphs 1 and 2 on the website described in Article 3.7.3.

Article 3.7. Regulatory Transparency Tools

1. The Parties, through their Designated Representatives, recognize that using information technology can enhance processes for developing and implementing regulations, improve a regulatory authority's operational performance, provide greater access to information, and increase participation in the regulatory process. Accordingly, each Party, through its

Designated Representative, shall use information technology tools that increase transparency and efficiency, where appropriate.

2. Each Party, through its Designated Representative, shall ensure that final regulations are published and maintained ona single, free, publicly available website. On the website, each Party, through its Designated Representative, shall endeavor to organize the regulations by regulatory authority or regulatory area to allow for ease of use, including searchability.

3. Each Party, through its Designated Representative, shall maintain a single, free, publicly available website that, to the extent practicable, contains all information required for publication pursuant to Article 3.9.

4. A Party, through its Designated Representative, may comply with paragraph 3 by making publicly available information on, and providing for the submission of comments through, more than one website, provided the information can be accessed, and submissions can be made, from a single web portal that links to other websites.

5. Each Party, through its Designated Representative, shall allow for the acceptance of digital signatures and digital record submissions for regulatory approvals and compliance documentation, where appropriate.

Article 3.8. Use of Plain Language

Each Party, through its Designated Representative, should provide that proposed and final regulations are written using plain language to ensure that regulations are written in a clear, concise, and well-organized manner, recognizing that some regulations address technical issues and that relevant expertise may be required to understand or apply them.

Article 3.9. Transparent Development of Regulations

1. During the period described in paragraph 2, when a regulatory authority is developing a regulation, the Party, through its Designated Representative, shall, under normal circumstances, (1) publish:

(a) the proposed text of the regulation along with its regulatory impact assessment, if any;

(b) an explanation of the regulation, including its objectives, how the regulation achieves those objectives, the rationale for the material features of the regulation, and any major alternatives being considered;

(c) an explanation of the data, other information, and analyses the regulatory authority relied upon to support the regulation; and

(d) the name and contact information of an individual official from the regulatory authority with lead responsibility for developing the regulation who may be contacted concerning questions regarding the regulation.

At the same time the Party, through its Designated Representative, publishes the information listed in subparagraphs (a) through (d), the Party, through its Designated Representative, shall also make publicly available data, other information, and scientific and technical analyses the regulatory authority relied upon in support of the regulation, including any risk assessment.

2. Each Party, through its Designated Representative, shall publish the items required to be published under paragraph 1 before the regulatory authority finalizes its work on a regulation (2) and at a time that will enable the regulatory authority to take into account the comments received and, as appropriate, make revisions to the text of the regulation published under paragraph 1(a).

3. After the items identified in paragraph 1 have been published, the Party, through its Designated Representative, shall ensure that any interested person, regardless of domicile, has an opportunity, on terms no less favorable than those afforded to a person of the territory represented by the Party, to submit written comments on the items identified in paragraph 1 for consideration by the relevant regulatory authority. Each Party, through its Designated Representative, shall allow interested persons to submit any comments or other input electronically and may also allow written submissions by mail to a published address or through another technology.

4. If a Party, through its Designated Representative, expects a proposed regulation to have a significant impact on international trade or investment, the Party, through its Designated Representative, should normally provide a time period to submit written comments or other input on the items published in accordance with paragraph 1 that is:

(a) not less than 60 days from the date the items identified in paragraph 1 are published; or

(b) a longer time period, as appropriate due to the nature and complexity of the regulation, in order to provide interested

persons adequate opportunity to understand how the regulation may affect their interests and to develop informed responses.

5. With respect to proposed regulations not covered by paragraph 4, each Party, through its Designated Representative, shall endeavor, under normal circumstances, to provide a time period to submit written comments or other input on the information published in accordance with paragraph 1 that is not less than four weeks from the date the items identified in paragraph 1 are published.

6. Each Party, through its Designated Representative, shall consider reasonable requests to extend the comment period under paragraph 4 or 5 to submit written comments or other input on a proposed regulation.

7. Each Party, through its Designated Representative, shall, without undue delay, make publicly available online any written comments received respecting proposed regulations, except to the extent necessary to protect confidential information or withhold personal identifying information or inappropriate content. Ifitis impracticable to make publicly available online all the comments on the website provided for in Article 3.7.3, the Party, through its Designated Representative, shall endeavor to make those comments publicly available on the website of the relevant regulatory authority. Each Party, through its Designated Representative, shall also normally make publicly available online a list, docket, or other form of compilation, identifying persons, according to their self- identification, that have submitted public comments.

8. Before a regulatory authority finalizes its work on a regulation, each Party, through its Designated Representative, shall evaluate any relevant information provided in written comments received during the comment period.

9. When a regulatory authority finalizes its work on a regulation, the Party, through its Designated Representative, shall, without undue delay, make publicly available online the text of the regulation, any final regulatory impact assessment, and other items as set out in Article 3.12.

10. Each Party, through its Designated Representative, shall strive to publish items identified in this Article that are generated by the regulatory authorities in a format that can be read and digitally processed through word searches and data mining by a computer or other technology.

(1) For the purposes of paragraphs 1, 4, and 5, "normal circumstances" do not include, for example, situations in which: publication in accordance with those paragraphs would render the regulation ineffective in addressing the particular harm to the public interest that the regulation aims to address; if the authorities of the territory represented by the Party consider that urgent problems (for example, of safety, health, or environmental protection) arise or threaten to arise for the territory represented by the Party; or if the authorities of the territory represented by the Party consider that the regulation has no substantive impact upon members of the public, including persons of the territory represented by the other Party.

(2) For TECRO, a regulatory authority "finalizes its work" on a regulation when a regulation is promulgated by the regulatory authority. For AIT, a regulatory authority "finalizes its work" on a regulation when a final rule is signed and published in the Federal Register.

Article 3.10. Expert Advisory Groups and Bodies

1. The Parties, through their Designated Representatives, recognize that regulatory authorities may seek expert advice and recommendations with respect to the preparation or implementation of regulations from groups or bodies that include persons who are not representatives of the Parties or of the authorities of the territories represented by the Parties. The Parties, through their Designated Representatives, also recognize that obtaining that advice and those recommendations should be a complement to, rather than a substitute for, the procedures for seeking public comment pursuant to Article 3.9.3.

2. For the purposes of this Article, an expert group or body means a group or body: (a) established by the central level authorities of the territory represented by the Party;

(b) the membership of which includes persons who are not employees or contractors of a Party or of the authorities of the territory represented by the Party; and

(c) the function of which includes providing advice or recommendations, including of a scientific or technical nature, to a regulatory authority with respect to the preparation or implementation of regulations.

This Article does not apply to a group or body that is established to enhance coordination between the authorities of the territory represented by a Party or to provide advice related to international affairs or the essential security interests of the

authorities of the territory represented by the Party.

3. Each Party, through its Designated Representative, shall ensure that the membership of any expert group or body established by the regulatory authorities includes a range and diversity of views and interests, as appropriate to the particular context.

4. Recognizing the importance of keeping the public informed with respect to the purpose, membership, and activities of expert groups and bodies, and that those expert groups or bodies can provide an important additional perspective or expertise on matters affecting the operations of the authorities of the territory represented by a Party, each Party, through its Designated Representative, shall encourage the regulatory authorities to provide public notice of:

(a) the name of any expert group or body they create or use, and the names of the members of the group or body and their affiliations;

(b) the mandate and functions of the expert group or body;

(c) information about upcoming meetings of an expert group or body;

(d) asummary of the outcome of any meeting of an expert group or body; and

(e) a summary of the final outcome on any substantive matter considered by an expert group or body.

5. Each Party, through its Designated Representative, shall make publicly available, preferably on the relevant regulatory authority's website, any final documents made available to or prepared for or by the expert group or body, except to the extent necessary to protect confidential information or withhold personal identifying information.

6. Each Party, through its Designated Representative, should provide a means for interested persons to provide input to expert groups or bodies, including by allowing interested persons to:

(a) attend or appear before meetings of an expert group or body; or

(b) submit written comments to an expert group or body.

Article 3.11. Regulatory Analysis

1. The Parties, through their Designated Representatives, recognize that a regulatory authority may analyze a proposed regulation to anticipate and evaluate its likely consequences.

2. Each Party, through its Designated Representative, shall consider procedures that encourage a regulatory authority to examine the following when developing regulations that have anticipated costs or impacts exceeding certain levels established by each Party, through its Designated Representative:

(a) the need for a proposed regulation, including a description of the nature and significance of the problem the regulation is intended to address;

(b) feasible and appropriate regulatory and non-regulatory alternatives that would address the need identified in subparagraph (a), including alternatives to direct regulation;

(c) anticipated impacts of the selected and other feasible alternatives (such as economic costs and benefits, social, equity, environmental, public health, and safety effects), as well as risks and distributional effects over time, recognizing that some costs and benefits are difficult to quantify or monetize due to inadequate information. The analysis of these impacts by the regulatory authority may vary according to the complexity of the issue as well as the available data and information; and

(d) the grounds for concluding that the selected alternative is preferable.

3. Each Party, through its Designated Representative, should consider whether a proposed regulation may have significant adverse economic effects on a substantial number of small enterprises. If so, the Party, through its Designated Representative, should consider potential steps to minimize those adverse economic impacts, while allowing fulfillment of the objectives.

Article 3.12. Final Publication

When a regulatory authority finalizes its work on a regulation, the Party, through its Designated Representative, shall, without undue delay, publish in the text of the regulation, in the final regulatory impact assessment, or in another

document:

(a) the date by which compliance is required;

(b) an explanation of how the regulation achieves the stated objectives, the rationale for the material features of the regulation (to the extent different than the explanation provided for in Article 3.9), and the nature of and reasons for any significant revisions made since making the regulation available for public comment;

(c) the regulatory authority's views on any substantive issues raised in timely submitted comments;

(d) major alternatives, ifany, that the regulatory authority considered in developing the regulation and reasons supporting the alternative that it selected;

(e) the relationship between the regulation and the key evidence, data, and other information the regulatory authority considered in finalizing its work on the regulation;

(f) any forms or documents required to comply with the regulation and indication of their expected availability, which should be, to the extent possible, made publicly available online; and

(g) a point of contact for a knowledgeable individual in the regulatory authority responsible for implementing the regulation who may be contacted concerning questions regarding the regulation.

Article 3.13. Review of Regulations Currently In Effect

1. The Parties, through their designated representatives, recognize that adopting or maintaining procedures or mechanisms to carry out review of regulations can ensure that a regulation remains relevant and meets its intended policy objective.

2. If a regulation currently in effect is reviewed, the Party, through its Designated Representative, should consider, as appropriate:

(a) the effectiveness of the regulation in meeting its initial stated objectives;

(b) any circumstances that have changed since the development of the regulation, including availability of new information;

(c) impacts on small enterprises;

(d) ways to address regulatory differences between the authorities of the territories represented by the Parties with a view to avoiding unnecessary disruptions to international trade and investment; and

(e) relevant suggestions from any interested persons submitted pursuant to Article 3.14.

3. Each Party, through its Designated Representative, should make publicly available online, to the extent available and appropriate, any official plans or results of a review.

4. Each Party, through its Designated Representative, should consider how to make regulatory review procedures and mechanisms more agile, especially when facing shared transboundary and global challenges.

Article 3.14. Suggestions for Improvement

Each Party, through its Designated Representative, shall provide the opportunity for any interested person to submit for consideration to a regulatory authority written suggestions for the issuance, modification, or repeal of a regulation. The basis for those suggestions may include, for example, that in the view of the interested person, the regulation has become ineffective at protecting health, safety, welfare, or the environment, has become more burdensome than necessary to achieve its objective (for example, with respect to its impact on international trade and investment), fails to take into account changed circumstances (such as fundamental changes in technology, or relevant scientific and technical developments, or relevant international standards), or relies on incorrect or outdated information.

Article 3.15. Information About Regulatory Processes and Authorities

1. Each Party, through its Designated Representative, shall publish online a description of the processes and mechanisms employed by the regulatory authorities to prepare, evaluate, or review regulations. The description shall identify the applicable guidelines, rules, or procedures, including those regarding opportunities for the public to provide input.

2. Each Party, through its Designated Representative, shall also make publicly available online:

(a) a description of the functions and organization of each regulatory authority, including the appropriate offices through which persons can obtain information, make submissions or requests, or obtain decisions;

(b) any procedural requirements or forms promulgated or utilized by any regulatory authority;

(c) the legal authority for verification, inspection, and compliance activities by the regulatory authorities;

(d) information concerning the judicial or administrative procedures available to challenge regulations; and

(e) any fees charged by a regulatory authority to a person of the territory represented by a Party for services rendered in connection with the implementation of a regulation, including for licensing, inspections, audits, and other administrative actions required under the law of the territory represented by the Party, to import, export, sell, buy, market, or use, as appropriate, either a good or a service.

Each Party, through its Designated Representative, shall, without undue delay, publish online any material changes to this information as well as any changes, or any proposals to make changes, to the regulatory system of the authorities of the territory it represents.

Article 3.16. Encouragement of Regulatory Compatibility and Cooperation

1. The Parties, through their Designated Representatives, recognize that regulatory compatibility and cooperation can contribute to achieving shared regulatory objectives and assisting the authorities of the territories represented by the Parties in meeting shared transboundary and global challenges. Accordingly, where appropriate, each Party, through its Designated Representative, should encourage the regulatory authorities to engage in mutually beneficial regulatory cooperation activities with the relevant counterparts of the authorities of the territory represented by the other Party in appropriate circumstances to achieve these objectives.

2. The Parties, through their Designated Representatives, recognize that effective regulatory cooperation requires the participation of regulatory authorities that possess the authority and technical expertise to develop, adopt, and implement regulations. Each Party, through its Designated Representative, should encourage input from members of the public to identify promising avenues for cooperation activities.

3. The Parties, through their Designated Representatives, recognize that a broad range of mechanisms, including those set forth in the WTO Agreement, exists to help minimize unnecessary regulatory differences and to avoid unnecessary disruptions to international trade and investment, while contributing to meeting the public policy objectives of the authorities of the territories represented by the Parties.

Article 3.17. Committee on Good Regulatory Practices

1. The Parties, through their Designated Representatives as appropriate, hereby establish a Committee on Good Regulatory Practices (the GRP Committee) composed of representatives of the Parties and relevant representatives of the authorities of the territories represented by the Parties, including relevant regulatory authorities and any coordinating bodies.

2. Through the GRP Committee, the Parties, through their Designated Representatives, shall enhance their communication and collaboration in matters relating to this Chapter.

3. The GRP Committee's functions include:

(a) monitoring the implementation and operation of this Chapter, including through updates on regulatory practices and processes of the authorities of the territories represented by the Parties;

(b) exchanging information on effective methods for implementing this Chapter, including with respect to relevant work in international forums;

(c) consulting on matters and positions in advance of meetings in international forums that are related to the work of this Chapter, including opportunities for workshops, seminars, and other relevant activities to support strengthening of good regulatory practices;

(d) considering suggestions from a diverse array of stakeholders regarding opportunities to strengthen the application of good regulatory practices;

(e) considering developments in good regulatory practices with a view to identifying future work for the GRP Committee and improving the operation and implementation of this Chapter;

(f) exploring opportunities to cooperate to advance the application of good regulatory practices; and

(g) taking any other steps that the Parties, through their Designated Representatives, consider will assist them in implementing this Chapter.

4. Each Party, through its Designated Representative, shall provide opportunities for persons of the territory represented by the Party to provide views on the implementation of this Chapter.

5. In carrying out its work, the GRP Committee shall take into account the activities of other committees, working groups, and other subsidiary bodies established under this Agreement in order to avoid duplication of activities.

6. Unless the Parties, in consultation with their Designated Representatives, decide otherwise, the GRP Committee shall meet at least once a year. The Parties, in consultation with their Designated Representatives, shall endeavor to schedule meetings to permit participation of representatives engaged in the work of other relevant chapters in this Agreement. The GRP Committee may also invite persons that may have an interest to contribute to its work.

Article 3.18. Contact Points

Each Party, in consultation with its designated representative, shall designate and notify a contact point for matters arising under this Chapter, in accordance with Article 7.7 (Contact Points), and without undue delay notify the other Party ofany material changes to its contact point.

Annex 3-A. ADDITIONAL PROVISIONS CONCERNING THE SCOPE OF "REGULATIONS" AND "REGULATORY AUTHORITIES"

ANNEX 3-A 1. The following measures are not regulations for the purposes of this Chapter:

(a) general statements of policy or guidance that do not prescribe legally enforceable requirements;

(b) for TECRO: a measure concerning:

(i) a military or foreign affairs function of the authorities of the territory represented by TECRO;

(ii) the management, personnel, public property, loans, grants, benefits, or contracts of an agency of the authorities of the territory represented by TECRO;

(iii) the organization, procedure, or practice of an agency of the authorities of the territory represented by TECRO; or

(iv) financial services or anti-money laundering measures.

(c) for AIT: a measure concerning:

(i) a military or foreign affairs function of the authorities of the territory represented by AIT;

(ii) the management, personnel, public property, loans, grants, benefits, or contracts ofan agency of the authorities of the territory represented by AIT;

(iii) the organization, procedure, or practice of an agency of the authorities of the territory represented by AIT; or

(iv) financial services or anti-money laundering measures.

2. The following entities are not regulatory authorities for the purposes of this Chapter:

(a) for TECRO: the President of the territory represented by TECRO; and

(b) for AIT: the President of the territory represented by AIT.

Chapter 4. DEVELOPMENT AND ADMINISTRATION OF SERVICES AUTHORIZATION MEASURES (SERVICES DOMESTIC REGULATION)

Article 4.1. Definitions

For the purposes of this Chapter:

authorization means the permission to supply a service, resulting from a procedure to which a person must adhere in order to demonstrate compliance with licensing requirements or qualification requirements; and

public enterprise means an enterprise that is owned, or controlled through ownership interests, by the authorities of the territory represented by a Party.

Article 4.2. Scope

1. This Chapter applies to measures related to authorization and technical standards adopted or maintained by the competent authorities of the territory represented by a Party affecting trade in services by a service supplier of the territory represented by the other Party.

2. This Chapter does not apply to:

(a) procurement by the authorities of the territories represented by the Parties;

(b) any service that is supplied in the territory represented by a Party neither on a commercial basis nor in competition with one or more service suppliers; (1)

(c) a subsidy or grant provided by the authorities of the territory represented by a Party or a public enterprise, including loans, guarantees, or insurance supported by the authorities of the territory represented by the Party;

(d) air services, including domestic and international air transportation services, whether scheduled or non-scheduled, or to related services in support of air services, other than aircraft repair or maintenance services during which an aircraft is withdrawn from service, excluding so-called line maintenance; or

(e) measures concerning the entry of natural persons into the territory represented by a Party, including conditions of admission for temporary entry.

(1) The Parties, through their Designated Representatives, understand that this limitation has the same scope as Article 1:3(c) of the GATS with respect to the authorities of the territories represented by the Parties.

Article 4.3. Development and Administration of Measures for Supply of a Service other Than a Financial Service

1. Provisions of this Article apply in addition to the provisions of Chapter 3 (Good Regulatory Practices). This Article does not apply to measures affecting the supply of a financial service.

2. Each Party, through its Designated Representative, shall ensure that all measures of general application of the authorities of the territory represented by the Party are administered in a reasonable, objective, and impartial manner.

3. If the authorities of the territory represented by a Party adopt or maintain a measure of general application, the Party, through its Designated Representative, shall, with respect to that measure, ensure that:

(a) the measure is based on objective and transparent criteria; (2)

(b) the competent authority of the territory represented by the Party reaches and administers any decision in a manner independent from any supplier of the service for which authorization is required;

(c) the procedures in the measure are impartial, adequate for applicants to demonstrate whether they meet the requirements for authorization, and do not in themselves prevent fulfilment of a requirement;

(d) to the extent practicable, the measure does not require an applicant to approach more than one competent authority of the territory represented by the Party for each application for authorization; (3) and

(e) the measure does not discriminate on the basis of gender.(4)

4. If the authorities of the territory represented by a Party require authorization for the supply of a service, the Party, through its Designated Representative, shall ensure that each competent authority of the territory represented by the Party:

(a) to the extent practicable, permits submission of an application at any time;

(b) if a specific time period for applications exists, allows a reasonable period for the submission of an application;

(c) if an examination of the suitability of an individual for authorization is required, schedules the examination at reasonably frequent intervals and provides a reasonable period of time to enable an applicant to request to take the examination;

(d) to the extent practicable, provides an indicative timeframe for processing an application;

(e) ascertains without undue delay the completeness of an application for processing under the law of the territory represented by the Party;

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

(g) if an application is considered complete under the law of the territory represented by the Party, within a reasonable period of time after the submission of the application, ensures that the processing of the application is completed, and that the applicant is informed of the decision concerning the application, to the extent possible in writing;Â°

(h) if an application is considered incomplete for processing under the law of the territory represented by the Party, within a reasonable period of time, to the extent practicable:

(i) informs the applicant that the application is incomplete;

(ii) if the applicant requests, identifies the additional information required to complete the application or otherwise provides guidance on why the application is considered incomplete; and

(iii) provides the applicant with an opportunity (6) to provide the additional information that is required for the application to be considered complete,

however, if none of the actions in subparagraphs (i) through (iii) is practicable, and the application is rejected due to incompleteness, ensures that the applicant is informed of the rejection within a reasonable period of time;

(i) if an application is rejected, to the extent possible, either upon its own initiative or upon the request of the applicant, informs the applicant of the reasons for rejection and, if applicable, the timeframe for an appeal or review of the decision to reject the application and the procedures for resubmission of an application; an applicant should not be prevented from submitting another application (7) solely on the basis that an application had been previously rejected; and

(j) ensures that authorization, once granted, enters into effect without undue delay, subject to the applicable terms and conditions.

5. Each Party, through its Designated Representative, shall ensure that any authorization fee charged by each of the competent authorities of the territory represented by the Party is reasonable, transparent, based on authority set out in a measure, and does not, in itself, restrict the supply of the relevant service. (8)

6. Each Party, through its Designated Representative, shall encourage the competent authorities of the territory represented by the Party, when adopting a technical standard, to adopt technical standards developed through an open and transparent process, and shall encourage any body designated to develop a technical standard to use an open and transparent process.

7. If the authorities of the territory represented by a Party require authorization for the supply of a service, the Party, through its Designated Representative, shall provide to a service supplier the information necessary to comply with requirements or procedures for obtaining, maintaining, amending, and renewing that authorization. That information shall include:

(a) any fee;

(b) the contact information of a relevant competent authority of the territory represented by the Party;

(c) any procedure for appeal or review of a decision concerning an application;

(d) any procedure for monitoring or enforcing compliance with the terms and conditions of authorizations;

(e) any opportunities for public involvement, such as through hearings or comments;

(f) any indicative timeframe for processing of an application;

(g) any requirement or procedure; and

(h) any technical standard.

8. If the authorities of the territory represented by a Party require authorization for the supply of a service, the Party,

through its Designated Representative, shall ensure that each competent authority of the territory represented by the Party:

(a) endeavors to accept applications in electronic format;

(b) endeavors to accept requests in electronic format to take any required examination of the suitability of an individual for authorization and to consider, to the extent practicable, the use of electronic means in other aspects of the examination process; and

(c) subject to any authentication requirements under the law of the territory represented by the Party, accepts copies of documents, including electronic copies, unless the competent authority of the territory represented by the Party requires original documents to protect the integrity of the authorization process.

9. Each Party, through its Designated Representative, shall endeavor to ensure that measures related to authorization do not impose disproportionate burdens on SMEs.

(2) For greater certainty, these criteria may include competence and the ability to supply a service, including to do so in a manner consistent with the regulatory requirements of the authorities of the territory represented by the Party, such as health, labor, and environmental requirements. Competent authorities of the territory represented by the Party may assess the weight to be given to each criterion.

(3) For greater certainty, a Party, through its Designated Representative, may require multiple applications for authorization if a service is within the jurisdiction of multiple competent authorities of the territory represented by the Party.

(4) Nothing in this subparagraph shall prevent reasonable and objective differential treatment to achieve a legitimate purpose or temporary measures to accelerate de facto equality.

(5) A competent authority of the territory represented by the Party may inform an applicant in advance in writing, including through a published measure, that lack of response after a specified period of time from the date of submission of the application indicates either acceptance or rejection of the application. For greater certainty, "in writing" includes in electronic form.

(6) For greater certainty, providing this opportunity does not require extensions of deadlines.

(7) Competent authorities of the territory represented by the Party may require that the content of such an application has been revised.

(8) For the purposes of this paragraph, an authorization fee does not include a fee for the use of natural resources, payments for auction, tendering, or other non-discriminatory means of awarding concessions, or mandated contributions to the provision of universal service.

Article 4.4. Development and Administration of Measures for Supply of a Financial Service

1. This Article applies to measures related to authorization adopted or maintained by the authorities of the territory represented by a Party affecting trade in a financial service by a service supplier of the territory represented by the other Party. Chapter 3 (Good Regulatory Practices) does not apply to a measure covered by this Article.

2. Each Party, through its Designated Representative, shall ensure that all measures of general application are administered in a reasonable, objective, and impartial manner.

3. Each Party, through its Designated Representative, shall, to the extent practicable and in a manner consistent with the legal system of the territory represented by the Party for adopting measures:

(a) publish in advance any regulation of general application proposed for adoption and the purpose of the regulation; and

(b) provide interested persons, the authorities of the territory represented by the other Party, and the other Party with a reasonable opportunity to comment on that proposed regulation of general application.

4. At the time that the authorities of the territory represented by a Party adopt a final regulation of general application, the Party, through its Designated Representative, shall, to the extent practicable and in a manner consistent with the legal system of the territory represented by the Party for adopting measures, address in writing the substantive comments received from interested persons, the authorities of the territory represented by the other Party, and the other Party with respect to the proposed regulation. For greater certainty, a Party, through its Designated Representative, may address those comments collectively on an official website maintained by the authorities of the territory represented by the Party.

5. To the extent practicable, each Party, through its Designated Representative, shall allow a reasonable period of time between publication of a final regulation of general application and the date when it enters into effect.

6. Each Party, through its Designated Representative, shall establish or maintain appropriate mechanisms for responding to inquiries from interested persons, the authorities of the territory represented by the other Party, or the other Party regarding measures of general application covered by this Article.

7. If the authorities of the territory represented by a Party adopt or maintain a measure of general application to which this Article applies, the Party, through its Designated Representative, shall, with respect to that measure, ensure that:

(a) the measure is based on objective and transparent criteria; (9)

(b) each relevant competent authority of the territory represented by the Party reaches and administers decisions in a manner independent from any supplier of the service for which authorization is required;

(c) the procedures in the measure are impartial, adequate for applicants to demonstrate whether they meet the requirements for authorization, and do not in themselves prevent fulfilment of a requirement; and

(d) the measure does not discriminate on the basis of gender. (10)

8. If the authorities of the territory represented by a Party require authorization for the supply of a financial service, the Party, through its Designated Representative, shall ensure that each competent authority of the territory represented by the Party:

(a) to the extent practicable, permits submission of an application at any time;

(b) if specific time periods for applications exist, allows a reasonable period for the submission of an application;

(c) if an examination of the suitability of an individual for authorization is required, schedules the examination at reasonably frequent intervals and provides a reasonable period of time to enable an applicant to request to take the examination;

(d) provides to service suppliers the information necessary to comply with requirements or procedures for obtaining, maintaining, amending, and renewing that authorization; that information shall include:

(i) any requirement or procedure;

(ii) contact information of a relevant competent authority of the territory represented by the Party;

(iii) any procedures for appeal or review of decisions conceming applications;

(iv) any procedures for monitoring or enforcing compliance with the terms and conditions of authorizations; and

(v) any opportunities for public involvement, such as through hearings or comments;

(e) to the extent practicable, provides an indicative timeframe for processing of an application;

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

(g) to the extent practicable, ascertains without undue delay the completeness of an application for processing under the law of the territory represented by the Party;

(h) if an application is considered complete under the law of the territory represented by the Party, within a reasonable period of time after the submission of the application, ensures that the processing of an application is completed, and that the applicant is informed of the decision concerning the application, to the extent possible in writing; (11)

(i) if an application is considered incomplete under the law of the territory represented by the Party, within a reasonable period of time, to the extent practicable:

(i) informs the applicant that the application is incomplete;

(ii) at the request of the applicant, identifies the additional information required to complete the application, or otherwise provides guidance on why the application is considered incomplete; and

(iii) provides the applicant with the opportunity (12) to provide the additional information that is required to complete the application;

however, ifnone of the actions in subparagraphs (i) through (iii) is practicable, and the application is rejected due to incompleteness, ensures that the applicant is informed within a reasonable period of time;

(j) in the case of a rejected application, to the extent practicable, either on its own initiative or upon the request of the applicant, informs the applicant of the reasons for rejection and, if applicable, the procedures for resubmission of an application; an applicant should not be prevented from submitting another application (13) solely on the basis that an application had been previously rejected;

(k) with respect to any authorization fee: (14)

(i) provides applicants with a schedule of fees or information on how fee amounts are calculated; and

(ii) does not use the fees as a means of enabling the avoidance of the Party's commitments or obligations under this Article; and

(l) ensures that authorization, once granted, enters into effect without undue delay, subject to applicable terms and conditions.

9. If the authorities of the territory represented by a Party require authorization for the supply of a financial service, the Party, through its Designated Representative, shall ensure that each competent authority of the territory represented by the Party:

(a) endeavors to accept applications in electronic format;

(b) endeavors to accept requests in electronic format to take any required examination of the suitability of an individual for authorization and to consider, to the extent practicable, the use of electronic means in other aspects of the examination process; and

(c) subject to any authentication requirements under a law of the territory represented by the Party, accepts copies of documents, including electronic copies, unless the competent authority of the territory represented by the Party requires original documents to protect the integrity of the authorization process.

(9) For greater certainty, these criteria may include competence or ability to supply a financial service, and financial regulatory authorities of the territory represented by the Party may assess the weight given to such criteria.

(10) Nothing in this subparagraph shall prevent reasonable and objective differential treatment to achieve a legitimate purpose or temporary measures to accelerate de facto equality.

(11) A competent authority of the territory represented by the Party may inform an applicant in advance in writing, including through a published measure, that lack of response after a specified period of time from the date of submission of the application indicates either acceptance or rejection of the application. For greater certainty, "in writing" includes in electronic form.

(12) For greater certainty, providing this opportunity does not require extensions of deadlines.

(13) Competent authorities of the territory represented by the Party may require that the content of such an application has been revised.

(14) For the purposes of this paragraph, an authorization fee does not include a fee for the use of natural resources, payments for auction, tendering, or other non-discriminatory means of awarding concessions, or mandated contributions to the provision of universal service.

Chapter 5. ANTICORRUPTION

Article 5.1. Definitions

For the purposes of this Chapter:

act or refrain from acting in relation to the performance of or the exercise of official duties includes any use of the public official's or foreign public official's position, whether or not within the official's authorized competence;

foreign public official means an individual holding a legislative, executive, administrative or judicial office of the authorities of a territory that is not the territory represented by the Party, at any level, whether that individual is appointed or elected, permanent or temporary, paid or unpaid, and irrespective of that individualâs seniority; and an individual exercising a public function for the authorities of a territory that is not the territory represented by the Party, at any level, including for a public agency or public enterprise;

issuers means:

(a) for AIT, issuers that have a class of securities registered pursuant to 15 U.S.C. 78/ or that are otherwise required to file reports pursuant to 15 U.S.C. 780(d); and

(b) for TECRO, companies which publicly offer and issue securities, or promoters who publicly offer securities pursuant to Article 5 of the Securities and Exchange Act.

official of a public international organization means an international civil servant or an individual authorized by a public international organization to act on its behalf;

public enterprise means an enterprise over which the authorities of the territory represented by a Party may, directly or indirectly, exercise a dominant influence; (1) and

public official means an individual:

(a) holding a legislative, executive, administrative, or judicial office of the authorities of the territory represented by a Party, whether that individual is appointed or elected, permanent or temporary, paid or unpaid, and irrespective of that individual's seniority;

(b) who performs a public function for the authorities of the territory represented by a Party, including for a public agency or public enterprise, or provides a public service, as defined under the laws of the territory represented by a Party and as applied in the pertinent area of the law of the territory represented by a Party; or

(c) defined as a public official under the law of the territory represented by a Party.

(1) Dominant influence for purposes of this definition shall be deemed to exist, inter alia, if the authorities of the territory represented by the Party hold the majority of the enterprise's subscribed capital, control the majority of votes attaching to shares issued by the enterprise, or can appoint a majority of the members of the enterprise's administrative or managerial body or supervisory board.

Article 5.2. Scope and General Provisions

1. This Chapter addresses legislative and other measures of the authorities of the territories represented by the Parties to prevent and combat bribery and corruption in any matter affecting international trade and investment. (2)

2. Each Party, through its Designated Representative, recognizes the importance of preventing and combatting bribery and corruption in matters affecting international trade and investment.

3. Each Party, through its Designated Representative, recognizes the need to build integrity within both the public and private sectors and that each sector has complementary responsibilities in this regard.

4. Each Party, through its Designated Representative, recognizes the importance of regional and multilateral initiatives to prevent and combat bribery and corruption in matters affecting international trade and investment and, through its Designated Representative, commits to work jointly with the other Party, through its Designated Representative, to encourage and support appropriate initiatives to prevent and combat such bribery and corruption.

5. The Parties, through their Designated Representatives, recognize that the respective competent anticorruption authorities of the territories represented by the Parties have established working relationships in many bilateral and multilateral forums and that cooperation under this Chapter can enhance joint efforts in those forums and help produce outcomes that

prevent and combat bribery and corruption in matters affecting international trade and investment.

6. AIT, through its Designated Representative, recognizes the obligations of the authorities of the territory that it represents under the United Nations Convention against Corruption (UNCAC), done at New York October 31, 2003. TECRO, through its Designated Representative, recognizes the obligations of the authorities of the territory that it represents under the May 20, 2015 Act to Implement United Nations Convention Against Corruption.

7. Each Party, through its Designated Representative, recognizes the obligations of the authorities of the territory that it represents to conduct public procurement in a transparent and impartial manner under the World Trade Organization Agreement on Government Procurement, done at Marrakesh, April 15, 1994, as amended, March 30, 2012.

8. Each Party, through its Designated Representative, recognizes the importance of preventing and combating bribery and corruption in the context of labor law implementation and enforcement and that corruption increases the particular vulnerability of migrant workers with respect to labor protections and internationally recognized labor rights. To this end, each Party, through its Designated Representative, shall adopt or maintain measures to eliminate the charging of recruitment fees and related costs to migrant workers.

9. Each Party, through its Designated Representative, recognizes the importance of preventing and combating bribery and corruption by promoting transparency and strengthening environmental governance and enforcement, with a view to enhancing efforts to combat environmental degradation.

(2) For AIT, this Chapter does not apply to conduct outside the jurisdiction of federal criminal law of the territory that AIT represents and, to the extent that an obligation involves preventive measures, shall apply only to those measures covered by federal law governing federal, state, and local officials of the authorities of the territory that AIT represents.

Article 5.3. Measures to Prevent and Combat Bribery and Corruption

1. Each Party, through its Designated Representative, shall adopt or maintain legislative and other measures as may be necessary to establish as criminal offenses under the laws of the territory represented by the Party, in matters affecting international trade and investment, when committed intentionally, by any person subject to the jurisdiction of the authorities of the territory represented by the Party:

(a) the promise, offering, or giving to a public official, directly or indirectly, of an undue advantage for the official or another person, in order that the official act or refrain from acting in relation to the performance of or the exercise of official duties;

(b) the solicitation or acceptance by a public official, directly or indirectly, of an undue advantage for the official or another person, in order that the official act or refrain from acting in relation to the performance of or the exercise of official duties;

(c) the promise, offering, or giving to a foreign public official or an official of a public international organization, directly or indirectly, of an undue advantage for the official or another person, in order that the official act or refrain from acting in relation to the performance of or the exercise of official duties, in order to obtain or retain business or other undue advantage in relation to the conduct of international business; and

(d) the aiding and abetting, or conspiracy, (3) in the commission of any of the offenses described in subparagraphs (a) through (c).

2. Each Party, through its Designated Representative, shall adopt or maintain legislative and other measures as may be necessary regarding the maintenance of books and records and internal controls, financial statement disclosures, and accounting and auditing standards, to prohibit or prevent the following acts carried out by issuers for the purpose of committing any of the offenses described in this Article:

(a) the establishment of off-the-books accounts;

(b) the making of off-the-books or inadequately identified transactions;

(c) the recording of non-existent expenditure;

(d) the entry of liabilities with incorrect identification of their objects;

(e) the use of false documents; and

(f) the intentional destruction of bookkeeping documents earlier than foreseen by the laws of the territory represented by the Party.

3. Each Party, through its Designated Representative, shall adopt or maintain legislative and other measures as may be necessary to establish as criminal offenses under the laws of the territory represented by the Party, in matters affecting international trade andinvestment, when committed intentionally, by any person subject to the jurisdiction of the authorities of the territory represented by the Party:

(a) the embezzlement, misappropriation, or other diversion by a public official for the benefit of the public official or for the benefit of another person, of any property, public or private funds or securities, or any other thing of value entrusted to the public official by virtue of the public official's position;

(b) the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illegal origin of the property or of helping any person who is involved in the commission of the predicate offense to evade the legal consequences of that person's action;

(c) the concealment or disguise of the true nature, source, location, disposition, movement, or ownership of or rights with respect to property, knowing that such property is the proceeds of crime;

(d) the acquisition, possession, or use of property, knowing, at the time of receipt, that such property is the proceeds of crime; and

(e) participation in, association with or conspiracy to commit, attempts to commit, and aiding, abetting, facilitating, and counseling the commission of any of the offenses established in accordance with subparagraphs (a) through (d).

4. Each Party, through its Designated Representative, shall adopt or maintain effective, proportionate, and dissuasive sanctions and procedures to enforce the measures adopted or maintained pursuant to paragraphs 1, 2, and 3.

5. Each Party, through its Designated Representative, shall disallow the tax deductibility of bribes and other expenses, considered illegal according to the laws of the territory represented by the Party, and incurred in furtherance of the commission of an offense described in paragraphs 1 and 3.

6. Each Party, through its Designated Representative, shall adopt or maintain measures enabling the identification, tracing, freezing, seizure, and confiscation in criminal, civil, or administrative proceedings of:

(a) proceeds, including any property, derived from the offenses described in paragraphs 1 and 3; and

(b) property, equipment, or other instrumentalities used in or destined for use in such offenses.

7. Each Party, through its Designated Representative, shall adopt or maintain measures in a manner consistent with the laws and regulations of the territory represented by the Party to permit denial of entry for any foreign public official who engaged in the commission of an offense described in paragraphs 1 or 3 or any other person that assisted in the commission of such an offense.

(3) Parties may satisfy the commitment regarding conspiracy through applicable concepts within the respective legal systems of the territories represented by the Parties, including, for TECRO, .

Article 5.4. Persons That Report Bribery or Corruption Offenses

1. Each Party, through its designated representative, shall identify the competent authorities of the territory represented by the Party that are responsible for the enforcement of the measures that it adopts or maintains under Article 5.3 and make such information publicly available.

2. Each Party, through its Designated Representative, shall adopt or maintain publicly available procedures for a person to report to the competent authorities of the territory represented by the Party, including anonymously, any incidents that may be considered to constitute an offense described in Articles 5.3.1 and 5.3.3 or an act described in Article 5.3.2.

3. Each Party, through its Designated Representative, shall adopt or maintain measures to protect against any discriminatory or improper disciplinary treatment of any individual who, upon reasonable belief, reports to the competent authorities of the territory represented by the Party any suspected incidents that may be considered to constitute an offense described in Articles 5.3.1 and 5.3.3 or an act described in Article 5.3.2.

4. Each Party, through its Designated Representative, shall seek to require an external auditor of an issuer's financial statement who discovers indications of a suspected incident that may be considered an offense described in Articles 5.3.1 and 5.3.3 or an act described in Article 5.3.2, to report this discovery to management and, as appropriate, to corporate

monitoring bodies. Each Party, through its Designated Representative, also shall seek to encourage issuers that receive such a report from an external auditor to actively and effectively respond to the report.

5. Each Party, through its Designated Representative, shall consider requiring external auditors of an issuer's financial statement to report to the competent authorities of the territory represented by the Party concerning any suspected incidents that may be considered an offense described in Articles 5.3.1 and 5.3.3 or an act described in Article 5.3.2. Each Party, through its Designated Representative, shall adopt or maintain measures protecting an external auditor from improper legal action related to the reporting, based upon reasonable belief, of such suspected incidents to the competent authorities of the territory represented by the Party.

Article 5.5. Promoting Integrity Among Public Officials (4)

1. To prevent and combat bribery and corruption in matters affecting international trade and investment, each Party, through its Designated Representative, shall promote, among other things, integrity, honesty, and responsibility among public officials. To this end, each Party, through its Designated Representative, shall adopt or maintain legislative and other measures to:

(a) provide adequate procedures for the selection and training of public officials for public positions considered by the authorities of the territory represented by the Party to be especially vulnerable to bribery and corruption;

(b) promote transparency and accountability of public officials in the exercise of public functions;

(c) require senior officials, and other public officials as considered appropriate by the authorities of the territory represented by the Party, to make available to appropriate authorities of the territory represented by the Party declarations regarding, among other things, their outside activities, employment, investments, assets, and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials; and

(d) facilitate and require reporting by public officials of acts of bribery and corruption to competent authorities of the territory represented by the Party, when such acts come to their notice in the performance of their functions.

Each Party, through its Designated Representative, shall also adopt or maintain appropriate policies and procedures to identify and manage actual or potential conflicts of interest of public officials.

2. Each Party, through its Designated Representative, shall adopt or maintain codes or standards of conduct for the correct, honorable, and proper performance of public functions, and the avoidance of conflicts of interest by public officials. Each Party, through its Designated Representative, shall also adopt or maintain measures providing for disciplinary or other actions, if warranted, against a public official who violates the codes or standards established in accordance with this paragraph.

3. Each Party, through its Designated Representative, shall establish procedures through which a public official charged or convicted of an offense described in this Chapter may be removed, suspended, or reassigned by the appropriate authority of the territory represented by the Party, bearing in mind respect for the principle of presumption of innocence.

4. Without prejudice to judicial independence, each Party, through its Designated Representative, shall adopt or maintain measures to strengthen integrity and prevent opportunities for corruption of public officials that are members of the judiciary in matters affecting international trade and investment. Such measures may include rules with respect to the conduct of public officials that are members of the judiciary.

(4) For AIT, this Article applies only at the central level.

Article 5.6. Participation of Private Sector, Worker Organizations, and Civil Society

1. Each Party, through its Designated Representative, shall take appropriate measures to promote the active participation of individuals and groups outside the public sector, such as enterprises, civil society, non-governmental organizations, worker organizations, and community-based organizations, in preventing and combatting bribery and corruption in matters affecting international trade and investment, and to raise public awareness regarding the existence, causes, and gravity of and the threat posed by such bribery and corruption. To this end, each Party, through its Designated Representative, may, for example:

(a) engage in public information activities and public education programs that contribute to non-tolerance of bribery and corruption;

(b) encourage professional associations and other non-governmental organizations, where appropriate, to encourage and assist enterprises, in particular small and medium size enterprises, in developing codes, standards of conduct, and compliance programs for preventing and detecting bribery and corruption;

(c) promote public awareness of the harmful effects of corruption on the environment, build capacity to address corruption that leads to environmental degradation, and ensure that information on measures against corruption is available to communities and regions in danger of environmental degradation;

(d) encourage enterprise management to make statements in the enterprise's annual reports or otherwise publicly disclose the enterprise's internal control programs, including those that contribute to preventing and detecting bribery and corruption; and

(e) respect, promote, and protect the freedom to seek, receive, publish, and disseminate information concerning bribery and corruption, in matters affecting international trade and investment.

2. Each Party, through its Designated Representative, shall encourage enterprises, taking into account their size, legal structure, and the sectors in which they operate, to:

(a) adopt or maintain sufficient internal accounting controls, compliance programs, or monitoring bodies, independent of management, such as audit committees of boards of directors or of supervisory boards, to assist in preventing and detecting offenses described in Articles 5.3.1 and 5.3.3 or acts described in Article 5.3.2; and

(b) ensure that their accounts and required financial statements are subject to appropriate auditing and certification procedures.

Article 5.7. Application and Enforcement of Measures Adopted or Maintained to Prevent and Combat Bribery and Corruption

1. Each Party, through its Designated Representative, affirms its commitment to enhance the effectiveness of law enforcement actions to prevent and combat the offenses described in Articles 5.3.1 and 5.3.3 or the acts described in Article 5.3.2.

2. In accordance with the fundamental principles of the legal systems of the territories represented by the Parties, each Party, through its Designated Representative, shall ensure that the authorities of the territory represented by the Party do not fail to effectively enforce the measures adopted or maintained under Articles 5.3, 5.4, and 5.5, through a sustained or recurring course of action or inaction.

3. In accordance with the fundamental principles of the legal systems of the territories represented by the Parties, each Party, through its Designated Representative, recognizes that the law enforcement, prosecutorial, and judicial authorities of the territories represented by the Parties retain the right to exercise discretion with respect to the enforcement of measures adopted or maintained to prevent and combat bribery and corruption in matters affecting international trade and investment. Each Party, through its Designated Representative, also recognizes that the authorities of the territories represented by the Parties retain the right to take bona fide decisions with regard to the allocation of their resources with respect to such enforcement.

Chapter 6. SMALL AND MEDIUM-SIZED ENTERPRISES

Article 6.1. General Principles on Small and Medium-Sized Enterprises

1. Recognizing the fundamental role of SMEs in maintaining dynamism and enhancing competitiveness of their respective economies, the Parties, through their Designated Representatives, shall seek to foster cooperation between SMEs located in the territories represented by the Parties and cooperate in promoting jobs and growth in SMEs.

2. The Parties, through their Designated Representatives, recognize the integral role of the private sector in the SME cooperation.

Article 6.2. Cooperation to Increase Trade and Investment Opportunities for SMEs

With a view to enhancing commercial opportunities for SMEs located in the territories represented by the Parties, each Party, through its Designated Representative, shall consider ways to increase and improve the quality of trade and investment opportunities, subject to the availability of resources for the activities described in this Article, and in particular

may:

(a) promote cooperation between the small business support infrastructures located in the territories represented by the Parties, such as dedicated SME centers, incubators and accelerators, export assistance centers, and other centers as appropriate, with a view to sharing best practices, exchanging market research, and promoting SME participation in international trade, as well as business growth in local markets;

(b) strengthen its collaboration with the other Party, through its Designated Representative, on activities to promote SMEs owned by underserved and underrepresented groups, including women, indigenous peoples, youth, and minorities, as well as start-ups, agricultural, and rural SMEs, and promote partnership among these SMEs and their participation in international trade;

(c) enhance its cooperation with the other Party, through its Designated Representative, to exchange information and best practices in areas such as improving SME access to capital and credit, training programs, trade education, trade finance, trade missions, trade facilitation, digital trade, and helping SMEs adapt to changing market conditions; and

(d) promote the participation of SMEs in digital trade in order to take advantage of the opportunities to increase and improve the quality of trade and investment.

Article 6.3. Information Sharing

1. Each Party, through its Designated Representative, shall publish a free, publicly accessible website with links or information to the websites of the authorities of the territory represented by the Party and other appropriate entities that provide information that such authorities consider useful to any person interested in trading, investing, or doing business in the territory represented by the Party.

2. The information described in paragraph 1 may include:

(a) customs regulations, procedures, or enquiry points;

(b) regulations or procedures concerning intellectual property rights;

(c) technical regulations, standards, or conformity assessment procedures;

(d) sanitary or phytosanitary measures relating to importation or exportation;

(e) foreign investment regulations;

(f) business registration procedures;

(g) trade promotion programs;

(h) competitiveness programs;

(i) SME financing programs;

(j) employment regulations;

(k) taxation information; and

(l) additional information that would be useful for SMEs interested in benefitting from trade between the territories represented by the Parties.

3. Each Party, through its Designated Representative, shall regularly review the information and links on the website referred to in paragraphs 1 and 2 to ensure the information and links are up-to-date and accurate.

4. To the extent possible, each Party, through its Designated Representative, shall make the information provided in accordance with this Article available in English.

Article 6.4. SME Dialogue

The Parties, in consultation with their Designated Representatives, may periodically convene an SME Dialogue when the Parties, in consultation with their Designated Representatives, decide that such a Dialogue would be useful. The SME Dialogue may include the Parties, their Designated Representatives, private sector, employees, non-government organizations, academic experts, SMEs owned by diverse, underserved, and underrepresented groups, and other

stakeholders from each of the territories represented by the Parties.

6-3

Chapter 7. EXCEPTIONS AND GENERAL PROVISIONS

Section A. Exceptions

Article 7.1. General Exceptions

1. For the purposes of Chapter 2 (Customs Administration and Trade Facilitation), Article XX of the GATT 1994 and its interpretative notes are incorporated into and made part of this Agreement, mutatis mutandis. (1)

2. For the purposes of Chapter 4 (Services Domestic Regulation), paragraphs (a), (b), and (c) of Article XIV of GATS are incorporated into and made part of this Agreement, mutatis mutandis.

3. The Parties, through their Designated Representatives, understand that the measures referred to in Article XX(b) of the GATT 1994 and GATS Article XIV(b) include environmental measures necessary to protect human, animal, or plant life or health, and that Article XX(g) of the GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

(1) For greater certainty, the existing rights and obligations of the United States and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu under the WTO Agreement that are incorporated into this Agreement shall be available to, or carried out by, the Parties, both on their own and through their Designated Representatives.

Article 7.2. Essential Security

Nothing In this Agreement shall be construed to:

(a) require a Party, either on its own or through its Designated Representative, to furnish or allow access to information the disclosure of which the authorities of the territory represented by the Party determine to be contrary to their essential security interests; or

(b) preclude any measure that the authorities of the territory represented by the Party consider necessary for the fulfilment of any obligations with respect to the maintenance or restoration of international peace or security, or for the protection of their own essential security interests.

Article 7.3. Taxation Measures

1. For the purposes of this Article, taxes and taxation measures include excise duties, but do not include:

(a) a "customs duty" as defined in Article 1.4 (General Definitions); or

(b) the measures listed in subparagraphs (b), (c), and (d) of that definition. 2. Except as provided in this Article, this Agreement does not apply to a taxation measure.

3. Chapter 2 (Customs Administration and Trade Facilitation) applies to value added taxes.

Article 7.4. Exceptions for Financial Services

1. Notwithstanding the other provisions of this Agreement except for Chapter 2 (Customs Aduministration and Trade Facilitation), nothing in this Agreement prevents the authorities of the territory represented by a Party from adopting or maintaining a measure for prudential reasons, (2) including for the protection of investors, depositors, policy holders, or persons to whom a fiduciary duty is owed by a supplier of financial services, or to ensure the integrity and stability of the financial system. If the measure does not conform with the provisions of this Agreement to which this exception applies, the measure shall not be used as a means of avoiding the commitments or obligations under those provisions.

2. Nothing in this Agreement applies to any non-discriminatory measure of general application taken by a central bank or monetary authority of the territory represented by a Party or a supplier of financial services owned or controlled by the authorities of the territory represented by the Party in pursuit of monetary and related credit policies or exchange rate

policies.

3. Nothing in this Agreement restricts the authorities of the territory represented by a Party from preventing or limiting a transfer by a supplier of financial services to, or for the benefit of, an affiliate of or person related to that supplier, through the equitable, non-discriminatory and good faith application of a measure relating to maintenance of the safety, soundness, integrity, or financial responsibility of a supplier of financial services. Nothing in this paragraph prejudices any other provision of this Agreement that permits the restriction of such transfers.

4. For greater certainty, nothing in this Agreement prevents the authorities of the territory represented by a Party from adopting or maintaining a measure necessary to secure compliance with laws or regulations that are not inconsistent with this Agreement, including those relating to the prevention of deceptive and fraudulent practices or to deal with the effects of a default on financial services contracts.

(2) The term "prudential reasons" includes the maintenance of the safety, soundness, integrity, or financial responsibility of suppliers of financial services as well as the safety, and financial and operational integrity of payment and clearing systems.

Article 7.5. Rights of Indigenous Peoples

Provided that these measures are not used as a means of arbitrary or unjustified discrimination against persons of the territory represented by the other Party or as a disguised restriction on trade in goods, services, and investment, this Agreement does not preclude a Party, either on its own or through its Designated Representative, from adopting or maintaining a measure the authorities of the territory represented by the Party deem necessary to fulfill its obligations to Indigenous peoples.

Section B. General Provisions

Article 7.6. Disclosure of Information

This Agreement does not require a Party, either on its own or through its Designated Representative, to furnish or allow access to information, the disclosure of which would be contrary to law or would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

Article 7.7. Contact Points

1. Each Party, in consultation with its Designated Representative, shall designate an overall contact point to facilitate communications between the Parties, their Designated Representatives, and the authorities of the territories represented by the Parties, on any matter covered by this Agreement.

2. Each Party, in consultation with its Designated Representative, shall designate contact points as may be required by this Agreement.

3. Unless otherwise provided in this Agreement, each Party shall notify the other Party in writing of any contact point provided for in this Agreement no later than 60 days after the date of entry into force of this Agreement.

4. Each Party shall promptly notify the other Party, in writing, of any changes to any contact point.

Chapter 8. FINAL PROVISIONS

Article 8.1. Annex and Footnotes

The annex and footnotes to this Agreement constitute an integral part of this Agreement.

Article 8.2. Amendments

1. The Parties may agree, in writing, to amend this Agreement.

2. An amendment shall enter into force 60 days after the date on which the latter Party has provided written notice to the other Party of the approval of the amendment in accordance with applicable legal procedures, or such other date as the

Parties may agree.

Article 8.3. Amendment of the WTO Agreement

In the event of an amendment of the WTO Agreement that amends a provision that the Parties have incorporated into this Agreement, the Parties, in consultation with their Designated Representatives, shall, unless otherwise provided in this Agreement, consult on whether to amend this Agreement.

Article 8.4. Entry Into Force

Each Party shall notify the other Party, in writing, once the internal procedures required for entry into force of this Agreement have been completed. This Agreement shall enter into force the day following the date of the last notification.

Article 8.5. Review

1. The Parties, through their Designated Representatives, shall review implementation and operation of this Agreement no later than 90 days after the date of entry into force of this Agreement and thereafter as appropriate, but not less than annually.

2. Prior to a review, each Party, through its Designated Representative, shall, when appropriate, solicit views from the public, such as through advisory committees, regarding the implementation of this Agreement.

Article 8.6. Consultation

1. If at any time one Party has concerns with the other Party's implementation of a provision of this Agreement, the concerned Party, in consultation with its Designated Representative, may request in writing consultations with the other Party. The Parties, in consultation with their Designated Representatives, shall make every attempt to arrive at a mutually satisfactory resolution.

2. The Parties, through their Designated Representatives, recognize the importance of implementation of each Chapter of this Agreement and their shared objective of promoting bilateral trade and investment.

Article 8.7. Termination

Either Party may terminate this Agreement by providing written notice of termination to the other Party. Termination shall take effect six months after the date of such notification.

Article 8.8. Authentic Texts

The English and Chinese texts of this Agreement are equally authentic.